CPI Property Group

2020 Management Report

On the cover:
Waldemarstraße, Berlin, Germany *photo: GSG Berlin © CHL*
Quadrio, Prague, Czech Republic
Eurocentrum, Warsaw, Poland

Zossener Straße 55–58, Berlin, Germany

photo: GSG Berlin © CHL

Contents

One of Europe's largest owners of real estate, with ***local expertise*** and a ***long track record.***

Edward Hughes, Chairman of the Board

Letter from the Chairman

Dear stakeholders,

On behalf of the Board of Directors, I am delighted to present the 2020 management report of CPI Property Group ("CPIPG" or the "Group").

When CPIPG published our last management report in March 2019, COVID-19 lockdowns had just begun and the impact on the Group's business was unknown. Preparing for the worst and drawing on our experience from the 2008–2009 financial crisis, the CPIPG team prioritised tenants, liquidity, and cost management.

In many ways, COVID-19 was a live test for many elements of CPIPG's business. Office, retail, and hotel properties faced unprecedented restrictions and grappled with new pandemic realities. Because of COVID-19, the Group learned lessons and proved our capabilities in a way that no fire drill or planning session could ever replicate. Ultimately our teams, scale, diversification, high-quality assets and active asset management created a robust force which successfully buffered CPIPG from the worst elements of the COVID storm.

We believe in property and see property as a local business. At CPIPG, our assets are managed by people who live and breathe our markets. Unlike investors who "fly-in" management, border closures during COVID-19 had a minimal impact on our ability to deliver for tenants and stakeholders.

During 2020, CPIPG celebrated new milestones with regards to corporate governance. In December, just before his 50th birthday, our primary shareholder Radovan Vítek and his wife Marie retired from the Board of Directors. The board is grateful for Radovan's steadfast support and will continue to benefit from his wisdom. We are pleased to welcome Jonathan Lewis to the board; Jonathan is CPIPG's third independent non-executive member and brings enormous experience to the table.

CPIPG achieved many great things in 2020, and the team is excited to present our results to you. Thank you for your interest in our company.

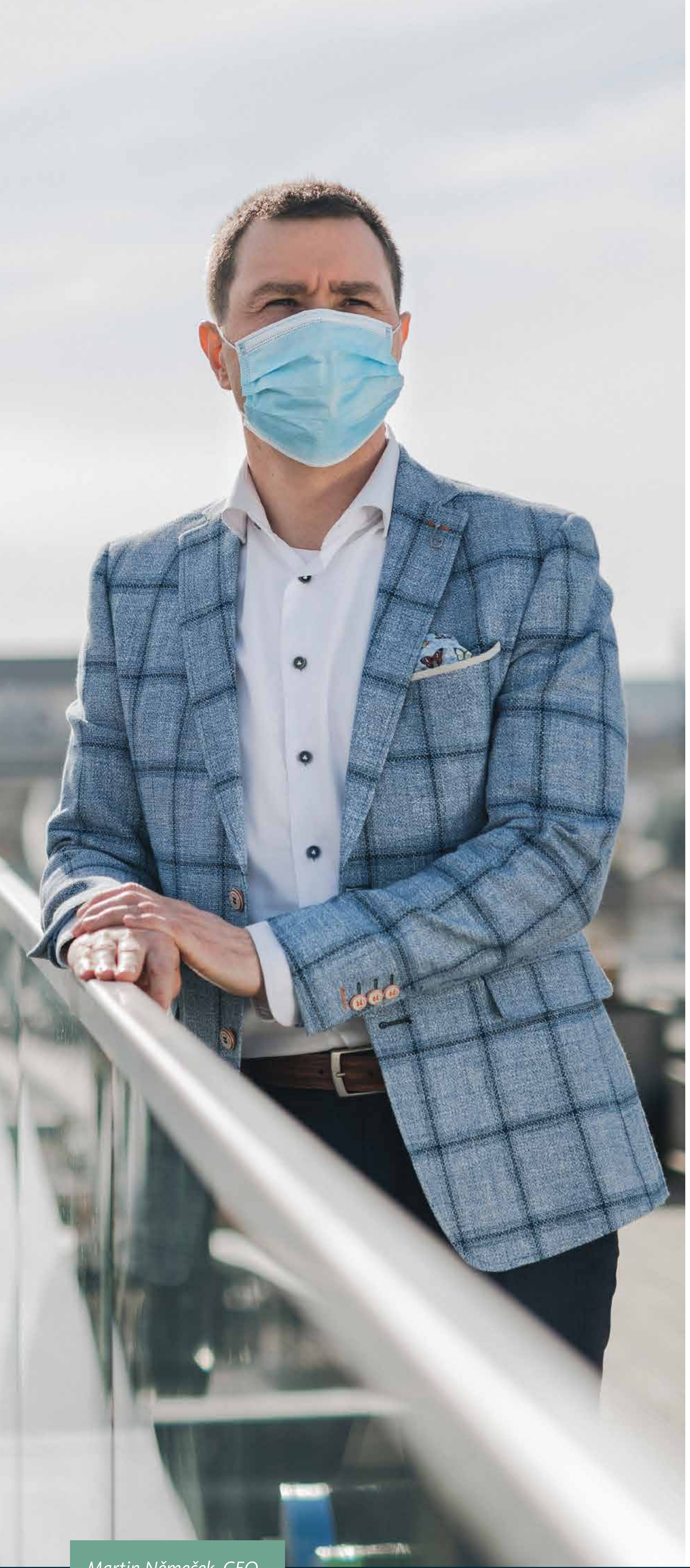
Sincerely,

Edward Hughes
Chairman of the Board

The CEO's message

CPIPG **strengthened** our business and balance sheet, resulting in many **great achievements** during the COVID-19 pandemic.

Martin Němeček, CEO



Martin Němeček, CEO

Dear stakeholders,

CPIPG entered 2020 on a positive note following record results in 2019. The Group's track record of growth continues to be based on the hard work of our teams and our stable family ownership.

CPIPG's high-quality and diversified portfolio was well-suited to a challenge like COVID-19. CPIPG owns a portfolio which benefits from diversification and leading positions across multiple segments and markets, with a solid tenant profile. Our business model is focused on local, hands-on asset and property management. Occupancy and rents across the portfolio are extremely stable because our markets are fundamentally strong. Recent acquisitions by the Group are primarily offices in key cities of the CEE region, where tenants and real estate markets have proven resilient during the outbreak. CPIPG has consistently maintained high levels of liquidity and is committed to our solid investment-grade credit ratings.

The bottom line: COVID-19 had a mild impact on CPIPG. Our portfolio continued to grow, with total assets reaching €11.8 billion and a property portfolio of €10.3 billion. We successfully completed office acquisitions in Warsaw and purchased a stake in Globalworth; the Group also selectively expanded in the UK and Italy. Net rental income and EBITDA both increased to €338 million, up about 15% from 2019. Higher levels of income came from acquisitions and organic rental growth of 0.8%, more than offsetting the impact of a sharp decline in hotel income and modest one-time COVID discounts provided to retail tenants.

Offices are 52% of CPIPG's property portfolio (vs. 46% in 2019), centred around leading positions in Berlin, Prague and Warsaw. Retail comprises 22% of the portfolio (vs. 24% in 2019), followed by residential (9%), hotels (7%) and complementary assets (11%). In each segment, CPIPG focuses on the key KPIs of rents, which continued to grow on a like-for-like basis at 0.8%, as well as occupancy, which was resilient at 93.7%. Occupancy was stable at 96.7% in our retail portfolio and increased in other segments such as residential. CPIPG is proud that we collected more than 95% of the Group's rent for 2020, with a collection rate near 100% in office and residential.

The Group is fortunate that our retail properties are primarily food-anchored, regional shopping centres and stable retail parks in the Czech Republic, where bricks-and-mortar retail dynamics remain solid. Essential retailers comprising around 50% of CPIPG's retail portfolio remained open during the pandemic, and many of them reported strong performance: occupancy in our Czech retail parks and hypermarkets increased to 100% during the year, and tenants reported higher turnovers than 2019. For those tenants that were closed for part of the year, support programmes extended by the Czech government were strong and consistent.

In total, CPIPG agreed €13.3 million of one-time rent discounts in 2020, equivalent to 3.6% of the Group's gross rental income, nearly all relating to retail units which were closed at times during 2020. Leasing activity continued apace across the portfolio, with new leases generally concluding a higher rent and a longer maturity. Overall, the Group managed to increase the weighted average lease term (WAULT) by 0.2 years, supported by lease extensions in Czech retail of around eight months for those tenants given one-time discounts.

COVID-19 also demonstrated the benefit of the Group operating our hotels. By quickly reducing operating and payroll costs by 50%, hotel income was only slightly negative in 2020. Relative to an average net income of €40 million between 2018–2019, we are confident that hotels will soon post better performance as COVID vaccines and other measures allow travel to resume.

The Group's maintenance CAPEX and development activities continued during the pandemic. CPIPG was proud to deliver the redevelopment of Bubenská 1 in Prague, plus new developments ZET.office in Nová Zbrojovka, Brno, and Prinzessinnenstraße and The Benjamin in Berlin. Overall capital expenditures declined by 10% as the Group delayed certain retail refurbishments and focused on cash retention.

Valuations were virtually unchanged, increasing 0.5% excluding FX effects versus 2019. In our diversified portfolio, the valuations were stable to positive in office, particularly Berlin, positive in residential, neutral to slightly negative in retail, negative in hotels and positive in landbank assets. The Group's net loan-to-value ratio (Net LTV) ended 2020 at 40.7%, which is a modest increase from 2019 due to acquisitions but well within our financial policy guidelines.

The Group's year-end liquidity was robust at €1.4 billion and included our undrawn €700 million revolving credit facility due in 2026, which was signed in the fourth quarter. During 2020, CPIPG issued about €1.3 billion of long-term senior unsecured bonds and more than €600 million of hybrids. Proceeds were used for acquisitions and to repay more than €800 million of senior bonds and €328 million of hybrids maturing or callable between 2022 and 2024, resulting in a meaningful extension of the Group's maturity profile.

Several of CPIPG's financing transactions in 2020 were green: we issued our first green bond in Sterling, became the first corporate issuer of green bonds in the Hungarian market, and successfully returned to the Euro green bond market in May. The Group is proud of our leadership in green bonds, which are a key feature of the Group's commitment to ESG.

Recently, CPIPG concluded our second group employee survey. We received more than 700 anonymous responses, plus some helpful and colourful comments. I am proud to report that 97% of our employees are proud to work for the company. We will listen to the suggestions and results of the survey and will take steps to further develop, motivate and retain a highly capable and diverse team.

CPIPG is optimistic about the pace of economic and consumer activity as vaccinations are rolled out. Retail shops and hotels should be early beneficiaries of pent-up savings. The Group believes people are eager to return to offices, after many months of video calls, to reclaim the creative spark provided by colleagues and collaboration. Against this backdrop, CPIPG expects to use our many advantages to explore selected acquisitions where long-term value can be captured, with a close eye on our financial policy commitments.

I am immensely proud of our team and remain grateful for the trust of our tenants, banks, bondholders and other stakeholders. We are optimistic that 2021 will be happier, healthier and more "normal" than 2020, but CPIPG is well-prepared for any challenges ahead.

Sincerely,

Martin Němeček

Key figures

Central Tower, Warsaw, Poland

95%
Collection rate before discounts

Increased rent, EBITDA and portfolio scale

€1.4 bn
Total available liquidity at the end of 2020

TOTAL ASSETS
€11.8 bn
+11% versus end of 2019

PROPERTY PORTFOLIO
€10.3 bn
+13% versus end of 2019

NET LTV
40.7%
+4.5 p.p. versus end of 2019
-1.8 p.p versus end of H1 2020

NET RENTAL INCOME
€338 m
+15% versus 2019

CONSOLIDATED ADJUSTED EBITDA
€338 m
+16% versus 2019

FUNDS FROM OPERATIONS (FFO)
€222 m
+1% versus 2019

OCCUPANCY
93.7%
-0.6 p.p. versus end of 2019

LIKE-FOR-LIKE RENTAL GROWTH
0.8%
versus 4.4% in 2019
(excl. one-time rent discounts)

WAULT
3.6 years
+0.2 years versus 2019

UNENCUMBERED ASSETS
70%
+0.3 p.p. versus end of 2019

NET INTEREST COVERAGE RATIO
5.4×
-1.8× versus 2019

EPRA NAV
€5.1 bn
+0.3% versus end of 2019

CREDIT RATINGS

Baa2
by Moody's

BBB
by Standard & Poor's

A-
by Japan Credit Rating Agency

CPIPG's diversified portfolio offers resilient income and superb long-term value potential.

David Greenbaum, CFO

City West, Prague, Czech Republic

Performance

		31 December 2020	31 December 2019	Change
Gross rental income	€ million	356	319	11.7%
Net rental income	€ million	338	294	14.7%
Net hotel income	€ million	(3)	40	(107.8%)
Total revenues	€ million	623	672	(7.3%)
Net business income	€ million	344	345	(0.2%)
Consolidated adjusted EBITDA	€ million	338	292	15.9%
Funds from operations (FFO)	€ million	222	220	1.3%
Net profit for the period	€ million	244	685	(64.4%)

Assets

		31 December 2020	31 December 2019	Change
Total assets	€ million	11,801	10,673	10.6%
Property portfolio	€ million	10,316	9,111	13.2%
Gross leasable area	m^2	3,636,000	3,465,000	4.9%
Occupancy	%	93.7%	94.3%	(0.6 p.p.)
Like-for-like gross rental growth*	%	0.8%	4.4%	(3.6 p.p.)
Total number of properties**	#	343	332	3.3%
Total number of residential units	#	11,929	11,919	0.1%
Total number of hotel beds***	#	12,768	12,416	2.8%

* *Based on headline rent, excluding one-time discounts*
** *Excluding residential properties in the Czech Republic*
*** *Including hotels operated, but not owned by the Group*

Financing structure

		31 December 2020	31 December 2019	Change
Total equity	€ million	5,787	5,469	5.8%
EPRA NRV (NAV)	€ million	5,118	5,100	0.3%
Net debt	€ million	4,194	3,300	27.1%
Net Loan-to-value ratio (Net LTV)	%	40.7%	36.2%	4.5 p.p.
Net debt/EBITDA	×	12.4×	11.3×	1.1×
Secured consolidated leverage ratio	%	12.0%	9.6%	2.4 p.p.
Secured debt as of total debt	%	29.0%	24.8%	4.2 p.p.
Unencumbered assets to total assets	%	70.0%	69.7%	0.3 p.p.
Net ICR	×	5.4×	7.2×	(1.8×)

Group overview

CPIPG has a 29-year track record of owning superb income-generating real estate.

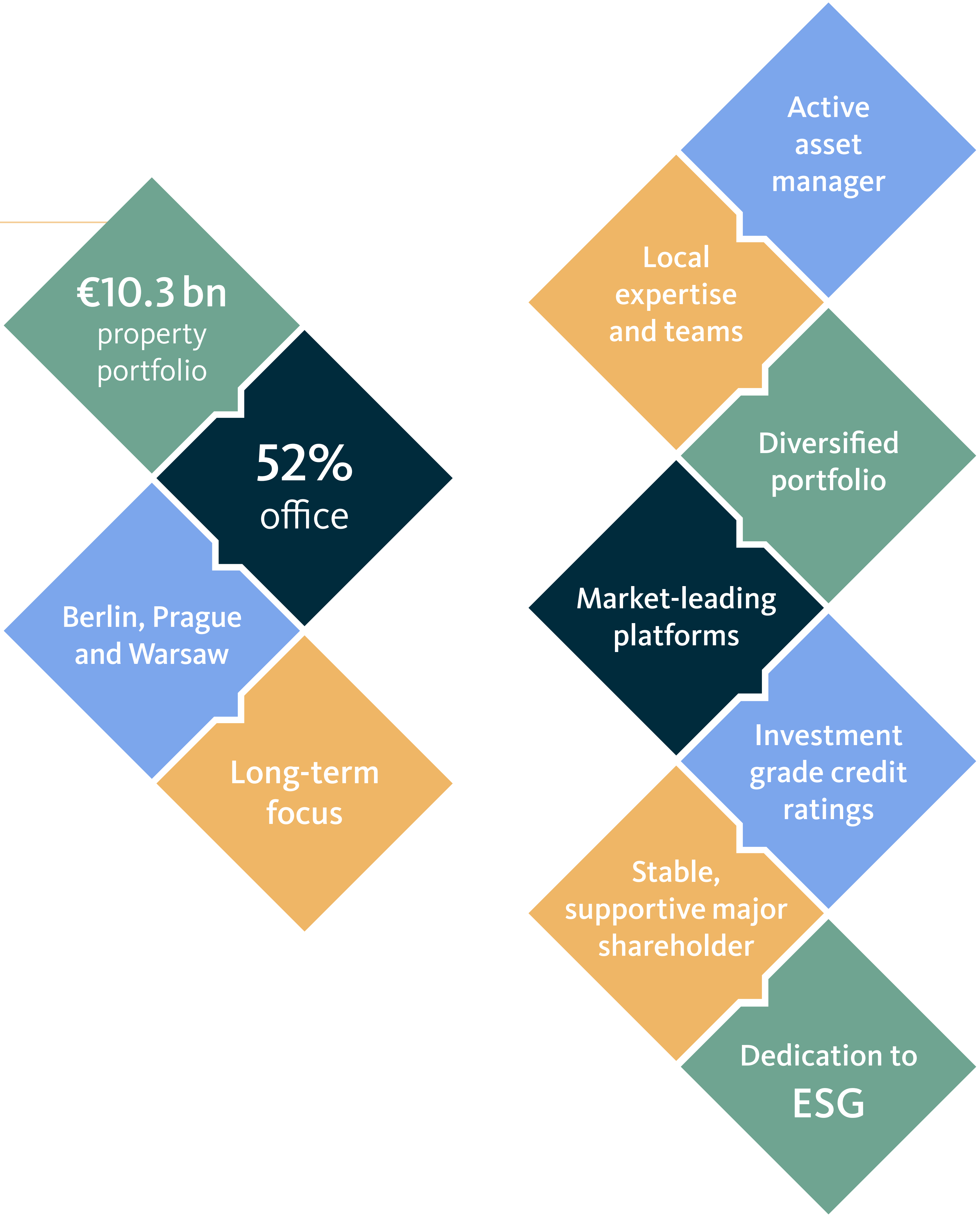
CPIPG is focused on the Czech Republic, Berlin, Poland and the Central and Eastern European (CEE) region. 52% of the Group's €10.3 billion property portfolio consists of offices located in key central European capital cities of Berlin, Prague, and Warsaw.

The Group's portfolio is well-diversified. With 343 commercial properties and **more than 4,000 international and local tenants,** no individual asset or tenant represents more than 3% of CPIPG's portfolio or rental income.

CPIPG is a family-owned company founded in the Czech Republic during the early 1990s. The Group is proud of our active asset management and local teams: in every country where CPIPG operates, our teams have **daily contact and close relationships with tenants.** The advantage of this model was clearly demonstrated following the outbreak of COVID-19, and supported **high levels of rent collection even during the toughest periods.**

CPIPG's property portfolio is supported by a **conservative capital structure, investment grade credit ratings** and **superb access to the international bond and bank markets.** The Group has become one of the **leading global issuers of green bonds,** reflecting a steadfast focus on ESG matters.

The Group's founder and primary shareholder, Radovan Vítek, **is fully aligned with management** on CPIPG's strategic objectives and fully supports the Group's plans for the future.



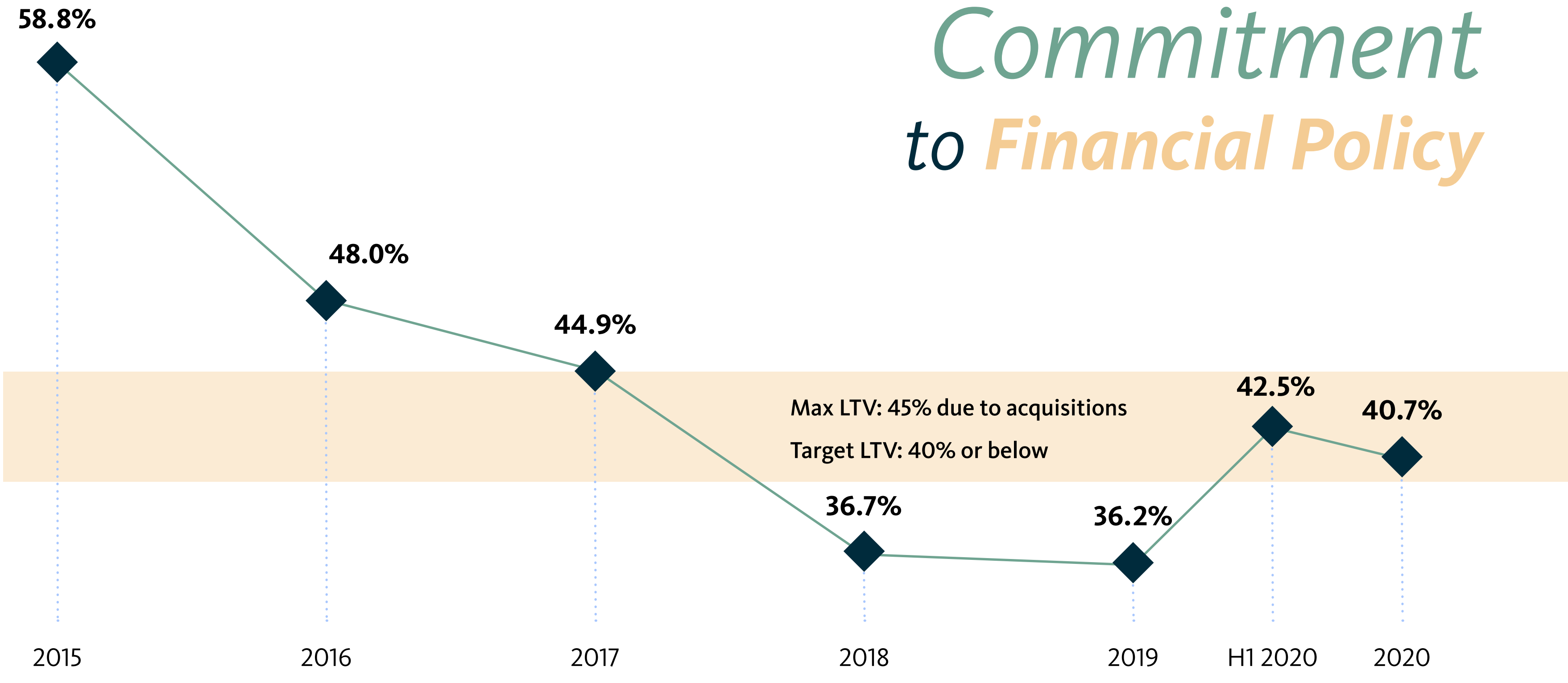
Portfolio overview

At **€10.3 billion**, the Group's property portfolio **reached a significant milestone at the end of 2020, eclipsing €10 billion for the first time.** Net LTV increased slightly during 2020 due to acquisitions but remains within our financial policy guidelines.

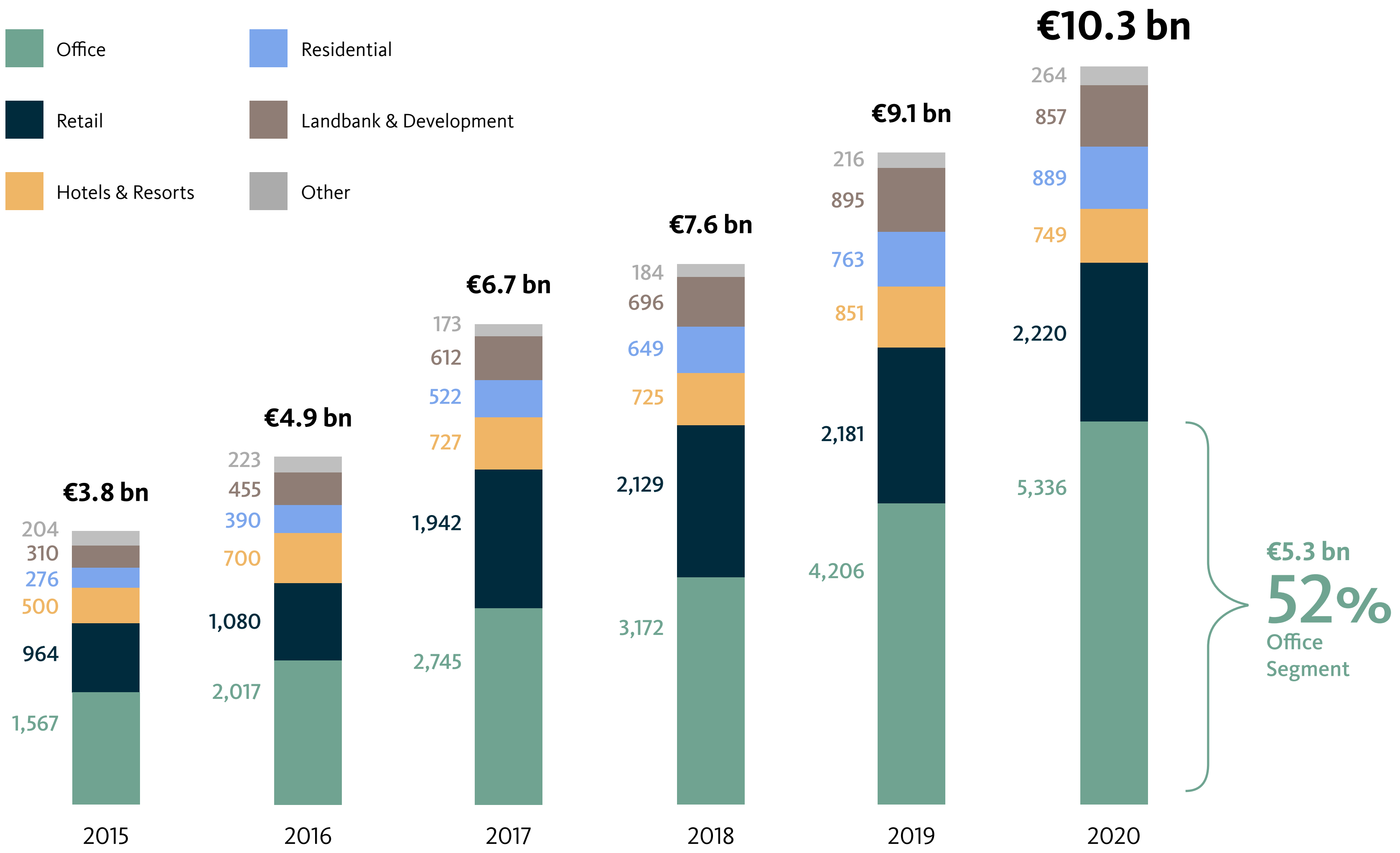
Oxford Tower, Warsaw, Poland

Commitment to Financial Policy

LTV evolution (%)

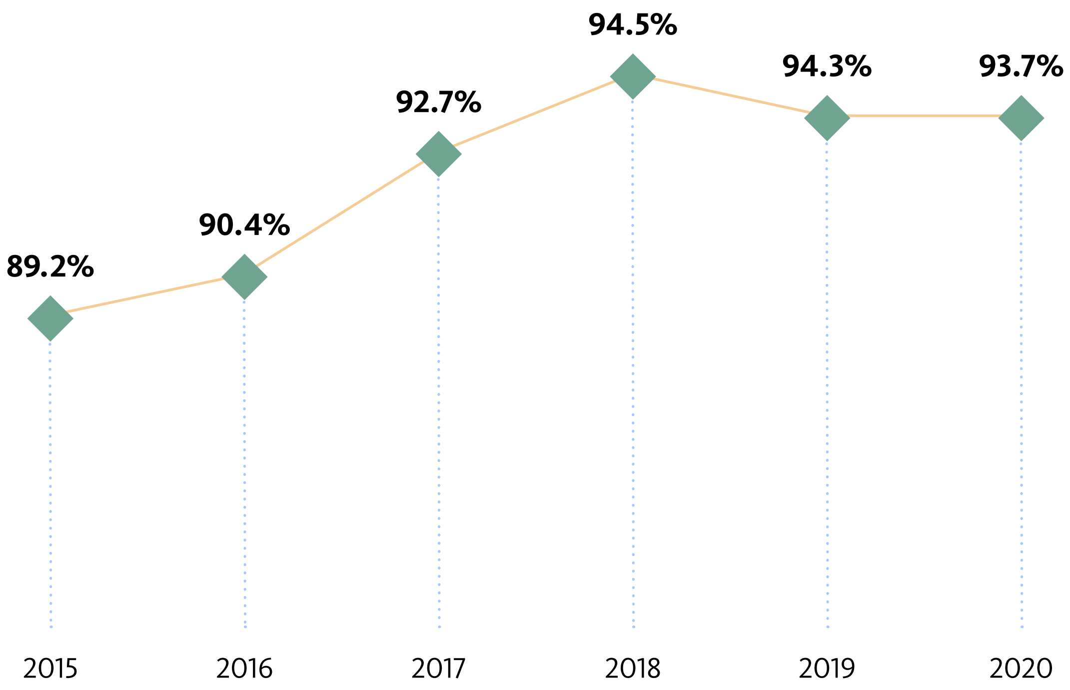


Growth of the Group's property portfolio (€ million)



Warsaw Financial Center, Warsaw, Poland

Occupancy rate (%)

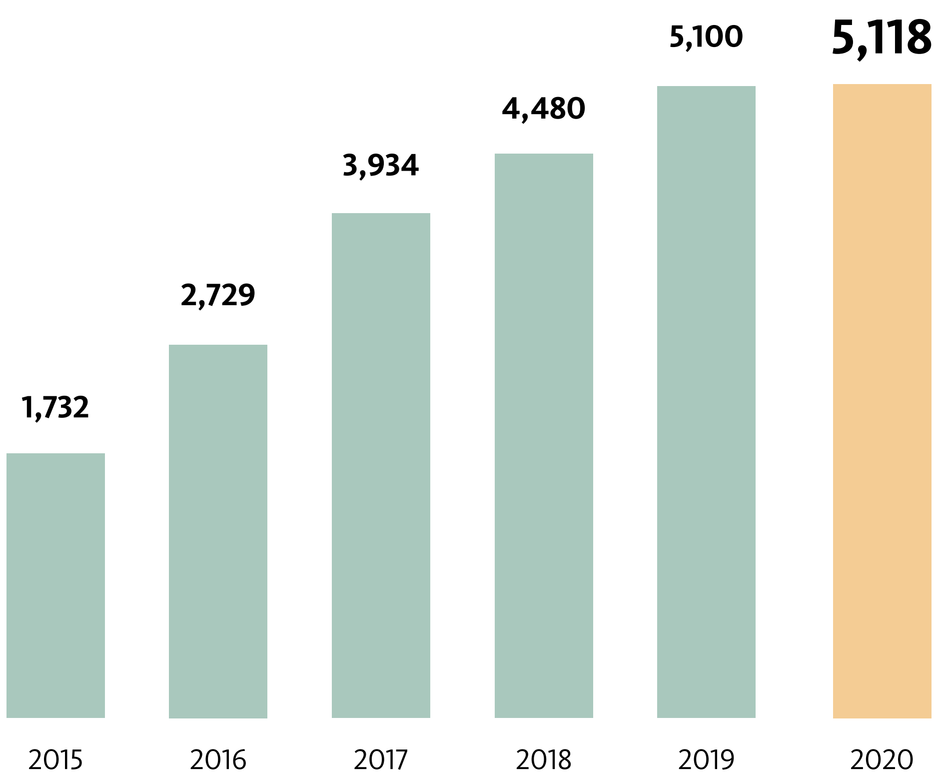


OCCUPANCY

93.7%

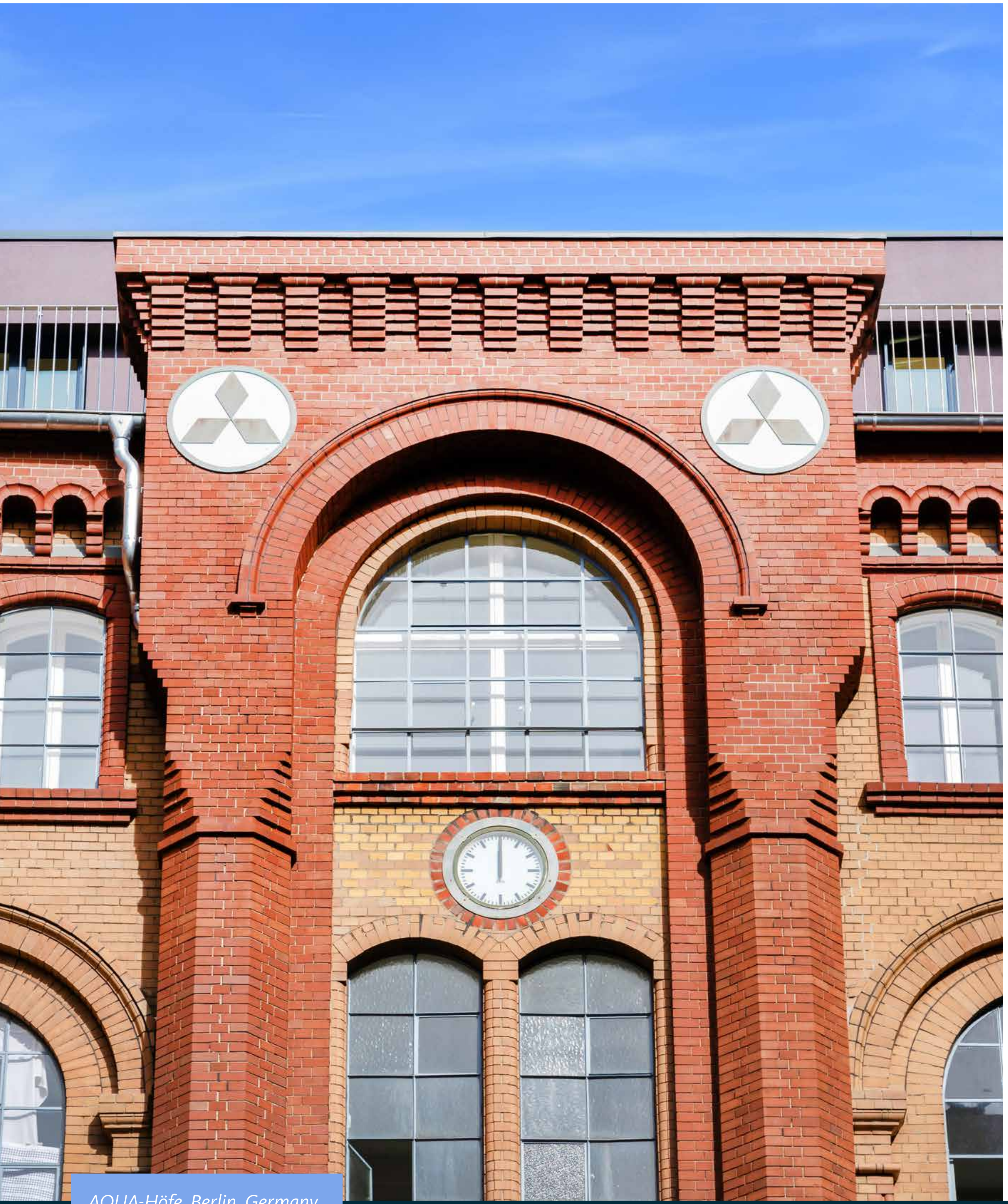
Total occupancy decreased slightly across the Group's property portfolio in 2020 to 93.7% for temporary reasons. Firstly, a portion of space was vacated in the Berlin office portfolio in order to complete **strategic, value-enhancing refurbishments**. Secondly, completed developments with occupancy slightly below the Group average were added to the portfolio towards the end of the year. Excluding these factors, **occupancy remained robust across all segments,** even in retail which faced challenges due to COVID-19 in 2020.

EPRA NRV (NAV) (€ million)



During the time of COVID-19, **the resilience of the Group's portfolio and the merits of recent office acquisitions** were clearly demonstrated by the **substantial increase in rental income** in 2020.

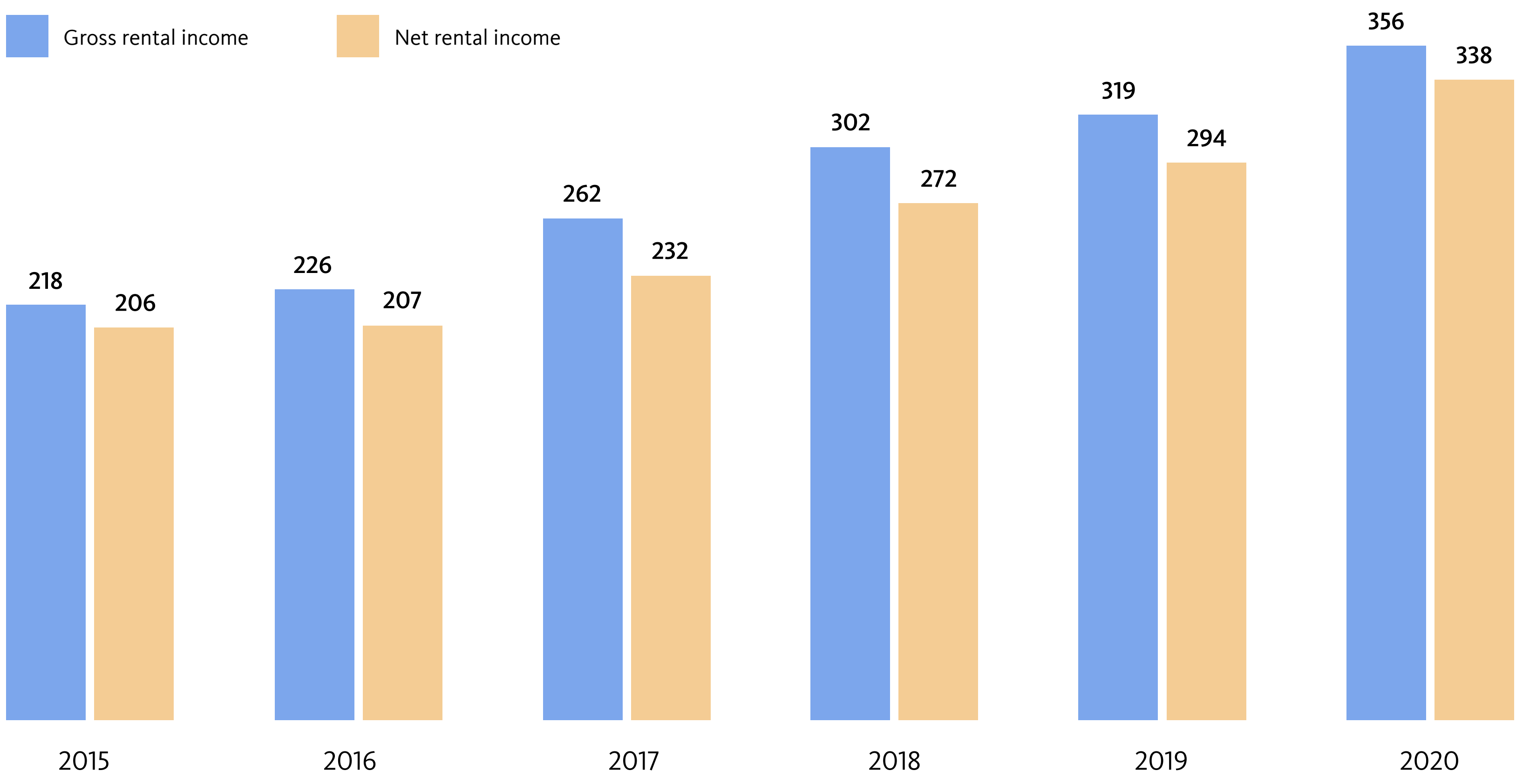
Net business income was stable as the Group's recent acquisitions, diversified sources of rental income, and careful cost management helped mitigate the impact of COVID-19. **EBITDA increased materially (+16%)** given the added contribution from Globalworth and the benefit of administrative cost reductions.



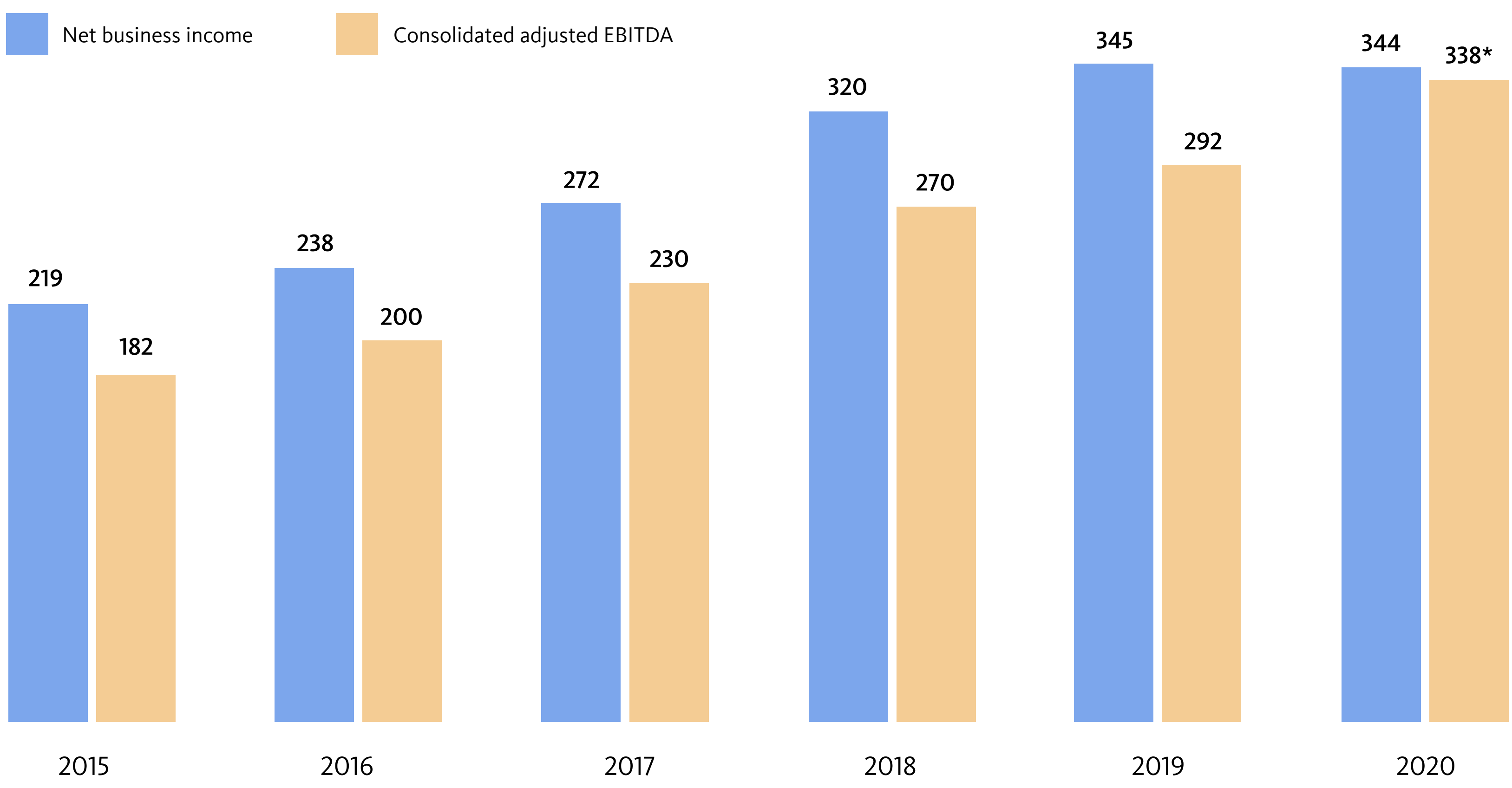
AQUA-Höfe, Berlin, Germany

photo: GSG Berlin © CHL

Gross and net rental income (€ million)



Net business income and EBITDA (€ million)



** Includes pro-rata EBITDA for 2020 of equity accounted investees.*

The Group operates in five key segments

The Group has adopted a revised segmentation, which we believe will be more informative based on the composition of the Group's portfolio and strategy.

Office
Czech Republic, Germany, Poland, Hungary and other European countries

Retail
Primarily in the Czech Republic

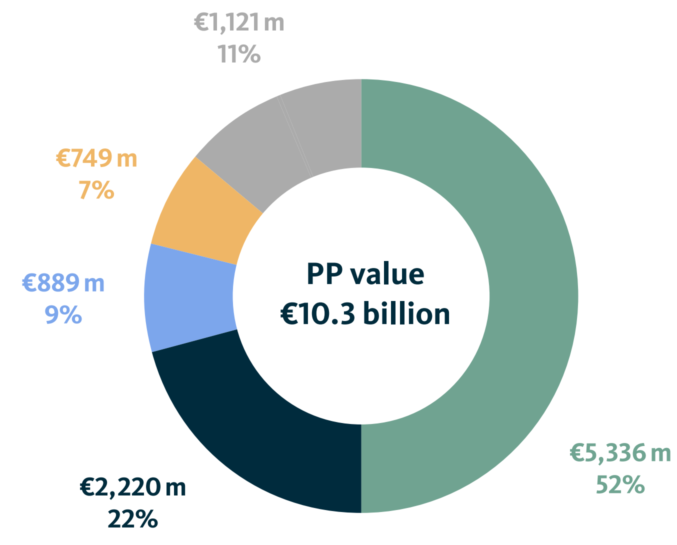
Residential
Large Czech portfolio, and selected other countries

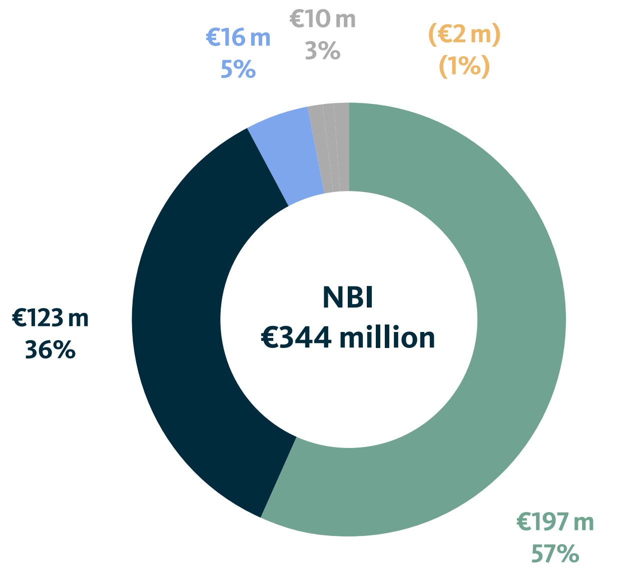
Hotels & Resorts
Congress and convention hotels, city hotels and mountain resorts

Complementary Assets
Landbank, development and other assets

Property portfolio by segment (as at 31 December 2020)

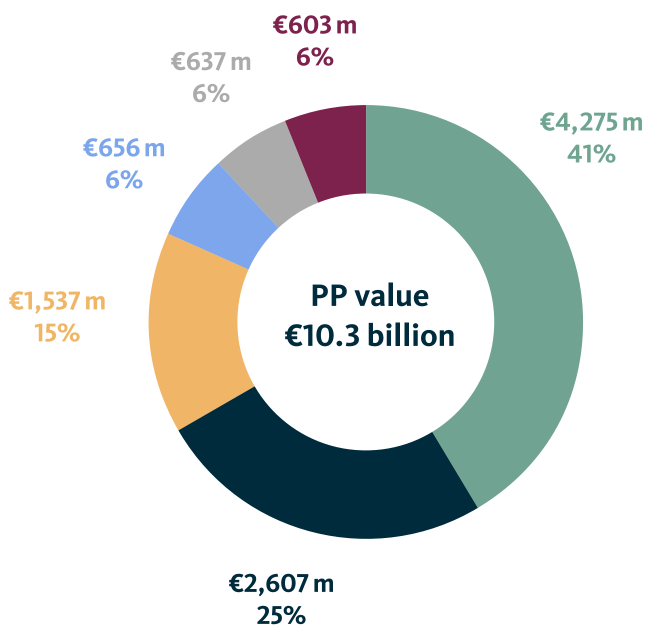
Office | Retail | Residential | Hotels & Resorts | Complementary Assets

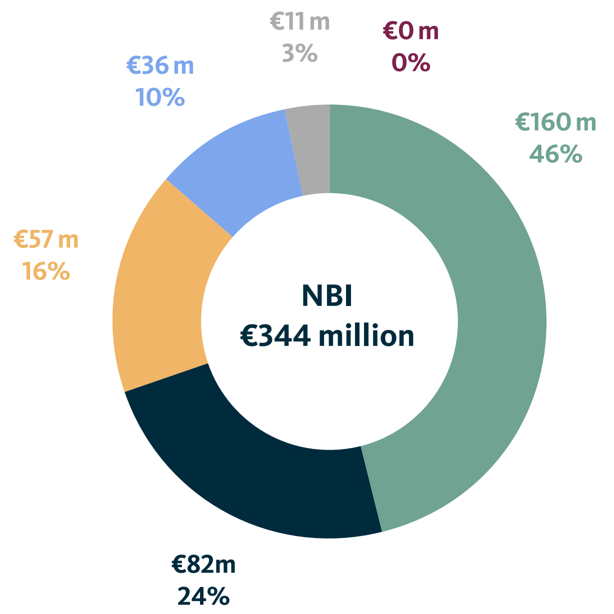




Property portfolio by geography (as at 31 December 2020)

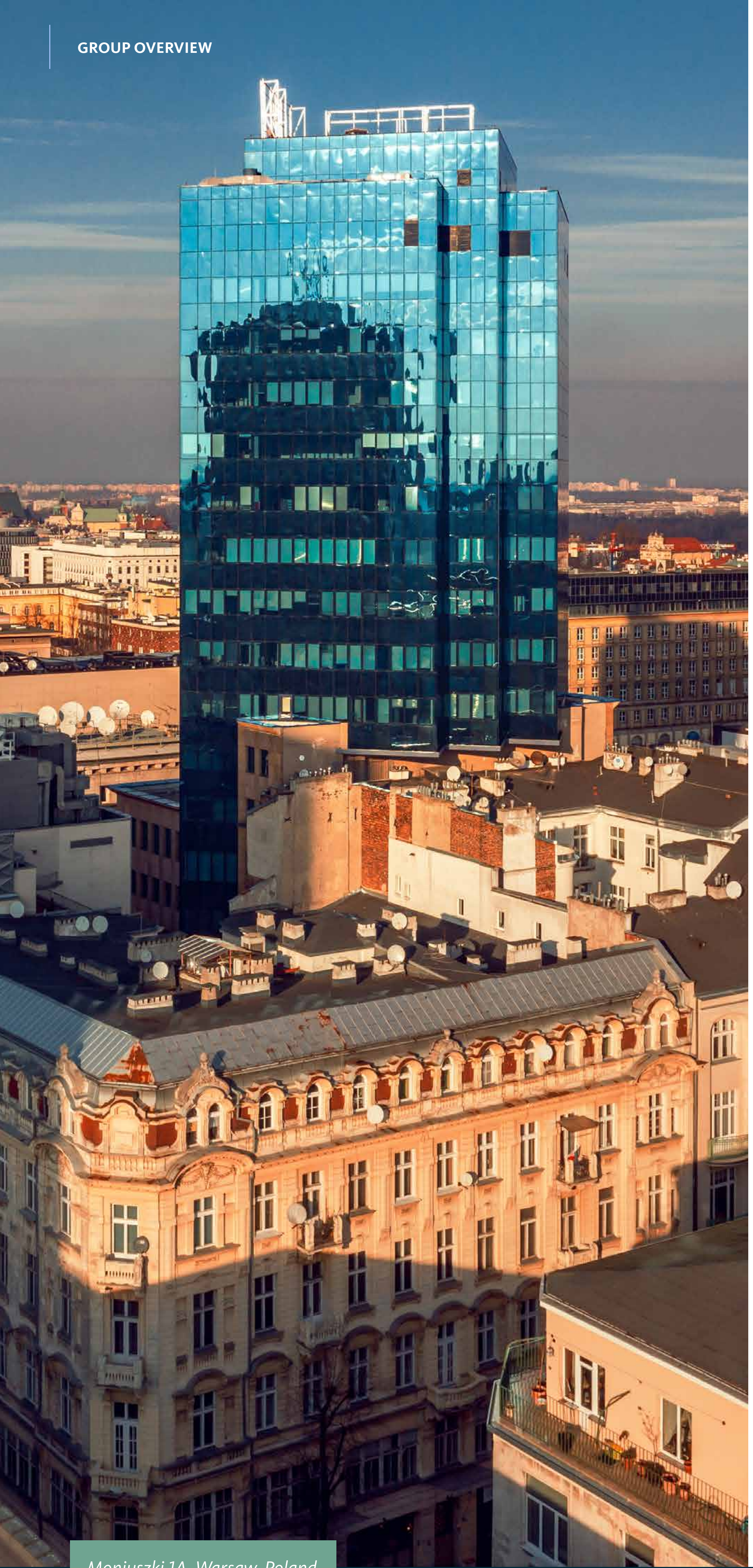
Czech Republic | Germany | Poland | Hungary | Other CEE | Other W. Europe





Data disclosed in this report might include differences due to rounding.
Data includes the value of the Group's 29.6% stake in Globalworth according to the geographic split percentages of Globalworth's portfolio

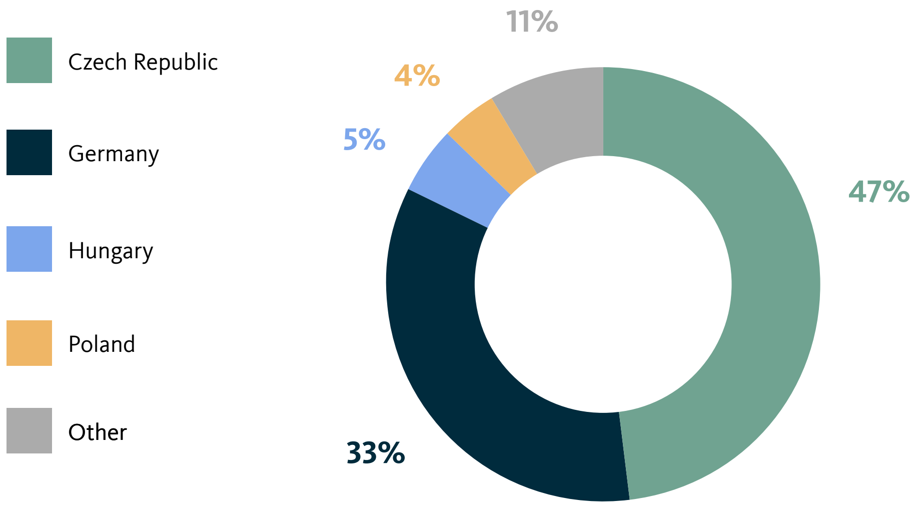
Segment	Country	€ million	Share of total
Office		5,336	51.7%
	Germany	2,510	24.3%
	Poland	1,004	9.7%
	Czech Republic	916	8.9%
	Globalworth	562	5.4%
	Hungary	304	2.9%
	Italy	35	0.3%
	United Kingdom	6	0.1%
Retail		2,220	21.5%
	Czech Republic	1,586	15.4%
	Hungary	219	2.1%
	Poland	162	1.6%
	Slovakia	113	1.1%
	Italy	81	0.8%
	Romania	30	0.3%
	Globalworth	29	0.3%
Residential		889	8.6%
	Czech Republic	515	5.0%
	United Kingdom	218	2.1%
	France	116	1.1%
	Globalworth	29	0.3%
	Italy	12	0.1%
Hotels & Resorts		749	7.3%
	Czech Republic	370	3.6%
	Croatia	164	1.6%
	Switzerland	67	0.6%
	Hungary	63	0.6%
	Italy	46	0.4%
	Poland	24	0.2%
	Russia	14	0.1%
Complementary Assets		1,121	10.8%
Landbank		813	7.9%
	Czech Republic	683	6.6%
	Germany	95	0.9%
	Hungary	22	0.2%
	Romania	11	0.1%
	Poland	2	<0.1%
	France	0	<0.1%
Industry & Logistics		149	1.4%
	Czech Republic	74	0.7%
	Hungary	40	0.4%
	Globalworth	31	0.3%
	Germany	3	<0.1%
Agriculture	Czech Republic	111	1.1%
Development		44	0.4%
	Italy	22	0.2%
	Czech Republic	15	0.1%
	Hungary	6	0.1%
	France	0	0.0%
Other	Czech Republic	4	<0.1%
Total		**10,316**	**100%**



Moniuszki 1A, Warsaw, Poland

CAPEX was reduced but CPIPG continued to invest

Additions by country



Additions by type (€ million)

	Total 2020	Total 2019
Maintenance-related CAPEX	66	65
Refurbishment and redevelopment	65	89
New development / additional leasable area	85	87
Total	**216**	**240**

Changes to the property portfolio in 2020

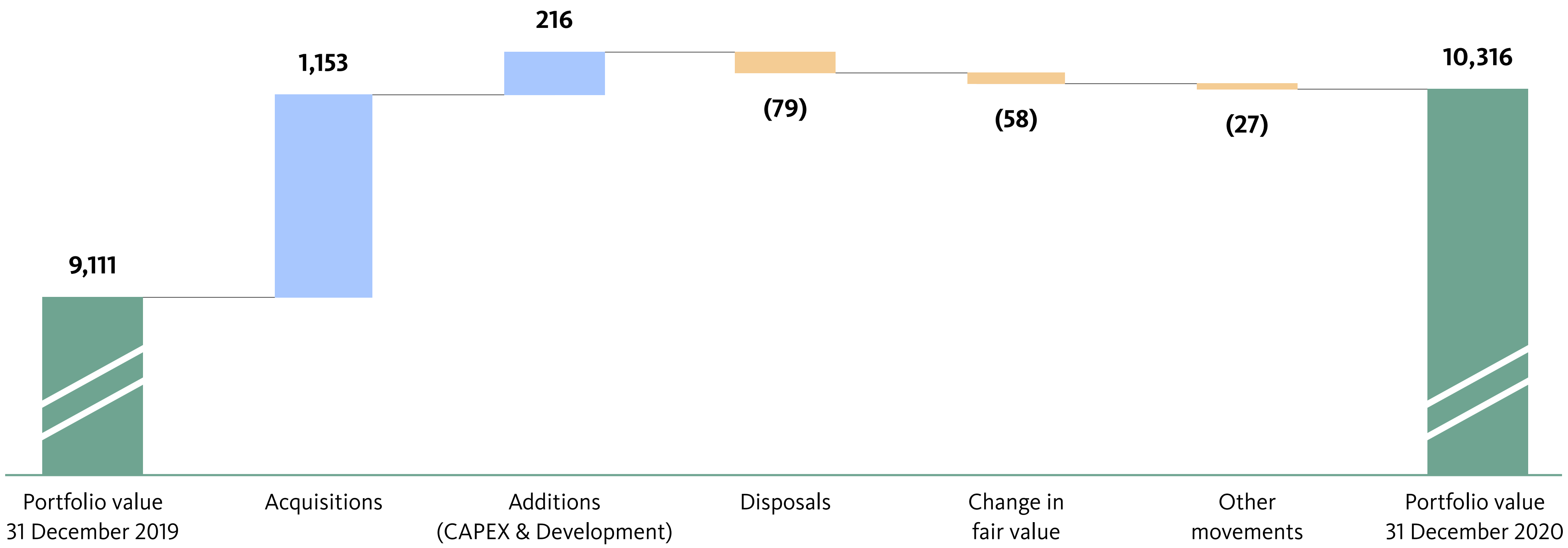
- Acquisitions of **€1.15 billion**, primarily relating to the stake in Globalworth of €676 million, six offices in Warsaw of €262 million, and the acquisition of shares in Nova RE for €26 million
- Capital expenditure and development of **€216 million**
- Disposals of **€79 million**, including sales of a residential property in France for €21 million, inventories in France and the Czech Republic, and an office property in Slovakia
- Other movements include other transfers and the change in value of Equity accounted investees
- Slight decrease in fair value of €58 million (-0.6% versus 2019), as **positive revaluations** of office, residential and landbank were offset by negative valuations in retail and hotels, along with currency effects

Change in portfolio fair value (€ million)

Investment property revaluation	173
Hotels / PP&E revaluation and depreciation	(127)
Total valuation impact	**46**
FX impact	**(104)**
Total	**(58)**

Investment property includes office, retail, residential, landbank, industry & logistics and development. Other PP&E includes mountain resorts and agriculture.

Property portfolio growth in 2020 (€ million)



Our tenants

A vital strength of the Group's portfolio is the **quality and diversity of our tenant base**. Our office properties in the Czech Republic host international tenants' regional headquarters such as ČEZ, Generali, Siemens, and others. CPIPG's largest tenant (Ahold Delhaize) accounts for just 2% of gross rental income, while our top 10 tenants represent only 11.5% of gross rental income. In Berlin, our unique office platform caters to a granular portfolio of around 2,000 tenants, many of which are in the burgeoning and dynamic technology and creative sectors. CPIPG's asset management teams work actively with our tenants to renew and prolong lease contracts well before they expire.

The Group's lease maturity profile is well balanced, with a WAULT of 3.6 years and less than 20% of leases expiring in each year until 2026. While the Group typically prefers longer lease terms across the portfolio, maintaining a slightly shorter WAULT in Berlin has historically allowed us to capture consistent increases in rents. In conjunction with temporary rent discounts provided to some tenants primarily in the second quarter of 2020 due to COVID-19, we were able to secure lease extensions which, for affected leases, improved our retail WAULT by an average of **eight months**.

Top 10 tenants by rental income

	€ million	Rent as % of GRI*	WAULT** (years)
Ahold	8.0	2.0%	6.3
TESCO	6.6	1.6%	6.3
GENERALI ČESKÁ POJIŠŤOVNA	6.2	1.5%	3.0
CEZ GROUP	4.8	1.2%	6.2
SIEMENS	3.8	0.9%	6.5
PENNY	3.7	0.9%	3.4
OVS	3.7	0.9%	4.8
BILLA	3.4	0.8%	3.3
Continental	3.2	0.8%	14.3
dm	3.1	0.8%	3.0
Total	**46.5**	**11.5%**	**5.6**

*Based on annualised headline rent.
** WAULT reflecting the first break option.

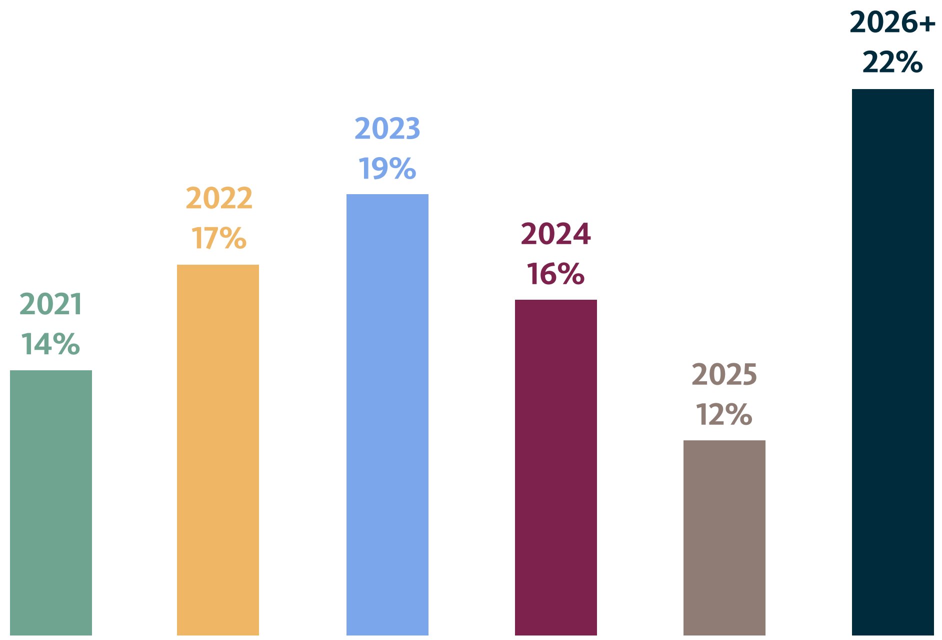
WAULT by country and segment

Segment	Country	WAULT (years) 2020	WAULT (years) 2019
Office	Germany	3.5	3.2
	Poland	2.9	3.5
	Czech Republic	4.9	4.4
	Hungary	2.8	3.4
Total Office		3.5	3.5
Retail	Czech Republic	3.6	3.5
	Hungary	3.0	2.5
	Poland	3.9	3.2
	Slovakia	6.3	6.2
Total Retail		3.7	3.6
Total Group		**3.6**	**3.4**

Note: The reduction in Poland office WAULT in 2020 was due to acquisitions with a shorter average WAULT compared to the existing portfolio

Generali / Česká Pojišťovna Headquarters, Prague, Czech Republic

Maturity profile of fixed rental agreements

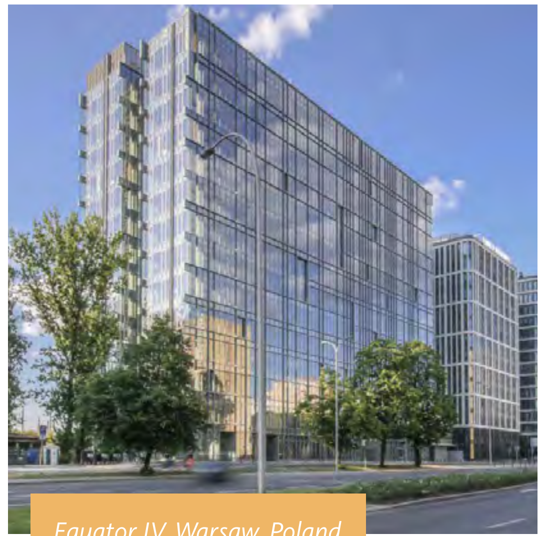


Excluding residential properties and reflecting the first break option.

Key milestones

Green bond champion
Four green bonds issued in three currencies
2020

Responding to the challenges of COVID-19
95% rent collection, multiple actions to strengthen the Group's capital structure
2020–early 2021



Equator IV, Warsaw, Poland

Office expansion in Warsaw and CEE
Leading position in Warsaw office market;
29.6% stake acquired in Globalworth
2019–2020

Capital structure transformation
Hybrid and unsecured bond issuance in multiple currencies, inaugural green bond
2018–2019

Nisa, Liberec, Czech Republic

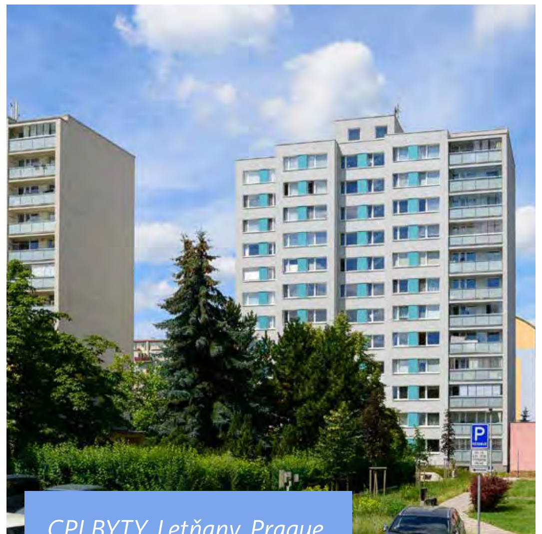
Positive rating developments
BBB by S&P, Baa2 by Moody's, A- by JCR
2018

Acquisition of CBRE retail portfolio
2017

Investment-grade rating and inaugural bond issues
2017

Local bond leader
Active issuance in local bond markets
2016

Integration of CPI a.s. & GSG and establishment of CPIPG
2014



CPI BYTY, Letňany, Prague

Expansion abroad
Acquisition of a significant property portfolio in the CEE region
2013

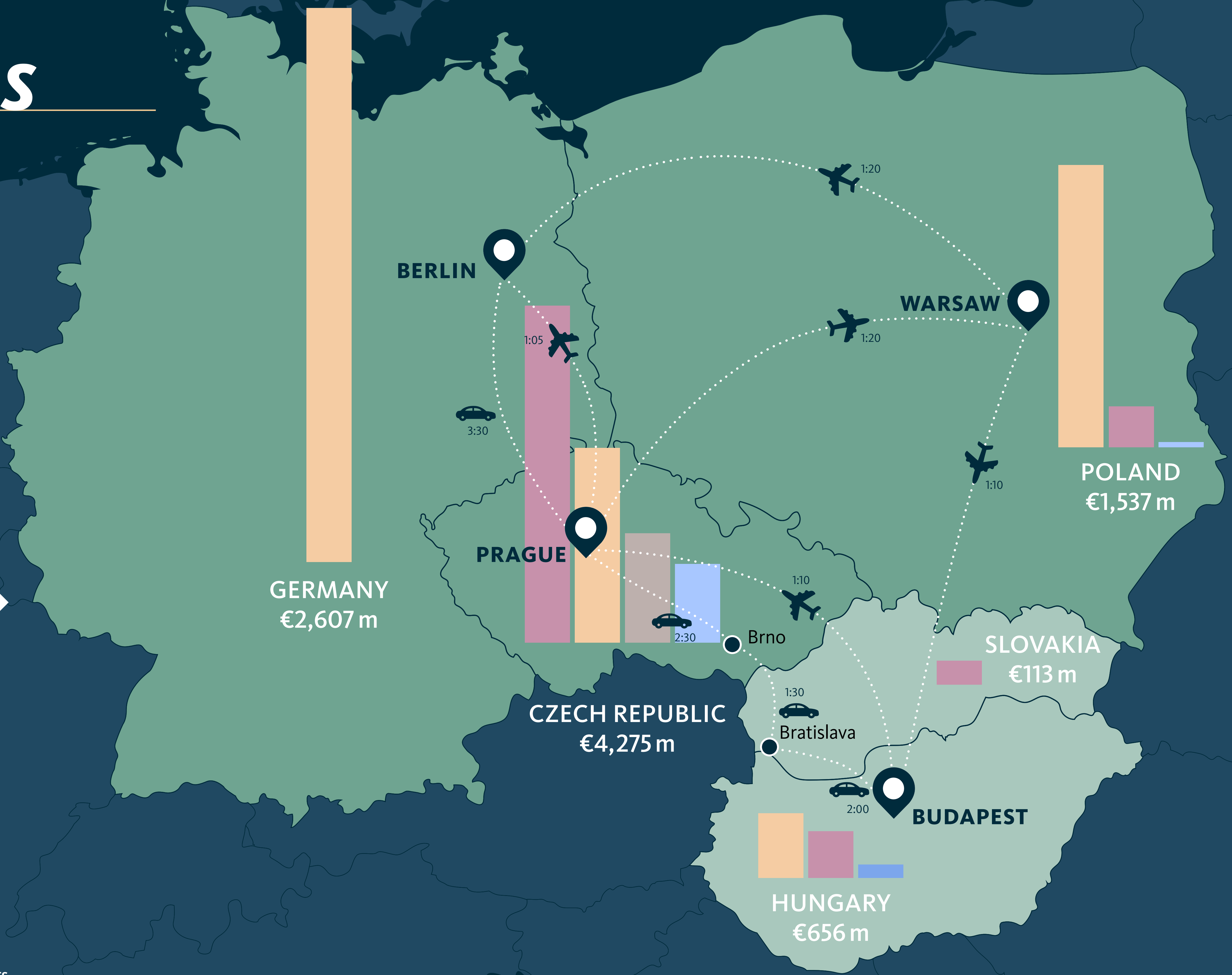
Residential portfolio expansion
Purchase of Czech residential assets
2003

Issuance of bonds in the Czech Republic
2002

Foundation of Czech Property Investments a.s. (CPI a.s.)
1991

Foundation of GSG by the city of Berlin
1965

Primary locations



Primary locations represent

88%

of CPIPG assets by value

Property portfolio value per segment:

OFFICE
RETAIL
RESIDENTIAL
HOTELS & RESORTS

Flight time (hrs)
Drive time (hrs)

Strong reponse to COVID-19

Zdeněk Havelka, Executive Director

CPIPG has the *flexibility* and **strength** to continue investing and is powered by a **strong base** of properties and *people*.

CPIPG entered the pandemic in a favourable position – significant scale and diversification across strong markets with experienced local teams and a solid liquidity position.

In 2019, CPIPG achieved new records in terms of portfolio scale and income generation, supported by robust core markets and a strong balance sheet.

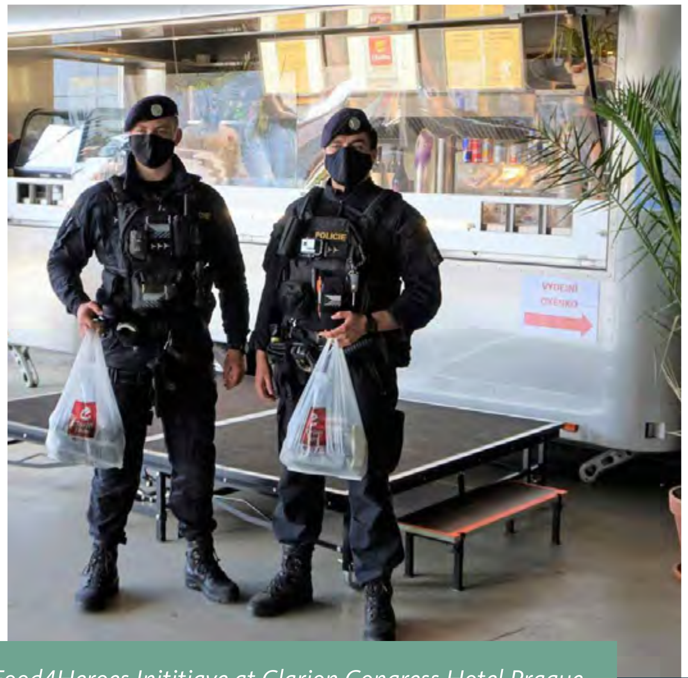
Office acquisitions in late 2019 and early 2020 enhanced the Group's scale, diversification and income generation. In addition, the markets where we operate and the tenants that occupy our properties entered the pandemic in a strong position.

95%
collection rate before discounts

99%
collection rate after discounts

Chance for Children, food donation

Face mask vending machine at Futurum Hradec Králové



Food4Heroes Inititiave at Clarion Congress Hotel Prague

CPIPG took rapid actions at the outset of the pandemic

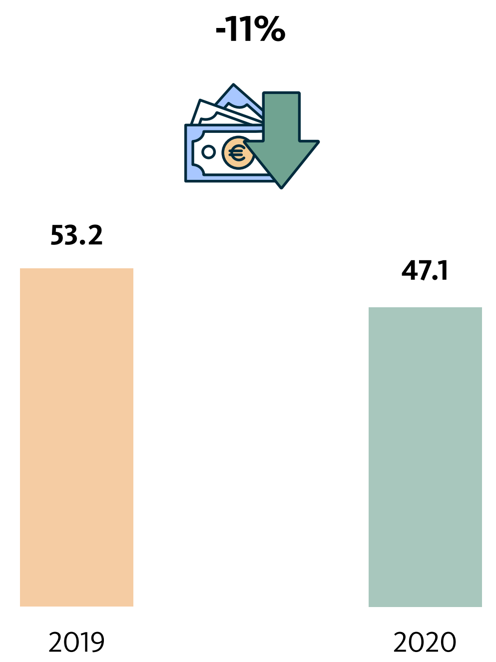
CPIPG's local teams intensified their daily contact with our tenants. As the pandemic unfolded, our tenants faced lockdowns, retail store closures and new hygiene measures. In response, CPIPG's asset and property management teams delivered real-time solutions and support. We participated in local interest groups, such as the Association of Shopping Centres in the Czech Republic, to reflect our tenants' needs and concerns to local governments. Finally, our teams worked with tenants to access government support and address any temporary discounts and lease extensions.

The Group cut costs and preserved cash. Spending was reduced across the Group as we cut headcount, payroll and administrative costs. As a result of these measures, administrative expenses in 2020 (which include the temporary impact of severance costs) were **reduced by 11%** compared to 2019, while property operating expenses **declined by 15%.** Acquisitions and capital expenditures were dramatically reduced to support cash retention.

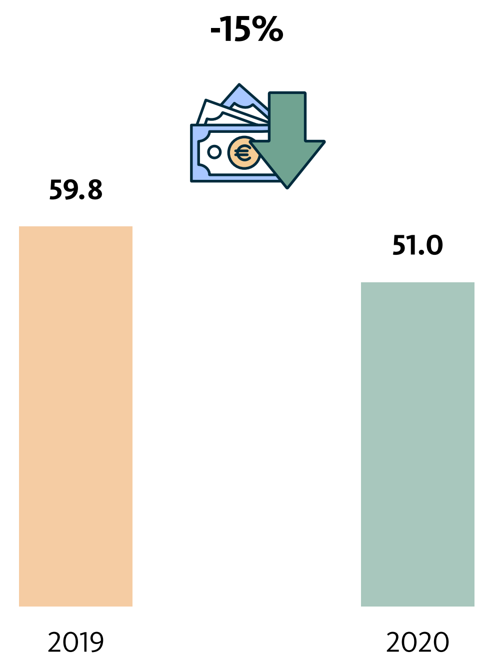
Operating our own hotels allowed for quick and sharp cost control. Nearly all of the Group's hotels were fully closed due to lockdown measures implemented beginning in March. CPIPG acted quickly to reduce headcount (by more than 50%). The variable nature of a large portion of the cost base meant we were able to **reduce hotel operating and payroll costs by 50% throughout 2020** compared to 2019.

CPIPG took action to aid our local communities. In the Czech Republic, the Group offered the government 14 of our hotels to provide extra hospital beds if required. Our hotel restaurants fed key workers through Food4Heroes and provided food supplies to children's homes in and around Prague (in partnership with Chance for Children). Five of our shopping centres in the Czech Republic introduced vending machines issuing face masks, with sale proceeds donated to charity.

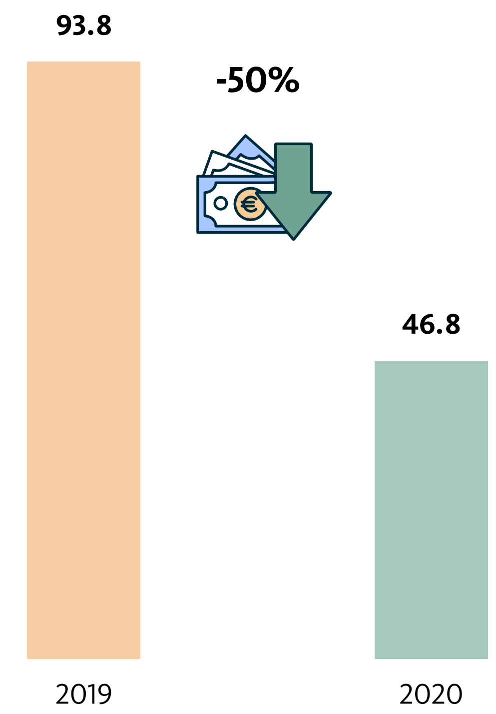
Administrative expenses (€ million)



Property operating expenses (€ million)



Hotel operating expenses (€ million)



CPIPG's portfolio has mostly been open or deemed essential

Throughout the pandemic, over 80% of CPIPG's portfolio (excluding hotels) remained open at all times.

Offices were open aside from retail elements such as cafes, canteens and small shops. Residential and logistics properties operated as usual.

The first lockdown in the spring was characterised by the Czech government's **rapid actions to stem the pandemic, which allowed for a swift reopening of the portfolio.** Other countries such as Germany, Poland and Hungary reopened slightly later than the Czech Republic, but nevertheless by early June the entire portfolio (excluding hotels) had reopened, and effectively "normal" operation resumed until the autumn.

The hotels portfolio enjoyed a strong summer period as around two-thirds of our hotels reopened by the end of August, with a significant uptick in demand due to the relaxing of domestic and international travel restrictions.

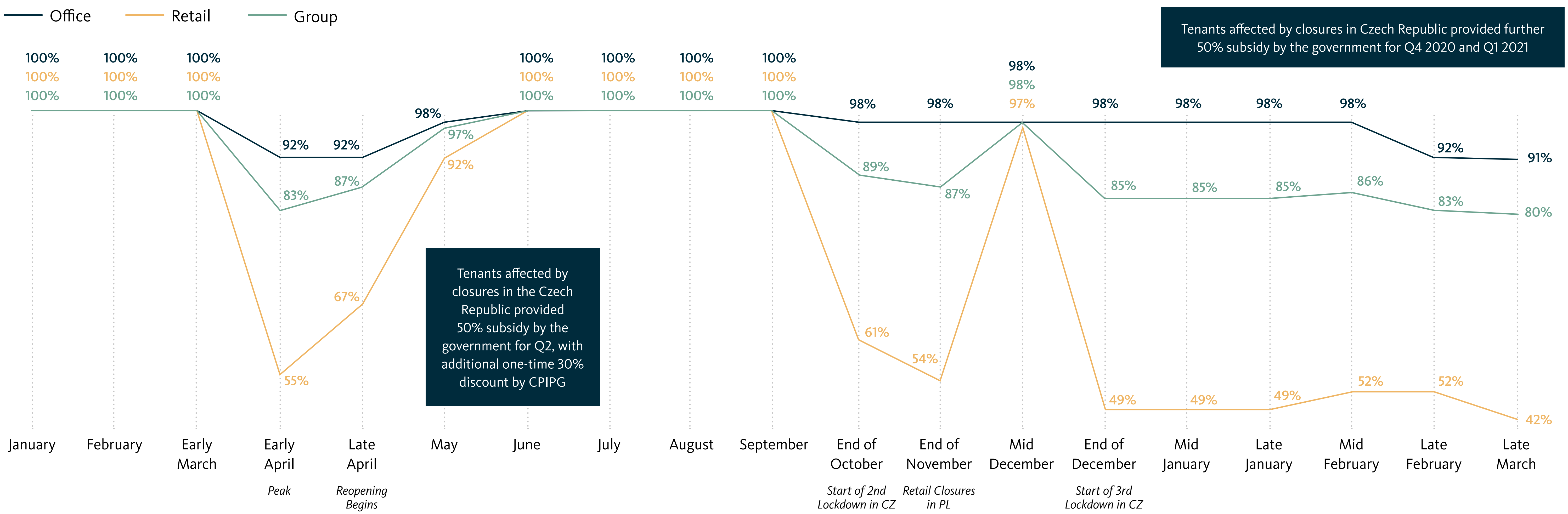
Most of Europe entered a second phase of lockdowns in the autumn following a resurgence in COVID-19 cases. In the Czech Republic, schools, hospitality and non-essential retail were closed on 22nd October. Although all retail was allowed to open again on 3rd December, on 27th December the Czech government closed non-essential retail again as part of a third national lockdown, which has continued for the first quarter of 2021.

About 50% of the Group's retail portfolio has remained open at all times. Many of CPIPG's retail tenants were considered "essential" and were permitted to stay open such as grocery stores, pharmacies and pet stores in our shopping centres and retail parks. **Grocery store operators are four out of CPIPG's top ten tenants** by rental income across the Group and saw robust sales during the outbreak. In addition, after the spring lockdown, **retail parks were able to remain operational for the remainder of the year,** even when other non-essential retail was forced to close.

During the first quarter of 2021, most of the countries where we operate were in varying states of lockdown restrictions, primarily affecting retail tenants and hotels. Office and residential tenants continue to be mostly unaffected. Nevertheless, **the Group remains hopeful that the situation will allow for a strong recovery in the second half of 2021.**

Hotels may take more time to recover **but we believe significant pent-up demand will be unlocked when restrictions are relaxed.**

Opening status of CPIPG properties



The Czech government provided 50% rent subsidies for retail tenants affected by forced closures in Q2 2020, Q4 2020 and Q1 2021

The Czech government also provided 400 CZK per employee per day to retailers and restaurants forced to close in Q4 2020, applied between 14 October 2020 and 10 January 2021

31 December 2019 — **31 March 2020** — **30 June 2020** — **30 September 2020** — **31 December 2020** — **31 March 2021**

CPIPG provided 30% discount to retail tenants affected by forced closures in Q2 2020

CPIPG provided ad hoc discounts and rent deferrals to selected retail tenants in H2 2020

Strong Czech government support

97%
retail occupancy

Olympia Plzeň Shopping Centre, Plzeň, Czech Republic

Support provided to retail tenants was quick and effective helping to preserve stable occupancy

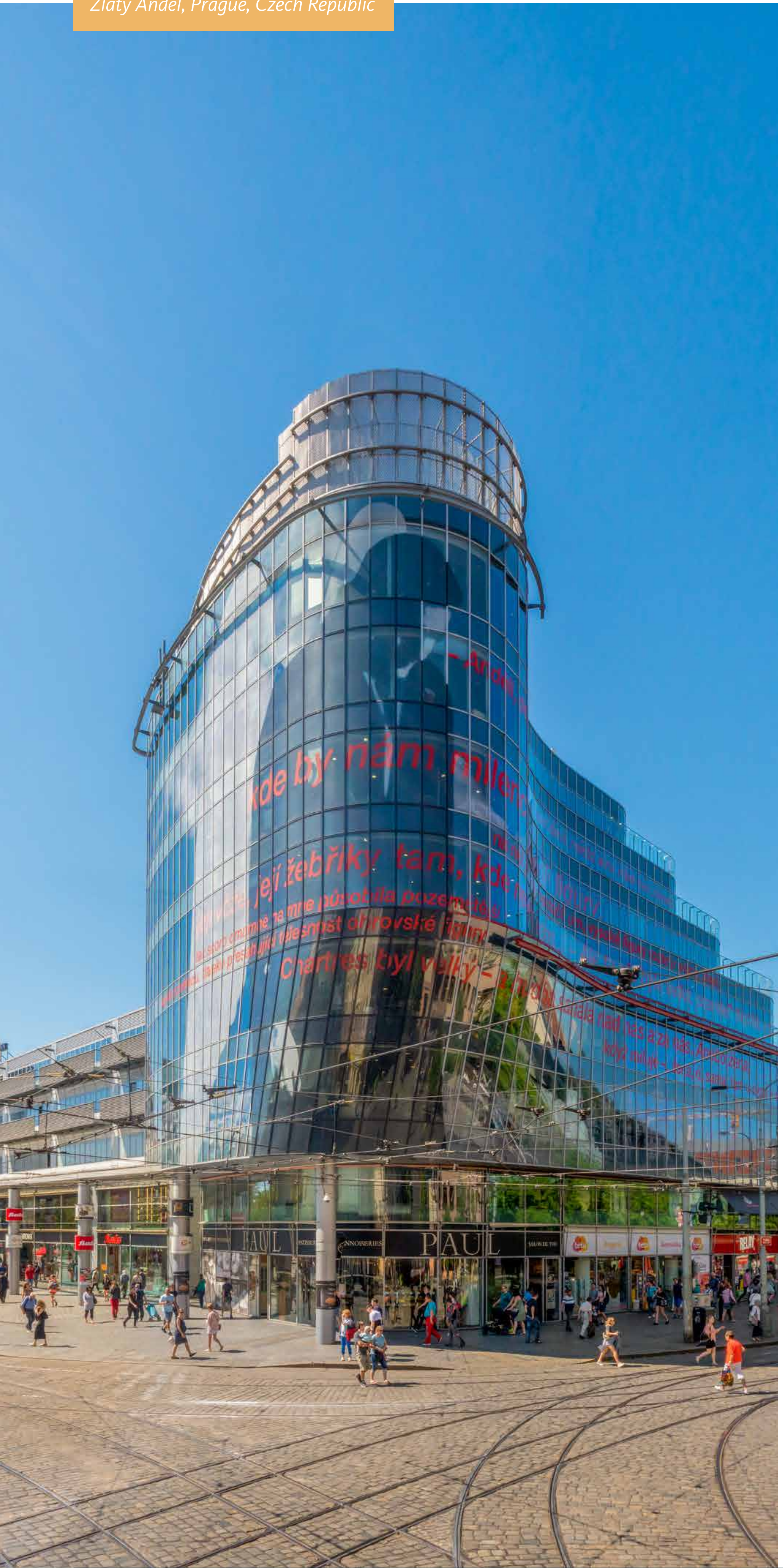
At the end of 2020, **occupancy in the retail segment was 96.7% overall, representing a drop of only 0.1 p.p. compared to the end of 2019.** Part of the reason for the remarkably stable performance was the magnitude of support provided to tenants.

In the Czech Republic, for retailers affected by forced closures during 2020, the government enacted a programme ("COVID rents") which **provided subsidies amounting to 50% of rents due.** In the first phase, the programme covered all of Q2 2020; it was subsequently offered again for Q4 2020 in light of the second national lockdown that commenced in October and extended for Q1 2021. In the first phase, CPIPG was required to provide a one-time 30% discount so that effectively tenants only paid 20% of Q2 rents. Additional landlord discounts were not mandatory for the subsequent extensions of the support programme. The Group's asset management teams worked with our tenants to apply for government support and enact discounts. **In many cases, tenants prolonged their leases as part of an overall support package.**

Besides rent subsidies, retail tenants in the Czech Republic also benefitted from an additional programme ("COVID Closed Units"), which covered around 2 to 2.5 months of certain costs for retail, services and restaurant tenants for the period of closure between October and December 2020.

Governments in other countries across our portfolio also provided support programmes, though not on the same scale as the Czech Republic. This was not an issue in Germany, where our office tenants remained largely shielded from the effects of the pandemic in contrast to retail tenants. However, in Poland and Hungary, **the Group proactively stepped in to provide targeted support to retail tenants through one-time discounts and deferred rents.**

Zlatý Anděl, Prague, Czech Republic



High rental collection rates reflect the quality of CPIPG's tenants and the efforts of our local teams

CPIPG invoiced and collected rent normally across the vast majority of our portfolio, even at the peak of the outbreak. Retail units faced the most pressure; as the pandemic unfolded, CPIPG selectively agreed to rent deferrals for closed units during the most affected period. In May, June and throughout the summer, CPIPG worked closely with our tenants to agree on modest rental discounts, arrange government support, and collect deferred rent.

The Group's rent collection rate for the entire year was 95% before one-time COVID-19 discounts and 99% after discounts. The strong collection rate reflects rent collected once government support measures were enacted, as well as other temporary discounts and incentives. CPIPG decided to capture security deposits (less than €1 m) and bank guarantees (less than €100 k) in limited cases.

Office rental collections were solid in 2020, with a collection rate of 98%. Excluding retail units (such as cafes and canteens), the office collection rate would be close to 100%. The Group believes this performance demonstrates the merits of CPIPG's office portfolio expansion since late 2019, together with sound tenant quality and strong markets.

Retail collections at close to 90% before one-time discounts were remarkable considering the pandemic's unprecedented impact. However, it clearly demonstrates our platforms' strength and diversification: our tenants entered the year on a firm footing, considering record footfall and sales achieved in 2019. Many of our tenants, such as supermarkets, pharmacies and retail park tenants, enjoyed higher sales in 2020, while those that faced more significant challenges received the support they needed.

Czech Republic residential has proven remarkably stable. Collection rates have been **above 99%** throughout the pandemic, validating the strength of the Group's residential segment. Housing stock remains scarce in the regions of the Czech Republic where CPIPG owns properties, and prices across the country have continued to rise despite the pandemic.

Group collection rates – 2020 summary

% of rent collected	FY 2020 before discounts	FY 2020 after discounts
Group	**95.3%**	**98.5%**
Office	98.4%	98.9%
Retail	89.4%	97.7%
Residential	99.3%	99.3%
Industry & logistics	99.0%	99.4%

CPIPG's robust platforms, stable markets and strong support provided to tenants ensured high collection rates and stable occupancy.

Tomáš Salajka, Director of Acquisitions, Asset Management & Sales

Olympia Plzeň Shopping Centre, Plzeň, Czech Republic

One-time impact

3.6% of 2020 gross rent

>8 months WAULT extension during lease negotiations

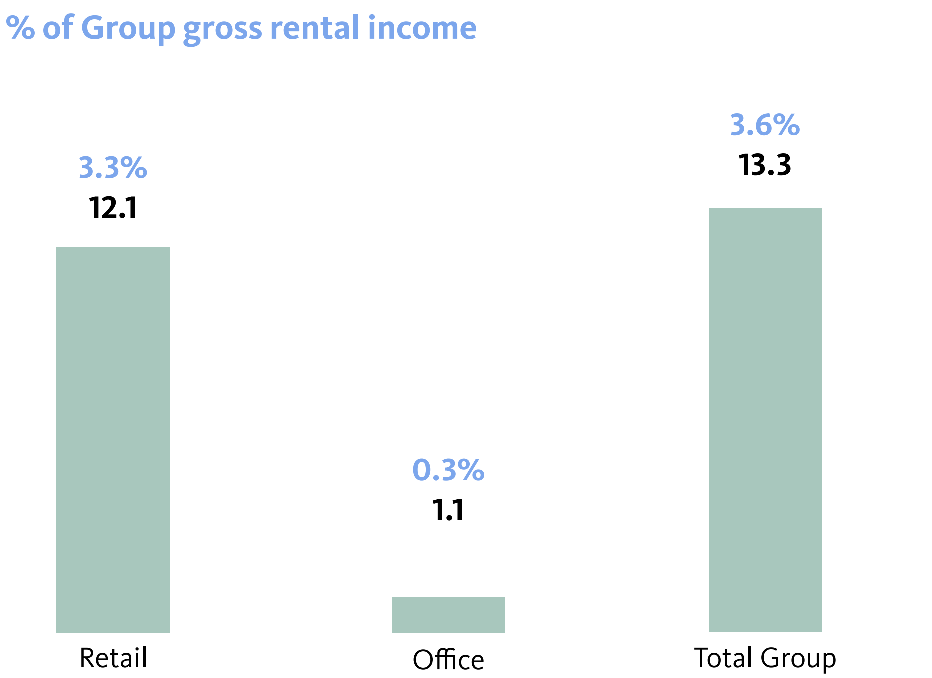
One-time discounts provided to tenants had a limited impact on rental income

CPIPG cares about our tenants and stepped in to support those hit the hardest. Any one-off discounts agreed typically included lease extensions and the understanding that rents would return to prevailing levels, with no change in ERVs. The majority of discounts provided related to retail tenants for the April–June period, and to a lesser extent, rent-free periods in the third quarter. In some cases, tenants received other minor discounts and/or incentives on a case by case basis.

Discounts represented a small percentage of the Group's rental income. Total 2020 discounts represented less than 4% of gross rental income for 2020. **Discounts awarded in the office sector were minimal.** As a result, over 75% of Group rents were not subject to any form of discount.

In many cases, we negotiated lease extensions, increasing WAULTs by more than eight months on average for contracts subject to discounts.

Summary of 2020 discounts (€ million)



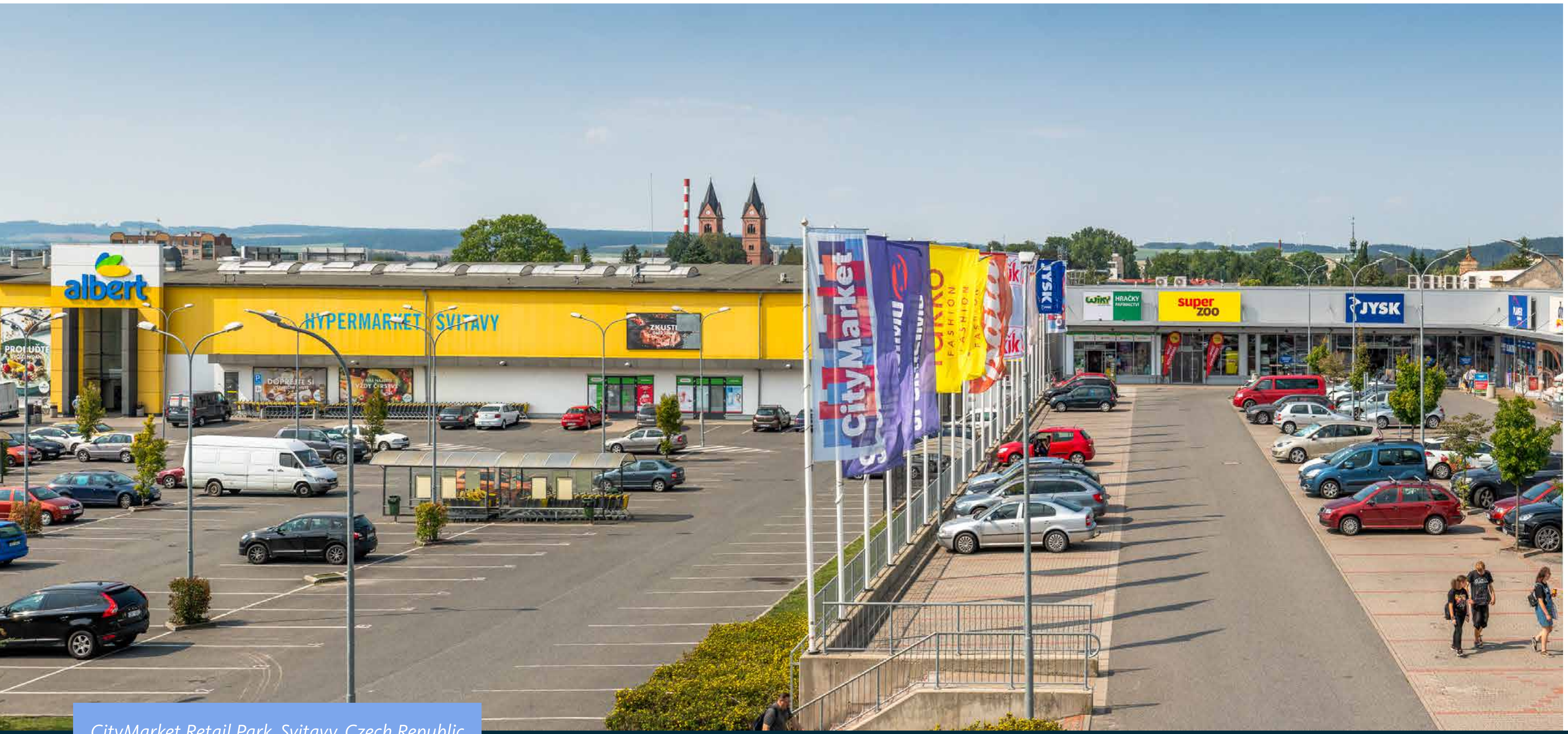
Our retail portfolio remains well-positioned

Shopping trends in the summer were encouraging, demonstrating the level of pent-up demand that we expect to return when the pandemic subsides. When shops reopened following the lockdown in the spring of 2020, footfall and tenant sales in our shopping centres increased significantly, rising consistently until September saw a resurgence in cases and additional hygiene restrictions were enforced. At the peak of the recovery in August, while footfall in shopping centres was still down approximately 20% on the same period in 2019, **retail sales were almost in line with the prior period** – suggesting physical retail shopping habits evolved during the pandemic towards less frequent visits, but larger average basket sizes.

Retail parks comprising over 40% of our Czech retail portfolio remained open after the first lockdown. Retail parks became a safe haven following the first lockdown in the Czech Republic, partly because the store formats could enact social distancing measures more easily than shopping centres. As a result, **almost all retail park tenants reported higher year-to-date turnovers compared to 2019, and strong demand from tenants led to occupancy reaching 100% for the first time in November 2020.**

The Group signed some significant new leases and extensions with tenants during the year. The majority related to “Project Tornado” in the Czech Republic, where one-time discounts and assistance obtaining government subsidies was provided in return for lease extensions of around six months on average. In addition, in the second quarter amidst the peak of the outbreak we **renegotiated new leases in our Czech shopping centres comprising 34,000 m² where we managed to increase rents by 4.9% overall.** In our retail parks portfolio, at the end of Q3, the Group **managed to raise headline rents across a series of renegotiated contracts by 11% on average.**

Retail valuations at the end of 2020, while slightly negative (-3.9%), reflect our **differentiated portfolio of stable, regional shopping centres and defensive retail parks in CEE markets with strong economies and physical retail dynamics.**



CityMarket Retail Park, Svitavy, Czech Republic

Stable valuations and positive leasing activity demonstrate the strength of our office platforms

Valuations in our key office markets of Prague, Berlin and Warsaw were reflective of the resilient markets, quality of our properties and tenants, and strong investor demand. Valuations in Prague and Warsaw were broadly stable – occupancy and rents have remained stable, despite pressures on the broader market. The increase in Berlin of 6% also reflects the fact that rents continued to increase in 2020 and have significant potential to maintain the upward trajectory in future. Demand from investors for high-quality, well-located assets remains strong, especially considering that the spread between prime real estate and benchmark bond yields are at record high levels.

Strong leasing activity in the office segment further demonstrates that our markets remain active in terms of office demand. CPIPG’s office occupancy was **well above 91%** in each of our office platforms at the end of 2020. Our tenants have proven resilient and reliable throughout the COVID-19 outbreak, with a rental **collection rate of 98%**. The Group’s office leasing activity remains strong. **Between Q2-Q4 2020, the period of the year affected by the pandemic, the Group signed new leases, extensions and prolongations across more than 156,000 m² where the weighted average increase in headline rent per m² achieved was 25%.** The main driver of the increase was in Berlin, where the average increase in headline rents for new leases, extensions and prolongations was **over 50%**.

While COVID-19 has proven that working from home is possible, **CPIPG is confident that our tenants are eager to return to their offices and reclaim the collaboration, creativity and communication which have suffered during the pandemic.**

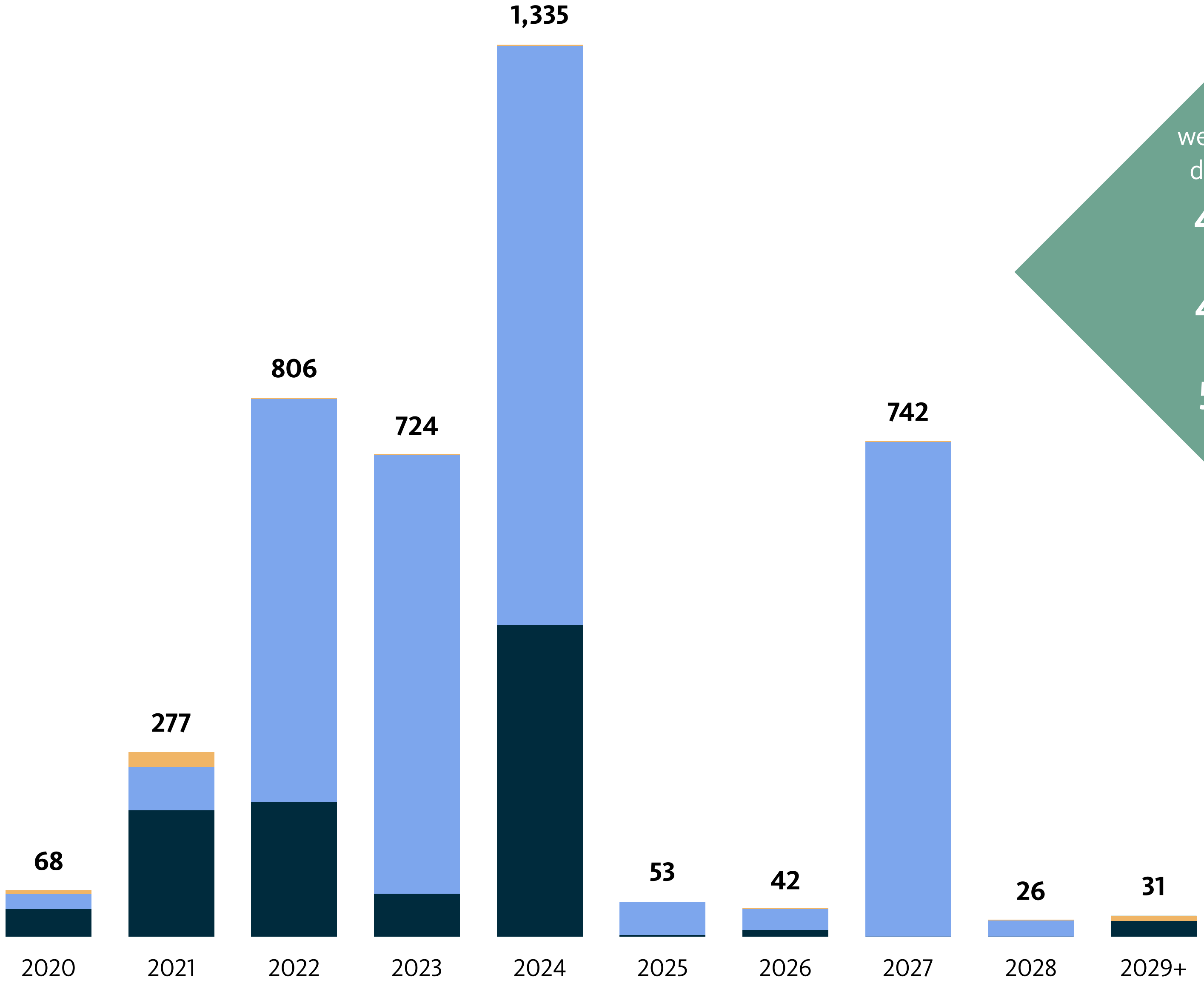
CPIPG has taken further steps to improve our debt maturity and liquidity profile

When the COVID-19 outbreak began, CPIPG had €1 billion of liquidity and no significant debt maturities until 2022. By the end of the year, **total liquidity stood at €1.4 billion, bolstered by the signing in November of a new €700 million revolving credit facility, due in 2026.** The Group's revolving credit facility has remained undrawn before and during the pandemic.

As lockdowns eased and the minimal impact of COVID-19 on the Group's business became apparent, CPIPG returned to the international bond markets and **took measures to strengthen our already robust capital structure.**

In May, the Group repaid nearly €800 million of bonds due in 2022, 2023 and 2024 and issued a €750 million green bond maturing in 2026. In September, CPIPG issued €525 million of hybrid bonds callable in 2026 and used the proceeds to repay bonds maturing in 2022 and hybrid bonds callable in 2023. In January 2021, the Group took additional steps to improve our debt maturities through the issuance of €650 million of 10-year senior unsecured bonds and €400 million of hybrid bonds callable in 2028. Proceeds were used primarily to repay more than €750 million of senior unsecured and undated subordinated bonds which are callable or mature between 2022–2024. **Following the transactions, only about 15% of the Group's total financing is due or callable within the next three years and about 40% within the next five years.**

Debt maturity profile as of 31 December 2019 (€ million)



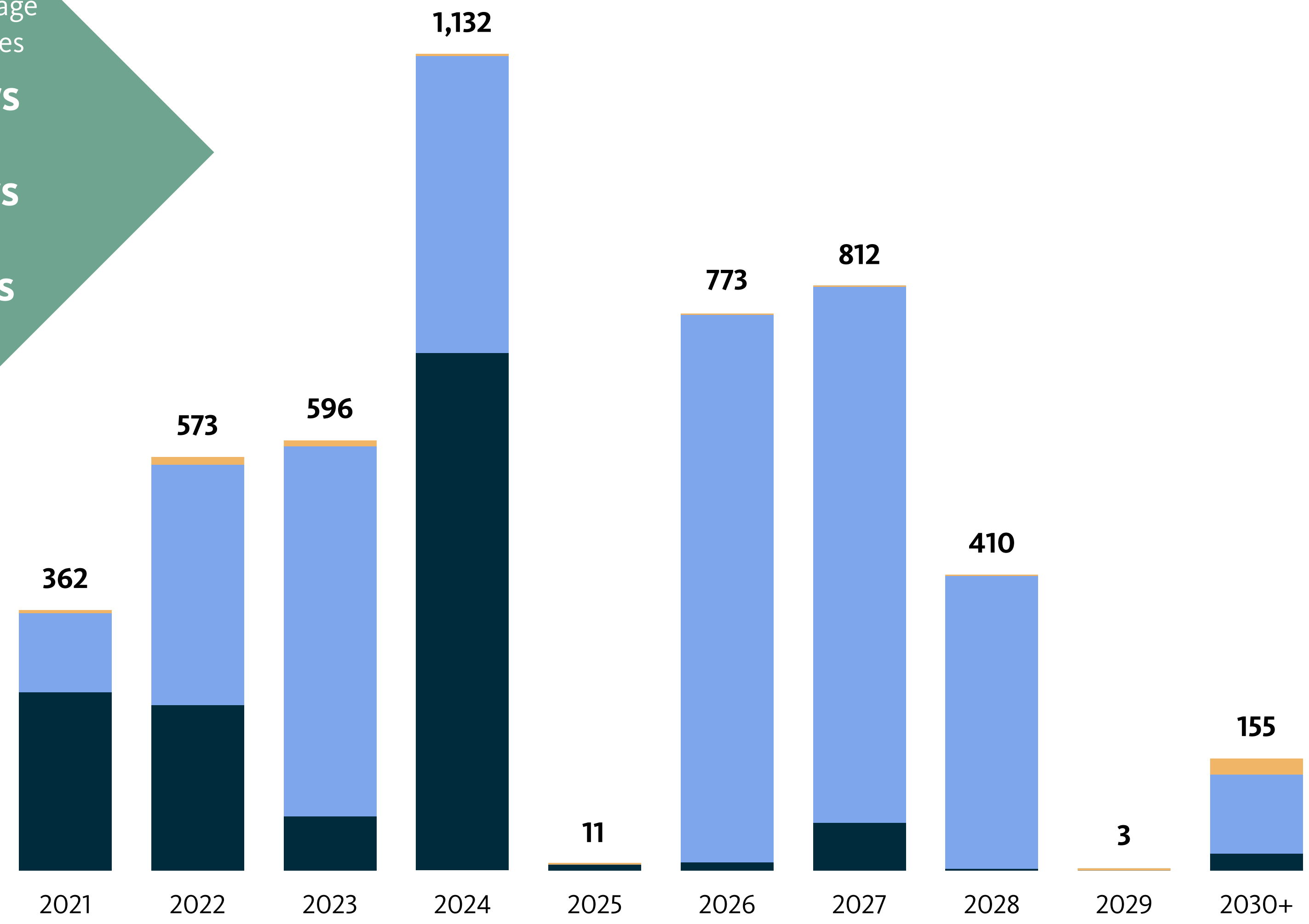
Increased weighted average debt maturities

4.4 years
2019

4.8 years
2020

5.5 years
Q1 2021

Debt maturity profile as of 31 December 2020 (€ million)



Bank loans Bonds/Schuldschein* Other**

Bonds/Schuldschein 2020 include only accrued interest payable in 2020.
Other debt comprises non-bank loans from third parties and financial leases.

Bonds/Schuldschein 2021 include only accrued interest payable in 2021.
Other debt comprises non-bank loans from third parties and financial leases.

Portfolio highlights

Leader in the Warsaw office market

During 2020, CPIPG continued the Warsaw office acquisition strategy that began in the final quarter of 2019. Six offices were acquired for more than €260 million during the year, bringing the total value of the Group's Warsaw office portfolio to nearly €1 billion, representing over 315,000 m² of leasable area. As a result, the Group established itself as the city's leading office landlord.

The properties acquired were:

- **Green Corner A – 28 January 2020**
  Located in CBD, LEED Platinum certified, A+ class building spanning 14,900 m², occupancy close to 100% with strong tenants.
- **Equator II – 30 January 2020**
  Located on Aleje Jerozolimskie in central Warsaw, modern A-class office building spanning 22,900 m² of space and occupancy close to 100%.
- **Equator I – 6 March 2020**
  Located on Aleje Jerozolimskie in central Warsaw, BREEAM Very Good certified, A-class building comprising over 19,500 m² of space.
- **Moniuszki 1A – 25 March 2020**
  Located in central Warsaw, 9,800 m² of recently-refurbished space, occupied by high-quality public sector tenants.
- **Chałubinskiego 8 – 24 April 2020**
  Acquisition of 50.3% stake, located in central Warsaw and one of the most distinctive high-rise offices in Warsaw, comprises 46,000 m² of space.
- **Concept Tower – 26 August 2020**
  Located in the dynamic Wola district, certified LEED Gold, 9,000 m² of A+ office space with nearly 100% occupancy.

Concept Tower, Warsaw, Poland

Increase of stake in Globalworth to 29.6%

globalworth

In the first quarter of 2020, CPIPG became the largest shareholder in Globalworth, a leading owner of high-quality, income-generating office properties in Poland and Romania, with a portfolio worth €3 billion as of 31 December 2020. Globalworth's best-in-class assets include Skylight & Lumen in Warsaw and Globalworth Tower in Bucharest.

Beginning in late 2019 and accelerating into January and February 2020, the Group purchased shares in the secondary market and ultimately acquired Zakionio Enterprises limited, a company owned by the founder of Globalworth, Ioannis Papalekas.

In addition to the 29.6% shareholding stake, through the acquisition of Zakiono, CPIPG was granted special rights regarding apointments of Globalworth board and board committee members. In April 2020, Zakiono appointed Mr. Martin Bartyzal, the former chief country officer of Deutsche Bank in Prague, to serve as an independent member of Globalworth's Board of Directors.

Acquisition of Nova RE

In November 2020, CPIPG acquired more than 50% of Nova RE SIIQ S.p.A. ("Nova RE"), an Italian real estate company with a property portfolio valued at €123 million at 31 December 2020, by participating in a capital increase for a total consideration of about €26 million. Over time, Nova RE will become a platform for the Group's investments in Italy. A mandatory tender offer concerning the remaining shares of Nova RE was launched in December and concluded in January 2021.

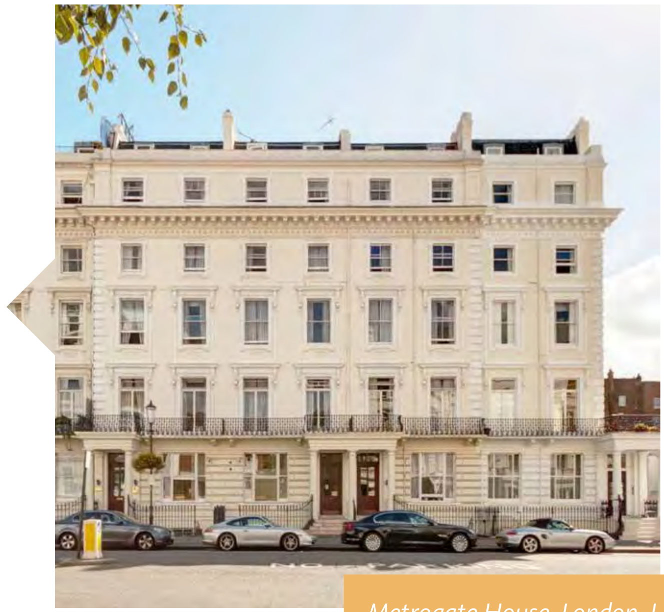
Residential acquisitions in the UK

In the third quarter of 2020, the Group completed two small acquisitions which complement the Group's existing UK residential platform. The first is St. Mark's Court, with 24 apartments and the potential for expansion, located in St. John's Wood, London. The second, Metrogate House, consists of three interconnected properties located in South Kensington, London. The purchase prices for both acquisitions were below £1,000 per square foot, representing exceptional value for these locations. CPIPG intends to refurbish both properties over time.

Axians opening party, ZET.office

Positive developments in Nová Zbrojovka, Brno

The Group received approval of the masterplan relating to the Group's project in Nová Zbrojovka, Brno, enabling the regeneration and redevelopment of one of the largest brownfields in Brno to commence. After completing the site's first office building and its surroundings, the first tenants, Kiwi.com and Axians, moved into ZET.office during 2020. After the year-end, the Group reached an agreement with the city to jointly cooperate and contribute to completion of the regeneration project.



Metrogate House, London, UK

Corporate news

Annual general meeting of shareholders

The annual general meeting of the shareholders of CPIPG was held on 28 May 2020 in Luxembourg (the "AGM"), with approximately 90.6% of the voting rights present or represented.

The AGM approved the statutory and consolidated annual accounts, as well as the allocation of financial results for the financial year ending 31 December 2019.

The AGM also granted a discharge to the Company's Board of Directors and the auditor for the performance of their duties during the financial year ending 31 December 2019.

The AGM further resolved to re-appoint the following persons as members of the Company's Board of Directors until the AGM of 2021: Edward Hughes, Philippe Magistretti, Martin Němeček, Tomáš Salajka, Omar Sattar, Oliver Schlink, Radovan Vítek, and Marie Vítek. Martin Němeček was appointed as the managing director (administrateur délégué) of the Company. The AGM also approved EY as an auditor of the Company until the AGM of 2021.

Annual update and approval of share buy-back programme

The AGM approved the Company's buy-back programme's terms and conditions, enabling the Company's repurchase of its own shares. In particular, the AGM authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum of one billion (1,000,000,000) shares in the Company, for a purchase price in the range of one euro cent (€0.01) to five Euros (€5).

Board changes

On 6 December 2020, Radovan Vítek and Marie Vítek resigned from the Board of Directors, and Jonathan Lewis was co-opted to the Board of Directors. Mr. Lewis is an independent real estate consultant who practised for 40 years as a solicitor, most recently as a partner at international law firm CMS. As at 31 December 2020, the CPIPG's board consists of three independent non-exectuive directors (Edward Hughes, Omar Sattar, and Jonathan Lewis) one non-executive director (Philippe Magistretti) and three management members (Martin Němeček, Tomáš Salajka, and Oliver Schlink).

Kingstown dispute in the United States dismissed by the SDNY Court

On 10 April 2019, a group of Kingstown companies, Investhold LTD and Verali Limited (together, the "Kingstown Plaintiffs") filed a claim in the United States District Court of the Southern District of New York (the "SDNY Court") against, among others, CPIPG and Mr. Radovan Vítek. The claims brought by the Kingstown Plaintiffs against CPIPG include alleged violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO").

CPIPG believes that the claims are without merit and were designed to create negative press attention for CPIPG and force an undue settlement. Moreover, the basis of claims brought against CPIPG in the United States are similar to civil claims unsuccessfully pursued by Kingstown companies against CPIPG in Luxembourg since 2015.

On 4 September 2020, the SDNY Court dismissed the claims against all defendants and directed the clerk of court to close the case. In dismissing the lawsuit, the SDNY Court ruled that Luxembourg is an adequate forum for the resolution of the Kingstown Plaintiffs' claim and referenced the substantial similarities to a lawsuit filed in Luxembourg by Kingstown in 2015, from which CPIPG was dismissed in June 2019.

In October 2020, Kingstown filed a notice of their intention to appeal the dismissal. The Second Circuit Court of Appeals has scheduled the parties to submit their briefs during the first half of 2021. CPIPG continues to believe that the Kingstown lawsuit and corresponding appeal lacks merit and will defend the appeal vigorously.

Kingstown dispute in Luxembourg

This lawsuit was already dismissed against CPIPG in June 2019 because the Luxembourg Court determined that the claim was not clearly pleaded ("libellé obscur"). In December 2020, the Luxembourg Court declared that the inadmissibility of the claim against CPIPG and certain other defendants has not resulted in the inadmissibility of the litigation against the Company's subsidiary CPI FIM SA and the remaining defendants. CPI FIM SA and the remaining defendants are scheduled to present their written submissions during the first half of 2021. Some defendants have decided to appeal against this judgment which declared the claim admissible against CPI FIM SA.

Kingstown defamation complaint

On 3 June 2020, Kingstown filed yet another complaint against CPIPG and Mr. Radovan Vítek in New York. This time, Kingstown filed in New York State court, alleging that they were somehow defamed through April 2019 press releases and other statements concerning Kingstown's first-filed U.S. lawsuit, which is currently pending in the United States District Court for the Southern District of New York.

CPIPG categorically denies Kingstown's allegations. The new complaint lacks merit and, in any event, does not belong in a U.S. forum. CPIPG further believes that the new complaint is highly ironic considering that Kingstown and its agents have attempted to harm the reputations of CPIPG and Mr. Vítek through multiple failed attacks in the European media.

On 18 September 2020 CPIPG and Mr. Vítek moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law.

Financing activities

Issuance of senior unsecured bonds

During 2020, CPIPG issued senior unsecured bonds totalling €1,276 million equivalent across multiple currencies.

- January 2020 – GBP 350 million (€411 million equivalent) of 8-year green bonds;
- February 2020 – HKD 250 million (€29 million equivalent) of 10-year bonds;
- May 2020 – €750 million of 6-year green bonds;
- August 2020 – 30 billion Hungarian Forint (approximately €86 million) of 10-year green bonds

After the end of the year, in January 2021 the Group issued €650 million of 10-year bonds.

Issuance of subordinated "hybrid" bonds

During 2020, CPIPG also issued subordinated "hybrid" bonds totalling €624 million equivalent in Euros and Singapore dollars.

- January 2020 – SGD 150 million (€99 million) callable in 2025
- September 2020 – €525 million callable in 2026

After the end of the year, in January 2021, the Group issued €400 million hybrid bonds callable in 2028.

Senior unsecured and hybrid bonds refinancing

In total, during 2020, the Group repaid more than €1.2 billion of senior unsecured bonds, Schuldschein and hybrid bonds as follows:

March 2020 – repayment of €49 million of Schuldschein maturing in 2025

May 2020 – the Group used the proceeds of the issuance of €750 million of senior unsecured 6-year green bonds, together with existing liquidity to repay the following instruments:

- Tender offers for €222.8 million of 1.45% bonds due 14 April 2022, USD 73.1 million of 4.75% bonds due 8 March 2023 and €456.7 million of 2.13% bonds due 4 October 2024, for a total notional amount of nearly €750 million (equivalent), and;
- Repurchase of €40 million of 1.45% bonds due 14 April 2022 and CHF 14.3 million of 1.63% bonds due 25 October 2023 in the secondary market.

September 2020 – the Group used the proceeds of the issuance of €525 million subordinated hybrid bonds callable in 2026 to repay the following instruments:

- Tender offers for €328 million of the €550 million 4.375% undated subordinated notes callable in 2023 and €12 million of the 1.45% senior notes due in 2022
- Repayment of €39.5 million of Schuldschein maturing in 2023

Following the end of the year, the Group used the proceeds raised from €650 million of new 10-year senior unsecured bonds and €400 million of new undated subordinated notes issued in January to repay more than €750 million of senior unsecured and undated subordinated bonds, which are callable or mature in 2022, 2023, and 2024 as follows:

- Make-whole call to redeem the full amount outstanding of the 2022 senior unsecured notes of €335.062 million;
- Tender offer for €213.205 million of the 4.375% hybrid callable in 2023, with the remaining €8.603 million outstanding due to repaid in March, after which the instrument will be fully redeemed;
- Tender offer for €128.922 million of the 2024 senior unsecured notes
- In March 2021, repayment of €71.5 million of Schuldschein maturing in 2023

Balance Loft, Budapest, Hungary

A leader in green bond financing

CPIPG has now issued four green bonds in three currencies: EUR, GBP and HUF. Fewer than ten other companies globally have matched this accomplishment. The Group believes that sustainable financing is a useful tool to highlight our focus and progress on ESG matters.

EMTN programme update and expansion

In April 2020, CPIPG increased its EMTN programme to €8 billion, from €5 billion previously. The approval for the base prospectus was received in May 2020.

Increase of bank financing in Berlin

In July 2020, GSG Berlin, the Group's subsidiary, increased the size of the existing secured loan facility with Berlin Hyp by €259 million to €750 million. The loan is secured by GSG's property portfolio and matures in October 2024, with a blended interest rate of about 1% per annum.

New Revolving Credit Facility

On 24 November 2020, the Group announced it had further strengthened our liquidity position by signing a new €700 million revolving credit facility which expires in 2026, with ten international banks as lenders, replacing the €510 million facility expiring in 2022.

Consent solicitation process

On 25 November 2020, the Group launched a consent solicitation process to replace Deutsche Bank as Trustee, Principal Paying Agent, Agent Bank, Registrar and Transfer Agent under the Group's EMTN Programme. HSBC was subsequently appointed to replace Deutsche Bank in each role. The consent solicitation was successfully passed by noteholders on 15 January 2021.

Nova RE capital increase and mandatory tender offer

In November 2020, CPIPG acquired more than 50% of Nova RE SIIQ S.p.A. ("Nova RE"), by participating in a capital increase for a total consideration of about €26 million. A mandatory tender offer for the remaining shares was launched in December 2020 and concluded in January 2021. A total of 9,348,018 shares were tendered for a consideration of €2.36 per share and a total value of €22.061 million. Following the mandatory tender offer, CPIPG held in total 20,360,573 ordinary shares of Nova RE, approximately 92.44% of the relevant share capital (or 92.62% including treasury shares). The Group stated its intention to reduce its shareholding in Nova RE to below 60% of voting rights in the short-medium term in order to preserve the tax benefits of the Company's SIIQ status.

Team spotlight: CPI Hungary

CPI Hungary team outside Gateway Office Park, Budapest, Hungary

Hungary's first green bond

In August 2020, CPI Hungary issued the **first green bond in the local market** and became the **second company headquartered outside of Hungary** to issue under the National Bank of Hungary's (MNB's) Bond Funding for Growth Scheme ("BGS").

Issuing a green bond in Hungary was a natural step to demonstrate the Group's **deep commitment to sustainability and the well-being of our properties, partners and tenants in Hungary.**

An innovative team and platform focused on sustainability

The team in Hungary, led by Mátyás Gereben, **has been a true innovator in sustainability across multiple initiatives**:

- Balance Hall, a new development completed in 2019, represents Hungary's first "Conscious Building", an ultra-modern office with a concept focused on employing cutting-edge technologies to enhance the energy-efficient operation of the property. It received multiple awards, including CIJ Innovation of The Year Award, HOF Award CEE and Office Development of the Year;

- Human Innovation Program ("HIP"), a support programme provided to office tenants aimed at supporting and improving mental and physical health and well-being;

- CPI Hungary was the first Hungarian company to obtain certifications from Access4you, a certification system for buildings based on their access to people with disabilities, and; employing bins made of recycled materials for selective waste collection, which reduce waste transportation costs by up to 50%, comply with ISO14001 and EMAS office standards regarding waste recycling

Economic review

Key macro figures for group core economies

	Annual GDP growth (%)	Annual inflation rate (%)	Unemployment rate (%)	Gross public debt (% of GDP)
Czech Republic	(6.5)	3.3	3.1	38.4
Germany	(5.5)	0.5	4.6	70.0
Poland	(2.8)	3.4	3.3	56.7
Hungary	(6.1)	3.7	6.1	74.3
EU average	**(7.4)**	**0.3**	**7.5**	**89.8**

Sources: Sources: Eurostat, Trading Economics, Deloitte: Eurozone Economic Outlook, Nordea, OECD

The table uses December 2020 GDP growth, inflation rates and unemployment rates. Q3 2020 data on Gross public debt as a percentage of GDP were used due to data limitations.

Palác Archa, Prague, Czech Republic

Eurozone

The Eurozone economy shrank by 6.8% in 2020 due to the unprecedented impact of the COVID-19 pandemic globally. However, the quarter-on-quarter volatility paints a more precise picture of how the pandemic evolved over the year and its knock-on impact on the economy. After contracting in the first quarter, the effect on GDP was most acute in the second quarter at the pandemic's peak, declining around 12%. There was a sharp rebound (+12.4%) in the third quarter, before another contraction in the fourth quarter (down 0.7%) as new restrictions were put in place in most countries.

Many Eurozone economies also witnessed different levels of economic impact as a result of the pandemic. According to the OECD, the Spanish economy was the worst hit in 2020, shrinking by almost 12%. In both France and Italy, GDP fell by 9.1%, while Germany saw a contraction of 5.5%. Nonetheless, some European Union (EU) member states weathered the crisis relatively better; for example, Poland and Ireland contracted between only 3-4%. The wide range of economic performance was due to several factors. Some countries, such as Spain and Italy, were hit harder by the pandemic than other countries and, as a result, introduced longer and stricter lockdowns in the first wave. Sectoral factors played an important role too. Countries with a dominant tourism sector suffered more than others, while countries more reliant on manufacturing benefitted from the surprising comeback of world trade.

Contrary to expectations, world trade rebounded very quickly, and global supply chains were restored after being interrupted in the first wave of infections. The rapid rebound supported the export-oriented Eurozone economy far more rapidly and intensely than the Global Financial Crisis. China's quick economic recovery contributed to the rebound, which led to a V-shaped recovery in Eurozone exports following the second quarter.

However, the services sector did not benefit from the global uplift in trade. The Purchasing Managers' Index (PMI) for manufacturing remained at high levels in January 2021 after reaching an 18-month high in December, while the PMI for the services sector remained in contraction. Business confidence in the automotive, electronics, and chemicals sectors have already breached pre-crisis levels.

The effects of the historic drop in GDP on the Eurozone's labour market have been surprisingly limited. Official unemployment rose only one percentage point, from 7.4% in 2019 to 8.4% in 2020; this was mainly due to the swift introduction of furlough schemes in many Eurozone countries and economic policy measures to help secure corporate liquidity. Such measures kept employees in employment, companies afloat, and disposable incomes were mostly stable from a macroeconomic perspective.

Consumer spending declined significantly across the Eurozone as lockdowns resulted in a substantial amount of involuntary savings, on top of precautionary savings caused by uncertainty. According to Oxford Economics estimates, the savings rate increased to 19% in 2020, up from 13% in 2019, equating to around €450 billion more than in 2019. Unloading these savings could substantially boost consumer spending and, therefore, GDP growth in 2021.

In terms of the outlook for 2021, the picture looks brighter for the remainder of the year, following a heavily-impacted first quarter, subject to Eurozone countries ensuring a quick rollout of vaccinations, better control of the pandemic and an easing of lockdown measures. Success, notwithstanding downside risks, could unlock significant pent-up demand later in the year.

Sources: Deloitte: Eurozone Economic Outlook

Czech Republic

The COVID-19 pandemic had a significant impact on the Czech Republic's economic fundamentals that had supported growth until 2020 – domestic demand, tax revenues, and exports. Declines in all three meant that the Czech economy contracted by 6.5% in 2020, but this was a slower decline than the EU average of 7.4%. The quarterly pattern followed the same see-saw effect witnessed across the Eurozone. A rebound in activity in the third quarter was cut short in Q4 as the second wave of the pandemic spread, and the country re-entered lockdown. However, output increased 0.3% in seasonally-adjusted quarter-on-quarter terms in Q4, beating market expectations of a 2.5% fall.

The Czech economy had already shown signs of slowing before the outbreak of COVID-19 amid slower growth in Germany and trade uncertainties caused by Brexit. With slowing real wage growth, the relatively early reopening of the economy following the pandemic's first wave did not contribute significantly to economic activity. This was further heightened by an increase in food prices, leading to a higher inflation rate of 3.3%, up from 2.9% in 2019 and above the Czech Central Bank's tolerance band of 1-3%. Czech exports continued to fall as the automotive industry, already challenged by regulatory and technological changes, was significantly impacted by the pandemic.

The unemployment rate rose to 3.1% in 2020 from a near-record low of 2% a year earlier. The impact of COVID-19 on employment has been more contained compared with most European countries, and the unemployment rate remains well below the EU average. The Czech government's strong support for individuals and businesses and swift reaction to the pandemic helped, supporting incomes, employment and liquidity as the government pledged more than 1 trillion crowns to help offset the economic damage from the pandemic. Combined with lower tax revenues, government debt is estimated to have reached 39.1% in 2020, against 30.2% a year earlier.

The Czech National Bank remains focused on fiscal stability and manages the national currency carefully to maintain close parity with the Euro. Through a series of cuts, the two-week repo rate decreased a total of 200 basis points since mid-March to 0.25% and has remained at that level. This led to a moderate weakening in the Czech Koruna versus the Euro on an intra-year basis, though it had recovered some lost ground by the end of the year.

Low business confidence and uncertainties are expected to limit recovery in 2021, with a GDP growth forecast of 5.1%. Additional containment measures, high uncertainty and weak sentiment amid further outbreaks could delay economic recovery until widespread vaccination of the population has been achieved during 2021. Fiscal support will help maintain household consumption, but investment will take longer to rebound.

Sources: Nordea: Czech Republic Economic and Political Overview, OECD: Czech Republic Economic Snapshot, Focus Economics

Prinzessinnen-Höfe, Berlin, Germany

photo: GSG Berlin © Thomas Hillig Architekten

Germany and Berlin

Due to the outbreak of the COVID-19 pandemic, Germany's GDP growth contracted by 5.5% in 2020. The manufacturing sector saw a substantial reduction in demand from internal and external markets, while hospitality and leisure services were particularly constrained by distancing measures and health concerns. Nevertheless, Germany remains the top economic power in Europe and the fourth globally.

Following the peak of the pandemic in Q2, which faced the most severe economic impact, with GDP declining -9.8% quarter-on-quarter, GDP bounced back in the third quarter and grew by 8.2%. Despite gloomy market predictions for Q4 given the worsening spread of the virus and imposition of stricter measures, the German economy was still able to expand by 0.1% in the quarter.

Consumer price inflation remained low at 0.5% in 2020 due to cheaper energy and VAT decrease in the second half of the year. Meanwhile, unemployment increased to 4.6% (seasonally adjusted) at the end of 2020. Short-time work somewhat cushioned the increase in unemployment, but sustained falls in the unemployment rate are not expected until after mid-2021, once employees on short-time work have been reabsorbed.

Berlin specifically has been growing faster than Germany as a whole for many years now. Over the past five years, Berlin's real GDP has increased by almost 20 per cent, and growth in employee compensation was nearly 40 per cent. Annual GDP growth reached 3% in 2019, significantly above all other federal states, and the number of people employed increased by 2.4% to more than 2 million.

Berlin is the largest and most densely populated city in Germany. However, at just over €40,000, the GDP per employed person in 2019 was still 3% below the national average and well below the figures for other major German cities. For historical reasons, Berlin is in the process of catching up economically. Berlin's thriving digital economy has played an important role in this, with average growth rates of around 9% per annum.

Although Berlin's unemployment rate increased to 10.1% by the end of 2020, significantly higher than the national figure, steady growth in employment across many sectors continues, especially in the booming information technology sector. Furthermore, Berlin's dynamic and young workforce caters to specific industries such as IT, media, and telecoms, which have fared relatively well during the pandemic. Berlin's share of the start-up/venture capital industry is well beyond any other city in Germany, attracting 58% of all VC funding in 2020. It is also the leading city in Germany for blockchain start-ups by far and tops all European cities for fintech companies – well ahead of Paris, Amsterdam and Dublin. More than 80,000 young people between the ages of 18 and 30 relocate to the German capital every year. Compared to other German cities, the increased availability of trained specialists and managers is one of the most critical factors for companies choosing to establish themselves in Berlin. With the opening of the new Berlin airport towards the end of 2020, improved transport links should further support the city's attractiveness.

Sources: OECD, Nordea: Germany: Economic and Political Overview, Statista, Trading Economics, Federal Employment Agency, Senate Department for Economics, Energy and Operations – Department of Economics, Investitionsbank Berlin – Berlin Economy December 2019 edition

CEE

In recent years, CEE countries have generally benefitted from strong fundamentals including young and well-educated labour forces, low levels of unemployment, increasing domestic consumption and strong levels of local business activity and foreign investment. All CEE countries achieved GDP growth rates above the EU27 average of 1.5% in 2019. In fact, Hungary, Romania and Poland were all in the top five fastest-growing economies in the EU28 bloc in 2019.

However, in 2020, GDP fell in nearly all CEE countries. Economies that are more reliant on domestic demand and benefitted from timely government support were more resilient than the small, open economies in central Europe. The recovery in Q3 2020 was proportional to the Q2 slump but incomplete. In Q4, GDP fell again in most CEE countries due to lockdowns imposed in response to the second wave of the COVID-19 pandemic, both domestically and by the CEE's largest European economic partners.

Regional inflation ended the year around 2%, reflecting easing price pressures due to weak aggregate demand. In their final meetings of 2020, central banks in Hungary and Poland decided to keep their key rates on hold to further mitigate the adverse effects of the COVID-19 crisis. The Polish Zloty, Hungarian Forint and Romanian Leu lost ground against the Euro at the outset of the pandemic in Q2. It remained relatively rangebound at similar levels until the end of the year.

The CEE region posted solid PMIs in January, confirming the ongoing recovery and improving industrial demand conditions. In Poland, quick and targeted support prevented a deeper slump in 2020.

Real GDP in Poland fell by 2.8% year-on-year in 2020. Over the full year, household consumption fell by 3% year-on-year, and investment fell by 8.4% year-on-year. Net exports provided strong support to GDP, as reflected by a rebound in manufacturing in Q4 2020. As in other countries, the pandemic's economic impact in Q4 2020 was significantly lower compared to Q2. Economies, supported by substantial fiscal packages, have adjusted to administrative anti-pandemic constraints, and the resilience of the economy to the restrictions is growing. Nevertheless, the impact of the pandemic was felt on the unemployment rate, which increased to 6.2% by the end of the year.

Hungary's GDP contracted by 5% in 2020, as the backbone of historical growth – rising household income and exports – was severely impacted by COVID-19. Manufacturing was slow to recover, with industrial output only rising on the year as of October 2020. Unemployment rose to 4.3% by the end of 2020, from 3.4% a year earlier. Labour shortages, amid the population decline, and minimum wage increases should continue to lift real wages. Given it's high dependence, Hungary's economic recovery will be somewhat reliant on the recovery of the German economy and the automotive industry.

Romania endured an economic slowdown in 2020, especially impacted by the demand-sensitive automobile sector. Financial difficulties pushed Romania to seek financial help from the IMF, the European Commission and the World Bank. GDP declined by 3.9% in 2020, while annual average inflation is expected to be 2.2%, having cooled from the 3.8% recorded in 2019. Unemployment historically declined and stood as low as 3.9% at the end of 2019. Still, the country's informal economy remains significant, with low participation rates for minorities, young people and women – consequently, the unemployment rate to increased to 5.2% in 2020.

Sources: Trading Economics, Focus Economics, ING, Nordea

Business segments

The Group operates in five segments: **Office, Retail, Residential, Hotels & Resorts and Complementary Assets.** In each segment, we have market-leading platforms that benefit from **scale, active local asset management and a long track record.**

Office

- Leading landlord in Berlin, Prague and Warsaw
- The largest shareholder in Globalworth

52%

of portfolio

22%

of portfolio

Retail

- #1 shopping centre and retail parks landlord in the Czech Republic

Residential

- #2 residential landlord in the Czech Republic
- Platforms in the UK and Western Europe

9%

of portfolio

7%

of portfolio

Hotels & Resorts

- #1 congress & convention hotel owner in the Czech Republic
- #1 resort owner in Hvar, Croatia

Complementary Assets

- Strategic landbank plots, development, logistics and other assets

11%

of portfolio

Office

CPIPG is a leading office landlord in Europe, with robust platforms across several core markets. The portfolio is centred around our leading positions in Berlin, Prague and Warsaw.

The Group's presence in the Czech Republic dates back to the Group's founding in the early 1990s. CPIPG is focused on Prague, where we hold a #1 market position. Our portfolio is modern, stable and includes the headquarters of prominent multinational companies.

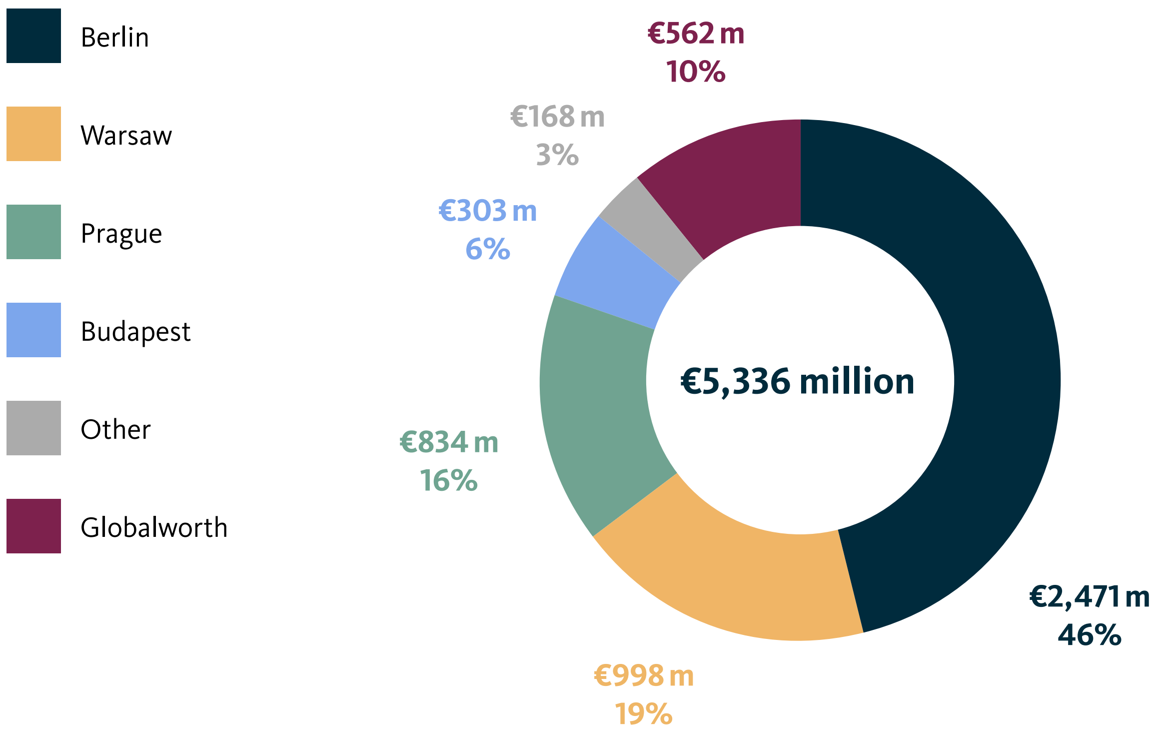
The Group expanded its footprint into Berlin through the acquisition of Gewerbesiedlungs-Gesellschaft mbH ("GSG") in 2014. GSG is a leader in the dynamic Berlin market, with an extensive and unique portfolio catering to over 2,000 tenants, and has delivered consistently improving performance in recent years.

CPIPG is also the #1 landlord in Warsaw. Since late 2019, CPIPG significantly expanded its presence in the market through a series of acquisitions of high-quality, well-occupied assets.

The Group's solid office platforms across other CEE markets such as Hungary provide additional diversification. In Budapest, we own a modern, award-winning platform.

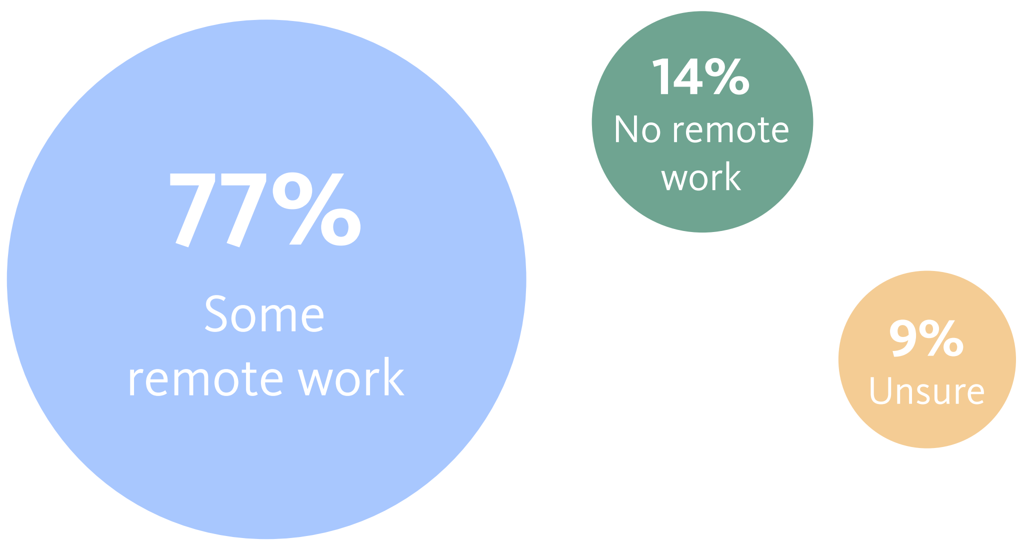
- A leading landlord in **Berlin**
- #1 office landlord in **Prague**
- #1 office landlord in **Warsaw**
- Strong platforms across Europe
- Markets with robust dynamics
- High-quality, diversified portfolio

Office property portfolio split (as at 31 December 2020)

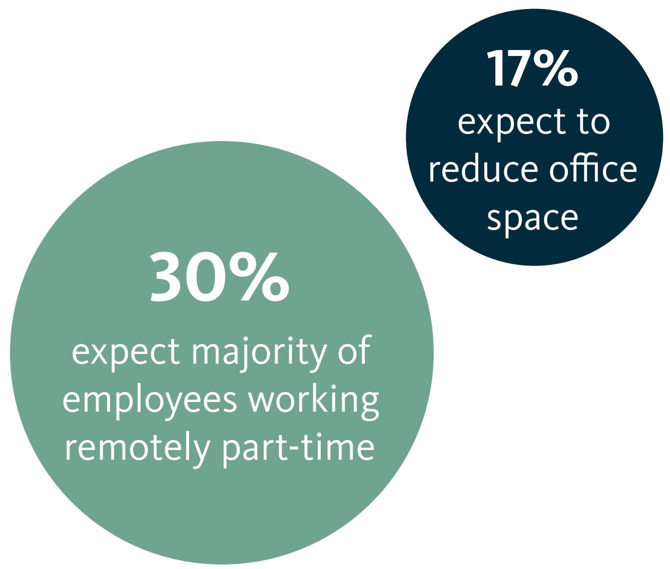


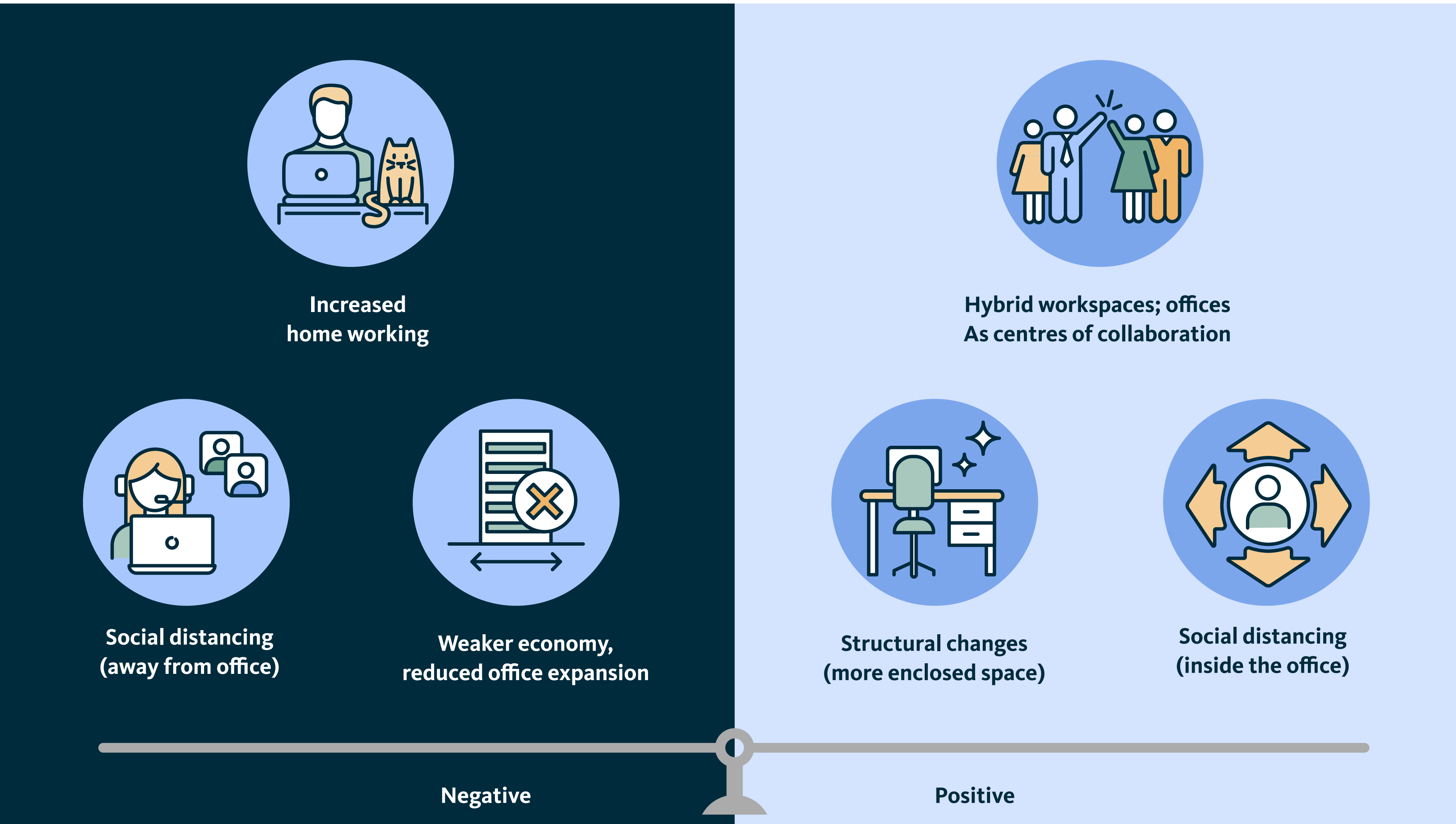
The future of office work

CBRE survey: The future of full-time remote work in companies



KPMG survey: 2021 CEO outlook pulse





Sources: CBRE, Cushman & Wakefield, Eurostat, KPMG

How will workspaces change?

In September 2020, CBRE completed its second edition of a survey about "The Future of the Office" covering over 75 global office tenants. Among other observations, **over 70% of companies surveyed anticipated more employee choice over when and where they work in future.** The majority of respondents expect **most employees would still be office-based either part or full-time.**

A "hybrid" approach may become more common, with workers accustomed to multiple working environments.

KPMG recently conducted a recent survey of 500 leading CEOs across 11 key global markets in Q1 2021 (2021 CEO Outlook Pulse Survey). **Just 17% of CEOs interviewed said they will reduce physical office space, versus 69% of those surveyed in August 2020. In addition, only 30% will have a majority of employees working remotely between 2-3 days per week.**

Cushman & Wakefield analysis (based on 40,000 global respondents) highlights certain challenges often faced by employees with a predominant share of remote working, in particular **IT challenges, lack of social interaction, difficulty in training junior staff, and connection to corporate culture.**

Impact on CPIPG as an owner of offices

According to Eurostat, **many CEE countries such as the Czech Republic, Poland and Romania have smaller living spaces** (per person) compared to Western European countries. **Capital cities also tend to have smaller living spaces** compared to regional locations. Younger people tend to disproportionately live in cities and **benefit the most from access to office environments.**

CPIPG owns offices primarily in capital cities (Berlin, Prague, Warsaw, Budapest) where average living spaces are small, office vacancy rates are low, and past take-up of supply has been extremely strong.

CPIPG's office occupancy was well above 91% in each of our office platforms at the end of 2020, and our tenants have proven resilient and reliable throughout the COVID-19 outbreak with a rental collection rate of 98%.

The Group's office leasing activity remains **strong**. Between Q2-Q4 2020, the Group signed **new office leases across more than 52,000 m² where the average increase in rent per m² achieved was 30% and increases were recorded across all of the Group's key office platforms, especially Berlin.**

Office segment summary

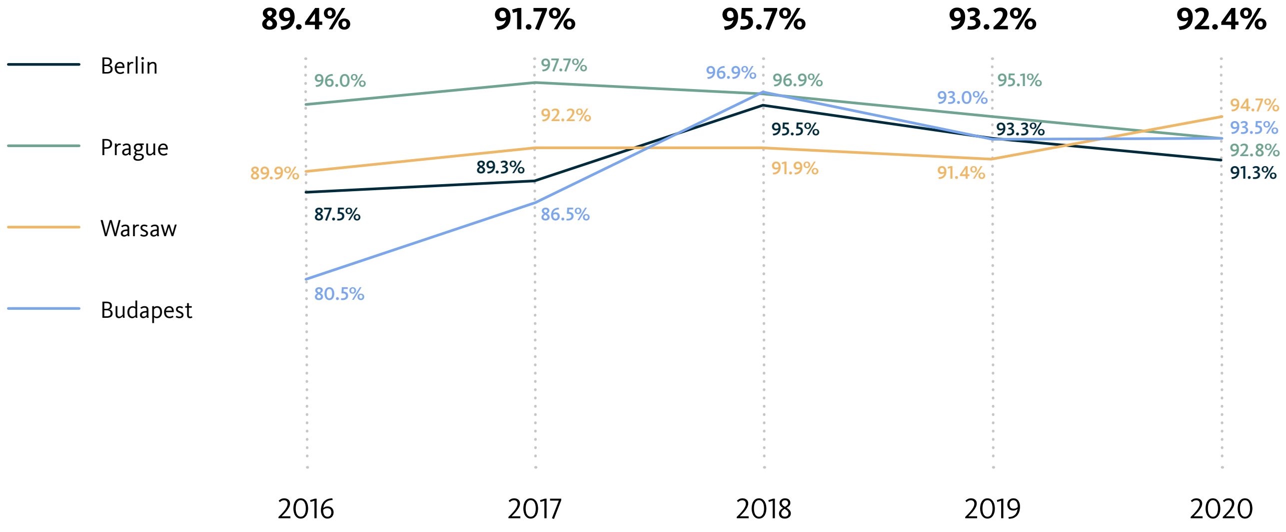
The Office segment's total value increased by 27% to €5.4 billion primarily due to acquisitions in Warsaw and modest increases in year-end valuations, mostly in Berlin.

At the end of 2020, our office portfolio in Warsaw stood at **€1 billion**, following six office acquisitions for over €260 million, establishing the Group as the market's clear leader.

Net rental income increased by 41% to €197 million in 2020, primarily due to the contribution from office acquisitions in Warsaw mostly during the final quarter of 2019. Continued improvements in like-for-like rents, mainly in Berlin, contributed to the overall increase, while rents held relatively firm across all platforms.

Occupancy remained stable at the end of 2020. Increases were recorded in the Czech Republic and Poland, where leasing activity was robust. Slightly offsetting was a slight temporary reduction in Berlin, most of which relates to space strategically vacated for refurbishment (mostly in West Berlin), which will support the Berlin portfolio's ability to lease the vacant space at higher rental levels in future.

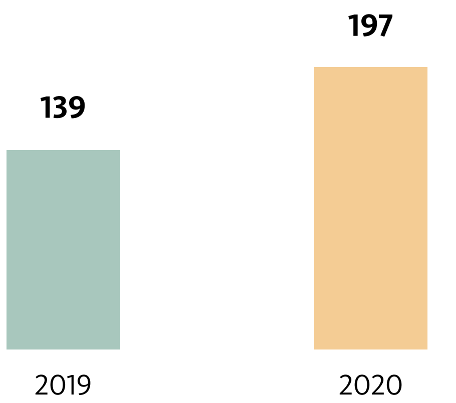
Office occupancy rate by city (%)



OCCUPANCY

92.4%

Office net rental income
(€ million)

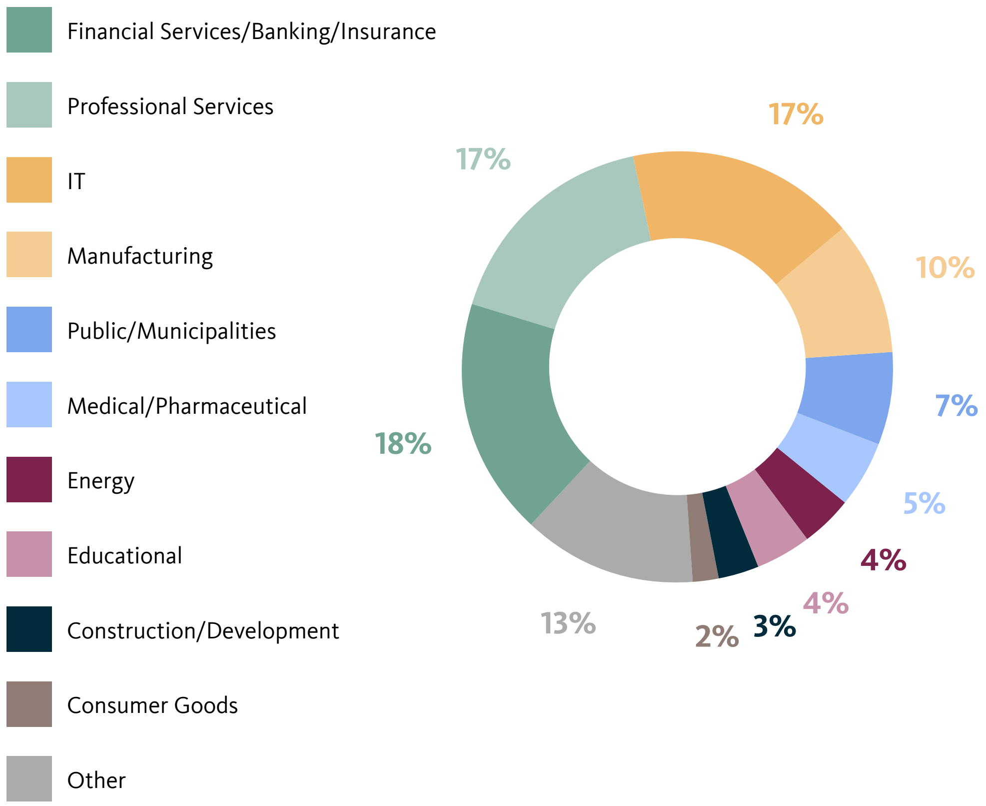


Stable occupancy, rents and valuations

Significant increase in rental income

Robust leasing activity

Office tenants by type (according to headline rent)



Office segment summary in figures

	Office 2020				Office 2019			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Berlin	2,471	91.3%	896,000	46	2,282	93.3%	888,000	45
Warsaw	998	94.7%	316,000	14	708	91.4%	216,000	8
Prague	834	92.8%	295,000	20	772	95.1%	277,000	19
Budapest	303	93.5%	130,000	8	312	93.0%	134,000	9
Other	168	87.4%	100,000	10	124	91.0%	65,000	9
Globalworth	562				7			
Total	**5,336**	**92.4%**	**1,737,000**	**98**	**4,206**	**93.2%**	**1,580,000**	**90**

Berlin

GSG's office portfolio caters to about 2,000 tenants, many of which are SMEs in dynamic and high-growth IT, technology, creative and start-up industries. In recent years, the **burgeoning market for office space in Berlin** combined with GSG's active local asset management has driven **consistently improving performance.**

GSG's performance remained robust throughout 2020, with **continued growth in the portfolio and like-for-like rents,** albeit at a softer pace compared to 2019 due to the challenges posed by the COVID-19 pandemic.

The portfolio's total value advanced to €2,471 million (+8%) at the end of 2020, supported by further positive revaluations. The Rest-West and econoparks clusters contributed most to the increase, given their notably strong performance in 2020.

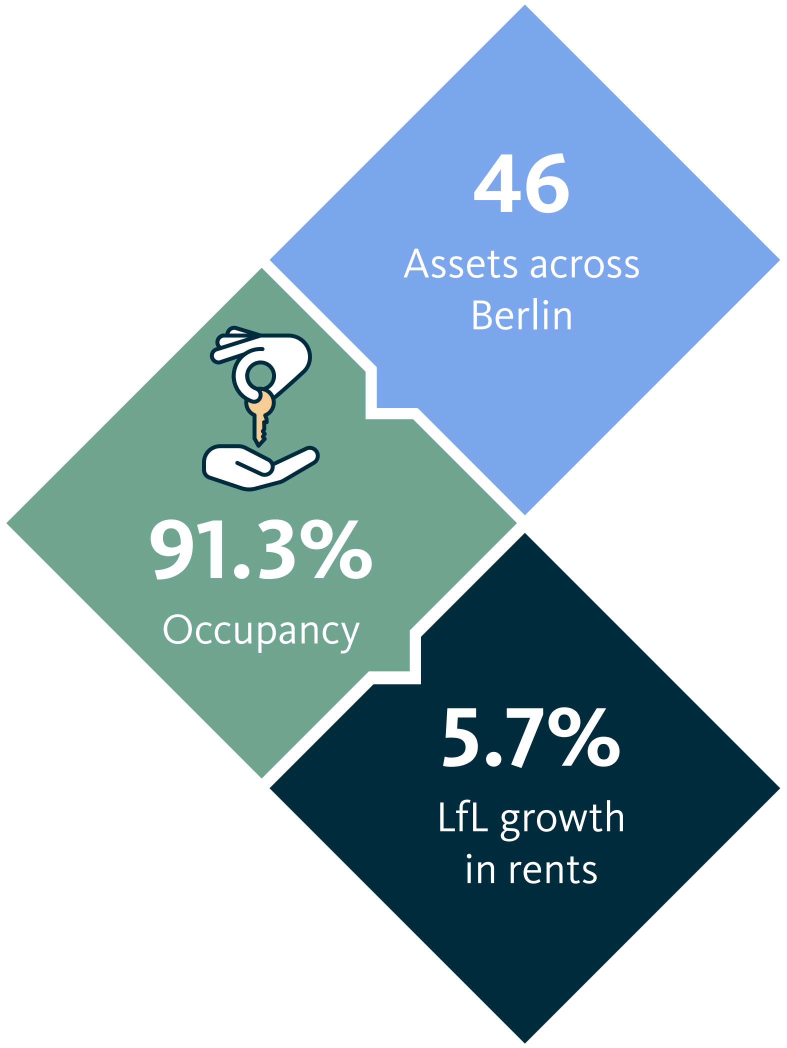
Occupancy decreased slightly to 91.3%, compared to 2019. The majority of the vacant space relates to West Berlin, where space has been temporarily vacated to allow for refurbishment and will support GSG's ability to secure higher rents for the location in the future. Excluding vacancy linked to refurbishment, occupancy levels remain broadly stable across the portfolio. **The econoparks cluster increased occupancy over the year, given the strong dynamics experienced in 2020.**

In terms of leasing, in general, 2020 saw a slowdown in the volume of activity across the portfolio compared to the prior year. However, we were still able to sign a large number of leases at materially higher rent levels. In the period of the year most affected by the pandemic (Q2-Q4), GSG Berlin **signed new leases, extensions and prolongations across more than 63,000 m² of leasable area, where headline rents increased by nearly 52% on average.** In addition, **we signed two contracts with blue-chip companies for nearly 30 €/m².** A positive trend was experienced in the econoparks cluster in east Berlin in particular, demonstrating the attraction of this part of the portfolio as potential tenants become more price sensitive.

While the pace abated slightly in 2020, like-for-like rents continued to exhibit substantial growth with a **5.7% increase for the total portfolio.** Growth was delivered across all clusters, but for the first time, the **econoparks cluster demonstrated the fastest growth of 14.0%.**

GSG | BERLIN

- A leading commercial real estate platform in Berlin
- Portfolio uniquely suited to creative and IT sectors
- About 2,000 tenants
- Strong market with 2.0% overall vacancy

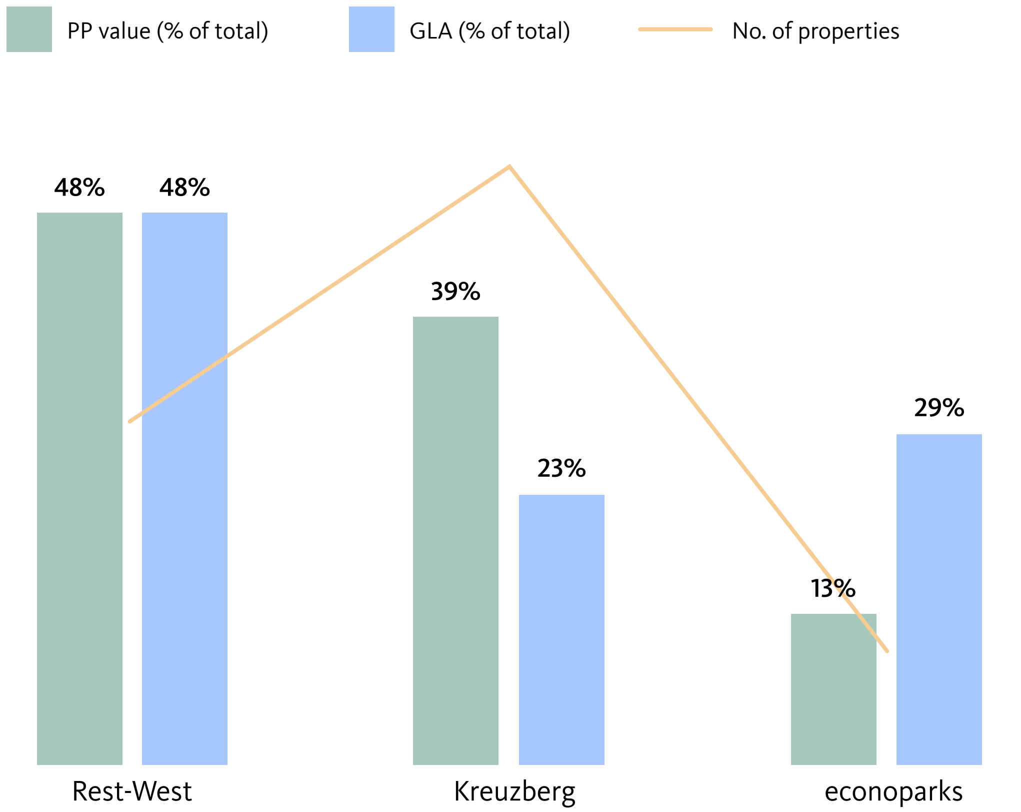


As in previous years, rents continued to increase in 2020 even despite the unprecedented impact of COVID-19.

Oliver Schlink, CFO, GSG Berlin

photo: GSG Berlin © Marc-Steffen Unger

GSG Berlin portfolio

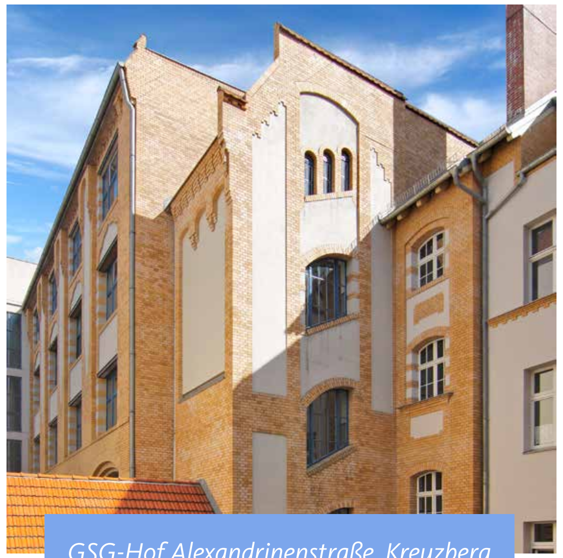


GSG's portfolio is comprised of three clusters:

Kreuzberg: A district in Berlin that caters to the dynamic technology and start-up industries and has experienced substantial growth in recent years

Rest-West: Several western districts in Berlin enjoy strong demand from tenants in the service, technology and creative industries

econoparks: Eastern districts of Berlin with good inner-city connections and more competitively priced space, supporting tenant rotation



GSG-Hof Alexandrinenstraße, Kreuzberg

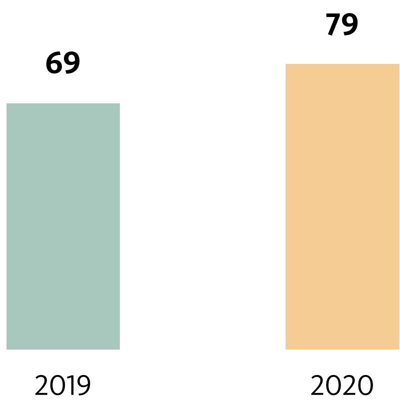
Reuchlinstraße 10-11, Rest-West

econopark Pankstraße

Sebastian Blecke, COO, GSG Berlin

photos: GSG Berlin © Marc-Steffen Unger

Berlin office net rental income (€ million)

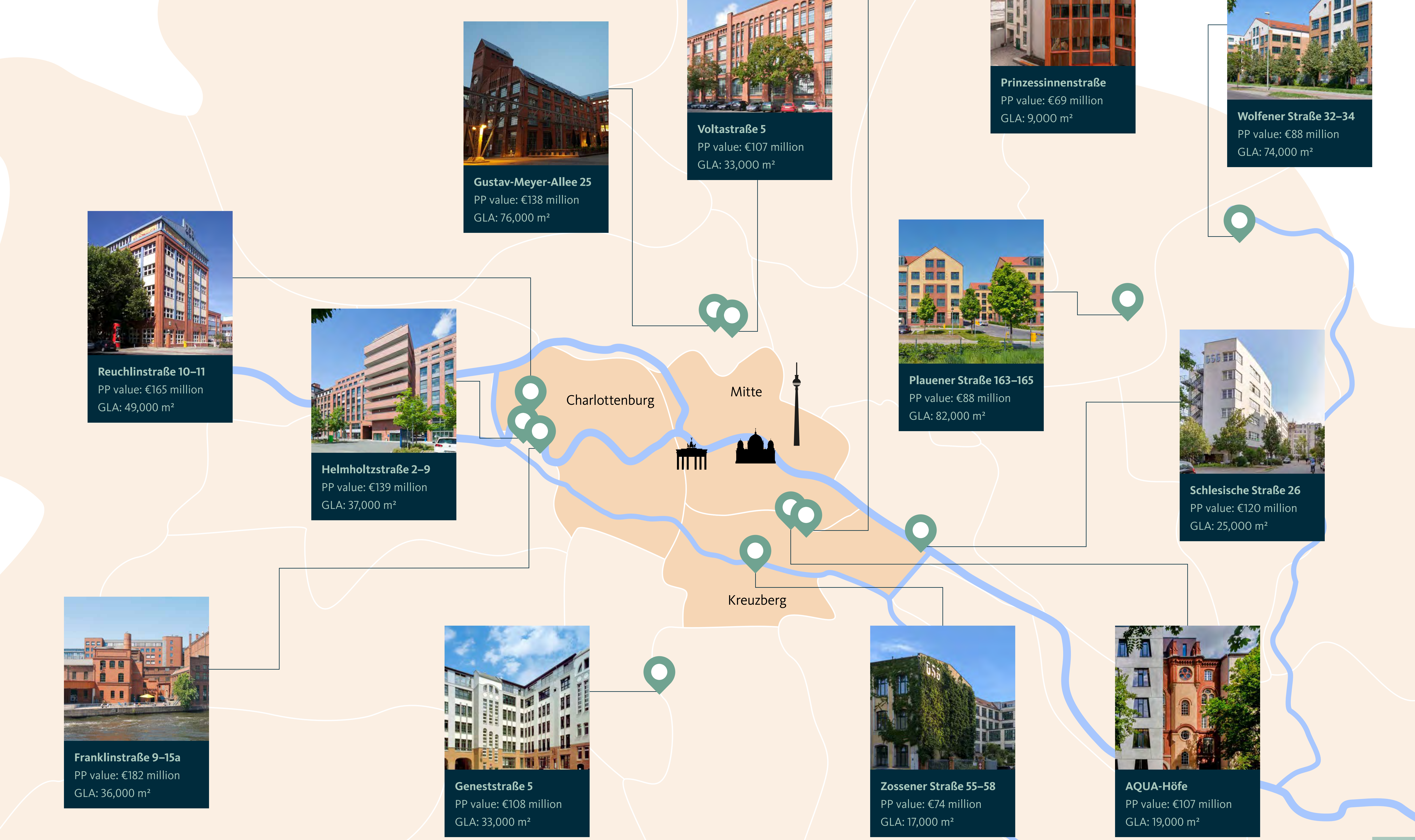


Net rental income increased by 15% to €79 million in 2020 compared to 2019, driven mostly by organic growth in like-for-like rents. Developments completed towards the end of the year (The Benjamin and Prinzessinnenstraße) are expected to contribute meaningful rental income from 2021 onwards.

Berlin office segment summary in figures

	Berlin office 2020				Berlin office 2019			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Rest-West	1,185	90.9%	428,000	15	1,096	93.2%	428,000	16
Kreuzberg	961	91.6%	210,000	26	883	95.2%	198,000	24
econoparks	325	91.7%	259,000	5	304	89.6%	262,000	5
Total	**2,471**	**91.3%**	**896,000**	**46**	**2,282**	**93.3%**	**888,000**	**45**

Key office properties in Berlin



Reuchlinstraße 10–11
PP value: €165 million
GLA: 49,000 m²

Helmholtzstraße 2–9
PP value: €139 million
GLA: 37,000 m²

Gustav-Meyer-Allee 25
PP value: €138 million
GLA: 76,000 m²

Voltastraße 5
PP value: €107 million
GLA: 33,000 m²

Prinzessinnenstraße
PP value: €69 million
GLA: 9,000 m²

Wolfener Straße 32–34
PP value: €88 million
GLA: 74,000 m²

Plauener Straße 163–165
PP value: €88 million
GLA: 82,000 m²

Schlesische Straße 26
PP value: €120 million
GLA: 25,000 m²

Franklinstraße 9–15a
PP value: €182 million
GLA: 36,000 m²

Genestraße 5
PP value: €108 million
GLA: 33,000 m²

Zossener Straße 55–58
PP value: €74 million
GLA: 17,000 m²

AQUA-Höfe
PP value: €107 million
GLA: 19,000 m²

photos: GSG Berlin © CHL

Aqua Höfe, Lobeckstrasse 30-35, Berlin, Germany

photo: GSG Berlin © CHL

Significant upside potential in GSG's rents

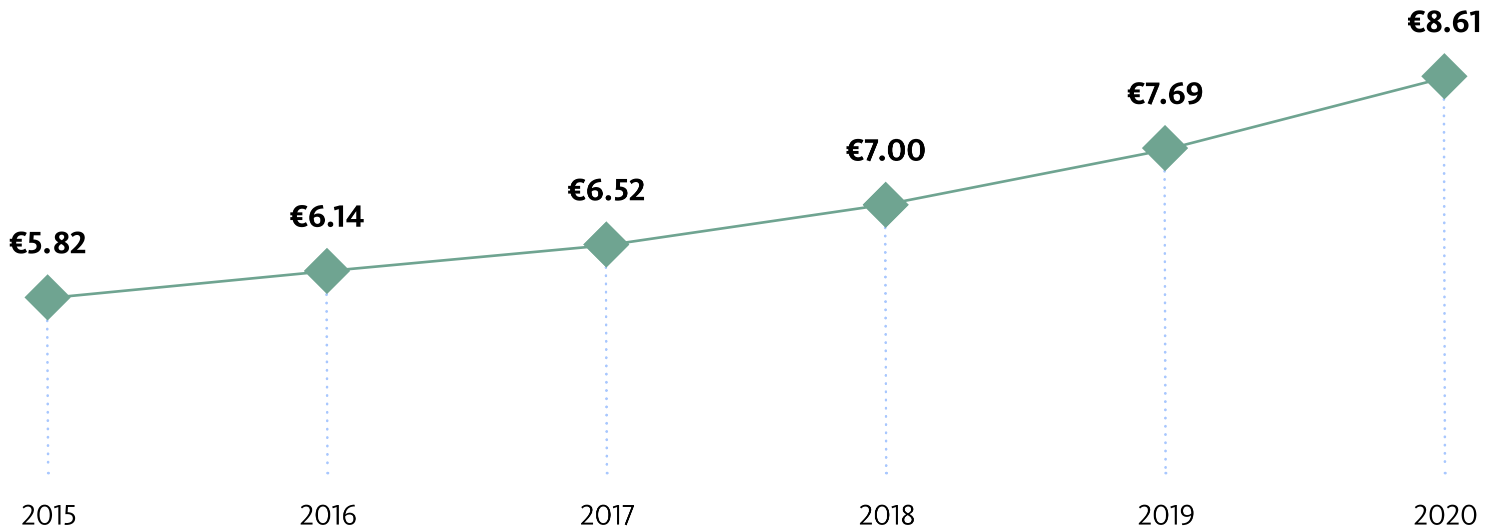
The continued structural supply/demand imbalance in Berlin has consistently driven average rents higher across the city in recent years, even as growth has decelerated slightly in 2020. GSG's average rents increased by 12.1% compared to 2019, rising to €8.61 per m² (versus €7.69 per m²).

According to management analysis in consultation with external advisors, **GSG's average rents are still well below the Berlin market average.**

Savills recent analysis in 2020 suggests that average rents for the portfolio could potentially be €14/m², in contrast to the current overall market average rent of €28/m² and the average rent for the portfolio of €8.6/m² at the end of 2020.

Considering the quality of GSG's portfolio, the Group is optimistic that rents can continue to rise toward the market average over time. GSG's rental income will also benefit more meaningfully in 2021 from new developments completed in late 2020, which were **100% pre-let and with rents in line with prevailing market levels.**

GSG's average rents have continued to increase and still have significant upside



Note: Data relates to (€/m²/month)

Average rent (per m² by Berlin clusters)

	2015	2016	2017	2018	2019	2020
Rest-West	€5.95	€6.30	€6.62	€6.80	€7.43	€8.34
Kreuzberg	€7.22	€8.00	€9.00	€10.44	€11.98	€14.00
econoparks	€4.41	€4.44	€4.48	€4.56	€4.78	€5.06
Total	**€5.82**	**€6.14**	**€6.52**	**€7.00**	**€7.69**	**€8.61**

econopark Wilhelm-von-Siemens-Straße, Berlin, Germany

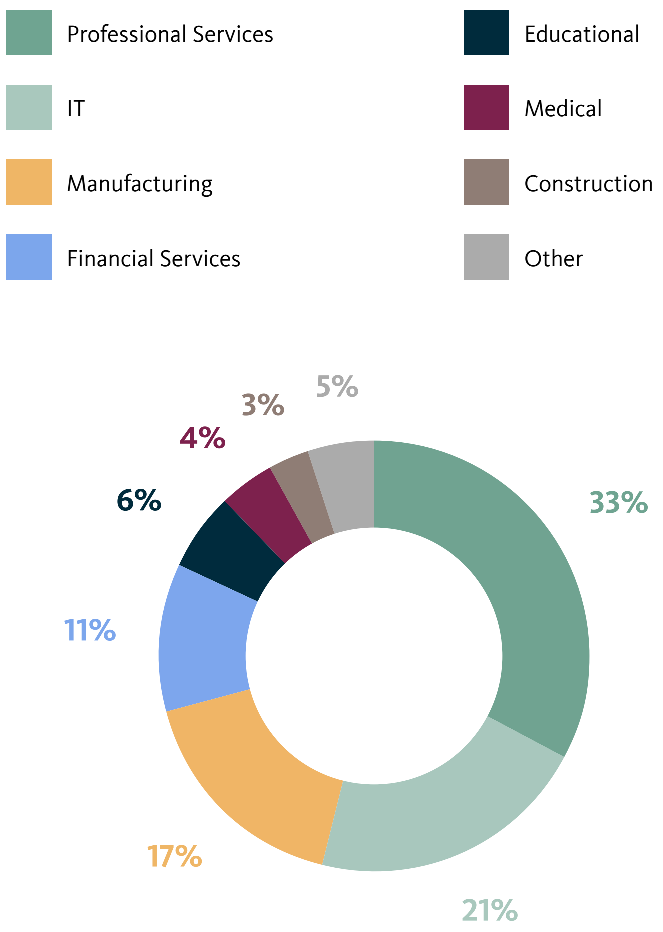
photo: GSG Berlin © CHL

Our tenants

GSG has about 2,000 tenants across nearly one million square meters of office space in Berlin. Healthy markets and active asset management allow us to retain tenants, even as rents are rising across the portfolio. However, naturally, an element of “churn” occurs as we can increase rents, particularly in West Berlin, where existing tenants are occasionally relocated to more affordable locations in our portfolio in East Berlin.

Our offices cater to strong demand from dynamic, creative IT and professional services-focused companies and other small businesses. At the same time, tenant diversity and granularity are key strengths as GSG also attracts large international companies.

GSG tenants by type (according to headline rent)



Berlin office market

Total office take-up over the year amounted to 660,500 m², representing a 34% drop versus record 2019 levels. Temporary declines and a wait-and-see attitude particularly impacted smaller leases of up to 1,000 m². However, with a volume of over 230,000 m², take-up in the fourth quarter closed the year on a firm footing.

Despite the drop in take-up, the Berlin market remains fundamentally strong, with vacancy rates still close to historical levels, significant supply/demand imbalance and meaningfully lower rents versus many other major European cities.

The vacancy rate rose by around 120 basis points year-over-year to 2.3% at the end of 2020, remaining the lowest of Germany’s top office markets. In addition to the drop-off in demand, the rise in vacancies was partly due to a higher volume of sublease space which rose towards the end of the year.

Despite the rising vacancy rate, the prime rent in Berlin rose by 3% over the year to €38.50/m²/month. However, the weighted average rent increased even more for the year (+8%) to reach its current level of around €28/m²/month. Given the relatively low average rents of GSG’s portfolio compared to prime market levels, the notably higher increase of weighted average rents is significant.

Part of the driving force behind the trajectory in demand of the Berlin market has been the burgeoning growth of technology-focused start-ups. Despite only representing 4.4% of the German population and 4.3% of national GDP, close to 60% of all investment in German start-ups was invested in Berlin-based companies in 2020, a similar share to 2019. Of the largest cities in Germany, Berlin was the top-ranked in all start-up industries and especially dominant in e-commerce (88% market share) and Fintech (62%).

In terms of the investment market, Berlin once again topped the charts amongst the big seven cities in Germany, attracting €1.466 billion of investment. Although total 2020 transactions fell significantly versus a record-breaking 2019, it was nevertheless a significant 30% higher than the 10-year average. The market also picked up considerable momentum in the final quarter of the year, recording 34% of the overall annual investment volume. The average prime yield in Berlin fell by five basis points to 2.65% at the end of 2020 – a new record.

Sources: JLL, CBRE, EY: Start-up-Barometer Deutschland

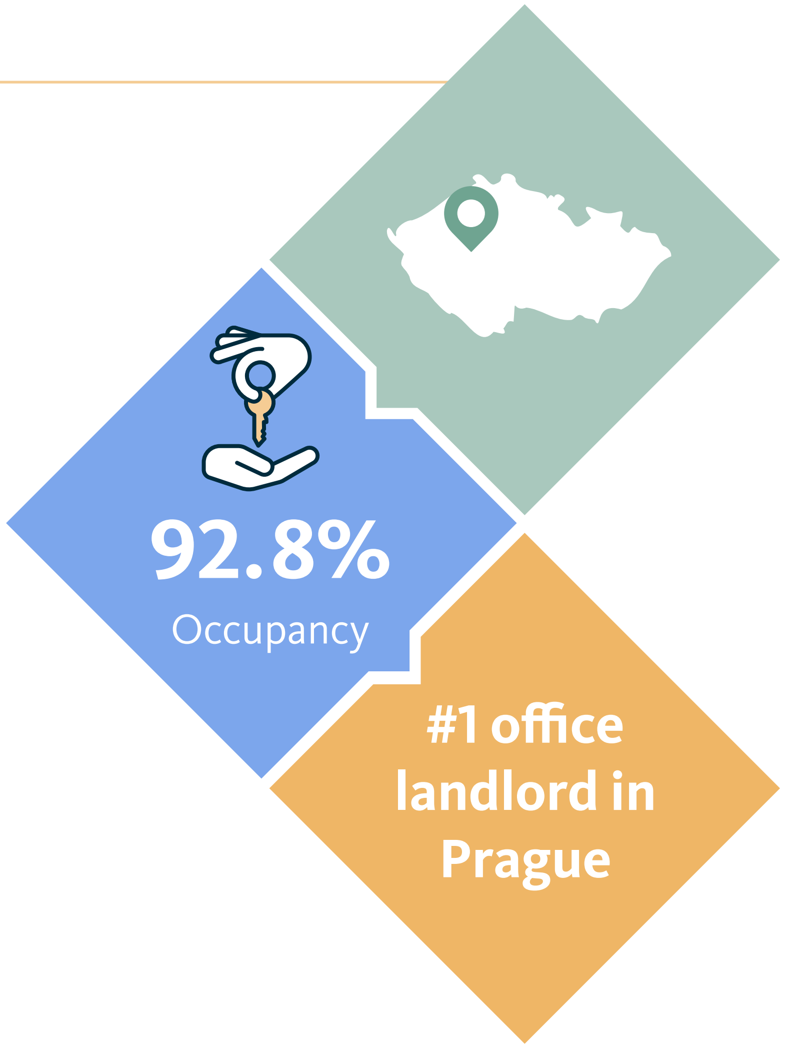
Prague

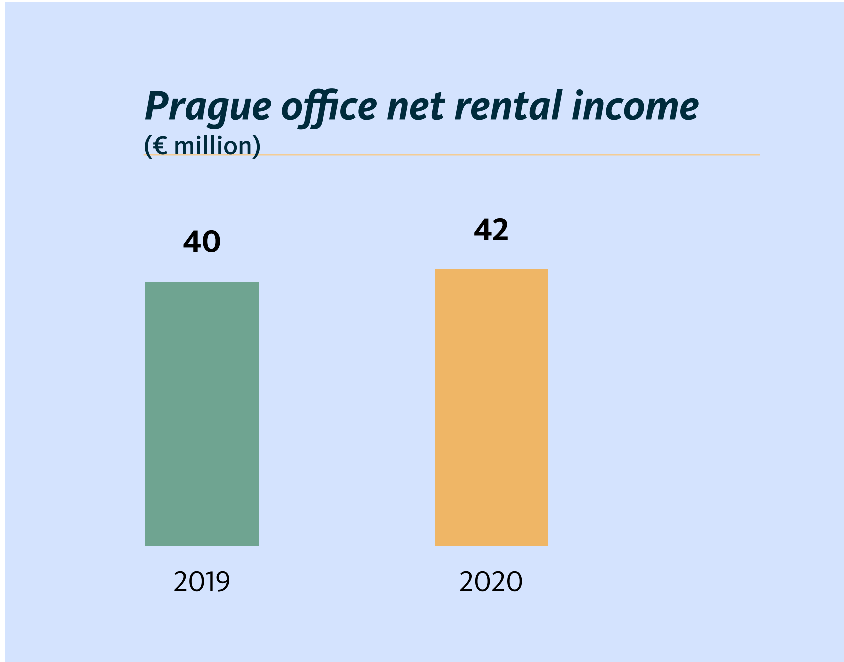
The value of our office portfolio in Prague **increased by 8% to €834 million** at the end of 2020. The majority of the increase relates to the completion of an extensive refurbishment and efficiency upgrade of Bubenská 1 (the new Prague headquarters of WPP) which was completed and handed over in November 2020. Valuations were firm across the portfolio, supported by **low vacancy, close to 100% collection rates, and resilient leasing and investment markets for offices in Prague.**

The completion of Bubenská 1 was also the primary driver behind the decrease in occupancy of 2.3 p.p. to 92.8% since the property was 65% occupied at the end of 2020. Excluding Bubenská 1, occupancy **across the rest of the Prague office portfolio was 95.5% at the end of 2020, 0.4 p.p. higher than 2019.** Thanks to leases signed in Q4 2020 with WOLT and Kantar, the office part of Bubenská 1 **achieved 100% occupancy on a forward-looking basis.**

Net rental income increased by 5% to €42 million, due to increased occupancy and robust like-for-like rents across the portfolio, particularly driven by increases in City West B2 & B3 (Siemens) and BB Centrum Buildings, together with the partial contribution from Bubenská 1, which is expected to contribute more significantly to rental income in 2021. CPIPG also leased a significant portion of the remaining space in the MAYHOUSE building.

Throughout 2020 CPIPG was able to continue signing new leases on favourable terms. In the period of the year most affected by the pandemic (Q2-Q4), our team managed to sign **new leases comprising around 13,000 m², with an average increase in headline rents of over 11%.** Furthermore, **extensions and prolongations comprising over 23,000 m² were achieved with an average increase in rents of over 1%.**





We maintained our leadership in the Prague office market, where our tenants are solid and leasing activity remained encouraging despite the pandemic.

David Votřel, Head of Office Asset Management CZ

Key office properties in Prague

Tokovo, Prague, Czech Republic

Prague office market

Overall in 2020, total new supply reached 150,600 m², and at the end of the year, total modern office stock increased to 3.75 million m². The largest office district is still Prague 4 (26% of the total stock), followed by Prague 5 (17%) and Prague 8 (15%). In Q4 2020, the only office building completed was the Group's major refurbishment Bubenská 1 in Prague 7.

The slowdown of construction activity in 2020 continued during Q4 with 136,400 m² currently under construction (-50% below the 5-year average). The total new supply for 2021 is estimated to reach 98,100 m², which would be the lowest annual new supply since 2016.

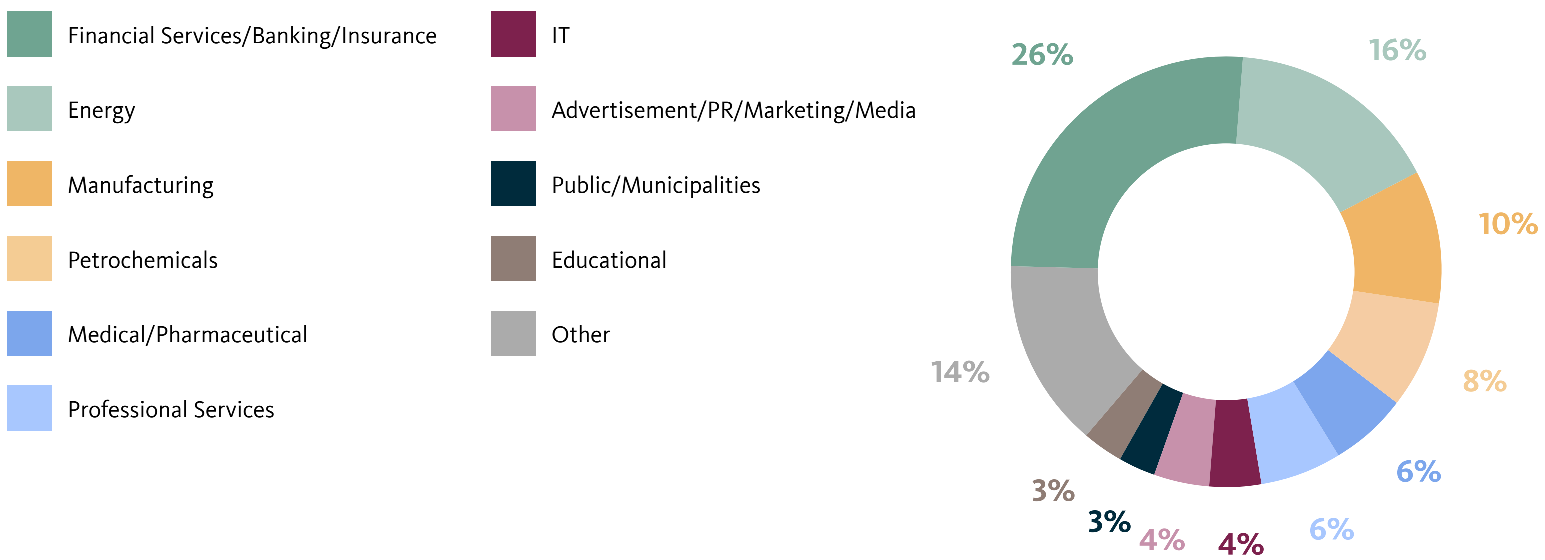
In 2020, leasing volumes were impacted by economic uncertainty, as gross take-up reached 332,800 m² (-24% year-on-year) while net take-up (excluding renewals) amounted to 179,100 m² (-34% year-on-year). However, the last quarter of the year is traditionally strong in leasing activity, and Q4 2020 was no exception, with net take-up 61% and gross take-up 18% higher in Q4 versus Q3, respectively, demonstrating a more favourable market backdrop heading into 2021.

Compared to the end of 2019, prime headline rents in the city centre softened slightly to €21.00–22.00 m²/month. However, the inner city and outer city rents held relatively firm.

In Q4 2020, net absorption was positive and reached about 19,200 m². During the entire year, net absorption amounted to 75,200 m², representing a decrease of 58% compared to 2019. In 2020, total new supply (150,600 m²) exceeded the net absorption, and therefore the vacancy rate increased from 5.4% at the end of 2019 to the current level of 7.0% at the end of 2020. Nevertheless, the vacancy rate remains relatively low in a historical context. The COVID-19 pandemic had a more marked impact on the sublease market, which has continued to grow over the year.

Source: JLL

Prague office tenants by type (according to headline rent)



Warsaw

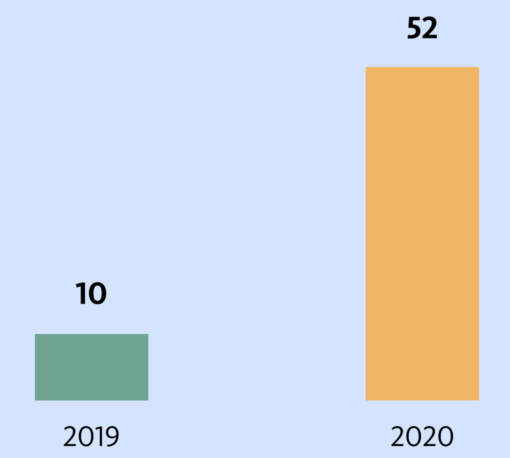
The Warsaw office portfolio grew to nearly €1 billion in 2020, from €708 million at the end of 2019, primarily due to the acquisition of six properties for more than **€260 million**. At the end of 2020, the portfolio comprised 14 properties and 316,000 m² of space, making CPIPG the **largest office landlord in the city.**

Like-for-like valuations were flat to slightly positive compared to the end of 2019, with small increases recorded in properties held before Q4 2019 as well as recent acquisitions.

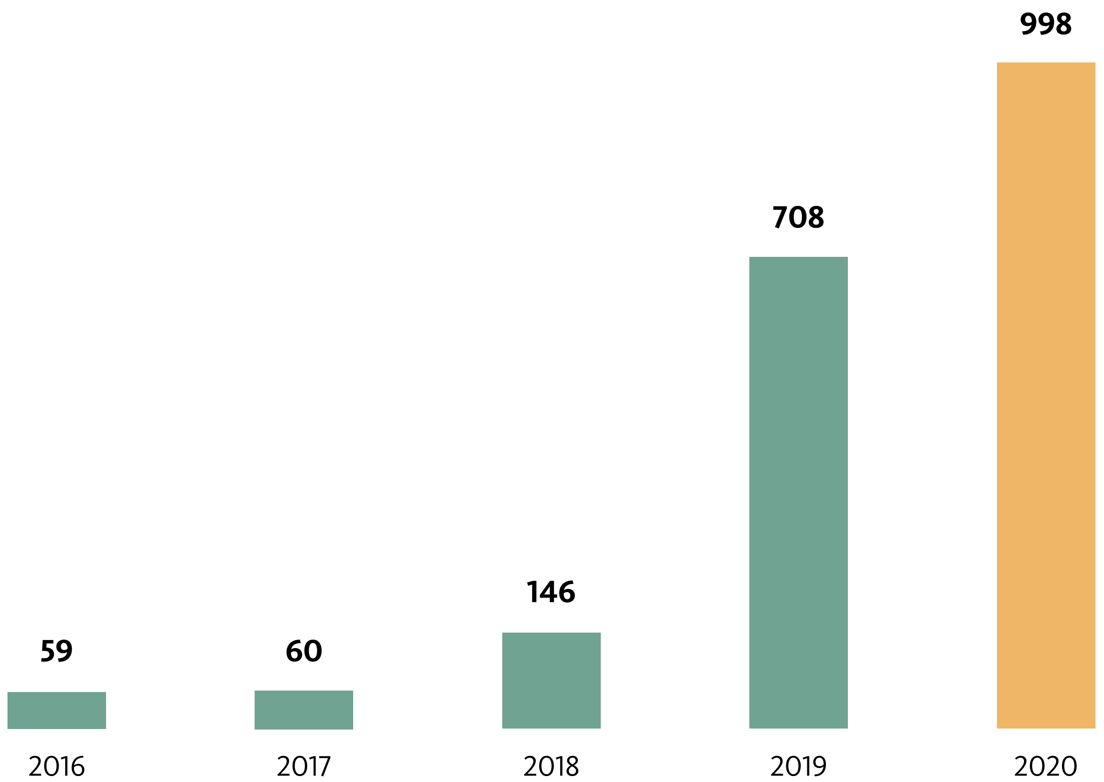
Net rental income increased dramatically in 2020 to €52 million, driven primarily by the contribution from recent acquisitions but also supported **improvements in occupancy and like-for-like rents** in recently acquired properties.

Since Q4 2019, when the Group commenced its acquisition pipeline in Warsaw, **headline rents increased by close to 17% on average across all renegotiated leases. Like-for-like rents increased by over 3% for the entire portfolio.**

Warsaw office net rental income
(€ million)



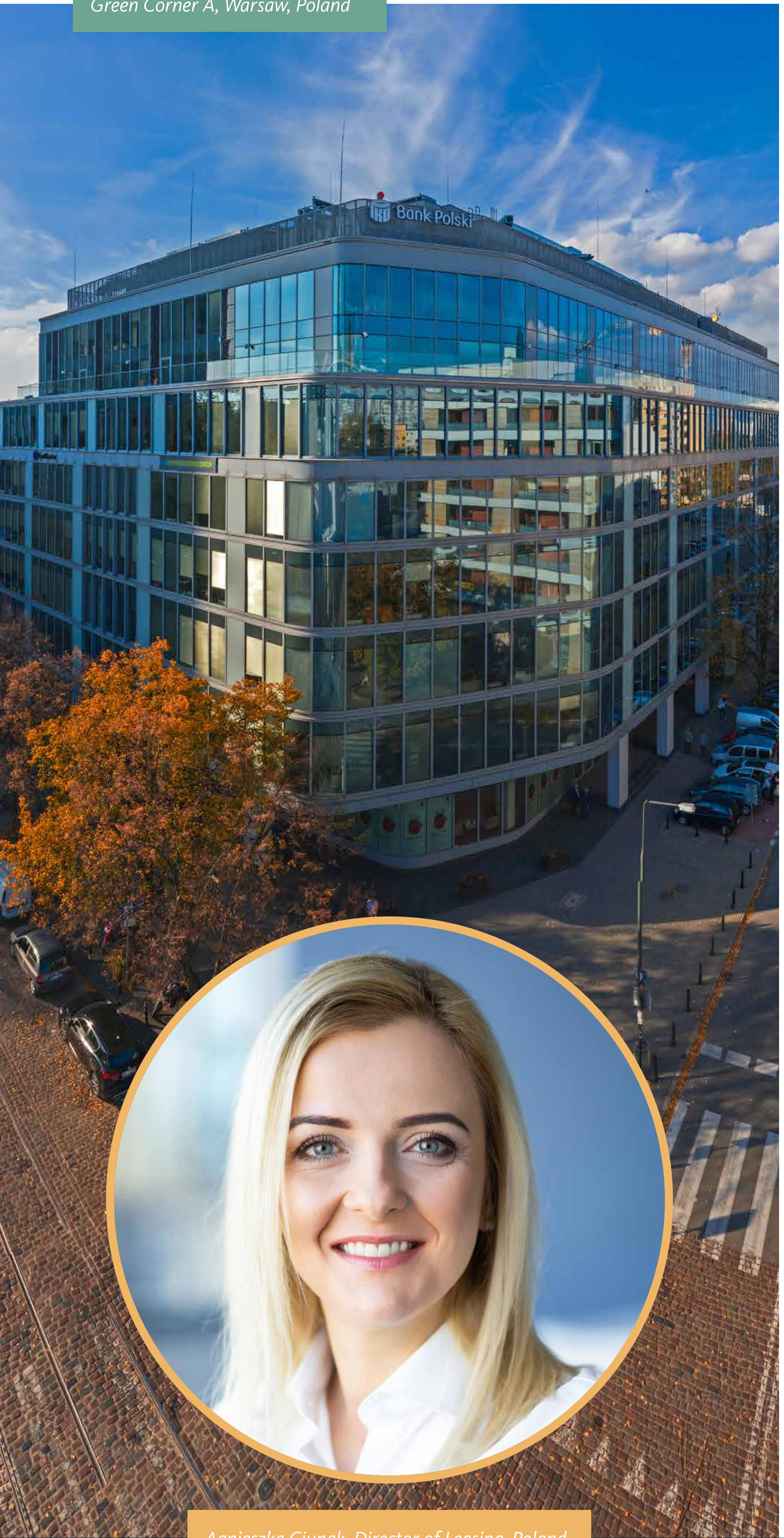
Warsaw office property portfolio evolution (€ million)



We are proud to have gained the leading position in the Warsaw market and the strong performance demonstrated by the portfolio.

Barbara Topolska, Country Manager, Poland

Green Corner A, Warsaw, Poland



Agnieszka Ciupak, Director of Leasing, Poland

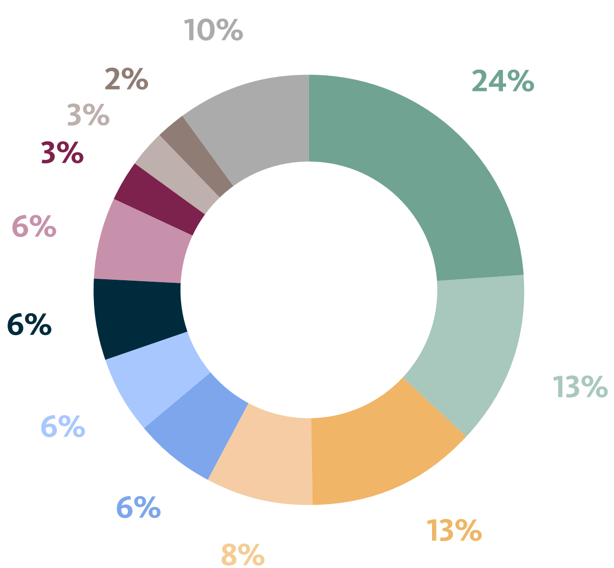
Occupancy increased to 94.7% from 91.4% at the end of 2019. Recently purchased properties were acquired with 100% or close to full occupancy. Despite the impact of COVID-19, the team in Warsaw was able to sign a number of new leases, **increasing occupancy in four out of the six properties acquired in 2020, in addition to a 1.4 p.p. increase in the existing portfolio.** Such success can be partly attributed to the recently created in-house leasing department, led by Agnieszka Ciupak, combined with the transition to entirely in-house property management, which puts CPIPG closer to its tenants.

OCCUPANCY

94.7%

Warsaw tenants by type (according to headline rent)

- Financial Services/Banking/Insurance
- IT
- Public/Municipalities
- Consumer Goods
- Legal
- Medical/Pharmaceutical
- Construction/Development
- Energy
- Professional Services
- Advertisement/PR/Marketing/Media
- Educational
- Other



Warsaw office market

Demand for office space in 2020 was 31% lower than in 2019, with the vacancy rate increasing by 2.2 p.p. by the end of the year. Despite the raft of new supply expected in 2020, several projects have been pushed into 2021.

In terms of demand for traditional offices in Warsaw in 2020, the total was 602,000 m². The two top districts, comprising over ⅔ of total demand, are the City Centre and Mokotów. Renewals in occupied office buildings accounted for 37% of tenant activity.

In 2020, new supply was 314,000 m². However, after many years, developer activity is now beginning to slow down, and they are more cautious about starting new construction.

The dampened market sentiment influenced the vacancy rate. In Q4 2020, it increased to 9.9% in Warsaw (8.5% in Central zones and 10.8% in the Non-Central zones), which was a 2.1 p.p. increase versus the end of 2019. Subleasing activity increased notably, with approximately 130,000 m² on the Warsaw market at the end of 2020, with around 60% of this located in central parts of the city. Flexible space providers have also seen increased interest in their product.

Despite the pandemic and its implications, 2020 turned out to be surprisingly strong in the investment market. Office investments in Warsaw totalled €1.3 billion, down 47% on 2019's record-breaking result but still up 21% on the ten-year average (2009-2019). As in previous years, office assets, located in Warsaw's city centre, attracted the most interest, representing 59% of total turnover.

At the end of 2020, prime office yields in Warsaw were at around 4.50%. Discounts, observed in the previous year, diverged between 25 and 50 bps compared to pre-COVID expectations.

Source: Cushman & Wakefield, CBRE

CPIPG's platform in Warsaw is unmatched

6.5%
average acquisition yield in 2019–2020

>€800 m
acquired in 2019–2020

Strong green certifications

CPI Poland's Country Manager Barbara Topolska was recognised at the **2020 Top Woman in Real Estate awards in Poland, winning in the Top Management category.** On winning her prize, Barbara commented:

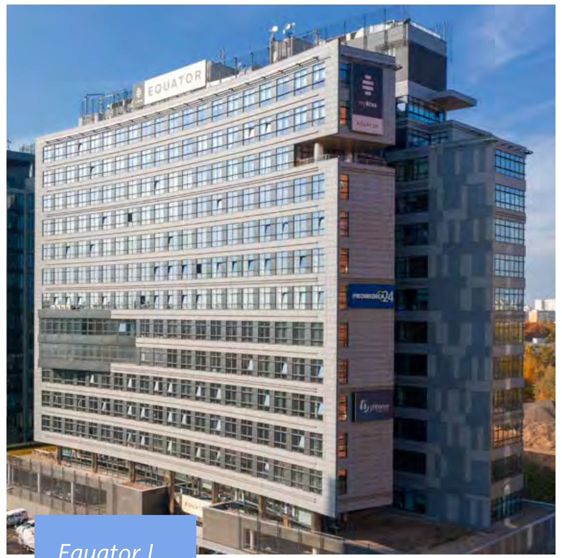
"The road to the top for both women and men is exactly the same. It requires commitment, work, constant self-improvement, ambition, clear goals, but most of all – the right people on your team."

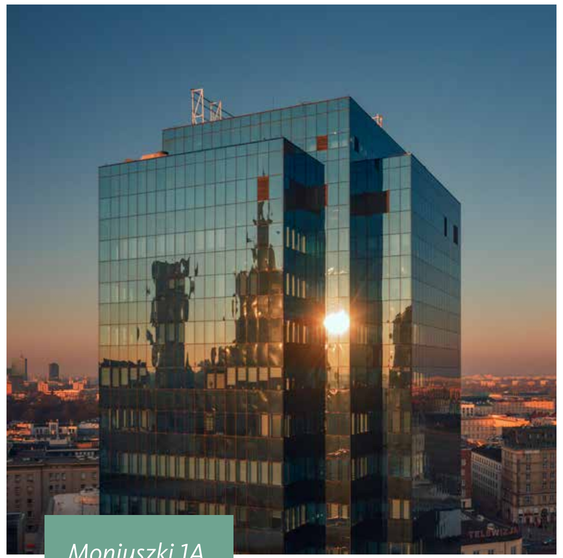
Warsaw Office portfolio acquisition timeline

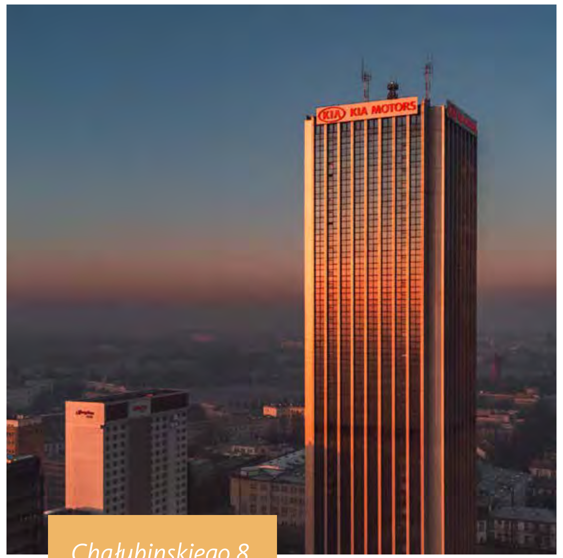
	Acquisition Date	GLA (m²)	Green Certification
Equator IV	Nov-2019	21,000	BREEAM Very Good
Eurocentrum	Nov-2019	85,000	LEED Platinum
Warsaw Financial Center	Dec-2019	50,000	LEED Gold
Green Corner A	Jan-2020	15,000	LEED Platinum
Equator II	Jan-2020	23,000	BREEAM Very Good
Equator I	Mar-2020	19,000	BREEAM Very Good
Moniuszki 1A	Mar-2020	10,000	BREEAM Excellent
Oxford Tower	Apr-2020	23,000	
Concept Tower	Aug-2020	9,000	LEED Gold

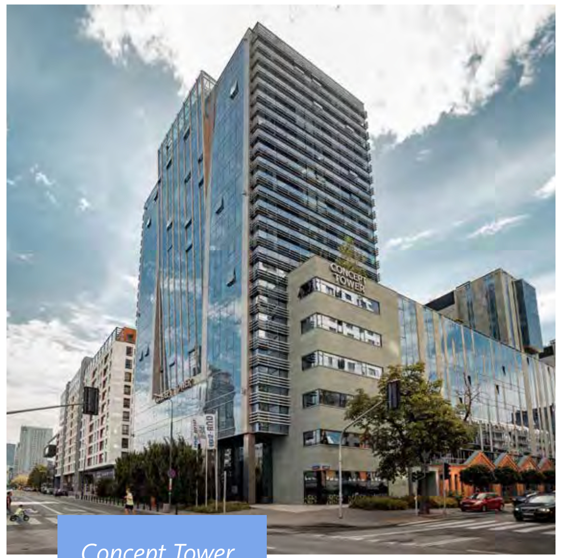

Green Corner A


Equator II

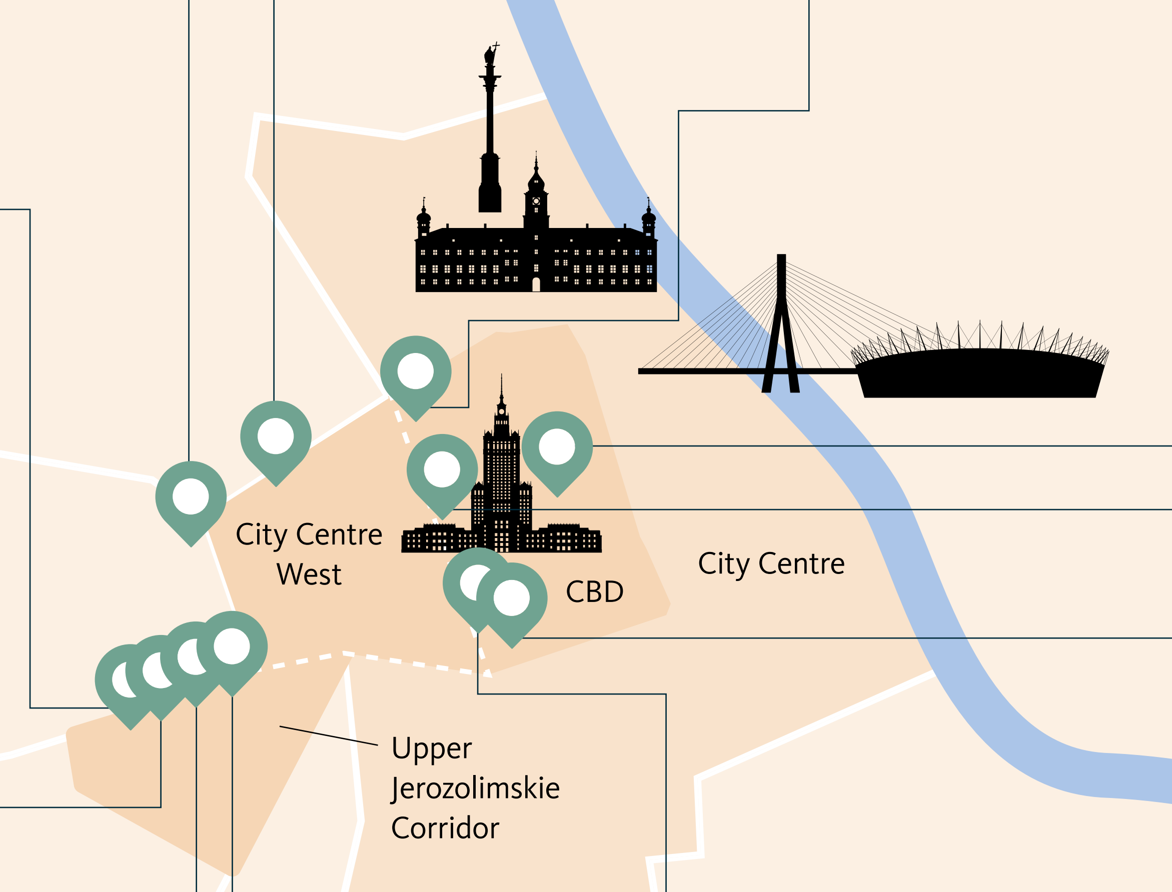

Equator I


Moniuszki 1A


Chałubinskiego 8

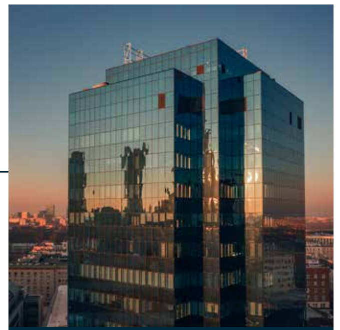

Concept Tower

CPIPG’s office footprint in Warsaw



Green Corner A
PP value: €53 million
GLA: 15,000 m²

Atrium Plaza
PP value: €38 million
GLA: 15,000 m²

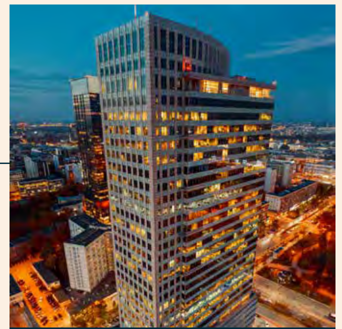


Moniuszki 1A
PP value: €35 million
GLA: 10,000 m²

Concept Tower
PP value: €26 million
GLA: 9,000 m²

Eurocentrum
PP value: €248 million
GLA: 85,000 m²

Equator IV
PP value: €60 million
GLA: 21,000 m²

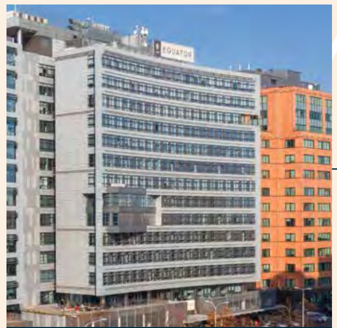


Warsaw Financial Center
PP value: €274 million
GLA: 50,000 m²

Oxford Tower
PP value: €51 million
GLA: 23,000 m²

Central Tower
PP value: €37 million
GLA: 15,000 m²

Equator II
PP value: €61 million
GLA: 23,000 m²



Equator I
PP value: €43 million
GLA: 19,000 m²

Budapest

The value of the Hungary office portfolio remained relatively stable at €303 million at the end of 2020, primarily due to like-for-like revaluations holding up resiliently.

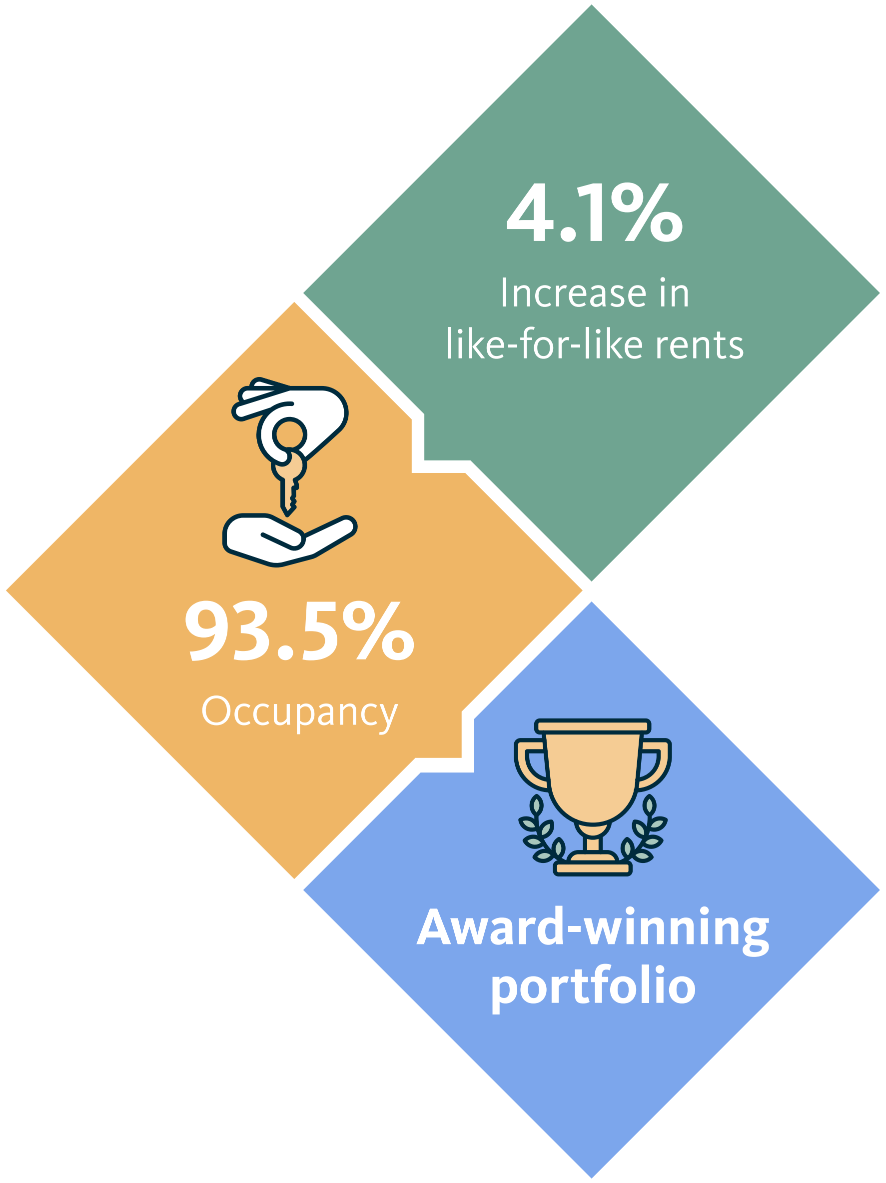
NRI increased by 19% to €19 million given a 4.1% increase in like-for-like rents, and the more significant contribution from recent developments Balance Hall and Airport E-F building in Airport City Logistics Park.

Occupancy of the Budapest office portfolio increased to 93.5% mainly due to the increase in occupancy of Balance Hall, which was nearly 60% occupied at the end of 2019 on an EPRA basis, and since increased to 74% at the end of the year (albeit almost 90% on a forward-committed basis). All other properties have remained fully or close-to-fully occupied.

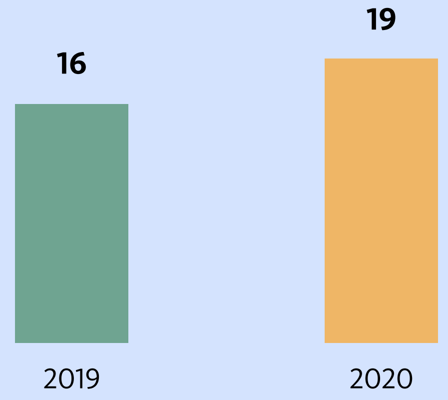
Leasing activity was exceptionally robust despite the challenges posed by COVID-19, as the Group signed multiple new leases, lease extensions and renewals with tenants during the period. In Q2-Q4 2020, the period affected by the COVID-19 pandemic, CPI Hungary signed new leases, extensions and prolongations comprising almost 17,000 m² of space, where an **increase in headline rents of over 8%** on average was achieved.

CPI Hungary's modern and sustainable office portfolio performed well in 2020 and is well-positioned for the future.

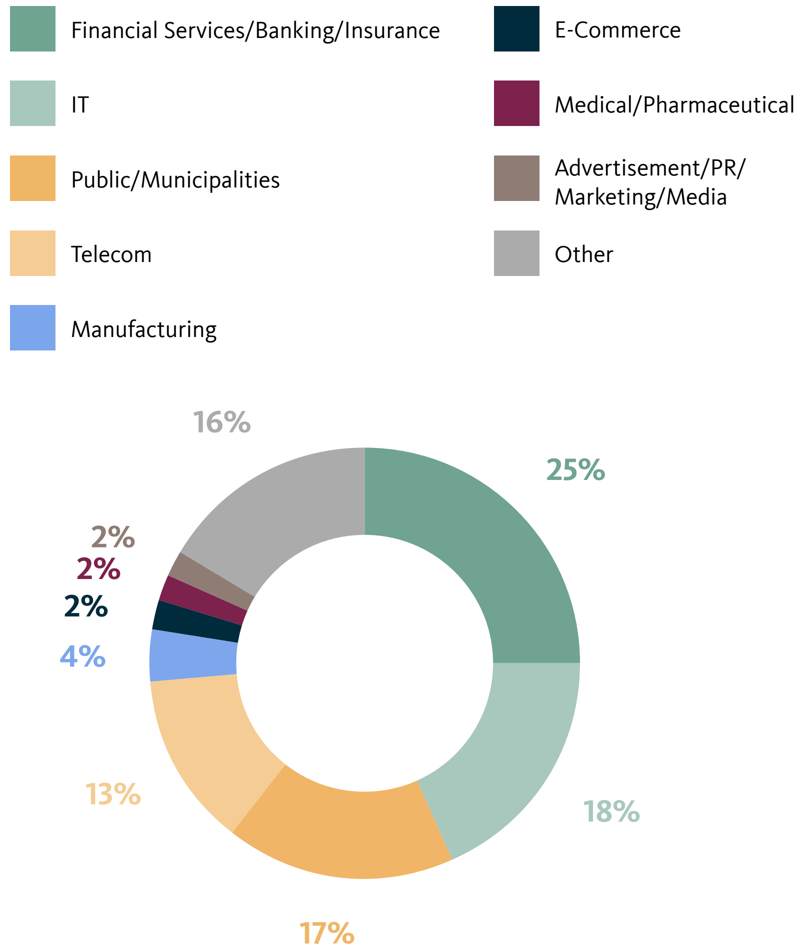
Mátyás Gereben, Country Manager, Hungary



Budapest office net rental income
(€ million)



Budapest office tenants by type
(according to headline rent)



Arena Corner, Budapest, Hungary

Budapest office market

In the fourth quarter of 2020, 38,850 m² of new office space was delivered to the Budapest office market across four projects, bringing total modern office stock to 3,903,840 m² at the end of 2020, mainly consisting of Class A and B space.

Market statistics for 2020 continued to reflect the economic changes triggered by the COVID-19 pandemic, as the demand volume lagged behind the norm of previous years and the number of transactions declined.

In 2020, a significant drop was registered in occupier demand compared to 2019. Leasing activity slowed down, and net take-up only reached 182,600 m², while total leasing activity was 334,700 m² – approximately 50% below 2019. Net absorption in 2020 was only 63,800 m², which was also 50% of the 2019 volume.

However, the year ended on a stronger footing as demand in Q4 (86,310 m²) was 9% higher than Q3, even if the number of signed transactions dropped by 35% compared to the corresponding quarter in 2019. Renewals made up the largest share of total leasing activity with a share of 43.2%, followed by new leases in the existing stock with 31.2%.

The office vacancy rate has increased to 9.1%, representing an increase of 1.0 p.p. quarter-on-quarter and 3.5 p.p. year-on-year, as a result of weaker leasing activity and also considerable speculative new supply delivered during the year (226,500 m²).

Sources: Colliers, Budapest Research Forum

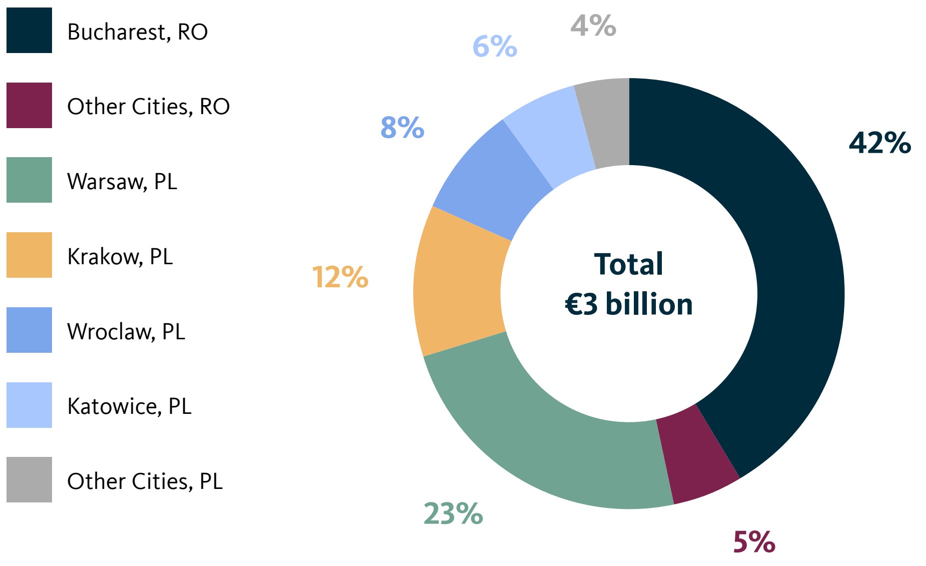
Globalworth

In February 2020 **CPIPG became the largest shareholder of Globalworth, with a stake of 29.6%.**

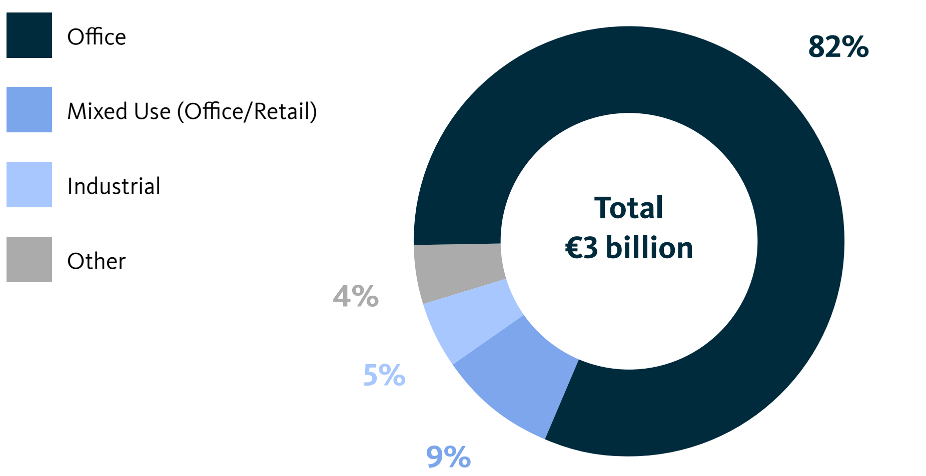
Globalworth owns an income-generating property portfolio **valued at €3 billion** consisting of high quality properties in Poland and Romania. Similar to CPIPG, Globalworth came through the pandemic relatively well, with high rental collection rates and solid leasing activity. CPIPG sees Globalworth's management team as highly experienced and effective.

- CPIPG is the largest shareholder with a 29.6% stake
- Top-quality, modern and green office assets
- Special shareholder rights
- Current income and future upside

Globalworth assets by location (as at 31 December 2020)



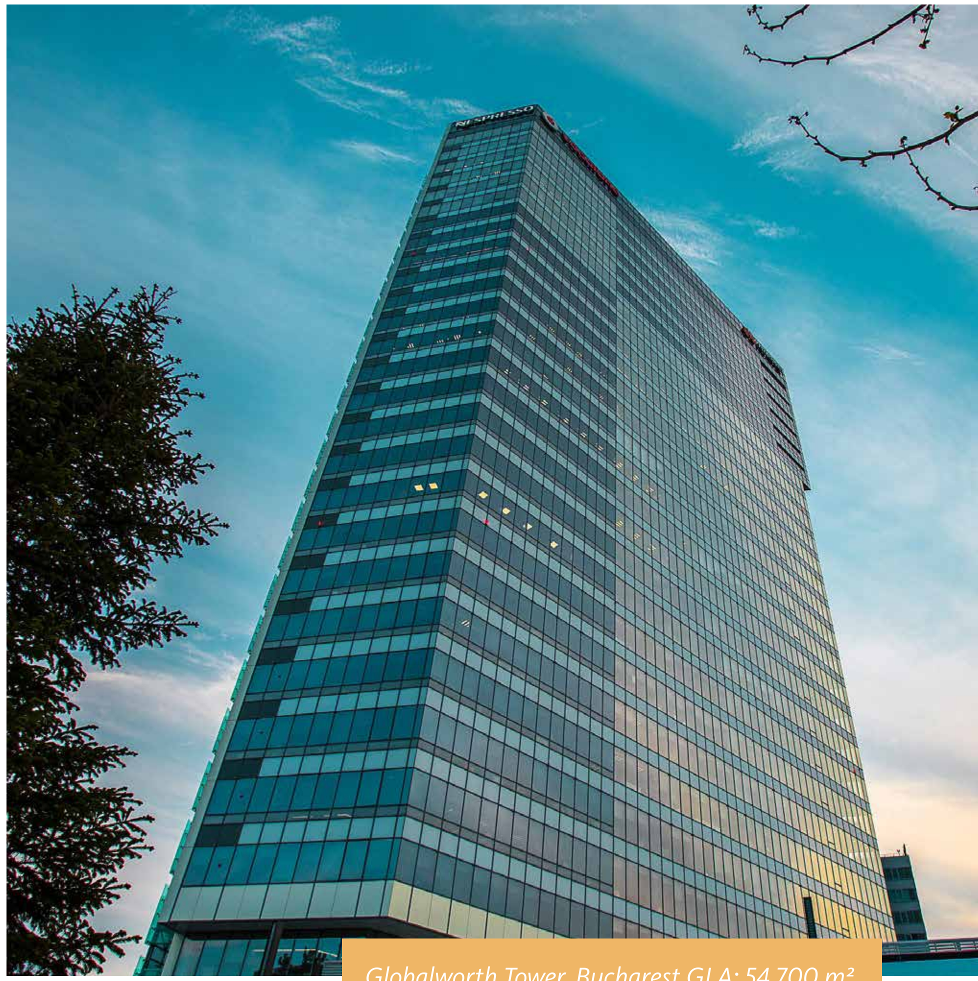
Globalworth assets by type (as at 31 December 2020)



Globalworth at a glance (as at 31 December 2020)

Portfolio value (GAV)	€3.0 billion
Standing properties	64
Annualised contracted rent	€183.4 million
Standing commercial occupancy	90.9%
Standing GLA	1,271.3k m²
2020 rent collection rate	99%
GLA under development	69.9k m²
Credit ratings (Moody's / S&P / Fitch)	Baa3/BBB-/BBB-

Collection rate data as of 12 March 2021



Globalworth Tower, Bucharest GLA: 54,700 m²

David Greenbaum, CFO

CPIPG develops properties to rent for the long term

CPIPG completed office developments and major refurbishments in the Czech Republic and Berlin in late 2020, which should support the Group's office rental income in future.

Our developments prioritise sustainability and strong green certifications where possible.

Bubenská 1, Prague

- **Bubenská 1**, is a 26,500 m² office redevelopment in Prague 7
- Built to the highest technological standards,
- The new Prague headquarters of WPP, with a lease for 18 years
- Located close to critical transportation infrastructure
- Handed over to tenants in December 2020

ZET.office, Nová Zbrojovka, Brno

- The **ZET.office** development is a 20,800 m² modern office development in Brno
- The first modern development in the disused area of the former Zbrojovka factory
- ZET.office offers modern office and co-working spaces, cafes and a fitness facility
- Leases signed with KIWI.com and Axians
- Handed over to tenants in August 2020

Prinzessinnenstraße, Berlin

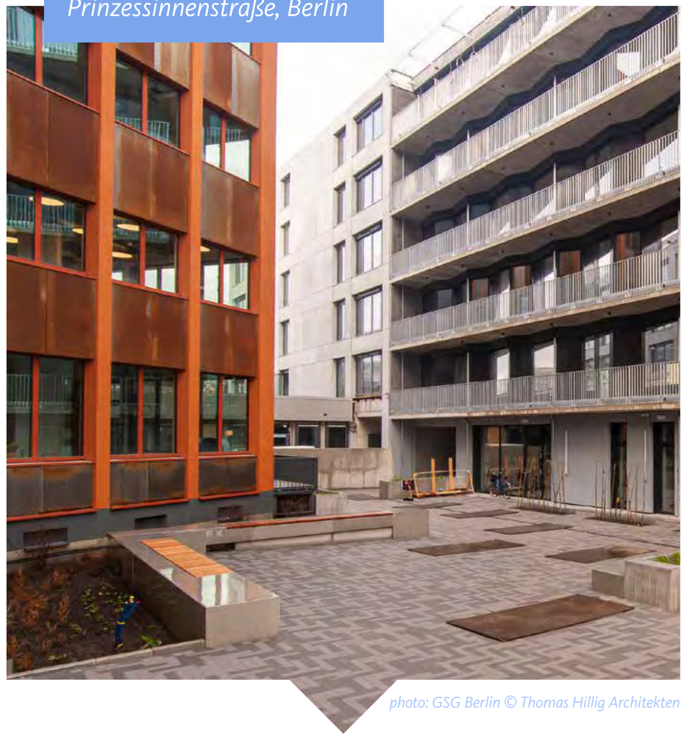


photo: GSG Berlin © Thomas Hillig Architekten

- **Prinzessinnenstraße** comprises the conversion of an existing storage building into a modern office
- Desirable location in the Franklinstraße area of Charlottenburg, close to the Spree river
- Over 8,800 m² of new GLA
- Fully let to the subsidiary of a blue-chip automotive manufacturer
- Attractive rent in line with the market
- Handed over to tenants in Q4 2020

The Benjamin, Berlin

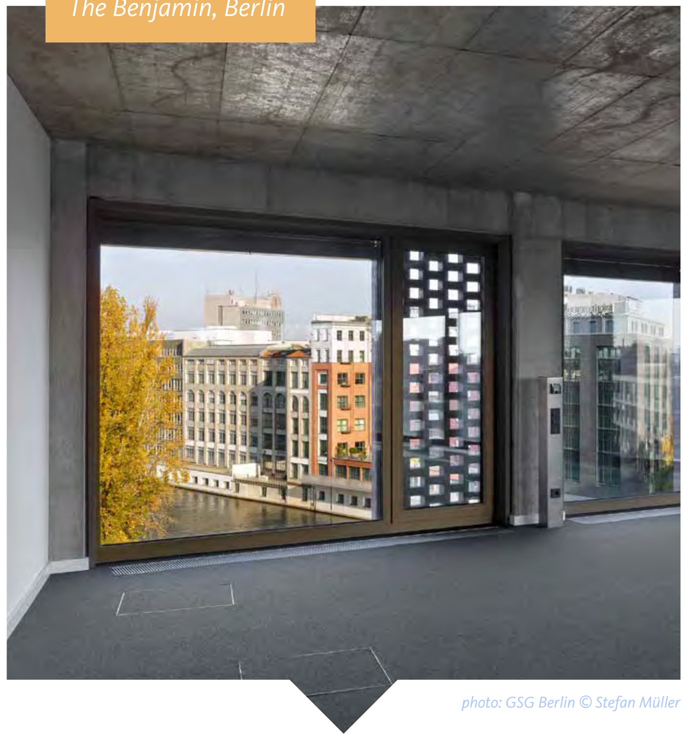


photo: GSG Berlin © Stefan Müller

- **The Benjamin**, is a new landmark building in the Franklinstraße area of Charlottenburg
- Highly attractive location, directly on the Spree river
- Over 5,000 m² of new GLA
- Fully let to Flaconi
- Attractive rent in line with the market
- Handed over to tenants in Q4 2020

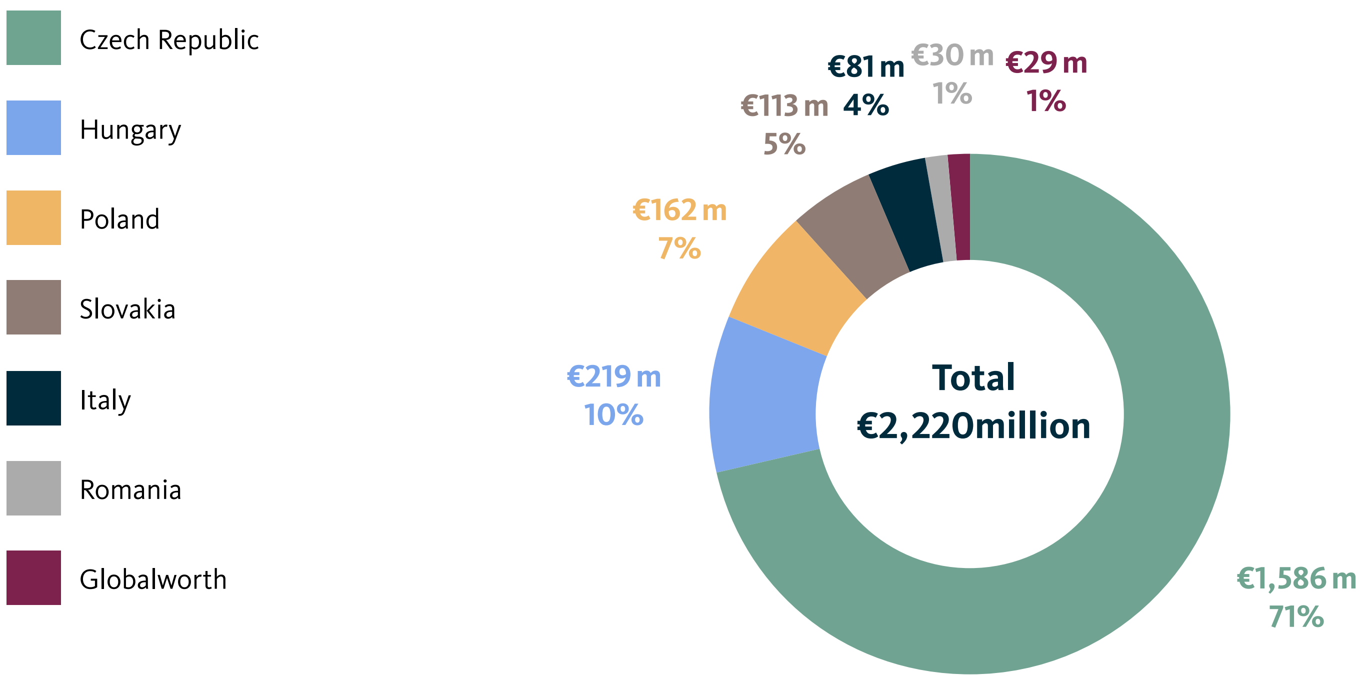
Retail

CPIPG is the leading retail landlord in the Czech Republic and has other CEE platforms. The portfolio in the Czech Republic is mainly focused on dominant regional shopping centres and retail parks. Our assets and tenants are part of people's daily lives.

CPIPG has a long track record as a retail landlord in the Czech Republic since the founding of the Group in the early 1990s. In early 2017, CPIPG's footprint significantly expanded by acquiring a retail portfolio from CBRE Global Investors, which solidified the Group's position in the local market and established a regional presence with platforms in other CEE markets, including **Poland, Hungary and Romania.**

The Czech Republic represents 71% of the Group's retail segment, and where we have a leading market share nationally. The portfolio is comprised of **14 dominant shopping centres** based in regions of the Czech Republic where competition is limited, and retail dynamics remain strong, in addition to a few high-quality, well-located retail assets in Prague. The portfolio also includes **19 resilient and well-located retail parks** spread across the country, which have performed exceptionally well during the COVID-19 pandemic. In addition, this segment includes a portfolio of **stable hypermarkets and supermarkets,** many of which are adjacent to our shopping centres and retail parks.

Retail property portfolio by country (as at 31 December 2020)



Strong support provided to tenants in our Czech shopping centres, combined with outstanding performance of our retail parks, helped to underpin a resilient performance in 2020.


Petr Brabec, Asset and Property Management Director CZ/SK

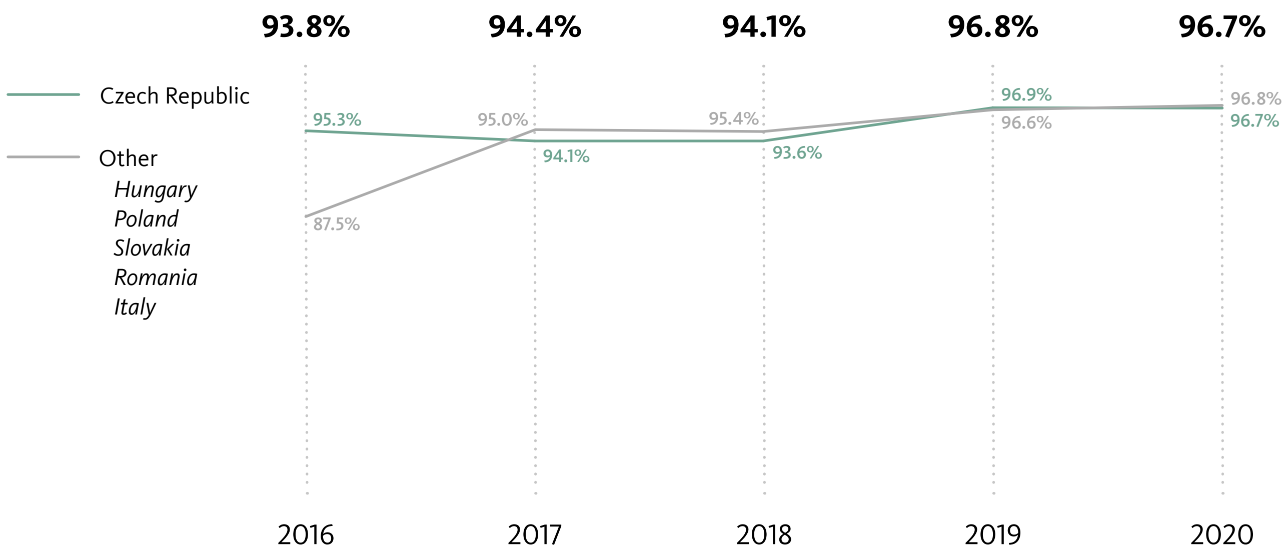
Retail segment summary

The total value of the retail segment remained relatively stable at €2.2 billion at the end of 2020. On a like-for-like basis, the portfolio experienced minor negative revaluations as a result of the impact of COVID-19, which especially impacted shopping centres and non-essential retail. However, in the Czech Republic the year-on-year valuation impact was only -2.9%, supported by the strength of the market and our portfolio.

Net rental income also decreased by 9% to €123 million in 2020, mainly due to the impact of one-time discounts provided to shopping centre tenants in the second quarter. Nevertheless, the result was resilient, supported by **limited discounts, stable like-for-like rents and occupancy, a significant portion of the portfolio remaining** open at all times, and **retail parks demonstrating exceptionally strong performance.**

Occupancy for the overall segment remained stable at the end of 2020. In the Czech Republic, unprecedented government support provided to tenants throughout the pandemic to subsidise rents and support wages has underpinned tenant quality and supported occupancy.

Occupancy rate (%)



OCCUPANCY

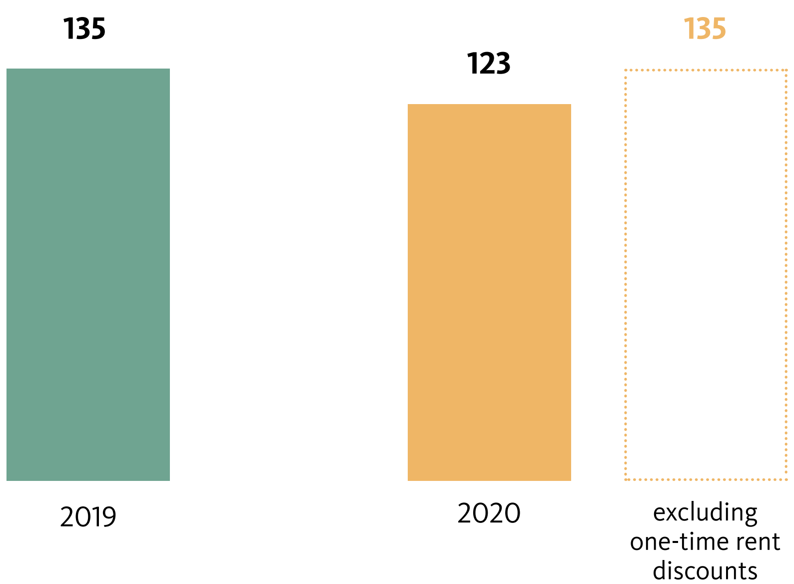
96.7%

Resilient income and valuations

Close to 90% collection rate in 2020

Stable occupancy

Net rental income (€ million)



Retail segment summary in figures

	Retail 2020				Retail 2019			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Czech Republic	1,586	96.7%	636,000	122	1,633	96.9%	636,000	122
Hungary	219	95.5%	139,000	7	233	96.6%	139,000	7
Poland	162	95.4%	68,000	8	166	96.8%	68,000	8
Slovakia	113	98.0%	77,000	15	119	95.1%	84,000	16
Italy	81	100.0%	12,000	3	–	–	–	–
Romania	30	100.0%	11,000	1	30	100.0%	11,000	1
Globalworth	29	–	–	–	–	–	–	–
Total	**2,220**	**96.7%**	**943,000**	**156**	**2,181**	**96.8%**	**938,000**	**154**

Czech Republic

Czech retail net rental income
(€ million)

2019	2020
95	88

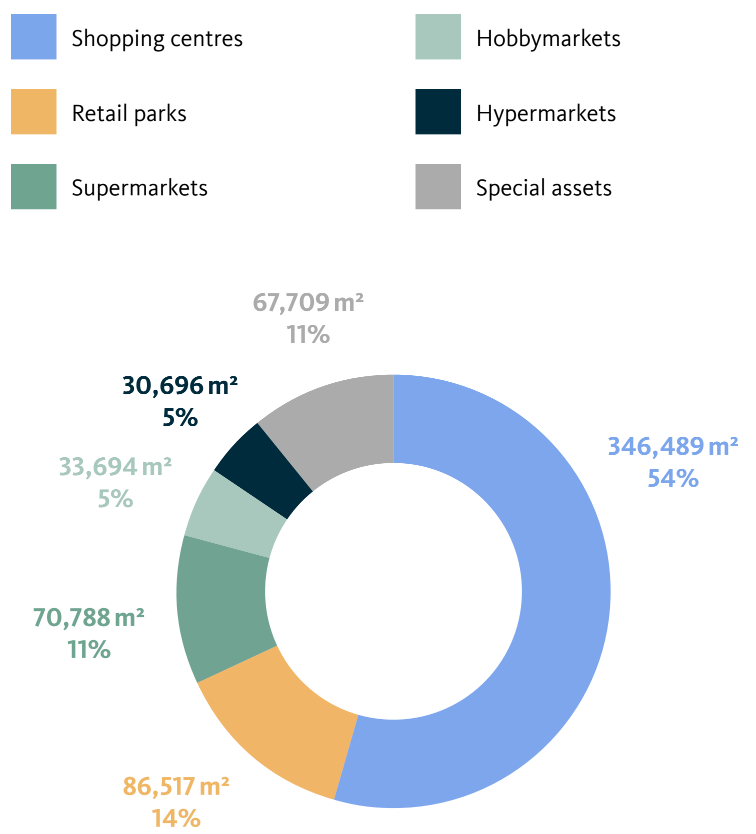
CityMarket, Brandýs nad Labem, Czech Republic

Czech Retail summary

Czech retail net rental income decreased in 2020 from €95 million to €88 million (-8%), primarily reflecting the impact of one-time discounts provided to shopping centre tenants. However, **like-for-like rents held up resiliently for the most part,** supported by **positive lease activity and an outstanding performance by retail parks.** In most cases, discounts provided to shopping centre tenants were **offset by lease extensions to improve WALTs.**

Occupancy rates remained stable at a very high level of 96.7% across the portfolio, including in shopping centres where occupancy remained at 96.5%, reducing less than 1 p.p. over the course of the year and clearly demonstrating the strength of our platform and the benefits of support measures. In addition, **occupancy in the Group's retail parks, supermarkets and hypermarkets reached 100% during the year.**

Retail assets by type (according to GLA)



Retail parks are multi-store assets with no common areas/common indoor space. Special assets include small retail assets (i.e. individual shops).

Shopping centres in the Czech Republic

Like-for-like rents in the shopping centre portfolio were resilient in 2020. The main impact on 2020 net rental income was due to one-time discounts provided to tenants, predominantly in the April to June period, where non-essential retailers were forced to close due to the COVID-19 pandemic. In response, the Czech government introduced the COVID-Nájemné (“COVID-Rents”) programme to subsidise **50% of Q2 rent for tenants affected by forced closures** (in addition to other support programmes available to cover salaries and certain other costs). A precondition of the legislation was that landlords were required to provide an additional 30% discount for the same period (amounting to €7.5 million). In addition to this, to support some tenants, the Group provided selected additional discounts and lease incentives, usually in return for lease extensions. **The government extended the COVID rents programme on the same terms to support tenants for closures in Q4 2020 and also Q1 2021. However, in both cases, additional landlord discounts were not mandatory.**

Footfall and tenant sales in shopping centres declined year-on-year by approximately 33.2% and 26.1%, respectively, compared to 2019, mainly due to the impact of closures in the spring and autumn. Before the pandemic outbreak, January to February saw year-to-date footfall and tenant sales growth of 2% and 10%, respectively. Following the spring lockdown, from April onwards until autumn, the bounce-back in footfall and sales was rapid and consistent – by August, at the peak of the recovery, footfall was still down around 20% on the prior year, but **sales were in line with pre-COVID-19 levels**. However, the trend reversed beginning in September when facemasks became mandatory in shopping centres and accelerated in October when the second wave of the pandemic forced non-essential retail to close again. Although non-essential reopened again in early December, the threat of the pandemic combined with F&B elements remaining closed led to a weaker-than-expected footfall and sales over the festive period.

The impact of the closures on footfall and sales was asymmetric across the portfolio and tenant base, with regional shopping centres (the large majority of the portfolio) faring better than shopping centres in Prague, being less exposed to footfall relating to tourism, office workers and commuters. Also, **a significant portion of the Group’s retail tenant base (close to 50%) relates to essential retail that never closed.** This was especially true in the case of food retailers (4 of the Group’s top 10 tenants), which **experienced robust demand in many cases.**

Although most leasing activity in shopping centres paused temporarily during lockdowns, **the Group was able to sign some significant new leases and extensions with tenants during the year.** The largest deals comprised 5-year lease extensions for tenants such as New Yorker, Cinestar, M&S, Jysk, Pepco, Terranova and Takko Fashion, some of which included increased space and rent. In the second quarter, amidst the peak of the outbreak, **we renegotiated new leases comprising 34,000 m² across the portfolio, where we managed to increase rents by 4.9% overall.**

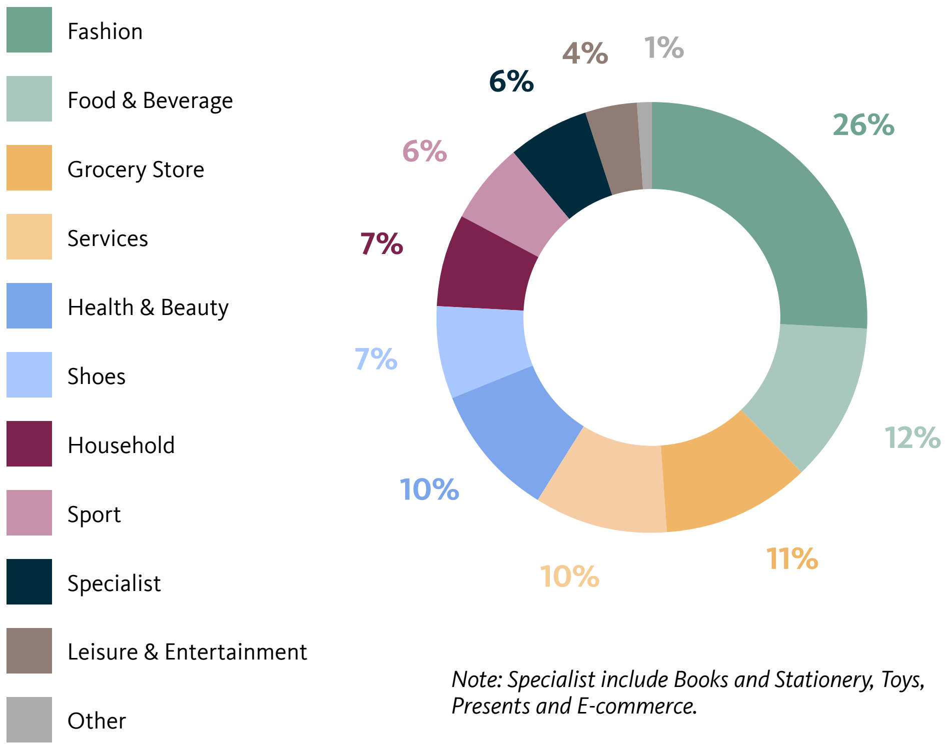
Together with the successful progress of “Project Tornado”, positive leasing activity has **helped support occupancy, tenant credit quality and extend the WAULT of the shopping centre portfolio to 3.5 years.**

In general, tenant quality remains solid – in 2020, there were a few exceptional cases of retailer bankruptcies (X-Bags, TOUS and M2C Shoes) and departures (Camaieu and Promod), though in general these tenants were already facing significant challenges or had decided to exit the Czech market prior to COVID-19. However, unlike many other markets in Europe, **CPIPG’s shopping centre tenants had a record year in 2019, which provided a strong foundation coming into a challenging period.**

Futurum, Hradec Králové, Czech Republic

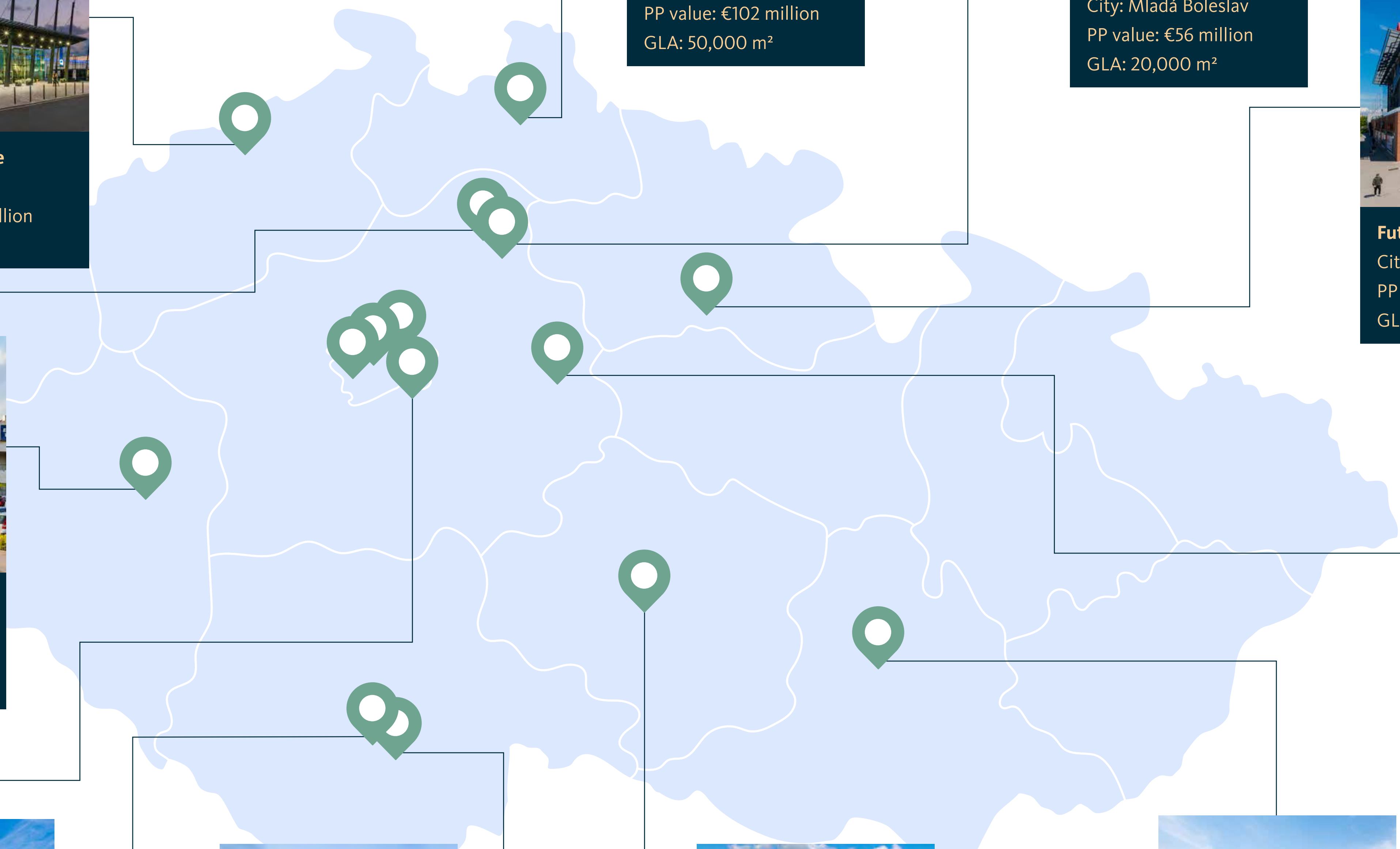
Czech Shopping Centre tenants by type

(according to headline rent)



Note: Specialist include Books and Stationery, Toys, Presents and E-commerce.

Regional shopping centre footprint in the Czech Republic



Nisa
City: Liberec
PP value: €102 million
GLA: 50,000 m²

Olympia Mladá Boleslav
City: Mladá Boleslav
PP value: €56 million
GLA: 20,000 m²

Olympia Teplice
City: Teplice
PP value: €61 million
GLA: 29,000 m²

Futurum Hradec Králové
City: Hradec Králové
PP value: €125 million
GLA: 39,000 m²

Bondy
City: Mladá Boleslav
PP value: €60 million
GLA: 21,000 m²

Olympia Plzeň
City: Plzeň
PP value: €152 million
GLA: 41,000 m²

Futurum Kolín
PP value: €32 million
GLA: 10,000 m²

Spektrum
City: Čestlice
PP value: €17 million
GLA: 7,000 m²

Géčko
City: České Budějovice
PP value: €33 million
GLA: 12,000 m²

IGY I
City: České Budějovice
PP value: €73 million
GLA: 26,000 m²

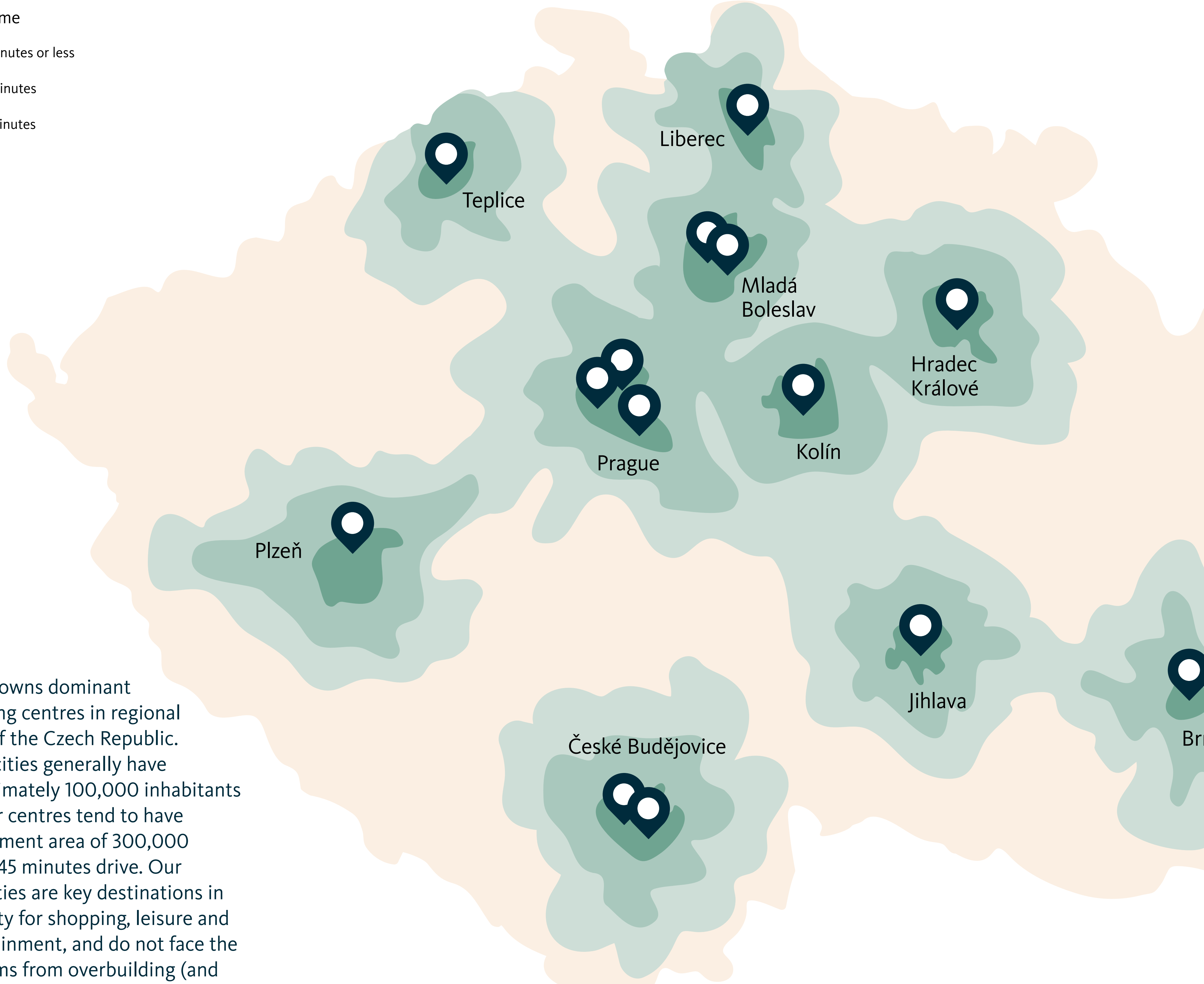
Citypark
City: Jihlava
PP value: €110 million
GLA: 28,000 m²

Královo Pole
City: Brno
PP value: €66 million
GLA: 27,000 m²

Catchment of regional shopping centres in the Czech Republic

Travel Time

- 15 minutes or less
- 30 minutes
- 45 minutes



Martin Rozhoň, Head of Shopping Centres Asset Management CZ

14%

Market share in Czech Republic shopping centres

CPIPG owns dominant shopping centres in regional cities of the Czech Republic. These cities generally have approximately 100,000 inhabitants and our centres tend to have a catchment area of 300,000 within 45 minutes drive. Our properties are key destinations in each city for shopping, leisure and entertainment, and do not face the problems from overbuilding (and high street / big box retail) seen in many Western European countries and the USA.

**GfK for CPIPG, 2021*

100% occupancy

Increase in tenant turnovers

Stable platforms

CityMarket Retail Park, čáslav, Czech Republic

Retail parks

The discount-focused and convenience-oriented retail park format proved its resilience in 2020 when most physical retail faced severe challenges.

During the spring lockdown in the Czech Republic, Retails Park became a safe haven, partly because the accessible store formats were able to enact social distancing measures while remaining operational relatively more easily than shopping centres – which meant that after the spring lockdown, retail parks were able to remain operational for the remainder of the year, even when other non-essential retail was forced to close. As a result, **almost all retail park tenants reported higher year-to-date turnovers compared to 2019.**

Retail parks have proven to be a sustainable and safe choice for specific tenants to expand their business. The **robust leasing activity in 2020** demonstrated this – as of November 2020, **100% occupancy was achieved in retails parks (also in retail parks in Slovakia) for the first time.** Despite various phases of restrictions, demand from tenants to take up space in retail parks remained strong, enabling the Group to secure a number of new leases (e.g. new brands such as PEPCO), extensions and rental increases. As at the end of Q3 **the Group managed to raise headline rents across a series of renegotiated contracts by 11%** on average.

Top-performing tenants were pharmacies such as DM Drogerie Markt, Rossmann and Teta Drogerie, which **recorded a significant turnover increase across many stores in 2020.** The robust performance was also demonstrated by household, electronics, mixed fashion and accessories stores, which on average maintained pre-COVID-19 turnover levels, and even in some retail parks achieved 5-10% year-on-year increases. Only segments like fashion, shoe stores and leisure saw turnover drops, but in a range of approximately 10-15% only.

Hypermarkets and supermarkets

Hypermarkets and supermarkets also represent a **very stable part of the Group's retail segment,** which was clearly demonstrated during the COVID-19 pandemic.

Even though this segment was still partly affected by government restrictions around social distancing and hygiene measures, **turnovers of hypermarkets and supermarkets grew compared to 2019, by 5.7% and 6.1%,** respectively. This can be attributed to essential retail continuing to operate throughout the year despite lockdowns, also leading to certain periods of the year punctuated by heightened activity due to panic-buying.

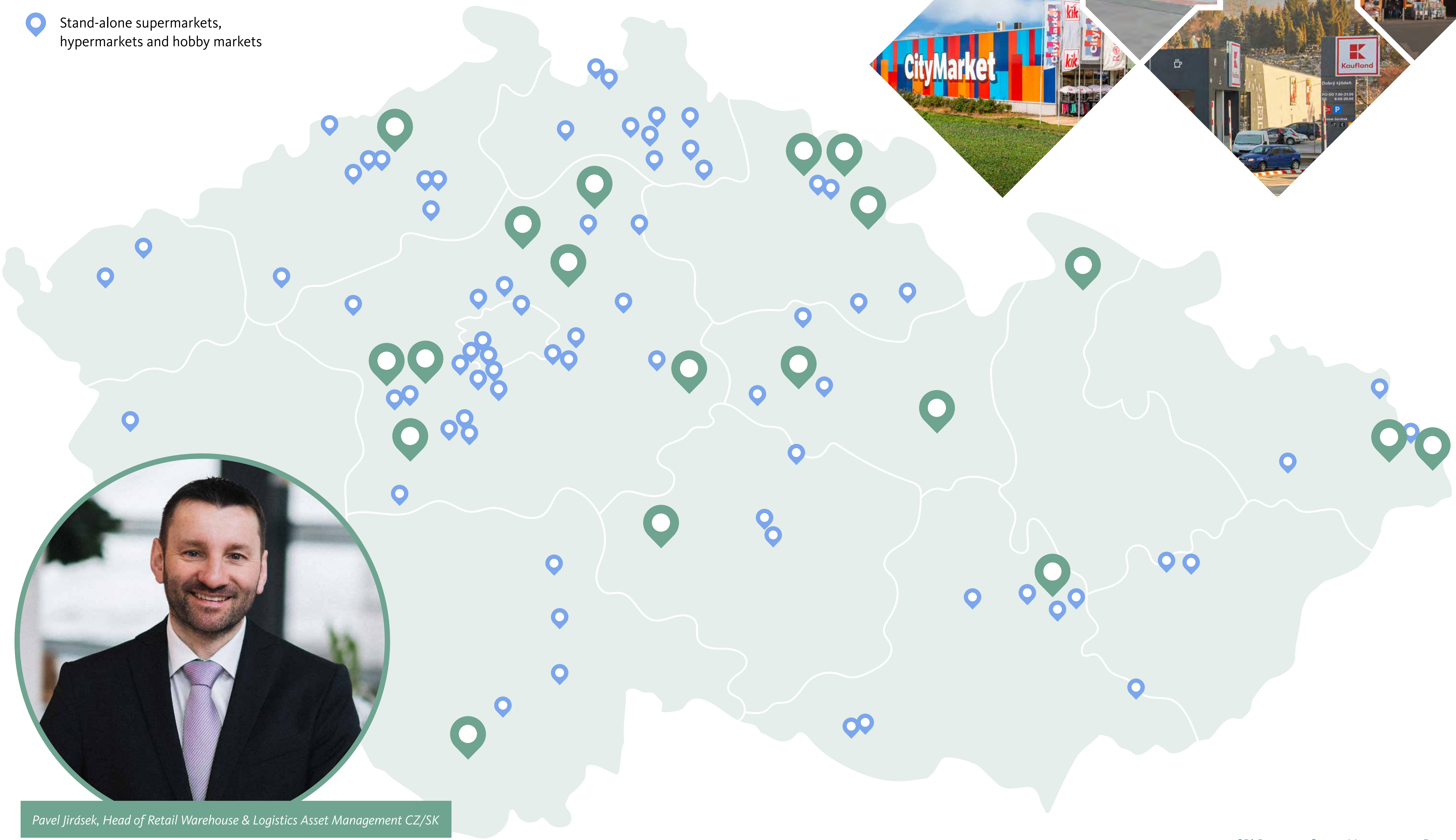
Shopping trends also adapted to the pandemic as shoppers decreased the frequency of supermarket/ hypermarket visits but **increased average basket sizes per visit.** According to research by Nielsen IQ based on shopper behaviour in the Czech Republic during 2020, the volume of transactions decreased by 8% in hypermarkets and even 19% in supermarkets; however, the **average shopping basket increased by around 15%**. An increase in e-commerce also occurred; however, the share remains relatively low compared to, e.g. Western European markets. For example, Tesco disclosed that e-commerce turnover stabilised at a level of around 5% of total turnover.

In light of the buoyant activity during the year, the portfolio was 100% occupied. In addition, leasing activity with hypermarkets and supermarkets tenants continued apace in 2020 – with primarily lease prolongations signed with tenants such as Tesco, Albert and Kaufland.

Retail parks and stand alone retail in the Czech Republic

Retail parks

Stand-alone supermarkets, hypermarkets and hobby markets



Pavel Jirásek, Head of Retail Warehouse & Logistics Asset Management CZ/SK

Recent developments and refurbishments

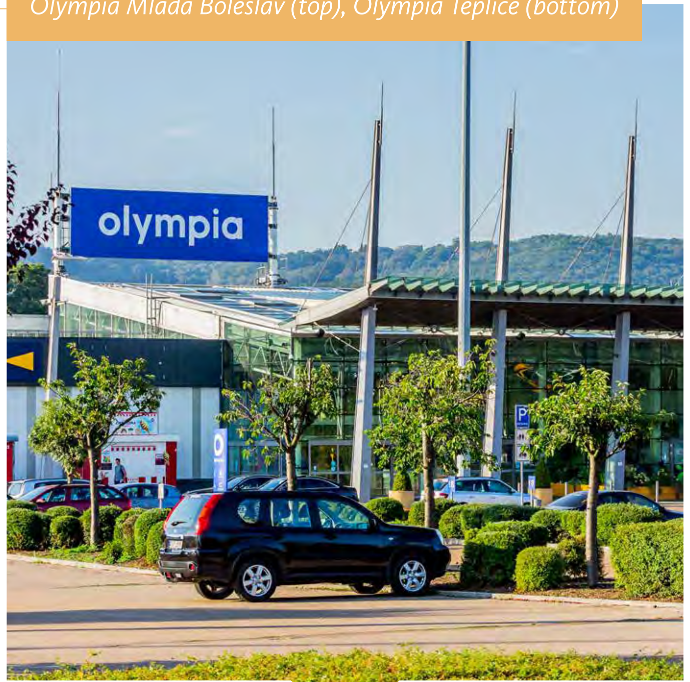
Spektrum shopping centre in Čestlice, the Czech Republic, represents one of very few recent new developments in the Czech retail market. Spektrum is a brand-new, modern strip mall comprising over 20 units and 6,700 m², which will boast tenants such as BILLA grocery store, Costa Coffee, Bageterie Boulevard, dm-drogerie markt, an EquiZoo pet shop spread over two floors and a Sparky's toyshop.

The property opened towards the end of March 2021 with an occupancy of 96%.

Spektrum ribbon cutting, March 25, 2021

Spektrum Redevelopment, Čestlice, Czech Republic

Olympia Mladá Boleslav (top), Olympia Teplice (bottom)



olympia

The refurbishments of Olympia shopping centres in Mlada Boleslav and Teplice were also completed by the end of Q3 2020.

IGY Centrum, České Budějovice, Czech Republic

Czech retail market overview

Before the outbreak of the COVID-19 pandemic in March 2020, retail spending in the Czech Republic grew by 8.6% year-on-year in the first two months of the year. In the first lockdown (April–May was the peak), year-on-year footfall in shopping centres dropped by 50–80% compared to around 60% for tenant sales. After reopening, footfall rapidly increased to at least 80% of prior-year levels, and average tenant sales reached close to prior-year levels in June, at which point vacancy rates remained relatively stable around the 4–6% level.

After a more normalised summer, severe restrictions were imposed again in the autumn caused by the second and third waves of the pandemic and closed for almost 1.5 months between October 22 – December 2. They operated with restrictions for a few weeks before closing again from December 27. Across the entire year, footfall in shopping centres was down by approximately 25%, with the highest drops above 60% during the lockdowns.

Overall retail sales (including e-commerce) dropped by 0.2% year-on-year during the first eleven months of 2020. Nevertheless, some segments recorded positive results in 2020 (January–November), such as pharmaceutical goods (+3.4%), electronics (+2.0%) and household equipment (+1.2%). E-commerce saw one of the highest increases in history, with an average 27.5% growth between January and November.

Despite a small handful of bankruptcies in the local market, Czech retail is not fundamentally challenged for the future. Over-supply is not an issue (given only a 0.9% increase in total stock year-on-year, only two small shopping centres under construction), and some sectors performed well despite store closures. However, prime shopping centres in Prague and high street were most affected due to the drop in tourism, with landlords offering tenants more flexible conditions and competitive rents to preserve occupancy. Meanwhile, retail parks proved to be more resistant to the challenges.

By the end of the year, prime rents remained stable compared to Q3 2020 and stood at €145 / m² / month for shopping centres and €230 / m² / month on the high street, representing decreases around 3.3% and 2.1% over the prior year, respectively. Year-on-year, Czech prime shopping centre yields expanded around 100 basis points and approximately 75 basis points for the high street.

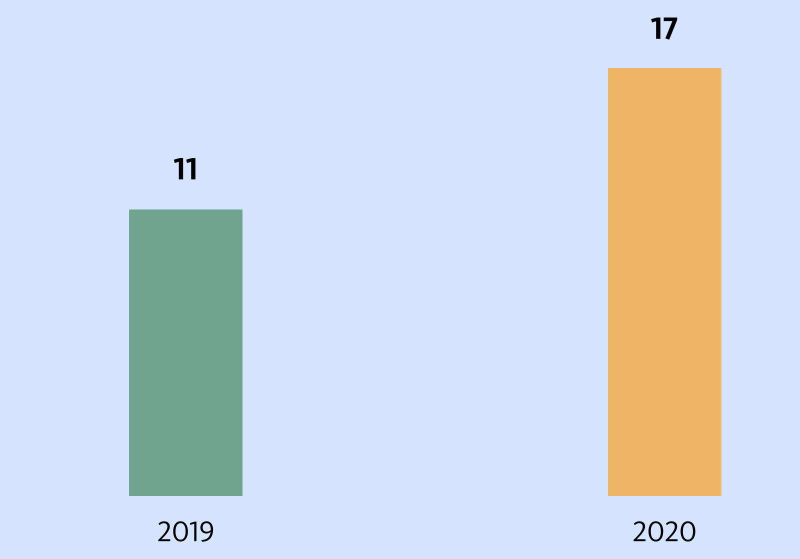
The retail investment market was clearly less active than in previous years. However, transactions still took place, and in the second half of 2020, six transactions were recorded amounting to €165 million, representing a decrease of 26% compared with H1 2020.

Sources: Cushman & Wakefield, CBRE, JLL, Cushman & Wakefield, CBRE, Czech Statistical Office

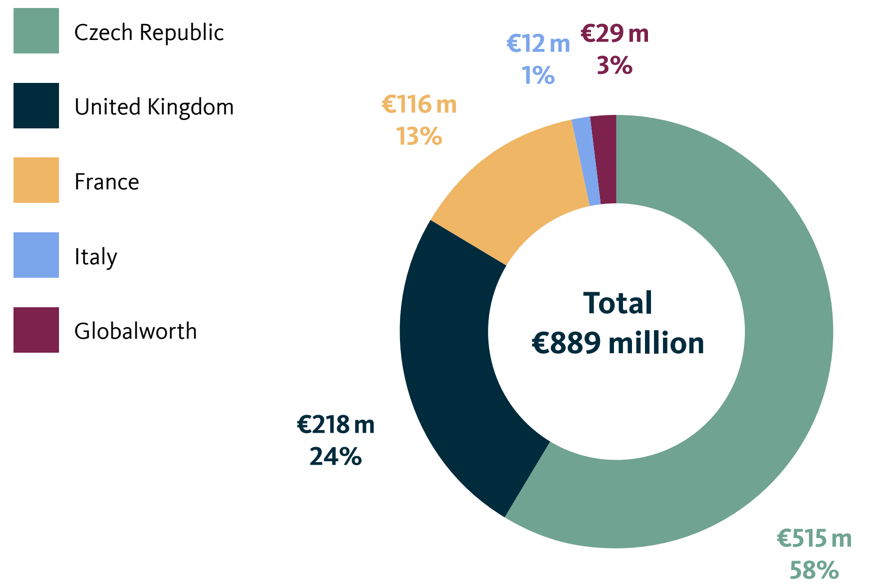
Residential

CPIPG has extensive residential experience in the Czech Republic and makes selective investments in the UK and other locations.

Group residential net rental income
(€ million)



Residential property portfolio by country



Czech Republic

The majority of the portfolio relates to CPI BYTY in the Czech Republic, where the Group is the second-largest residential property owner in the country. CPI BYTY's portfolio is very resilient and well-diversified between Prague and the Czech Republic regions.

Despite only representing around 5% of our property portfolio, the Czech residential portfolio's value to the Group during the pandemic has been much greater, with nearly **100% collection rates**. Residential demand remains strong across the Czech Republic, leading to generally higher valuations and rents.

The portfolio's value increased by 9.0% to €515 million given the strength of the residential real estate sector generally, the strong dynamics of the Czech residential market, and the improving occupancy, quality and rental income generation of the portfolio overall.

Net rental income grew significantly in 2020 compared to 2019, **increasing by 29% to €15 million,** driven by a 1.2% increase in gross rental income due to increasing occupancy and like-for-like rental growth, combined with a significant reduction of property operating expenses.

This performance represents a continuation of the trajectory that the portfolio has been on in recent years, with occupancy having consistently increased year-on-year across the portfolio, together with growth in like-for-like rents from historically below-market levels, and steadily falling refurbishment costs, following significant improvements made to the portfolio in recent years.

Occupancy improved from 90.7% at the end of 2019 to 92.9% at the end of 2020, with solid improvements recorded across all regions (especially the Ústecký region), with the exception of Prague, which fell by 1.3 p.p. Improvements in occupancy continue to be driven by significant investments made to improve the overall quality of the assets. In 2020, the total refurbishment of 351 units was completed. In addition, CPI BYTY has been making selective disposals of dilapidated or vacant units. Around 270 apartments in the Třinec portfolio will be disposed in the near-term, which were postponed due to the COVID-19 pandemic.

Average market rents in our regions are still significantly higher than the rents we charge in our portfolio. The trajectory of rental income improvement in recent years has primarily been due to the continued uptick in occupancy. Still, there continues to be significant potential for improvement in like-for-like rents in the future.

Receivables remain low across all regions, despite the impact of COVID-19, with collection rates in recent months close to 100%. Historically, tenant default rates have remained below 1%, demonstrating the resilience of the portfolio.

UK

CPIPG acquired our first residential property in the UK during 2018, followed by two properties in 2019. During Q4 2020, the Group completed two small acquisitions that will complement the existing UK residential platform, both located in London – St. Mark's Court, 24 apartments situated in St. John's Wood, and Metrogate House, three terraced properties located in South Kensington. The purchase prices for both St. Mark's Court and Metrogate House were below £1,000 per square foot, representing exceptional value for these locations. CPIPG intends to refurbish both properties over time.

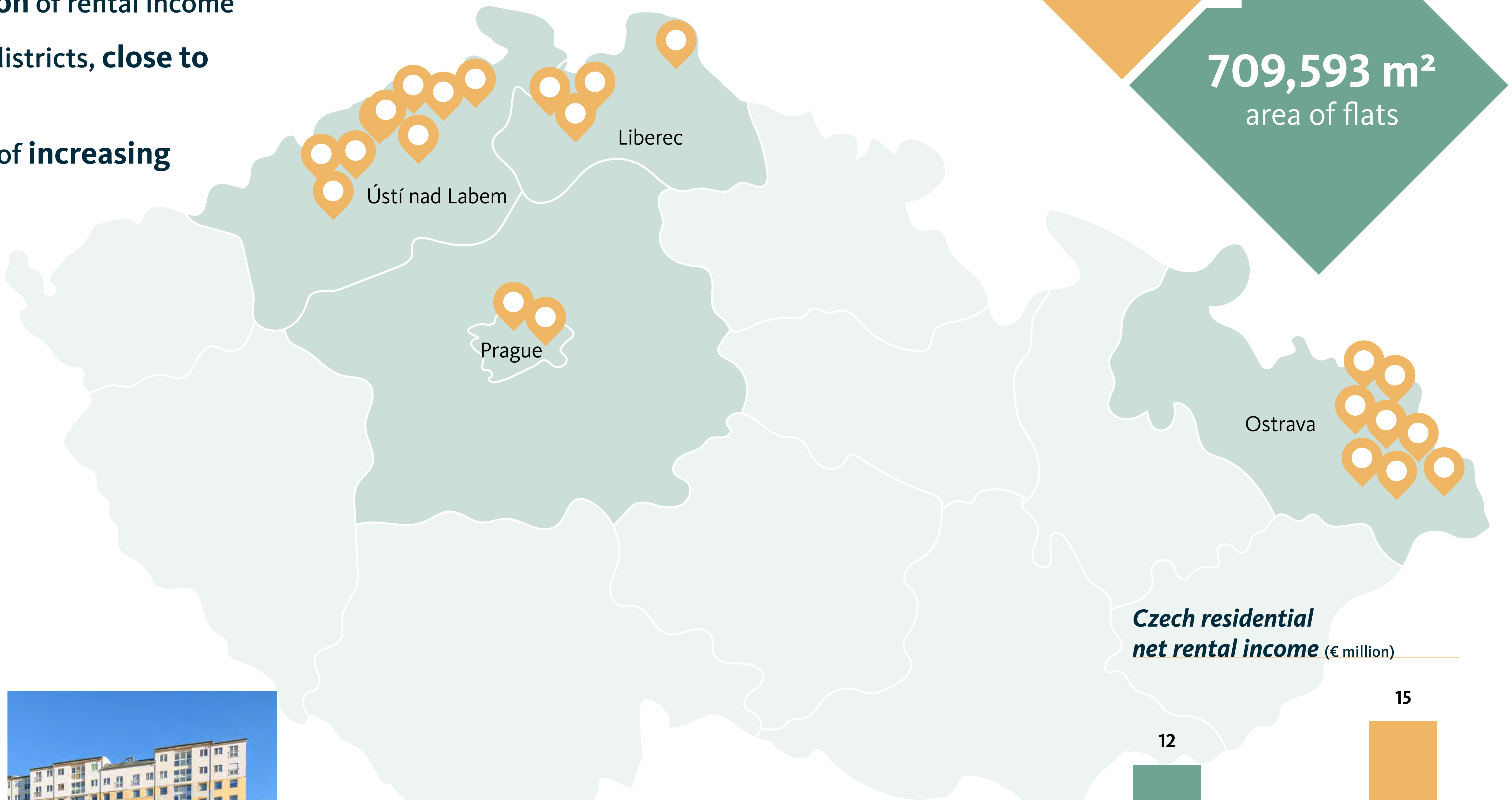
The value of the UK residential portfolio increased in 2020 to €218 million, mainly due to the aforementioned acquisitions but also the impact of positive like-for-like revaluations. Net rental income increased to €2.3 million primarily due to the full-year contribution of rental income from West Village, acquired during 2019.

CPI BYTY's leading regional platforms

- Long term rental strategy with **significant upside potential**
- **High diversification** of rental income
- Located in popular districts, **close to city centres**
- Strong track record of **increasing occupancy**

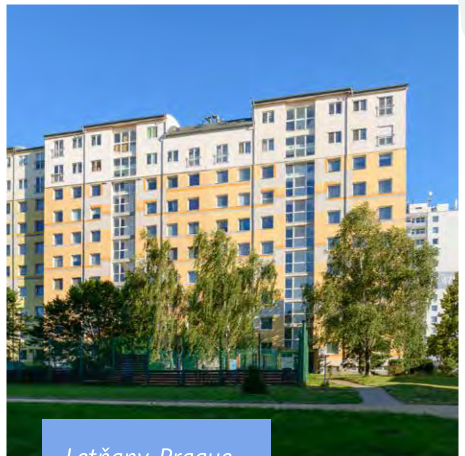
11,866 units in **14** cities

709,593 m² area of flats



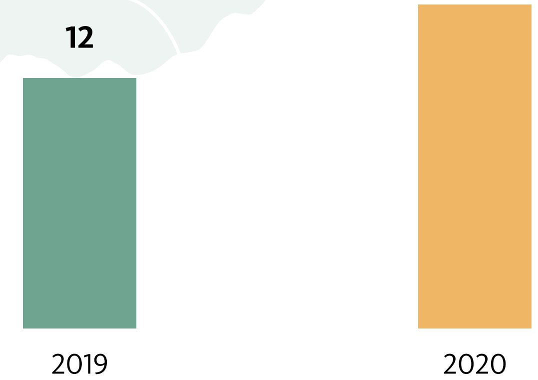
Český Těšín, Ostrava

Neštěmice, Ústí nad Labem



Letňany, Prague

Czech residential net rental income (€ million)



Czech residential summary in figures

Region	Czech residential 2020				Czech residential 2019			
	PP value (€ million)	Occupancy* (in %)	No. of units	No. of rented units	PP value (€ million)	Occupancy* (in %)	No. of units	No. of rented units
Prague	77	97.6%	461	450	72	98.9%	461	456
Ostrava region	180	88.7%	4,322	3,834	171	87.9%	4,322	3,798
Ústí region	157	93.4%	4,988	4,660	139	89.2%	5,004	4,462
Liberec region	95	99.0%	2,018	1,997	86	98.5%	2,018	1,987
Central Bohemia	6	100.0%	77	77	5	100.0%	77	77
Total	**515**	**92.9%**	**11,866**	**11,018**	**473**	**90.7%**	**11,882**	**10,780**

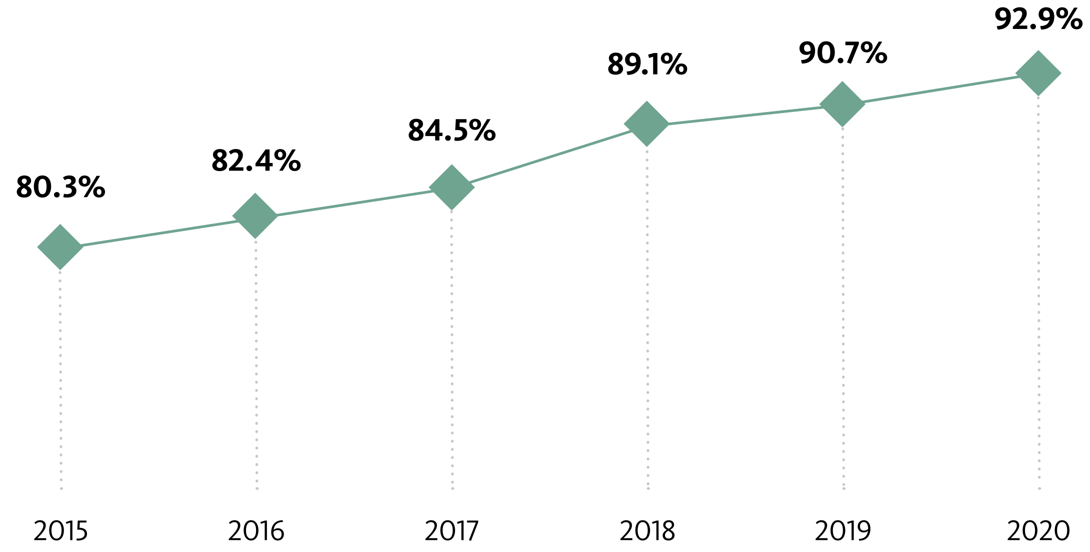
** Occupancy based on rented units.*

CPI BYTY was a key source of stability and diversification for the Group in 2020.

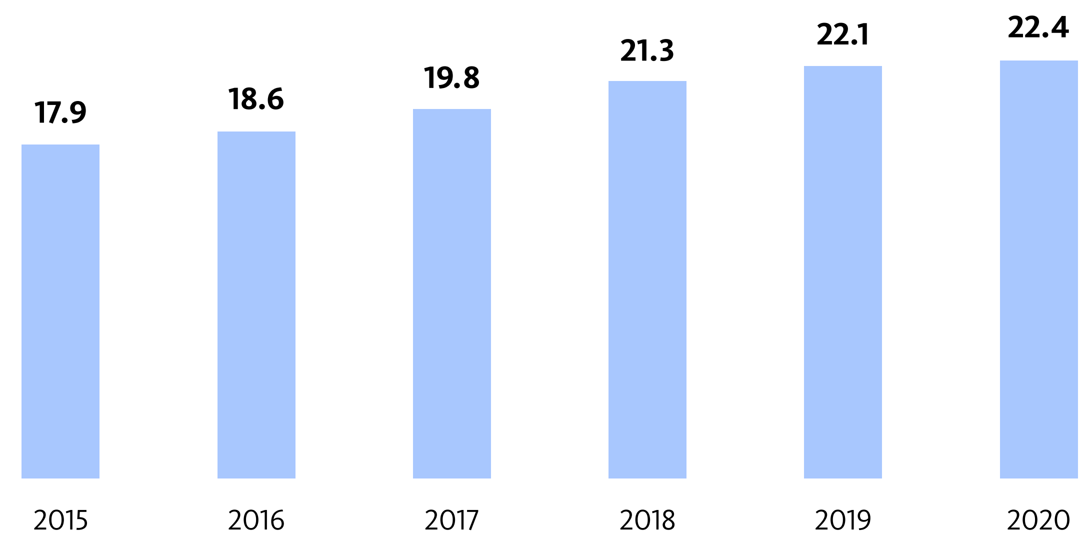
Petr Mácha, Director of CPI BYTY, Czech Republic

Letňany Apartments, Prague, Czech Republic

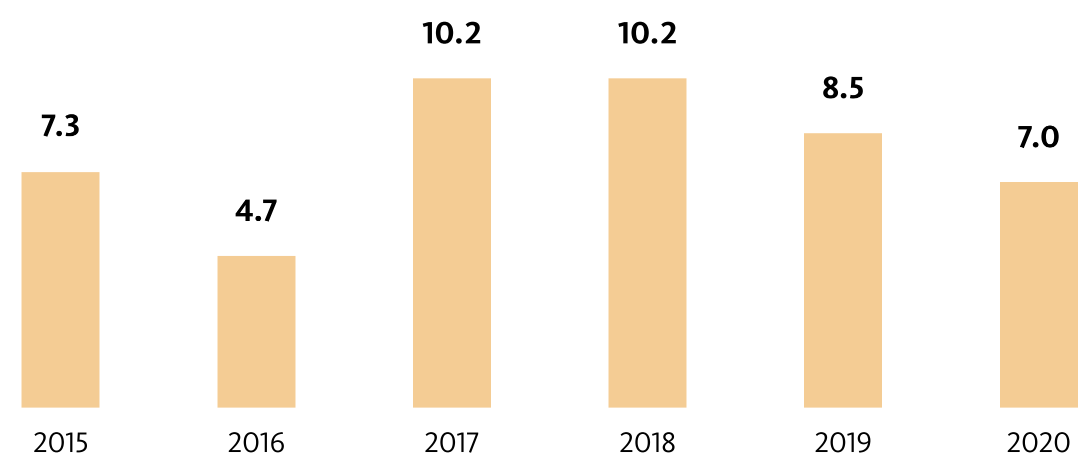
CPI BYTY portfolio occupancy (based on rented units)



Increases in gross rental income (€ million)



Declining refurbishment and maintenance costs since 2018 (€ million)



CPI BYTY Apartments, Liberec, Czech Republic

Czech market overview

The rental market for residential properties in the Czech Republic remains robust. Market rents have been consistently rising in Prague and major regional cities for a number of years, buoyed by economic factors such as very low unemployment, rising wages and solid inflation. In addition, residential development has not kept pace with population growth in recent decades, especially in regional cities.

Growth continued in 2020: the average selling price of Czech apartments grew, and their value increased by 4.9% to CZK 70,300 per/m² compared to the previous period in the third quarter of 2020 (data not available for Q4 at the time of writing), representing a 16% increase year-on-year. Ústí nad Labem was one of the fastest-growing regions, increasing by 7.6% to CZK 22,800 per/m².

Low interest rates and continued uncertainty have prompted many to turn to real estate as an alternate form of investment. An easing of strict regulations around mortgage loans by the Czech National Bank and the abolition of a long-debated real estate acquisition tax also contributed to the recent increase in demand for real estate.

Source: Deloitte

UK market overview

Prime central London has been reliant on demand from domestic buyers and resident non-doms throughout much of last year, given the practical implications of COVID-19, particularly travel constraints. In this context, the market has held up well. Values fell by a marginal -0.4% over the year, having stabilised in the final quarter, but remain almost 21% below their 2014 peak.

Meanwhile, prime London rents fell by 1.5% in the three months to December 2020, leaving them down 3.7% over 2020. That has been driven by a 6.2% annual fall in the rental value of flats, which have been at the sharp end of an increase in stock coming from the short-term lettings market and a reduction in demand from international students, young professionals and sharers.

Source: Savills

Hotels & Resorts

CPIPG owns and operates hotels primarily located in the CEE region. We benefit from local knowledge, scale, and the ability to control costs tightly.

The Group's hotel business, CPI Hotels, is one of the largest hotel owners in central Europe and operates in several segments:

Congress & Convention Centres: operating under the Clarion, Quality, Comfort and Holiday Inn brands, these hotels are primarily designed for conferences and corporate events.

Resort Hotels: the Group owns Sunčani Hvar, which is the leading owner and operator of hotels on the Croatian resort island of Hvar.

Boutique Hotels & Residences: hotels operating under renowned brands Mamaison Hotels & Residences and Buddha-Bar Hotel, located in the heart of European capitals. Focused on premium quality accommodation and service.

Residential Hotels: hotels primarily located in Prague catering for long-term accommodation, popular with business travellers and tourists.

Mountain Resorts: the Group is the majority owner of Crans-Montana Aminona SA ("CMA"), which operates and maintains the ski lifts, pistes, shops and restaurants in the Swiss ski resort of Crans-Montana.

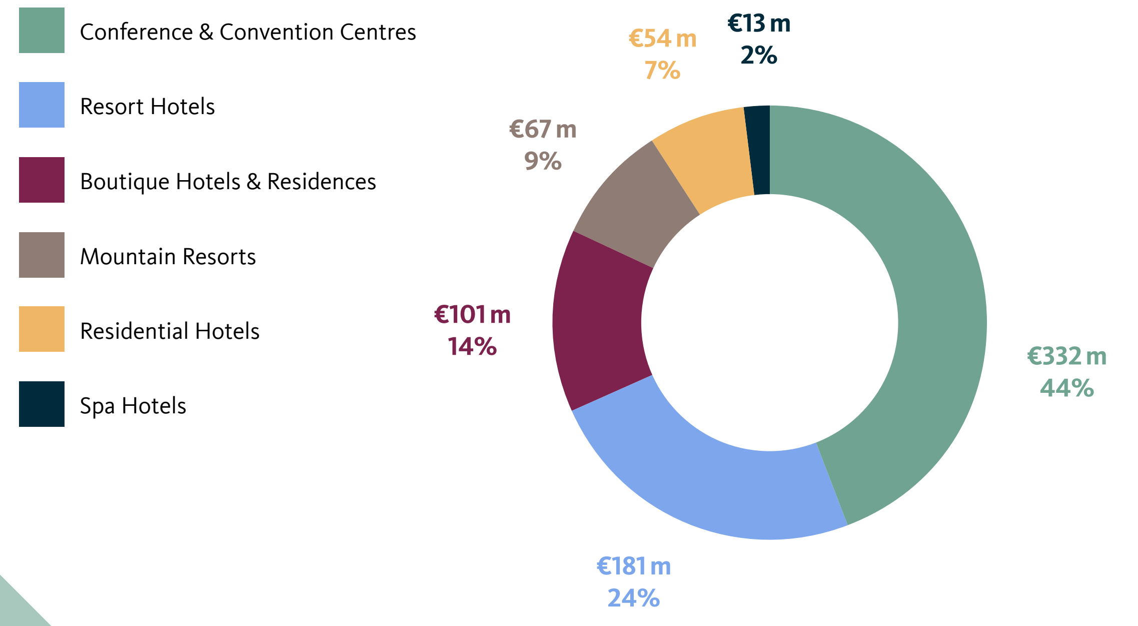
Spa Hotels: the recently established brand Spa & Kur Hotels offers wellness and spa treatment properties located in the world-famous spa city Františkovy Lázně, in the Czech Republic.

#1
congress & convention hotels provider in the Czech Republic

#1
resort on the premier island of Hvar, Croatia

High operational flexibility and cost discipline

Hotels & Resorts by type
(based on property portfolio value)

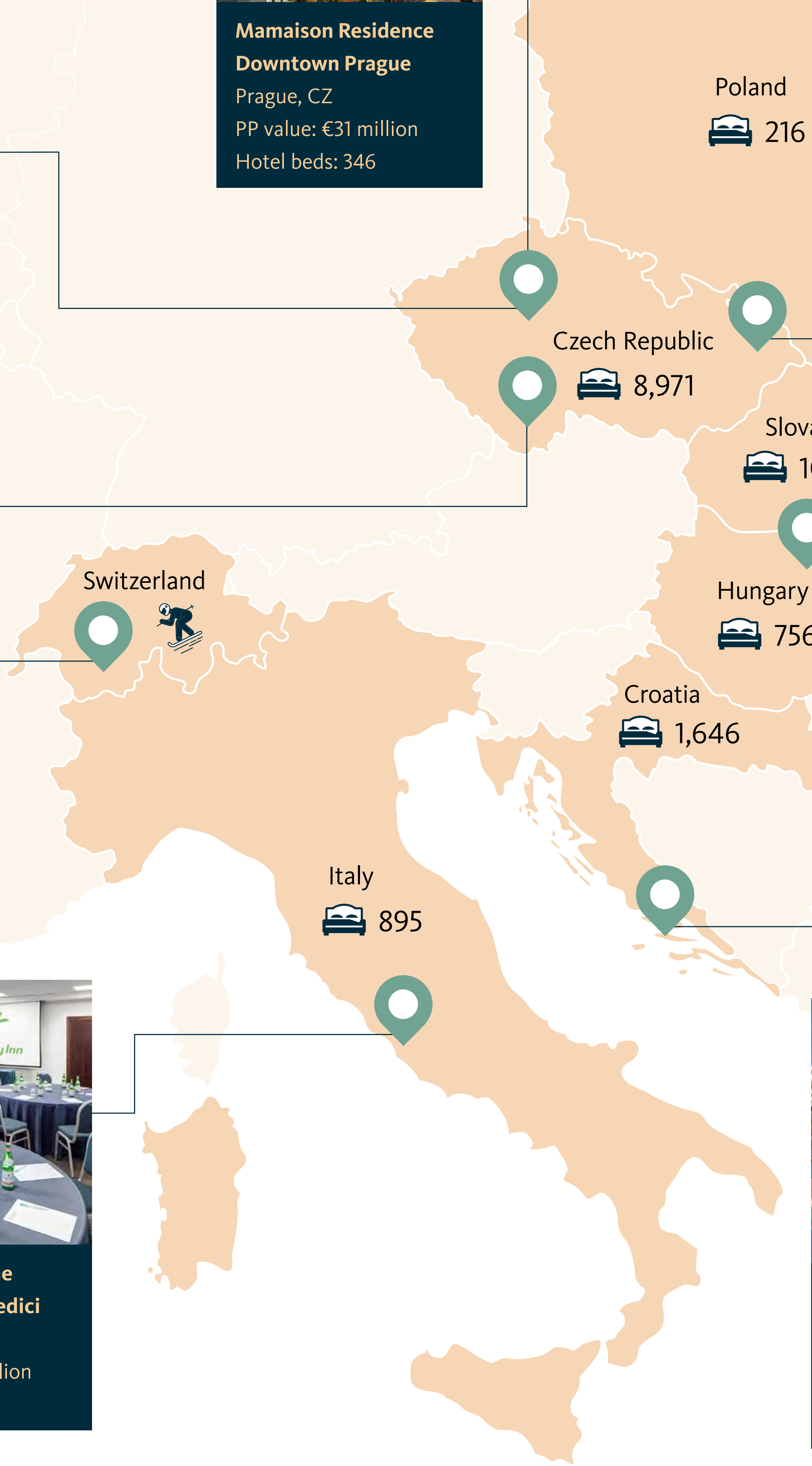


We are a long-term investor in hotels, have tight control over costs and know that people can't wait to travel once we conquer COVID-19.

Jan Kratina, Director of CPI Hotels

Key Hotel & Resort properties

Number of hotel beds in each country



Mamaison Residence Downtown Prague
Prague, CZ
PP value: €31 million
Hotel beds: 346

Mamaison Hotel Le Regina
Warsaw, PL
PP value: €15 million
Hotel beds: 122

Clarion Congress Hotel Prague
Prague, CZ
PP value: €84 million
Hotel beds: 1,114

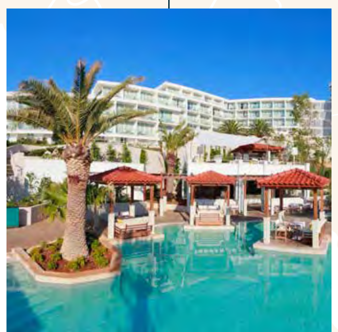
Clarion Congress Hotel Ostrava
Ostrava, Czech Republic
PP value: €22 million
Hotel beds: 327

Clarion Congress Hotel České Budějovice
České Budějovice, CZ
PP value: €22 million
Hotel beds: 407

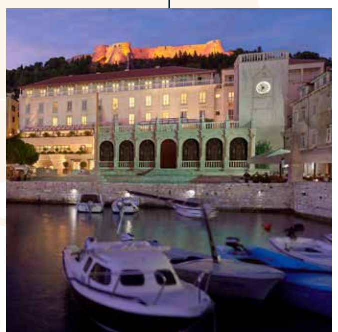
Europeum Marriott Courtyard
Budapest, HU
PP value: €33 million
Hotel beds: 468

Crans-Montana Ski Resort
Crans-Montana, CH
PP value: €67 million

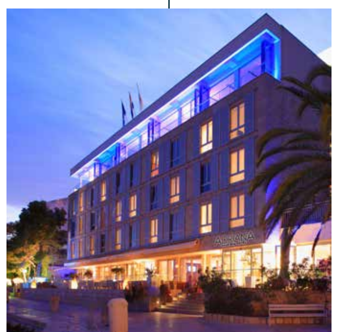
Holiday Inn Rome Eur Parco Dei Medici
Rome, IT
PP value: €22 million
Hotel beds: 543



Amfora Grand Beach Resort
Hvar, HR
PP value: €81 million
Hotel beds: 648



Palace Elisabeth Hotel
Hvar, HR
PP value: €13 million
Hotel beds: 146



Adriana Hotel
Hvar, HR
PP value: €21 million
Hotel beds: 118

** Operator: CPI Hotels, Owner: third party*

Hotels & Resorts segment summary

The value of CPIPG's hotels and resorts portfolio decreased to €749 million at the end of 2020 from €851 million at the end of 2019, reflecting the impact of COVID-19 on the hospitality sector.

The Group has a diversified portfolio of owned and operated hotels, with about half relating to conference and convention centres in the Czech Republic, and a quarter relating to resort hotels in Hvar. The other quarter split is between primarily boutique hotels, the Crans-Montana mountain resort and residential and spa hotels.

Diversified portfolio operated by CPIPG

50% cost reductions in 2020

Material EBITDA contributor in future

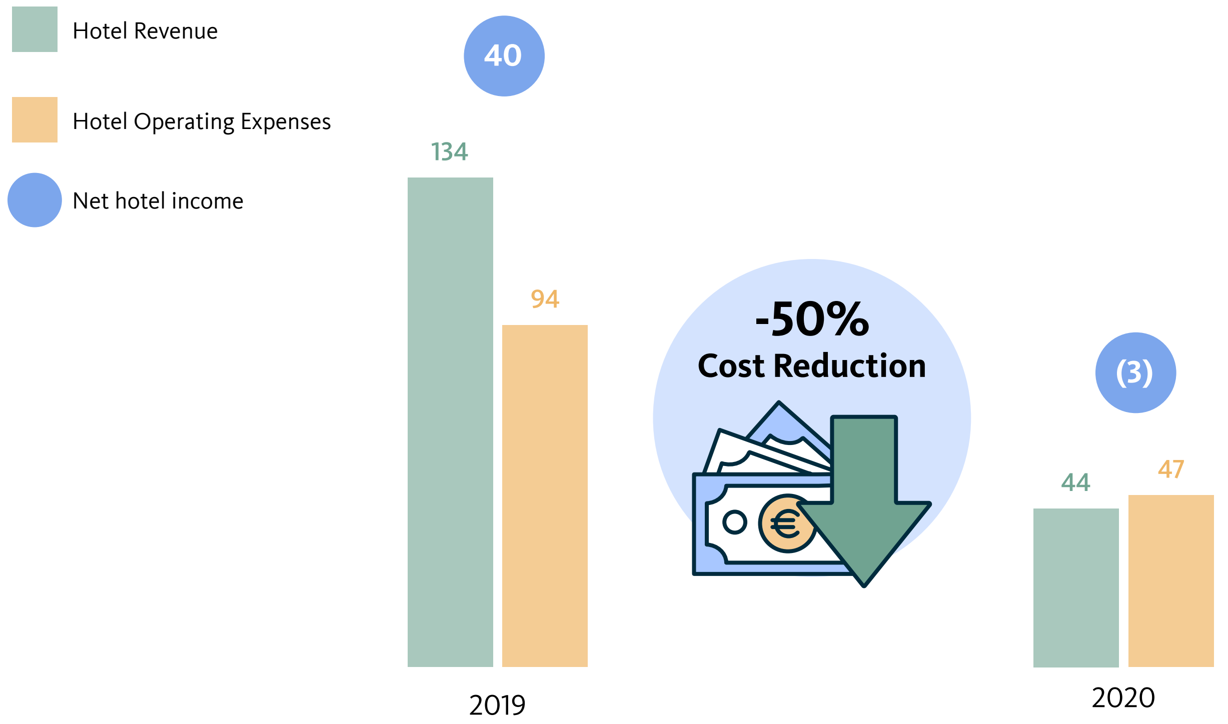
Our hotel brands and partnerships

Hotels & Resorts segment summary in figures

	Hotels & Resorts 2020					Hotels & Resorts 2019				
	PP value (€ million)	Hotel beds	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)	PP value (€ million)	Hotel beds	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)
Czech Republic	370	8,971	23	(76)	(20)	431	8,971	23	6	6
Croatia	164	1,646	7	(48)	(18)	193	1,646	7	(1)	(4)
Hungary	63	756	4	(73)	(1)	61	756	4	10	7
Italy	46	895	4	(85)	(1)	36	543	1	(9)	1
Poland	24	216	2	(79)	(23)	30	216	2	(3)	(2)
Russia	14	184	1	(44)	(6)	24	184	1	(12)	(12)
Switzerland	67	–	1	–	–	76	–	1	–	–
Slovakia	–	100	–	(56)	(9)	–	100	–	19	15
Total	749	12,768	42	(74)	(16)	851	12,416	39	1	1

Note: Czech Republic and Slovakia includes hotels operated, but not owned by the Group. RevPAR (Revenue Per Available Room). ADR (Average Daily Rate).

Net hotel income versus hotel operating expenses (€ million)



Mamaison Residence Downtown Prague, Czech Republic

Performance

Revenues generated by the hotels portfolio in 2020 fell by approximately 67% from €134 million in 2019 to €44 million, given the severe disruption caused to the hospitality sector as a result of COVID-19. The combined impact of spring and autumn lockdowns across Europe, as well as severe restrictions imposed on domestic and international travel, led to the closure and restricted operation of hotels for a significant portion of the year. For the entire year, average occupancy across the portfolio was around 20% versus 66% in 2019.

However, CPIPG's ownership and operation of its hotels meant that sharp cost control could be implemented quickly, which, combined with a positive summer season, helped offset the significant drop in revenues and support overall profitability. By cutting operating costs and payroll costs by around 50%, for the entire year net business income ended up being close to zero (-€3 million).

In the first lockdown introduced in early March, nearly all hotels in the portfolio were immediately closed apart from in a handful of isolated cases. Until the pandemic outbreak, the portfolio was performing well – Q1 revenues were only around 5% below 2019 levels despite March being heavily impacted. Although the portfolio was permitted to reopen in the Czech Republic in late May, hotels only reopened gradually in line with the return of demand levels.

Almost all hotels reopened in time for a positive summer season across the entire portfolio, despite certain travel restrictions remaining in place, as revenues across the portfolio in Q3 almost quadrupled compared to Q2. Hvar, in particular, saw a solid pickup in bookings between June and August, peaking at room nights sold close to 75% of August 2019 levels (up from 32% in July). Certain hotels were running at 95% occupancy in August.

In light of the second and third waves of the pandemic in the autumn-winter, much of the portfolio remained closed or with significantly restricted operation in the final quarter of the yearwhich meant that revenues were 85% lower in Q4 2020 compared to the corresponding period in 2019.

Over the entire year, we managed to decrease overall operating expenses by 50%, the vast majority of which came from a headcount reduction of around half the permanent workforce. However, the annualised impact of cost reductions also excluding one-off severance costs would be expected to demonstrate an even greater scale-back of costs. For example, the quarter-on-quarter decrease between Q1 and Q2 2020 was around 70% in operating expenses and 60% in payroll costs.

The Group remains hopeful that the hospitality sector will see a strong pickup in activity in the second half of the year in line with improving vaccination rollout, pent-up consumer demand and savings, and an increase in both domestic and international travel with the reopening of borders.

Buddha-Bar Hotel, Prague

Market overview

Around 10.8 million people stayed in collective accommodation establishments in the Czech Republic in 2020, a drop of 51% compared to a record 2019. Historically there has been a roughly 50:50 split between Czech nationals and foreign tourists in the Czech Republic; however, due to the COVID-19 pandemic, the number of foreign tourists fell by around 75% in 2020. The largest three markets making up foreign tourists was represented by neighbouring countries Germany, Poland and Slovakia (each down around 60% versus the prior year).

The Prague hotel market recorded the steepest decline in average revenue per room in 2020. Barcelona, Rome and Lisbon were affected on a similar scale. The main reason for Prague's declining revenue was the 78.5% drop in the occupancy rate (to 16.6%) as well as the 28.1% cut in average prices to €66 per room.

Prague relies on international tourism, which was dramatically hit by the COVID-19 pandemic.
The impact in Prague was exacerbated because:

1. during the first wave, the Czech government was among the first to impose harsh restrictions, including shutting hotels;
2. during the post-summer second wave, the Czech Republic's increase in cases was one of the highest in Europe, hence the clamp-down on hospitality and foreign travel was abrupt, and;
3. unlike many other countries, the Czech authorities did not use local hotels to accommodate health professionals or as makeshift hospitals despite CPIPG being one of the companies to offer spare bed capacity in its hotels.

However, most visitors to Prague are tourists from countries within Europe, less reliant on intercontinental tourism. This market is projected to pick up relatively quickly after pandemic-related measures have been eased. This is supported by figures from the summer months, during which the constraints were relaxed, enabling at least tourists from the surrounding countries to come to Prague again: the capital's hotels saw their occupancy rates increase dramatically, overtaking international destinations such as London, Paris and Rome.

David Nath, Head of the Central & Eastern European Hospitality Team at Cushman & Wakefield: was quoted as saying, "The willingness and appetite to travel has not dimmed and Prague remains a preferred destination. That is why we are seeing this ongoing interest among prominent market players in buying, leasing or operating some of the local hotels – the demand definitely exceeds supply."

Hotel transactions were few and far between on the Czech market in 2020. However, prices have been holding up at their original level, given the lack of hotels for sale, very limited new supply in the pipeline and talks of potential curbs to the short-term rentals market and VAT cuts on accommodation services.

In a recent survey conducted by Cushman & Wakefield among regional and international hotel operators active in the CEE and SEE regions, 81% said that they were "very" or "highly" interested in the Czech capital.

Prague, Warsaw, and Budapest also were the top three cities in the region in CEE and SEE according to the survey.

Sources: Savills, JLL, Cushman & Wakefield, Cushman & Wakefield – Operator Beat, Czech Statistical Office

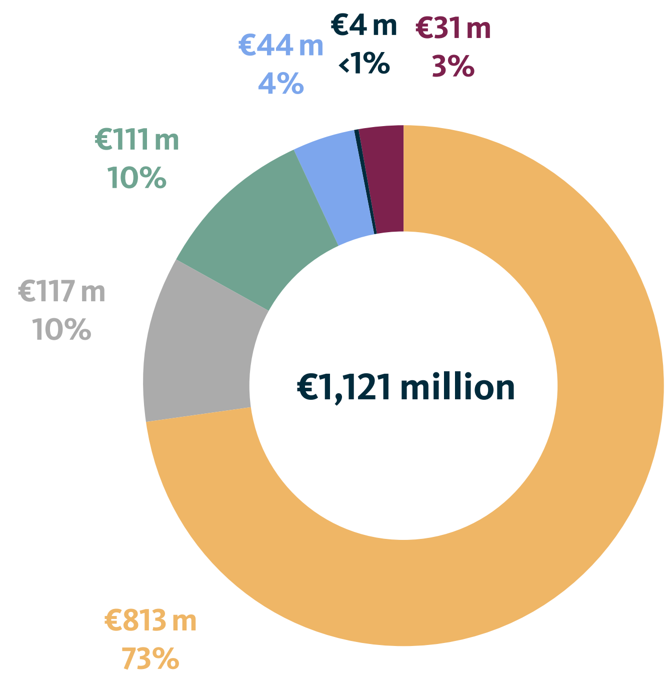
Complementary Assets

The Group's Complementary Assets segment consists of landbank plots in the Czech Republic and Berlin, selective development projects and smaller portfolios that are complementary to CPIPG's overall strategy, such as logistics assets in Hungary.

The Group's landbank is a strategic asset that can be held and potentially developed over the long-term. These holdings primarily relate to the Czech Republic and also Berlin. Value of the landbank increased as key approvals for development were received.

While development remains a relatively small part of CPIPG's portfolio, selective and low-risk development is an attractive way to continue growing our portfolio of income-generating assets. Our approach towards development is conservative, and we typically develop to hold.

Complementary assets property portfolio (as at 31 December 2020)



Complementary segment summary in figures

	Complementary Assets 2020							Complementary Assets 2019						
	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties
Agriculture	111	–	–	–	–	232 469 000*	–	114	–	–	–	–	234 528 000*	–
Industry & logistics	117	93.7%	198,000	–	–	–	20	99	92.2%	192,000	–	–	–	19
Development	44	–	–	–	18,000	–	7	187	–	–	90,000	16,000	–	12
Landbank	813	–	–	–	–	21,425,000	–	707	–	–	–	–	21,506,000	–
Other	4	–	–	–	–	–	–	3	–	–	–	–	--	–
Globalworth – Industry & logistics	31	–	–	–	–	–	–	1	–	–	–	–	--	–
Total	**1,121**	**93.7%**	**198,000**	**–**	**18,000**	**253,894,000**	**27**	**1,111**	**92.2%**	**192,000**	**90,000**	**16,000**	**256,034,000**	**31**

** Includes farmland operated, but not owned by the Group.*

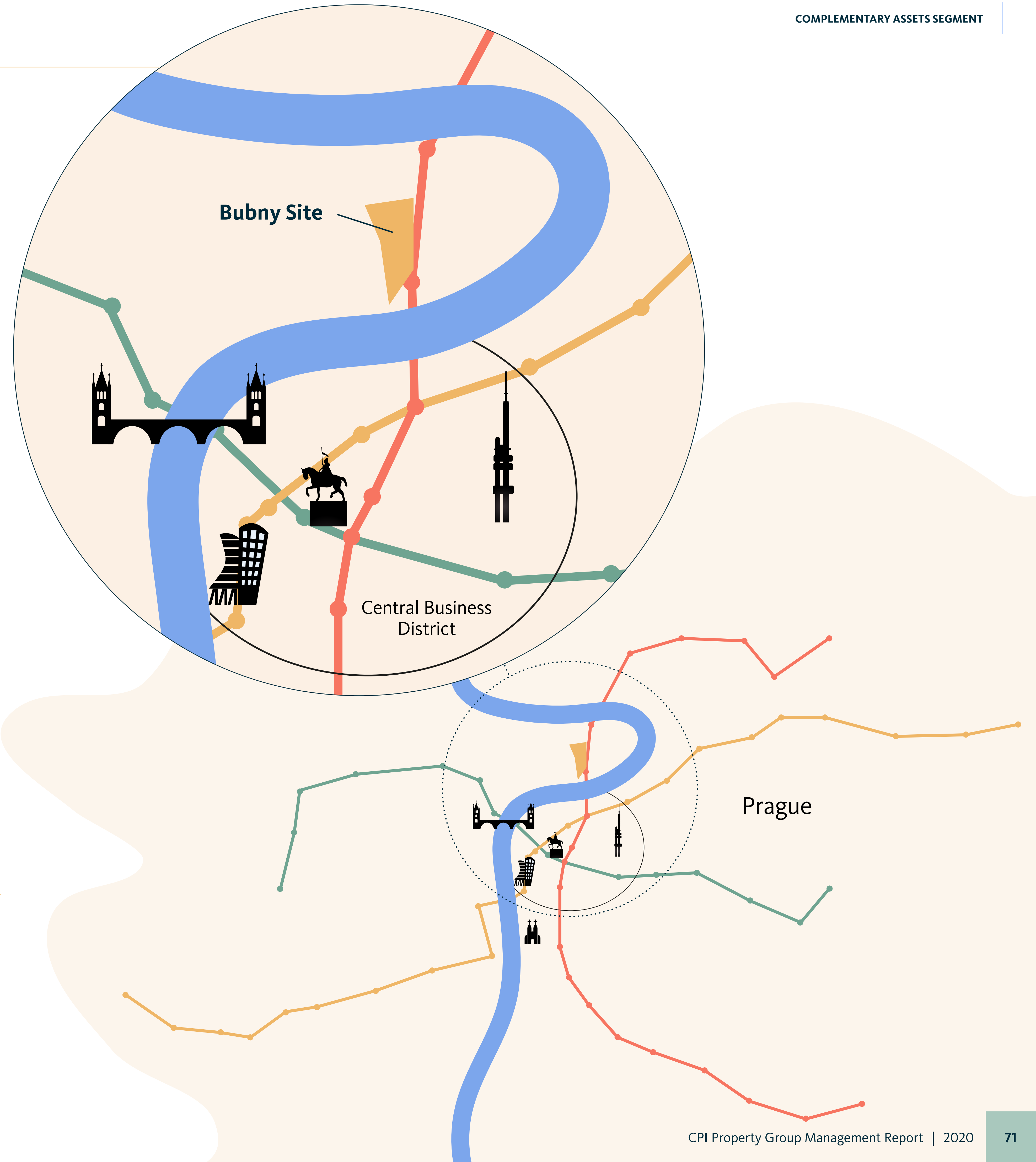
Landbank in the Czech Republic

In the Czech Republic, **landbank holdings amount to €683 million**.

Around 58% of the Czech landbank is situated in Prague, mainly relating to Bubny, a 201,000 m² area strategically located close to the CBD and where **we recently completed the redevelopment of flagship office Bubenská 1**.

The majority of the remainder of the Czech Republic landbank relates to Nová Zbrojovka, Brno – where the Group is completing the **regeneration and redevelopment of one of the largest brownfields in Brno** and recently completed the first office development in the new neighbourhood, ZET.office. After completing the site's first office building and its surroundings, the first tenants, Kiwi.com and Axians, moved into ZET.office during 2020.

Given the scarce availability of land in Prague and across the country and constraints in obtaining building permits, the value of strategic land plots has been increasing. Also, **the Group recently received approval for a zoning change relating to the Nová Zbrojovka redevelopment project,** paving the way to its completion in the near future. In combination, these factors drove a **20% increase in the value of the Czech landbank compared to 2019.**



Landbank summary in figures

	Landbank 2020		Landbank 2019	
	PP value (€ million)	Land area (m²)	PP value (€ million)	Land area (m²)
Prague	393	1,447,000	342	1,481,000
Berlin	95	22,000	101	21,000
Other	325	19,956,000	264	20,004,000
Total	813	21,425,000	707	21,506,000

Landbank & development in Berlin

In Berlin, the Group owns landbank plots currently valued at €95 million, located in attractive areas. This provides opportunities for low-risk extensions and developments.

Given the magnitude of office demand in Berlin, which continues to exceed supply, property prices have continued to rise even during 2020 despite COVID-19. Development of our strategic landbank plots provides another source of growth for portfolio value and rents. In our new developments, we are able to attract blue-chip tenants with prime-level rents. Prinzessinnenstraße and The Benjamin, completed in Q4 2020, are shining examples of this.

GSG always applies for BREEAM certification for significant new-build developments, which helps support the Group's ESG objectives.

GSG Berlin also has a number of attractive future developments in its pipeline, largely relating to extensions in and around the portfolio's existing properties, such as TorHaus² and Zossener Straße

Image: GSG Berlin ©KarstenGrootArchitektur

image: GSG Berlin © Visualisierung

TorHaus² (in development)

- A new development comprising an extension to the existing GSG courtyard at Helmholtzstraße, Charlottenburg
- The new building will be integrated directly into a historic infrastructure that has evolved over decades, with parking, shopping, dining and leisure facilities
- Desirable location, directly on the Spree river
- Due for **completion in Q4 2021** and tenant handover in Q1 2022
- Over 8,000 m² of new GLA
- We have leased the entire building to a software developer for the automotive industry
- Attractive rent in line with the market

Zossener Straße (in development pipeline)

- The creation of 9,000 m² of new construction space and the modernization of a further 7,000 m² of existing space in modular and flexible design
- An excellent central location in the centre of Kreuzberg
- Modern design and technology harmoniously combined with historical character
- Development due to commence in 2022

EPRA performance

CPIPG aims for excellence, depth and transparency in all of our external reporting.

EPRA BPR Gold Award

recipient for high-quality reporting

Petr Mizera, Head of External Reporting

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

EPRA earnings

A rationale for using EPRA Earnings is that unrealized changes in valuation, gains or losses on disposals of properties and certain other items do not necessarily provide an accurate picture of the company's underlying operational performance. EPRA Earnings measures the underlying operating performance of an investment property company excluding fair value gains, investment property disposals, and limited other items that are not considered to be part of the core activity of an investment property company.

€ million	2020	2019*
Earnings per IFRS income statement	**244**	**685**
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	173	561
Profits or losses on disposal of investment properties, development properties held for investment and other interests	1	2
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	6	2
Tax on profits or losses on disposals	0	0
Negative goodwill / goodwill impairment	18	(7)
Changes in fair value of financial instruments and associated close-out costs	1	2
Acquisition costs on share deals and non-controlling joint venture interests	0	0
Deferred tax in respect of EPRA adjustments	(33)	(46)
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(11)	(0)
Non-controlling interests in respect of the above	0	0
EPRA Earnings	**89**	**171**
Weighted average number of shares	8,332,414,083	8,573,605,213
EPRA Earnings per Share (EPS) (in €)	**0.011**	**0.020**
Company specific adjustments:		
Impairments	(51)	1
Amortisation, depreciation	(38)	(33)
Net foreign exchange gain – unrealised	230	16
Net foreign exchange loss – unrealised	(188)	(8)
Deferred tax in respect of Company specific adjustments	(34)	1
Company specific Adjusted Earnings	**170**	**194**
Company specific Adjusted EPS	**0.020**	**0.023**

* *The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties from the Net valuation gain or loss to the Other net financial result (refers to paragraph 2.4 of Consolidated Financial Statements).*

EPRA NAV Metrics

The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.

In October 2019, the European Public Real Estate Association (EPRA) published new Best Practice Recommendations (BPR). EPRA Net Asset Value (NAV) and EPRA Triple Net Asset Value (NNNAV) are replaced by three new Net Asset Valuation metrics: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV).

EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA NDV represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

The new three metrics are presented below as at 31 December 2020 and 31 December 2019 to provide a bridge and a comparison to the current measures, EPRA NAV and EPRA NNNAV.

Bridge Key

Remains the same · Revised · New

EPRA Net Asset Value (€ million)	2020	2019
IFRS Equity attributable to owners	4,321	**4,334**
Include/Exclude:		
Hybrid instruments	0	0
Diluted NAV	4,321	4,334
Include:		
Revaluation of investment properties (if IAS 40 cost option is used)	0	0
Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	0	0
Revaluation of other non-current investments	0	0
Revaluation of tenant leases held as finance leases	0	0
Revaluation of trading properties	2	2
Exclude:		
Fair value of financial instruments	0	0
Deferred tax	(837)	(807)
Goodwill as a result of deferred tax	43	43
EPRA NAV	5,118	**5,100**
Fully diluted number of shares	8,332,414,083	8,332,414,083
EPRA NAV per share (in €)	0.614	**0.612**
EPRA Triple Net Asset Value (€ million)		
EPRA NAV	5,118	**5,100**
Include:		
Fair value of financial instruments	0	0
Fair value of debt	(29)	(59)***
Deferred tax*	(311)	(320)
EPRA NNNAV	4,778	**4,721**
Fully diluted number of shares	8,332,414,083	8,332,414,083
EPRA NNNAV per share (in €)	0.573	**0.567**

** (1.) The Company assumes disposals through share deals. (2.) The Company considers local tax legislation and incorporation of the "Directive on the Common System of Taxation Applicable in the Case of Parent Companies and Subsidiaries of Different Member States". (3.) The Company considers disposals of companies with material properties.*

€ million	EPRA NRV		EPRA NTA		EPRA NDV	
	2020	2019	2020	2019	2020	2019
IFRS Equity attributable to owners	4,321	4,334	4,321	4,334	4,321	4,334
Include/Exclude:						
Hybrid instruments	0	0	0	0	0	0
Diluted NAV	4,321	4,334	4,321	4,334	4,321	4,334
Include:						
Revaluation of IP (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of other non-current investments	0	0	0	0	0	0
Revaluation of tenant leases held as finance leases	0	0	0	0	0	0
Revaluation of trading properties	2	2	2	2	2	2
Diluted NAV at Fair Value	4,323	4,336	4,323	4,336	4,323	4,336
Exclude:						
Deferred tax in relation to fair value gains of IP	(837)	(807)	(837)**	(807)**		
Fair value of financial instruments	0	0	0	0		
Goodwill as a result of deferred tax	43	43	43	43	43	43
Goodwill as per the IFRS balance sheet			51	51	51	51
Intangibles as per the IFRS balance sheet			13	14		
Include:						
Fair value of fixed interest rate debt					(29)	(59)***
Revaluation of intangibles to fair value	0	0				
Real estate transfer tax	0	0	0	0		
NAV	5,118	**5,100**	5,053	**5,035**	4,200	**4,184**
Fully diluted number of shares	8,332,414,083	8,332,414,083	8,332,414,083	8,332,414,083	8,332,414,083	8,332,414,083
NAV per share (in €)	0.614	**0.612**	0.606	**0.604**	0.504	**0.502**

*** (1.) The Company classifies Assets held for sale and Inventories as a part of the portfolio which is intended to be sold. (2.) The Company assumes disposals of Assets held for sale through share deals and disposals of Inventories through asset deals. (3.) The Company considers local tax legislation and incorporation of the "Directive on the Common System of Taxation Applicable in the Case of Parent Companies and Subsidiaries of Different Member States". (4.) The Company considers disposals of companies with material properties (AHFS) or disposals of material properties (Inventories).*

**** Restated.*

EPRA vacancy rate

The EPRA vacancy rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole property portfolio (including vacant spaces).

The rationale for using the EPRA vacancy rate is that it can be clearly defined, should be widely used by all participants in the direct real estate market and comparable from one company to the next.

(€ million)	2020	2019
Estimated rental value of vacant space	29	24
Estimated rental value of the whole portfolio	469	427
EPRA Vacancy Rate	**6.3%**	**5.7%**

EPRA net initial yield and EPRA "topped-up" net initial yield

The EPRA NIY (Net Initial Yield) is calculated as the annualised rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property. The EPRA "Topped-up" NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent-free periods and step rents).

EPRA NIY and EPRA "topped-up" NIY are aimed at encouraging the provision of comparable and consistent disclosure of yield measures across Europe. These two yield measures can be clearly defined, widely used by all participants in the direct and indirect European real estate market and should be largely comparable from one company to the next and with market evidence.

(€ million)	2020	2019
Investment property – wholly owned	8,793	8,157
Investment property – share of JVs/Funds	0	0
Trading property (including share of JVs)	0	0
Less: developments	**914**	**943**
Completed property portfolio	7,878	7,214
Allowance for estimated purchasers' costs	0	0
Gross up completed property portfolio valuation	**7,878**	**7,214**
Annualised cash passing rental income	384	354
Property outgoings	29	39
Annualised net rents	**355**	**315**
Add: notional rent expiration of rent free periods or other lease incentives	**19**	**12**
Topped-up net annualised rent	**374**	**328**
EPRA NIY	**4.51%**	**4.37%**
EPRA "topped-up" NIY	**4.75%**	**4.54%**

EPRA cost ratio

EPRA cost ratio is calculated by expressing the sum of property expenses (net of service charge recoveries and third-party asset management fees) and administrative expenses as a percentage of gross rental income.

The EPRA Cost Ratios are aimed at providing a consistent base-line from which companies can provide further information around costs where appropriate.

(€ million)	2020	2019
Include:		
Administrative/operating expense line per IFRS income statement	98	113
Net service charge costs/fees	(32)	(35)
Management fees less actual/estimated profit element	0	0
Other operating income/recharges intended to cover overhead expenses less any related profits	0	0
Share of Joint Ventures expenses	0	0
Exclude (if part of the above):		
Investment property depreciation	0	0
Ground rent costs	0	1
Service charge costs recovered through rents but not separately invoiced	0	0
EPRA Costs (including direct vacancy costs)	**66**	**77**
Direct vacancy costs	3	3
EPRA Costs (excluding direct vacancy costs)	**62**	**73**
Gross Rental Income less ground rents – per IFRS	**356**	**318**
Less: service fee and service charge costs components of Gross Rental Income (if relevant)	0	0
Add: share of Joint Ventures (Gross Rental Income less ground rents)	0	0
Gross Rental Income	**356**	**318**
EPRA Cost Ratio (including direct vacancy costs)*	**0.18**	**0.24**
EPRA Cost Ratio (excluding direct vacancy costs)*	**0.18**	**0.23**

* *Our EPRA cost ratio is higher than some peers because of CPIPG's consistent reinvestment in our properties to improve rents, occupancy and valuations.*

Valuation summary

Palác Archa terrace, Prague, Czech Republic

Property valuation

The consolidated financial statements for the year ended 31 December 2020 have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which include the application of the fair value method. Since the property portfolio owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

Valuation reports are prepared according to RICS Standards (RICS Valuation – Professional Standards January 2014), whilst an immaterial amount is prepared according to Czech valuation standards. The Group revalues the entire portfolio annually; for semi-annual periods, CPIPG revalues properties where performance has been exceptional (positively or negatively). Under the terms of the Group's EMTN programme, 90% of the portfolio must be externally valued by a reputable independent valuation company annually.

The property portfolio valuation as of 31 December 2020 is based on reports issued by:

- **Jones Lang LaSalle**
- **Savills**
- **Knight Frank**
- **Cushman & Wakefield**
- **RSM TACOMA**
- **CBRE**
- **and other appraisers**

Entrusting several independent companies with the task of appraising the Group's real estate assets makes the process of determining the value of the Group's property portfolio transparent and impartial. At the same time, the valuation process is centralised for consistent methodology, reporting, and timeframe. The compensation paid to appraisers is entirely independent of their appraisal results but reflects the assigned workload measured by the number and the size of assets whose value should be appraised.

The following table summarises the number and value of the Group's real estate assets appraised by individual firms, as well as the share of the appraised value in the total valuation. For the purpose of informative value, individual appraisers' workload and valuation results are presented by business segments. The contribution of individual firms to total valuation summarised across business segments is also included.

Split by appraisers and segments (as at 31 Dec 2020)

Appraisers	Segments	No. of properties / No. of units*	Valuation	% of total PP value
Jones Lang Lasalle	Office	36	1,333	13%
	Retail	90	1,815	18%
	Residential	11,864	508	5%
	Hotels & Resorts	2	99	1%
	Complementary Assets	20	783	8%
Savills	Office	46	2,462	24%
	Residential	11	95	1%
	Complementary Assets	1	97	1%
Knight Frank	Office	9	850	8%
	Retail	8	161	2%
Cushman & Wakefield	Retail	49	97	1%
	Residential	43	194	2%
	Hotels & Resorts	26	489	5%
	Complementary Assets	2	58	1%
Tacoma	Office	2	8	0%
	Retail	1	7	0%
	Hotels & Resorts	9	88	1%
	Complementary Assets	0	17	0%
CBRE	Office	1	21	0%
	Complementary Assets	0	80	1%
Other	Office	4	73	1%
	Retail	8	103	1%
	Residential	10	40	0%
	Hotels & Resorts	4	66	1%
	Complementary Assets	3	52	1%
Acquisition	Office	0	26	0%
	Retail	0	7	0%
	Residential	1	23	0%
	Hotels & Resorts	1	6	0%
	Complementary Assets	1	3	0%
	Globalworth	0	651	6%
Total			**10,316**	**100%**

** Number of units provided for residential properties.*

Portfolio net yields

	EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Net Equivalent Yield	Prime Yield
Office	**4.1%**	**4.4%**	**4.8%**	
Berlin	3.3%	3.4%	3.8%	2.7%
Czech Republic	4.7%	5.2%	5.5%	4.1%
Poland	5.4%	6.1%	5.9%	4.5%
Hungary	5.1%	5.7%	6.8%	5.3%
Retail	**6.1%**	**6.2%**	**6.2%**	
Czech Republic	5.8%	5.9%	5.9%	4.8%
Other	7.1%	7.1%	7.1%	5.7%
Residential	**3.2%**	**3.2%**	**3.5%**	
Czech Republic	3.2%	3.2%	3.5%	–
Total	**4.5%**	**4.8%**	**5.1%**	

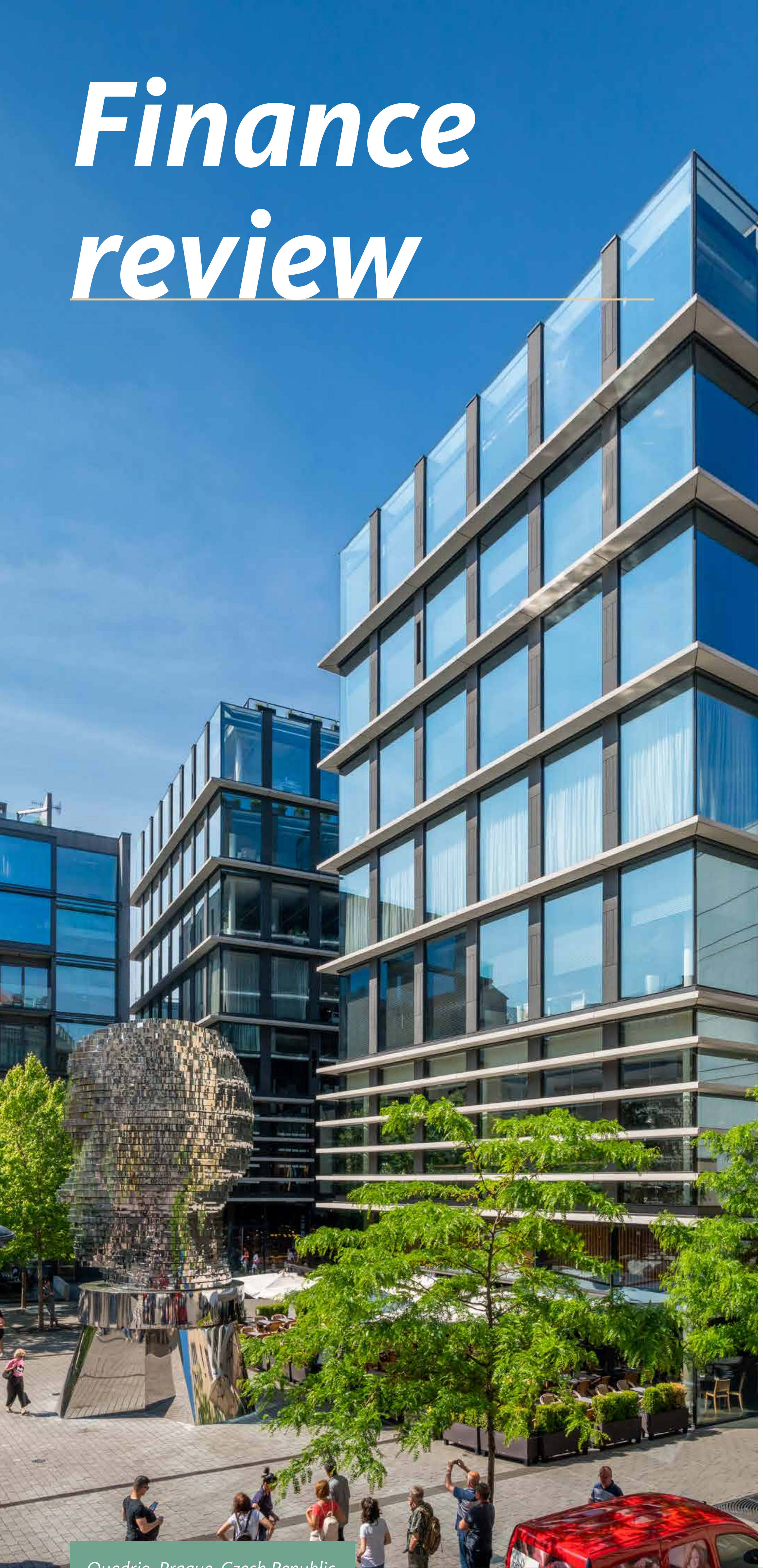
The table shows a comparison of yields across various business segments and countries of the Group. The EPRA NIY (Net Initial Yield) is calculated as the annualised rental income based on passing cash rents, less non-recoverable property operating expenses, divided by the gross market value of the property. The EPRA "Topped-up" NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent-free periods and step rents). The Net Equivalent Yield is calculated as a weighted average of the net initial yield and the reversionary yield, representing the return a property will produce. The reversionary yield is based on ERV (Estimated rental value) of vacant areas stated by appraisers for each property.

The relatively lower EPRA "Topped-up" Yields in comparison to Net Equivalent Yields are mainly due to excluding income on vacant spaces.

On a Group basis, the EPRA Net Initial Yield of our portfolio slightly increased to 4.5% from 4.4% at the end of 2019.

Warsaw Financial Center and skyline, Warsaw, Poland

Finance review


Quadrio, Prague, Czech Republic

2020 was another successful year for CPIPG's financing activities

During 2020, the Group's balance sheet was significantly strengthened through debt repayment, debt maturity extension, new hybrid capital issuance and additional liquidity.

The Group issued unsecured bonds of close to **€1.3 billion** in 4 currencies, in both green and non-green format. In addition, around €0.6 billion of hybrid securities were issued. Through these issuances, the Group achieved a number of significant milestones: **the first issuer from our region to issue a green bond in Sterling, the first-ever European corporate perpetual hybrid bond in Singapore Dollars, and the first corporate green bond issued in Hungary.** Having become a repeat green bond issuer, the Group also joined a small handful of corporates to have issued **four green bonds in 3 currencies**, demonstrating the Group's commitment to ESG and sustainable finance.

In 2020, a significant portion of new bond and hybrid issues were used to **repay more than €1.2 billion** of senior unsecured bonds, Schuldschein and hybrid bonds with scheduled maturities or call dates between 2022-24. Shortly following the end of the year, in January 2021, CPIPG raised over €1 billion in a single transaction between senior unsecured and hybrid bonds to repay an additional more than €750 million of senior unsecured and hybrid bonds with near term maturities or call dates. Following these transactions, **only about 15% of the Group's total financing is due or callable within the next three years and about 40% within the next five years.**

CPIPG also spent about €950 million on acquisitions during the first nine months of 2020, primarily in Q1 before the outbreak of COVID-19 when the Group acquired additional offices in Warsaw and increased a stake in Globalworth to 29.6%. Activity in Q2-Q4 was significantly reduced as the Group focused on cash retention and leverage reduction. The acquisitions will contribute significant **stable rental income** to the Group for many years to come, and they clearly **contributed to the Group's resilient performance** during the year.

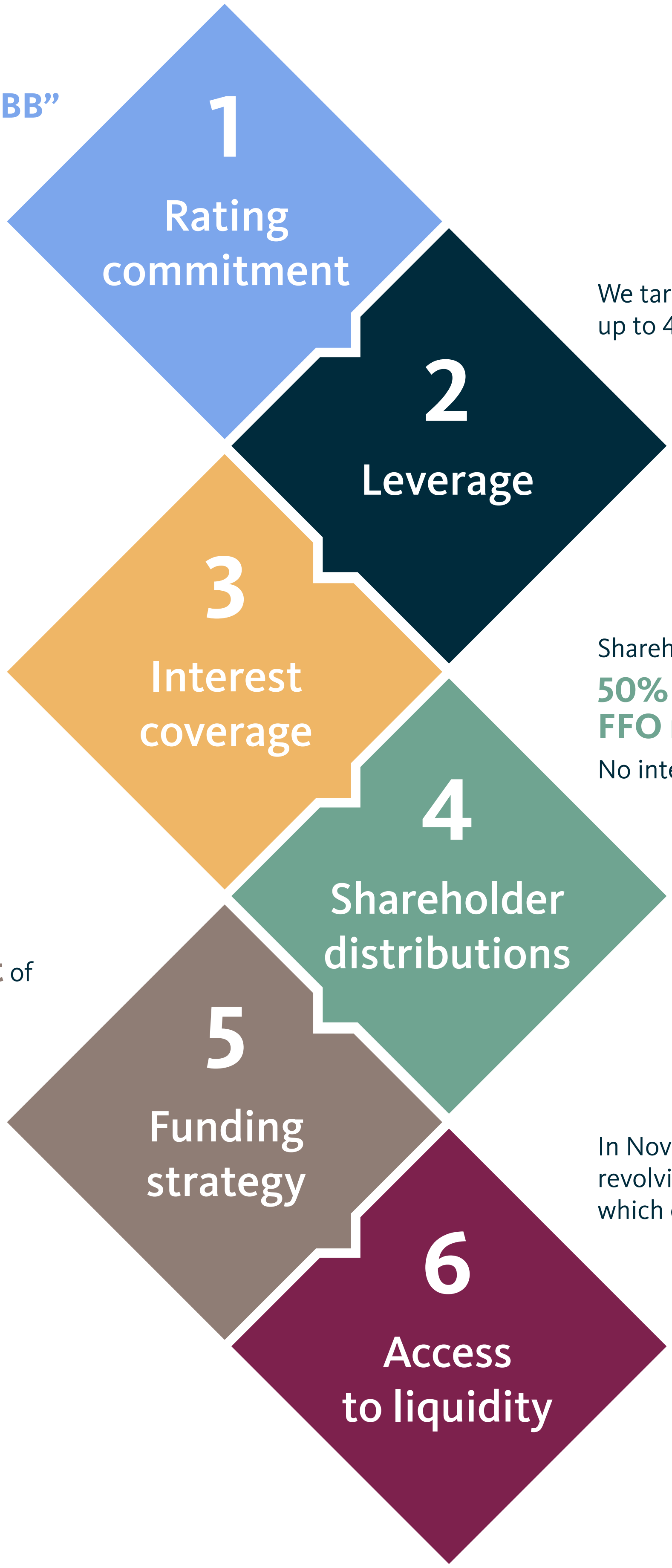
Primarily as a result of acquisitions, the Group's net LTV rose temporarily during the year above 40%. **Prudent liability management, additional hybrid issuance and positive revaluations and FX effects in the second half brought the ratio back to 40.7% by the end of 2020,** close to our long-term target. Additional hybrid issuance in January 2021 further supported the Group's deleveraging efforts. CPIPG remains **committed to our rating objectives** and will continue taking actions to strengthen our leverage profile and capital structure in the future. On the other hand, we want to remain open to acquisitions which make long-term strategic sense for the Group.

CPIPG's liquidity was rock-solid at all times. At the end of March 2020, as the pandemic unfolded, the Group had around €1 billion of liquidity, and our revolving credit facility remained undrawn even at the height of the outbreak. By the end of 2020, total liquidity stood at €1.4 billion, bolstered by signing a **new €700 million revolving credit facility** due in November 2026.

CPIPG maintains a strong focus on financial reporting integrity and transparency for the benefit of our stakeholders.

Pavel Měchura, Group Finance Director

CPIPG's financial policy



Absolute commitment to strong investment-grade ratings

Focused on achieving **"high BBB"** ratings in coming years

We target a **Net LTV of 40% or below,** up to 45% temporarily for strategic acquisitions

CPIPG intends to maintain an **ICR of 4× or above**

Shareholder distributions will be subject to **50% – 100% FFO retention annually**

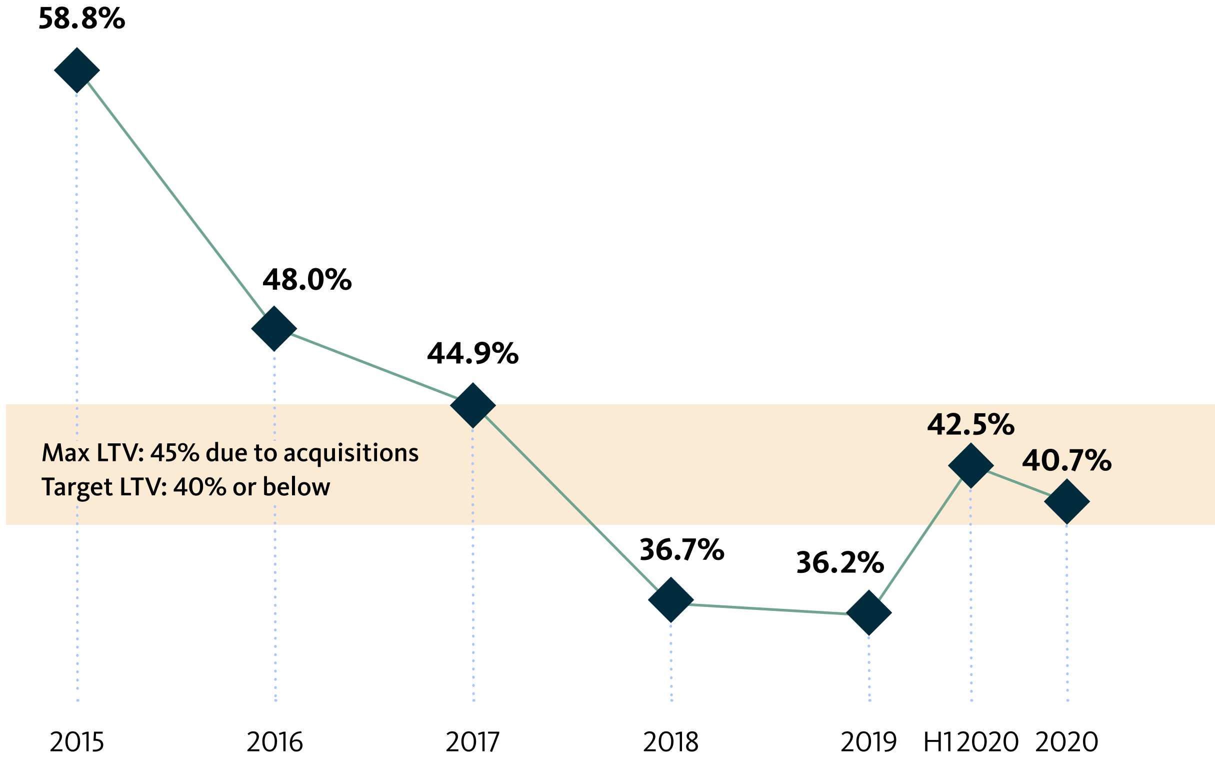
No intention to institute dividend distributions

Maintain a high level of unencumbered assets

Proactive management of our maturity profile

In November 2020, we signed a new revolving credit facility of **€700 million**, which expires in 2026

LTV evolution (%)



CPIPG has clearly demonstrated commitment to our financial policies through prudent management of Net LTV. At the end of H1 2020, Net LTV increased to 42.5% from 36.2% at the end of 2019, primarily due to the impact of acquisitions, combined with negative portfolio revaluations in the first half. **In accordance with our financial policy**, the increase above 40% was **temporary**, and the acquisitions were **strategic** – aimed to enhance the Group's scale, income generation and credit profile. At the end of 2020, **Net LTV reduced to 40.7%** following new hybrid issuance and positive revaluations in the second half. In January 2021, additional hybrid issuance brought **pro forma Net LTV back clearly below 40%.**

Other key financial metrics remain in line with the Group's financial policy and future rating objectives. **Net ICR remains well above 4×** at the end of 2020, supported by continued EBITDA expansion and a low average cost of debt.

During 2020 and also in January 2021, the Group significantly enhanced our debt maturity profile through multiple liability management exercises, repaying **over €1.9 billion of debt in total maturing in 2022, 2023 and 2024**.

In light of the COVID-19 pandemic, CPIPG did not repurchase any shares during 2020. In the first quarter of 2021, the Group executed a non-cash share buyback equivalent to around 50% of combined FFO for 2020 and 2021 (forecast), in turn reducing shareholder loan receivables. The Group does not intend to conduct additional share buybacks in 2021.

Senior unsecured and hybrid new issuance

CPIPG issued €1,276 million equivalent of senior unsecured bonds in 2020 across Euros, Sterling, Hong Kong Dollars and Hungarian Forint, as follows:

- In January, we issued an 8-year Sterling green bond of GBP 350 million (€411 million equivalent), becoming the **first CEE corporate to issue a benchmark Sterling-denominated green bond;**
- In February, we issued 250 million Hong Kong Dollars (approximately €29 million) with a 10-year maturity, the **third time we have issued in the Hong Kong market and our fourth transaction in Asia;**
- In May, CPIPG issued a €750 million 6-year green bond, **our second benchmark-size green bond issuance in Euros;**
- In August, we issued 30 billion Hungarian Forint (approximately €86 million) of 10-year green bonds, representing the **first corporate green bond issued in Hungary**

After the end of the year, in January 2021, the Group issued €650 million of 10-year senior unsecured bonds, with a coupon of 1.5%.

During 2020, CPIPG also issued subordinated "hybrid" bonds totalling €624 million equivalent, in Euros and Singapore dollars. In January, we issued SGD 150 million (€99 million) of hybrid bonds callable in 2025, becoming the **first European corporate to issue a Singapore Dollar-denominated hybrid bond.** In September, we issued €525 million of hybrid bonds callable in 2026.

As of 31 December 2020, the Group had issued about €1.7 billion of hybrid bonds. Hybrids are classified as equity under IFRS and count as 50% equity for rating agency purposes. While hybrid bonds offer substantial structural benefits and flexibility, CPIPG highly values continued access to the hybrid bond market and fully incorporates hybrids into our refinancing plans.

After the end of the year, in January 2021, the Group issued €400 million hybrid bonds callable in 2028, with a coupon of 3.75% as well as a small private placement in Japanese Yen, equivalent to around €24 million.

Senior unsecured and hybrid repayment

In total, during 2020, the Group repaid **more than €1.2 billion** of senior unsecured bonds, Schuldschein and hybrid bonds as follows:

- In March, the Group repaid €49 million of Schuldschein maturing in 2025;
- In May, the Group used the proceeds of the issuance of €750 million of senior unsecured 6-year green bonds together with existing liquidity to repay **close to €800 million of bonds maturing in 2022, 2023 and 2024**, primarily through tender offers;
- In September, the Group used the proceeds of €525 million subordinated hybrid bonds to repay **close to €380 million of existing hybrids (callable in 2023), unsecured bonds maturing in 2022 and Schuldschein**. The repayment of hybrids constituted the majority (€328 million).

Following the end of the year, the Group used the proceeds raised from new senior unsecured bonds and hybrid bonds issued in January to repay more than €750 million of senior unsecured and undated subordinated bonds, which are callable or mature in 2022, 2023, and 2024. Following this transaction, the Group's 4.375% hybrid notes callable in 2023 were repaid in full. In addition, **only about 15% of the Group's total financing is due or callable within the next three years and about 40% within the next five years.**

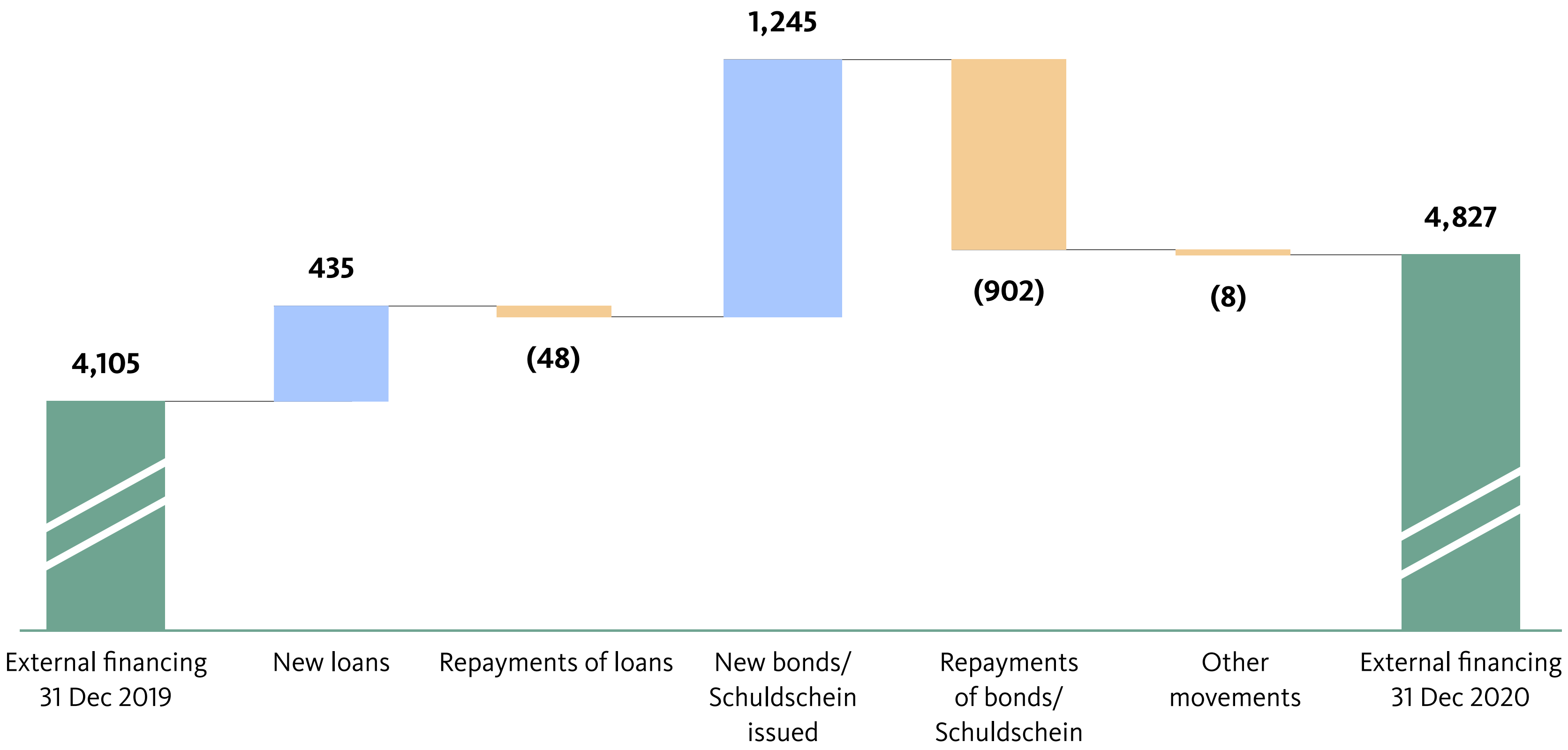
A leader in green bond financing

CPIPG has now issued four green bonds in three currencies: Euros, Sterling and Hungarian Forint. Less than ten other companies globally have matched this accomplishment. The Group believes that sustainable financing is a useful tool to highlight our focus and progress on ESG matters.

Selective secured bank financing

In the first half of 2020, the Group completed a secured loan in the Czech Republic for €116 million at a desirable rate. In July, the Group's subsidiary GSG increased their loan from Berlin Hyp by €259 million to a total of €750 million. The loan is due in October 2024, with a blended interest rate of about 1%. The new financing was priced below 1%.

Changes in external financing during 2020 (€ million)



Issue Date	Currency	Amount (million)	€ equivalent (million)	Coupon (%)	Maturity Date	Format	% swapped to €
Feb 2021	JPY	3,000	24	0.710	Feb 2025	EMTN	100%
Jan 2021	EUR	400	400	3.750	Perpetual	EMTN (hybrid)	–
Jan 2021/Feb 2021	EUR	650	650	1.500	Jan 2031	EMTN	–
Sep 2020	EUR	525	525	4.875	Perpetual	EMTN (hybrid)	–
Aug 2020	HUF	30,000	86	2.250	Aug 2030	Local bond (green)	100%
May 2020	EUR	750	750	2.750	May 2026	EMTN (green)	–
Feb 2020	HKD	250	29	3.014	Feb 2030	EMTN	100%
Jan 2020	SGD	150	99	5.800	Perpetual	EMTN (hybrid)	100%
Jan 2020	GBP	350	411	2.750	Jan 2028	EMTN (green)	100%
Oct 2019	EUR	750	750	1.625	Apr 2027	EMTN (green)	–
Jun 2019	HKD	283	32	4.450	Jun 2026	EMTN	100%
Apr 2019	EUR	550	550	4.875	Perpetual	EMTN (hybrid)	–
Mar 2019	EUR	111	111	FRN	Mar 2023	SSD	–
Mar 2019	EUR	49	49	FRN	Mar 2025	SSD	–
Mar 2019	EUR	10	10	2.696	Mar 2027	SSD	–
Mar 2019/Jul 2019	USD	450	402	4.750	Mar 2023	EMTN	100%
Feb 2019	HKD	450	50	4.510	Feb 2024	EMTN	100%
Dec 2018	JPY	8,000	62	1.414	Dec 2021	EMTN	100%
Dec 2018	JPY	3,000	23	1.995	Dec 2028	EMTN	100%
Oct 2018	CHF	165	145	1.630	Oct 2023	EMTN	61%
Oct 2018	EUR	610	610	1.450	Apr 2022	EMTN	–
May 2018	EUR	550	550	4.375	Perpetual	EMTN (hybrid)	–
Oct 2017/Dec 2017	EUR	825	825	2.125	Oct 2024	EMTN	–

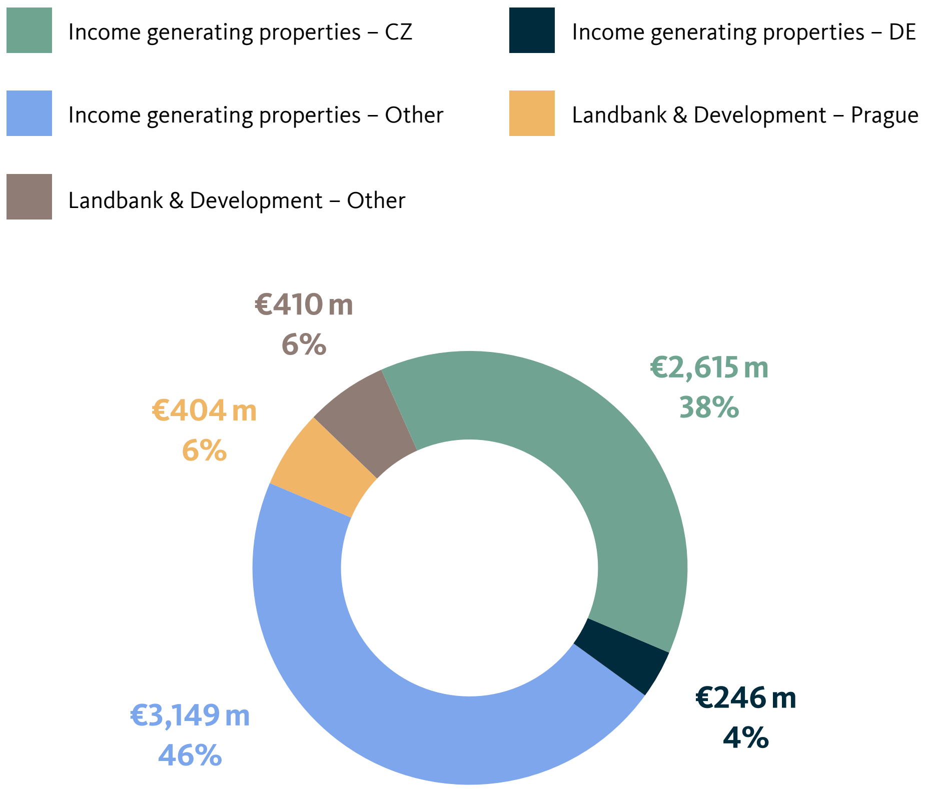
Note: EMTN denotes issuance under our EMTN programme; all bonds are senior unsecured unless otherwise noted. SSD denotes Schuldschein. Terms on the Schuldschein (covenants, etc.) are completely aligned/match our EMTN programme.

CPIPG's new RCF and cash pooling arrangements further reinforce our liquidity and treasury management.

Jan Galečka, Head of Treasury

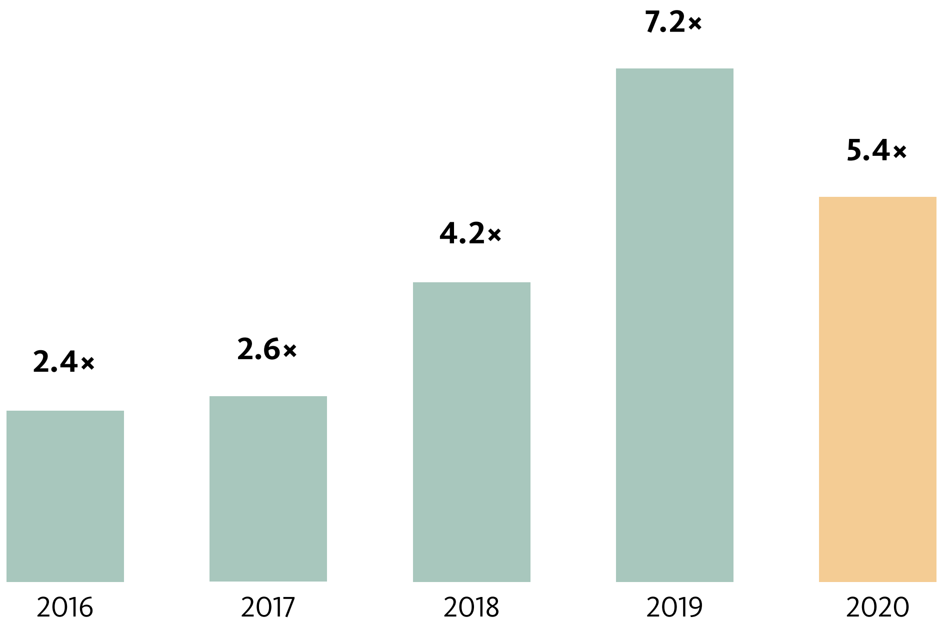
Luxembourg Plaza, Prague, Czech Republic

Composition of unencumbered asset portfolio



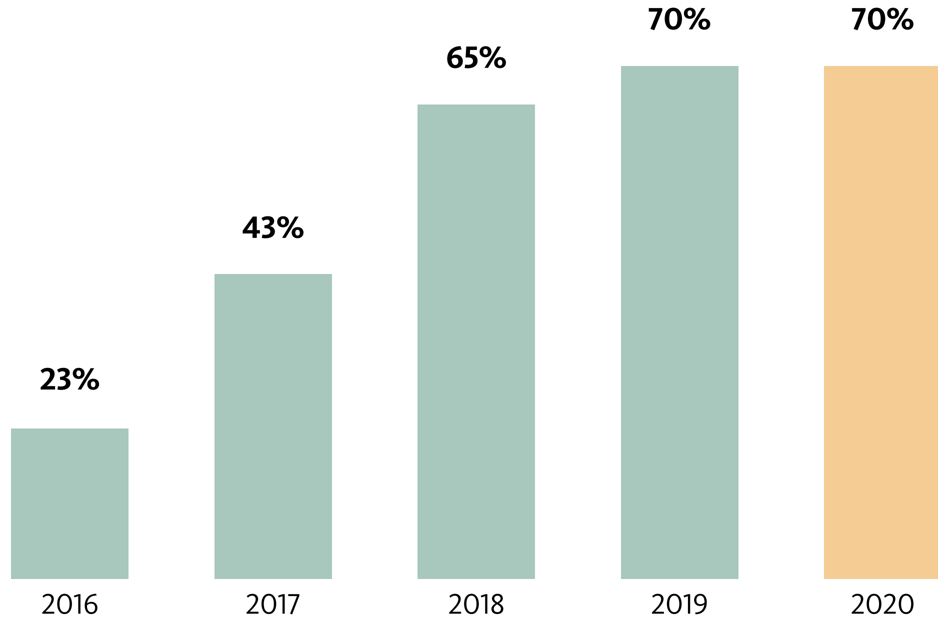
Robust net interest coverage (ICR)

Net ICR remained strong at 5.4× in 2020. Significant historical refinancing activity to reduce average interest costs, combined with continual increases in EBITDA, have led to consistent improvement in the Group's Net ICR, peaking at 7.2× in 2019. The lower level in 2020 is due to the combined effect of the annualised interest from debt issued in 2019, higher debt in 2020, and the lower-than-expected growth in EBITDA, mainly due to the temporary impact of tenant discounts and significantly reduced income from the Hotels & resorts segment in 2020. **If hotels had performed normally and no discounts were provided, Net ICR would have been 6.3×.**



High level of unencumbered assets

The Group's unencumbered assets ratio remained stable at 70% compared to 2019. Unencumbered assets primarily consist of retail and office properties in the Czech Republic, along with high-quality landbank, residential assets and selected assets in Germany and other geographies of the Group. CPIPG intends to maintain a high level of unencumbered assets at all times and believes it to provide a significant source of liquidity and flexibility for the Group.



Strong liquidity (€ million)

Cash as at 31 December 2020	632
(+) RCF – fully undrawn	700
(+) Other undrawn lines	21
Total liquidity as at 31 December 2020	1,353

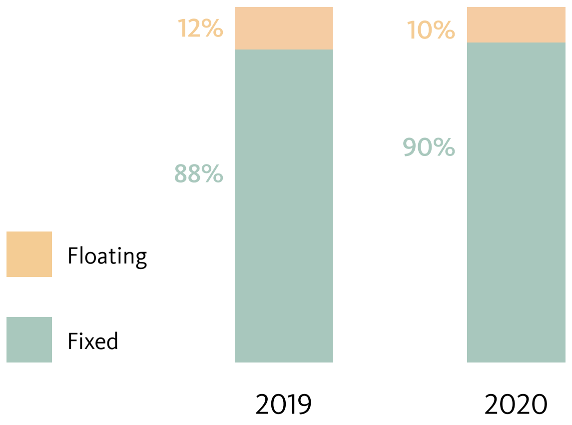
At the end of 2020, the Group had €1.35 billion of available liquidity between cash and undrawn revolving credit facilities.

In November 2020, the Group successfully improved its liquidity position by signing a new €700 million revolving credit facility that expires in 2026, with ten international banks, replacing the €510 million three-year facility arranged in March 2019. Revolving credit facilities offer CPIPG significant flexibility to access cash quickly and at a low cost. The strong liquidity maintained by the Group at all times meant that even at the peak of the COVID-19 pandemic, the facility has remained undrawn.

In addition, during 2020 CPIPG implemented a cash pooling facility that will enable more efficient management of the Group's liquidity and treasury function in future.

Fixed versus floating rated debt

The Group's fixed-rate debt level was approximately 90% at the end of 2020, relative to 88% at the end of 2019. We target a **minimum of 80% fixed-rate debt.** The Group, therefore, has a **high degree of protection against interest rate volatility.** If interest rates on all of our variable borrowings increase by 3 p.p., the cost of the Group's external debt will rise only by 0.3 p.p. In addition to our bonds which carry fixed coupons, many of our loan agreements include arrangements that convert the loan to a fixed-rate obligation. The Group can also make use of hedging instruments as required to manage the level of fixed and floating rate debt.



Average interest rate sensitivity

(% p.a.) as at 31 December 2020*

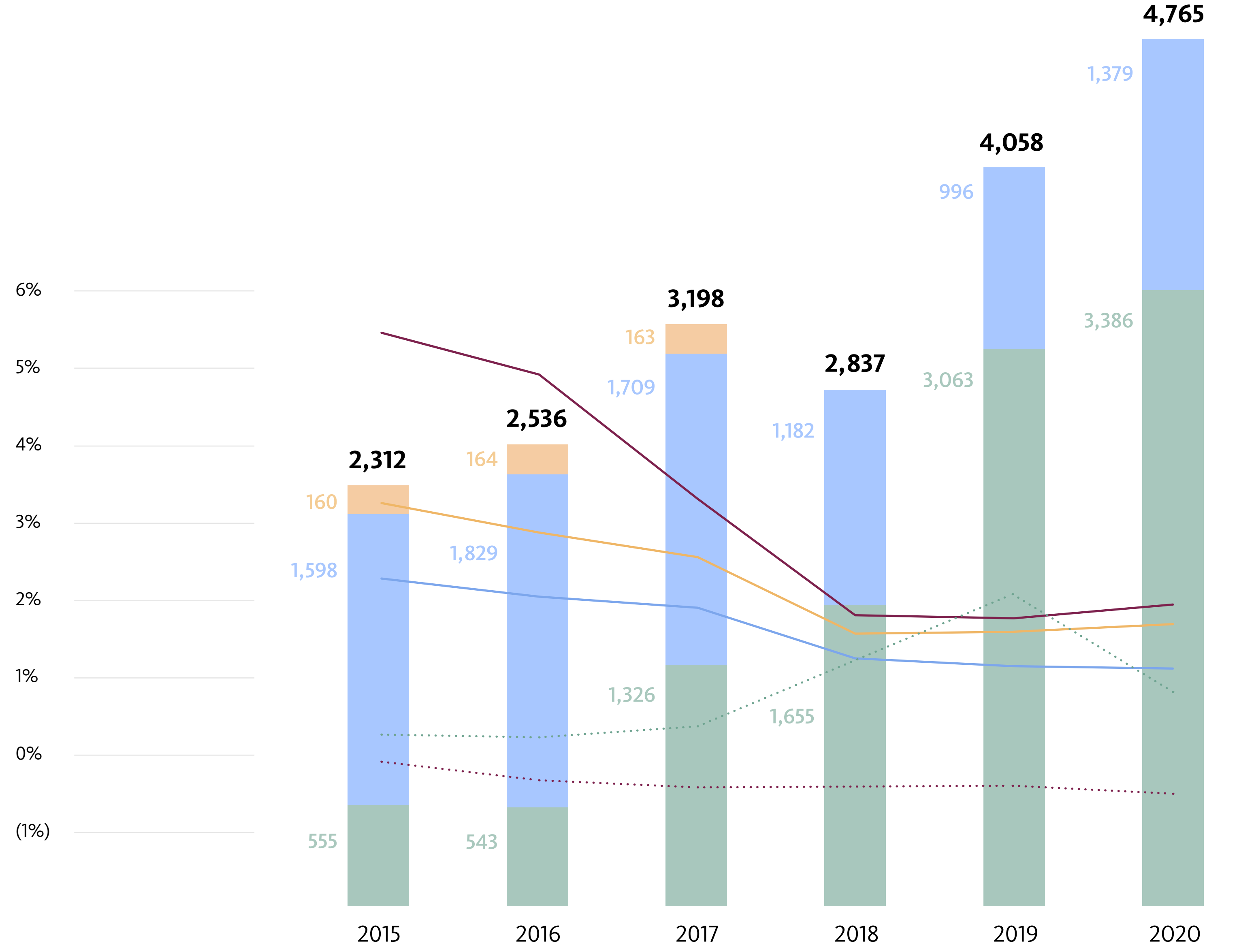
Type of liability	Share of external debt	Average interest rate as at 31 Dec 2020	if market interest rate +1 p.p.	if market interest rate +2 p.p.	if market interest rate +3 p.p.
Bonds/Schuldschein	70%	2.0%	2.0%	2.0%	2.1%
Bank loan	29%	1.2%	1.3%	1.5%	1.8%
Leasing	1%	0.6%	0.8%	1.0%	1.1%
Non bank loan	0%	1.6%	1.6%	1.7%	1.7%
Total	**100%**	**1.7%**	**1.8%**	**1.9%**	**2.0%**

* *Includes impact of contracted interest rate swaps.*

View from inside Bubenská 1, Prague, Czech Republic

Structure of external debt, average interest rates and market rates (€ million)

At the end of 2020, the Group's average cost of debt increased slightly compared to the end of 2019 to 1.73%, primarily as a result of the Group's objective in 2020 to issue new unsecured bonds with longer maturities, which had slightly higher coupons on average compared to shorter-dated bonds issued historically.



	2015	2016	2017	2018	2019	2020
Project bonds	160	164	163	0	0	0
Bank loans	1,598	1,829	1,709	1,182	996	1,379
Corporate bonds/Schuldschein	555	543	1,326	1,655	3,063	3,386
Avg. bank loan interest rate	2.32%	2.10%	1.96%	1.29%	1.19%	1.16%
Avg. bond/Schuldschein interest rate	5.46%	4.93%	3.34%	1.84%	1.81%	1.98%
Total average interest rate	**3.29%**	**2.89%**	**2.60%**	**1.61%**	**1.65%**	**1.73%**
Average 3m EURIBOR	-0.02%	-0.27%	-0.33%	-0.32%	-0.36%	-0.43%
Average 3m PRIBOR	0.31%	0.29%	0.41%	1.27%	2.12%	0.86%

Adalbertstraße, Berlin, Germany

We appreciate our active dialogue with bond investors and banks.

Joe Weaver, Director of Capital Markets

Senior unsecured debt a majority of funding

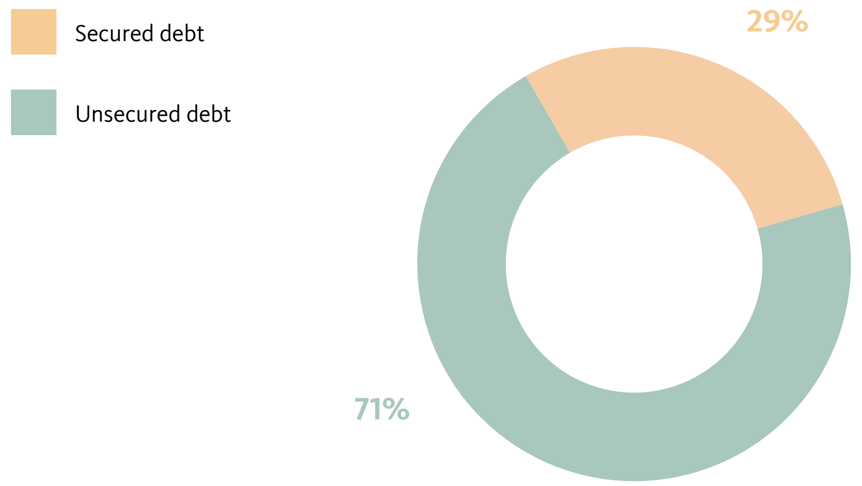
The proportion of secured debt to total debt increased slightly compared to the end of 2019 to 29%, mainly due to the increase in the size of the loan facility in Berlin by €259 million to a total of €750 million, together with additional secured loans in the Czech Republic raised in the first half of the year.

CPIPG intends to pursue a simple, flexible capital structure focused primarily on senior unsecured financing. Nevertheless, we also believe retaining access to secured bank financing is an essential element of liquidity and financial flexibility for the Group, supporting strong interest cover given historically low base rates in Europe.

The vast majority of the Group's bank loans are denominated in Euros (99%). The most considerable portion of the Group's secured loans (59%) relate to Berlin, mainly due in 2024. 96% of outstanding secured bank loans are drawn from six banks. In total, the Group has secured loans from 16 banks that are active in the CEE region and Germany.

Split of secured versus unsecured debt

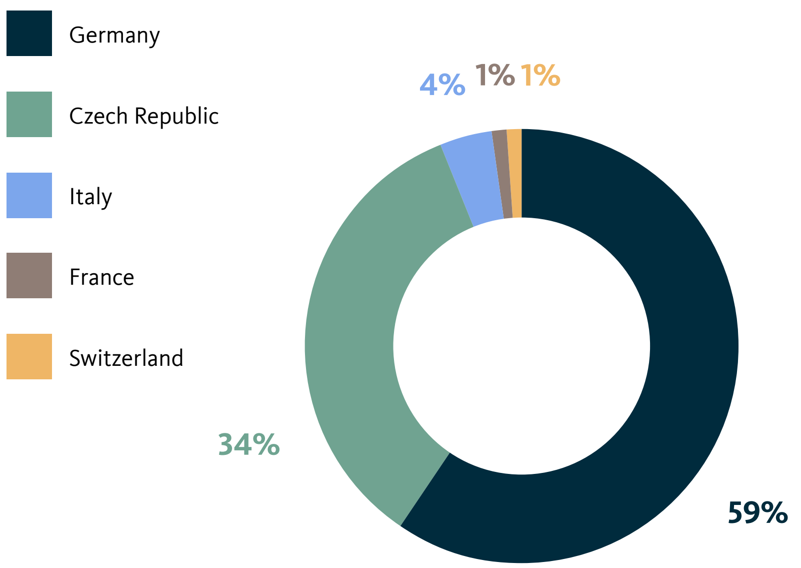
as at 31 December 2020



Breakdown of secured bank debt by principal

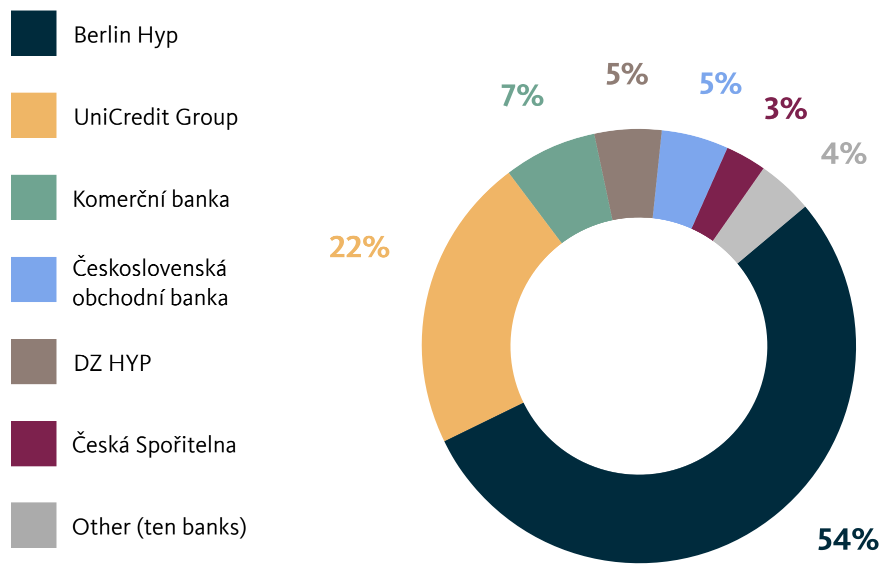
Secured bank debt by geography

as at 31 December 2020



Secured bank debt by bank

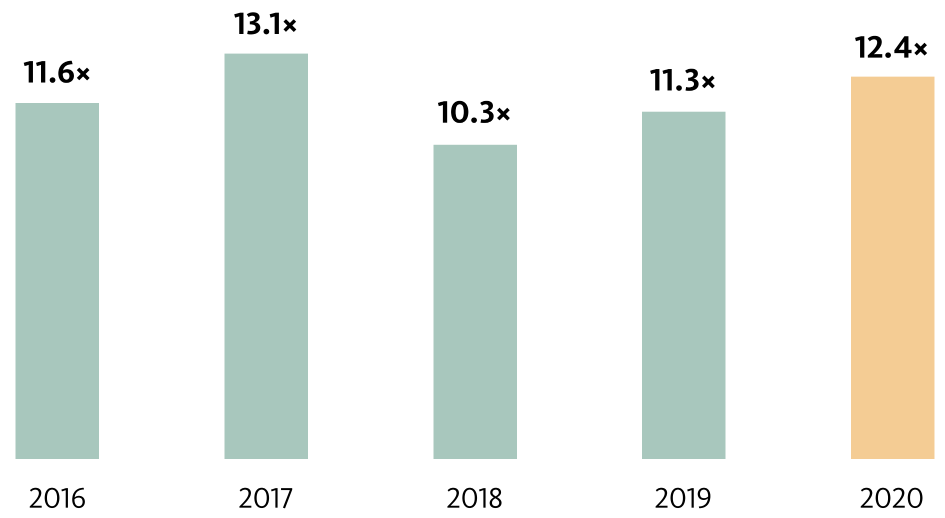
as at 31 December 2020



EBITDA and Net debt/EBITDA measurements

The level of Net debt/EBITDA increased from 11.3× in 2019 to 12.4× in 2020. The increase was largely due to a rise in net debt year-on-year, as existing cash, together with the proceeds of new debt issuance, was used for acquisitions in the first quarter of the year. Also, the temporary impact of COVID-19 on EBITDA – specifically discounts provided to tenants and a sharp drop in the contribution from hotels – offset the increases in EBITDA from recent acquisitions and cost reductions. **If hotels had performed normally and no discounts were provided, Net debt/EBITDA would have been closter to 10.6×.** The Group anticipates that EBITDA generation and hence Net debt/EBITDA will improve as the effects of the COVID-19 pandemic subside.

In terms of financial KPIs, the Group focuses on both Net LTV and Net Debt/EBITDA over time through disciplined debt reduction and improvement of EBITDA through acquisitions, organic rental growth, and costs reduction.



Business Center 91, Budapest, Hungary

Foreign exchange risk

The Group is exposed to fluctuations in foreign currencies, primarily the Czech Koruna (CZK). The impact of foreign exchange is mostly unrealised (non-cash) and arises whenever there is a mismatch between the currency in which a property is valued and the functional currency of the entity into which the property is consolidated. 26% of the property portfolio is valued in CZK and consolidated through sub-holdings into CPIPG, a Euro functional currency company. To a lesser extent, there is also an effect related to intra-group loans.

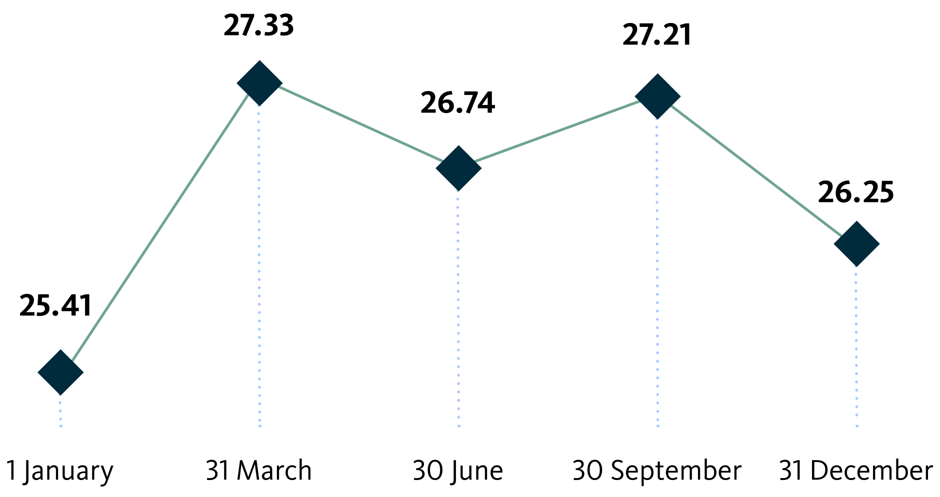
In addition to the non-cash effects, the Group is exposed to foreign currencies (primarily CZK) through rental income and expenses. In 2020, 24% of the Group's gross rental income was received in CZK. However, 57% of the Group's property operating expenses and 35% of administrative expenses were also denominated in CZK. As a result, the remaining net exposure to CZK is limited.

In 2020, CZK depreciated 3.3% relative to EUR. We estimate the impact on the Group's Net LTV was about 0.3 p.p., which is consistent with estimates provided in our 2019 FX sensitivity analysis. An updated picture on the estimated impact of CZK depreciation is included below.

FX sensitivity (CZK depreciation against EUR)

	5%	10%	15%	20%	25%
LTV	+0.5 p.p.	+1.1 p.p.	+1.5 p.p.	+2.0 p.p.	+2.4 p.p.
Net ICR	(0.04×)	(0.08×)	(0.12×)	(0.15×)	(0.18×)
EBITDA	(€2.0 m)	(€3.9 m)	(€5.6 m)	(€7.1 m)	(€8.5 m)

Development of CZK vs EUR in 2020



Note: The Group's exposure to other currencies is limited since almost 99% of the Group's annualised headline rent at the end of 2020 was denominated in EUR or CZK.

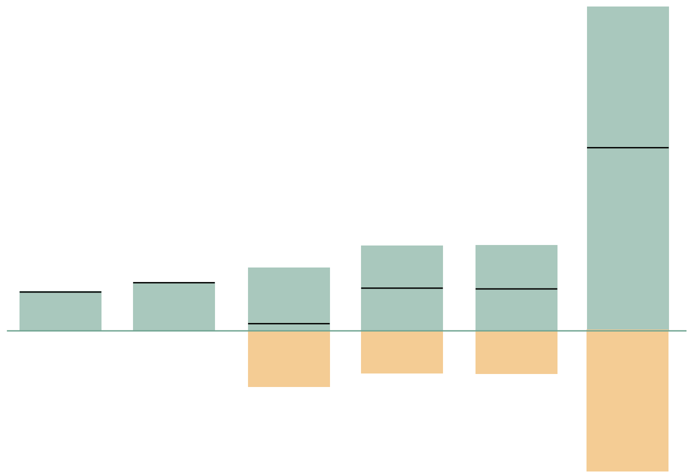
Commitment to retain FFO

CPIPG does not pay dividends. Unlike many of our peers who are required to pay out 90–100% of FFO each year as dividends, CPIPG is able to retain and reinvest the majority of income generated. The Group has conducted several share repurchases on an ad-hoc basis to facilitate shareholder returns. **The Group's financial policy currently stipulates that CPIPG will retain at least 50% of FFO.**

In 2019, the Group distributed 49% of FFO through share repurchases. **In 2020, the Group did not conduct any share repurchases given the uncertainties around COVID-19.** However, following the end of the year, given the anticipation of an improving backdrop in 2021, the Group announced the repurchase of 641,658,176 shares in February 2021, at a price of €0.616 per share, for an aggregate amount of €395.3 million. The Group's primary shareholder, Radovan Vítek and the Company's subsidiary CPI FIM SA represented approximately 94% of shares tendered combined, tendering 350,500,000 and 252,302,248 shares, respectively. The rest of the tenders were from third parties. **The total distribution to Mr. Vítek plus third parties is expected to be less than 50% of the Group's FFO for 2020 and anticipated for 2021. No further share repurchases are envisaged for the remainder of 2021.**

The effect of the repurchase was primarily non-cash: Radovan Vítek, our primary shareholder, participated in the offer and applied cash received towards repayment of shareholder loans, thereby returning cash to the Group. The Group's subsidiary, CPI FIM SA, also held shares in CPIPG and participated in the offer, with the objective to reduce group complexity, which was also a non-cash transaction for the Group. The only cash impact for the Group related to the portion of shares tendered by third parties, equating to €23.9 million.

FFO retained



	2016	2017	2018	2019	2020	Total
FFO	103	127	164	220	222	836
Share Repurchases	–	–	(145)	(109)	(111)*	(365)
FFO Retained	**100%**	**100%**	**12%**	**51%**	**50%**	**56%**

** Share repurchase conducted in Q1 2021 was equivalent to 50% of FFO for 2020 and 2021*

Results & net assets

Net rental income grew by 15% to €338 million, versus €294 million in 2019.

The positive development in net rental income was predominantly driven by an increase in our gross rental income together with a decrease of property operating expenses.

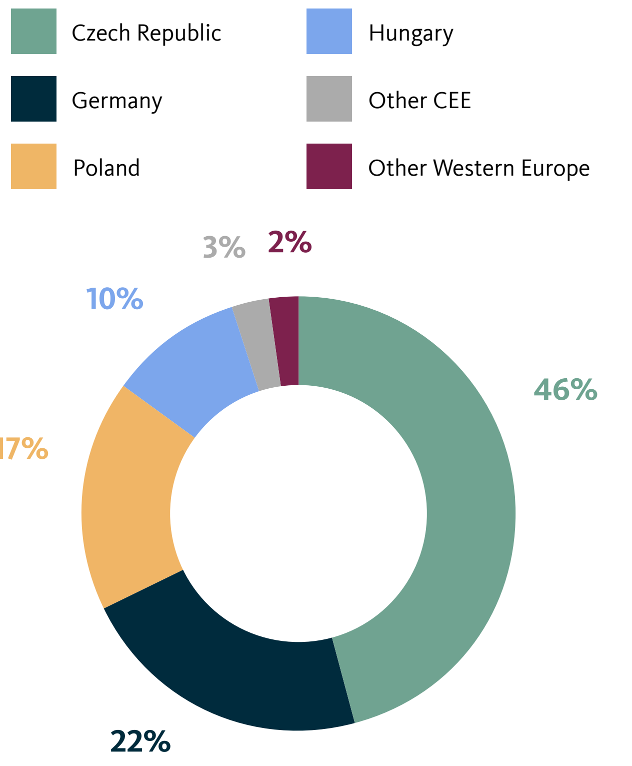
Net hotel income was -€3 million, versus €40 million in 2019, reflecting the impact of COVID-19 on the hospitality sector.

Income statement (part 1)

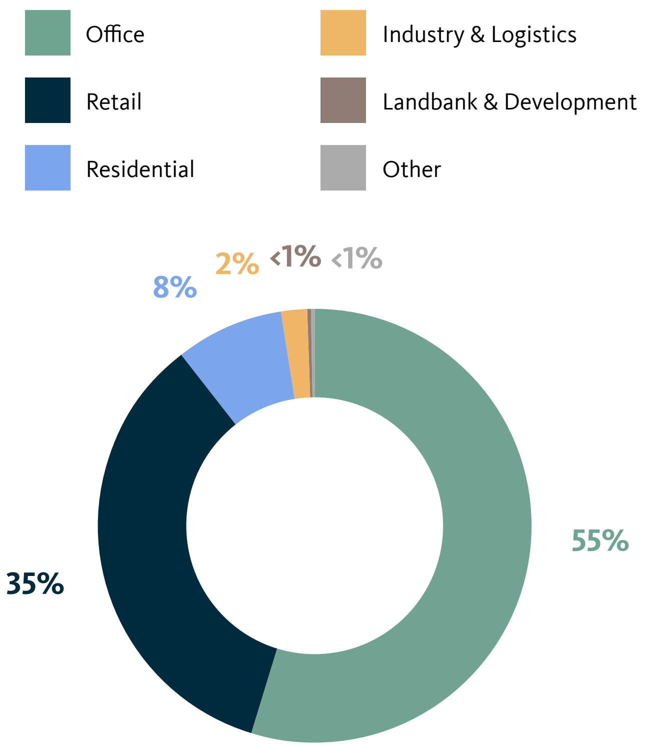
€ million	2020	2019
Gross rental income	356	319
Service charge and other income	140	123
Cost of service and other charges	(107)	(88)
Property operating expenses	(51)	(60)
Net rental income	**338**	**294**
Development sales	34	50
Development operating expenses	(30)	(46)
Net development income	**4**	**4**
Hotel revenue	44	134
Hotel operating expenses	(47)	(94)
Net hotel income	**(3)**	**40**
Other business revenue	49	46
Other business operating expenses	(43)	(39)
Net other business income	**5**	**7**
Total revenues	**623**	**672**
Total direct business operating expenses	**(278)**	**(327)**
Net business income	**344**	**345**
Administrative expenses	(47)	(53)
Consolidated adjusted EBITDA (excl. Other effects)	**297**	**292**

In 2020, the Group generated gross rental income of €356 million, representing a y-o-y increase of 12% compared to €319 million in 2019, reflecting the impact of properties acquired in 2019 and in 2020 and also the resilient performance of the Group's rental properties in the face of the COVID-19 pandemic.

Gross rental income by country



Gross rental income by segment



Our focus to continually improve the performance and quality of our assets is reflected in the 0.8% increase in gross rental income on a like-for-like basis (excluding impact of COVID-19 rent discounts). Including one-time discounts, like-for-like rents declined by 3.3%.

The greatest increase (5.7%) was realised in our Berlin's office properties.

The like-for-like growth was fully driven by an increase of rents, while occupancy slightly decreased on a like-for-like basis.

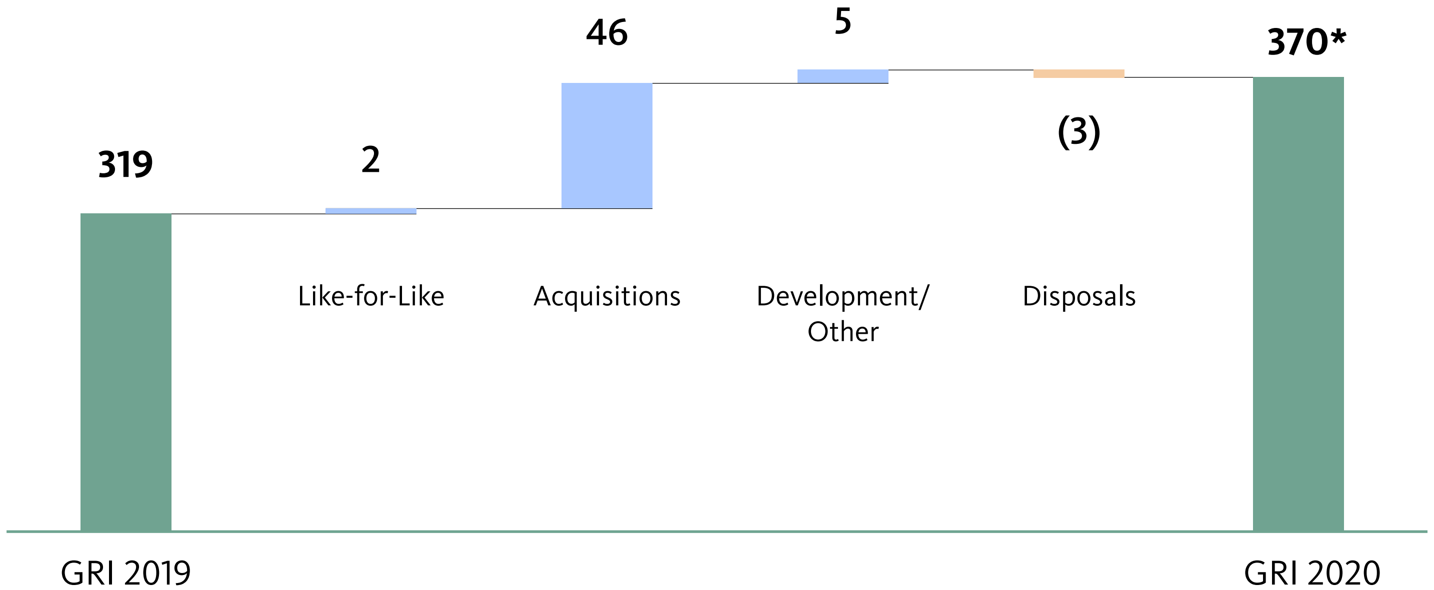
Like-for-like gross rental income	2020 €m	2019 €m	Increase/ (decrease)
Czech Republic	132.8	133.1	(0.3%)
Germany	74.1	70.1	5.7%
Hungary	36.0	36.4	(1.0%)
Poland*	20.1	22.2	(9.6%)
Slovakia	8.1	7.8	4.1%
Other	3.7	3.2	16.8%
Total like-for-like gross rental income (excl. impact of COVID-19 rent discounts)	274.8	272.7	0.8%
Not like-for-like gross rental income			
Acquisitions/Transfers	49.8	3.7	
Disposals	12.0	14.6	
Development	28.6	23.9	
Other	4.6	4.2	
Total gross rental income	369.8	319.1	15.9%

* *The majority of the Group's office portfolio in Poland was acquired in late Q4 2019 and early 2020 and are not included in LfL.*

In-place-rent LfL
1.6%

Total Like-for-Like
0.8%

Occupancy LfL
(0.8%)



* *Includes one-time rent discounts.*

Income Statement (part 2)

€ million	2020	2019
Consolidated adjusted EBITDA (excl. Other effects)	**297**	**292**
Net valuation gain*	173	561
Net gain or loss on the disposal of investment property and subsidiaries	1	2
Amortisation, depreciation and impairments	(88)	(42)
Other operating income	23	10
Other operating expenses	(3)	(7)
Operating result	404	**816**
Interest income	18	14
Interest expense	(81)	(54)
Other net financial result*	10	(11)
Net finance income / (costs)	(53)	**(51)**
Share of profit of equity-accounted investees (net of tax)	(11)	(0)
Profit / (Loss) before income tax	**340**	**765**
Income tax expense	(96)	(80)
Net profit / (Loss) from continuing operations	244	685

**Adjusted, refers to paragraph 2.4 of Consolidated Financial Statements as at 31 December 2020*

Net valuation gain of €173 million results mainly from the valuation gain in office (principally Berlin), residential and landbank in the Czech Republic. Negative revaluations of hotels (-€105 million) are recognised between impairment and depreciation (-€59 million) and other comprehensive income in shareholder's equity (-€46 million).

These exclude the negative impact of FX (-€104 million) which is recognised between other net financial result and translation differences in shareholder's equity.

Interest expense was €81 million in 2020 compared to €54 million in 2019.

This increase reflects the Group's active presence on the international capital markets in 2019 and 2020.

Interest expense (€ million)	2020	2019
Interest expense from bank and other loans	(19.3)	(18.2)
Interest expense on bonds issued	(60.6)	(35.2)
Interest expense related to leases	(1.0)	(0.5)
Other interest expense	–	(0.3)
Total interest expense	**(80.9)**	**(54.2)**

Change in share of profit of equity-accounted investees reflects the acquisition of the stake in Globalworth.

The following tables show the split of net valuation gain 2020 by country and segment.

Valuation gain by country (€ million)

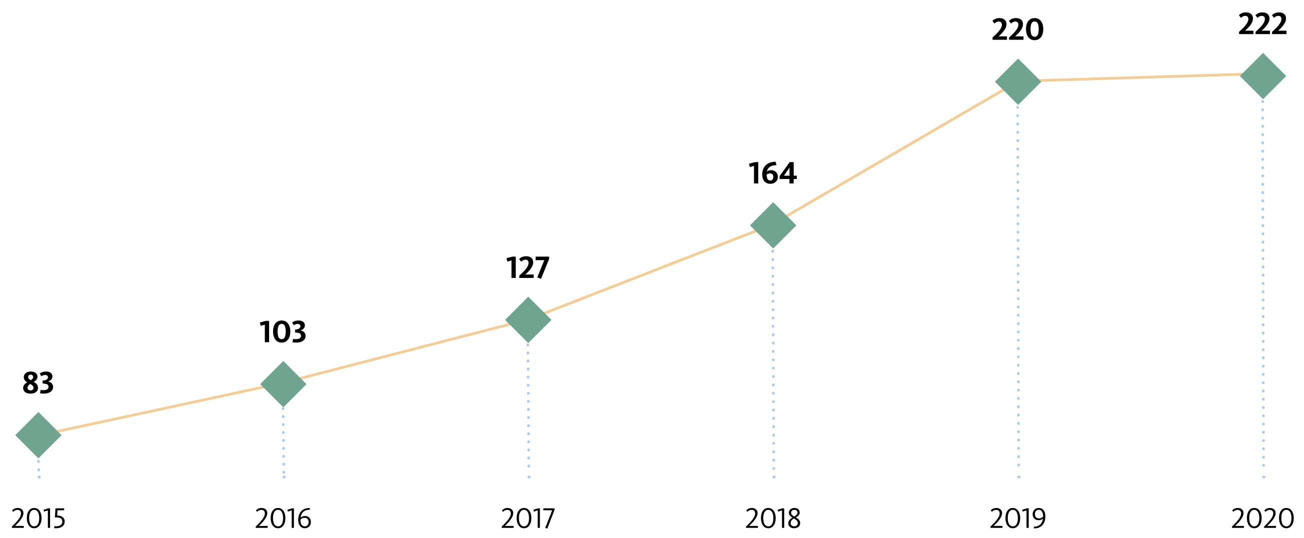
Czech Republic	144
Germany	54
United Kingdom	8
Other CEE	(11)
Other Western Europe	(22)
Total	**173**

Valuation gain by segment (€ million)

Landbank	125
Office	78
Residential	37
Other	11
Retail	(78)
Total	**173**

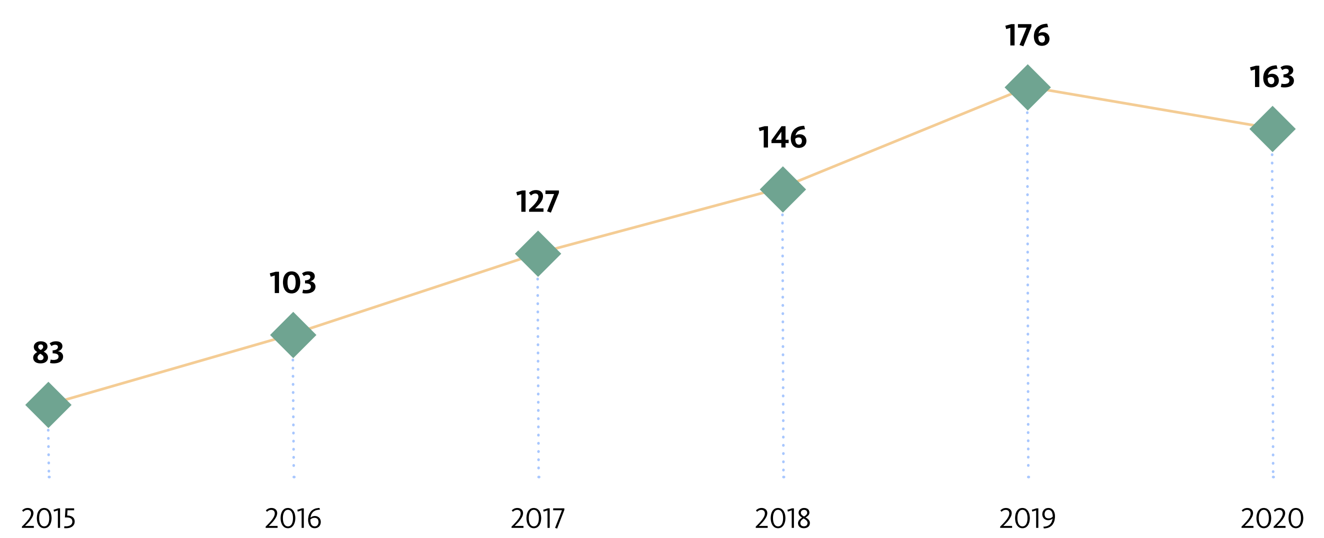
Funds from Operations – FFO (€ million)

Funds from operations (FFO) slightly increased to €222 million, up 1% relative to 2019.



Funds from Operations – FFO II (€ million)

FFO II, which includes the effect of coupon payments on hybrid bonds, decreased by 8% to €163 million in 2020 relative to 2019, reflecting new issues of perpetual notes in 2019 and in 2020.



Balance Sheet

€ million	31 Dec 2020	31 Dec 2019
Non-current assets		
Intangible assets and goodwill	**107**	107
Investment property	**8,793**	8,157
Property, plant and equipment	**779**	886
Equity accounted investees	**658**	4
Deferred tax asset	**156**	168
Other non-current assets	**331**	242
Total non-current assets	**10,824**	9,564
Current assets		
Inventories	**39**	51
Trade receivables	**85**	81
Cash and cash equivalents	**632**	805
Assets held for sale	**38**	22
Other current assets	**183**	151
Total current assets	**978**	1,109
Total assets	**11,801**	**10,673**
Equity		
Equity attributable to owners of the company	**4,321**	4,334
Perpetual notes	**1,370**	1,085
Non controlling interests	**96**	50
Total equity	**5,787**	5,469
Non-current liabilities		
Bonds issued	**3,195**	2,871
Financial debts	**1,270**	1,165
Deferred tax liabilities	**842**	806
Other non-current liabilities	**117**	74
Total non-current liabilities	**5,424**	4,916
Current liabilities		
Bonds issued	**109**	21
Financial debts	**253**	48
Trade payables	**71**	86
Other current liabilities	**159**	133
Total current liabilities	**591**	287
Total equity and liabilities	**11,801**	**10,673**

Property Portfolio (IP, PPE, INV, AHFS)
Change in PP by €1,205 million primarily due to:

- Acquisitions of €1,153 million, mainly relating to the stake in Globalworth, six office properties in Warsaw, Poland; and the acquisition of Nova RE;
- CAPEX and development of €216 million;
- Disposals of €79 million;
- Decrease in fair value of €58 million.

Total Assets
Total assets increased by €1,128 million (11%) to €11,801 million as of 31 December 2020, primarily driven by higher equity accounted investees (€654 million) and investment property (€636 million) and reduced by a decrease in cash and cash equivalents (€173 million) and PPE (€107 million).

Equity
- + €607 million hybrid bonds issued;
- – €331 million hybrid bonds repaid;
- – €132 million hedging and translation reserves;
- – €37 million revaluation reserve.

Financial Debts
Financial debts increased due to:

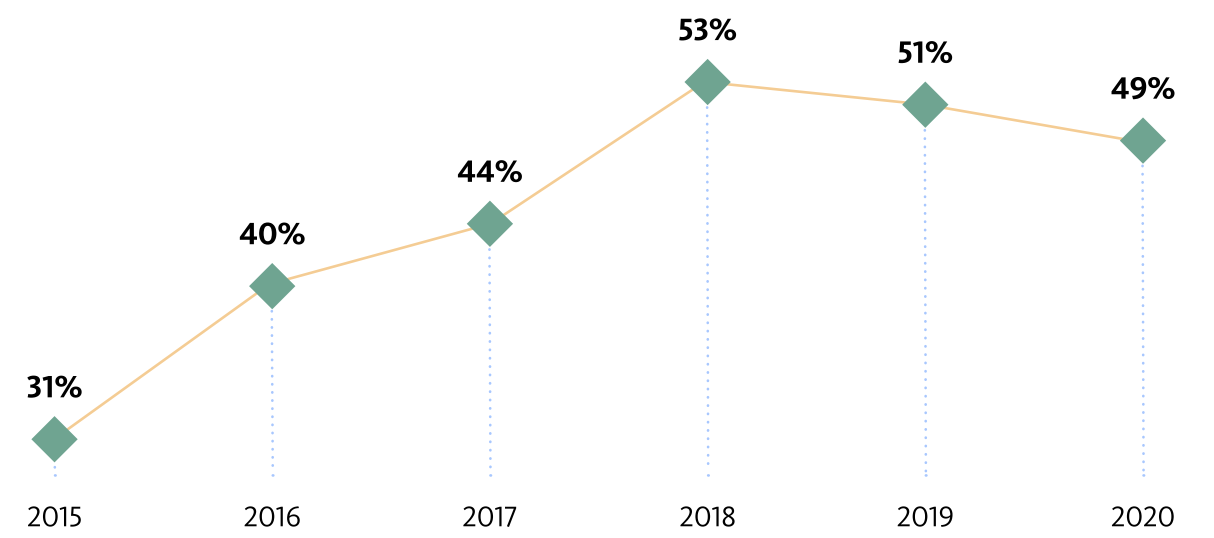
- + €435 million of new bank loans;
- – €89 million of Schuldschein repaid;
- – €48 million of bank loans repaid.

Bonds Issued
Bonds issued increased due to:

- + €743 million of EUR green bonds issued;
- + €391 million of GBP green bonds issued;
- + €84 million of HUF bonds issued;
- + €27 million of HKD bonds issued;
- – €732 million of EUR bonds repaid;
- – €68 million of USD bonds repaid;
- – €14 million of CHF bonds repaid;

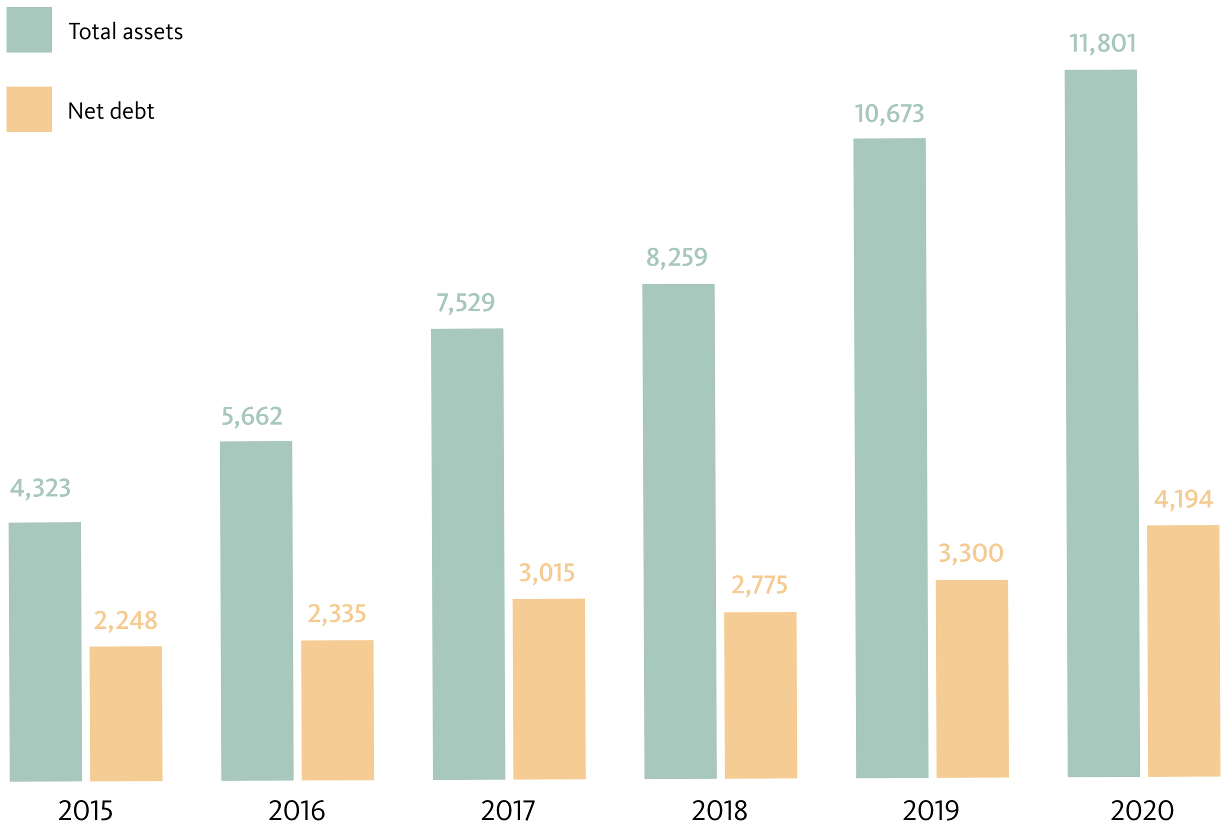
Equity ratio

Despite the Group's retention of profit and hybrid bond issuance in 2020, CPIPG's equity ratio slightly decreased in 2020 compared to 2019 due to stable equity attributable to owners of the company and higher total debt.



Total assets and Net debt

In 2020, the Group continued increasing total assets through acquisitions, while also increasing total debt via new bank loans and senior unsecured bonds issues with proceeds partially used for repurchase of senior unsecured bonds due in 2022, 2023 and 2024.



Group management

Quadrio Offices lobby, Prague, Czech Republic

Martin Němeček

Chief Executive Officer

Martin Němeček was appointed CEO of CPI Property Group in March 2014. Martin is responsible for the Group's corporate strategy, business development and legal matters. He led the integration of CPI and GSG into CPIPG in 2014, and has overseen the foreign expansion of the Group in recent years. Martin has well over 20 years of real estate experience and previously spent 10 years at Linklaters and Dentons law firms.

Zdeněk Havelka

Executive Director

Zdeněk Havelka was appointed Executive Director of CPI Property Group in June 2014. Zdeněk is responsible for the Group's property management, operational risk management, communications and information technology. Zdeněk has been at CPIPG since 2002, during which time he has held Chief Financial Officer and Chief Executive Officer roles.

Tomáš Salajka

Director of Acquisitions, Asset Management & Sales

Tomáš Salajka was appointed Director of Acquisitions, Asset Management & Sales of CPI Property Group in June 2014. Tomáš is responsible for asset management and transactions across all countries within the Group's portfolio. Prior to joining the Group, Tomáš worked for GE Real Estate CEE/Germany and ČSOB for 10 years. Tomáš is also a member of CPIPG's CSR Committee.

David Greenbaum

Chief Financial Officer

David Greenbaum was appointed CFO of CPI Property Group in February 2018. David is responsible for the Group's capital structure, external financing, corporate finance and other strategic matters. David joined CPIPG after 16 years at Deutsche Bank, where he was most recently co-head of Debt Capital Markets for the CEEMEA region. David is also a member of CPIPG's CSR Committee.

Pavel Měchura

Group Finance Director

Pavel Měchura was appointed Group Finance Director of CPI Property Group in February 2018. Pavel is responsible for the Group's accounting and reporting, consolidation, valuations, and strategic planning. Pavel joined CPIPG in 2010 and prior to that spent six years with KPMG.

Jan Kratina

Director of CPI Hotels

Jan Kratina has served since 2008 as Chief Executive Officer and Chairman of the Board of CPI Hotels. He is responsible for the strategic development and expansion of the Group's hotel portfolio over recent years. Jan joined CPIPG in 2006 as Executive Director and has a long track record of over 20 years in the hospitality industry.

Board of Directors

Edward Hughes

Chairman, independent, non-executive member

Edward has been the member of the Board of Directors since March 2014. He has been engaged in real estate investment, consultancy and brokerage activities in Central Europe for more than 20 years. Edward is an experienced real estate and finance professional having engaged in many significant asset acquisition, and development projects in the region. Edward is a Chartered Accountant, after starting his career with Arthur Andersen (London – 1988), in September 1991 he transferred to the Prague office. Since this time, he has been almost exclusively focused on Central Europe including during his employment as an Associate Director of GE Capital Europe. Edward is a graduate of Trinity College, Dublin where he majored in Business and Economics with Honours (1988).

Jonathan Lewis

Independent, non-executive member

Jonathan has been a member of the Board since 6 December 2020. He is an independent real estate consultant who practised for 40 years as a solicitor, most recently as a real estate partner at international law firm CMS. He started his career at law firm DJFreeman where he became chief executive. During his career as a solicitor he has advised both developers and institutional investors on major office developments in the City of London and in the UK as well as portfolio acquisitions and financings. He has been involved on the remuneration committee of substantial law firms as well as performing management roles. He is currently adviser to a number of family offices with significant property portfolios as well as a lending fund. Outside of his business interests he is on the international board of Israel Bonds and chairman of UK Jewish Film. Jonathan is a graduate of Manchester University where he obtained a degree in Economics.

Philippe Magistretti

Non-executive member

Philippe has been a member of the Board of Directors since 28 May 2014. End of 2020 Philippe retired from his execuive functions with CMA (Crans Montana Ski Resort). Before joining CPI Property Group, Philippe acted as Chairman of Seveneast, a private wealth management firm in Switzerland, from 2009 to 2015. He was a Member of the Executive Committee and Head of Wealth Management at Renaissance Investment Management in Moscow from August 2006 to January 2008. Prior to joining Renaissance Investment Management, Philippe worked with UBP for two years where he was a Member of the Executive Committee and Head of Private Banking. Philippe worked for Lazard Group for more than ten years, as a General Partner of Lazard Frères & Co., New York (from January 1994 to January 2002), Managing Director of Lazard Brothers, London (from January 2002 to February 2004) and CEO of Crédit Agricole Lazard Financial Products Bank, London, a derivatives subsidiary of Lazard Group (from April 1995 to June 2003). Prior to that, Philippe held executive positions at AIG Financial Products, Credit Suisse First Boston and Solomon brothers in New York. Philippe was a member of the board of Fellows at Harvard Medical School for ten years (1992–2002). He holds an MBA from IMD (Lausanne) and a Doctorate in Medicine from the University of Geneva (1982–1984) (Nuclear Medicine), is Fellow of the Harvard Medical School (1978–1981), received an MD degree from the University of Geneva in 1980 and holds a Masters in Philosophy from the University of Geneva.

Martin Němeček

Executive member

Martin has been the member of the Board of Directors since 10 March 2014. Martin is responsible for the Group's corporate strategy, business development and legal matters. He led the integration of CPI and GSG into CPIPG in 2014, managed the foreign expansion of the Group and has completed acquisitions with a total value exceeding €5 billion. Martin also oversees the bank project financing and legal affairs of CPI Group. From 2001 to 2011, he worked for Salans (today Dentons), Linklaters and Kinstellar law firms. Martin graduated from the Faculty of Law of the Charles University in Prague and from the University of Economics, Prague.

Tomáš Salajka

Executive member

Tomáš has been the member of the Board of Directors since 10 March 2014. Tomáš is responsible for asset management of the Group's portfolio, including all the transactions and platforms in Germany, Poland and Hungary. Before joining CPI Property Group, Tomáš was CEO of Orco Property Group and also was working over the last 10 years for GE Real Estate Germany/CEE where his latest position was the Head of Asset Management & Sales CEE and before that for CSOB in the Restructuring Department. He studied foreign trade at the University of Economics in Prague, Czech Republic (VSE).

Omar Sattar

Independent, non-executive member

Omar has been the member of the Board of Directors since 29 May 2019. Omar is a seasoned property professional and a RICS qualified Chartered Surveyor with over 25 years of experience. Omar is from the UK, but has spent most of his career working in the CEE region in roles such as the Managing Director of Colliers International and DTZ Zadelhoff in the Czech Republic and has also held senior Director positions at both Avestus Capital Partners and the Orco Property Group. Omar currently runs his own independent real estate advisory business and holds a BSc (Hons) degree in Land Economics from the University of West of Scotland.

photo: GSG Berlin © Marc-Steffen Unger

Oliver Schlink

Executive member

Oliver has been the member of the Board of Directors since 28 May 2014. Oliver has been working for GSG Berlin for more than ten years. Oliver is solely responsible for finance areas (accounting, controlling, tax, financing), legal, HR and financially driven communication of GSG Berlin and has shared responsibility, with the other GSG Berlin managing directors, for the areas of IT and development. Oliver started his career at KPMG in 1998, where he worked for four years. In 2001 he joined Deutsche Annington (today Vonovia), where he worked for almost ten years, mostly as the Head of Controlling. In 2001, Oliver was responsible for managing one of the four regions of the Deutsche Annington group, comprising 43,000 flats in Westphalia. Oliver holds a dual degree in Business Administration and Engineering from TU Berlin, where he graduated as Diplom Wirtschaftsingenieur in 1997.

Our governance standards are already high, but CPIPG never stops elevating our goals and expectations.

Martin Matula, General Counsel

Governance & sustainability

Governance principles

CPIPG believes that good corporate governance safeguards the interests of our stakeholders including shareholders, bondholders, lenders, tenants and employees. Our objectives are excellence and transparency in our management controls, external reporting and internal procedures. We believe this supports a corporate culture which is balanced between entrepreneurial spirit and the identification, control and prevention of risk.

CPIPG continually reviews and implements industry best practices with respect to corporate governance and has adjusted our internal practices to meet international standards. CPIPG aims to communicate regularly with our shareholders and stakeholders regarding corporate governance and to provide regular updates on our website.

Sustainability principles

CPIPG's key sustainability principles are:

- promoting a sustainable approach towards real estate development and management;
- contributing to environmental protection and the development of local communities in which the Group operates;
- pursuing a sustainable business model that allows the Group to achieve its business objectives without placing an excessive burden on the environment;
- actively managing the Group's assets to continually improve environmental performance, quality and resilience; and
- encouraging proactive contributions from all employees, tenants, customers and stakeholders of the Group to meeting all objectives in compliance our principles.

Further information on the Group's sustainability and environmental strategy, initiatives and performance can be found in the "Environmental strategy and performance" section of this report.

CPIPG's approach to corporate governance

The Group believes that good corporate governance is critical to safeguard the interests of all our stakeholders: shareholders, bondholders, lenders, tenants, employees, suppliers and contractors, communities and local authorities.

The Group's corporate governance practices primarily follow the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (the "The X Principles"). The Group's equity and debt securities are listed on several regulated exchanges including Frankfurt, Luxembourg, Dublin, Tokyo, Warsaw, Zurich and Budapest. In each listing venue, the Group must also comply with applicable disclosure and governance rules.

CPIPG has implemented industry best practices with respect to corporate governance policies and external reporting. In 2019, the Group approved the "Code of Business Ethics and Conduct of CPI Property Group" (the "**Code of Ethics**") and also newly updated policies governing procurement, supplier and tenants' conduct, anti-bribery and corruption, anti-money laundering, sanctions and export controls, whistleblowing, human capital and employment and corporate social responsibility (CSR). Beginning of 2021, the Group adopted two new policies governing (i) non-discrimination and diversity and (ii) political involvement.

The X Principles

CPIPG primarily follows the X Principles of Corporate Governance of the Luxembourg Stock Exchange.

The X Principles provide companies with guidance in the application of corporate governance rules and have evolved over time in line with changes in regulations and market practices. The X Principles are based on Luxembourg legislation regarding commercial companies, and specifically on the financial regulations that are applicable to companies listed on the Luxembourg Stock Exchange (and in general to all companies listed in the EU). The X Principles can be summarized as follows:

I. Corporate Governance Framework

The Company has adopted the X Principles as its main corporate governance framework. The Board of Directors considers corporate governance as vital for the Company's operation and progress. The Board regularly reviews the governance policies, works of its committees and communications with shareholders and investors. The Board of Directors has adopted the Code of Ethics and a set of Group applicable policies regulating the corporate governance framework, business ethics, diversity, human capital, suppliers and tenants conduct as well as anti-bribery, corruption, anti-money laundering.

II. The Board of Directors' Remit

The Board is responsible for the management and supervision of the Group. It acts in the best corporate interest of the Company, its shareholders and other stakeholders. The key goal of the Board is to ensure the long-term success of the Company.

The Board takes into account the Group's corporate social responsibility and the interests of all stakeholders in its deliberations. The Board of Directors' conduct, operation and relations with management are evaluated twice a year. The first evaluation is made by the Remuneration, Nomination and Related Party Transaction Committee (the "**Remuneration Committee**"), which reports its conclusion to the Board of Directors.

III. Composition of the Board of Directors and Committees

The Board is composed of highly experienced and qualified real estate and finance professionals with an excellent track record and thorough knowledge of the Group and its business. During 2020 the composition of the Board of Directors changed, and independence was further enhanced. In December 2020, two non-executive directors representing shareholders resigned and a new independent non-executive director was co-opted. As at 31 December 2020, the Board of Directors was composed of three executive directors, one non-executive director, and three independent non-executive directors.

The Board has established the following committees: (i) Audit Committee, (ii) Remuneration Committee, (iii) Investment Committee, and (iv) Corporate Social Responsibility ("CSR") Committee. The majority of members of the Audit Committee and the Remuneration Committee are independent. The Investment Committee is composed of two executive members and two independent members. The CSR Committee is presided by an independent member but given its specific role, the majority comprises executive members.

IV. Appointment of Members of the Board of Directors

Candidates for appointment to the Board are carefully evaluated. The candidates are initially reviewed by the Remuneration Committee. Independence, past conduct, qualification and benefit for the Group are factors considered. The Board, before submitting candidates to be voted on at a shareholders' general meeting, conducts interviews and evaluations of all prospective candidates to ensure that candidates are competent, honest, and qualified persons with relevant professional background and experience.

V. Professional Ethics

The Board, as a governing body, as well as each of the directors, exercises their respective mandates with integrity and commitment. The Board represents the shareholders as a whole and makes decisions in the Company's interest. A director who has a direct or indirect conflict between their interests and those of the Company in any business or matter to be resolved upon by the Board (i) must promptly inform the Board of such potential conflict; (ii) must request that it is stated in the minutes of the Board meeting; and (iii) cannot take part in such deliberations, nor vote in relation to the matter in which such director is conflicted.

The Code of Ethics, as an integral part of our internal rules, together with our Group policies, form a framework for our Corporate Governance and Compliance. The Code of Ethics states basic standards of conduct for all employees and agents acting on behalf of the Group, as well as for all members of the Group's corporate bodies and management (employees, agents and members of the Group's corporate bodies and management hereinafter the "Representatives"). The Code of Ethics and the Group policies are intended to prevent illegal, unethical or otherwise socially improper conduct across the Group.

VI. Executive Management

The Company has become a very successful real estate group, which has experienced significant growth in recent years. A swift decision-making process and co-operative atmosphere are among the Company's competitive advantages. To ensure a seamless continuation of this success, the Company has formally established an Executive Board comprised of its top executives. The Executive Board reports to the Investment Committee and the Board of Directors respectively. The Executive Board receives instructions therefrom and is responsible for managing all day-to-day matters of the Group.

In order to streamline the decision-making process and clarify responsibilities, the members of the Executive Board manage and supervise divisions and departments under their direct reporting lines. The co-ordination and communication among various divisions and departments are vital for the Company's success and have the full support of management.

VII. Remuneration Policy

The Directors and the members of the Company's Executive Board are remunerated in a manner that is compatible with the long-term interests of the Company. To attract and also maintain best talent, the Group strives to provide employees with competitive wages and other employment-related benefits, while ensuring observance of the equal pay for equal work rule.

Aside from cash remuneration, the Group uses various other tools to retain staff, which are set out in more detail in the "Employees and stakeholder involvement" section of this report.

VIII. Financial Reporting, Internal Control and Risk Management

The Company has established a set of rules and procedures designed to protect the Group's interests in the areas of financial reporting, internal control and risk management, including cyber risks. The Group's overall approach to risk is conservative. Key risks are assessed by ranking exposure on the basis of probability and magnitude and are closely managed. Analysis of sensitivity to these key risks is conducted at Group level.

IX. Corporate Social Responsibility (CSR)

The Board has created the CSR Committee focusing on the supervision of sustainability, environmental, corporate social responsibility, green financing, and compliance matters for the Group.

The Group is fully committed to shared responsibility with the communities and environments wherever it is active. It strives to act transparently, ensure accountability and promote accessibility, inclusivity and smart livelihoods through its assets. The Group considers itself a reliable, responsible, equitable and proactive partner for all stakeholders and communities. In this spirit, it actively seeks relevant stakeholders, develops communication channels and addresses grievances.

Further detail on the Group's CSR initiatives and activities can be found in the "Employees and stakeholder involvement" section of this report, while further detail on the Group's sustainability and environmental strategy and initiatives can be found in the "Environmental strategy and performance" section of this report.

X. Shareholders

The Company's primary purpose is the creation of value for its shareholders. The Company respects the rights of its shareholders and ensures that they are treated equally. The Company constantly improves its communication with shareholders and the transparency of its reporting and conducts regular communication with its investors through our semi-annual and annual management reports, press releases, presentations, investor roadshows and semi-annual investor webcasts.

Involvement of stakeholders

CPIPG maintains a continuous dialogue with a wide range of stakeholders including tenants, employees, investors, and members of local communities. The Board of Directors, through the CSR Committee, supervises and directs these efforts.

The Group's Key Principles of Stakeholders' Involvement:

- Commitment to maintain strong relationships with our tenants;
- Open communication with our investors and financial stakeholders;
- Active dialogues with local governments and authorities;
- Participation in industry-level working groups (such as the CZGBC) and public inquires with respect to sustainability, regulatory and financial topics;
- Actively collecting and responding to feedback from our tenants, employees, and investors.

Further detail on the Group's stakeholder involvement and local community initiatives and activities can be found in the "ESG: Employees and stakeholder involvement" section of this report.

Eurocentrum, Warsaw, Poland

The Code of Ethics sets the following standards of conduct towards stakeholders:

Towards Customers

We endeavour to build a partnership with our customers (including tenants) that operates in a manner consistent with our values, including ethical, social and environmental aspects. We strive to ensure that our customers share our values. At the same time, our priority is to satisfy the of needs and expectations of our customers. Therefore, we conduct our business with due care and focus on protection and support of our customers' interests. We avoid any steps and actions which could damage our trustworthiness in our customers' eyes or distort their perception of our services.

Because Assurance of Infrastructural Health and Safety Compatibility is a Prerequisite to Our Customers' Satisfaction, we:

- Comply with the highest customer general safety and fire safety standards;
- Regularly monitor and assess safety-related issues as part of our extensive due diligence activities;
- Carry out regular on-site customer property management; and
- Ensure transparency of all measures and work conducted for customers.

We also pay attention to customers' complaints and inform them on handling of complaints, including remedial steps and measures to be taken. We always prefer an amicable solution to any disputes. If such an amicable solution cannot be reached, we inform the customer on all available out-of-court solutions to the respective dispute.

Towards Business Partners

We endeavour to build a partnership with our business partners (including suppliers and lenders) in a manner consistent with our values, including ethical, social and environmental aspects. We place the same ethical, social and environmental requirements on our business partners as on ourselves and our Representatives.

We establish and develop honest relationships with our business partners based on mutual trust and respect for contractual obligations. We prefer long-term relationships with our business partners and enter into relationships only with those adhering to applicable laws and using financial resources not resulting from illegal activities. In contractual negotiations and invoicing, we act in a fair and transparent manner. We respect the rights of our business partners to protect their trade secrets and other confidential information.

Towards Employees

We recognise and respect all legitimate rights of employees, including participation in trade unions. We create safe working conditions and an environment of trust and mutual respect, enabling each employee to develop his/her knowledge and skills. We strictly adhere to applicable laws on a healthy and injury-free workplace. We invest in continual education of our employees and participate in their professional development. We provide adequate remuneration for the work completed and, in addition, reward exceptional performance.

We neither support nor tolerate any kind of discrimination or harassment; we support diversity and create conditions for work engagement of disabled individuals. We respect the personal lives of our employees by facilitating work-life balance. We conduct background checks of candidates as to previous breaches of applicable laws or ethical rules.

On the other hand, our employees are expected to advance the Group's legitimate business interests. They shall not enter into competition with the Group, provide unjustified advantages to any third party to the detriment of the Group or take advantage of business opportunities available to the Group for themselves or for their family members.

Towards Shareholders and Investors

We strive for continuous long-term increasing value for our shareholders and investors (including bondholders). We apply Corporate Governance rules in order to achieve balanced relationships between shareholders, investors, corporate bodies, executive management, employees, customers and other stakeholders. We provide our shareholders and investors with information on a regular basis in transparent and non-discriminatory manner.

Towards Public Authorities and Regulators

We respect powers and competences of all relevant public authorities and regulators (including the respective stock exchanges), and their rules, decrees, decisions and other acts. We provide them with due and appropriate cooperation and information.

Towards Communities and Society as a Whole

We strive to contribute to friendly and peaceful cohabitation within our communities. We are committed to high standards in environmental, social and ethical matters. Our staff receive training on our policies in these areas and are informed when changes are made to these policies. Our environmental policy is to comply with applicable laws, while pursuing energy efficient solutions wherever possible.

Omar Sattar, Chairman of the CSR Committee

Eurocentrum, Warsaw, Poland

CSR governance and management

CSR Committee

In early 2019, CPIPG's Board of Directors created the CSR Committee focusing on the supervision of sustainability strategy, social and environmental risks management, corporate social responsibility, green financing, and compliance matters for the Group.

The main task of the CSR Committee is the supervision, oversight and active promotion of CSR principles across the Group.

In relation to the sustainability and environmental risks the CSR Committee monitors and enhances:

(a) active use and promotion of energy efficiency and energy savings in line with current strategies and objectives;

(b) consideration of the life cycle implications at all stages of investments and planning;

(c) optimisation of usage of natural and other resources in order to benefit from efficient and responsible use, minimize waste, prevent pollution and promote reusing and recycling of raw materials;

(d) active promotion and encouragement of environmentally friendly conduct both internally and externally;

(e) increase of the share of the renewable energy sources in all Group's operations, such as equipping existing assets with solar panels;

(f) high-standard performance, including green LEED/BREEAM certifications, as well as other relevant external certifications, where possible;

(g) strengthened commitment to electro mobility, development of biking infrastructure, ensuring proximity to public transport and access to amenities, and support of the concept of smart cities;

(h) increase of the share of green buildings in the Group's portfolio in line with the current strategy and seeking to apply real estate life cycle assessment on new projects;

(i) application of innovative approaches in the Group's undertakings, including green roofs and net zero buildings; and

(j) setting verifiable and measurable goals in pursuit of improvement of the ESG performance.

In relation to the Group's corporate social responsibility, the CSR Committee monitors and enhances:

(a) transparency and accountability within the Group and vis-à-vis its stakeholders. The CSR Committee promotes active interaction with relevant stakeholders, development of communication channels across the Group;

(b) promotion of accessibility, inclusivity and smart livelihoods through Group's assets;

(c) achievement of Group's sustainability, social and business objectives through proper supply chain monitoring, sensible and sustainable procurement, as well as engagement in relevant social development matters;

(d) promotion of personal and professional development of Group's employees.

(e) promotion of diversity and equal opportunity in the workspace in line with the Group's policies and applicable legal standards.

(f) proper disclosures in relation to corporate social responsibility efforts on regular basis.

The members of the CSR Committee are appointed by the Board of Directors. The CSR Committee shall have at least five members. Any member of the CSR Committee may be removed with or without cause (ad nutum) by a simple decision of the Board of Directors.

The CSR Committee shall be composed of highly experienced and qualified professionals with an excellent track record, thorough knowledge of the Group and its business, and experience in CSR-related matters. The CSR Committee shall be composed of a balanced mix of executive and independent directors as well senior managers across various functions and jurisdictions of the Group, including finance, asset management and legal departments.

The members of the CSR Committee shall always act in the best corporate interest of the Group, its shareholders and other stakeholders. The CSR Committee shall ensure that the Group takes into account corporate social responsibility and the interests of all stakeholders.

As at 31 December 2020, the CSR Committee is comprised of the following members:

- Sebastian Blecke, COO, GSG Berlin;
- David Greenbaum, CFO;
- Martin Matula, General Counsel;
- Tomáš Salajka, Director of Acquisitions, Asset Management & Sales, executive member of the Board of Directors; and
- Omar Sattar, Chairman of the CSR Committee, independent, non-executive member of the Board of Directors;

In 2020, the CSR Committee held two meetings. In 2021, it is expected that the CSR Committee will hold four meetings, each on a quarterly basis. Within mandate given by the Board of Directors, the CSR Committee approved that 5% of any discretionary annual bonus compensation of the Group top management will be linked to the CSR Committee's judgement of whether management is meeting the Group's environmental targets.

Luxembourg Plaza, Prague, Czech Republic

Responsible procurement policy

The Group introduced a procurement policy, the aim of which is to set out universal standards for Group procurement processes, so that all procurement within the Group is conducted in a cost-effective, transparent and non-discriminatory manner and in compliance with applicable laws, and to ensure that the Representatives understand all their responsibilities relating to the procurement and procurement processes.

The Main principles in Relation to Procurement Within the Group are the following:

- **Legality:** The procurement and procurement processes shall be conducted in accordance with applicable laws and the Group's internal rules.
- **Non-Discrimination:** The procurement and procurement processes shall be conducted in a non-discriminatory manner, and all current and potential suppliers shall be treated equally and without any special preference. The suppliers may be placed upon the black list for material reasons only.
- **Transparency:** The procurement and procurement processes shall be conducted in a transparent manner. All relevant processes, qualifications, evaluations and communications shall be conducted in a way which does not raise doubts about proper selection of the most suitable supplier for the Group. The relevant documentation must be properly archived to allow subsequent reconstruction of each procurement process.
- **Cost-Efficiency:** The purpose of the procurement shall be to optimise value-for-money, i.e., to determine which supplier can provide the Group with the best price, quality and added value.
- **Binding Nature:** The procurement policy or the principles relating to the procurement and procurement processes, as the case may be, shall not be circumvented. The Representatives are prohibited to split or manipulate any relevant documents (including orders or invoices) or in any other way distort the processes prescribed herein in order to avoid application of procurement policy or the principles relating to the procurement and procurement processes, as the case may be.
- **Confidentiality:** The Representatives are prohibited to provide any third party with information related to specific terms and conditions, especially prices, under which the Group procures or intends to procure goods or services from its suppliers or potential suppliers.

CPIPG expects suppliers and business partners to meet the same ethical, social and environmental standards as the Group. Relationships with business partners are governed by the Group's suppliers and tenants' codes of conduct and the procurement policy. Compliance with these policies is monitored through on-site visits and periodic reviews of suppliers. The Group reserves the right to exclude suppliers from new projects if breaches of policy are identified.

Ensuring business ethics

At CPIPG ethical practice is a core component of our corporate philosophy and we are committed to transparency in our management structure, corporate reporting and internal procedures and rules. We believe that this supports a corporate culture which is balanced between entrepreneurial spirit and core ethical values. An ethical approach combined with proper corporate governance enables us to conduct our European-wide business with the highest ethical and legal standards, which we owe to our stakeholders, communities and public authorities.

The Group's essential tenet is to comply with applicable laws, industry standards and best practices. Therefore, we obey applicable laws, both in letter and in spirit, and continually review and implement industry standards and best practices, including those relating to Corporate Governance and Compliance. This approach ensures that our internal procedures and rules comprise all pivotal pillars of Corporate Governance and Compliance, including environmental issues, conduct of employees, suppliers and tenants, sanctions and export controls, whistle-blowing, procurement, data and information protection, conflict of interests, as well as prevention of insider trading, bribery, corruption, fraud, money laundering, terrorist financing and anti-competitive practices. The Group also endorses principles of the UN Global Compact.

The Code of Ethics, as an integral part of our internal rules, together with our Group policies, form a framework for our Corporate Governance and Compliance. The Code of Ethics sets basic standards of conduct for all employees and agents acting on behalf of the Group, as well as for all Representatives, and is intended to prevent illegal, unethical or otherwise socially improper conduct.

We also expect our shareholders, investors, customers and other business partners to comply with the Code of Ethics.

The Code of Ethics helps us build openness and trust by explaining our core values:

- Compliance with applicable laws, industry standards and best practices – In all countries where we operate, our primary concern is to comply with applicable laws, industry standards and best practices. Therefore, we prevent conflict of interest, money laundering and terrorist financing and neither support, nor tolerate any insider trading, sanctions circumventing, bribery, corruption or fraud, anti-competitive conduct, discrimination or harassment. We protect the environment and support sound social values and good relationships with our employees, shareholders, investors, customers, business partners and stakeholders.

- Fairness, Integrity and Professionalism – We promote the highest standards of integrity by always conducting our affairs in an honest and ethical manner. Each of us makes a commitment not to allow any kind of situation to undermine our standards for fairness and integrity in dealing with employees, shareholders, investors, customers and other business partners, public authorities, communities and other stakeholders. We always keep the highest standards of professional correctness and courtesy in any interaction and communication with our employees, shareholders, investors, customers and other business partners, public authorities, communities and other stakeholders.

- Experience, Quality and Entrepreneurship – We have excellent know-how in our field of expertise, understand our business thoroughly and intend to deliver solely top-quality performance to our customers. We actively support a culture of empowerment and accountability, in which our employees can thrive personally and professionally, enhancing creativity in every discipline of the Group.

- Pro-Active Approach and Teamwork – Each of us is committed to take a pro-active approach in relation to our shareholders, investors, customers and other business partners, public authorities and communities, as well as our fellow employees. We try to satisfy wishes and needs of other people, and to recognize and understand their problems. The Group is proud to comprise a Europe-wide team of people who are aligned, motivated and rewarded for contributing to the team and to the long-term value of the Group.

- Stability – We are a strong, successful and stable Group, standing as a symbol of reliability to our employees, shareholders, investors, customers and other business partners and stakeholders.

- Safety – We are committed to a healthy and injury-free workplace and to the safety of our employees, contractors, visitors and communities in which we operate. Safety is fundamental to our overall operational and managerial excellence.

- Community – As our corporate culture is centred around respect and professionalism, we believe in giving back to our communities. We contribute to the sustainable economic, social and environmental development of our communities.

It is our policy to comply with applicable laws of each country where we operate. Our Representatives* shall be aware of applicable laws that impact our business, comply therewith and refrain from any activity which is unethical, illegal or would endanger the safety of others. Our Representatives shall also ensure that their actions cannot be interpreted as being, in any way, in violation of applicable laws. The Group will not condone any activity of any Representative who achieves results through violation of applicable law or through non-ethical business dealings.

** defined as employees, agents and members of the Group's corporate bodies*

Conflicts of Interest

A conflict of interest may arise when a Representative's personal interests (or personal interests of his/her family members) interfere or appear to interfere with his/her ability to act in the best interest of the Group.

We respect the rights of our Representatives to manage their personal affairs and investments, and we do not wish to impinge on their personal lives. However, any activities that create or may create a conflict of interest are prohibited, unless specifically approved in compliance with applicable laws and the Group's internal rules. In turn, our Representatives may not engage in transactions directly or indirectly which lead to or could lead to a conflict of interest.

Even the appearance of a conflict of interest, where none exists, can be detrimental to the Group and shall be avoided. This also means that, as in all other areas of their duties, Representatives working with customers, business partners, competitors or any other persons cooperating with the Group shall act in the best interests of the Group to exclude consideration of personal preferences or benefits.

We expect our Representatives to be free from influences that conflict with the best interests of the Group or might deprive the Group of their undivided loyalty in business dealings. Our Representatives are required to refuse any intervention, coercion or influence that could jeopardize the impartiality of their decision-making relating to our business affairs and, at the same time, to inform their supervisor and the Compliance Officer of the Group (the "Compliance Officer"). The same notification duty applies if such Representative is uncertain whether a conflict of interest exists or will exist. Members of the Group's corporate bodies and management shall in such cases report to, and consult with, the Audit Committee of CPIPG.

Whistle-blowing

We expect our Representatives, as well as shareholders, investors, customers and other business partners and stakeholders to speak out if they have any concerns about breaches of applicable laws, the Code of Ethics, the Group's internal rules or any other illegal or unethical matters. We have a whistle-blowing procedure which enables anyone to raise in confidence, whether anonymously or otherwise, concerns on such possible improprieties relating, but not limited, to:

- Conduct, which is an offence or breach of applicable laws, the Code of Ethics, other Group's internal rules;
- Alleged miscarriage of justice;
- Health and safety risks;
- Unauthorised use of public funds;
- Possible fraud, corruption and bribery;
- Sexual, physical or verbal harassment;
- Bullying or intimidation of employees, customers or other persons;
- Abuse of authority; or
- Other illegal or non-ethical conduct.

Reports can be made to the e-mail whistleblowing@cpipg.com. All reports made in good faith shall be kept confidential and no person making a report will be subject to discrimination or adverse treatment by virtue of making that report.

Under the whistle-blowing procedure, arrangements are in place for independent investigations and for appropriate follow-up actions to be taken.

Prohibition of Corruption, Bribery and Fraud

We do not tolerate corruption, bribery or fraud in any form. Regardless of our geographic location, the Group and its Representatives shall comply with applicable anti-corruption, anti-bribery and anti-fraud laws (including the UK Bribery Act of 2010 and US Foreign Corrupt Practices Act of 1977). No Representative shall directly or indirectly:

- Offer, make, promise or authorize the transfer of anything of value to a public official (or his/her family member) to obtain or retain a business advantage or to influence any decision by such official in his/her official capacity, unless authorised by applicable laws;
- Offer, make, promise or authorize the transfer of anything of value to any private person or entity to improperly influence that person in the legitimate performance of his/her expected duties and obligations; and
- Accept or receive anything of value from any person, where such a thing is offered, promised or given with the intention of improperly influencing that Representative to obtain or retain business for the Group or secure an improper business advantage.

Our Representatives are required to report any actual or suspected corruption, bribery or fraud to the Compliance Officer or through the whistle-blowing procedure. For the purposes of combating corruption, our employees have an anti-corruption clause in their employment contracts. Any violation of the above rules is considered a gross violation of work discipline.

Further, as giving gifts or entertainment to public officials is highly regulated and very often prohibited, each Representative shall avoid any activity that may be construed as a bribe, corruption or improper payment. In such cases, the Representatives shall always obtain relevant approval within the Group, and never offer gifts or entertainment to public officials without first checking with the Compliance Officer.

Procurement within the Group shall be conducted in a cost-effective, transparent and non-discriminatory manner and in compliance with applicable laws. Therefore, we expect our suppliers and other business partners to compete fairly and vigorously for our business and endorse the principles of the Code of Ethics and other relevant Group's internal rules. We select our suppliers and other business partners strictly on merit, rather than on improper benefit given or offered. Our Representatives may neither give to, nor accept from, anyone who conducts or seeks to conduct business with the Group, any gift, service or special treatment of any kind, unless:

- It is provided with good intentions and for legitimate business purposes;
- It is consistent with good business practices and ethical standards;
- It is permitted by applicable laws and the Group's internal rules;
- It is permitted by the counterparty's own business policies;
- It is of value not exceeding normal business practices, not in the form of cash payment and cannot be interpreted as a bribe or reward;
- There is no expectation that such special treatment will follow;
- It does not create an appearance of impropriety;
- Potential publicizing the information on providing such gift, service or special treatment of any kind would not be detrimental to the Group's reputation; and
- Providing such gift, service or special treatment of any kind was approved within the Group, if required.

We always treat our customers honestly, fairly and objectively. Our Representatives may provide gifts or entertainment to, or receive gifts or entertainment from, existing or potential customers only if conditions set out in the preceding paragraph are met.

Otherwise, our Representatives are obliged to refuse any such gift, entertainment, service or special treatment of any kind, warn the counterparty of the inadmissibility of such conduct and inform the Compliance Officer. If a Representative cannot avoid accepting such gift, entertainment, service or special treatment of any kind above the value of normal business practices, he/she must report it to the Compliance Officer, who will decide on further steps and measures to be taken.

Finally, any Representative may never try to induce by any means any business partner to give him/her any gift, entertainment, service or special treatment of any kind.

Anti-Money Laundering and Counter-Terrorism Financing

The Group's business activities are to be conducted in accordance, and all Representatives shall at all times comply, with applicable laws on the prohibition and prevention of money laundering and terrorism financing. This means, among others, that we must always have thorough knowledge of the business partners we do business with. In addition, we take steps and measures to prevent misusing our services for money laundering and terrorism financing.

Prohibition of Securities Fraud and Insider Trading

The Group's equity and debt securities are listed on several regulated exchanges including Frankfurt, Luxembourg, Dublin, Tokyo, Warsaw, Zurich and Budapest. In each listing venue, the Group must also comply with applicable disclosure and governance rules. Accordingly, preventing security fraud and insider trading is of paramount interest.

In particular, our Representatives may have access to material information that is not public and that would be likely to have a significant effect on the price of those instruments, if it were made public.

As we comply with applicable laws on prohibition of securities fraud and insider trading, neither the Group, nor its Representatives may trade in the shares or other securities of any company in question, either directly or through another person, as long as such information has not been made public, and may not disclose such information, other than in the normal course of business.

In addition, within the Group any inside information shall only be disseminated to other Representatives on a need to know basis, such as a business purpose, and each Representative shall exercise care to keep such information secure from unnecessary or unintended disclosure, including disposal of documents containing such information.

International Sanctions and Export Controls

A number of countries have adopted laws regulating the import and export of goods, services, software and technology. Failure to comply with foreign economic and trade sanctions, export controls, embargoes and international boycotts of any type may constitute a crime and the sanctions for non-compliance can include fines and imprisonment. An entity that does not comply may also be denied the right to participate in foreign trade with the state whose laws were breached.

Therefore, the Group and its Representatives comply with applicable laws of the European Union, USA, United Kingdom and other countries concerning the import and export of goods, services, software and technology, foreign economic and trade sanctions, export controls, embargoes and international boycotts of any type.

Participation in Public Procurement and Public Tenders

We comply with laws on public procurement and public tenders, if applicable to us. We have a zero-tolerance policy in respect of any illegal or unethical practices relating to public procurement and public tenders, including bribery, corruption and fraud.

Prohibition of Cartels and Anti-Competitive Practices

Our policy is to conduct business honestly and fairly, and to comply with applicable competition and antitrust laws. This means that (i) the Group utilises competitive advantages while treating competitors appropriately, (ii) neither the Group, nor any of its Representatives may participate in illegal anti-competitive acts, including abuse of dominance or agreements to fix prices, manipulate or divide markets, limit production or otherwise unfairly restrict competition, and (ii) neither the Group nor any of its Representatives may exchange any commercially sensitive information with the Group's competitors.

Violations of competition and antitrust laws may result in severe penalties and significant fines against the Group. There may also be sanctions against individual Representatives, including substantial fines and prison sentences.

Protection of Intellectual Property

We recognise and respect the intellectual property rights of other persons and entities and fulfil all ethical and legal obligations concerning use of intellectual property.

The Group requires Representatives to respect copyrights, trademarks, patents and other intellectual property rights of all persons and entities to any material (including material downloaded from the internet and computer software), through:

- Using all proprietary information, property and rights only for the purposes for which they are intended and approved for use; and
- Avoiding copying, improper use or distribution of any work subject to intellectual property rights without the owner's prior permission, as violations of the above may result in civil or criminal liability for the Group or the Representatives.

Additionally, software purchases on behalf of the Group are permitted only with the appropriate approval granted within the Group, and any software shall be installed only by employees designated by the Information Technology department of the Group or through processes and resources dedicated by the Information Technology department of the Group. In the majority of cases, computer software is licensed to the Group by the software developer, thus such software and related documentation is not owned by the Group. Unless authorized by the software developer, neither the Group, nor any Representative have the right to reproduce or copy the software or related documentation.

On the other hand, the Group reserves all rights to any intellectual property, including patents, trademarks and copyrights, developed by the Representatives on the Group's time or utilising the Group's resources during the course of their relationship to the Group.

Protection of Confidential Information

One of our most important assets is confidential (or otherwise privileged) information, including our internal information and trade secrets. Such information, whether developed by us or provided to us by our customers, suppliers or other business partners, may include the list of current and prospective customers, suppliers or assets of the Group, financial and technical information concerning the Group's assets (e.g., period of renewal of leases, rents and expenses, financial projections, maintenance level of buildings and projects, or information relating to future disposals or acquisitions of assets), as well as training and organisational documents.

Each Representative shall comply with applicable information protection laws, which implies that each Representative has a duty to refrain from disclosing confidential information, unless and until such information is released to the public through approved channels, or unless he/she obtained the approval of the responsible member of the Group's management to disclose the confidential information. Additionally, before disclosing such information, the individual or entity receiving the information shall enter into a confidentiality or non-disclosure agreement with the Group. The aforesaid also requires that Representatives shall refrain from discussing confidential information with outsiders and even with other Representatives, unless those fellow Representatives have a legitimate need to know the information in order to perform their duties.

Unauthorised posting or discussion of any confidential information concerning the Group's business or prospects on the internet is prohibited, and all e-mails, voice mails and other communications within the Group are presumed confidential and shall not be forwarded or otherwise disseminated outside the Group, except where required for legitimate business purposes. Representatives leaving the Group shall return to the Group all confidential information in their possession as unauthorised keeping, use or distribution of such information could be illegal and result in civil liability and/or criminal penalties.

Finally, the Representatives shall take care not to inadvertently disclose confidential information. For this reason, all materials that contain confidential information, such as memos, notebooks, computer disks and laptop computers shall be stored securely.

Protection of Personal Data

We comply with applicable laws on privacy and data protection, including Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR).

We collect and retain personal data only to the minimum extent and for proper purposes as required by applicable laws and the Group's operational requirements. We also take all necessary or appropriate steps and measures to comply with applicable laws to safeguard and fairly process personal data, to maintain the confidentiality of personal data and prevent any accidental destruction, alteration, modification, loss, misuse, unlawful use or processing of, or unauthorized access to, personal data.

Certain Group companies have appointed Data Protection Officers with the functional and organisational responsibility for compliance with applicable laws and the Group's internal rules on personal data protection. The Group companies and their Representatives shall report any alleged breach of applicable laws or the Group's internal rules on personal data security to the relevant Data Protection Officer.

Use of Group's Assets

The Group's assets, facilities and services provided to the Representatives are for professional use only. Without prior authorization it is forbidden to take possession of or use the Group's assets for personal gain or advantage, to alter, remove or destroy the Group's assets, or to use the Group's services or equipment for personal purposes. Also, the Group's landlines and cell phones, e-mail services, internet access and other equipment and subscriptions must be used primarily for professional purposes. Concerning access to the internet, it is forbidden to download non-professional data or to visit websites whose content is unlawful or could be otherwise detrimental to the Group's reputation.

Use of Agents

Honesty and integrity are key standards for the selection and retention of those who represent, or act on behalf of, the Group. Our policy is that agents acting on our behalf must be willing to certify their compliance with our internal rules and procedures, including the Code of Ethics, and may never be retained to circumvent our ethical and business standards.

Political Involvement, Lobbying and Public Policy

The Group holds political neutrality and does not support any political groups, parties or activities through donations or otherwise, even if permitted by applicable laws. The Group also respects Representatives' freedom of political participation and encourage its Representatives to become involved in civic affairs and to participate in the political process. This way, we can all practice good citizenship and make meaningful contributions to our communities. However, any political activity on the Representative's own behalf must occur strictly in an individual and private capacity, not on behalf of the Group, strictly in the Representative's own time and may not be detrimental to the reputation of the Group.

Moreover, use of the Group's resources or funds to campaign for an elected position or make a contribution to a political party or candidate is strictly prohibited. The Representatives interested in serving in an elected or appointed public position shall advise the Compliance Officer to ensure understanding of the Group's Political Involvement Policy rules and other internal rules and possible legal ramifications and to manage possible conflicts of interest, including anti-bribery and anti-corruption compliance requirements.

Any lobbying activities on behalf of the Group are prohibited unless pursued by persons duly authorised thereto by the the Remuneration, Nomination, and Related Party Transaction Committee. Any such activities may never be detrimental to the reputation of the Group or conflict with rules concerning the prohibition of corruption, bribery and fraud (as specified in the above section on Prohibition of Corruption, Bribery and Fraud).

Protecting Our Reputation

In order to avoid inappropriate or inaccurate publicity related to the Group, we disclose information concerning the Group and its work to the media (whether printed, broadcasted or on the internet) or otherwise to the public only through authorised persons and specific limited channels. We disclose only true, accurate and not misleading information. We also use only decent and ethical marketing and advertising. Representatives may not provide any information to the media or public about the Group on or off-the-record, for background only, confidentially or secretly. All inquiries or calls from the press shall be referred to the PR and Marketing Director of the Group.

Accounts on social networks under the Group's brand can be established only with prior consent of the Group. Information published by Representatives on social networks via their private accounts may not be detrimental to the Group's reputation.

Rules for Gifts and Hospitality

Giving gifts to or accepting gifts from, as well as providing hospitality to or accepting hospitality from, individuals or entities that we do business with may be a valuable way for the Group to establish and maintain good business relationships. However, it may never conflict with rules concerning prohibition of corruption, bribery and fraud (as specified in the above section on Prohibition of Corruption, Bribery and Fraud).

Rules for Charity and Sponsorship

We believe that charity and sponsorship are important to the communities where we operate. We respect our local communities and do our best to broaden recognition of the Group's capabilities and improve community relations. We provide financial support to specific sport, cultural, charitable and social projects and activities; however, never in order to obtain illegal or unethical benefit or advantage. We always keep an apolitical position and never provide financial or other support to political parties or movements.

Diversity and Non-Discrimination

We are committed to creating an environment of respect for and appreciation of individual differences that is free from direct or indirect discrimination, harassment, retaliation and/or sexual assault. The Group rejects any form of discrimination and harassment based on sex, sexual orientation, race, gender or gender identity or expression, colour, creed, religion, age, national origin, ethnicity, disability, ancestry, veteran or military status, pregnancy, genetic information, marital status, citizenship status, philosophical, religious or political beliefs, wealth, social background, state of health, and any other characteristic protected by law. Any such discrimination is not tolerated.

Diversity and inclusion initiatives are being applied across all HR functions, including, but not limited to, recruitment and selection, compensation and benefits, mobility, professional development, training and terminations. The Group seeks to ensure that all employees are paid fairly reflecting their capabilities and performance and that gender or other irrelevant characteristics are never a factor. The Group provides reasonable accommodation to the known physical or mental limitations of qualified individuals with disabilities.

Further detail on the Group's diversity and anti-discrimination initiatives and activities can be found in the "Employees and stakeholder involvement" section of this report.

Board of Directors

The Company is administered and supervised by the Board of Directors appointed as a collegiate body by the general meeting of shareholders. The Board of Directors represents the shareholders as a group and acts in the best interests of the Company. All members, and in particular the independent and non-executive members, are guided by the interests of the Company's stakeholders including shareholders, bondholders, creditors, tenants, and employees.

Appointment of Directors

The members of the Board of Directors are elected by the general meeting of shareholders for a period not exceeding six years. The Board of Directors shall be composed of the number of members determined by the general meeting of the shareholders and shall amount to at least three (3) members. The members of the Board of Directors are eligible for re-election and may be removed at any time by a resolution adopted by a simple majority of votes of the general meeting of shareholders. The Directors may be either natural persons or legal entities. In the event of a vacancy on the Board of Directors, the remaining members may co-opt a new member.

Powers of the Board of Directors

The Board of Directors is empowered to perform any acts necessary or useful in achieving the Company's objectives. All matters not expressly reserved to the general meeting by law or by Company's articles of association are within the competence of the Board of Directors.

Deliberations

Meetings of the Board of Directors may be convened by any Director. The Board can validly deliberate and act only if the majority of its members are present or represented. Resolutions shall require a majority vote. In the case of an equality of votes, the chairman of the meeting (if designated) will have a second or casting vote.

Delegation of Powers

The Board of Directors may delegate all or part of its powers concerning the day-to-day management and the representation of the Company in connection therewith to one or more Directors, corporation's directors, chief operating officers, chief executive officers, managers or other officers, who need not be shareholders of the Company. Currently, Martin Němeček, has been appointed as the Company's Managing Director.

Current Board of Directors

The current Board members were appointed during the Company's annual general meeting held on 28 May 2020 and their term expires at the annual general meeting of 2021 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2020.

In 2019, the Board of Directors proposed to the Company's annual general meeting a second independent board member, Mr. Omar Sattar, a former managing director of Colliers International in the Czech Republic and a long-time CEE real estate specialist.

In December 2020, Mr. and Mrs. Vitek decided to retire from the Board of Directors of CPIPG. Jonathan Lewis was co-opted to the board of CPIPG and became the Group's third independent director. Based in London, Mr. Lewis is an independent real estate consultant who practised for 40 years as a solicitor, most recently as a partner at international law firm CMS.

As at 31 December 2020, the Board of Directors consists of the following members:

Edward Hughes (1966), independent, non-executive member. Chairman of the Board of Directors, president of the Audit Committee, president of the Remuneration Committee, and member of the Investment Committee.

Jonathan Lewis (1955), independent, non-executive member. Member of the Remuneration Committee.

Philippe Magistretti (1956), non-executive member.

Martin Němeček (1975), executive member. CEO & Managing Director. Member of the Investment Committee.

Tomáš Salajka (1975), executive member. Director of Acquisitions, Asset Management & Sales. Member of the Investment Committee and of the CSR Committee.

Omar Sattar (1971), independent, non-executive member. Chairman of the CSR Committee, member of the Audit Committee, Remuneration Committee, and of the Investment Committee.

Oliver Schlink (1970), executive member. CFO and Managing Director of GSG Berlin.

Board of Directors meetings in 2020

During 2020 the Board of Directors held a total of sixteen meetings, out of which four were quarterly meetings, and twelve were ad hoc board meetings, dealing with transactions and ongoing business matters of the Group. The average participation rate during the 2020 meetings of the Board of Directors was 100%, of which 88% represents personal attendance and 12% representation by another director pursuant to a proxy.

Independence

The Group is committed to continual enhancements to board transparency and independence. In 2019, the Board proposed to the Company's annual general meeting a second independent board member, Omar Sattar, a former managing director of Colliers International in the Czech Republic and a long-time CEE real estate specialist. Omar has been appointed to the Audit Committee and the Remuneration Committee and in 2020 he became the president of the CSR Committee. These committees are comprised of independent and non-executive members, whereas the majority is independent. In December 2020, the Board of Directors co-opted a third independent non-executive Board member, Jonathan Lewis. Jonathan became member of the Remuneration Committee.

The independence criteria are revised semi-annually, and is assessed in line with The X Principles of Corporate Governance. An independent director must not have any significant business relationship with the company, close family relationship with any member of the executive management, or any other relationship with the company, its controlling shareholders or members of the executive management which is liable to impair the independence of the director's judgment.

The potential conflict of interest is taken very seriously. In accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended, a director who has a direct or indirect patrimonial conflict between his interests and those of the Company in any business or matter to be resolved upon by the Board of Directors (i) must promptly inform the Board of Directors of such potential conflict; (ii) must request that it is stated in the minutes of the Board of Directors' meeting; and (iii) cannot take part in these deliberations nor vote in relation to the matter in which such Director is conflicted. These provisions are strictly enforced by the Board of Directors.

Any related party transaction must be approved by the Board of directors. In addition, the Group requests the members of the Board of Directors and senior management lists of their related parties for review and check of related parties transactions and potential conflict.

Audit Committee

The Audit Committee reviews the Company's accounting policies and the communication of financial information. In particular, the Audit Committee follows the auditing process, reviews and enhances the Group's reporting procedures by business lines and reviews risks factors and risk control procedures.

As at 31 December 2020, the Audit Committee is comprised of the following members:

- Zdeněk Havelka, executive member.
- Edward Hughes, independent, non-executive member. Chairman of the Audit Committee.
- Iveta Krašovicová, independent, non-executive member.
- Omar Sattar, independent, non-executive member.

Following the appointment Omar Sattar in 2019 as the new independent, non-executive member of the Board of Directors, the Board agreed to appoint Omar to the Audit Committee. This appointment further strengthened the composition of the Audit Committee and the number of independent members. In the first quarter of 2020, the Board appointed Zdeněk Havelka to the Audit Committee. Zdeněk supervises internal audit across the Group, so his appointment directly includes internal audit matter within the scope of the Audit Committee. The current composition of the Audit Committee ensures the proper mix of audit, accounting and real estate experience.

During 2020, the Audit Committee focused mainly on the ongoing review of the Group's financial statements: review of the Annual Management Report and consolidated financial statements for the years ended 31 December 2020. The Audit Committee also dealt with the impact of COVID-19 on property portfolio valuations and revenue recognition.

The Audit Committee focused on valuations of the property portfolio and reviewed the outcomes of the valuation on quarterly basis. The Audit Committee was involved in the Group's financing and capital structure, mainly in relation to senior unsecured bonds, hybrid bonds and green bonds and their accounting treatment.

Lastly, the Audit Committee dealt with external and internal audit matters. In 2020, the Audit Committee held five meetings with five absences.

Remuneration, Nomination, and Related Party Transaction Committee

The Remuneration, Nomination, and Related Party Transaction Committee (the "**Remuneration Committee**") presents proposals to the Board of Directors concerning remuneration, nomination, and incentive programs to be offered to the management and Directors of the Company.

The Remuneration Committee also deals with the related party transactions. Any related party transaction must be presented to the Remuneration Committee prior to the submission for an approval by the Board of Directors. Where the related party transaction involves a director, that director must not take part in the deliberations and approval by the Board of Directors.

As at 31 December 2020, the Remuneration Committee is comprised of the following members:

- Edward Hughes, independent, non-executive member. Chairman of the Remuneration Committee.
- Jonathan Lewis, independent, non-executive member.
- Omar Sattar, independent, non-executive member.

All members of the Remuneration Comittee are independent.

During 2020, the Board of Directors took over the role of the Remuneration Committee. In particular, the Board of Directors discussed and agreed to increase the number of independent members of the Board.

The Board also discussed and reviewed its composition and composition of the committees, checked related party transactions and cross-board mandates of the members. No case of individual misconduct by any member of the Board of Directors, failure of business practices, or material remuneration controversy was reported to the Remuneration Committee.

Investment Committee

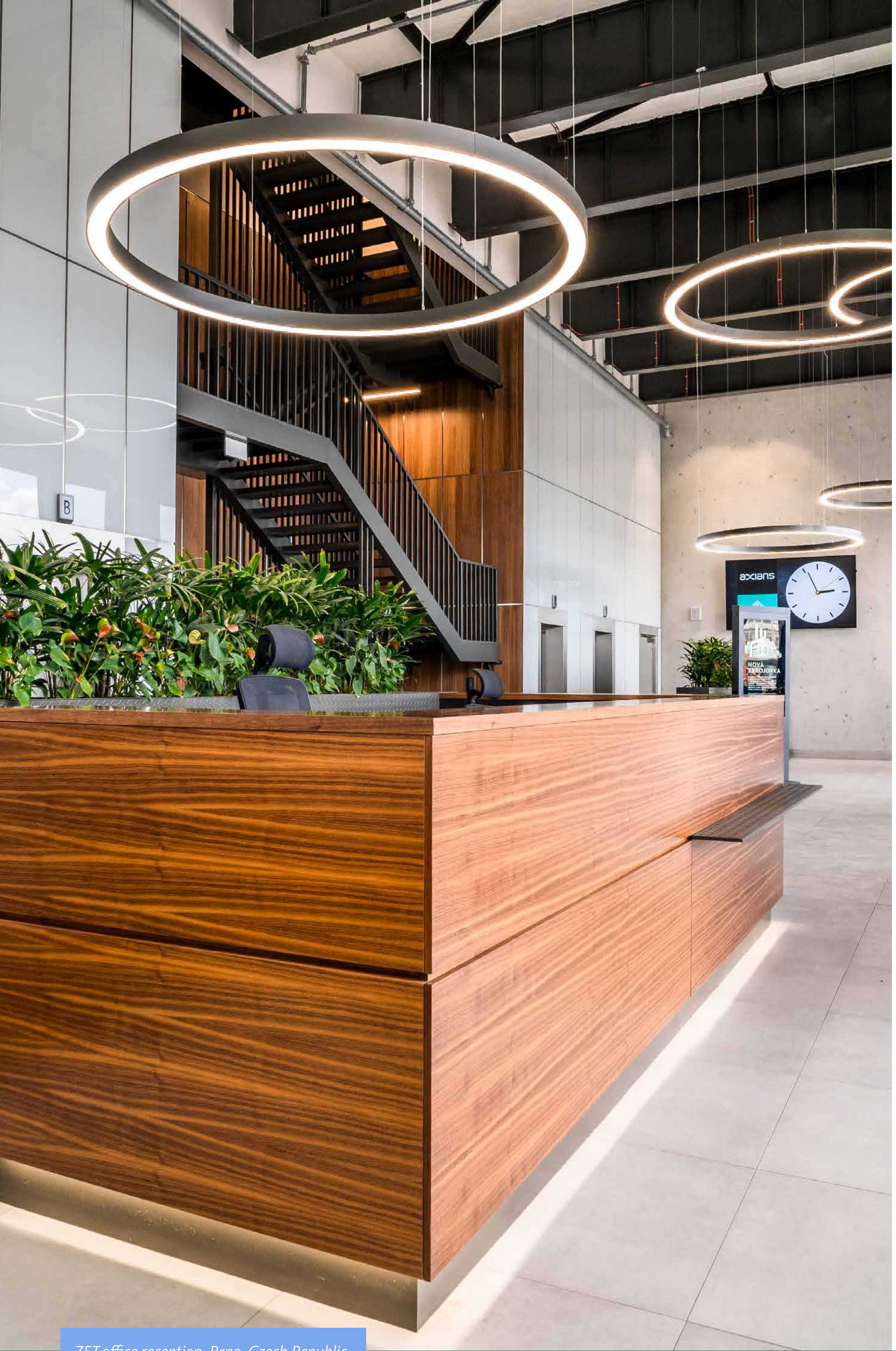
The Investment Committee was created at the end of 2020 to advise the Board of Directors concerning investment, acquisitions and transactional matters. Given the large number of transactions, the Board created this special committee to help operatively with investment decisions.

As at 31 December 2020, the Investment Committee is comprised of the following members:

- Edward Hughes, independent, non-executive member.
- Martin Němeček, executive member.
- Omar Sattar, independent, non-executive member.
- Tomáš Salajka, executive member.

Shareholding of Board members and senior management in CPIPG

As at 31 December 2020, certain members of the Board of Directors and senior management held in aggregate 47,577,830 CPIPG shares. Following their participation in the 2021 share buyback, the aggregate number of CPIPG shares held by certain members of the Board of Directors and senior management amounts to 33,721,902 as at 31 March 2021.



ZET.office reception, Brno, Czech Republic

Financial Reporting, Internal Control and Risk Management

The Company has organised our internal control environment by identifying the main risks to which we are exposed, determining the level of control over these risks, and strengthening the reliability of our financial reporting and communication processes. The Group's overall approach to risk is conservative. There are inherent risks determined by the nature of our business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities. Key risks are assessed by ranking exposure on the basis of probability and magnitude and are closely managed. Analysis of sensitivity to these key risks is conducted at Group level. The Group's management structure is designed to enable effective decision making. The periodic reviews of key performance indicators are conducted: tenants' turnovers, vacancies, rent collection, arrears and doubtful debtors, and review of performance against budgets and schedules. Internal audits of control functions are regularly performed. Strict procedures are also observed for the periodic production of quarterly and annual figures on the basis of the adopted policies. There are clearly defined guidelines and approval limits for capital and operating expenditures and other key business transactions and decisions. The internal management reporting system is designed to identify fluctuations in the value of investments, income and expenses. Capital projects, major contracts and business property acquisitions are reviewed in detail and approved by the Board of Directors where appropriate.

Financial Risk

The Group maintains a prudent financial policy. Foreign exchange risks and interest rate risks arising from the Group's operations, financial assets and liabilities are carefully managed and mitigated through the use of a range of hedging instruments. Tenant credit risk is managed by utilising a range of measures including credit rating scorecards. The Group has strong credit metrics supported by investment grade ratings, long-dated debt maturity profile, strong liquidity through cash and a large committed revolving credit facility from ten banks expiring in 2026, and access to multiple sources of capital, including international bonds issued across multiple jurisdictions under the Company's EMTN programme, private placements, Schuldschein, secured loans from its relationship banks and equity investment from its majority shareholder. For financial risk, comprising of credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk) please refer to Note 7 in Consolidated Financial Statements as of 31 December 2019.

Information Technology Risks

The Group has developed a strong information technology team, with dedicated information security specialists. The threat of data breach and loss or cyberattacks are taken very seriously. IT systems used across the Group are designed and developed in order to provide maximum security. Information security risk is carefully monitored and information security policies are reviewed and updated. Employees are regularly guided to be aware of potential IT and cyber security related risks. The Group makes use of electronic data processing within automated information systems. Offsite data back-up and recovery measures are in place.

Legal Risk

The Group has established a legal team at the central and local level to ensure proper implementation of legal services and compliance with applicable laws and regulations. Internal legal teams support management in daily operations with respect to ongoing transactions and legal relationships with clients, customers, banks, suppliers, administrative and governmental bodies, as well as courts. The legal teams monitor legislative changes and regulatory changes to minimise associated legal risks.

Complex transactions, litigation as well as certain legal services are outsourced to reputable law firms to ensure obtaining of the highest standards of legal services and minimization of legal risks.

Local legal departments provide regular litigation reports to the general counsel who reports directly to the CEO. Legal reports, including litigation updates, are provided to the Board on quarterly basis, with major legal issues being reported immediately.

Development, Construction and Refurbishment Projects

The Group employs construction and development experts and skilled project managers for its construction and refurbishment projects. The suppliers of architectural, permitting, construction and refurbishment works are always tendered from reputable companies with relevant experience and financial capacity.

Project timing, progress and budgets are carefully monitored, mostly with the support of external project monitoring organisations. Health, safety and environmental risks are monitored before and during construction.

Transaction and Asset Management Risk

Acquisitions of new assets are carefully examined through a detailed financial, legal, and operational evaluation prior to Board approval. Reputable external advisors are engaged to assist with acquisition processes starting from evaluation, due diligence, transaction negotiation and implementation.

Asset management initiatives are carefully scrutinized before implementation, taking costs and benefits into account. An experienced asset management team evaluates market pricing of lease transactions and also assists with acquisition processes.

An experienced property management team monitors retail tenants turnovers, vacancies, rent collection, arrears and doubtful debtors. Rent collection is closely monitored and enforced in cooperation with the legal team. The tenant base is well diversified and there is limited exposure to individual tenants.

Asset Protection/Insurance

The Group insures all income-producing properties with all-risk property insurance at reinstatement cost, business interruption (revenues for 24 months) and third-party liability insurance. Some properties are also insured against terrorist acts. Properties under development have construction all-risk insurance. Insurance is contracted from reputable international insurers. The Audit Committee and the Remuneration Committee have specific duties in terms of internal control.

Subsequent Events

Please refer to Note 11 of the Financial Statements as of 31 December 2020.

Financial Risks Exposure

For detail description of the principal risks and uncertainties, please refer to Note 2 Basis of Preparation of the Consolidated Financial Statements as of 31 December 2020.

Required information

In reference to the information required by paragraphs (a) to (k) of Article 11(1) of the Law of 19 May 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, the Board of Directors states as follows.

(a) *The structure of the capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents:*

The share capital of the Company is represented by 8,651,716,331 ordinary shares of one class, out of which 112,135,971 shares (approximately 1.3% of the total number of shares), registered under ISIN code LU0251710041, are admitted to trading on the regulated market of the Frankfurt Stock Exchange in the General Standard segment. The remaining 8,539,580,360 Company shares (approximately 98.7% of the total number of shares) are currently not listed and are non-tradeable on a regulated market.

The Extraordinary General Meeting of the shareholders of the Company held on 26 June 2017 decided to introduce the possibility to create and issue up to ten billion (10,000,000,000) non-voting shares, having a par value of ten eurocents (€0.10) each, and also the possibility to create and issue up to ten billion (10,000,000,000) beneficiary shares without any voting rights and being under registered form only. None of these shares have not been issued by the Company yet.

(b) *Any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC:*

There are no restrictions on the transfer of Company's shares or other securities issued by the Company. However, final terms of certain series of the notes issued under Company's €8,000,000,000 Euro Medium Term Note (EMTN) Programme include a "Prohibition of Sales to EEA Retail Investors" legend. In such case these notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA, within the meaning of (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

(c) *Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross shareholdings) within the meaning of Article 85 of Directive 2001/34/EC:*

Based on the latest shareholders' declarations received as at 31 December 2020, the following table sets out information regarding the ownership of the Company's shares:

Radovan Vítek (directly or indirectly)	7,847,502,824	90.70%
Others	484,911,259	5.60%
Treasury shares held by the Company's indirect subsidiary CPI FIM SA (directly or indirectly)	319,302,248	3.69%
Total	**8,651,716,331**	**100%**

(d) *The holders of any securities with special control rights and a description of those rights:*

None of the Company's shareholders has voting rights different from any other holders of the Company's shares. The Company respect the rights of its shareholders and ensure they receive equitable treatment. The Company has established a policy of active communication with the shareholders.

(e) *The system of control of any employee share scheme where the control rights are not exercised directly by the employees:*

The Company has no employee share scheme.

(f) *Any restrictions on voting rights, such as limitation on the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities:*

There are no restrictions on voting rights of the securities issued by the Company, except for the own shares held by the Company, where the voting rights are suspended under law.

(g) *Any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC:*

To the knowledge of the Company, there are no shareholders or similar agreements entered into by and between shareholders that are in effect as at 31 December 2020 with similar effects.

(h) *The rules governing the appointment and replacement of board members and the amendment of the articles of association:*

The Company is managed by a Board of Directors appointed as a collegiate body by the general meeting of shareholders. The Board of Directors shall be composed of the number of members determined by the general meeting of the shareholders and shall amount to at least three members. The Directors are elected by the general meeting of shareholders for a period of maximum six years. The directors are eligible for re-election and may be removed with or without cause at any time by decision of the general meeting of shareholders by simple majority vote. In the event of a vacancy in the Board of Directors, the remaining members may co-opt a new member. The Directors may be either natural persons or legal entities. The articles of association may be modified by an extraordinary general meeting of the shareholders, deliberating with a quorum of at least half of the corporate capital and deciding by a vote of at least a two-thirds majority of the votes cast.

(i) *The powers of board members, and in particular the power to issue or buy back shares:*

The Board of Directors is empowered to perform any acts necessary or useful in achieving the Company's objectives. All matters not expressly reserved to the general meeting by law or by Company's articles of association are within the competence of the Board of Directors. In particular, the Board of Directors has the following tasks and competencies, without such list being exhaustive:

- Setting the objectives and management policies of the Company;
- Preparing the annual operating and financing plans;
- Managing the Company's business affairs and performing all the acts and operations relating to the corporate purpose that do not fall within the duties attributed to other bodies of the Company;
- Representing the Company in or out of court;
- Acquiring or selling real estate;
- Incorporating companies;
- Adopting resolutions regarding the issuance of bonds, or borrowings;
- Approving issuance of new shares pursuant to the authorized share capital.

As at 31 December 2020, the authorized share capital of the Company amounts to €4,975,000,000, which would authorize the Board of Directors to issue up to 39,750,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding. As at 31 December 2020, the Company is authorized to redeem/repurchase up to 1,000,000,000 own shares under the buy-back programme approved in 2020. For more details on the authorized share capital and the buy back please refer to Note 6.10 of the Consolidated financial statements as of 31 December 2020.

(j) *Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements:*

The base prospectus dated 27 April 2020, prepared in connection with the Company's €8,000,000,000 Euro Medium Term Note Programme, as amended (the "**Programme**") contains a change of control put clause, i.e. redemption at the option of the noteholders upon a change of control, provided certain other criteria defined in the Programme occur. Change of control event pursuant to the Programme occurs in case any person or any persons acting in concert (other than Mr. Radovan Vítek, any member of his immediate family or any entity directly or indirectly controlled by him or them) shall acquire a controlling interest in (A) more than 50 per cent., of the issued or allotted ordinary share capital of the Issuer or (B) shares in the issued or allotted ordinary share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, subject to further conditions. For exact terms please refer to Condition 7.6. of the base prospectus of the Programme. Changes of control provisions are stipulated in the Revolving Credit Facility and Schuldschein agreements entered into by the Company in 2019. Certain credit facility documentation with financing banks of the Group contain market standard change of control.

(k) *Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.*

Not applicable as of 31 December 2020.

Employees & stakeholder involvement

Employee development

Regular employee training and development is critical to ensure that our employees can continue to perform their roles optimally. The Group employs various tools to develop and motivate our employees, such as individual and team training sessions, mentoring sessions, and apprenticeship programmes.

Annual training per employee

In 2020, the Group undertook **annual average training of 7.9 hours per employee.** This compares with 16.4 hours in 2019; however, this is explained mostly by the fact that average training has historically been higher per employee in the Group's hotels division, which was closed for a significant portion of the year, and the headcount in CPI Hotels was cut significantly in 2020.

All employees across the Group undergo performance appraisals at least annually in order to support career development.

Training and development	Average hours per employee	7.9
Employee performance appraisals	Percentage of workforce with performance appraisals	100%

Training programmes

The Group provides a wide range of in-house training and mentoring opportunities for our workforce across the Group.

Regular functional training is provided to all employees relating to operational, legal, regulatory, accounting, health & safety, IT or other matters in order to ensure that staff can continue to perform their roles effectively. In addition, extra-curricular training is provided to provide the ability of our employees to enhance their skills and provide them with development opportunities, such as regular language courses.

CPIPG also strives to cater to the **continuous professional development** of all of its employees. For example, the Group became an "ACCA Approved Employer" in 2019 in recognition of the continuing professional development opportunities provided to ACCA members working at the company.

The Group provides **internship and apprenticeship programme**s across multiple platforms of the Group's portfolio, such as in Berlin, where trainees can receive hands-on experience across various parts of the business. Apprenticeship and internship programmes also help to provide equal opportunities to talented candidates who may not have come through the usual academic route.

Mentoring programmes

CPIPG also believes that sharing knowledge and expertise can significantly enhance recruitment, employee satisfaction, and retention. Therefore, we are embracing more mentoring programmes every year. For example, in 2020, CPI Poland's Country Manager, Barbara Topolska, won the award for "Top Woman in Real Estate" in the Polish Prime Property Prize 2020 awards. Following her award, Barbara provided a series of mentoring programmes to employees of CPI Poland, where participants could learn from Barbara about valuable career and personal development guidance.

Barbara Topolska mentoring CPI Poland employees

Employee engagement

The Group conducts firm-wide employee satisfaction surveys **every two years**. The Group aims to ensure that on a frequent basis, senior management is appraised of the views and feelings of the workforce – in order to understand what the Group is doing well, where we can improve and how to implement positive change into our strategy, operations, policies and practices.

Following the inaugural survey conducted in 2019, in March 2021, the Group conducted a new employee survey covering all permanent employees in the Czech Republic, Germany, Hungary, Slovakia, Poland and Croatia. **The response rate was 93%**, and the results were overwhelmingly positive. A snapshot of the results can be found below:

Percentage of employees that agree	
Employees are proud to work for the CPIPG	97%
Employees would recommend CPIPG as a good place to work	94%
CPIPG values employee diversity and equality in all forms	93%
CPIPG takes a proactive approach to sustainability and CSR activities	97%
Managers are positive role models for employees	94%
CPIPG always acts legally and honestly	97%
The company provides a safe and healthy working environment	96%
The company provides a good work and life balance for its employees	90%

CPIPG's Green Champions

As part of the Group-wide employee survey conducted in March 2021, employees were asked to nominate individuals for the contributions to the Group's environmental agenda and objectives. Gökhan Olkun from GSG Berlin and Gyula Győri from CPI Hungary were chosen by their peers in a close contest! Congratulations!

Being part of a strong and motivated team in Berlin that is focused on environmental matters gives me great pride, as well as the opportunity to make a positive impact in my role.

Gökhan Olkun, Energy & Sustainability Manager, GSG Berlin

Gökhan joined GSG Berlin as an Energy and Sustainability Manager in July 2020. Since then, he has been developing, coordinating and implementing strategies and projects to reduce energy consumption and increase the sustainability of GSG Berlin's Portfolio in line with the Group's environmental strategy.

Improving the energy efficiency of our buildings requires constant focus and the ability to work effectively in partnership with our tenants.

Gyula Győri, Director of Facility Management, CPI Hungary

Gyula has more than 20 years of experience in the facility management field and has been with CPI Hungary since June 2013. Since 2016, Gyula has been responsible for the professional management of CPI Facility Management Ltd. His task is the operation and fine-tuning of the buildings and the planning and implementation of long-term maintenance strategies to enhance operational efficiency.

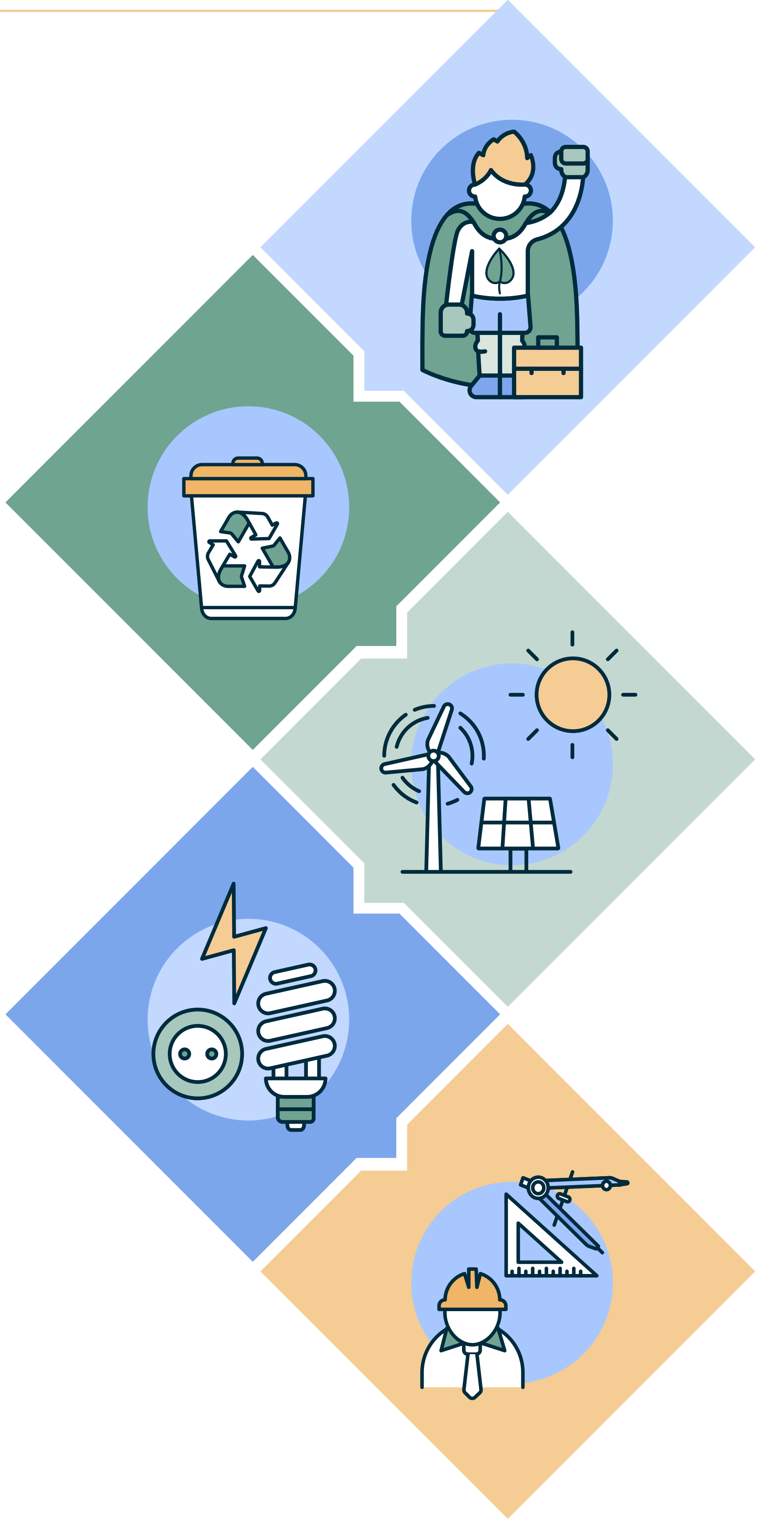


photo (left): GSG Berlin © Marc-Steffen Unger

Employee well-being

Working environment

The Group appreciates the value of the well-being of our employees and for them to have an optimal work-life balance – this has obvious benefits for our employees and CPIPG, generally improving employee satisfaction and productivity.

The Group has always adopted a flexible policy towards remote working and flexible work schedules, which meant that the switch to predominant home-working arrangements for parts of the year due to the COVID-19 pandemic were seamless, primarily due to the fact that the necessary infrastructure and IT arrangements were already in place.

The Group also offers various work/life balance programmes designed to enhance the well-being of our employees, such as:

- **Workplace health management;** many of our employees have access to gyms and exercise and yoga classes while in the office. Offices are also designed to allow employees to have recreational facilities such as ping-pong tables, bookshelves and relaxing areas. Weekly massages help to relieve tension and reduce stress and thus replenish employee energy reserves.
- **Sports and social events;** every year we participate in various company sports events. Whether running, football or golf tournaments – all employees are invited to prove their skills in the various disciplines. In addition to the joy and fun of sport, it is about the promotion of team spirit, collegiality and fairness and spending time together.
- **Employee Suggestions Systems;** promoting the submission of ideas and suggestions of employees, improving operational conditions within the workplace;

Employee remuneration and social benefits

To attract and maintain the best talent, the Group strives to provide employees with competitive wages and other employment-related benefits while ensuring equal pay for equal work. Employee benefits within the Group vary from region to region. They include but are not limited to: pension and life insurance schemes, mortgage loan support and coordination, discounts across the Group's hotel network, subsidised shopping, restaurant and sports e-cards, utility support plans, mobile phone family programmes, language education courses, bike leasing initiatives, car parking and discounts on public transportation.

For example, in GSG Berlin, we co-operate with a wide selection of partners to generate added value for our tenants from discounts and special conditions on selected products and leisure activities. For the benefit of our tenants, we are continuously expanding the range of services.

Health and safety protection for employees

The Group is committed to the well-being and safety of each and every one of its employees. Raising awareness and training our teams in health and safety issues and occupational risks is a high priority for the Group. We ensure all of our employees receive mandatory annual health and safety training, with additional training provided for specific roles where required.

In 2020, the Group recorded **64 workplace accidents and zero deaths.** The overall **average injury rate was just 0.01%, and the lost day rate was only 0.35%.**

The Group's Absentee rate was 7.9%, though this is inflated due to the hotels division and the impact of the COVID-19 pandemic in 2020 on sickness and absence. In addition, the rate excluding the hotels business would have been just 3.5%.

We continue to ensure that all our workplaces are compliant with all European Union and national health and safety legislation and standards. We structure employee tasks so that any potential risk to their health is eliminated or reduced. In general, there are no positions in the Group with a high risk to specific diseases.

Employee health & safety	Injury rate	**0.01%**
	Lost Day rate	**0.35%**
	Absentee rate	**7.90%**
	Work-related fatalities	**0**
Asset health & safety assessments	Percentage of assets undergoing health & safety assessments	**100%**
Asset health & safety compliance	Incidents of non-compliance concerning the health and safety impacts of products and services	**0**

The Group is committed to protect the health and safety of contractors and fully complies with local regulations and best practices (deliveries that fall under No. 591/2006, No. 309/2006 or other local relevant legislation requirements). The Group screens contractors for their safety performance and risk assessment, prepares operating guidelines and/or design documentation that complements contractors' safety management plans and which takes part of the contractual agreement. During the delivery process the Group monitors contractor safety performance and records its safety management. The Group requires all suppliers to align with CPIPG's Code of conduct for suppliers.

Caring for tenants and local communities

Tenant well-being

The Group is committed to the health and well-being of the employees of tenants within our commercial properties and has implemented a number of initiatives across various countries to support this, such as:

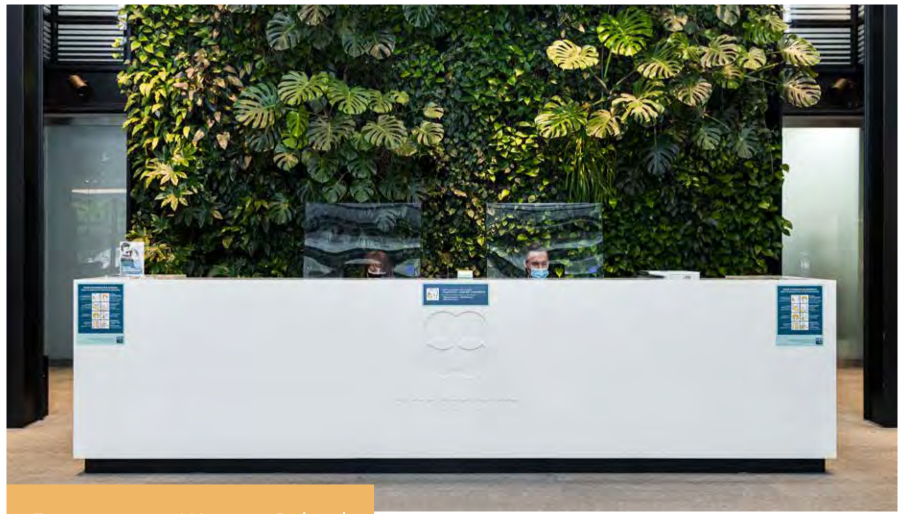
- **Human Innovation Program** – CPI Hungary continues to develop its HIP (Human Innovation Program) aimed at tenants in the company's office buildings. Communicating online, they provide tenants with a range of exercise sessions, home delivery discounts, and quality children's leisure programs.

- **CPI Retail Akademie** – 2020 marked the second year of our Akademie Retail development and educational programme to help managers in retail stores within our Czech shopping centres better respond to the evolving retail market and create an enhanced customer experience at the point-of-sale. 13 shopping centres across the country participated in this initiative in 2020.

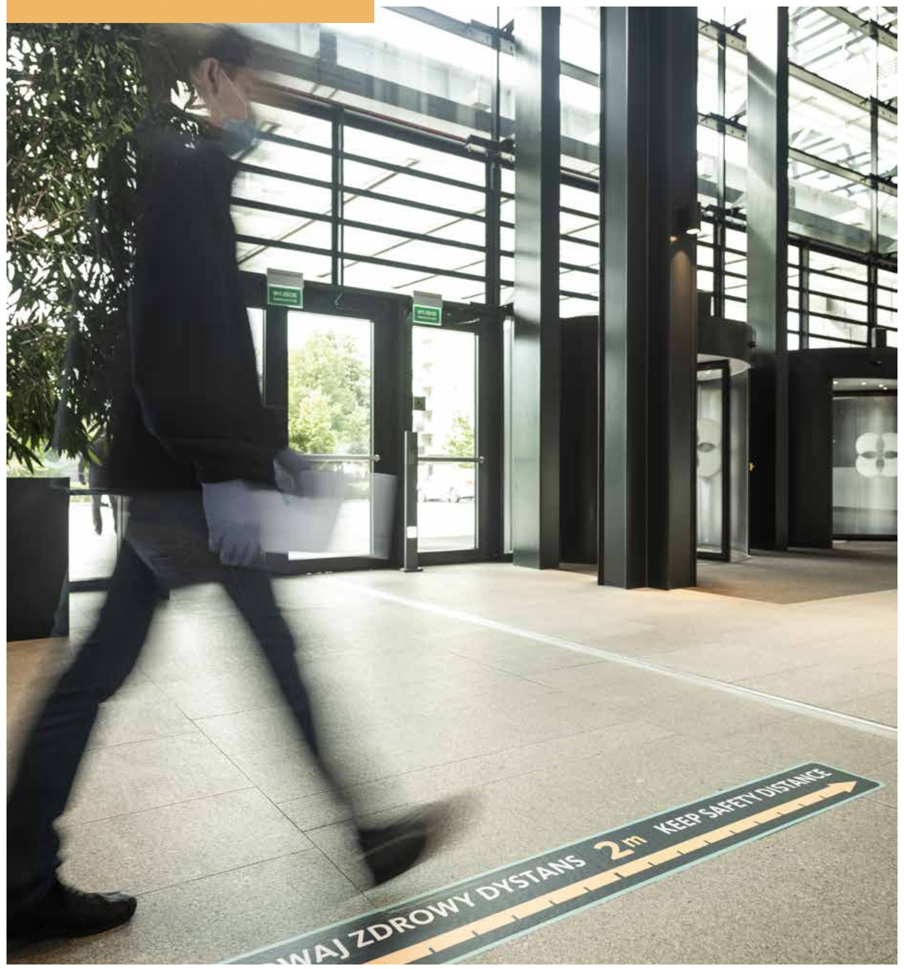
CPI AKADEMIE | RETAIL

- **Warsaw introduces OfficeME** – Our office buildings in Warsaw introduced a new programme called OfficeME. Its purpose is to strengthen relationships with tenants and improve their comfort in the office. The programme aims to implement practical solutions and amenities that enhance the safety and quality of work in the buildings while also making everyday life easier and more enjoyable.

- **"Safe in the Office" programme** – CPI Poland also developed and implemented a programme in 2020 aimed to ensure the highest safety standards for tenants returning to offices in terms of hygiene measures, social distancing, cleaning and decontamination of common areas, ventilation and air conditioning systems.



Eurocentrum, Warsaw, Poland



- **Healthy Home Project** – CPIPG has worked with The Czech Green Building Council on a project aimed to rehabilitate Czech homes by providing solutions to improve the living environment of tenants within all properties in our residential portfolio in the Czech Republic.

Local community engagement and development initiatives

The Group is committed to contributing to the engagement and development of local communities where we operate. Our activities in this regard span a wide range of initiatives across the entire Group. In 2020, CPIPG was involved in the following initiatives:

- **Nová Zbrojovka redevelopment** – local residents, had a say in the redevelopment of Nová Zbrojovka in Brno, where we are creating a central public space focused on bringing together and enhancing the experience of residents in the community, with workout zones, sports pitches and the planting of more than 200 trees.

- **Chance 4 Children (C4C)** – we provide hotel work experience and job opportunities for socially disadvantaged children over 16 years of age.

- **Rooftop bee-keeping initiatives** – we offer rooftop habitat management for globally significant honey bees throughout the Group's office, retail and hotel portfolios.

- **Tree planting programmes** – we engage in tree-planting programmes across the portfolio. Our latest project in Berlin, in partnership with Treedom, supports small farmers in Cameroon through the planting of 200 cocoa trees.

treedom let's green the planet

- **Affordable housing** – CPIPG, in coordination with municipalities, supports affordable housing across regions of the Czech Republic. In 2020, 94 of CPI BYTY's residential units were classified as affordable housing, representing a total of 3.86 million CZK in revenues.

- **Shared bike facilities** – Selected shopping centres in the Czech Republic struck up a partnership with nextbike, a company that provides shared bicycles in cities.

- **Caring for the health of our retail customers** – our shopping centres in Hungary received COVID-19 compliance certifications in order to provide visitors with confidence that the operational procedures implemented a safe shopping experience. Similar hygiene programmes have been introduced in the Czech Republic through the use of screening stations.

Commitment to diversity and equality

Diversity

CPIPG greatly values diversity in the workplace. The Group's Human Capital and Employment policy outlines the obligations of our employees in this regard. We are committed to creating and preserving an environment that embraces and encourages diversity and promotes appropriate conduct among all persons regardless of their differences and respect for individual values. Although we do not set specific diversity targets, we seek to ensure that our policies and corporate culture create an inclusive work environment that encourages our employees.

All companies of the Group are required to subject their human resources and employment related policies to continuous assessment in order to examine how they affect protected groups and to identify whether their policies achieve equality of opportunity for all these groups. Employees are encouraged to speak to their managers or contact CPIPG's whistleblowing hotline if any concerns are observed.

As part of continuous efforts to improve diversity, CPIPG's Board of Directors approved the Diversity and Non-Discrimination Policy, a policy further encouraging environment of respect for and appreciation of individual differences that is free from direct or indirect discrimination, harassment, retaliation and/or sexual assault, and the close monitoring and enforcement of these actions by the management.

Diversity initiatives

The Group promotes a range of initiatives to address diversity issues. Examples include:

- **Gender diversity** – Barbara Topolska, Country Manager of CPI Poland, is one of the Group's senior leaders. Barbara hosted a series of mentoring sessions for female employees in order to help encourage the development of women in the Group's workforce.
- **Accessibility – CPI Hungary was the first recipient in the country of the Access4You certification,** which aims to ensure the right to equal access to our own buildings for everyone, regardless of disability. Properties comprising 295,000 m² of GLA in Hungary have so far received the certification. In addition, **GSG Berlin works alongside the VIA Blumenfisch organisation, providing jobs to people with physical disabilities or psychological issues.**

Access4You, Hungary

At the end of 2020, the Group comprised of 2,278 full-time, permanent employees across the Czech Republic, Luxembourg, Germany, Hungary, Poland, Switzerland, Slovakia, Croatia, Romania, the UK and Italy, of which 48.7% are female, and 51.3% are male. In terms of new hires in 2020, 57.1% were women. The gender split between employees in senior management roles within the Group (defined as employees with responsibility for planning, directing or controlling activities in each of the Group's countries of operation) is split 38% female and 62% male, respectively. These figures represent the extent and success of the Group's efforts in continuing to promote gender diversity across all its regions.

Employee gender diversity	Female senior management members	**38.0%**
	Females as a percentage of all employees	**48.7%**
	Females as a percentage of new hires	**57.1%**

Employee hiring and turnover

The Group's turnover rates are significantly affected by its large hotel employee base and also due to the significant changes and volatility in the size and make-up of the workforce in the hotels business in 2020 as a result of the COVID-19 pandemic. Excluding our hotel staff in order to provide a more representative measure, the Group's turnover rate was 19.1% in 2020. The majority of this relates to redundancies made across the portfolio, especially in the Czech Republic, as a result of the COVID-19 pandemic. The relatively high number of new joiners was in part due to the expansion of the team in Warsaw during the year.

Employee turnover and retention	Total number of new hires	**212**
	New hires rate	**22.0%**
	Total number of leavers	**184**
	Leavers rate	**19.1%**

New Hires	No. of Hires	% of hires FY20
Female	**121**	**57.1%**
Male	**91**	**42.9%**

In 2020, 21.3% of employees were under 30 years old, 53.4% were between 30-50 years, and 25.3% were 50 or over. This reflects a substantial age diversity throughout the company, expressing the Group's ability to bridge the workforce over a large scale of age groups, ensuring the transfer of knowledge and experience set to continue for future generations.

Employee age bracket	%
Under 30 years	**21.3%**
30-50 years	**53.4%**
50 years and over	**25.3%**

The Group cares for special needs and the inclusion of disabled persons. In 2020, the Group employed a total of 36 disabled people, representing 1.6% of total employees. Our Berlin subsidiary employs six disabled people representing 5.9% of its workforce.

Disabled employees	**36**	**1.6%**

Discrimination

The Group rejects all forms of discrimination. Unlawful discrimination, harassment and victimisation based on protected characteristics, irrespective whether actual, perceptive or associative, is forbidden. Protected characteristics include origin, nationality, religion, race, language, gender, age, health condition, sexual orientation, political views, membership in political parties and associations or in trade unions or any other characteristics of the candidate or employee not related to their working skills.

Compliance with ILO Conventions

The Group operates in regions that are all ILO members and respects all ILO conventions and recommendations. As a result, ILO's regulations are implemented within all local labour laws where we operate. Through the policies and official acts of the Group we respect, promote and realise all ILO principles, specifically freedom of association, the elimination of all forms of forced labour and the elimination of discrimination in employment and occupation, health and safety, segregation, equal treatment and human rights.

Freedom of Association

In accordance with the European Convention on Human Rights, the Group guarantees all employees freedom of association. We preserve and promote good relations with all labour organizations, trade unions, works councils, some which represent our employees across our regions.

Collective Bargaining Agreements

We comply fully with applicable human rights legislation in the countries in which we operate, and we respect the right of all workers to form and join a trade union without fear of intimidation or reprisal. Furthermore, all our employees are free to collectively bargain, if they so desire.

Currently, we have collective bargaining agreements in certain regions where we operate, such as Croatia and Italy. The collective bargaining agreement defines the rights and obligations of the signatories and regulates the rights and obligations of the employees and the employer, salaries and other material rights of the worker and all other matters related to employment. The collective bargaining agreement also specifically defines the prohibition of discrimination, health protection, privacy and dignity of employees.

Mask donation project, Kralovo Pole Shopping Centre, CZ

Charitable contributions

The Group is active in contributing to local charities, hospices and children's welfare centres. We support sports and cultural activities alongside welfare and education programmes to help children with disabilities all over the Czech Republic and CEE region.

In 2020, the Group donated approximately €220,000 to various charities and charitable causes.

Some of the key examples of are:

Dobrý Anděl children's foundation – Every year, the Group supports the Dobrý Anděl children's foundation helping socially disadvantaged children with terminal illnesses. This year, the Group raised CZK 400,000 towards the foundation.

Hospice Foundation support – The Group signed an annual support contract with regional children hospice foundations to care for disadvantaged children.

Charity collections and charity days – The Group organises frequent ad hoc charity collections throughout the year for employees and tenants to participate. During the charity day for "Let's give children a chance", our employees and tenants contributed almost CZK 20,000 towards supporting children in homes.

Christmas charity trees – CPIPG employees and employees of our tenants donated gifts to 106 children from children's homes and 36 children from 19 disadvantaged families.

Food donations – CPI Hotels donated food from closed hotel restaurants to children's homes in the Czech Republic, amounting to meals worth more than CZK 80,000, while our Group's longstanding partner, the endowment fund Chance for Children, helped with distribution in and around Prague. During the peak of the pandemic in 2020, CPI Poland, together with a host of other real estate companies, delivered food to 11 hospitals and healthcare facilities in Warsaw, amounting to almost 1,000 meals per day.

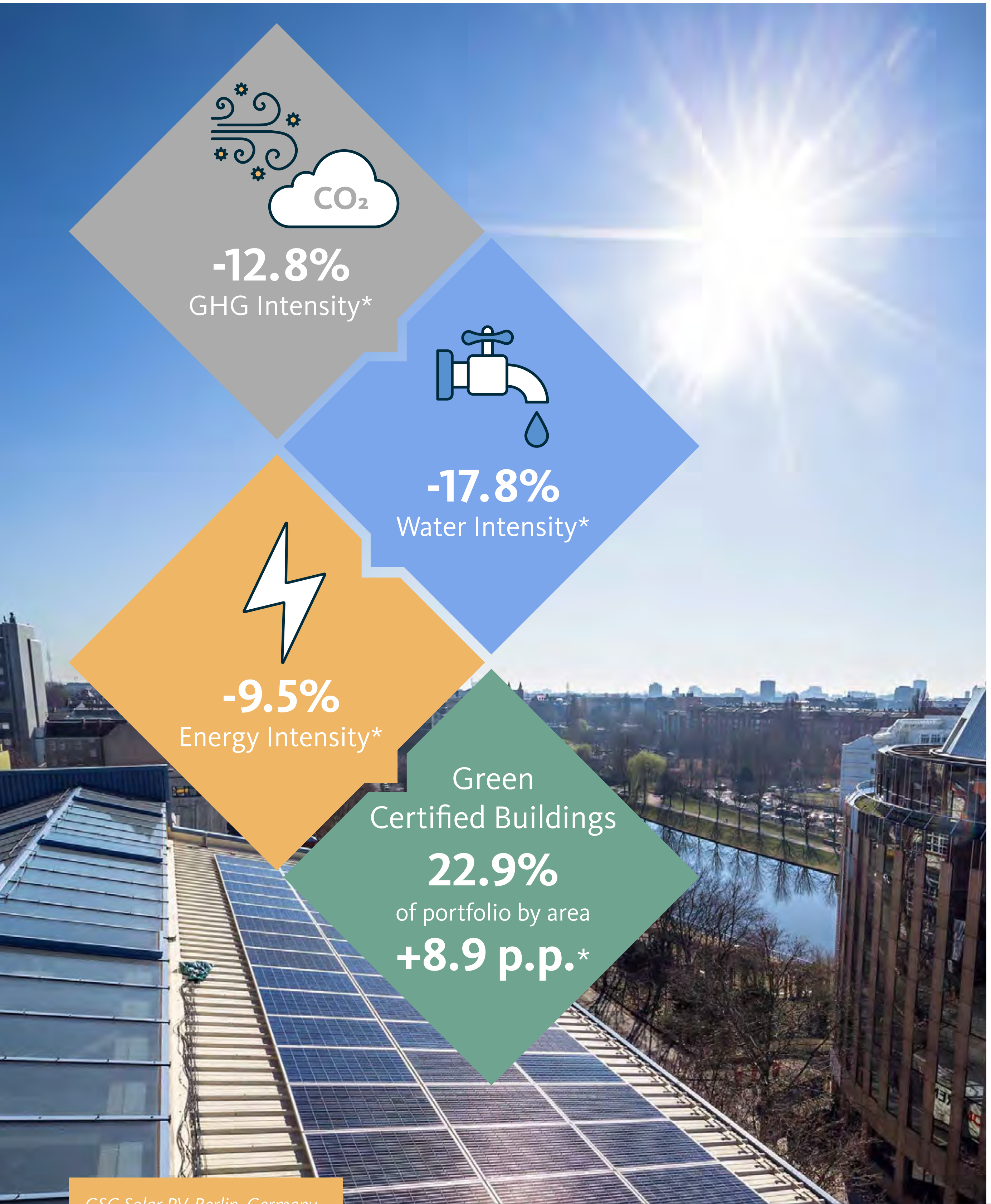
#gaszynchallenge – Our colleagues in Poland took part in the #gaszynchallenge initiative arranged by a nonprofit organisation in support of ill children in need of surgical interventions.

Shopping centre donations – Vending machines were used to dispense face masks in five of our shopping centres in the Czech Republic. The project was delivered in partnership with Coca-Cola HBC Česko a Slovensko, and all proceeds from mask sales were donated to the charity that supplied the masks.

Charity Christmas tree project, Bondy Shopping Centre, CZ

Face mask vending machine at Futurum Hradec Králové Shopping Centre, CZ

Environmental strategy & performance



GSG Solar PV, Berlin, Germany

* Refers to like-for-like performance FY20 versus FY19

CPIPG endorses the UN Sustainable Development Goals

CPIPG backs all the 17 Sustainable Development Goals (SDGs), as defined by the United Nations for 2015–2030. CPIPG sees the SDGs as part of the business decision-making processes at all levels within the Group.

In addition, the Group endorses the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change.

CPIPG has identified priority goals for which it intends to play a key and increasing role:

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL BEING

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

15 LIFE ON LAND

CPIPG has made strong progress against ambitious, long-term targets

In 2020, the Group reported strong reductions in GHG intensity (-12.8%), water intensity (-17.8%) and energy intensity (-9.5%).

CPIPG has been making rapid progress against the environmental targets that we initially set only two years ago in early 2019 to **reduce greenhouse gas ("GHG") emissions intensity by 20% and water consumption intensity by 10% by 2030, versus baseline 2018 levels.**

CPIPG is committed to climate change mitigation and focuses on the environmental impact of its operations. The Group closely monitors new EU legislation and standards, including the development of the EU Taxonomy and how the Group will need to implement its proposals in the future.

We have recently aligned our targets and strategy to Paris Agreement goals

CPIPG tightened its environmental targets for the future – in March 2021, the Group announced its commitment to reduce GHG intensity by 30% by 2030 (across all emissions scopes 1-3) and transition all electricity purchased by the Group to 100% renewable sources by 2024.

Switching electricity purchases to 100% renewable sources is expected to have a marked impact on reducing our overall GHG emissions and intensity in the future since this comprises a significant portion of the Group's energy mix and today is mostly derived from fossil fuel sources. The switch will also contribute materially to our revised 2030 GHG reduction target.

Based on analysis undertaken with our external consultants CI2 and UCEEB, **the Group's new GHG reduction target aligns the Group to Paris Agreement climate goals to limit the global temperature increase versus pre-industrial levels to well below 2 degrees centigrade.**

Environmental highlights

CPIPG is integrated into Czech Green Building Council initiatives and signed up to the New Green Deal Declaration

The Group is a member of a key industry body in the Czech Republic, the Czech Green Building Council ("CZGBC"). The Council, established in 2009, brings together companies from various sectors of the economy to support new construction and renovation of sustainable properties in the country. The CZGBC is a member of the European Regional Network of the World Green Building Councils and can influence EU legislation in its initial phase. It also closely cooperates with global and local certification bodies such as LEED and BREEAM.

In September 2020, CPIPG signed up to the New Green Deal Declaration. Drawn up by the CZGBC, the Declaration aims to support a revival of the country's economy and building sector through sustainable measures such as brownfield development, the utilisation of local alternative energy sources, and efforts to promote subsidy programmes and energy-efficient investments. Close to 100 companies joined the Declaration in 2020.

Petra Hajná, CPIPG's Sustainability Officer, was directly involved in the preparation of the New Green Deal Declaration, following her appointment to the CZGBC's Board of Directors in 2019. Petra was appointed as CPIPG's Sustainability Officer in January 2021. During her time working at CPIPG, Petra has been closely involved with project management and property certifications in the Group's Czech portfolio. Prior to joining CPIPG, Petra worked at Skanska for 13 years.

Petra Hajná, Sustainability Officer

The Group reported climate-related disclosures in CDP for the first time in 2020

CPIPG reported on climate disclosures via CDP for the first time in August 2020, receiving a 'C' score, in line with the European regional average and in line with the Land & property ownership & development sector average. The Group belongs amongst 29% of companies that reached "Awareness" level in this Activity Group. CPIPG intends to improve our CDP score over time.

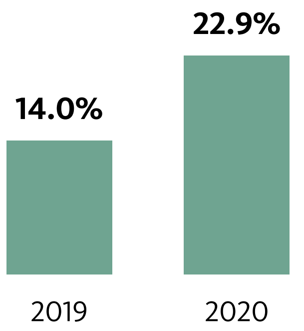
CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. In 2020, more than 9,617 companies provided environmental information via CDP, including CPIPG.

The proportion of green-certified buildings increased significantly in 2020

At the end of 2020, the share of certified buildings in our portfolio had increased to **25.8% of total value and 22.9% of total GLA, which represents a significant improvement of 5.5 p.p. and 8.9 p.p. respectively over 2019 figures.**

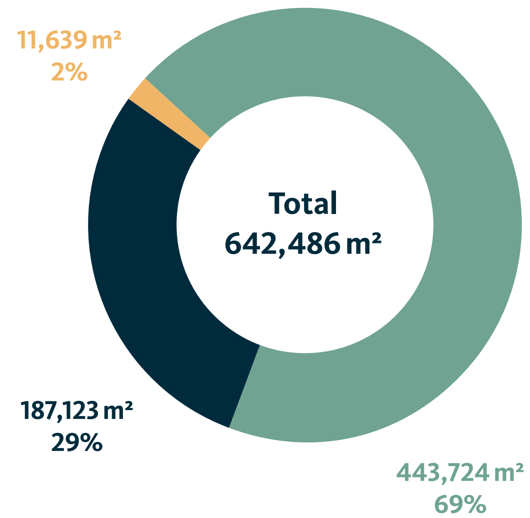
At the end of 2020, CPIPG's portfolio included 30 certified assets, increasing by 91,795 m² and €249.1 million in value since 2019. The increase relates primarily to acquisitions in Warsaw, where nearly all assets acquired in 2020 hold either strong LEED or BREEAM certifications. In addition, the recently-developed Balance Hall office in Hungary achieved a BREEAM "Very Good" certification.

Total GLA certified



For 2019 GLA of residential portfolio is excluded, for 2020 included.

Certified buildings GLA split by segment



Over 90% of CPIPG's green buildings have very strong certifications

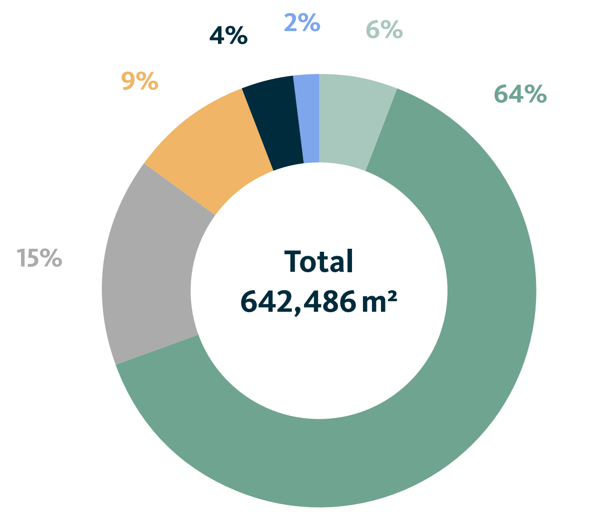
At the end of 2020, **93.3% of CPIPG's green-certified buildings were BREEAM "Very Good" and above and LEED "Gold" and above.**

BREEAM or LEED certification is considered for every new development and significant refurbishments as well as for buildings in operation wherever possible. We have "in-use" certifications on our properties, reflecting their performance under current operation.

In order to improve the efficiency benchmarking of non-certified properties in the portfolio, the Group considers other measures to benchmark the energy efficiency of properties in local markets. In the Czech Republic and Hungary, a statistical analysis of the top 15% most energy-efficient commercial buildings has been developed. In Berlin, we focus on properties in compliance with the Low Carbon Trajectory methodology set by the Climate Bond Initiative.

Certification type per GLA

BREEAM Excellent | LEED Platinum | LEED Silver
BREEAM Very good | LEED Gold | Green Key



10.7 MWh of renewable energy produced and 5.6k t CO_2 eq of carbon emissions saved in 2020

Through our subsidiary GSG Solar Berlin, the Group is the largest producer of solar energy in Berlin, owning 45,000 m² of photovoltaic (PV) area (25,360 solar modules, 6.2 MWp output), spanning across 29 assets and 65 separate buildings. **Annual production of renewable energy amounted to 4,883 MWh, representing savings of 2,486 t CO_2 eq in 2020.**

Spojené farmy acquired a biogas renewable energy plant with a power output of 600 kWp and **annual production of 5,114 MWh which represents a savings of 3,082 t CO_2 eq in 2020.**

Green building portfolio

Certified Assets (as at 31 December 2020)

Office

Shopping centre

Hotel

Note: CPIPG has 30 certified assets. 25 individual properties are shown – Eurocentrum in Poland consists of 3 buildings, City West in the Czech Republic consists of 2 buildings, while Quadrio and Zlatý Anděl in the Czech Republic are counted twice for separate retail and office elements.

SC Nisa
Location: Liberec, CZ
Year Built: 1999
PP value: €102 million
GLA: 50,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Shopping Centre Ogrody
Location: Elbląg, PL
Year Built: 2015
PP value: €115 million
GLA: 42,000 m²
BREEAM 2009 Europe Commercial – Very Good
Year Certified: 2016

Olympia Plzeň
Location: Plzeň, CZ
Year Built: 2004
PP value: €152 million
GLA: 41,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Poland

Czech Republic

Hungary

Eurocentrum
Location: Warsaw, PL
Year Built: 2002
PP value: €248 million
GLA: 85,000 m²
LEED BD+C – Platinum
Year Certified: 2017

Equator IV
Location: Warsaw, PL
Year Built: 2018
PP value: €60 million
GLA: 21,000 m²
BREEAM 2009 Europe Commercial – Very Good
Year Certified: 2019

Zlatý Anděl
Location: Prague, CZ
Year Built: 2000
PP value: €139 million
GLA: 21,000 m²
BREEAM In-Use – Very Good
Year Certified: 2019

Quadrio
Location: Prague, CZ
Year Built: 2014
PP value: €244 million
GLA: 25,000 m²
LEED BD+C – Silver
Year Certified: 2015

Atrium Centrum
Location: Warsaw, PL
Year Built: 2001
PP value: €48 million
GLA: 18,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Equator II
Location: Warsaw, PL
Year Built: 2011
PP value: €61 million
GLA: 23,000 m²
BREEAM In-Use – Very Good
Year Certified: 2021

Arena Corner
Location: Budapest, HU
Year Built: 2007
PP value: €72 million
GLA: 30,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Warsaw Financial Center
Location: Warsaw, PL
Year Built: 1998
PP value: €274 million
GLA: 50,000 m²
LEED O+M – Gold
Year Certified: 2020

Atrium Plaza
Location: Warsaw, PL
Year Built: 1998
PP value: €38 million
GLA: 15,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Gateway Office Park
Location: Budapest, HU
Year Built: 2008
PP value: €83 million
GLA: 36,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Ostrava City Hotel
Location: Ostrava, CZ
Year Built: 2008
PP value: €10 million
Hotel beds: 370
Green Key
Year Certified: 2020

Equator I (myhive Equator)
Location: Warsaw, PL
Year Built: 2008
PP value: €43 million
GLA: 19,000 m²
BREEAM In-Use – Very Good
Year Certified: 2021

Quadra – B30
Location: Budapest, HU
Year Built: 2006
PP value: €31 million
GLA: 13,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Green Corner A
Location: Warsaw, PL
Year Built: 2012
PP value: €53 million
GLA: 15,000 m²
LEED BD+C – Platinum
Year Certified: 2013

Moniuszki Tower
Location: Warsaw, PL
Year Built: 2002
PP value: €35 million
GLA: 10,000 m²
BREEAM In-Use – Excellent
Year Certified: 2020

Balance Loft
Location: Budapest, HU
Year Built: 1996
PP value: €13 million
GLA: 7,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Balance Hall
Location: Budapest, HU
Year Built: 2019
PP value: €47 million
GLA: 16,000 m²
BREEAM Int NC 2016
Year Certified: 2020

Concept Tower
Location: Warsaw, PL
Year Built: 2012
PP value: €26 million
GLA: 9,000 m²
LEED BD+C – Gold
Year Certified: 2016

Futurum Hradec Králové
Location: Hradec Králové, CZ
Year Built: 2000
PP value: €125 million
GLA: 39,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Balance Tower
Location: Budapest, HU
Year Built: 2001
PP value: €21 million
GLA: 9,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

City West B2 + B3
Location: Prague, CZ
Year Built: 2010
PP value: €81 million
GLA: 29,000 m²
BREEAM In-Use – Excellent
Year Certified: 2020

Andrássy Palace
Location: Budapest, HU
Year Built: 1997
PP value: €23 million
GLA: 8,000 m²
BREEAM In-Use – Very Good
Year Certified: 2020

Environmental reporting approach & methodology

CPIPG works closely with technical experts and consultants

Since 2018, the Group has been working closely with the University Centre for Energy Efficient Buildings ("UCEEB") of the Czech Technical University in Prague ("CTU"). UCEEB acts as a technical support provider and adviser to the Group, supporting the preparation and review of CPIPG's reporting, ensuring alignment with the requirements of ISO standards, GRI, EPRA and CDP. UCEEB has also supported the Group in establishing and quantifying the Group's environmental targets as part of our long-term strategy.

Rigorous environmental reporting, with an emphasis on continuous improvement

CPIPG has continued to enhance the tools used to monitor the Group's environmental performance through greater robustness, scope (activity and geography), efficiency and automation. The data collection process has become more efficient, as well as the ability to track and analyse performance across multiple levels (site, segment, region, group) on a regular basis, assess results against targets, and implement suitable corrective measures.

In 2020, we expanded the scope of the Group's collection, monitoring and reporting of GHG emissions – we now also consider business trips, employee commuting, investments and refined calculations of GHG emissions relating to certain activities.

Innovative tools ensure the robustness of our data collection and reporting

CPIPG has developed and enhanced a robust online Environmental Impact Reporting Tool ("ERT") CPIPG's objective is to continually improve the detail, accuracy and quality of our environmental performance reporting, as well as to improve the tools used to collect data at our properties. Considering the diversity of our portfolio, an effective system for data collection and evaluation is essential. The ERT allows disclosure across the Group and all its segments and is tailored to report in line with GHG Protocol/ISO 14064-1: 2018, with the help of CI2.

Environmental KPI reporting complies with relevant reporting frameworks

Since 2019, the Group has reported on KPIs that are composed of Global Reporting Initiative ("GRI") standards as well as EPRA core indicators. These measures allow the Group to track its environmental performance across segments and Group's core processes: operation, acquisition, development & refurbishment and impact reporting. KPIs cover climate change and resource use.

This 2020 environmental report fully complies with EPRA Best Practices Recommendations ("BPR") on Sustainability Reporting. The Group integrated GRI Guidelines and reports against GRI G4 with a core approach for the reporting on the assets. In addition, since CPIPG started to report the company's GHG emissions through CDP in 2020, the scope of GHG emissions monitoring was increased to include business trips, fuel consumption related to company cars and emissions from employees commuting.

Our reporting is aligned with the GHG Protocol/ISO standard 14 064-1: 2018. The ISO standard deals with specific principles and requirements at the organisational level for quantification and reporting of greenhouse gas (GHG) emissions and removals. It includes requirements for the design, development, management, reporting and verification of an organisation's GHG inventory. The standard has been updated, and the division of GHG into individual groups has changed significantly. **The previous scopes 1-3 have now been divided into six categories:**

Category 1 relates to direct GHG emissions and removals. Categories 2-6 relate to indirect GHG emissions from (category 2) imported energy / (category 3) transportation / (category 4) products and services used by CPIPG / (category 5) associated with the use of products from CPIPG / (category 6) other sources.

Reporting methodology and scope

Reporting values

Data in this report comprises the following categories of KPIs:

- Absolute values (energy and water consumption, GHG emissions, waste production);
- Intensity measures (energy, GHG emissions and water consumption per m² of corresponding floor space);
- Measures regarding specific use of buildings (such as intensity per average occupancy, visitor rates, guest-nights etc.) and the intensity of use relating to financial performance, and;
- Core EPRA KPIs

Changes in reporting scope

In 2020, the scope of the portfolio subject to collection, monitoring and reporting of environmental data was expanded as follows:

- To include the Group's operations in the United Kingdom and Russia;
- Total GHG emissions include the Group's proportional share of Globalworth's emissions, corresponding to the Group's 29.6% stake in the company;
- The only part of the portfolio not in-scope for reporting is France, which represents less than 0.2% of total leasable area ("GLA")

Changes in the reporting scope frequently occur as a result of acquisitions or disposals, development of new assets or completions of major refurbishments etc. In order to accurately reflect these situations:

- Developments are out of reporting scope until the first full calendar month after a building goes into operation. The asset will be in-scope for like-for-like analysis following the second full rolling calendar year in operation;
- Assets that are owned and/or operated for less than a full year are excluded from the calculations of intensities and like-for-like reporting in the reported year;
- Major refurbishment is defined as any alteration that affects more than 50% of the total building floor area or causes relocation of more than 50% of regular building occupants. Absolute consumptions are included for major refurbishment, while for intensity calculations, GLA values are proportionately reduced to reflect the actual period of full operation in the year.

Disclosure calculations and categorisation

- Buildings in operation, Ski resorts (Crans-Montana) and Farms are reported separately in our disclosures due to having different operating characteristics;
- Distinction is made between disclosures of fuels consumed by company cars, business trips, employee commuting and our proportional share of Globalworth's emissions. EPRA disclosures exclude these categories, while they are included for GHG, CDP, and ISO-compliant disclosures;
- Our calculation of the Group's share of Globalworth's emissions represents 29.6% of 2019 emissions as per the company's Sustainable Development Report 2019. This is used as a proxy despite the fact that the Group did not own this stake for the entire year of 2020;

Reported area

Definitions of area in the Group's reporting differs between segments as follows:

- Retail, Offices, Logistics and Residential segments are reported on the basis of Gross Leasable Area ("GLA");
- Hotels are reported based on the area that represents space leased to hotel operators;
- Farms are calculated based on agricultural land area;

Intensities per area are not reported for Ski resorts.

KPI definitions

- Absolute values – includes assets that were owned or operated by the Group in any period of the reported year. Assets entering the portfolio (e.g. acquisitions, completed developments, major refurbishments etc.) are included beginning from the first complete month following the entry into the portfolio, while assets exiting the portfolio (e.g. disposals) are included up to the last complete month prior;
- Like-for-like values – the change in an indicator between the reported year and the preceding year on a constant portfolio basis. This scope includes only assets owned or operated by CPIPG throughout an entire two-year comparison period;
- Only properties held in the portfolio for a full year and without ongoing major refurbishment are included in the calculations of intensities;

Operational control

The Group's reporting on the environmental performance of its assets differentiates between certain operational control situations:

- Assets and/or areas under operational control where data on energy consumption and resources use can be measured and verified;
- Assets and/or areas that are operated by tenants with limited operational control by CPIPG (metering);
- Assets or spaces that are leased in full with independent operation (measurement provided by tenants)

"Operational control" is assessed depending on whether full authority to introduce and implement policies at the operation exists.

Reporting Period

CPIPG publishes environmental KPIs each calendar year, including all data available up to and including 28 February 2021. Certain information pertaining to 2020 was not available within this period. This information is taken from the Group's 2019 environmental report as a proxy. Data will be updated in subsequent reporting once available.

Revisions to historical disclosures

Revisions to our environmental disclosures in 2019 were made where relevant and based on updated information for correctness and consistency:

- Change in consumption or GLA of some assets due to updated information;
- Refinement of the calculation of GHG production from water preparation and treatment. Water from on-site sources is now considered with a zero-emission factor (treatment-related consumption is included in the respective asset);
- GHG emission factors have been updated according to the latest information.

All EPRA KPIs for 2019 were recalculated according to updated GHG emission factors. Buildings are reported as a whole, but we make a distinction based on the level of operational control between landlord and tenant.

EPRA environmental performance disclosure

Due to disparity in operational characteristics, EPRA environmental disclosures reported below relate only to built assets in operation, which comprise the majority of the Group's assets. Ski resorts (Crans-Montana) and farms (Spojené farmy a.s.) are reported separately.

EPRA key environmental performance indicators by asset type

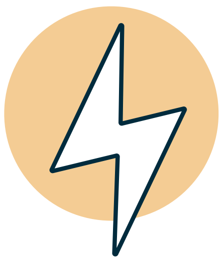
EPRA Sustainability Performance Measures – Environment impact per segment					Office			Shopping centres			Retail			Residential			Hotels			Logistics			Total		
					Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like	
Impact area	EPRA Code	Units	Indicator		2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Building operation	200,812	154,305	-5.5	114,719	114,719	-16.7	61,389	59,027	-6.1	41,448	33,448	-0.1	25,834	22,335	-44.8	24,894	2,465	-46.2	469,096	386,298	-12.7
				Proportion of electricity from renewable sources	0.037	0.048	19.9	0	0		0.105	0.109	2974.3	0	0		0	0		0	0		0.029	0.036	134.7
	DH&C-Abs, DH&C-LfL		District heating and cooling	Building operation	130,165	93,763	-4.7	16,864	16,864	-9.5	11,126	10,849	-7.6	88,830	88,830	0.7	17,659	14,976	-30.3	0	0		264,643	225,282	-5.5
				Proportion of district heating and cooling from renewable sources	0	0		0	0		0	0		0.0051	0.0051	-0.7	0	0		0	0		0	0	5.9
	Fuels-Abs, Fuels-LfL		Fuels	Building operation	30,482	29,063	-0.9	23,524	23,524	-0.6	18,029	17,162	-2.7	27,861	27,861	-0.3	13,611	11,986	-27.7	7,795	1,725	-7.9	121,302	111,322	-4.9
				Proportion of fuels from renewable sources	0	0		0	0		0	0		0.342	0.342	-0.6	0	0		0	0		0.079	0.086	4.2
	Energy-Int	kWh/(m² pa)	Intensity	Whole building (combined Landlord and indirect operation)	197	186	-5.0	318	318	-13.8	203	204	-5.6	202	203	0.3	142	149	-37.3	68	76	-35.1	206	205	-9.5
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO_2 eq pa	Direct	Fuels, Refrigerants	7,570	6,751	-2.0	3,868	3,868	5.3	715	706	-11.2	14	14	-0.6	1,366	937	-43.5	274	229	-0.2	13,807	12,505	-5.7
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	155,804	102,482	-8.7	81,814	81,814	-16.2	39,418	37,684	-14.5	66,742	63,138	1.5	25,554	22,335	-38.5	16,837	1,547	-39.7	386,170	309,000	-13.0
	GHG-Int	t CO_2 eq/(m² pa)	Intensity		0.087	0.073	-8.6	0.176	0.176	-15.4	0.090	0.090	-14.4	0.086	0.085	1.5	0.067	0.070	-38.8	0.029	0.032	-36.5	0.095	0.091	-12.8
Water	Water-Abs, Water-LfL	m³ pa		Building operation	596,303	480,639	-12.9	352,307	352,307	-25.7	125,377	120,280	-14.9	751,059	739,665	11.0	375,158	325,253	-45.8	39,819	11,189	-8.6	2,240,022	2,029,334	-17.0
				Proportion of water obtained from other sources	0	0		0	0		0	0		0	0		0.047	0.054	48.0	0.075	0.199	706.0	0.009	0.010	7.6
	Water-Int	m³/(m² pa)	Intensity	Whole building	0.335	0.323	-13.1	0.723	0.723	-25.7	0.282	0.281	-14.9	1.006	1.001	11.0	0.912	0.985	-45.8	0.186	0.204	-8.7	0.564	0.575	-17.1
Waste	Waste-Abs, Waste-LfL	tons pa		Building operation	4,257	3,651	-25.8	5,613	5,613	-27.8	5,231	5,224	-32.4	10,788	9,244	5.5	3,430	2,969	-54.4	2,533	215	-2.2	31,852	26,916	-25.1
				Proportion of waste diverted from landfill	0.525	0.519	-14.3	0.641	0.641	-1.6	0.672	0.672	-8.7	0.072	0.0002		0.236	0.234	9.1	0.960	0.618	-1.6	0.420	0.365	-14.1
Certifications	Cert-Tot			Number of sustainably certified assets	23	12		6	6		0	0		0	0		1	0		0	0		30	18	
				Percentage of the portfolio's total floor area and levels of certification attained	24%	13%	-0.5	38%	38%	-0.1	0%	0%		0%	0%	0.0	3%	0%		0%	0%		15.8%	11%	-0.3

EPRA key environmental performance indicators by geography

EPRA Sustainability Performance Measures – Environment impact per segment					Czech Republic			Germany			Poland			Hungary			Romania			Slovakia			Others*			Total		
					Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like	
Impact area	EPRA Code	Units	Indicator		2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y	2020	2020	% Y-o-Y
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Building operation	234,561	206,564	-12.5	84,768	84,768	1.6	70,882	26,264	-19.4	49,430	47,962	-17.5	3,126	3,126		12,216	12,144	-6.9	14,113	5,471	-65.1	469,096	386,298	-12.7
				Proportion of electricity from renewable sources	0.045	0.051	142.9	0.039	0.039	81.8	0	0		0	0		0	0		0	0		0	0		0.029	0.036	134.7
	DH&C-Abs, DH&C-LfL		District heating and cooling	Building operation	141,354	138,639	-5.6	75,418	75,418	-5.5	46,538	10,369	-4.7	0	0		0	0		856	856	-4.2	477	0		264,643	225,282	-5.5
				Proportion of district heating and cooling from renewable sources	0.0032	0.0033	6.0	0	0		0	0		0	0		0	0		0	0		0	0		0.0017	0.0020	5.9
	Fuels-Abs, Fuels-LfL		Fuels	Building operation	91,570	82,619	-2.8	724	724	-62.3	322	288	-14.5	18,325	17,660	-5.0	1,670	1,670	3.5	5,124	4,809	6.7	3,567	3,553	-30.7	121,302	111,322	-4.9
				Proportion of fuels from renewable sources	0.104	0.115	1.9	0	0		0	0		0	0		0	0		0	0		0	0		0.079	0.086	4.2
	Energy-Int	kWh/(m² pa)	Intensity	Whole building (combined Landlord and indirect operation)	218	223	-8.6	164	164	-2.9	294	268	-16.2	194	208	-14.4	427	427	1.7	223	223	-3.4	97	106	-56.7	206	205	-9.5
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO_2 eq pa	Direct	Fuels, Refrigerants	8,772	8,168	1.3	194	194	-62.3	770	217	13.6	3,179	3,046	-3.6	334	334	3.5	326	326	-10.2	233	221	-65.6	13,807	12,505	-5.7
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	211,687	191,480	-11.5	52,326	52,319	-5.5	81,896	30,207	-19.0	24,835	24,092	-15.3	1,351	1,351	-1.1	4,123	4,035	-6.8	9,950	5,515	-53.8	386,170	309,000	-13.0
	GHG-Int	t CO_2 eq/(m² pa)	Intensity		0.102	0.104	-11.0	0.054	0.054	-6.4	0.210	0.221	-19.2	0.081	0.086	-14.1	0.150	0.150	0.3	0.055	0.055	-7.1	0.073	0.067	-54.4	0.095	0.091	-12.8
Water	Water-Abs, Water-LfL	m³ pa		Building operation	1,456,504	1,396,717	-11.8	234,327	233,848	-11.2	160,665	61,803	-29.6	172,826	165,167	-30.1	30,954	30,954	-29.2	15,918	15,675	-17.8	168,828	125,170	-40.9	2,240,022	2,029,334	-17.0
				Proportion of water obtained from other sources	0.012	0.012	-9.0	0	0		0	0		0.022	0.014	953.2	0	0		0	0		0	0		0.009	0.010	7.6
	Water-Int	m³/(m² pa)	Intensity	Whole building	0.712	0.728	-11.8	0.238	0.238	-11.5	0.434	0.449	-30.0	0.494	0.523	-30.0	2.753	2.753	-28.8	0.196	0.196	-17.8	1.480	1.468	-40.9	0.564	0.575	-17.1
Waste	Waste-Abs, Waste-LfL	tons pa		Building operation	21,327	18,945	-18.3	1,422	1,420	-12.3	1,360	815	-34.8	1,963	1,847	-34.7	172	172	-16.9	1,449	1,449	-5.8	4,158	2,267	-57.1	31,852	26,916	-25.1
				Proportion of waste diverted from landfill	0.429	0.359	-23.6	0.276	0.276	-17.6	0.522	0.473	76.8	0.590	0.586	-25.7	1.000	1.000		0.682	0.682	0.7	0	0	132.9	0.420	0.365	-14.1
Certifications	Cert-Tot			Number of sustainably certified assets	10	9		0	0		13	3		7	6		0	0		0	0		0	0		30	18	
				Percentage of the portfolio's total floor area and levels of certification attained	10.2%	10.7%	-0.2	0%	0%		77.9%	53.9%	-0.8	33.6%	32.9%	0.0	0%	0%		0%	0%		0.0%	0.0%		15.8%	10.8%	-0.3

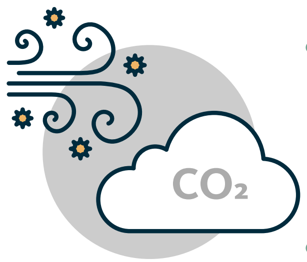
* *Includes regions: Croatia, Italy, the United Kingdom and Russia*

LfL energy intensity -9.5%



- Savings were realised across all categories of energy consumption
- Reductions in energy intensity were recorded in all countries except for Romania and in all segments besides Residential

LfL GHG emissions intensity -12.8%

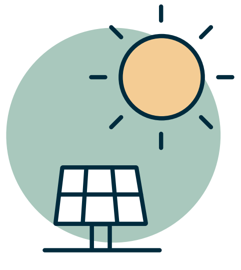


- Reductions in GHG intensity were recorded in all countries except for Romania and in all segments besides Residential
- Strong reductions were recorded, especially in the Czech Republic, Poland and Hungary

LfL water consumption intensity -17.1%

- Strong reductions in water intensity were recorded in all countries
- Water intensity reduced in all segments besides Residential

LfL electricity from renewable sources +135%



- Several assets commenced purchases of electricity from renewable sources in 2020, resulting in a significant increase versus 2019
- The Group aims to increase this proportion significantly in future, especially in light of the recently-announced **target to transition to 100% purchases of electricity from renewable sources**

2020 environmental performance across the Group was heavily impacted due to the COVID-19 pandemic, given the limited operation of parts of the portfolio during certain periods of closure. Consumptions decreased in most of the buildings in the portfolio, in particular Hotels & Resorts.

EPRA key environmental performance indicators for Farms and Ski resorts

EPRA Sustainability Performance Measures – Environment impact					Farms			Ski resorts		
					Absolute	Like-for-Like		Absolute	Like-for-Like	
Impact area	EPRA Code	Units	Indicator		2020	2020	% Y-o-Y	2020	2020	% Y-o-Y
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Farm or Resort operation	2,251	1,256	2.3	2,251	2,251	10.4
				Proportion of electricity from renewable sources	0.422	0		0.346	0.346	-8.3
	Fuels-Abs, Fuels-LfL		Fuels	Farm or Resort operation	13,727	10,143	1.0	5,729	5,729	-0.7
				Proportion of fuels from renewable sources	0.0058	0.0070	8.1	0.0600	0.0600	0.7
	Energy-Int	kWh/(ha pa)	Intensity	Whole building (combined Landlord and indirect operation)	831	630	1.6	N/A	N/A	N/A
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO_2 eq pa	Direct	Fuels, Refrigerants, Agricultural production	36,003	26,431	22.9	1,287	1,287	-0.7
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	2,917	2,510	5.4	702	702	-7.5
	GHG-Int	t CO_2 eq p/(ha pa)	Intensity		2.024	1.600	21.8	N/A	N/A	N/A
Water	Water-Abs, Water-LfL	m^3 pa		Landlord operation	91,084	73,350	-6.7	278,200	278,200	-6.6
				Indirect operation	0	0		0	0	
				Farm or Resort operation	91,084	73,350	-6.7	278,200	278,200	-6.6
				Proportion of water obtained from other sources	0.627	0.616	2.0	0.988	0.988	0.2
	Water-Int	m^3/(ha pa)	Intensity		4.736	4.054	-6.2	N/A	N/A	N/A
Waste	Waste-Abs, Waste-LfL	tons pa		Farm or Resort operation	45,839	41,925	16.5	125	125	-24.1
				Proportion of waste diverted from landfill	0.995	0.997	0.05	0.976	0.976	-0.6
Certifications	Cert-Tot			Number of sustainably certified farms	46	46		0	0	
				Percentage of the portfolio's total agricultural land of certification attained	94%	100%		0%	0%	

Aberdeen Angus & Limousine cattle, Spojené farmy, North Bohemia

Climate change

CPIPG is working to mitigate the impact of its operations on the climate. **The Group's GHG emissions reduction strategy is to reduce GHG emissions intensity by 20% by 2030 versus the 2018 baseline and subsequently increased to 30% in March 2021.**

- Successfully hitting our targets will require a combination of measures, including:
- improved operating efficiency of the properties;
- energy-efficient behaviour (through co-operation with landlords and tenants);
- energy-efficient CAPEX investments utilising new technologies;
- optimising the energy mix by greater utilisation of low carbon and renewable energies.

The Group is also focused on preparing its assets against the risk of long-term climate change. The possible effects of climate change on CPIPG's portfolio in the coming years will vary by region and by asset, and may depend on factors such as age, location, construction methods, operational efficiency, local infrastructure quality, and capacity.

Risks to the Group's activities could include: government regulation, higher costs such as insurance premiums or operating costs for energy, water and maintenance; a higher chance of flooding; and a higher risk of disruption to commercial activity from extreme weather events, including problems affecting local infrastructures that are outside the Group's control. However, thanks to CPIPG's strategic focus on major cities in continental Europe, there is a low likelihood of significant changes to the Group's activities due to extreme weather, temperature or demographic shifts etc. Nevertheless, the Group complies with all regulatory requirements across the entire Group with regard to climate and weather-related risks.

CPIPG's due diligence process for CAPEX investments, acquisitions and new development projects considers these risks in terms of potential financial, operational, legal, technical, regulatory, environmental, or health and safety impact.

New and increased scope of emissions categories reported in 2020

Category 3 – Indirect GHG emissions from transportation: K3.6a – Employee Commuting: includes emissions from the transportation of employees between their homes and their worksites. Emissions from employee commuting may arise from: automobile travel, bus travel, rail travel, air travel, other modes of transportation (e.g., subway, bicycling, walking). CPIPG reports scope K3.6a utilizing distance-based method, which involves collecting data from employees on commuting patterns and calculated into emissions by applying appropriate emission factors for the modes used.

Category 3 – Indirect GHG emissions from transportation: K3.8a – Business Travel: includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and private passenger cars. Emissions (refrigerants, oils, maintenance etc) from leased vehicles operated by the reporting company (CPIPG's company car fleet) not included in K1 are reported in K3.8a category. Business trips by private cars are reported in K3.8a category.

Category 5 – Indirect GHG emissions associated with the use of products from the organisation: K5.4 – Investments: CPIPG reports proportional Category 1 and Category 2 emissions from equity investments in the reporting year in category K5.4 (Investments). Proportional emissions from equity investments is allocated to the investor based on the investor's proportional share of equity in the investee.

Dual reporting of GHG emissions from the electricity consumption is obligatory in the framework of the GHG Protocol/ISO 14 064-1: 2018 – location-based and market-based methods. CPIPG is reporting both values separately. Location-based emission factors are sourced from the European Environmental Agency (EEA) database for a given country of operation. Marked-based factors are sourced from electricity suppliers. In case emission factors from suppliers were not available, residual mix values or location-based factors were used as proxies.

GHG Emissions

The reporting of GHG emissions is aligned with CDP. The GHG emissions are reported in absolute values per Categories 1-6. Each Category is split down into the main subcategories as in the following table.

Category 1 – Direct GHG emissions and removals	
K1.1	Stationary combustion sources
K1.2	Mobile combustion sources
K1.3	Direct process emissions and removals from industrial processes
K1.4	Direct fugitive emissions from the release of GHGs in anthropogenic systems
K1.5	Direct emissions and removals related to land use, land use change and forestry (LULUCF)
Category 2 – Indirect GHG emissions from imported energy	
K2.1	Electricity
K2.2a	District heat supply
K2.2b	Long-distance supply of cooling
K2.2c	Long-distance steam supply
K2.2d	Remote compressed air supply
Category 3 – Indirect GHG emissions from transportation	
K3.1	Indirect emissions from fuels and energy
K3.2	Refrigeration gas leaks (mobile)
K3.3	Purchasing of transport equipment (cars, infrastructure)
K3.4	Upstream transportation of goods
K3.5	Downstream transportation of products
K3.6a	Employee commuting
K3.6b	Home office
K3.7	Client and visitor transport
K3.8a	Business travel
K3.8b	Hotel stays
Category 4 – Indirect GHG emissions from products and services used by the company	
K4.1	Purchased raw materials and products
K4.1a	Number of refrigerators
K4.1b	Bottled CO_2 purchases
K4.2	Capital goods
K4.3	Liquid and solid water
K4.4	Leased assets (CPIPG as lessee)
K4.5	Emissions from used services
Category 5 – Indirect GHG emissions associated with the use of products from the organisation	
K5.1	Emissions or removals related to the use of CPIPG's products
K5.2	Emissions related to the end of the product life cycle
K5.3	Leased property (CPIPG is the lessor)
K5.4	Investments
Category 6 – Indirect greenhouse gas emissions from other sources	

Quadrio, Prague, Czech Republic

GHG impact (division of GHG according to ISO standard)

		t CO_2 eq pa MB Emissions	t CO_2 eq pa LB Emissions	% of total (MB)
Category 1	Direct GHG emissions and removals	14,902	14,902	3.0
Category 2	Indirect GHG emissions from imported energy	123,763	123,070	24.5
Category 3	Indirect GHG emissions from transporation	2,241	2,241	0.4
Category 4	Indirect GHG emissions from products and services used by CPIPG	36,603	37,050	7.3
Category 5	Indirect GHG emissions associated with the use of products from CPIPG	113,478	113,063	22.5
Category 6	Indirect greenhouse gas emissions from other sources	213,612	212,168	42.3
Total		**504,600**	**502,493**	

- Ski resorts and Farms are reported simultaneously with other parts of the operation of buildings in Category 6
- Category 6 includes the majority of GHGs (42.3%), of which Farms and Ski resorts constitute only 19%
- 60,379 t CO_2 eq relating to the Group's equity stake in Globalworth is reported under Category 5
- The table contains market- and local-based emissions. Market-based emissions factors aren't reported for all buildings. Market-based emissions factors for 2020 were not available at the time of data collection, hence data as per 2019 disclosures were applied as proxies.

GHG intensity target through 2030

Year	2018	2019	2020	2030
	0	1	2	12
Target (t CO_2 eq/m²)	0.123	0.121	0.119	0.099
Actual performance (t CO_2 eq /m² pa)	0.123	0.108	0.102	
Performance vs. target (%)	0.0%	10.7%	14.3%	

The intensity target relates to the Group's buildings in operation, excluding Farms and Ski resorts. It also reflects the expanded scope of emissions categories included in our reporting for 2020: fuels consumed by company cars, business trips, employee commuting and our equity stake in Globalworth. In light of the Group's revised GHG emissions intensity target announced in March 2021 (30% by 2030 versus 2019 baseline), the intensity target by 2030 would be 0.076 t CO_2 eq/m² pa.

In 2020, total GHG intensity across the entire portfolio outperformed the required 2020 target by 14.3% on a like-for-like portfolio basis.

GHG intensity in 2020 per region

Region	GHG Intensity (t CO_2 eq/m² pa)
Czech Republic	0.109
Germany	0.054
Poland	0.219
Hungary	0.081
Romania	0.150
Slovakia	0.051
Others	0.095
Whole portfolio	**0.102**

Note: GHG calculated with market-based emission factors

Third-party independent verification

CPIPG's GHG reporting has been verified by CI2 as complying with ISO 14064-1: 2018 and the GHG Protocol.

This report is prepared in cooperation with and through advisory services provided by the University Centre for Energy Efficient Buildings ("UCEEB") of the Czech Technical University in Prague ("CTU").

Since 2019 the Group has been in cooperation with CI2. CI2 is a non-profit organisation focused on sustainable development, education, publishing, science and research. Its aim is to promote sustainable development in cooperation. CI2 is a regional partner for CDP reporting.

CI2 acts as a third party and monitors, reviews and independently validates the Group's GHG disclosures and methodology used. **Through the review process CI2 advised on compatibility with the GHG Protocol and ISO 14064-1: 2018 and compatibility with CDP reporting standards.**

As the result of this cooperation, CPIPG's GHG footprint was verified, confirmed according to the procedures defined in the ISO 14064 and GHG Protocol and awarded CI2 conformity certificate. Recommendations and guides were prepared and will be incorporated into subsequent environmental reporting.

Energy

The Group has identified measures to mitigate energy consumption

Energy consumption from buildings in operation is identified as the main contributor to GHG production across the Group. The Group develops and introduces specific measures to improve energy efficiency (and also reduce GHG emissions) throughout the portfolio, including:

- Switching electricity from fossil fuel to renewable sources;
- Operating efficiency improvements;
- Tenant involvement and cooperation;
- Energy efficient CAPEX, and;
- New developments complying with net zero energy buildings regulations

Energy-efficient improvements in our properties enhance day-to-day energy performance, extend the longevity of building systems and reduce future CAPEX requirements. The cost to achieve efficiencies is usually fully offset and in many cases outweighed by energy savings.

Potential reduction in energy consumption through close cooperation and alignment of strategic objectives with tenants is an additional measure to optimise energy efficiency. Tenant involvement is encouraged through engagement programmes, green leases and green memorandums.

Regular reviews of efficiency utilising reporting systems and energy audits

The Group regularly reviews the operation of buildings to identify efficiency opportunities. Regular checks on consumption patterns take place throughout the majority of the portfolio, utilising the recently-implemented energy management system in line with ISO 50001: 2019. The Group also regularly conducts energy audits across the portfolio – for example, in 2020 an energy audit was conducted in the Berlin portfolio, which resulted in a number of efficiency measures being implemented, including demand-based digital heat management systems, single room heat regulation systems and LED lighting replacement – combined, these measures are expected to save approximately 10 tons of CO_2 eq annually.

Green CAPEX investments improve energy and water efficiency of properties

Gradual modernisation of aging core building systems through CAPEX is critical to ensure optimal energy and cost efficiency. Typical examples of such measure implemented by the Group in select properties include advanced ventilation systems regulated based on current CO_2 levels, intelligent lighting control systems, LED lighting with daylight and motion sensors etc.

Life Cycle Cost Analysis ("LCCA") is part of the decision-making process for all CAPEX projects and new developments

LCCA is implemented for all CAPEX projects and new developments in order to identify solutions that meet environmental and economic targets. The Group conducts LCCA with external consultants for new real estate projects over 10,000 m² or new real estate projects that would be subject to assessment in sustainability certification schemes (BREEAM, LEED). For other CAPEX and development projects, the LCCA is carried out in-house.

Energy mix – renewable energy

CPIPG considers options for reducing the environmental impact of the energy it consumes, by purchasing low-carbon or renewable energy from suppliers and generating low-carbon or renewable energy onsite. The energy mix is a key focus in regions which have carbon-intensive national energy infrastructure.

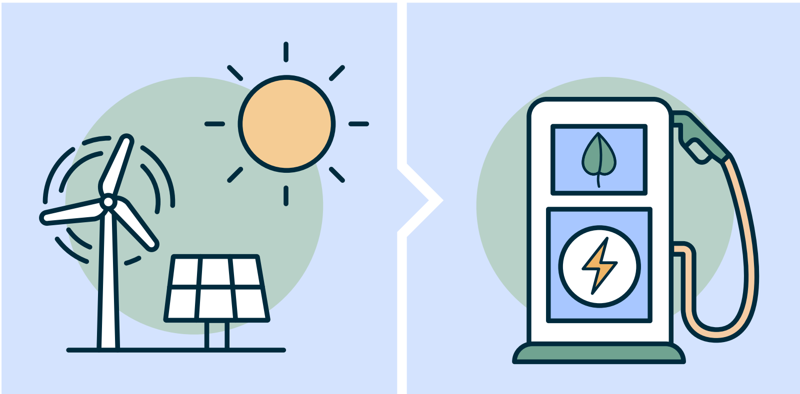
The Group produced 10.68 MWh of renewable energy and saved 5,568t CO_2 equivalent of carbon emissions in 2020. Renewable electricity purchases are underway

GSG Solar Berlin is the largest producer of solar energy in Berlin, owning 45,000 m² of photovoltaic (PV) area (25,360 solar modules, 6.2 MWp output), spanning across 29 assets and 65 separate buildings. Annual production of renewable energy amounted to 4,883 MWh, representing a savings of 2,486 t CO_2 eq in 2020. The energy produced is sold to the grid.

Spojené farmy acquired a renewable energy plant on biogas with power output of 600 kWp and annual production of 5,114 MWh which represents a savings of 3,082 t CO_2 eq in 2020. Surplus electricity of 4,165 MWh was sold to the grid and heat is utilised on the farm.

Some of CPIPG's assets already commenced green electricity purchases through green electricity contracts in 2020, utilising Guarantees of Origin. In light of the Group's commitment to transition to 100% renewable energy purchases in future, the Group expects to increase the volume of contracts across the portfolio in 2021.

GSG Berlin supported small farmers in Cameroon with a special social-ecological reforestation project, through which planting 200 cacao trees helped to offset 9,200 kg of CO_2. 240 trees were also planted at Nová Zbrojovka in Brno, the Czech Republic.



Green transportation

Our properties cater to clean modes of transport

The Group supports green mobility by actively promoting bike transportation, access to public transport and proximity to key amenities and clean modes of individual transportation. A majority of assets (87% of all built assets in operation) are located in urban areas within a reasonable distance to public transportation which applies for over 90% of offices, shopping centres and hotels.

Cycling is supported at the Group's properties with bike racks fitted as standard. Sport facilities providing necessary background (showers, lockers and restrooms) are available at most office buildings in order to encourage bicycle commuting among our tenants and employees.

E-vehicle charging points increased by 147% in 2020

At the end of 2020, the electric vehicle charging infrastructure in the portfolio comprised of 164 charging points mostly in the office segment, with plans for further extension in the future.

In Berlin, for example, 26 charging stations within 38 charging points for electric cars were implemented in 14 properties in 2020, the majority of which were installed through a project in partnership with Parkstrom. A further 83 charging points will be installed by the end of 2021, including 13 DC fast chargers at various locations. In future, the electricity for the charging process will be supplied completely by green electricity with zero emissions.

Electromobility infrastructure across the CPIPG portfolio

Building type	% of buildings equiped with charging points	Number of charging points	Installed charging capacity (kW)
Office	24.5%	134	2,261.6
Shopping centres	30.4%	19	539
Retail	0.7%	2	44
Hotels	11.5%	9	134
Total	**12.5%**	**164**	**2,978.6**

Charging station and EV company car, GSG Berlin

Use of resources

Water

The Group's target for the reduction of the specific consumption of the fresh water sourced from municipal grids and water sourced on site is a 10% reduction compared to 2018 baseline levels by 2030.

The Group reports consumption of municipal water separately from water sourced on site (extraction or capture) and water re-used. Buildings in operation represent the largest source of water consumption in the portfolio, with water sourced from grid representing 85.8%, while consumption from on-site sources represents below 0.9%.

Summary of absolute water consumption across the portfolio

Type of source	Buildings in operation	Ski resort	Farms	Total
	m3 pa	m3 pa	m3 pa	m3 pa
Municipal source	2,218,769	3,200	34,007	2,255,976
On-site extraction	21,253	275,000	57,077	353,330
% of total	85.8%	10.7%	3.5%	2,609,306

Note: Buildings in operation represent all operating reported assets.

Water intensity target through 2030

Year	2018	2019	2020	2030
	0	1	2	12
Target (m³/m² pa)	0.682	0.676	0.671	0.614
Actual performance (m³/m² pa)	0.682	0.691	0.567	
Performance vs. target (%)	0.0%	-2.1%	15.5%	

The intensity target relates to the Group's buildings in operation, excluding Farms and Ski resorts.

In 2020, total water intensity across the entire portfolio outperformed the required 2020 target by 15.5% on a like-for-like portfolio basis.

Water intensity in 2020 per region

Region	Water Intensity (m³/m²)
Czech Republic	0.714
Germany	0.239
Poland	0.426
Hungary	0.497
Romania	2.753
Slovakia	0.183
Others	1.579
Whole portfolio	**0.567**

Buildings in operation are included, farms and ski resort are excluded.

Waste

The Group is increasing its focus on waste management

In 2020, the Group conducted waste analysis across the Czech Republic portfolio. The study involved review of physical waste samples and identified potential for waste reduction, material reuse and diversion from landfills. The analysis found that over 70% of mixed municipal waste consists of potentially recyclable components, largely relating comprising biodegradable waste.

In the near term, the Group plans to put in place targets to reduce the share of waste sent to landfill and increase our recycling rate.

CPIPG cooperates with the Institute of Circular Economics and Cyrkl to optimise its waste management. All CPIPG assets fully comply with local legislation and allow for waste separation into streams relevant to building operation, recycling and occupant's needs beyond local legal requirements.

Waste Diverted from Landfills

	Czech Republic		Germany		Hungary		Poland		Romania		Slovakia		Other		Total	
	t pa	%	t pa	%	t pa	%	t pa	%	t pa	%	t pa	%	t pa	%	t pa	%
Total waste production	21,327		1,422		1,963		1,360		172		1,449		4,158		31,852	
Waste diverted from landfill	9,392	44.0	393	27.6	1,242	63.3	766	56.3	172	100.0	1,019	70.3	787	18.9	13,771	43.2
Share of waste sent to landfill	11,936	56.0	1,029	72.4	721	36.7	594	43.7	0	0.0	431	29.7	3,371	81.1	18,081	56.8
Share of recycled waste	6,727	31.5	393	27.6	375	19.1	708	52.1	74	42.7	850	58.7	787	18.9	9,914	31.1
Avg. number of waste streams	4		4		3		4		3		3		1		4	

Data collection was completed before complete waste data for 2020 could be obtained. For this reason, waste disclosures in 2020 for 23% of assets has been based on 2019 data.

Biodiversity

Most of the Group's assets in operation are located in urban zones where there is limited potential for improving ecological value and biodiversity on site. However, ecology is an area that is being reviewed in cooperation with experts. Green features are considered as they naturally improve the working environment, such as by adding new green terraces and relax zones to increase flexibility for building users. An accredited ecologist is typically part of the design team for new developments.

The Group constantly reviews options how to integrate green solutions and promote ecology within its sites and properties. We operate several solutions such as beehives and green roof gardens across the portfolio in the Czech Republic and Poland. Some of CPIPG's projects have been nominated for regional awards.

Sustainable agriculture

The Group's agricultural activities under Spojené farmy a.s. consist mostly of 46 organic farms located in North and West Bohemia, in the Czech Republic. Our farmers have been producing sustainable and healthy organic food since 1996. The Group breeds cattle, chickens, and sheep according to sustainable farming practices.

We actively use active herd health management as a key part of our animal husbandry production so that we sustain the reproduction and health of our cattle.

Total organic pasture and arable land (agro-enviro-climate-biodiversity)	16,231 ha
Pesticide Consumption	0
Industrial Fertilizer Consumption	0
Veterinary Antimicrobials Consumption	78,382 ml pa
Livestock dairy cattle	301
Livestock other cattle	9,800
Livestock poultry	25,910
Organic meat produced	358,000 kg pa
Organic milk produced	364,360 l pa
Organic animal feed produced	48,709 t pa
Feed self – sufficiency	99%

In addition, we employ a range of soil remediation and organic soil fertility measures to sustain optimal crop yields. Our sustainable farming practices ensure a positive relationship with animals, soil, plants and nature, the production of natural and healthy foods, an improvement of groundwater quality, and protection of biodiversity, ecosystems and the environment.

The entire organic production chain (cultivation, breeding, storage, processing and packaging) – is strictly controlled according to the Act on Organic Farming No. 242/2000 Coll., that complies with strict international requirements and Commission Regulation No. 889/2008 laying down implementing rules to Council Regulation (EC) No 834/2007 on organic production and labelling of organic products. The labelling of organic food is independently controlled by KEZ ops. The authenticity of organic food is guaranteed by a certificate and a trademark for products from controlled organic farming.

Health and safety, environmental risks & pollution

Environmental criteria represent important aspects of the Group's development and construction projects. Before each potential investment, the Group examines the environmental opportunities and risks. Project timing, progress and budgets are carefully monitored, mostly with the support of external project monitoring advisors. Health, safety and environmental risks are monitored before and during construction. Health and safety, as well as technical and security installations, are periodically inspected for conformity with relevant local legislation and regulations.

Fines for environmental breaches

In 2020, the Group was not subject to any fines relating to environmental damage. Fines resulting from failure to adhere to administrative requirements amounted to a total of €2,625.

Green bond financing

CPIPG is a leader in Green Bond financing

The Group believes that sustainable financing is a critical tool that integrates our overarching environmental objectives into our financing strategy, as well as serving to highlight to our stakeholders the resolute focus CPIPG has on ESG matters.

CPIPG has issued four Green Bonds:

Oct 2019 – €750 million, 7-year maturity;

Jan 2020 – GBP 350 million (€411 million-equivalent), 8-year maturity;

May 2020 – €750 million, 6-year maturity, and;

Aug 2020 – HUF 30 billion (€86 million-equivalent), 10-year maturity

Having now issued four Green Bonds in three currencies, the Group is **one of only ten other companies globally to have matched this accomplishment.** Following the Green Bond issuance in Hungary, **CPI Hungary won the Real Estate Innovation award at The Portfolio Property Awards 2020.**

Green Bond Framework

CPIPG's Green Bond Framework (the "Framework") is in accordance with the ICMA Green Bond Principles 2018. It stipulates that the total amount of net proceeds received from the issuance of Green Bonds will be exclusively used to finance or refinance in whole or in part, eligible projects or equity investments in four main categories:

- **Certified Green Buildings**
- **Energy Efficiency Projects**
- **Renewable Energy**
- **Promotion of Sustainable Farming**

The Framework, available on the Group's website and updated from time to time, has a **Second Party Opinion ("SPO") provided by Sustainalytics** originally published April 2019 and subsequently updated in August 2019 and June 2020. The latest update accounted for the inclusion of eligible equity investments, as well as the ability to report on a portfolio basis going forward.

CPIPG's Framework is **aligned to the core components of the EU Green Bond Standard,** as proposed in June 2019. CPIPG is monitoring the EU Green Bond Standard and EU Taxonomy on sustainable activities and Technical Screening Criteria and may make further updates to the Framework in the future, accordingly subject to future developments.

At least on an annual basis, until full allocation, CPIPG reports on issued Green Bonds in line with the ICMA GBP 2018 Harmonised Framework for Impact Reporting.

Use of proceeds

Proceeds of CPIPG Green Bonds are allocated to finance or refinance projects that meet the following eligibility criteria:

Eligible sector	Eligibility criteria
Green buildings	Acquisition, construction or refurbishment of buildings which meet recognised standards, such as: • BREEAM (Very good and above) • LEED (Gold and above)
Energy efficiency	• Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local Energy Performance Certificate • New or existing commercial buildings belonging to top 15% most energy-efficient buildings in the local market
Renewable energy	• Installation of photovoltaic solar • Dedicated support infrastructure for photovoltaic solar across building management systems
Environmentally sustainable management of living natural resources and land use	Promotion of ecological value, biodiversity and organic agriculture such as: • Farmland certified against EU standards on organic farming production • Installation of green roof gardens • Facility and infrastructure new build or upgrades that contribute to the protection of living natural resources, including for instance beehive rooftop installations and artificial nesting sites for birds

Project selection and evaluation process

The Project Evaluation and Selection Process ensures that the proceeds of CPIPG Green Bond(s) are allocated to finance or refinance projects that meet the criteria and objectives set out in Use of Proceeds.

The evaluation and selection process for Eligible Projects is carried out internally by the **CPIPG Green Bond Team**, which is composed from the legal, finance and investor relations departments across the Group.

On an ongoing basis, eligible Use of Proceeds from CPIPG's portfolio of projects are identified and proposed by the Green Bond Team. The Green Bond Team screens projects against the Eligibility Criteria set out in CPIPG's Green Bond Framework and recommends eligible projects for inclusion as Eligible Use of Proceeds to the CSR Committee. On an annual basis, the Green Bond Team reviews all proposed Eligible Use of Proceeds to determine their compliance with the CPIPG Green Bond Framework in order to approve the allocation of proceeds. The Green Bond Team reviews the allocation of the proceeds to the Eligible Use of Proceeds and determines if any changes are necessary. While any CPIPG Green Bonds are outstanding, in the case of divestment or cancellation of a project to which proceeds have been allocated, CPIPG will reallocate the proceeds to other eligible projects.

The Green Bond Team takes the **CSR Principles and Policy** into account. The selected Eligible Projects are presented to the CSR Committee for review. The Committee, after a thorough inspection, presents its conclusion to the Board of Directors.

The Green Bond Team also reviews the management of proceeds and facilitates reporting.

The Committee supervises the processes under the Green Bond Framework and requires relevant updates from the Green Bond Team. As part of its reporting to the Board of Directors, its findings, conclusions and recommendations are submitted to the Board of Directors.

Management of proceeds

Proceeds of CPIPG Green Bond(s) are managed through the **Green Financing Register**. The proceeds of each CPIPG Green Bond are earmarked against the pool of eligible projects and expenditures identified in the Green Financing Register. The Green Financing Register is reviewed annually by the Green Bond Team to account for any re-allocation, repayments or drawings on the eligible projects and expenditures within the pool. The conclusion of the Green Bond Team is presented to the Committee.

Reporting

On an annual basis, CPIPG provides reporting in regard to the Green Bonds in line with the ICMA GBP 2018 **Harmonised Framework for Impact Reporting**.

Green Bonds allocation

CPIPG has adopted **portfolio reporting for the first time** as part of this FY2020 Green Bond Financing report and no longer reports Green Bond allocations on a bond-by-bond basis. This is in order to facilitate optimal reporting efficiency and clarity for our investors, given that the Group has now issued four separate Green Bonds. The below analysis reports on allocations across all Green Bonds issued by the Group.

Sustainalytics has verified the latest Green Bond allocation as part of the Annual Review process, which concluded that the proceeds from issued Green Bonds have been allocated to assets and projects in accordance with the Use of Proceeds and Reporting Criteria under the Group's Green Bond Framework. The Sustainalytics Annual Review letter can also be found on CPIPG's website.

A	Portfolio of Eligible Assets	€ million
	Certified green buildings	1,708.1
	Energy efficiency projects	141.4
	Sustainable farming assets	102.5
	Renewable energy assets	5.7
	Qualifying equity investments	524.2
	Total	**2,481.8**

B	Green Bond net proceeds received	€ million
	EUR Green Bond, April 2027	735.9
	GBP Green Bond, January 2028	408.0
	EUR Green Bond, May 2026	732.5
	HUF Green Bond, August 2030	88.5
	Total	**1,965.0**

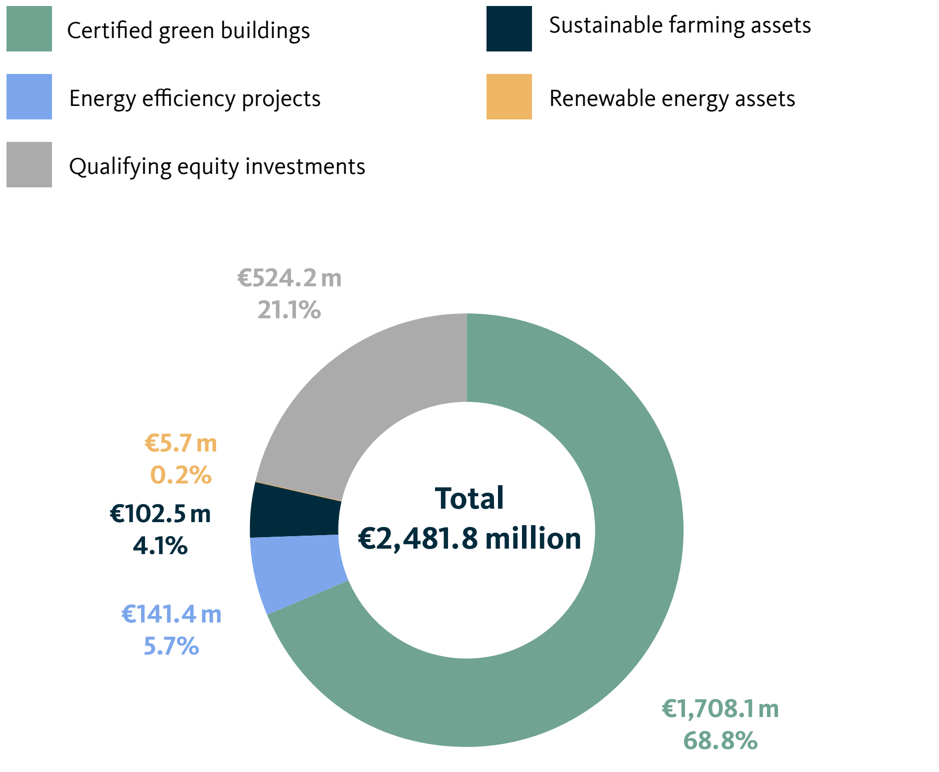
C	Remaining portfolio of Eligible Assets (A-B)	€ million
	Total	**516.9**

D	Percentage of net proceeds allocated to Eligible Assets	100%

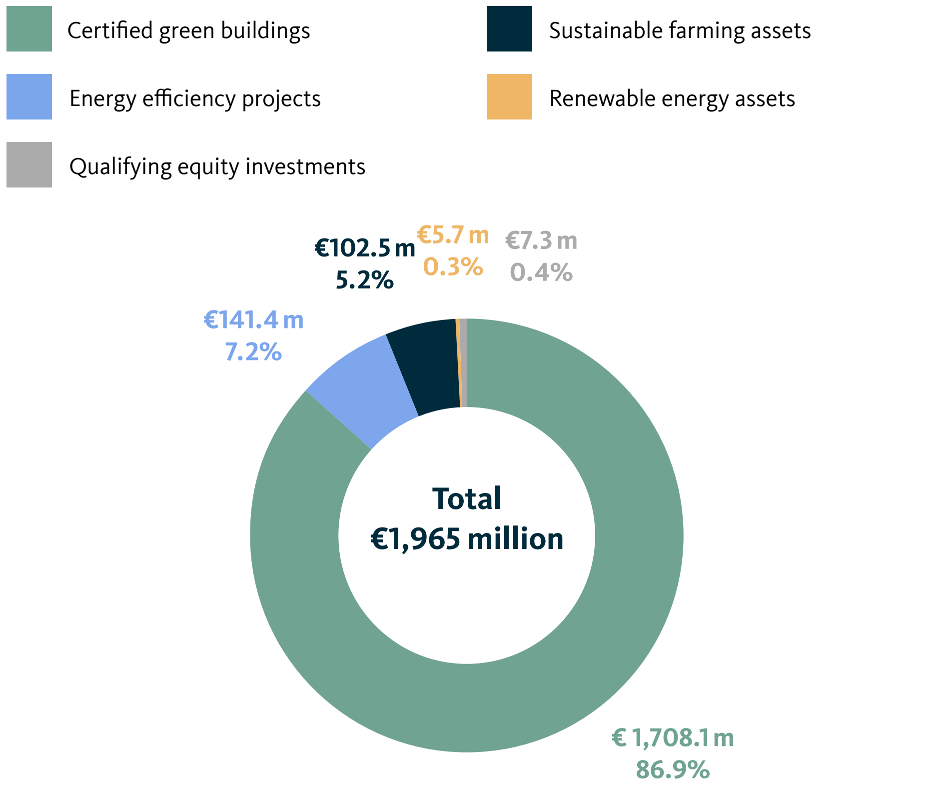
E	Pro-rata allocation of issued Green Bonds to Eligible Assets as at 31 December 2020	€ million	%
	Certified green buildings	1,708.1	86.9%
	Energy efficiency projects	141.4	7.2%
	Sustainable farming assets	102.5	5.2%
	Renewable energy assets	5.7	0.3%
	Qualifying equity investments	7.3	0.4%
	Total	**1,965.0**	**100%**

F	Share of financing vs refinancing	€ million	Financing	Refinancing
	Certified green buildings	1,708.1	713.6	994.5
	Energy efficiency projects	141.4	–	141.4
	Sustainable farming assets	102.5	–	102.5
	Renewable energy assets	5.7	–	5.7
	Qualifying equity investments	7.3	7.3	–
	Total	**1,965.0**	**720.9**	**1,244.0**
	Percentage		**36.7%**	**63.3%**

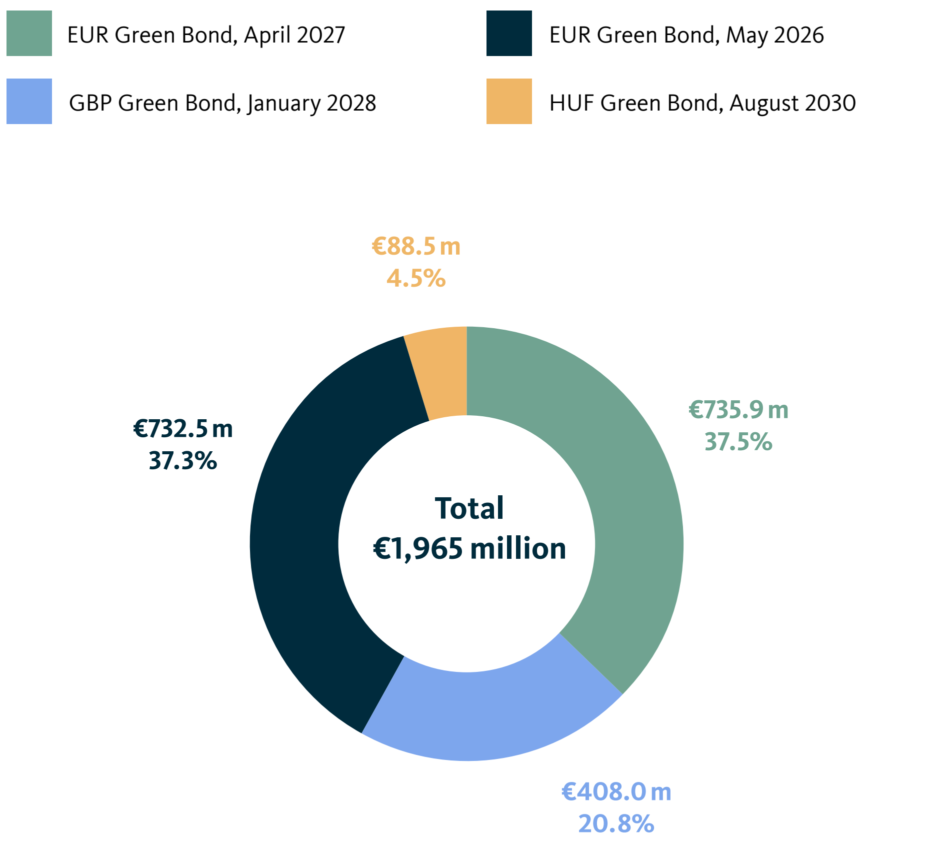
Portfolio of Eligible Assets



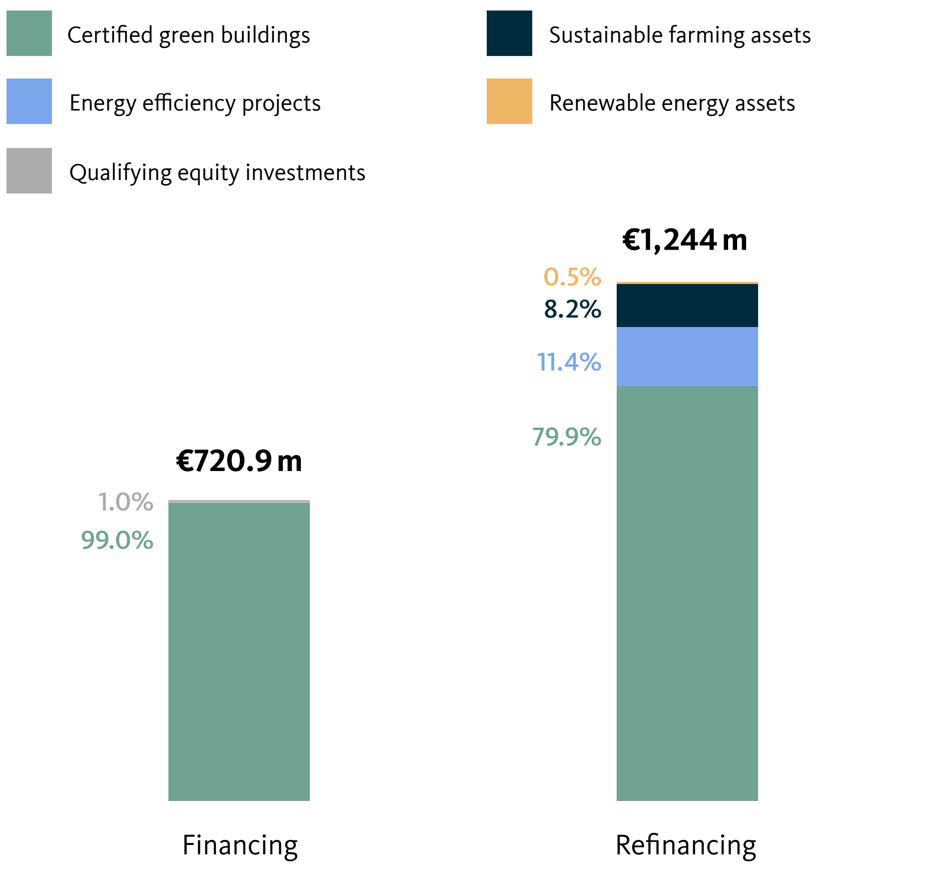
Green Bonds allocation by Eligible Assets category



Green Bond net proceeds split by issuance



Green Bonds allocation by Eligible Assets – share of financing vs. refinancing



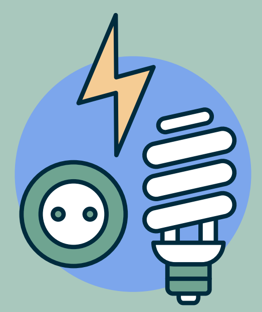
Estimated environmental impact of Green Bond portfolio

Green Buildings

11,383 t CO_2 eq pa
annual GHG reduction in 2020

16,617 MWh pa
annual energy savings in 2020

68,033 m³ pa
annual water savings in 2020



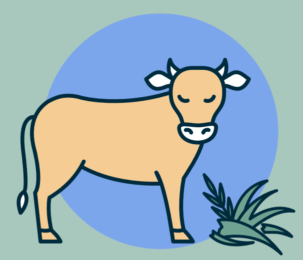
Energy Efficiency

766 t CO_2 eq pa
annual GHG reduction in 2020

13%
annual energy reduction

Renewable Energy

2,486 t CO_2 eq pa
annual GHG reduction in 2020



Sustainable Farming

16,393 ha
grassland area in 2020

45,553 t
soil enrichment with fertilising in 2020

Green Bonds Impact reporting

As a real estate company, energy consumption relating to the operating of buildings is the main contributor to climate change through greenhouse gas ("GHG") emissions. The Group aims to achieve sustainable operation of its properties by identifying opportunities to reduce GHG emissions wherever possible.

The Group works together with the **University Centre for Energy Efficient Buildings ("UCEEB") of the Czech Technical University in Prague** to assist with the calculation and review of impact metrics. In addition, the methodology and calculation of greenhouse gas ("GHG") reduction was reviewed and verified by an independent third party, CI2. Finally, according to the Green Bond Framework, CPIPG is committed to verifying its reporting by an independent, third-party and **Sustainalytics has reviewed the below Impact Reporting as part of the Annual Review process performed in March 2021.** The Annual Review letter can be found on the Group's website.

Green Bond Impact reporting is provided on **an annual basis as part of the Management Report** with regard to the entire **Green Bond portfolio** and includes primarily the allocation of the net proceeds breakdown by Eligible Assets categories, a list of projects financed, the geographical distribution of eligible projects, as well as the share of financing versus refinancing.

For the Impact Reporting provided in this report, we currently exclude qualifying equity investments from the analysis due to the fact that the allocation of Green Bond net proceeds to this category is highly immaterial. Instead, we provide a case study of the environmental performance and status of Globalworth Real Estate Investments Limited based on the most recent public information. In future, CPIPG will consider fully integrating the environmental performance of Globalworth's portfolio into our Impact Reporting subject to our Green Bond allocation at the time and the availability of information.

We provide impact reporting using the **metrics recommended in the Harmonised Framework for Impact Reporting** for each Eligible assets category as follows:

Eligible Asset category	Impact Reporting metrics
Green buildings	• Level of certification by property • Annual GHG emissions reduced/avoided (t CO_2 eq pa) • Annual energy savings (MWh pa) • Annual reduction in water consumption (in m³)
Energy efficiency	• Annual GHG emissions reduced/avoided (t CO_2 eq pa) • Annual energy savings (MWh pa) • percentage annual energy efficiency gain relative to an established baseline
Renewable energy	• Renewable energy capacity added/rehabilitated (MWh pa) • Annual GHG emissions reduced/avoided (t CO_2 eq pa) • Annual energy savings (MWh pa) • percentage annual energy efficiency gain relative to building energy performance base line defined for particular type in region
Environmentally sustainable management of living natural resources and land use	• Amount of land covered by open space (hectares and %) • Estimated land area with biodiversity management (in hectares) • Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects

For assets that qualify under the 3-year-look-back period, annual environmental performance is reported. The performance of buildings in operation is subject to change due to weather patterns, building occupation and visitor rates. Changes in occupation and associated retrofits may, in the short-term, effect building systems and fluctuation in energy and water consumptions.

For farms, quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects is measured through the amount of grassland which helps to retain water in the landscape or allow for harvesting of straw and hay for feeding cattle. The manure is then used on-site for fertilising the arable land or alternatively composted. This completes a virtuous cycle in terms of natural resources.

Project name	Type of asset	Region	Asset value as of 31.12.2020 (€ m)	Project cost (€ m)	Gross Lettable Area (GLA m²)	Eligibility criteria	Eligibility criteria met on this date	Improvement (CO_2 t pa)	Signed amount (€ m)	Allocated amount (€ m)	Green Bond Impact Report				
Green buildings											Level of certification	Annual GHG emissions reduced/avoided (t CO_2 eq pa)	Annual energy savings (MWh pa)	Annual reduction in water consumption (m³)	Data available for past 2 years (yes/ N/A)
Zlatý Anděl	Mix-use	Czech Republic	138.7	–	21,132	Acquisition	29 March 2017	–	143.300	143.300	BREEAM In-Use PART 1 Very good	466.0	486.0	-305.0	yes
SC Nisa	Shopping centre	Czech Republic	101.5	–	49,629	Acquisition	29 March 2017	–	105.000	105.000	BREEAM In-Use PART 2 Very good	2,542.0	3,942.0	9,408.0	yes
Eurocentrum – Alfa, BetaGamma, Delta	Office	Poland	248.4	–	85,269	Acquisition	27 November 2019	–	242.800	242.800	LEED BD+C Platinum	N/A	N/A	N/A	N/A
Warsaw Financial Center	Office	Poland	273.5	–	49,766	Acquisition	05 December 2019	–	261.339	261.339	LEED O+M Gold	N/A	N/A	N/A	N/A
SC Olympia Plzeň	Shopping centre	Czech Republic	152.3	–	40,996	Acquisition	29 March 2017	–	156.900	156.900	BREEAM In-Use PART 1 Very good	768.0	1,110.0	6,930.0	yes
SC Ogrody	Shopping centre	Poland	114.9	–	41,877	Acquisition	29 March 2017	–	120.500	120.500	BREEAM 2009 Europe Very good	3,087.0	2,662.0	7,737.0	yes
Equator IV	Office	Poland	60.0	–	21,192	Acquisition	07 November 2019	–	58.000	58.000	BREEAM 2009 Europe Very good	N/A	N/A	N/A	N/A
Green Corner A	Office	Poland	53.1	–	14,883	Acquisition	28 January 2020	–	53.700	53.700	LEED BD+C Platinum	N/A	N/A	N/A	N/A
City West B2 + B3	Office	Czech Republic	80.7	–	28,714	Acquisition	06 May 2017	–	38.200	38.200	BREEAM In-Use PART 1 Excellent	-209.0	-542.0	4,882.0	yes
SC Futurum Hradec Kralove	Shopping centre	Czech Republic	125.3	–	39,259	Acquisition	06 April 2018	–	131.600	131.600	BREEAM In-Use PART 1 Very good	2,993.0	5,376.0	8,900.0	yes
Arena Corner	Office	Hungary	71.5	–	29,888	Acquisition	06 May 2017	–	25.500	25.500	BREEAM In-Use PART 1 Very good	656.0	2,038.0	15,420.0	yes
Gateway Office Park	Office	Hungary	82.9	–	36,214	Acquisition	06 May 2017	–	32.000	32.000	BREEAM In-Use PART 1 Very good	-80.0	103.0	2,509.0	yes
Balance Loft	Office	Hungary	12.6	–	6,807	Acquisition	06 May 2017	–	3.200	3.200	BREEAM In-Use PART 1 Very good	106.0	294.0	693.0	yes
Andrássy Palace	Office	Hungary	23.2	–	8,463	Acquisition	01 December 2018	–	23.300	23.300	BREEAM In-Use PART 1 Very good	226.0	549.0	1,806.0	yes
Quadra – B30	Office	Hungary	31.2	–	13,044	Acquisition	06 May 2017	–	15.200	15.200	BREEAM In-Use PART 1 Very good	18.0	-51.0	1,823.0	yes
Balance Tower	Office	Hungary	20.8	–	9,440	Acquisition	06 May 2017	–	4.300	4.300	BREEAM In-Use PART 1 Very good	9.0	83.0	2,927.0	yes
Balance Hall	Office	Hungary	47.1	–	16,070	Acquisition	17 April 2020	–	48.000	48.000	BREEAM Int NC 2016 Very good	N/A	N/A	N/A	N/A
Equator II	Office	Poland	60.7	–	22,897	Acquisition	30 January 2020	–	60.300	60.300	BREEAM In-Use PART 1 Very good	N/A	N/A	N/A	N/A
Atrium Plaza	Office	Poland	37.6	–	14,722	Acquisition	25 April 2018	–	37.400	37.400	BREEAM In-Use PART 1 Very good	719.0	537.0	2,813.0	yes
Equator I (myhive Equator)	Office	Poland	43.0	–	19,475	Acquisition	05 March 2020	–	39.400	39.400	BREEAM In-Use PART 1 Very good	N/A	N/A	N/A	N/A
Moniuszki Tower	Office	Poland	34.5	–	9,765	Acquisition	30 June 2020	–	33.600	33.600	BREEAM In-Use PART 1 Excellent	N/A	N/A	N/A	N/A
Atrium Centrum	Office	Poland	48.0	–	17,700	Acquisition	26 August		47.300	47.300	BREEAM In-Use PART 1 Very good	84.0	30.0	2,490.0	yes
Concept Tower	Office	Poland	26.2	–	9,000	Acquisition	26 August		27.300	27.300	LEED BD+C Gold	N/A	N/A	N/A	N/A
Total									1,708.140	1,708.140		11,383.8	16,617.1	68,033.0	
Energy efficiency											Annual GHG emissions reduced/avoided (t CO_2 eq pa)	Annual energy savings (MWh pa)	Annual energy efficiency gain relative to an established baseline (%)		Data available for past 2 years (yes/ N/A)
SC IGY	Mix-use	Czech Republic	72.7	23.4	25,850	Reduction of CO_2 ≥ 30%	30 November 2017	62.0%	23.400	23.400	766.2	1,083.2	13.0		yes
ZET.office	Office	Czech Republic	37.3	40.0	20,792	Reduction of CO_2 ≥ 30%, Top 15% efficiency	29 August 2019	32.0%	40.000	40.000	N/A	N/A	N/A		N/A
Mamaison Residence Downtown Prague	Hospitality	Czech Republic	30.6	15.3	–	Reduction of CO_2 ≥ 30%	09 September 2019	57.0%	15.300	15.300	N/A	N/A	N/A		N/A
Bubenská 1	Office	Czech Republic	72.4	62.7	25,190	Letter grade improvement according to local Energy Performance Certificate ≥ 2	29 September 2020	–	62.7	62.700	N/A	N/A	N/A		N/A
Total									141.400	141.400	766.2	1,083.2	13.0		
Renewable energy											Renewable energy capacity added/rehabilitated (kWp pa)	Annual GHG emissions reduced/avoided (t CO_2 eq pa)	Annual energy production (MWh pa)	Annual energy efficiency gain relative to building energy performance base line defined for particular type in region (%)	Data available for past 2 years (yes/ N/A)
GSG Solar Berlin	Solar Plant	Germany	5.7			Installation of photovoltaic solar	06 May 2017	–	5.655	5.655	27.0	2,486.0	4,883.0	N/A	N/A
Total									5.655	5.655	27.0	2,486.0	4,883.0	N/A	N/A
Sustainable management of living natural resources and land use											Amount of land covered by open space	Amount of land covered by open space	Estimated land area with biodiversity management	Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects	
														Grassland area	Fertilizing/Composting
Spojené Farmy a.s.	Farms	Czech Republic	111.5	–		Organic farming production/ KEZ o.p.s	06 May 2017	–	102.479	102.479	19,324.1 ha	84.9%	16,230.8 ha	16,392.5 ha	45,553.0 t
Total									102.479	102.479	19,324.1 ha	84.9%	16,230.8 ha	16,392.5 ha	45,553.0 t

Valuation as revised at time of assets' allocation

Adjusted signed amount to correspond with assets' valuation

Outstanding financing in June 2017

Calculation prepared by accredited energy specialist Jiri Novotny, JiNO Energy, based on local regulations and requirements for energy audits. Those are: Regulation No. 480/2012 Sb., about Energy audits and Actual emission factors CZT 1.8, 2018

Green building and energy efficiency project case studies

ZET.office

Refurbishment start	February 2018
Refurbishment completion	September 2019
GLA	20,844 m²
Location	Brno, Czech Republic
PENB	B
Certification	BREEAM In-Use International v6 Part 1 targeting Excellent

Highlights of green solutions utilised

- Central ventilation system with individual regulation
- The heating is complemented with spiral radiators at the facade
- **Energy-efficient LED lighting minimising flicker**
- Meters and submeters implemented for all tenants
- Implementation of monitoring and analytics of building system operation
- **Rainwater utilised for watering greenery on the terraces**
- Outdoor rainwater infiltration system
- Implementation of water flow monitoring and water leak alarm system
- **Promoting alternative modes of transport** – bike-sharing, bike storage room with showers, excellent connection to bicycle path, car-sharing system for tenants
- **Chargers for electric cars**
- More than 240 trees planted outside of the building

This project targets environmental performance of 1,414 MWh (219,3 t CO_2 eq pa) and water consumption 11.5 m³ by 2030. As a result of these targeted savings in terms of Direct and Indirect Energy targets, this would represent a **reduction of CO_2 eq pa production by 14.3%.**

Bubenská 1

Year Built	1935
Refurbishment start	March 2018
Refurbishment completion	September 2020
Building type	Mix-use: Office/Retail
GLA	26,510 m²
Location	Prague, Czech Republic
Floors	7 above ground
PENB	B

Highlights of green solutions utilised

- **Ventilation with energy recovery**
- **Hot water heating** – the temperature of the supply water above 115°C from the heating plant
- **New Building Management System** with monitoring and analytical functions
- Operable windows
- **Energy-efficient lighting with daylight sensors**
- Improved building envelope thermal parameters, including a unique facade

This project targets environmental performance of 0.392 MWh (485 t CO_2 eq pa) and water consumption of 262 m³ by 2030. As a result of these targeted savings in terms of Direct and Indirect Energy targets, this would represent a **reduction of CO_2 eq pa production by 0.3%.**

Globalworth*

- **43 properties certified** by recognised standards LEED and BREEAM at the end of 2019, accounting for 81.3% of the standing commercial portfolio by value (up from 70.6% at year-end 2018)
- 13 environmentally-certified properties added to the portfolio in 2019
- 18 other properties were under green certification or re-certification at the end of 2019

Green solutions employed

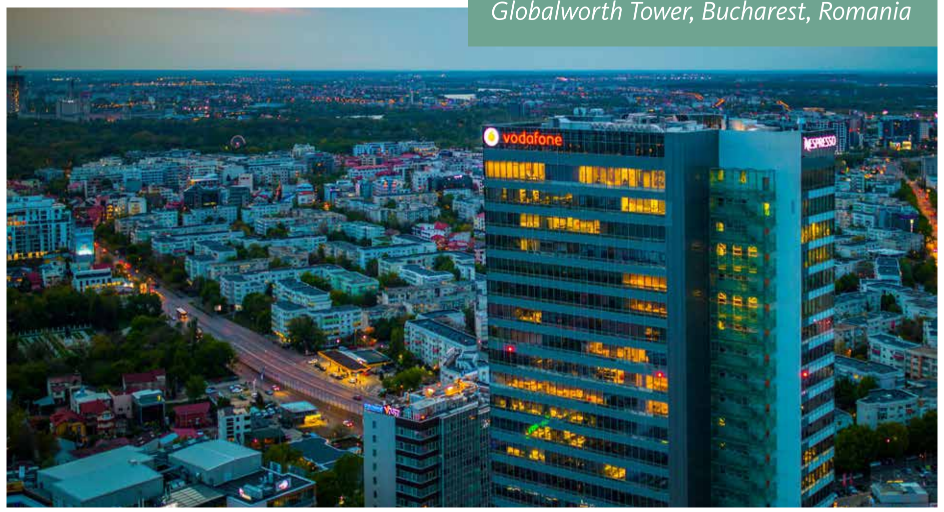
- Improvements in measurement and monitoring of energy consumption
- A pilot project of installation of photovoltaic solar panels

Key projects in the portfolio

- Podium Park I – the first BREEAM Outstanding property in the portfolio
- Globalworth Tower – LEED Platinum project
- Timisoara Industrial Park – Valeo and the Pitesti Industrial Park, received BREEAM Very Good – the first certified green industrial properties

Podium Park, Krakow, Poland

Globalworth Tower, Bucharest, Romania



* *Information based on Globalworth 2019 Sustainable Development Update published in June 2020*

Glossary of terms

Alternative performance measures	Definition	Rationale
Consolidated adjusted EBITDA	Net business income as reported deducted by administrative expenses as reported.	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Group's depreciation and amortisation policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Consolidated adjusted total assets	Consolidated adjusted total assets is total assets as reported deducted by intangible assets and goodwill as reported.	
EPRA Cost Ratios	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.
EPRA Earnings	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
Company-specific Adjusted Earnings	A measure derived from EPRA Earnings and reflecting the Group's specific adjustments.	The rationale for making adjustments other than strictly required by EPRA Earnings is to arrive at an underlying performance measure appropriate for the Group's business model.
Company-specific Adjusted EPS	It is calculated as Company-specific Adjusted Earnings divided by the weighted average number of shares for the period.	
EPRA Net Asset Value (NAV)	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
EPRA Triple Net Asset Value (NNNAV)	A 'spot' measure of NAV which shows all assets and liabilities at their fair value.	The objective of the EPRA NNNAV is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.
EPRA Net Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The objective of the EPRA NRV is to highlight the value of net assets on a long-term basis.
EPRA Net Tangible Assets (NTA)	EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	
EPRA Net Disposal Value (NDV)	EPRA NDV represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	Comparable measures for portfolio valuations. These measures should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA 'topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	Comparable measures for portfolio valuations. These measures should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA Vacancy Rate	The EPRA vacancy rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole portfolio (including vacant spaces).	The rationale for using the EPRA vacancy rate is that it can be clearly defined, should be widely used by all participants in the direct real estate market and comparable from one company to the next.
Equity ratio	It is calculated as total equity as reported divided by total assets as reported.	Provides a general assessment of financial risk undertaken.

Alternative performance measures	Definition	Rationale
Funds from operations or FFO	It is calculated as net profit for the period adjusted by non-cash revenues/expenses (like deferred tax, net valuation gain/loss, impairment, amortisation/depreciation, goodwill etc.) and non-recurring (both cash and non-cash) items (like net gain/loss on disposals etc.). Calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
FFO II	It is calculated as Funds from operations (FFO) deducted by interest on perpetual notes as reported.	
Net debt/EBITDA	It is calculated as Net debt divided by Consolidated adjusted EBITDA.	A measure of a company's ability to pay its debt. This ratio measures the amount of income generated and available to pay down debt before covering interest, taxes, depreciation and amortisation expenses.
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm's ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Net Loan-to-value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Net Loan-to-value provides a general assessment of financing risk undertaken.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm's liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realised in the event of default.

Non-financial definitions	Definition
Company	CPI Property Group S.A.
Property Portfolio value or PP value	The sum of value of Property Portfolio owned by the Group
Gross Leasable Area or GLA	Gross leasable area is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.
Group	CPI Property Group S.A. together with its subsidiaries
Net debt	Net debt is borrowings plus bank overdraft less cash and cash equivalents.
Occupancy	Occupancy is a ratio of estimated rental revenue regarding occupied GLA and total estimated rental revenue, unless stated otherwise.
Property Portfolio	Property Portfolio covers all properties and investees held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.
Potential Gross Leasable Area	Potential Gross Leasable Area is the total amount of floor space and land area being developed which the Group is planning to rent after the development is complete.
Potential Gross Saleable Area	Potential Gross Saleable area is the total amount of floor space and land area being developed which the Group is planning to sell after the development is complete.

Key ratio reconciliations

Andrássy Complex, Budapest, Hungary

Property portfolio reconciliation (€ million)

	31 Dec 2020	31 Dec 2019
Investment property – Office	4,716	4,186
Investment property – Retail	2,184	2,173
Investment property – Residential	855	756
Investment property – Land bank	798	697
Investment property – Industry & Logistics	117	99
Investment property – Agriculture	99	101
Investment property – Development	13	142
Investment property – Hospitality	6	0
Investment property – Other	4	3
Property, plant and equipment – Hospitality	676	775
Property, plant and equipment – Mountain Resorts	67	76
Property, plant and equipment – Agriculture	12	13
Property, plant and equipment – Office	9	7
Property, plant and equipment – Residential	6	6
Property, plant and equipment – Retail	1	1
Equity accounted investees	658	4
Other financial assets	26	8
Inventories – Development	31	45
Assets held for sale	38	19
Total	**10,316**	**9,111**

Net LTV reconciliation (€ million)*

Item per Consolidated financial statements		31 Dec 2020	31 Dec 2019
A	Financial debts	1,523	1,213
B	Bonds issued	3,304	2,892
C	Net debt linked to AHFS	0	0
D	Cash and cash equivalents	632	805
E	Property portfolio	10,316	9,111
(A+B+C-D)/E	**Net LTV**	**40.7%**	**36.2%**

Unencumbered assets to total assets reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 20	31 Dec 19
A	Bonds collateral	0	0
B	Bank loans collateral	3,541	3,236
	Investment property	3,367	3,051
	Property, plant and equipment	124	135
	Trade receivables	27	23
	Bank accounts	23	26
C	Total assets	11,801	10,673
(C-A-B)/C	Unencumbered assets ratio	70.0%	69.7%

Secured consolidated leverage ratio reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 20	31 Dec 19
A	Secured bonds	0	0
B	Secured financial debts	1,400	1,017
C	Consolidated adjusted total assets	11,694	10,566
	Total assets	11,801	10,673
	Intangible assets and goodwill	107	107
(A+B)/C	Secured consolidated leverage ratio	12.0%	9.6%

Consolidated adjusted EBITDA reconciliation (€ million)*

	Item per Consolidated financial statements	2020	2019
A	Net business income	344	345
B	Administrative expenses	(47)	(53)
C	Other effects	41	0
A+B+C	Consolidated adjusted EBITDA	338	292

* Includes pro-rata EBITDA for 2020 of Equity accounted investees.

Net interest coverage ratio reconciliation (€ million)

	Item per Consolidated financial statements	2020	2019
A	Interest income	18	14
B	Interest expense	(81)	(54)
C	Consolidated adjusted EBITDA	338	292
C/-(A+B)	Net ICR	5.4	7.2

Net debt/EBITDA reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 20	31 Dec 19
A	Net debt	4,194	3,300
B	Net business income	344	345
C	Administrative expenses	(47)	(53)
D	Other effects	41	0
A/(B+C+D)	Net debt/EBITDA	12.4	11.3

Secured debt to Total debt reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 20	31 Dec 19
A	Secured bonds	0	0
B	Secured financial debts	1,400	1,017
C	Total debts	4,827	4,105
	Bonds issued	3,304	2,892
	Financial debts	1,523	1,213
(A+B)/C	Secured debt as of Total debt	29.0%	24.8%

Equity ratio reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 20	31 Dec 19
A	Total assets	11,801	10,673
B	Total equity	5,787	5,469
B/A	Equity Ratio	49%	51%

FFO II reconciliation (€ million)

	Item per Consolidated financial statements	2020	2019
A	Funds from operations	222	220
B	Interest on perpetual notes	(59)	(43)
A+B	Funds from operations II	163	176

Funds from operations (FFO) reconciliation (€ million)*

	Item per Consolidated financial statements	2020	2019
A	Net profit/(Loss) for the period	244	685
B	Deferred income tax	(80)	(61)
C	Net valuation gain or loss on investment property	173	561**
D	Net valuation gain or loss on revaluation of derivatives	1	2
E	Net gain or loss on disposal of investment property and subsidiaries	1	2
F	Net gain or loss on disposal of inventory	4	5
G	Net gain or loss on disposal of PPE/other assets	0	0
H	Impairment/Reversal of impairment	(50)	(8)
I	Amortisation/Depreciation	(38)	(33)
J	Other non-cash items	46	8**
K	GW/Bargain purchase	17	0
L	Other non-recurring items	(17)	(9)
	Non-recurring FX losses incurred	(6)	(7)
	Non-recurring financial and other charges	(10)	(2)
M	Share on profit of equity accounted investees/JV adjustments	(11)	0
N	Other effects	25	0
(A-B-C-D-E-F-G-H-I-J-K-L-M+N)	Funds from operations	222	220

* Includes pro-rata FFO for 2020 of Equity accounted investees.
** Adjusted, refers to paragraph 2.4 of Consolidated Financial Statements as at 31 December 2020.

EPRA NNNAV deferred tax reconciliation (€ million)

Company in KG form	Residual tax value of properties	Share applicable	Tax rate	Fair value of properties	Tax
Total as at 31 Dec 2020	188	99.75%	15.83%	2,068	297
Total as at 31 Dec 2019	138	99.75%	15.83%	1,970	289
Company resold/ acquired in last 12 mo.	**Tax acquisition price of share**	**Share applicable**	**Tax rate**	**IFRS NAV**	**Tax**
Total as at 31 Dec 2020	219	50.00%–100%	19%–24.94%	280	6
Total as at 31 Dec 2019	508	98.65%–100%	9%–24.94%	598	26
Company with Parent in GmbH form	**Tax acquisition price of share**	**Share applicable**	**Tax rate**	**IFRS NAV**	**Tax**
Total as at 31 Dec 2020	280	80%–100%	30.18%	646	5
Total as at 31 Dec 2019	280	80%–100%	30.18%	598	4
Company with other taxation rules	**Tax acquisition price of share**	**Share applicable**	**Tax rate**	**IFRS NAV**	**Tax**
Total as at 31 Dec 2020	383	100%	19%	399	3
Total as at 31 Dec 2019	1	100%	19%	2	0

EPRA NTA deferred tax reconciliation (€ million)

Inventories	Residual tax value of properties	Tax Rate	Fair value of properties	Tax
Total as at 31 Dec 2020	31	19%–33.3%	31	–
Total as at 31 Dec 2019	46	19%–33.3%	46	–

AHFS resold/acquired in last 12 months	Tax acquisition price of share	Share applicable	Tax Rate	IFRS NAV	Tax
Total as at 31 Dec 2020	–	–	–	–	–
Total as at 31 Dec 2019	–	–	–	–	–

DECLARATION LETTER

FINANCIAL REPORT

AS AT 31 DECEMBER 2020

1.1. Person responsible for the Annual Financial Report

Mr. Martin Němeček, acting as Chief Executive Officer and Managing Director of the Company, with professional address at 40 rue de la Vallee, L-2661 Luxembourg, Grand-Duchy of Luxembourg, M.Nemecek@cpipg.com.

1.2. Declaration by the person responsible for the Annual Financial Report

The undersigned hereby declares that, to the best of its knowledge:

- the consolidated financial statements of the Company as at 31 December 2020, prepared in accordance with the International Accounting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company and its subsidiaries included in the consolidation taken as a whole; and

- the Management report as at 31 December 2020, provides a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. Martin Němeček.

Luxembourg, 31 March 2021

Mr. Martin Němeček

CEO & Managing Director

CPI Property Group
Société anonyme
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Space means opportunity

CPI PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 AND FOR THE YEAR THEN ENDED

Consolidated statement of comprehensive income

The accompanying notes form an integral part of these consolidated financial statements.

	Note	Year-ended 31 December 2020	31 December 2019 Adjusted*
Gross rental income	5.1	356.5	319.1
Service charges and other income	5.2	139.6	123.1
Cost of service and other charges	5.2	(107.4)	(88.0)
Property operating expenses	5.3	(51.0)	(59.8)
Net rental income		**337.7**	**294.4**
Development sales	5.4	34.3	50.1
Development operating expenses	5.4	(29.9)	(46.3)
Net development income		**4.4**	**3.8**
Hotel revenue	5.5	43.7	133.8
Hotel operating expenses	5.5	(46.8)	(93.8)
Net hotel income		**(3.1)**	**40.0**
Other business revenue	5.6	48.5	45.7
Other business operating expenses	5.6	(43.1)	(39.0)
Net other business income		**5.4**	**6.7**
Total revenues		622.6	671.8
Total direct business operating expenses		(278.2)	(326.9)
Net business income		**344.4**	**344.9**
Net valuation gain*	5.7	173.1	561.0
Net gain on disposal of investment property and subsidiaries	5.8	0.7	2.0
Amortization, depreciation and impairment	5.9	(88.0)	(41.5)
Administrative expenses	5.10	(47.1)	(53.2)
Other operating income		23.3	10.2
Other operating expenses		(2.8)	(7.3)
Operating result		**403.6**	**816.1**
Interest income		18.2	13.5
Interest expense	5.11	(80.9)	(54.2)
Other net financial result*	5.12	9.8	(10.6)
Net finance costs		**(52.9)**	**(51.3)**
Share of loss of equity-accounted investees (net of tax)	6.4	(10.6)	(0.2)
Profit before income tax		**340.1**	**764.6**
Income tax expense	5.13	(96.5)	(80.0)
Net profit from continuing operations		**243.6**	**684.6**
Items that may or are reclassified subsequently to profit or loss			
Translation difference	6.13	(130.6)	25.1
Cash flow hedges		(1.1)	7.7
Income tax on other comprehensive income items		0.1	(2.6)
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	6.3	(45.7)	25.1
Defined benefit plan actuarial loss		(0.4)	(0.4)
Income tax on other comprehensive income items		8.8	(9.3)
Other comprehensive income for the period, net of tax		**(168.9)**	**45.6**
Total comprehensive income for the year		**74.7**	**730.2**
Net profit attributable to:			
Owners of the parent		181.5	633.2
Non-controlling interests		2.7	8.0
Perpetual notes holders		59.4	43.4
Profit for the year		**243.6**	**684.6**
Total comprehensive income attributable to:			
Owners of the parent		12.6	678.8
Non-controlling interests		2.7	8.0
Perpetual notes holders		59.4	43.4
Total comprehensive income for the year		**74.7**	**730.2**
Earnings per share			
Basic earnings in EUR per share	6.13	0.02	0.07
Diluted earnings in EUR per share	6.13	0.02	0.07

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4.

Consolidated statement of financial position

The accompanying notes form an integral part of these consolidated financial statements.

	Note	31 December 2020	31 December 2019
Non-current assets			
Intangible assets and goodwill	6.1	107.1	107.0
Investment property	6.2	8,792.6	8,156.8
Property, plant and equipment	6.3	779.4	885.7
Hotels	6.3	*665.2*	*761.6*
Other property, plant and equipment	6.3	*114.2*	*124.1*
Biological assets		5.0	4.2
Equity accounted investees	6.4	658.1	3.7
Other financial assets	6.5	34.4	38.1
Loans provided	6.6	291.5	200.2
Deferred tax assets	5.13	155.6	168.1
		10,823.7	**9,563.8**
Current assets			
Inventories	6.7	38.8	51.2
Biological assets		2.7	2.5
Income tax receivables		5.1	6.2
Trade receivables	6.8	85.4	80.9
Loans provided	6.6	77.5	71.5
Cash and cash equivalents	6.9	632.3	804.5
Other financial assets	6.10	47.4	21.8
Other non-financial assets	6.11	50.8	48.9
Assets linked to assets held for sale	6.12	37.7	21.5
		977.7	**1,109.0**
Total assets		**11,801.4**	**10,672.8**
Equity			
Equity attributable to owners of the parent	6.13	4,320.8	4,334.2
Share capital	6.13	*833.2*	*833.2*
Share premium	6.13	*911.1*	*911.1*
Other reserves	6.13	*231.5*	*400.0*
Retained earnings	6.13	*2,345.0*	*2,189.9*
Perpetual notes	6.13	1,369.6	1,085.5
Non-controlling interests	6.13	96.1	49.8
		5,786.5	**5,469.5**
Non-current liabilities			
Bonds issued	6.14	3,195.2	2,870.9
Financial debts	6.15	1,269.6	1,165.3
Deferred tax liability	5.13	842.2	805.9
Provisions	6.17	7.0	10.1
Other financial liabilities	6.18	109.9	63.8
		5,423.9	**4,916.0**
Current liabilities			
Bonds issued	6.14	108.8	20.8
Financial debts	6.15	253.0	47.7
Trade payables	6.19	70.6	86.0
Income tax liabilities		12.4	13.7
Other financial liabilities	6.20	120.5	98.1
Other non-financial liabilities		21.0	20.3
Liabilities linked to assets held for sale	6.12	4.7	0.7
		591.0	**287.3**
Total equity and liabilities		**11,801.4**	**10,672.8**

Consolidated statement of changes in equity

The accompanying notes form an integral part of these consolidated financial statements.

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to owners of the parent	Perpetual notes	Non-controlling interests	Total equity
As at 1 January 2020		**833.2**	**911.1**	**49.0**	**5.8**	**12.7**	**332.5**	**2,189.9**	**4,334.2**	**1,085.5**	**49.8**	**5,469.5**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**181.5**	**181.5**	**59.4**	**2.7**	**243.6**
Translation difference		-	-	(130.6)	-	-	-	-	(130.6)	-	-	(130.6)
Defined benefit plan actuarial loss	6.17	-	-	-	-	-	-	(0.4)	(0.4)	-	-	(0.4)
Cash flow hedges		-	-	-	-	(1.1)	-	-	(1.1)	-	-	(1.1)
Revaluation of property, plant and equipment	6.3	-	-	-	-	-	(45.7)	-	(45.7)	-	-	(45.7)
Income tax on other comprehensive income		-	-	-	-	0.1	8.8	-	8.9	-	-	8.9
Total other comprehensive expense		**-**	**-**	**(130.6)**	**-**	**(1.0)**	**(36.9)**	**(0.4)**	**(168.9)**	**-**	**-**	**(168.9)**
Total comprehensive income for the period		**-**	**-**	**(130.6)**	**-**	**(1.0)**	**(36.9)**	**181.1**	**12.6**	**59.4**	**2.7**	**74.7**
Mandatory public offer	6.13	-	-	-	-	-	-	(26.0)	(26.0)	-	-	(26.0)
Issuance of perpetual notes	6.13	-	-	-	-	-	-	-	-	607.5	-	607.5
Repayment of previously issued perpetual notes	6.13	-	-	-	-	-	-	-	-	(331.2)	-	(331.2)
Amount paid to perpetual notes holders	6.13	-	-	-	-	-	-	-	-	(51.6)	-	(51.6)
Acquisition of subsidiaries with NCI	6.13	-	-	-	-	-	-	-	-	-	43.6	43.6
As at 31 December 2020		**833.2**	**911.1**	**(81.6)**	**5.8**	**11.7**	**295.6**	**2,345.0**	**4,320.8**	**1,369.6**	**96.1**	**5,786.5**

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to to owners of the parent	Perpetual notes	Non-controlling interests	Total equity
As at 1 January 2019		**876.2**	**1,013.4**	**23.9**	**5.8**	**7.6**	**290.9**	**1,557.8**	**3,775.6**	**542.5**	**44.2**	**4,362.3**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**633.2**	**633.2**	**43.4**	**8.0**	**684.6**
Translation difference		-	-	25.1	-	-	-	-	25.1	-	-	25.1
Defined benefit plan actuarial loss	6.17	-	-	-	-	-	-	(0.4)	(0.4)	-	-	(0.4)
Cash flow hedges		-	-	-	-	7.7	-	-	7.7	-	-	7.7
Revaluation of property, plant and equipment	6.3	-	-	-	-	-	25.1	-	25.1	-	-	25.1
Income tax on other comprehensive income		-	-	-	-	(2.6)	(9.3)	-	(11.9)	-	-	(11.9)
Total other comprehensive income/ (expense)		**-**	**-**	**25.1**	**-**	**5.1**	**15.8**	**(0.4)**	**45.6**	**-**	**-**	**45.6**
Total comprehensive income for the period		**-**	**-**	**25.1**	**-**	**5.1**	**15.8**	**632.8**	**678.8**	**43.4**	**8.0**	**730.2**
Common control transaction	3.4	-	-	-	-	-	25.8	-	25.8	-	-	25.8
Acquisition of own shares	6.13	(6.7)	(29.8)	-	-	-	-	-	(36.5)	-	-	(36.5)
Share buyback	6.13	(36.3)	(72.5)	-	-	-	-	-	(108.8)	-	-	(108.8)
Issuance of perpetual notes	6.13	-	-	-	-	-	-	-	-	537.2	-	537.2
Amount paid to perpetual notes holders	6.13	-	-	-	-	-	-	-	-	(37.6)	-	(37.6)
Acquisition of NCI	6.13	-	-	-	-	-	-	(0.7)	(0.7)	-	(2.4)	(3.1)
As at 31 December 2019		**833.2**	**911.1**	**49.0**	**5.8**	**12.7**	**332.5**	**2,189.9**	**4,334.2**	**1,085.5**	**49.8**	**5,469.5**

Consolidated cash flow statement

The accompanying notes form an integral part of these consolidated financial statements.

	Note	Year-ended 31 December 2020	31 December 2019 Adjusted*
Profit before income tax		**340.1**	**764.6**
Adjusted by:			
Net valuation gain*	5.7	(173.1)	(561.0)
Net gain on the disposal of investment property and subsidiaries	5.8	(0.7)	(2.0)
Depreciation and amortization	5.9	38.1	33.1
Impairment of assets	5.9	49.9	8.4
Net interest expense		62.7	40.7
Net finance expense		21.2	4.4
Share of loss of equity accounted investees	6.4	10.6	0.2
Unrealized exchange rate differences and other non-cash transactions*		(17.5)	3.0
Profit before changes in working capital and provisions		**331.3**	**291.4**
Decrease in inventories		17.6	13.8
Increase in trade and other receivables		(22.2)	(17.9)
Increase / (decrease) in trade payables		(59.2)	5.9
Increase / (decrease) in other liabilities		(3.0)	0.7
Income tax paid		(15.8)	(13.2)
Net cash from operating activities		**248.7**	**280.7**
Acquisition of subsidiaries, net of cash acquired	3.2	(14.4)	(640.5)
Acquisition of associates	6.4	(686.5)	-
Acquisition of other financial investments		(17.2)	(7.9)
Acquisition of non-controlling interest	6.13	-	(3.1)
Proceeds from disposals of subsidiaries, net of cash disposed		28.4	13.4
Purchase and expenditures on investment property	6.2	(473.5)	(264.5)
Purchase and expenditures on property, plant and equipment	6.3	(25.1)	(66.4)
Purchase of intangible assets	6.1	(7.4)	(4.9)
Purchase of biological assets		(2.2)	(1.2)
Proceeds from sale of investment property		5.8	8.2
Proceeds from sale of property, plant and equipment		7.5	-
Proceeds from sale of biological assets		0.2	0.1
Loans provided		(182.6)	(125.8)
Loans repaid		107.4	7.7
Interest received		0.8	1.2
Dividends received	6.4	19.8	-
Net cash used in investing activities		**(1,239.0)**	**(1,083.7)**
Share buyback	6.13	-	(108.8)
Proceeds from perpetual notes	6.13	607.5	537.2
Payment to perpetual note holders	6.13	(382.8)	(37.6)
Proceeds from bonds issued	6.15	1,228.5	1,217.4
Repayment of bonds issued	6.15	(812.9)	-
Interest paid	6.15	(55.6)	(37.2)
Drawings of loans and borrowings	6.15	377.3	255.9
Repayments of loans and borrowings	6.15	(139.8)	(316.7)
Repayment of lease liabilities	6.15	(4.1)	(2.0)
Net cash from / (used in) financing activities		**818.1**	**1,508.2**
Net increase / (decrease) in cash		**(172.2)**	**705.2**
Cash and cash equivalents at the beginning of the period	6.9	804.5	99.2
Less: Cash and cash equivalents reclassified from / (to) assets held for sale		-	0.1
Cash and cash equivalents at the end of the period		**632.3**	**804.5**

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4.

Notes to the consolidated financial statements

1 General information

CPI PROPERTY GROUP S.A. (hereinafter also the “Company” or “CPI PG”, and together with its subsidiaries as the “Group”) is a real estate group founded in 2004 as ORCO Germany S.A. Since its foundation the Group has been operating in Germany and concentrated mainly on commercial property, project development and asset management, principally in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the Group is the largest lessor of commercial property in the Berlin area. After the incorporation into Czech Property Investments a.s. (hereinafter also as “CPI” and together with its subsidiaries as “CPI Group”) in 2014, the Group expanded to a number of CEE countries, primarily the Czech Republic.

The Group is primarily focused on investment properties, as well as development and asset management for third parties.

CPI PROPERTY GROUP S.A. is the parent company of the Group. The Company is a Luxembourg *Société Anonyme*, whose shares registered under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

The registered office of the Company is located at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg.

Description of the ownership structure

As at 31 December 2020, Radovan Vítek is the primary shareholder of the Company holding indirectly 90.7% of the Company shares.

For the list of shareholders as at 31 December 2020, refer to note 6.13.

Board of Directors

As at 31 December 2020, the Board of Directors consists of the following directors:

Chairman:	Edward Hughes
Executive members:	Martin Němeček, CEO and Managing Director
	Tomáš Salajka
	Oliver Schlink
	Philippe Magistretti
Non-executive members:	Edward Hughes
	Jonathan Lewis
	Omar Sattar

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements were authorized for issue by the Board of Directors on 30 March 2021.

All the figures are presented in millions of Euros, except if explicitly indicated otherwise.

The consolidated financial statements have been prepared on a going concern basis. For analysis of the impact of COVID-19 pandemic on the Group, including its ability to continue as a going concern, refer to note 11.

(b) New and amended standards and interpretations

For the preparation of these consolidated financial statements, the following amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2020. The amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and effect of the changes as a result of adoption of these amended standards and interpretations are described below.

Amendments to IFRS 3: Definition of a Business

The amendments help entities to determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors were issued to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments had no impact on the Group's consolidated financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the Group's consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position, which are measured as indicated below at each reporting date:

- Investment property – measured at fair value;
- Property, plant and equipment, asset type Hotels – measured at fair value;
- Biological assets – measured at fair value less cost to sell;
- Derivative financial instruments – measured at fair value;

(d) Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro (EUR) has been rounded to the nearest million, except when otherwise indicated. The functional currencies of other entities within the Group are listed in note 2.2 (b).

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience, internal calculations and various other factors that the management believes to be reasonable under the circumstances. The actual result might differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2.2 (a) – Contingent consideration;
- Note 2.2 (c) – Classification of investment property;
- Note 2.2 (n) – Service charges: Gross versus net revenue recognition.

Information about assumptions and estimation uncertainties that have the most significant risk of a material adjustment are included in the following notes:

- Note 2.2 (j) – Impairment test;
- Note 2.3 (b) – Determination of fair value;
- Note 5.13 – Income tax expenses;
- Note 7 – Financial risk management.

The Group's assumptions and estimation are based on the evidence available as of the date of these consolidated financial statements. Certain assumtions and estimates are however sensitive to development of the current COVID-19 world-wide pandemic and its negative impacts on the Company's real estate portfolio. The uncertainty caused by the COVID-19 pandemic is considered primarily in the below Group's assumtions and estimates:

- the goodwill impairment testing (for more details, refer to note 6.1);
- the fair value measurement of investment property, hotels and biological assets (for more details, refer to note 7.5.2 and 7.5.3);
- the credit risk and liquidity risk assessment (for more details, refer to note 7.1 and 7.2, respectively);
- the assessment of the Group's ability to continue as a going concern (for more details, refer to note 11).

2.2 Significant accounting policies

Except for the changes described above in note 2.1. (b) new standards, the accounting policies used in preparing the consolidated financial statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

(a) Basis of consolidation

The Group uses the direct method of consolidation, under which the financial statements of consolidated subsidiaries are translated directly into the presentation currency of the Group, which is the Euro. Subsidiaries are fully consolidated from the date of the acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within the equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The interest of non-controlling shareholders at the date of the business combination is generally recorded at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, which are generally at fair value, unless Group management has any other indicators about the non-controlling interest fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are not in scope of IFRS 3. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the financial statements of the acquiree or at deemed costs if the local standards are different from IFRS adopted by EU. Components of equity of the acquired entities are added to the corresponding equity components of the Group and any gain or loss arising is recognised in equity.

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a debt investment at fair value through OCI depending on the level of influence retained.

(iv) Equity accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Interests in associates and joint ventures are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence is obtained until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Property asset acquisition

A transaction that does not represent a business combination, because the acquired entity does not constitute a business in accordance with the IFRS 3, is accounted for as an asset acquisition.

(b) Foreign currency

(i) Functional currencies

Functional currencies of the companies in the Group are the currencies of the primary economic environment in which the entities operate, and the majority of its transactions are carried out in this currency.

The Group's consolidated financial statements are presented in EUR. The table below presents functional currencies of all Group's subsidiaries having non-EUR functional currency. Each Group subsidiary determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. For the purposes of inclusion in the consolidated financial statements, the statement of financial position of entities with non-EUR functional currencies are translated to EUR at the exchange rates prevailing at the balance sheet date and the income statements are translated at the average exchange rate for each month of the relevant year. The resulting net translation difference is recorded in OCI. When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of gain or loss on the disposal.

Group entities in different countries that have non-EUR functional currency:

Country	Functional currency
Croatia	HRK
Czech Republic	CZK
Hungary	HUF
Luxembourg	EUR or RUB
Poland	PLN
Romania	RON
Russia	RUB
Switzerland	CHF
United Kingdom	GBP

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates valid at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in OCI.

The Group translates the foreign currency operations and transactions using the foreign exchange rates declared by relevant central banks.

(c) Investment property and investment property under development

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost of investment property includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

External independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at the year end of 2020 and 2019 respectively.

Property that is being constructed or developed for future use and is measured at fair value until construction or development is completed. Any gain or loss arising on the measurement is recognised in profit or loss.

The Group capitalises external borrowing costs on qualifying investment properties under development.

(d) Right of use assets (leased assets)

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low-value assets: The Group applies the short-term lease recognition exemption to its short-term leases. Short term leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured either at cost less accumulated depreciation (see below) and impairment losses (see note 2.2(j)), or at revaluated amounts.

(ia) Hotels and resorts

Hotels are stated at revalued amounts that are fair values based on appraisals prepared by external professional valuers each year or more frequently if market factors indicate a material change in fair value. Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

An increase in carrying value of an asset as a result of revaluation is recognised in OCI and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

A decrease in carrying value of an asset as a result of revaluation is recognised in profit or loss. However, the decrease shall be recognised in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in OCI reduces the amount accumulated in equity under the heading of revaluation surplus.

(ib) Other items of property, plant and equipment

Other items of property, plant and equipment (except hotels and resorts) are measured at the lower of cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, capitalised borrowing costs and an appropriate proportion of production overheads.

Where components of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property and remeasured to fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses the previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are ready for use.

The estimated useful lives for the current and comparative period are as follows:

Assets	2020	2019
Property	30 - 50 years	30 - 50 years
Equipment	5 - 10 years	5 - 10 years
Motor vehicles	5 years	5 years
Fittings	3 - 5 years	3 - 5 years
Computers	3 years	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

(i) Goodwill

Business combinations are accounted for by applying the acquisition method. For the measurement of goodwill at initial recognition, see note 2.2(a).

Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested for impairment annually (see accounting policy 2.2(j)).

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortization (see below) and accumulated impairment losses (see accounting policy 2.2(j)).

(iii) Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Trademarks

Acquired trademarks are shown at cost less accumulated impairment losses. When they have indefinite useful life, trademarks are tested for impairment annually or when there is an indication of impairment.

(v) Amortization

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Assets	2020	2019
Software	3 - 8 years	3 - 8 years
Other intangible assets	3 - 5 years	3 - 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Inventories

Inventories represent trading property and are measured at the lower of cost and net realisable value.

Cost includes expenditure that is directly attributable to the acquisition of the trading property. The cost of self-constructed trading property includes the cost of material and direct labour, any other costs directly attributable to bringing the trading property to a condition for their intended use and capitalised borrowing costs. Deemed costs of trading property reclassified from existing investment property is the fair value of such property.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

(h) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

The Group recognises a biological asset or agriculture produce only when the entity controls the asset as a result of past events, it is probable that future economic benefits will flow to the entity, and the fair value or cost of the asset can be measured reliably. Biological assets within the scope of IAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured, in which case they are valued at cost. The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are included in profit or loss.

All costs related to biological assets that are measured at fair value, except for the acquisition costs, are recognised as expenses when incurred.

(i) Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition: as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Group measures financial assets at *amortised cost* if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is classified and measured at *fair value through OCI* if it meets both of the following conditions:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through OCI as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be classified and measured at amortised cost or at fair value through OCI, to be classified and measured at fair value through profit or loss if it eliminates or reduces an accounting mismatch that would otherwise arise.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group's financial assets at amortised cost include trade receivables, and loans provided.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

- *Financial assets designated at fair value through OCI (equity instruments)*

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Investment in an equity instrument that does not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are inappropriate are carried at cost.

- *Financial assets at fair value through profit or loss*

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans provided

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, provided loans are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(j)).

Finance charges, including premiums receivable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The recoverable amount of the Group's provided loans is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate calculated at initial recognition of these financial assets).

The Group classifies any part of long-term loans, that is due within one year from the reporting date, as current.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(j)).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term cash commitments. Bank accounts and call deposits that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

The Company treats cash deposited as a security in accordance with bank loan covenants as cash and cash equivalents for cash flow purposes.

The cash flow statement of the Group is prepared based on the indirect method from the consolidated statement of financial position and consolidated statement of profit and loss.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans and borrowings, bonds issued, bank overdrafts, and trade and other payables.

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including financial liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities as the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the contractual cash flows of the financial liability.

Financial debts and bonds are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, financial debts and bonds are measured at amortised cost using the effective interest method.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which it arises.

The Group classifies any part of long-term loans or bonds, that is due within one year from the date of the consolidated statement of financial position, as current liabilities.

Bond transaction costs

Bonds payable are initially recognized at the amount of the proceeds from issued bonds less any attributable transaction costs.

Bond transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of new shares and shares options, other than upon a business combination, are recognised as a deduction from equity, net of any tax effects.

Treasury shares

Treasury shares represent shares of the Company which were acquired by the Group. The cost of treasury shares is deducted from equity. When treasury shares are sold or reissued, the amount received is recognized as an increase in equity.

(iv) Derivative financial instruments and hedge accounting

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred.

The Group holds derivative financial instruments to hedge its interest rate and foreign currency risk exposures.

Cash flow hedges

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

The effective portion of changes in the fair value of derivative hedging instruments designated as a cash flow hedge are recognised in OCI and in the cash flow hedge reserve. To the extent that the hedge is ineffective, changes in the fair value of the derivative are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the anticipated transaction takes place, upon which it is reclassified in the profit and loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Other non-hedging derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(v) Perpetual bonds

The Group analyses the bonds issued if it holds unconditional rights to avoid delivering cash in respect of both, the principal and related interests. The bonds are classified as an equity instrument and classified separately as equity attributable to perpetual bond holders if the Group has an unconditional right to avoid delivering cash (or another financial instrument).

(j) Impairment

(i) Impairment of non-derivative financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the discounted cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience.

The Group considers a non-derivative financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding amounts in full. A non-derivative financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determination of ECL for loans provided to the majority shareholder or entities controlled by majority shareholder considers the Group's credit rating.

(ii) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property (see accounting policy 2.2(c)), property plant and equipment (only partially, see accounting policy 2.2(e)), inventories (see accounting policy 2.2(g)), and deferred tax assets (see accounting policy 2.2(q)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. For the purpose of impairment testing, assets are grouped together into cash generating units (CGU's) - the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which the goodwill is monitored. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Impairment losses relating to goodwill cannot be reversed in future periods.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Post-employment obligations

(i) Defined benefit plan

The Group has entered into defined benefit plans defined as an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the net defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of the net defined liability which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any), are charged or credited to OCI in the period in which they arise. Net interest expense and other expenses related to the defined benefit plans are recognized in the statement of comprehensive income.

The valuation of the pension obligation is performed by an independent actuary.

(ii) Defined contribution plans

Contributions are made to the Government's health, retirement benefit and unemployment plan at statutory rates applicable during the period and are based on gross salary payments. The arrangements of the Government's health, retirement benefit and unemployment plans qualify as defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The expense for the contributions is charged to profit and loss in the same period as the related salary expense.

(m) Assets held for sale and disposal groups

Non-current assets held for sale and disposal groups comprising assets and liabilities, are classified as held-for-sale when it is highly probable that they will be recovered primarily through sale rather than through continuing use. The following criteria must be met for an asset or disposal group to be classified as held for sale: the Group is committed to selling the asset or disposal group, the asset is available for immediate sale, an active plan of sale has commenced, the sale is expected to be completed within 12 months and the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.

Such assets, or disposal groups, are measured at the lower of carrying amount and fair value less costs to sell.

(n) Revenue

(i) Rental revenue

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

The term of the lease is the non-cancellable period of the lease. Any further term for which the tenant has the option to continue the lease is not considered by the Group.

(ii) Service charges and other income

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in net rental income gross of the related costs. The Group determined that it does control the services before they are transferred to tenants and therefore that the Group acts rather as a principal in these arrangements.

Other income is recognised in profit or loss when tenant obtains control of the goods or services.

(iii) Hotel revenue

Represents revenues derived from hotel operations, including room rentals, food and beverage sales and other ancillary goods and services. Revenue is recognized immediately when the customer obtains control of the goods or services.

(iv) Development sales

A sale of self-constructed trading property is generally a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. Revenue is recognized immediately when the customer obtains control of the property.

(v) Other business revenue

Other business is represented by mountain resort and agriculture operations. Other business revenue is recognised in profit or loss when the customer obtains control of the goods or services.

(vi) Government grants

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other business revenue when the grant becomes receivable. Other government grants are recognised where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(vii) Sale of investment and trading property, investment in subsidiaries and equity-accounted investees

Revenue from the sale of investment and trading property, investments in subsidiaries and equity-accounted investees is recognised in profit or loss by the Group at point of time when the control over the property is transferred to a customer, usually on the date on which the application is submitted to the Land Registry for transfer of legal ownership title. The property must be completed, and the apartments are ready for sale, including the necessary regulatory permissions.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sale arrangement.

(o) Expenses

(i) Service costs and property operating expenses

Service costs and property operating expenses are expensed as incurred. Expenditures that relate to multiple accounting periods are deferred and recognised over those accounting periods irrespective of the timing of the consideration given or liability incurred.

(p) Interest income, interest expense and other net financial result

Interest income comprises interest income on funds invested, such as bank interest, interest on provided loans, interest on bonds purchased and interest on non-current receivables.

Interest expense comprises interest expense on loans and borrowings, on leases, on bonds issued and interest charges related to leases.

Other net financial result comprises dividend income, gains on disposal of debt investments at fair value through OCI, gains on derivative instruments that are recognised in profit or loss and reclassifications of amounts (losses) previously recognised in OCI, bank charges, losses on disposal of debt investments at fair value through OCI, losses on derivative instruments that are recognised in profit or loss and reclassifications of amounts (gains) previously recognised in OCI and foreign currency gains and losses that are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements result in a net gain or net loss position.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

(q) Income tax

(i) Current income tax

Current income tax assets and liabilities recognised are the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Group operates and generates taxable income.

The estimated current income tax expense is calculated using the accounting profit for the period and an estimate of non-deductible expenses of each entity of the Group and the corresponding income tax rate applicable to the given country and accounting period.

Current and deferred income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss (asset acquisition);
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(s) Segment reporting

The Group has applied the criteria of IFRS 8, 'Operating Segments' to determine the number and type of operating segments. Operating segments were determined based on the nature of the business and how the business is managed by the Board of Directors, the Group's chief operating decision maker.

The Group reports five operating segments: Czech Republic, Berlin, Poland, Hotels and resorts and Complementary assets. In 2020, the Group reports new operating segment of Poland because of its increased significance. Comparative segment reporting as at 31 December 2019 and for the year then ended was adjusted accordingly.

Segment results that are reported to the Board of Directors include items directly attributable to a segment or items that can be allocated on a reasonable basis. Unallocated items comprise primarily head office expenses, financing and income tax assets and liabilities.

The operating segments are determined based on the Group's management and internal reporting structure.

As required by IFRS 8, the Group provides information on the business activities in which, the Group engages including split of revenue and investment property per asset portfolio.

Inter-segment pricing is determined on an arm's length basis.

(t) Key management personnel

The Group discloses the total remuneration of key management personnel as required by IAS 24 – Related party disclosures. The Group includes within key management personnel all individuals (and their family members, if applicable) who have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include all members of the Management Board and the senior executives of the Group.

2.3 Determination of fair value

(a) Investment property and Property, plant and equipment

Investment properties are stated at fair value as at 31 December 2020 and 2019 based on external valuations prepared by professionally qualified valuers, except for an insignificant part of the portfolio valued by an internal expert (see note 6.2). The Group's property portfolio in the Czech Republic is valued mainly by Jones Lang LaSalle, Cushman & Wakefield and CBRE, while selected properties are valued also by RSM, Mazars and Statikum. The property portfolios in Hungary, Slovakia, Romania and part of the Poland portfolio are valued by Jones Lang LaSalle. The majority of assets in Poland are valued by Knight Frank. Assets in Russia, Croatia and the United Kingdom are valued by Cushman & Wakefield. The valuation of the Berlin portfolio is undertaken by Savills. Assets located in France are valued by Savills and assets in Switzerland by Cushman & Wakefield and Mazars. The Group also uses its valuation department for providing internal valuations of selected assets, including part of the Czech Republic residential portfolio, land bank assets, certain Czech Republic retail assets and assets in Italy. As at 31 December 2020, the Group did not revalue recent acquisitions (see note 3.2 and 3.3) and leased properties.

Independent valuations are reviewed by the Group's management and represent a basis for the management's estimate of the investment properties' fair value. Those estimates considered the results of current and prior external valuations, information from comparable selling and purchase transactions.

Valuations reflect, where appropriate, the type of tenants and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

The real estate market in Central and Eastern Europe is considered small and transactions with real estate portfolios of the size similar to that of the Group's portfolio are rather rare. Due to the need to use the market knowledge and professional judgements of the valuers to a greater extent, there is a higher degree of uncertainty than which would exist in more developed and active markets.

The following valuation methods of investment property were used:

For a breakdown of assumptions used by valuers refer to 7.5.

(i) Retail, Office, Industry and Logistics properties

Retail, office, industry and logistics properties have been valued using predominantly income capitalization and discounted cash flow (DCF) valuation methods.

DCF is a valuation of estimated income considering costs of ownership and operation of the property. The estimated cash flows are discounted using a discount rate reflecting the level of income risk and time value of money.

The income capitalization method is based on the capitalization of the net annual income the property generates or is potentially able to generate. On lease expiry, future income flows have been capitalized into perpetuity at the estimated rental value, taking into account expiry voids and rent free periods. The net income is the total rental income reduced by the costs which are not recovered from tenants. The capitalisation yield (equivalent yield) is determined by the market transactions achieved at the sale of the property or similar properties in the market between the willing buyer and the willing seller in the arm's length transaction. A yield reflects the risks inherent in the net cash flows applicable to the net annual rentals to arrive at the property valuation. The sales comparison valuation technique has been used for selected less significant retail assets in the Czech Republic.

(ii) Residential properties

Residential properties have been valued primarily using the direct comparison method based on data from comparable transactions. The data was obtained from Cadastral offices or purchase agreements, except for related party transactions.

(iii) Land and vacant buildings

Land and vacant buildings have been valued using the direct comparison method to arrive at the value of the property in its existing state. A comparison was performed with other similarly located and zoned plots of land or buildings that are currently on the market.

The sales price of the properties that are judged to be most comparable tend to indicate a range in which the value indication for the subject property will fall. The valuer estimated the degree of similarity or difference between the subject property and the comparable sales by considering various elements of comparison.

(iv) Hotels

Hotels have been valued primarily using the DCF valuation method.

(v) Investment property under development

The valuer used the Residual Value Approach for the valuation of the investment property under development. In order to assess the market value of the sites, the valuer undertook a development appraisal to assess the potential value (Gross Development Value) of the fully completed and leased development as currently proposed, and deducted hard costs, soft costs, financing costs and a developer's expected required profit (which reflects the required level of return to a developer and the risk of undertaking the project).

In assessing the Gross Development Value, the valuer adopted a market approach by estimating the market rental values for the accommodation being developed, and the appropriate capitalisation rate which a potential investor would require, to arrive at the Market Value of the completed and leased building.

(vi) Agriculture properties

Agriculture properties have been valued using the direct comparison method of valuation.

(b) Biological assets

Biological assets are stated at fair value less cost to sell based on internal valuations performed by the Group.

Valuation of livestock is measured at fair value. The livestock has been divided into categories according the species and age, e.g. vealer 0 - 6 month, heifer 6 - 24 month, chicken etc. Each category has been valued using the sales price per kilogram for specific category of livestock and the average weight (in kg) per head of cattle. The average weight represents Group management's best estimate.

The sales prices are derived from the average of actual sales price on different markets as the Group sells its products on several European markets.

2.4 Changes in accounting policies

Change in classification of foreign exchange gains or losses on revaluation of the investment properties

The Group reclassified the effect of changing foreign exchange rates on the revaluation of the investment property from Net valuation gain or loss to Other net financial result, which includes all other effects of changing foreign exchange rates. Management concludes that the adjusted presentation is more relevant.

Comparative information for the year ended 31 December 2020 was adjusted accordingly. The change in the accounting policy had no impact on the statement of financial position, the impact on the statement of comprehensive income is presented in the table below:

Entity	2019	Effect of the accounting policy change	2019 Adjusted
Net business income	344.9	-	344.9
Net valuation gain	550.0	11.0	561.0
Operating result	**805.1**	**11.0**	**816.1**
Other net financial result	0.4	(11.0)	(10.6)
Net finance costs	(40.3)	(11.0)	(51.3)
Profit before income tax	764.6	-	764.6
Net profit from continuing operations	**684.6**	**-**	**684.6**

3 The Group structure

CPI PG is the Group's ultimate parent company.

As at 31 December 2020, the Group comprises its parent company and 368 subsidiaries (363 as at 31 December 2019) and two joint ventures. For list of subsidiaries refer to Appendix I.

3.1 Changes in the Group in 2020

In 2020, the Group acquired, founded or demerged (within the Group) the following subsidiaries:

Entity	Change	Group's share	Date
Zakiono Enterprises Limited	Acquisition	100.00%	31 January 2020
Equator Real sp. z o.o.	Acquisition	100.00%	5 March 2020
BWV Offices sp. z o.o.	Founded	100.00%	12 March 2020
BWGH Offices sp. z o.o.	Founded	100.00%	31 March 2020
Tower-Service sp. z o.o.	Acquisition	50.30%	24 April 2020
BWK Offices sp. z o.o.	Founded	100.00%	21 May 2020
DUCA PUGLIA S.R.L.	Founded	100.00%	13 July 2020
Marchesina S.a.r.l.	Founded	100.00%	10 August 2020
Apulia Investments 1 S.r.l.	Founded	100.00%	28 September 2020
Apulia Investments 2 S.r.l.	Founded	100.00%	28 September 2020
Apulia Investments 3 S.r.l.	Founded	100.00%	28 September 2020
Apulia Investments 4 S.r.l.	Founded	100.00%	28 September 2020
Nova RE Siiq S.p.A.	Acquisition	50.10%	29 October 2020
Zerodix Sárl	Acquisition	99.70%	16 December 2020
CPI AIR ITALY S.R.L.	Founded	100.00%	18 December 2020
SAVILE ROW 1 LIMITED	Founded	100.00%	23 December 2020

In 2020, the Group disposed or liquidated the following subsidiaries:

Entity	Change	Group's share	Date
CEREM S.A.	Liquidation	97.31%	3 January 2020
SCP CAYO	Disposal	100.00%	5 March 2020
Aspley Ventures Limited	Liquidation	100.00%	22 April 2020
GARET INVESTMENTS sp. z o.o.	Disposal	100.00%	25 June 2020
Brillant 1419. Verwaltungs GmbH (Joint venture)	Liquidation	47.68%	30 June 2020
LN Est-Europe Development S.R.L.	Liquidation	100.00%	19 October 2020
RSL Est-Europe Properties S.R.L.	Liquidation	100.00%	19 October 2020
Office Center Poštová, s.r.o.	Disposal	100.00%	6 November 2020
Liptovský Mikuláš Property Development, a.s.	Disposal	100.00%	2 December 2020
Endurance Real Estate Management Company	Liquidation	97.31%	30 December 2020
Mark2 Corporation, M2C FM, s.r.o.*	Disposal	80.00%	31 December 2020

* Changed its name from CPI Prima, s.r.o. to Mark2 Corporation, M2C FM, s.r.o. with effective date of 1 December 2020.

3.2 Property asset acquisitions in 2020

Equator Real sp. z o.o.

On 5 March 2020, the Group acquired Equator Real sp. z o.o. The total consideration paid was EUR 15.1 million.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Investment property	38.5
Trade receivables	0.1
Cash and cash equivalents	0.7
Identifiable assets	**39.3**
Financial debts	(23.6)
Other non-current liabilities	(0.4)
Trade payables and other current liabilities	(0.2)
Identifiable liabilities	**(24.2)**
Net identifiable assets acquired	**15.1**

The net cash outflow connected with the acquisition amounted to EUR 14.4 million.

Zakiono Enterprises Limited

On 31 January 2020, the Group acquired Zakiono Enterprises Limited. The total consideration paid was EUR 283.6 million. Through the acquisition of Zakiono, the Group acquired 23,734,670 shares (representing a 10.7% stake) of Globalworth Real Estate Investments Limited ("Globalworth"), a leading office landlord in Romania and in Poland. Refer to note 6.4 for more details in respect of this acquisition.

The acquisition was recognized as a financial asset acquisition as the company does not represent a business as defined by IFRS 3.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Equity accounted investees	283.7
Other financial current liabilities	(0.1)

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 283.6 million. The net cash outflow connected with the acquisition amounted to EUR 283.6 million. As at 31 December 2020, the Group owns, through Zakiono Enterprises Limited, a total of 65,250,000 Globalworth shares representing a 29.55% stake in Globalworth. The shares were acquired for a total of EUR 686.5 million (refer to note 6.4 for more details).

3.3 Acquisition through business combinations in 2020

Acquisition of Nova RE Siiq S.p.A.

On 2 October 2020, the Group submitted a binding offer to participate in a capital increase of the Italian real estate group Nova RE Siiq S.p.A ("Nova RE"), which was accepted on 7 October 2020. Following approval of Nova RE's capital increase on 29 October 2020, the Group acquired a 50.1% stake and gained control over the company. Nova RE manages a portfolio of 7 properties in Milan, Rome, Verona and Bari in Italy.

The acquisition of the company is treated as a business combination under IFRS 3. The Group designated an acquisition date at 1 October 2020. There were no material events or changes to assets and liabilities of Nova RE between 1 October 2020 and 29 October 2020.

The consideration paid for this acquisition amounted to EUR 26.0 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Intangible assets and goodwill	0.2
Investment property	114.6
Property, plant and equipment	6.6
Trade and other receivables	3.0
Cash and cash equivalents	28.2
Deferred tax assets	1.1
Other financial current assets	3.1
Identifiable assets	**156.8**
Financial debts	(62.1)
Derivative instruments	(1.9)
Trade payables	(2.4)
Advance payments	(2.1)
Other non-financial current liabilities	(1.3)
Identifiable liabilities	**(69.8)**
Net identifiable assets acquired	**87.0**

As a result of this business combination, the group realized bargain purchase of EUR 17.5 million which is classified as other operating income by the Group. There were no post-aquisition adjustments to investment property value, which reconciles to the valuation appraisal prepared by an independent valuer as at 31 December 2020.

Due to the acquisition, the Group acquired cash and cash equivalents of EUR 28.2 million. The net cash outflow connected with the acquisition amounted to EUR -2.2 million.

As a result of the business combination, the Group initially recognized a non-controlling interest of EUR 43.6 million (see note 6.13 for more details).

If the acquisition had occurred on 1 January 2020 with all other variables held constant, Group total revenues in 2020 would have been EUR 627.4 million and net profit from continuing operations would have been EUR 236.0 million.

Acquisition of Zerodix Sárl

On 16 December 2020, the Group acquired a 100% stake in Zerodix Sárl, a company involved in bar and restaurant operations in the Crans Montana ski resort, which is owned and operated by the Group. The acquisition of the company is treated as a business combination under IFRS 3.

The consideration paid for this acquisition amounted to EUR 2.5 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Fixed assets	0.1
Cash and cash equivalents	0.3
Other current assets	0.1
Identifiable assets	**0.5**
Current and non-current liabilities	(0.4)
Identifiable liabilities	**(0.4)**
Net identifiable assets acquired	**0.1**

As a result of this business combination, the group recognized goodwill in the amount of EUR 2.4 million.

Due to the acquisition, the Group acquired cash and cash equivalents of EUR 0.3 million. The net cash outflow connected with the acquisition amounted to EUR 2.2 million.

If the acquisition occurred on 1 January 2020 with all other variables held constant, Group total revenues in 2020 would have been EUR 622.6 million and net profit from continuing operations would have been EUR 243.5 million.

3.4 Disposal of subsidiaries in 2020

The Group disposed the following subsidiaries, since they were considered as a non-core assets:

- SCP CAYO in France was sold for EUR 3.4 million on 5 March 2020.
- GARET INVESTMENTS sp. z o.o. was sold for EUR 11 thousand on 25 June 2020.
- Office Center Poštová, s.r.o. was sold for EUR 1.9 million on 6 November 2020.
- Liptovský Mikuláš Property Development, a.s. was sold for EUR 0.1 million on 2 December 2020.
- Mark2 Corporation, M2C FM, s.r.o. was sold for EUR 0.5 million on 31 December 2020.

3.5 Changes in the Group in 2019

In 2019, the Group acquired, founded or demerged (within the Group) the following subsidiaries:

Entity	Change	Group's share	Date
One Crans-Montana SA (1)	Acquisition	99.70%	6 February 2019
Orchard Hotel a.s.	Acquisition	100.00%	27 February 2019
Brno INN, a.s.	Acquisition	100.00%	28 June 2019
Tachov Investments, s.r.o. (2)	Acquisition	100.00%	2 July 2019
AVENA, VOD	Acquisition	98.56%	18 July 2019
GCA Property Development Sp. z o.o. (3)	Acquisition	100.00%	5 August 2019
CT Development Sp. z o.o. (4)	Acquisition	100.00%	3 September 2019
Equator II Development Sp. z o.o. (5)	Acquisition	100.00%	3 September 2019
Equator IV Offices Sp. z o.o. (6)	Acquisition	97.31%	7 November 2019
Eurocentrum Offices Sp. z o.o. (7)	Acquisition	97.31%	27 November 2019
LES MAS DU FIGUIER	Acquisition	97.31%	29 November 2019
Pietroni, s.r.o.	Acquisition	97.31%	29 November 2019
SCP Reflets	Acquisition	97.31%	29 November 2019
Castor Investments Sp. z o.o.	Acquisition	97.31%	5 December 2019
Castor Investments Sp. z o.o. S.K.A.	Acquisition	97.31%	5 December 2019
WFC Investments Sp. z o.o.	Acquisition	97.31%	5 December 2019
7 St James´s Square Limited	Founded	100.00%	27 March 2019
Vysočany Office, a.s.	Founded	99.26%	23 April 2019
Kosmonosy Investments, s.r.o.	Founded	100.00%	10 July 2019
Kravařská zeměděleská, a.s.	Founded	100.00%	15 July 2019
Olomouc Building, a.s.	Founded	100.00%	1 October 2019
Brno Development Services, s.r.o.	Founded	100.00%	9 October 2019
CPI Pigna S.r.l.	Founded	97.31%	18 October 2019
CPI REV Italy II S.r.l.	Founded	97.31%	18 October 2019
Moniuszki Office Sp. z o.o.	Founded	100.00%	24 October 2019
CPI Kvarta, s.r.o.	Founded	100.00%	4 November 2019
CPI Green, a.s.	Founded	100.00%	5 November 2019
CPI Kvinta, s.r.o.	Founded	100.00%	5 November 2019
CPI Omikrón, a.s.	Founded	100.00%	5 November 2019
CPI Orange, a.s.	Founded	100.00%	5 November 2019
CPI Prima, s.r.o.	Founded	100.00%	5 November 2019
CPI Sekunda, s.r.o.	Founded	100.00%	5 November 2019
CPI Tercie, s.r.o.	Founded	100.00%	5 November 2019
CPI Théta, a.s.	Founded	100.00%	5 November 2019
CPI Yellow, a.s.	Founded	100.00%	5 November 2019
Oxford Tower Sp. z o.o.	Founded	100.00%	19 November 2019
CPI Poland Property Management Sp. z o.o.	Founded	100.00%	2 December 2019
BARON PUGLIA S.a.r.l.	Founded	100.00%	2 December 2019
WFC Offices Sp. z o.o.	Founded	100.00%	18 December 2019
CPI Poland Offices Sp. z o.o.	Founded	100.00%	18 December 2019
Třebíč Investment, s.r.o.	Demerger (within the group)	100.00%	1 July 2019
Kosmonosy Property Development, s.r.o.	Demerger (within the group)	100.00%	1 November 2019
Prostějov Investments, a.s.	Demerger (within the group)	100.00%	1 November 2019
Vysočina Investments, a.s.	Demerger (within the group)	100.00%	1 November 2019

(1) Changed its name from Régie du Rhộne Crans-Montana SA to One Crans-Montana SA with effective date of 18 July 2019.
(2) Changed its name from JD-THOM s.r.o. to Tachov Investments, s.r.o. with effective date of 11 July 2019.
(3) Changed its name from Saint Barthelemy Sp. z o.o. to GCA Property Development Sp. z o.o. with effective date of 6 September 2019.
(4) Changed its name from San Andres Sp. z o.o. to CT Development Sp. z o.o. with effective date of 8 November 2019.
(5) Changed its name from Gimsoy Sp. z o.o. to Equator II Development Sp. z o.o. with effective date 30 September 2019.
(6) Changed its name from Cirrus Real Sp. z o.o. to Equator IV Offices Sp. z o.o. with effective date 18 December 2019.
(7) Changed its name from Dakota Investments Sp. z o.o. to Eurocentrum Offices Sp. z o.o. with effective date 18 December 2019.

The following entities were either disposed or liquidated in 2019:

Entity	Change	Group's share	Date
Vinohrady S.a.r.l.	Disposal	97.31%	14 November 2019
Spišská Nová Ves Property Development, a.s.	Disposal	100.00%	20 November 2019
Třebíč Investment, s.r.o.	Disposal	100.00%	29 November 2019
CPI Yellow, a.s.	Disposal	100.00%	11 December 2019
Vysočina Investments, a.s.	Disposal	100.00%	20 December 2019
Avacero Limited	Liquidation	100.00%	8 May 2019
Avidano Limited	Liquidation	100.00%	8 May 2019
Derisa Limited	Liquidation	100.00%	8 May 2019
Gomendo Limited	Liquidation	100.00%	8 May 2019
Goranda Limited	Liquidation	100.00%	8 May 2019
Istafia Limited	Liquidation	100.00%	8 May 2019
Jonvero Limited	Liquidation	100.00%	8 May 2019
Pringipo Limited	Liquidation	100.00%	8 May 2019
Tunelia Limited	Liquidation	100.00%	8 May 2019
Brillant 1419. GmbH & Co. Verwaltungs KG	Liquidation	97.31%	13 October 2019
Osmania Limited	Liquidation	100.00%	25 December 2019

3.6 Property asset acquisitions in 2019

Acquisition of 7 St James' Square Limited

On 27 March 2019, the Group founded 7 St James's Square Limited. The entity had no assets as at that date.

On 7 June 2019, 7 St James's Square Limited acquired a building which was purchased in a shell condition and it will offer up to 33,000 square feet of gross leasable area. The total consideration paid for the building was EUR 54.3 million, fully allocated to the investment property.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

Acquisition of Tachov Investment, s.r.o.

On 2 July 2019, the Group acquired Tachov Investments, s.r.o. The consideration paid for the 100% stake amounted to EUR 1.0 million, fully allocated to the investment property.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

Acquisition of AVENA, VOD

On 18 July 2019, the Group acquired AVENA, VOD for the purchase price of EUR 4.3 million.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Investment property	4.7
Property, plant and equipment	3.0
Biological assets	0.3
Inventories	0.9
Other financial current assets	0.5
Other non-financial current assets	0.4
Identifiable assets	**9.8**
Financial debts	(3.4)
Trade payables and other current liabilities	(2.1)
Identifiable liabilities	**(5.5)**
Net identifiable assets acquired	**4.3**

The net cash outflow connected with the acquisition amounted to EUR 4.2 million.

Acquisition of offices in Warsaw, Poland

The following acquisitions were recognized as property asset acquisitions as the companies do not represent a business as defined by IFRS 3.

- Equator IV Offices sp. z o.o.

On 7 November 2019, the Group acquired Equator IV, comprising more than 20,800 square metres of gross lettable area.

The consideration paid for the 100% stake amounted to EUR 14.6 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Investment property	56.6
Cash and cash equivalents	0.8
Other non-financial current assets	0.2
Identifiable assets	**57.6**
Financial debts	(42.4)
Trade payables	(0.4)
Other financial current liabilities	(0.2)
Identifiable liabilities	**(43.0)**
Net identifiable assets acquired	**14.6**

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.8 million. The net cash outflow connected with the acquisition amounted to EUR 13.8 million. As part of the acquisition, financial debts of EUR 41.5 million were also repaid by the Group.

- Eurocentrum Offices sp. z o.o.

On 27 November 2019, the Group acquired the Eurocentrum office complex in Warsaw. Eurocentrum boasts over 85,100 square metres of gross lettable area.

The consideration paid for the 100% stake amounted to EUR 105.4 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Investment property	242.5
Cash and cash equivalents	1.9
Identifiable assets	**244.4**
Financial debts	(136.2)
Trade payables	(2.7)
Other non-financial current liabilities	(0.1)
Identifiable liabilities	**(139.0)**
Net identifiable assets acquired	**105.4**

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 1.9 million. The net cash outflow connected with the acquisition amounted to EUR 103.5 million. As part of the acquisition, financial debts of EUR 136.2 million were also repaid by the Group.

- WFC Investments sp. z o.o.

On 5 December 2019, the Group acquired Warsaw Financial Center located in Central Warsaw, providing 50,000 square meters of leasable area. WFC is the sole shareholder of the company Castor Investments sp. z o. o. and WFC has also 100% shares in Castor Investments sp.z o.o. S.K.A. These entities are empty.

The consideration paid for the 100% stake amounted to EUR 272.3 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Intangible assets	0.2
Investment property	261.2
Trade receivables	1.3
Cash and cash equivalents	15.7
Identifiable assets	**278.4**
Financial debts	(3.6)
Other non-current liabilities	(1.7)
Trade payables	(0.8)
Identifiable liabilities	**(6.1)**
Net identifiable assets acquired	**272.3**

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 15.7 million. The net cash outflow connected with the acquisition amounted to EUR 256.6 million.

3.7 Acquisition through business combinations in 2019

Acquisition of Régie du Rhộne Crans-Montana SA

On 6 February 2019, the Group acquired Régie du Rhộne (renamed to One Crans Montana in 2019), a Swiss real estate company. The company engages in the following business activities: property management, sale of properties, co-ownership, sale sales brokerage and rentals, as well as real estate project development. The company operates in the Crans Montana ski resort which is operated by the Group.

The consideration paid for the 100% stake amounted to EUR 1.4 million. The company was renamed to One Crans Montana on 27 June 2019.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Trade receivables	0.1
Cash and cash equivalents	1.1
Other financial current assets	0.1
Identifiable assets	**1.3**
Financial debts	(0.8)
Other financial non-current liabilities	(0.2)
Other financial current liabilities	(1.1)
Identifiable liabilities	**(2.1)**
Net identifiable assets acquired	**(0.8)**

As a result of this business combination, the Group recognized goodwill in the amount of EUR 2.2 million.

Due to the acquisition, the Group acquired cash and cash equivalents of EUR 1.1 million. The net cash outflow connected with the acquisition amounted to EUR 0.3 million.

If the acquisition had occurred on 1 January 2019 with all other variables held constant, Group total revenues in 2019 would have been EUR 672.3 million and net profit from continuing operations would have been EUR 684.7 million.

Acquisition of Orchard Hotel

On 27 February 2019, the Group acquired a 100% stake in Orchard Hotel in the center of Ostrava, the Czech Republic, with 185 rooms. The consideration paid was EUR 0.6 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Property, plant and equipment	10.5
Trade receivables	0.1
Cash and cash equivalents	0.2
Identifiable assets	**10.8**
Financial debts	(9.9)
Other current liabilities	(0.3)
Identifiable liabilities	**(10.2)**
Net identifiable assets acquired	**0.6**

Due to the acquisition, the Group acquired cash and cash equivalents EUR 0.2 million. The net cash outflow connected with the acquisition amounted to EUR 0.4 million.

If the acquisition occurred on 1 January 2019 with all other variables held constant, Group total revenues in 2019 would have been EUR 672.5 million and net profit from continuing operations would have been EUR 684.2 million.

Acquisition of BRNO INN, a.s.

On 28 June 2019, the Group acquired a four-star congress hotel in Brno, the Czech Republic. The hotel offers 200 double rooms and a congress hall with capacity for up to 600 people in a strategic location close to the trade fair and exhibition compound in Brno.

The consideration paid represents EUR 16.6 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Property, plant and equipment	15.6
Cash and cash equivalents	2.5
Other current assets	0.5
Identifiable assets	**18.6**
Deferred tax liabilities	(1.7)
Other current liabilities	(0.3)
Identifiable liabilities	**(2.0)**
Net identifiable assets acquired	**16.6**

Due to the acquisition, the Group acquired cash and cash equivalents EUR 2.5 million. The net cash outflow connected with the acquisition amounted to EUR 14.1 million.

If the acquisition occurred on 1 January 2019 with all other variables held constant, Group total revenues in 2019 would have been EUR 673.9 million and net profit from continuing operations would have been EUR 684.7 million.

3.8 Common control transaction in 2019

Acquisition of Pietroni, s.r.o.

On 29 November 2019, the Group acquired 100% shares in Pietroni, s.r.o. along with its subsidiaries Sasu Les Mas Du Figuer and SCP Reflects, luxury properties located in South France, as well as CPI PG shares. The company was acquired from the Group's main shareholder Mr. Vítek for the consideration paid of EUR 1. The Group treated the transaction as a common control transaction. The company does not represent a business as defined by IFRS 3.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Investment property	34.0
Property, plant and equipment	0.7
Trade receivables	0.1
Cash and cash equivalents	0.1
CPI PG shares	36.5
Identifiable acquired assets	**71.4**
Financial debts	(35.5)
Other financial current liabilities	(10.1)
Identifiable acquired liabilities	**(45.6)**
Net identifiable assets acquired	**25.8**

The fair value of the Company's shares held by Pietroni, s.r.o. was determined based on the EPRA NAV per CPI PG's share (net asset value per share determined based on the methodology of European Public Real Estate Association) calculated as at 30 September 2019. The value of the investment property was determined by the independent valuer as of the date of acquisition.

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 25.8 million, the amount is classified as capital contribution by the Group's majority shareholder.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.1 million. The net cash outflow connected with the acquisition amounted to EUR -0.1 million.

3.9 Disposal of subsidiaries in 2019

The Group disposed the following subsidiaries, since they were considered as a non-core assets:

- Vinohrady S.a.r.l. in France was sold for EUR 0.5 thousand on 14 November 2019,
- Spišská Nová Ves Property Development, a.s. was sold for EUR 0.1 million on 20 November 2019,
- Třebíč Investment, s.r.o. was sold for EUR 7.0 million on 29 November 2019,
- Vysočina Investments, a.s. was sold for EUR 1.1 million on 20 December 2019.

4 Segment reporting

The management of the Group reviews financial information that is principally the same as that based on the accounting policies described in note 2.2.

The Board of Directors, which is the chief operating decision maker, also reviews the Segment adjusted EBITDA. Segment adjusted EBITDA is segment business income after administrative expenses. Segment adjusted EBITDA is one of the key metrics used to evaluate and manage operating segments as it is an important economic indicator showing operating efficiency. Segment adjusted EBITDA is not defined or recognised under IFRS and is considered as a non-IFRS financial measure used to evaluate current business performance.

For management purposes, the Group is structured into five operating segments corresponding primarily to geographic regions: Czech Republic, Berlin, Hotels and resorts (including those in the Czech Republic and Poland) and Complementary assets.

In 2020, the Group has reported a new operating segment of Poland because of its increased significance. Comparative segment reporting as at 31 December 2019 and for the year then ended was adjusted accordingly.

The Group engages in the following business activities:

- The Group owns retail, office and residential office and landbank portfolio and operates agricultural farms in the Czech Republic;
- The Group is a leading office provider in Berlin, Germany and Warsaw, Poland;
- The Group operates primarily congress and convention hotels in the Czech Republic, in major CEE region cities, Moscow, Rome, Croatian island Hvar and ski mountain resorts in Switzerland;
- Group's complementary assets portfolio primarily consists of the office and retail portfolios in Hungary, Slovakia and Italy. The Group also operates residential portfolio in western Europe (primarily London, Monaco and France).

4.1 Income statement per operating segments

2020

	Czech Republic	Berlin	Poland	Hotels and resorts	Complementary assets	Corporate and not attributable	Total
Gross rental income	162.8	79.6	61.6	-	52.5	-	356.5
Service charge and other income	63.0	36.2	21.4	-	19.0	-	139.6
Cost of service and other charges	(48.8)	(18.6)	(22.0)	-	(18.0)	-	(107.4)
Property operating expenses	(29.1)	(17.3)	(3.0)	-	(1.6)	-	(51.0)
Net rental income	**147.9**	**79.9**	**58.0**	**-**	**51.9**	**-**	**337.7**
- Office	*40.7*	*78.5*	*51.0*	-	*19.8*	-	*190.0*
- Retail	*83.5*	-	*7.0*	-	*27.9*	-	*118.4*
- Residential	*15.3*	-	-	-	*1.0*	-	*16.3*
- Other	*8.4*	*1.4*	-	-	*3.2*	-	*13.0*
Development sales	29.6	-	-	-	4.7	-	34.3
Development operating expenses	(24.6)	-	-	-	(5.3)	-	(29.9)
Net development income	**5.0**	**-**	**-**	**-**	**(0.6)**	**-**	**4.4**
Hotel revenue	-	-	-	43.7	-	-	43.7
Hotel operating expenses	-	-	-	(46.8)	-	-	(46.8)
Net hotel income	**-**	**-**	**-**	**(3.1)**	**-**	**-**	**(3.1)**
Other business revenue	15.0	-	-	33.5	-	-	48.5
Other business operating expenses	(9.8)	-	-	(33.3)	-	-	(43.1)
Net other business income	**5.2**	**-**	**-**	**0.2**	**-**	**-**	**5.4**
Total revenues	270.4	115.8	83.0	77.2	76.2	-	622.6
Total direct business operating expenses	(112.3)	(35.9)	(25.0)	(80.1)	(24.9)	-	(278.2)
Net business income	**158.1**	**79.9**	**58.0**	**(2.9)**	**51.3**	**-**	**344.4**
Administrative expenses	(17.7)	(8.8)	(4.1)	(0.1)	(3.0)	(13.4)	(47.1)
Segment adjusted EBITDA	**140.4**	**71.1**	**53.9**	**(3.0)**	**48.3**	**(13.4)**	**297.3**
Valuation gain	207.9	115.5	25.4	-	13.7	-	362.5
Valuation loss	(64.0)	(61.6)	(11.4)	-	(52.4)	-	(189.4)
Net gain/(loss) on disposal of investment property and subsidiaries	(1.3)	-	-	-	2.0	-	0.7
Amortization, depreciation and impairments	(0.7)	(2.4)	-	(79.0)	(1.7)	(4.2)	(88.0)
Segment operating result	**282.3**	**122.6**	**67.9**	**(82.0)**	**9.9**	**(17.6)**	**383.1**
Other operating income						23.3	23.3
Other operating expenses						(2.8)	(2.8)
Operating result							**403.6**
Interest income						18.2	18.2
Interest expense						(80.9)	(80.9)
Other net financial result						9.8	9.8
Net finance costs						**(52.9)**	**(52.9)**
Share of loss of equity-accounted investees (net of tax)						(10.6)	(10.6)
Profit before income tax							**340.1**
Income tax expense						(96.5)	(96.5)
Net profit from continuing operations							**243.6**

2019

	Czech Republic	Berlin	Poland	Hotels and resorts	Complementary assets	Corporate and not attributable	Total Adjusted*
Gross rental income	170.6	74.2	24.5	-	49.8	-	319.1
Service charge and other income	61.1	31.2	11.2	-	19.6	-	123.1
Cost of service and other charges	(45.6)	(15.8)	(11.3)	-	(15.3)	-	(88.0)
Property operating expenses	(32.0)	(18.1)	(1.3)	-	(8.4)	-	(59.8)
Net rental income	**154.1**	**71.5**	**23.1**	**-**	**45.7**	**-**	**294.4**
- Office	*42.2*	*70.2*	*10.2*	-	*13.4*	-	*136.0*
- Retail	*95.3*	-	*10.5*	-	*26.4*	-	*132.2*
- Residential	*11.9*	-	-	-	*(0.8)*	-	*11.1*
- Other	*4.7*	*1.3*	*2.4*	-	*6.7*	-	*15.1*
Development sales	29.2	-	-	-	20.9	-	50.1
Development operating expenses	(24.4)	-	-	-	(21.9)	-	(46.3)
Net development income	**4.8**	**-**	**-**	**-**	**(1.0)**	**-**	**3.8**
Hotel revenue	-	-	-	133.8	-	-	133.8
Hotel operating expenses	-	-	-	(93.8)	-	-	(93.8)
Net hotel income	**-**	**-**	**-**	**40.0**	**-**	**-**	**40.0**
Other business revenue	14.9	-	-	30.8	-	-	45.7
Other business operating expenses	(10.1)	-	-	(28.9)	-	-	(39.0)
Net other business income	**4.8**	**-**	**-**	**1.9**	**-**	**-**	**6.7**
Total revenues	275.8	105.4	35.7	164.6	90.3	-	671.8
Total direct business operating expenses	(112.1)	(33.9)	(12.6)	(122.7)	(45.6)	-	(326.9)
Net business income	**163.7**	**71.5**	**23.1**	**41.9**	**44.7**	**-**	**344.9**
Administrative expenses	(21.1)	(10.7)	(5.0)	(0.2)	(2.8)	(13.4)	(53.2)
Segment adjusted EBITDA	**142.6**	**60.8**	**18.1**	**41.7**	**41.9**	**(13.4)**	**291.7**
Valuation gain*	175.6	383.7	1.6	-	65.4	-	626.3
Valuation loss*	(39.3)	(1.0)	(14.5)	-	(10.5)	-	(65.3)
Net gain/(loss) on disposal of investment property and subsidiaries	(2.8)	1.1	-	-	3.7	-	2.0
Amortization, depreciation and impairments	(14.5)	(1.5)	(1.8)	(20.3)	0.3	(3.7)	(41.5)
Segment operating result	**261.6**	**443.1**	**3.4**	**21.4**	**100.8**	**(17.1)**	**813.2**
Other operating income						10.2	10.2
Other operating expenses						(7.3)	(7.3)
Operating result							**816.1**
Interest income						13.5	13.5
Interest expense						(54.2)	(54.2)
Other net financial result*						(10.6)	(10.6)
Net finance costs						**(51.3)**	**(51.3)**
Share of loss of equity-accounted investees (net of tax)						(0.2)	(0.2)
Profit before income tax							**764.6**
Income tax expense						(80.0)	(80.0)
Net profit from continuing operations							**684.6**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more information.

4.2 Revenues by countries

	2020		2019	
	Amount	**In %**	**Amount**	**In %**
Czech Republic	298.6	48%	348.1	52%
Germany	115.8	19%	105.4	16%
Hungary	55.2	9%	66.9	10%
Poland	84.2	13%	40.1	6%
Switzerland	33.4	5%	30.8	4%
Other	35.4	6%	80.5	12%
Total	**622.6**	**100%**	**671.8**	**100%**

4.3 Non-current assets by operating segments and countries

The following table presents investment property by operating segments and countries:

	31 December 2020 Amount	In %	31 December 2019 Amount	In %
By operating segments				
Czech Republic	**3,859.0**	**44%**	**3,703.0**	**46%**
- Office portfolio	*911.6*	*24%*	*813.6*	*22%*
- Retail portfolio	*1,580.6*	*41%*	*1,625.2*	*44%*
- Residential portfolio	*509.2*	*13%*	*465.9*	*13%*
- Landbank and development	*679.2*	*18%*	*634.6*	*17%*
- Other	*178.4*	*4%*	*163.7*	*4%*
Berlin	**2,559.2**	**29%**	**2,462.1**	**30%**
- Office portfolio	*2,461.8*	*95%*	*2,298.3*	*93%*
- Landbank and development	*94.8*	*4%*	*160.3*	*6%*
- Other	*2.6*	*1%*	*3.5*	*1%*
Poland	**1,160.2**	**13%**	**874.7**	**10%**
- Office portfolio	*998.3*	*86%*	*708.4*	*81%*
- Retail portfolio	*161.5*	*14%*	*165.9*	*19%*
- Landbank and development	*0.4*	*0%*	*0.4*	*0%*
Complementary assets	**1,214.2**	**14%**	**1,117.0**	**14%**
- Office portfolio	*344.2*	*28%*	*365.5*	*33%*
- Retail portfolio	*442.3*	*36%*	*378.8*	*34%*
- Landbank and development	*36.0*	*3%*	*43.2*	*4%*
- Residential portfolio	*345.2*	*29%*	*290.3*	*26%*
- Other	*46.5*	*4%*	*39.2*	*3%*
Total	**8,792.6**	**100%**	**8,156.8**	**100%**
By countries				
Czech Republic	3,859.0	44%	3,703.0	46%
Germany	2,559.2	29%	2,462.1	30%
Hungary	591.0	7%	607.5	7%
Poland	1160.2	13%	874.7	11%
Other	623.2	7%	509.5	6%
Total	**8,792.6**	**100%**	**8,156.8**	**100%**

The following table presents property, plant and equipment by operating segments and countries:

	31 December 2020 Amount	In %	31 December 2019 Amount	In %
By operating segments				
Hotels and resorts	743.7	95%	852.2	96%
Czech Republic	19.8	3%	22.9	3%
Berlin	15.8	2%	9.7	1%
Complementary assets in Europe	0.1	0%	0.9	0%
Total	**779.4**	**100%**	**885.7**	**100%**
By countries				
Czech Republic	390.2	50%	454.7	51%
Croatia	163.5	21%	194.0	22%
Switzerland	66.9	9%	76.1	9%
Hungary	63.3	8%	61.3	7%
Other	95.5	12%	99.6	11%
Total	**779.4**	**100%**	**885.7**	**100%**

The following table presents goodwill by operating segments and countries:

	31 December 2020 Amount	31 December 2019 Amount
Berlin	42.6	42.6
Hotels and resorts	49.5	48.8
Complementary assets	1.9	1.9
Total	**94.0**	**93.3**

5 Consolidated statement of comprehensive income

5.1 Gross rental income

	2020	2019
Gross rental income	356.5	319.1

In 2020, the increase of gross rental income was driven by acquisitions of new offices in Warsaw, Poland and by growth of rental income generated by Berlin portfolio.

In 2020, in connection with COVID-19 pandemic, the Group provided its selected retail tenants with specific one-time discounts of EUR 13.3 million in total. The Group treated the discounts as a reduction of the rent revenue in the current period.

5.2 Net service charge and other income

	2020	2019
Service revenue	7.7	7.6
Service charge income	121.6	102.7
Revenues from sales of utilities	10.3	12.8
Service charges and other income	**139.6**	**123.1**
Cost of service charges	(98.6)	(79.0)
Cost of utilities	(8.8)	(9.0)
Cost of service and other charges	**(107.4)**	**(88.0)**
Total net service charge income	**32.2**	**35.1**

In 2020, the increase of service charge income and cost of service charges was driven by acquisitions of new offices in Warsaw, Poland.

In 2020 and 2019, the revenue from sales of utilities relates primarily to the sale of water and electricity.

5.3 Property operating expenses

	2020	2019
Building maintenance	(18.6)	(26.9)
Personnel expenses (5.3.1)	(5.6)	(8.6)
Real estate tax	(4.6)	(4.0)
Letting fee, other fees paid to real estate agents	(4.3)	(3.8)
Facility management and other property related services	(17.9)	(16.5)
Total	**(51.0)**	**(59.8)**

In 2020, the property operating expenses decreased due to lower building maintenance costs, primarily related to the Group's office portfolio. Overall decrease in the property operating costs reflects Group's response to the COVID-19 pandemic restrictions in 2020.

5.3.1 Personnel expenses

	2020	2019
Wages and salaries	(4.7)	(6.4)
Social and health security contributions	(0.8)	(2.0)
Other social expenses	(0.1)	(0.2)
Total personnel operating expenses (note 5.3)	**(5.6)**	**(8.6)**
Wages and salaries	(19.1)	(19.8)
Social and health security contributions	(4.5)	(4.9)
Other social expenses	(0.7)	(0.7)
Total personnel administrative expenses (note 5.10)	**(24.3)**	**(25.4)**
Wages and salaries	(16.8)	(29.7)
Social and health security contributions	(4.7)	(7.7)
Other social expenses	(0.3)	(0.8)
Total personnel expenses – hotel operations (note 5.5)	**(21.8)**	**(38.2)**
Wages and salaries	(18.2)	(16.6)
Social and health security contributions	(3.3)	(3.1)
Other social expenses	(0.4)	(0.6)
Total personnel expenses – other business operations (note 5.6)	**(21.9)**	**(20.3)**
Total	**(73.6)**	**(92.5)**

As at 31 December 2020 and 2019, the Group had 3,318 and 4,353 full-time employees (including temporary contracts), respectively.

Reduction of personnel expenses and headcount was primarily connected with the Group's hotel operations. Actions were taken by the Group in response to the COVID-19 pandemic restrictions in 2020.

5.4 Net development income

	2020	2019
Development sales	34.3	50.1
Development operating expenses	(29.9)	(46.3)
Total	**4.4**	**3.8**

Development income and development operating expenses in 2020 and 2019 represent primarily sales of flats and family houses from the ongoing development projects in Prague, the Czech Republic (sales of EUR 29.5 million and operating expenses of EUR 23.2 million in 2020 and sales of EUR 20.3 million and operating expenses of EUR 18.1 million in 2019) and sale of apartments in Nice, France (sales of EUR 4.7 million and operating expenses of EUR 5.1 million in 2020 and sales of EUR 20.9 million and operating expenses of EUR 21.9 million in 2019).

5.5 Net hotel income

	2020	2019
Hotel revenue	43.7	133.8
Personnel expenses (5.3.1)	(21.8)	(38.2)
Hotel other operating expenses	(25.0)	(55.6)
Total	**(3.1)**	**40.0**

The COVID-19 pandemic had a negative impact primarily on the Group's congress, convention and resort hotels operations. Between mid-March and the end of May 2020 and since mid-October 2020, the Group's hotels have been mostly closed. Primarily due to the COVID-19 outbreak, hotel revenue decreased by EUR 90.1 million in 2020. On the other hand, because the Group operates nearly all the hotels, hotel operating expenses were reduced by EUR 47.0 million in 2020.

5.6 Net other business income

	2020	2019
Other business revenue	48.5	45.7
Personnel expenses (5.3.1)	(21.9)	(20.3)
Other business operating expenses	(21.2)	(18.7)
Total	**5.4**	**6.7**

In 2020 and 2019, the other business revenue includes state grants of EUR 8.1 million and EUR 8.5 million, respectively obtained by the Group's agriculture business in the Czech Republic.

5.7 Net valuation gain

	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
2020					
Valuation gain	207.9	66.4	25.4	13.7	313.4
Valuation loss	(64.0)	(12.5)	(11.4)	(52.4)	(140.3)
Total	**143.9**	**53.9**	**14.0**	**(38.7)**	**173.1**
2019 Adjusted*					
Valuation gain	175.6	383.7	1.6	65.4	626.3
Valuation loss	(39.3)	(1.0)	(14.5)	(10.5)	(65.3)
Total	**136.3**	**382.7**	**(12.9)**	**54.9**	**561.0**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more detail.

Czech Republic

In 2020, the most significant valuation gains related to revaluation of the residential portfolio (EUR 50.8 million) and two significant landbank projects in Brno and Prague, respectively (EUR 72.4 million and EUR 43.4 million, respectively).

In 2020, the valuation loss primarily related to revaluation of the retail portfolio and other landbank assets (EUR 51.7 million).

In 2019, the most significant valuation gains related to revaluation of the Prague office portfolio (EUR 36.1 million), residential portfolio (EUR 20.1 million), two significant retail and office projects in Prague (EUR 17.5 million and EUR 14.2 million, respectively), and the retail portfolio (EUR 45.0 million) and landbanks (EUR 17.2 million).

In 2019, the valuation loss primarily related to revaluation of retail portfolio and landbanks (EUR 19.0 million and EUR 7.0 million).

Berlin

Berlin's net valuation gain in both 2020 and 2019 relates to the office portfolio and reflects the continuously growing real estate market in Berlin.

Complementary assets in Europe

In 2020, the most significant valuation losses related to revaluation of the Hungarian retail portfolio (EUR 21.0 million) and residential portfolio in Monaco (EUR 14.4 million).

In 2019, the most significant valuation gains related to the revaluation of the Hungarian retail and office portfolio (EUR 45.9 million) and residential portfolio in Monaco (EUR 11.1 million).

For the assumptions used by the professional valuers in the preparation of appraisals as at 31 December 2020, refer to note 7.5.3.

5.8 Net gain on the disposal of investment property and subsidiaries

The following table summarizes the effects of investment property disposals:

	2020	2019
Proceeds from the disposal of investment property	8.2	9.0
Carrying value of investment property disposed of and related cost	(9.7)	(7.6)
Net gain on the disposal of investment property	**(1.5)**	**1.4**
Proceeds from the disposal of subsidiaries	29.6	8.7
Carrying value of subsidiaries disposed of	(27.4)	(8.1)
Net gain on the disposal of subsidiaries	**2.2**	**0.6**
Total	**0.7**	**2.0**

In 2020, the proceeds from disposal of subsidiaries include repayment (by the new owners) of intra-group loan of EUR 23.7 million provided to subsidiaries before the date of disposal.

The following table summarizes disposal effects of subsidiaries sold:

	2020	2019
Investment property	30.9	30.2
Inventories	4.1	-
Trade receivables	0.2	0.7
Other financial current assets	0.6	-
Cash and cash equivalents	1.4	0.6
Total disposed assets	**37.2**	**31.5**
Non-current financial debts	(7.9)	(17.6)
Deferred tax liabilities	(0.8)	(4.2)
Other non-current liabilities	(0.2)	(0.6)
Current financial debts	(0.4)	(0.3)
Trade payables	(0.1)	(0.3)
Other financial current liabilities	(0.1)	-
Other non-financial current liabilities	(0.3)	(0.4)
Total disposed liabilities	**(9.8)**	**(23.4)**
Carrying value of subsidiaries disposed of	**27.4**	**8.1**

For details on sale of subsidiaries in 2020 and 2019, refer to note 3.4 and 3.9, respectively.

5.9 Amortization, depreciation and impairment

	2020	2019
Depreciation and amortization	(38.1)	(33.1)
Impairment of assets	(49.9)	(8.4)
Total	**(88.0)**	**(41.5)**

Movement of impairment of assets

	2020	2019
Impairment / reversal of impairment of property, plant and equipment	(46.7)	5.3
Impairment of goodwill	-	(7.0)
Impairment / reversal of impairment of inventories	1.2	(2.2)
Impairment of trade receivables, loans provided and other	(4.4)	(4.5)
Impairment of assets	**(49.9)**	**(8.4)**

In 2020, the impairment of property, plant and equipment reflects the revaluation of the hotels portfolio and represents primarily the negative impact of the COVID-19 pandemic. Refer to note 6.3 and 7.1. for more detail.

In 2019, the Group wrote-off goodwill related to the acquisition of agricultural group Spojené farmy in the amount of EUR 7.0 million (see note 6.1).

5.10 Administrative expenses

	2020	2019
Personnel expenses (5.3.1)	(24.3)	(25.4)
Audit, tax and advisory services	(5.6)	(3.2)
Legal services	(5.6)	(6.4)
Advertising	(1.3)	(2.1)
Other administrative expenses	(10.3)	(16.1)
Total	**(47.1)**	**(53.2)**

In 2020, the audit, tax and advisory expenses also include the cost of services provided by the Group's auditor in total of EUR 1.8 million (EUR 1.8 million in 2019), of which EUR 1.4 million (EUR 1.4 million in 2019) related to audit services and EUR 0.4 million (EUR 0.4 million in 2019) to other assurance and advisory services (primarily comfort letters for bonds issued).

5.11 Interest expense

	2020	2019
Interest expense from bank and other loans	(19.3)	(18.2)
Interest expense on bonds issued	(60.6)	(35.2)
Interest expense related to leases	(1.0)	(0.5)
Interest expense on other non-current liabilities	-	(0.3)
Total	**(80.9)**	**(54.2)**

In 2020, the interest expense on bonds issued related to the overall increase of issued bonds (refer to note 6.13 for more details).

5.12 Other net financial result

	2020	2019 Adjusted*
Change in fair value and realized result on derivative instruments not used for hedging	1.1	1.8
Bank charges	(4.3)	(4.0)
Net foreign exchange gain / (loss) on investment property*	175.8	(11.0)
Other net foreign exchange gain / (loss)	(140.3)	8.7
Other net financial result	(22.4)	(6.1)
Total	**9.8**	**(10.6)**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more information.

The net foreign exchange gain on investment property of EUR 175.8 million in 2020 (the net foreign exchange loss on investment property of EUR 11.0 million in 2019) reflects foreign retranslation of investment property valued in EUR and recognized by the Group's subsidiaries which use non-EUR functional currencies.

The other net foreign exchange loss in 2020 relates primarily to retranslation of intra-group loans denominated in non-EUR currencies and retranslation of intra-group loans denominated in EUR but received by entities using non-EUR functional currencies.

5.13 Income tax expense

	2020	2019
Current year income tax expense	(17.1)	(18.8)
Adjustment for prior years	1.0	0.1
Total current year income tax expense	**(16.1)**	**(18.7)**
Temporary differences	(66.8)	(38.3)
Changes in income tax rates	-	1.2
Utilization of tax losses carried forward	(13.4)	(23.9)
Other effects	(0.2)	(0.3)
Total deferred tax expense	**(80.4)**	**(61.3)**
Total	**(96.5)**	**(80.0)**

In 2020, the Group's effective tax rate in respect of continuing operations was 28.4% (10.5% in 2019). A significantly higher effective income tax rate in 2020 was due to partial release of deferred tax asset from tax losses carried forward by CPI FIM Group (deferred tax impact of EUR 14.3 million) and change in unrecognized deferred tax assets (of EUR 24.9 million), primarily related to unrealized foreign exchange losses from retranslation of intra-group loans.

Reconciliation of the effective tax rate

	2020	2019
Profit for the period	243.6	684.6
Total income tax recognised in profit or loss	96.5	80.0
Profit before income tax	**340.1**	**764.6**
Domestic corporate income tax rate	24.94%	24.94%
Income tax expense using the domestic corporate income tax rate	(84.8)	(190.7)
Effect of tax rates in foreign jurisdictions	13.9	13.0
Changes in income tax rates	-	1.2
Non-deductible expense	(18.7)	(22.4)
Tax exempt income	18.4	104.6
Change in unrecognized deferred tax assets	(24.9)	(5.7)
Income tax adjustment for prior years	(0.1)	(0.4)
Other	(0.3)	20.4
Total income tax recognised in profit or loss	**(96.5)**	**(80.0)**

The main tax rules imposed on the Group companies

Luxembourg: The effective tax rate is 24.94% considering the combined corporate income tax rate (corporate income tax rate for companies with taxable income exceeding EUR 30 thousand is 18%), solidarity surtax of 7% on the corporate income tax rate and municipal business tax rate of 6.75%. Tax losses incurred until 2017 may be carried forward indefinitely, while losses incurred as from 2017 should be limited to 17 years.

Czech Republic: The corporate income tax rate is 19%. Tax losses can be carried forward for 5 years. Losses may not be carried forward on a substantial (approximately 25%) change in the ownership of a company unless certain conditions are met.

Germany: Business profits are basically subject to two taxes, corporate income tax and trade tax. Corporate income tax and solidarity surcharge add up to a total of 15.825% rate. Trade tax rate varies by location. For Berlin, where the business of the Group is concentrated, it is 14.35%. Therefore, the nominal overall tax burden on profits earned in Berlin is 30.175%. However, the effective overall tax burden tends to be slightly higher because the trade tax base differs from the corporate income tax base as several business expenses are not fully deductible for trade tax purposes. In contrast, companies who only manage and let their own properties and capital assets may apply for a trade tax exemption of their property profits which is applicable on large parts of the Group's profits from German assets. Tax losses may be carried forward indefinitely and may be fully utilized against profit up to EUR 1 million and only 60% on the exceeding profits. A direct or indirect change in the ownership of corporations of more than 50% within five years result in complete forfeiture of the tax losses carried forward unless specific exemption clauses are applicable (e. g. sufficient reserves, certain share transfers within groups, continuation of unchanged business).

Slovakia: The corporate income tax rate is 21% (small companies with turnover less than EUR 100,000 in 2020, resp. EUR 49,790 from 2021 are subject to 15 % tax rate). Tax losses incurred not earlier than on January 1, 2020 can be carried forward and utilized for a period of 5 subsequent tax periods, but only up to 50% of the tax base (this limitation will not apply to "microtaxpayers"). The tax losses declared for tax periods ended in 2016 – 2019 or their unutilized portion can be utilized equally for 4 subsequent tax periods.

Hungary: The corporate income tax rate is 9%. Tax losses generated before 2015 may be carried forward until 2030, while tax losses generated after 2015 may be carried forward for 5 years. The utilization of tax losses in each year is capped at 50% of the tax base.

France: Corporate income tax rate is 28% on taxable income up to EUR 500,000 (will be reduced to 26,5% from 2021) and 31% on taxable income exceeding EUR 500,000 (27,5% from 2021). Small corporations realising a turnover up to EUR 7.63 million (EUR 10 million from 2021) are subject to the reduced CIT rate of 15% that applies on their first EUR 38,120 of taxable profits. Tax losses may be carried forward indefinitely but may be fully utilized against profit up to EUR 1 million and 50% on the excess.

Poland: The corporate income tax rate is 19%. Lowered 9% is used for small size taxpayers (sales revenues including VAT below EUR 1.2 million in previous year). Tax losses may be carried forward for 5 years but the loss utilization in each year is capped at the 50% of the tax loss.

Romania: The corporate income tax rate is 16%. Tax rate for micro-enterprise companies with revenues not exceeding EUR 1 million is 1% (3% with companies with no employees). Tax losses may be carried forward for 7 years.

Italy: The corporate income tax ("IRES") rate is 24% plus the regional tax on productive activities ("IRAP") of 4.82% is applicable in Rome where the business of the Group is situated. (The standard IRAP rate is 3.9% but Italian regions may increase or decrease the standard rate by up to 0.92%.) For IRES purposes, tax losses may be carried forward indefinitely. However, tax losses may be offset only up to 80% of taxable income in each year (the "minimum tax" rule). Tax losses incurred during the first 3 years of new activity may be used to fully offset corporate taxable income. Utilization of the tax losses carried forward is limited upon business reorganizations and a change of control. For IRAP purposes, tax losses may not be carried forward.

Switzerland: Corporate income tax is imposed on the federal, cantonal and communal levels. Swiss federal corporate income tax rate is 8.5%. Since income and capital taxes are deductible in determining taxable income, the effective tax rate is 7.8%. Taking into account both the federal and cantonal/communal income tax, the combined effective income tax rates range from 12% to 22% depending on the place of residence. In canton Valais, where the business operations of the Group are situated, the average combined effective corporate income tax rate is 12.88%. Tax losses may be carried forward for 7 years.

Croatia: The corporate income tax rate is 18%. Tax rate for companies with annual revenues under HRK 7.5 million (approx. EUR 989,000) is 12%, resp. 10 % from 2021. Tax losses may be carried forward for 5 years, certain limitations apply in the case of change of control.

Monaco: The corporate income tax rate is 28% for companies that generate above 25% of their turnover outside Monaco, otherwise 0%.

United Kingdom: The corporate income tax rate is 19%. Losses from property business (capital losses) can be carried forward without time limit. There are complex anti-avoidance rules that restrict the utilization of losses in case of a change in the ownership.

Russia: The corporate income tax rate for the Moscow region is 20%. Losses can be carried forward without time limit, but utilization of losses cannot exceed a cap of 50% of the tax base of the current period.

Recognized deferred tax assets and liabilities

	Asset		Liability		Net	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Investment property	10.2	12.5	(812.9)	(756.7)	(802.7)	(744.2)
Property, plant and equipment	17.5	14.9	(47.6)	(66.6)	(30.1)	(51.7)
Inventories	0.5	2.0	(0.3)	(0.9)	0.2	1.1
Financial debts	4.2	5.2	(0.9)	(0.4)	3.3	4.8
Derivative instruments	3.4	3.6	(6.1)	(9.7)	(2.7)	(6.1)
Tax losses carried-forward*	149.4	164.2	-	-	149.4	164.2
Other	1.8	3.7	(5.8)	(9.5)	(4.0)	(5.8)
Gross deferred tax asset/ (liability)	**187.0**	**206.1**	**(873.6)**	**(843.8)**	**(686.6)**	**(637.7)**
Deferred tax offset by subsidiaries	(31.4)	(37.9)	31.4	37.9	-	-
Total	**155.6**	**168.2**	**(842.2)**	**(805.9)**	**(686.6)**	**(637.7)**
Deferred tax linked to AHFS	-	-	(4.7)	(0.3)	(4.7)	(0.3)
Total including AHFS	**155.6**	**168.2**	**(846.9)**	**(806.2)**	**(691.3)**	**(638.1)**

* The Group recognizes the deferred tax asset from tax losses carried forward by CPI FIM Group in the amount of EUR 134.7 million as at 31 December 2020 (EUR 148.9 million as at 31 December 2019). The deferred tax asset is based on the future taxable profits that are expected to be generated. The expected profits reflect the Group's strategy in which CPI FIM renders financial services to the Group. The major part can be carried forward undefinitely. The Group's perspective of tax losses utilization is based on a 10-years budget of CPI FIM's taxable profits.

Unrecognised deferred tax assets and liabilities

	31 December 2020	31 December 2019
Investment property*	(114.0)	(125.3)
Tax losses carried-forward**	217.8	201.5

* Deferred tax liability arising from differences at initial recognition of asset acquisitions are not recognized in accordance with IAS 12.
** Unrecognized deferred tax asset from tax losses carried-forward due to uncertainty of its realization.

Expiry of unrecognized tax losses carried forward

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
As at 31 December 2020	14.8	69.7	69.5	865.4	**1,019,4**
As at 31 December 2019	10.3	61.8	71.7	766.5	**910.3**

Movement in deferred tax

	2020	2019
Net deferred tax liability as at 1 January	(637.8)	(566.5)
Recognized in profit or loss	(80.4)	(61.3)
Recognized in other comprehensive income	9.9	(11.9)
Effect of business combinations	1.1	(1.7)
Disposal of subsidiaries	0.9	4.2
Transfers	4.7	(1.1)
Translation differences	15.0	0.5
Net deferred tax liability as at 31 December	**(686.6)**	**(637.8)**
Deferred tax linked to AHFS as at 1 January	(0.3)	(1.4)
Transfers	(4.7)	1.1
Disposal of subsidiaries	0.3	-
Deferred tax linked to AHFS as at 31 December	**(4.7)**	**(0.3)**
Net deferred tax liability including AHFS as at 31 December	**(691.3)**	**(638.1)**

In 2020, EUR 66.5 million (EUR 45.5 million in 2019) of deferred tax expense recognized in profit or loss related to revaluation of investment property and property, plant and equipment (including related net foreign exchange impact).

6 Consolidated statement of financial position

6.1 Intangible assets and goodwill

	Goodwill	Software	Other	Total
Cost				
As at 1 January 2020	115.6	8.4	13.0	137.0
Effect of business combinations (note 3.3)	2.3	0.2	-	2.5
Additions	-	2.3	2.8	5.1
Transfer to investment property	-	-	(2.6)	(2.6)
Transfer	-	0.3	(1.2)	(0.9)
Other disposals	-	(0.5)	-	(0.5)
Effect of movements in exchange rates	(1.9)	(0.3)	(0.1)	(2.3)
As at 31 December 2020	**116.0**	**10.4**	**11.9**	**138.3**
Amortization and impairment losses				
As at 1 January 2020	22.3	5.5	2.2	30.0
Amortization for the period	-	1.4	0.5	1.9
Transfer	-	0.3	(0.1)	0.2
Other disposals	-	(0.4)	-	(0.4)
Effect of movements in exchange rates	(0.3)	(0.2)	-	(0.5)
As at 31 December 2020	**22.0**	**6.6**	**2.6**	**31.2**
Carrying amounts				
As at 1 January 2020	93.3	2.9	10.8	107.0
As at 31 December 2020	**94.0**	**3.8**	**9.3**	**107.1**

	Goodwill	Software	Other	Total
Cost				
As at 1 January 2019	112.7	7.1	11.6	131.4
Effect of business combinations (note 3.7)	2.2	-	-	2.2
Additions	-	1.3	1.4	2.7
Effect of movements in exchange rates	0.7	-	-	0.7
As at 31 December 2019	**115.6**	**8.4**	**13.0**	**137.0**
Amortization and impairment losses				
Balance as at 1 January 2019	15.2	4.1	1.8	21.1
Amortization for the period	-	1.4	0.5	1.9
Impairment loss / (reversal of impairment loss)	7.1	-	-	7.1
Disposals out of the Group	-	-	(0.1)	(0.1)
As at 31 December 2019	**22.3**	**5.5**	**2.2**	**30.0**
Carrying amounts				
As at 1 January 2019	97.5	3.0	9.8	110.3
As at 31 December 2019	**93.3**	**2.9**	**10.8**	**107.0**

As at 31 December 2020, goodwill consisted of:

- goodwill of EUR 42.6 million (EUR 42.6 million at 31 December 2019). The goodwill was recognized upon the combination of CPI and CPI PG in 2014 and reflects pre-acquisition GSG's goodwill related to deferred tax liabilities. The amount is allocated to the Berlin operating segment;
- goodwill of EUR 1.9 million (EUR 1.9 million at 31 December 2019). The goodwill was recognized upon the acquisition of former Ablon Group in 2013 and is allocated to the complementary assets in Europe operating segment;
- goodwill of EUR 45.0 million (EUR 46.6 million at December 2019). The goodwill was recognized upon the acquisition of CPI Hotels, the goodwill is allocated to the hotels and resorts in Europe operating segment;
- goodwill of EUR 2.2 million (EUR 2.2 million at December 2019, refer to note 3.7). The goodwill was recognized upon the acquisition of Régie du Rhộne Crans-Montana SA in 2019; and
- goodwill of EUR 2.3 million (refer to note 3.3). The goodwill was recognized upon the acquisition of Zerodix Sárl in 2020.

In 2019, the Group wrote off goodwill of EUR 7.0 million, which was allocated to the Czech Republic operating segment (see note 5.9). The goodwill was recognized upon the acquisition of agricultural group Spojené farmy in 2014 and was written off by the Group in 2019 primarily due to decreased budgeted EBITDA. As at 31 December 2019 and 2018, the recoverable amount of the related CGU (Group's agricultural business) was EUR 73.1 million and EUR 97.5 million, respectively. The recoverable amount was calculated as value in use, the Group used pre-tax discount rate of 6.14% in the calculation.

None of the goodwill recognized is expected to be tax deductible.

Impairment of goodwill and trademark

The Group performed its annual impairment tests in December 2020. The recoverable amounts of related CGUs as at 31 December 2020, were primarily determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management for a five-year period.

Summary of impairment testing

The Group did not identify any impairment of GSG's goodwill and trademark as at 31 December 2020 as the CGU's recoverable amount is higher than its carrying value (calculated with the following assumptions):

- budgeted average annual EBITDA for next 5 years of EUR 85.1 million and EUR 72.3 million as at 31 December 2020 and 2019;
- pre-tax discount rate of 4.92% and 4.68% as at 31 December 2020 and 2019;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2020 and 2019.

Increase in budgeted average annual EBITDA from EUR 85.1 million as at 31 December 2020 to EUR 72.3 million as at 31 December 2019 was primarily driven by significant development of the Group's office portfolio in Berlin. There has been no significant impact of COVID-19 pandemic on the Berlin office portfolio performance and rent collections noted in 2020 and therefore considered in the budgeting process of this CGU.

The Group did not identify any impairment of CPI hotel's goodwill as at 31 December 2020 as the CGU's recoverable amount is higher than its carrying value. The recoverable amount was based on value in use. The fair values of individual hotels were assessed based on the reports by external valuers. The external valuations were determined using discounted cash flow projections based on the following significant unobservable inputs:

- budgeted average annual free cash flows (FCF) for next 5 years of EUR 3.7 million and EUR 5.9 million as at 31 December 2020 and 2019;
- pre-tax discount rate of 10.96% and 11.32% as at 31 December 2020 and 2019;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2020 and 2019.

The decrease of the budgeted average annual free cash flows from EUR 5.9 million as at 31 December 2019 to EUR 3.7 million as at 31 December 2020 reflects primarily a negative impact of the COVID-19 pandemic on the Group's hotel operations. In the budget, the Group estimates a full recovery after a five years period (increasing gradually over the five years period). The same assumption was applied by the independent external valuers in the valuation of the Group's hotel portfolio (refer to note 7.5.3).

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use of CGUs is most sensitive to the following assumptions: budgeted EBITDA (FCF), discount rate and terminal value (perpetuity) growth rates.

Budgeted EBITDA (FCF): the projection is updated on a regular basis and is approved by the senior management for a five-year period.

Pre-tax discount rates: discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC consists of cost of debt and cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the Groups interest-bearing borrowings. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the post-tax discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Terminal value growth rates: perpetuity growth rates used to extrapolate cash flows beyond the forecast period. Growth rates are based on published industry research.

Sensitivity to changes in assumptions

- The estimated recoverable amount of GSG CGU exceeded its carrying amount by approximately EUR 356.2 million (2019: EUR 97.0 million). Based on the impairment test performed in both 2020 and 2019, the management has identified that a reasonably possible change in the three key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to equal to the carrying amount:

	31 December 2020	31 December 2019
Pre-tax discount rate	0.44	0.12
Terminal value growth rate	(0.51)	(0.13)
Budgeted average annual EBITDA	EUR (11.9) million	EUR (2.8) million

The below table further shows the difference between the recoverable amount and the carrying amount of GSG CGU if there was a reasonably possible negative change of 5% to the three key assumptions:

	31 December 2020	31 December 2019
Pre-tax discount rate	146.6	(86.6)
Terminal value growth rate	277.4	23.8
Budgeted average annual EBITDA	211.4	(56.1)

- The estimated recoverable amount of CPI Hotels CGU exceeded its carrying amount by approximately EUR 3.3 million (2019: EUR 15.7 million). The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to be equal to the carrying amount based on the assumptions used by the external valuer:

	31 December 2020	31 December 2019
Pre-tax discount rate	0.54	2.9
Terminal value growth rate	(0.75)	(4.69)
Budgeted average annual FCF	EUR (0.3) million	EUR (1.6) million

The below table further shows the difference between the recoverable amount and the carrying amount of CPI Hotels CGU if there was a reasonably possible negative change of 5% to the three key assumptions:

	31 December 2020	31 December 2019
Pre-tax discount rate	(0.1)	11.9
Terminal value growth rate	2.8	15.2
Budgeted average annual FCF	0.7	12.0

6.2 Investment property

	Note	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
As at 1 January 2019		3,453.2	2,049.9	312.2	871.8	6,687.1
Acquisition of subsidiaries	3	5.7	-	560.2	88.4	654.3
Investment property acquisitions		28.5	-	-	51.7	80.2
Transfers to property, plant and equipment		(27.3)	-	-	-	(27.3)
Transfers from inventory		4.0	-	-	0.4	4.4
Transfers from/ (to) assets held for sale		(5.7)	-	0.4	30.0	24.7
Development costs and other additions		114.6	30.5	9.1	30.1	184.3
Disposals		(33.6)	(0.9)	(0.6)	(3.1)	(38.2)
Net valuation gain*	5.7	141.9	382.8	(2.5)	38.8	561.0
Net foreign exchange gain*	5.12	(16.7)	-	(10.5)	16.2	(11.0)
Translation differences	6.13	38.4	(0.2)	6.4	(7.3)	37.3
As at 31 December 2019		**3,703.0**	**2,462.1**	**874.7**	**1,117.0**	**8,156.8**
Acquisition of subsidiaries	3	-	-	38.5	114.6	153.1
Investment property acquisitions		-	12.5	223.3	55.4	291.2
Transfers from/(to) property, plant and equipment		1.3	(1.9)	-	(14.1)	(14.7)
Transfers from intangible assets		-	-	-	1.1	1.1
Transfers to inventory		(0.1)	-	-	-	(0.1)
Transfers from/ (to) assets held for sale		4.3	(29.6)	-	(6.7)	(32.0)
Development costs and other additions		86.1	68.9	8.6	18.7	182.3
Disposals		(8.7)	-	(3.5)	(23.2)	(35.4)
Net valuation gain	5.7	143.9	53.9	14.0	(38.7)	173.1
Net foreign exchange gain	5.12	45.9	-	71.8	58.1	175.8
Translation differences	6.13	(116.7)	(6.7)	(67.2)	(68.0)	(258.6)
As at 31 December 2020		**3,859.0**	**2,559.2**	**1,160.2**	**1,214.2**	**8,792.6**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more information.

Acquisitions

In 2020, the Group acquired subsidiaries with total investment property of EUR 153.1 million. The most significant investment property acquisitions were (see note 3.2 and 3.3):

- office properties in Warsaw, Poland with a total value of EUR 38.5 million;
- 6 properties owned by Nova RE in Italy with a total value of EUR 114.6 million.

In 2019, the Group acquired subsidiaries with total investment property of EUR 654.3 million. The most significant investment property acquisitions were (see note 3.6 and 3.7):

- office buildings in Warsaw, Poland with a total value of EUR 560.3 million;
- office building 7 St James's Square, London, United Kingdom in value of EUR 54.3 million; and
- luxury apartments located in South of France in value of EUR 34.0 million.

Investment property acquisitions

In 2020, the investment property acquisitions comprised the acquisition of five office buildings in Warsaw, Poland of EUR 223.3 million, one office building in Berlin of EUR 12.5 million, acquisition of assets in London, UK of EUR 46.5 million and one building in Italy of EUR 8.9 million.

In 2019, the investment property acqustions mainly comprised the acqusition of a residential building in London, Great Britain of EUR 25.1 million and two assets in Italy for a total of EUR 26.6 million.

Development costs and other additions

In 2020, the most significant additions related to the office portfolio in Berlin, Germany of EUR 68.9 million, the office portfolio in Poland of EUR 8.6 million, and development projects Prague's Bubenská of EUR 25.7 million and Nová Zbrojovka in Brno, Czech Republic of EUR 12.4 million.

In 2019, the development costs primarily related to the office portfolio in Berlin, Germany of EUR 30.5 million and Hungary of EUR 28.5 million, to development project Nová Zbrojovka in Brno, Czech Republic in the amount of EUR 17.2 million and Prague's Bubenská project of EUR 17.2 million. There also were significant additions of EUR 28.3 million and EUR 25.1 million related to project Bubny in Prague, Czech Republic.

Disposals

In 2020, the Group disposed primarily one villa in France of EUR 21.3 million.

In 2019, the Group disposed primarily the Czech retail portfolio in the amount of EUR 27.2 million.

Transfers to property, plant and equipment

In 2019, the Group transferred primarily one building in Prague, the Czech Republic valued at EUR 26.3 million from investment property to property plant and equipment. This originally office building was refurbished to hotel in 2019. From assets held for sale, the Group reclassified one retail project in Romania of EUR 30.6 million in 2019.

Transfers to assets held for sale

In 2020, the Group transferred one office project in Berlin, Germany in the amount of EUR 29.6 million from investment property to assets held for sale.

Reconciliation between the values obtained from the external valuers and the reported values

	31 December 2020	31 December 2019
Market value as estimated by the external valuer	8,651.8	7,482.7
Market value as estimated by the internal valuer	64.0	27.7
Add: recent acquisitions	38.3	616.7
Add: leased assets and other	38.5	29.7
Total	**8,792.6**	**8,156.8**

Translation differences

Translation differences related to investment property arise primarily in connection with translation of investment property values of subsidiaries with non-EUR functional currencies to EUR.

Leased investment properties

Investment properties in total amount of EUR 37.9 million as at 31 December 2020 (EUR 35.5 million as at 31 December 2019) are held under long-term lease arrangements, which expire between 2023 and 2102. For liabilities related to leased investment properties refer to note 6.15.

Pledged investment properties

For information related to pledged investment properties refer to note 6.15.

6.3 Property, plant and equipment

a) Hotels

In accordance with IAS 16, the Group uses revaluation model for the measurement of the property, plant and equipment under the hotels and resorts operating segment. The hotels and resorts are owned and operated by the Group.

	2020	2019
Gross carrying amounts		
As at 1 January	837.8	685.5
Acquisitions through business combinations	6.6	26.1
Development costs and other additions	6.4	32.4
Disposals	(1.1)	(2.0)
Transfers from investment property	12.6	29.1
Transfers to assets held for sale	-	20.6
Transfers from other property, plant and equipment	3.2	14.9
Translation differences	(18.4)	6.1
Valuation gain/ (loss) through OCI	(45.7)	25.1
As at 31 December	**801.4**	**837.8**
Accumulated depreciation and impairment losses		
As at 1 January	(76.2)	(59.5)
Depreciation	(22.4)	(21.1)
Impairment loss	(36.7)	5.2
Disposals	0.9	-
Translation differences	(1.8)	(0.8)
As at 31 December	**(136.2)**	**(76.2)**
Net carrying amounts		
As at 1 January	761.6	626.0
As at 31 December	**665.2**	**761.6**

Acquisitions through business combination

In 2020, as part of Nova RE acquisition, the Group acquired hotel in Verona, Italy of EUR 6.6 million (see note 3.3).

In 2019, the Group acquired two hotels in the Czech Republic for total of EUR 26.1 million (see note 3.7).

Development costs and other additions

In 2019, the Group primarily refurbished hotels in Prague, the Czech Republic (EUR 14.1 million) and Hvar, Croatia (EUR 13.2 million).

Transfers from investment property

In 2020, based on change in its use, the Group transferred building in Italy of EUR 11.7 million from investment property to property plant and equipment.

In 2019, the Group transferred one building in Prague, the Czech Republic valued at EUR 26.3 million from investment property to property plant and equipment. This originally office building was refurbished to hotel in 2019.

Transfers from assets held for sale

In 2019, the Group transferred hotel in Moscow, Russia of EUR 20.6 million from assets held for sale to hotels.

Transfers from other property, plant and equipment

Upon completion of its development in 2019, the Group transferred hotel in Hvar, Croatia of EUR 14.9 million from other property, plant and equipment under construction to hotels.

Valuation gain through OCI

As at 31 December 2020 and 2019 respectively, the fair values of Hotels are based on valuations performed by independent valuer. The fair value of hotels was determined using the discounted cash flow method. This means that valuations are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific hotel. For the key assumptions made in relation of hotel property valuations refer to note 7.5.3.

In 2020, both the valuation loss through OCI and the impairment loss reflects the Group's revaluation of the hotels portfolio (of EUR 45.7 million and 36.7 million, respectively) which was driven primarily by the negative effect of the COVID-19 pandemic (for more details, refer to note 5.5 and 7.5.3).

If the Group measured hotels using the cost model, the carrying amounts would be EUR 548.9 million as at 31 December 2020 (EUR 599.5 million as at 31 December 2019).

b) Other property, plant and equipment

	Owner occupied buildings	Plant and equipment	PPE under leases	Property under construction	Other	Total
Cost						
As at 1 January 2020	98.6	97.2	13.0	3.5	3.1	215.4
Acquisition of subsidiaries	-	-	0.1	-	0.1	0.2
Development costs and other additions	10.1	5.4	-	3.1	0.1	18.7
Disposals	(0.3)	(6.4)	(1.6)	(1.2)	(0.2)	(9.7)
Transfers	-	1.7	2.6	(4.4)	-	(0.1)
Translation differences	(0.2)	0.1	(0.5)	(0.2)	(0.1)	(0.9)
As at 31 December 2020	**108.2**	**98.0**	**13.6**	**0.8**	**3.0**	**223.6**
Accumulated depreciation and impairment losses						
As at 1 January 2020	(39.2)	(49.7)	(1.7)	(0.4)	(0.3)	(91.3)
Depreciation	(2.8)	(7.7)	(1.4)	-	-	(11.9)
Impairment loss/ (reversal of impairment loss)	(5.5)	(3.3)	-	(1.3)	-	(10.1)
Disposals	-	1.5	0.8	-	-	2.3
Transfer	-	-	(0.2)	1.7		1.5
Translation differences	-	-	0.1	-	-	0.1
As at 31 December 2020	**(47.5)**	**(59.2)**	**(2.4)**	**-**	**(0.3)**	**(109.4)**
Carrying amounts						
As at 1 January 2020	59.4	47.5	11.3	3.1	2.8	124.1
At 31 December 2020	**60.7**	**38.8**	**11.2**	**0.8**	**2.7**	**114.2**

	Owner occupied buildings	Plant and equipment	PPE under leases	Property under construction	Other	Total
Cost						
As at 1 January 2019	91.3	92.8	1.4	4.8	2.1	192.4
Acquisition of subsidiaries	3.0	-	-	-	0.6	3.6
Development costs and other additions	1.3	6.0	11.5	14.9	0.3	34.0
Disposals	(0.2)	(4.6)	-	(0.9)	-	(5.7)
Transfers	-	0.2	-	(15.3)	0.1	(15.0)
Translation differences	3.2	2.8	0.1	-	-	6.1
As at 31 December 2019	**98.6**	**97.2**	**13.0**	**3.5**	**3.1**	**215.4**
Accumulated depreciation and impairment losses						
As at 1 January 2019	(28.2)	(52.4)	(0.9)	(0.4)	(0.3)	(82.2)
Depreciation	(2.6)	(8.1)	(0.7)	-	-	(11.4)
Impairment loss/ (reversal of impairment loss)	(7.1)	7.6	-	-	-	0.5
Disposals	-	4.6	-	-	-	4.6
Translation differences	(1.3)	(1.4)	(0.1)	-	-	(2.8)
As at 31 December 2019	**(39.2)**	**(49.7)**	**(1.7)**	**(0.4)**	**(0.3)**	**(91.3)**
Carrying amounts						
As at 1 January 2019	63.1	40.4	0.5	4.4	1.8	110.2
As at 31 December 2019	**59.4**	**47.5**	**11.3**	**3.1**	**2.8**	**124.1**

Owner occupied buildings

As at 31 December 2020, the owner-occupied buildings represent CMA mountain resort project of EUR 49.8 million (EUR 47.9 million as at 31 December 2019) and agricultural farms of EUR 10.9 million (EUR 11.4 million as at 31 December 2019).

Plant and equipment

As at 31 December 2020, plant and equipment primarily represents ski lifts at CMA mountain resort, Switzerland in the net amount of EUR 16.9 million (EUR 28.2 million as at 31 December 2019) and Berlin offices related plant and equipment of EUR 12.9 million.

Development costs and other additions

In 2020, the most significant additions to other property, plant and equipment related to CMA mountain resort, Switzerland (refurbishment of EUR 9.5 million) and property under construction primarily related to hotel at Hvar, Croatia (EUR 2.5 million).

In 2019, the development costs on property under construction related primarily to hotel at Hvar, Croatia (EUR 13.2 million).

Impairment on other property, plant and equipment

As at 31 December 2020 and 2019, the Group accounts for accumulated impairment of CMA mountain resort of EUR 63.2 million and EUR 54.1 million, respectively. The increase of impairment in 2020 of EUR 9.1 million related to ski lifts and was recorded based on the valuation appraisals received from independent valuers as at 31 December 2020 and 2019, respectively. For key assumptions used in the valuation, refer to note 7.5.3.

For information about the carrying amount of property, plant and equipment pledged as collateral for liabilities, refer to note 6.15.

6.4 Equity accounted investees

6.4.1 Investment in Uniborc

The equity accounted investment in the amount of EUR 7.0 million (EUR 3.7 million as at 31 December 2019) represents investment in Uniborc S.A. Uniborc S.A. is a joint venture constituted in 2013 with Unibail Rodamco (today Unibail-Rodamco-Westfield SE) with the aim to develop a shopping center in the Bubny area in Prague, the Czech Republic. The Group's shareholding is 34%.

	2020	2019
At 1 January	3.7	3.9
Share of profit/ (loss)	3.3	(0.2)
At 31 December	**7.0**	**3.7**

Condensed statement of financial position of Uniborc S.A.

	31 December 2020	31 December 2019
Investment property	67.4	52.4
Cash and cash equivalents	0.1	0.2
Total assets	**67.5**	**52.6**
Non-current financial liabilities	(36.6)	(34.3)
Deferred tax liabilities	(10.5)	(7.6)
Curent financial liabilities	(0.3)	(0.2)
Total liabilities	**(47.4)**	**(42.1)**
Net assets	**20.1**	**10.5**

Condensed statement of comprehensive income of Uniborc S.A.

	2020	2019
Net valuation gain on investment property	14.7	1.6
Administrative expenses	(0.2)	(0.1)
Interest expenses	(2.0)	(1.9)
Profit/ (loss) before taxes	**12.5**	**(0.4)**
Income taxes	(2.9)	(0.4)
Profit/ (loss) for the period	**9.6**	**(0.8)**

6.4.2 Investment in Globalworth

On 27 January 2020, the Group acquired 13,391,959 shares of Globalworth Real Estate Investments Limited ("Globalworth") representing about 6% of outstanding shares. On 31 January 2020, the Group acquired Zakiono Enterprises Limited (refer to note 3.2), a company which owned 23,734,670 shares of Globalworth, representing additional 10.7% stake, including certain founders' rights (allowing the Group to nominate certain number directors of Globalworth). Additional 24,258,408 and 3,680,494 shares, representing additional 12.7% stake were purchased on 3 February and 4 February 2020, respectively. As at 31 December 2020, the Group owns, thourgh Zakiono Enterprises Limited, a total of 65,250,000 Globalworth shares representing 29.55% of outstanding shares.

The total acquisition price of the Globalworth shares was EUR 686.5 million.

Holding 29.55% of voting rights, the Group can demonstrate significant influence, but not control or joint control, over the Globalworth. Consequently, the Group applies IAS 28 – Investment in associates and joint ventures and treats the Globalworth as an associate using the equity method of accounting.

As part of the Zakiono Enterprises Limited acquisition, the Group acquired 2,830,020 unvested warrants issued by Globalworth. The warrants are exercisable in whole or in part until 23 July 2023, subject to the market price per ordinary share being at least EUR 10.00 and EUR 12.50, respectively, for each of the tranches as a weighted average over 60 consecutive days. The subscription price would be EUR 5.00.

	2020
The initial recognition	686.5
Dividends received	(19.8)
Share of loss	(15.6)
At 31 December	**651.1**

Condensed consolidated statement of financial position of Globalworth

	31 December 2020	31 December 2019
Investment property	3,013.0	3,049.0
Other non-current assets	58.7	80.5
Cash and cash equivalents	527.8	291.7
Other current assets	30.6	60.5
Total assets	**3,630.1**	**3,481.7**
Non-current financial debts	1,603.0	1,299.6
Deferred tax liabilities	144.8	134.3
Other non-current liabilities	34.8	36.0
Current liabilities	92.1	97.1
Total liabilities	**1,874.7**	**1,567.0**
Net assets	**1,755.4**	**1,914.7**

Condensed consolidated statement of comprehensive income of Globalworth

	2020
Net business income	157.3
Net valuation loss on investment property	(116.2)
Administrative and other expenses	(18.0)
Other operating costs	(6.7)
Net finance costs	(48.8)
Share of profit of equity-accounted investees	1.9
Loss before taxes	**(30.5)**
Income taxes	(16.3)
Loss for the period	**(46.8)**

Globalworth's EPRA NAV per share, indicating the fair value of the ordinary share, was EUR 8.68 as at 31 December 2020.

The Group did not identify any loss events which might indicate objective evidence of impairment and consequently, the Group did not perform the impairment test as at 31 December 2020.

6.5 Other non-current financial assets

	31 December 2020	31 December 2019
Derivative instruments (see note 6.16)	4.4	25.2
Other non-current financial assets	30.0	12.9
Total	**34.4**	**38.1**

6.6 Loans provided

Non-current

	31 December 2020		31 December 2019	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties and joint ventures	291.5	5.09%	192.2	5.14%
Loans provided - third parties	0.1	0.51%	8.1	3.74%
Impairment to non-current loans provided to related parties	(0.1)		(0.1)	
Total	**291.5**		**200.2**	

The maturity of non-current loans provided was as follows:

31 December 2020	1-2 years	2-5 years	Total
Loans provided to related parties and joint ventures	0.1	291.4	291.5
Loans provided - third parties	0.1	-	0.1
Total	**0.2**	**291.4**	**291.6**
31 December 2019	**1-2 years**	**2-5 years**	**Total**
Loans provided to related parties and joint ventures	180.3	11.9	192.2
Loans provided - third parties	-	8.1	8.1
Total	**180.3**	**20.0**	**200.3**

Current

	31 December 2020		31 December 2019	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties and joint ventures	56.1	5.00%	65.2	5.00%
Loans provided - third parties	21.4	2.48%	2.4	5.97%
Bills of exchange - third parties	-	-	3.9	5.26%
Total	**77.5**		**71.5**	

The Group provides loans to related parties from the Luxembourg (see note 10).

6.7 Inventories

	31 December 2020	31 December 2019
Projects and property for resale	-	7.6
Impairment of projects and property for resale	-	(2.5)
Projects under development	33.4	41.4
Other inventories	5.4	4.7
Total	**38.8**	**51.2**

As at 31 December 2020 and 2019, the projects under development consisted primarily of residential projects in the Czech Republic of EUR 12.4 million and EUR 21.5 million, respectively and residential projects in Italy of EUR 19.4 million and EUR 19.2 million, respectively.

6.8 Current trade receivables

	31 December 2020	31 December 2019
Trade receivables due from related parties	2.9	1.2
Trade receivables due from third parties	97.7	93.5
Impairment to trade receivables due from third parties	(15.2)	(13.8)
Total	**85.4**	**80.9**

As at 31 December 2020 and 2019, the trade receivables from third parties represent primarily trade receivables against tenants and receivables from sale of utilities.

The movement of the impairment of trade receivables:

	2020	2019
As at 1 January	(13.8)	(15.7)
Impairment of trade receivables – creation	(3.2)	(1.5)
Impairment of trade receivables – release	1.8	3.4
As at 31 December	**(15.2)**	**(13.8)**

6.9 Cash and cash equivalents

	31 December 2020	31 December 2019
Bank balances	631.6	802.2
Cash on hand	0.7	2.3
Total	**632.3**	**804.5**

As at 31 December 2020 and 2019, restricted cash in banks amounted to EUR 23.3 million and EUR 26.4 million, respectively. Use of these accounts is subject to the respective bank approval. These accounts are held for special purposes under the loan agreements.

6.10 Other financial current assets

	31 December 2020	31 December 2019
Blocked deposit in respect of public tender offer (see note 6.13)	26.0	-
Other financial current assets	21.4	21.8
Total	**47.4**	**21.8**

6.11 Other non-financial current assets

	31 December 2020	31 December 2019
Other advances paid to third parties	8.7	9.9
Value added tax receivables	12.0	8.1
Other tax receivables (excl. CIT and VAT)	2.3	1.9
Agricultural grants	5.8	6.2
Prepaid expenses	22.0	22.8
Total	**50.8**	**48.9**

6.12 Assets and liabilities linked to assets held for sale

The following table summarizes the effect of the reclassifications made in relation to projects transferred to assets held for sale:

	31 December 2020	31 December 2019
Non-current assets		
Investment property	36.3	15.4
Current assets		
Inventories	1.4	5.3
Cash and cash equivalents	-	0.3
Other financial current assets	-	0.5
Assets held for sale	**37.7**	**21.5**
Non-current liabilities		
Deferred tax liabilities	(4.7)	(0.3)
Other non-current liabilities	-	(0.2)
Current liabilities		
Advance payments	-	(0.2)
Liabilities linked to assets held for sale	**(4.7)**	**(0.7)**

As at 31 December 2020, the following projects are classified as assets held for sale:

- One office project in Berlin, Germany in the amount of EUR 29.6 million;
- Two landbank plots in Bucharest, Romania in the amount of EUR 6.7 million; and
- One landbank plot in the Czech Republic of EUR 1.4 million.

As at 31 December 2019, the following projects are classified as assets held for sale:

- One retail project in the Czech Republic and Slovakia in the amount of EUR 3.9 million and EUR 3.1 million, respectively;
- One office property in Slovakia in the amount of EUR 6.3 million; and
- Two landbank plots in the Czech Republic and Poland in the amount of EUR 2.2 million and EUR 5.3 million, respectively.

6.13 Equity

Share capital and share premium

As at 31 December 2020, the aggregate share capital of the Company amounts to EUR 865.1 million and is represented by 8,651,716,331 ordinary fully paid shares with a nominal value of EUR 0.10 each. The Group holds 319,302,248 shares which represent treasury shares. Excluding the treasury shares, the share capital amounts to EUR 833.2 million.

The following table presents information regarding the ownership of the Company's shares as at 31 December 2020 and 2019:

Shareholder	Number of shares	Share held	Voting rights
Mr. Vítek and entities controlled by Mr. Vítek	7,847,502,824	90.70%	94.18%
Others	484,911,259	5.60%	5.82%
Total except treasury shares	**8,332,414,083**		
Treasury shares held by the Group	319,302,248	3.70%	-
Total shares	**8,651,716,331**	**100.00%**	**100.00%**

The share premium comprises the amount received in excess of the nominal value of the shares issued:

	Number of shares	Share Capital	Share premium
As at 1 January 2019	**9,013,868,658**	**876.2**	**1,013.4**
Share buyback on 1 July 2019	-	(36.3)	(72.5)
Cancellation of treasury shares on 18 December 2019	(362,152,327)	-	-
Acquisition of own shares (through acquisition of Pietroni s.r.o.)	-	(6.7)	(29.8)
As at 31 December 2019	**8,651,716,331**	**833.2**	**911.1**
As at 31 December 2020	**8,651,716,331**	**833.2**	**911.1**

Authorized capital not issued

The extraordinary general meeting of the shareholders of the Company held on 1 March 2018 (the "2018 EGM") resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of EUR 5,000 million for a period of 5 years from 1 March 2018, which would authorise the issuance of up to 40,000,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares of the Company.

The 2018 EGM approved the report issued by the Board of Directors relating to the possibility for the Board of Directors of the Company to cancel or limit preferential subscription rights of the shareholders of the Company upon increases of share capital in the framework of the authorised share capital of the Company.

As at 31 December 2020, the authorized share capital of the Company amounts to EUR 4,975 million which would authorize the issuance of up to 39,750,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding.

Share buyback programme

The annual general meeting of the shareholders of the Company held on 28 May 2020 (the "2020 AGM") approved the terms and conditions of a buyback programme of the Company. The buyback programme enables the Company to repurchase its own shares and authorises the Company to redeem/repurchase its own shares under the terms and conditions set forth therein. In particular, the 2020 AGM authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 1,000,000,000 shares in the Company from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent EUR 0.01 and EUR 5, for a period of five years from the date of the 2020 AGM. The 2020 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company's available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

As at 31 December 2020, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buyback programme approved by the 2020 AGM. For further terms and conditions of buyback please refer to the buyback programme of the Company.

Hedging reserve

The Group uses cross currency swaps to manage its exposure to movements of foreign currency rates on its bonds issued, respectively. The hedging reserve includes effective portion of the fair value changes of hedging instruments designated as a cash flow hedge (see note 6.16).

Other reserves

Other reserves consist of legal reserves, assets' revaluation reserves and translation reserve. Distribution by the way of dividends of the other reserves is restricted.

The legal reserves are created in accordance with the Luxembourg commercial law. The Company must appropriate to the legal reserve a minimum of 5% of the annual profit until such reserve equals 10% of the subscribed capital.

The following table shows the movement of the translation reserve in the period:

		2020	2019
As at 1 January		49.0	23.9
Translation differences from retranslation of investment property	6.2	(258.6)	37.3
- Valued in EUR (and recognized by subsidiaries with non-EUR functional currency)	6.2	*(175.8)*	*11.0*
- Valued in non-EUR currencies (and recognized by subsidiaries with non-EUR functional currency)		*(82.8)*	*26.3*
Translation differences from retranslation of property, plant and equipment	6.3	(17.4)	6.1
Translation differences from to retranslation of intra-group loans and other items		145.4	(18.3)
As at 31 December		**(81.6)**	**49.0**

In 2020, the significant change in translation reserve was driven by weakening of local currencies, used as the functional currencies by the Group's subsidiaries (primarily CZK, HUF and PLN), against EUR.

Retained earnings

Retained earnings are created from accumulated profits and losses and these reserves may be subject to the distribution of dividends.

Perpetual notes issued as at 31 December 2020

The Group issued the following resettable subordinated notes (perpetual notes):

- On 16 and 17 September 2020, respectively, the Company issued total of 525 undated 4.875% fixed rate resettable subordinated notes (ISIN XS2231191748) in total amount of EUR 525.0 million. The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from November 2026. The issue price of the notes was 97.4%. Less the related issue costs, the perpetual notes were initially recognized in the amount of EUR 508.2 million.
- On 23 January 2020, the Company issued 600 undated 5.80% fixed rate resettable subordinated notes (ISIN XS2106857746) in total amount of EUR 100.0 million (SGD 150 million). The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2025. The issue price of the notes was 100.0%. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 99.3 million.
- On 16 April 2019, the Company issued another 5,500 undated 4.875% fixed rate resettable subordinated notes (ISIN XS1982704824) in total amount EUR 550 million. The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2027. The issue price of the notes was 98.676% of the nominal amount equating to EUR 542.7 million. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 537.3 million.
- On 9 May 2018, the Company issued 5,500 undated 4.375% fixed rate resettable subordinated notes (ISIN XS1819537132) in total amount of EUR 550 million. The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2027. The issue price of the notes was 98.833% of the nominal amount equating to EUR 543.6 million. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 537.9 million. On 16 September 2020, the Group repaid part of the notes in total amount of EUR 331.2 milion.

The Company may, at its sole discretion, also elect to defer any payment of interest on the perpetual notes. As such, the notes contain features of both debt and equity. Based on the analysis of IAS 32, the Group concluded it holds unconditional rights to avoid delivering cash in respect of both, the principal and interest (until redemption option is called or payment of interest is declared, respectively). The perpetual notes therefore do not satisfy the financial liability definition and therefore are classified as equity instrument.

The notes are listed on the regulated market of Euronext Dublin and are accepted for clearance through Euroclear and Clearstream, Luxembourg. Both Moody's Investors Service Limited and S&P Global Ratings rate the perpetual notes Ba1 and BB+, respectively.

Movement of the perpetual notes:

	2020	2019
As at 1 January	1,085.5	542.5
Issuance of the perpetual notes	607.5	537.2
Interest to perpetual notes holders	59.4	43.4
Repayment of previously issued perpetual notes	(331.2)	-
Payment of the interest to the perpetual note holders	(51.6)	(37.6)
As at 31 December	**1,369.6**	**1,085.5**

Acquisition of Nova RE

On 4 November 2020, the legal conditions of the mandatory public tender offer related to the acquisition of a 50.1% stake in Nova RE were fulfilled. The offer related to 10,974,349 shares, representing 49.9 % of the company's share capital. The Group had an irrevocable obligation to pay in cash the consideration of 2.36 EUR for each share accepted under the offer. The maximum total consideration was EUR 26.0 million. A bank deposit of EUR 26.0 is restricted and classified as "other financial current assets" as at 31 December 2020 (refer to note 6.10). The acceptance period of the tender offer commenced on 14 December 2020 and expired on 22 January 2021.

Based on the analysis of IFRS 10, the Group concluded that the tender offer represents a contractual obligation to purchase the equity shares of Nova Re and consequently recognized a financial liability. The financial liability in the amount of maximum payable amount of EUR 26.0 million was recognized against retained earnings. If the offer expires unexercised, the liability or its part will be reclassified to retained earnings.

The registered office of Nova RE is Via del Tritone 132, Rome, Italy.

Condensed financial information of Nova RE as at 31 December 2020 and for the three-month period then ended:

	Nova RE
Group's interest	50.1%
NCI initially recognized	**43.6**
NCI - profit for the period	**(0.9)**
NCI - accumulated	**42.7**
Consensed financial information	
Non-current assets	*123.7*
Current assets	*31.6*
Total assets	155.3
Equity attributable to owners	*85.4*
Non-current liabilities	*12.2*
Current liabilities	*57.7*
Total equity and liabilities	155.3
Profit for the period	(1.8)
Net decrease in cash and cash equivalents	(3.3)

Acquisition of non-controlling interest in 2019

On 5 April 2019, the Group acquired its non-controlling interest in Croatian hotel complex Suncani Hvar for a consideration of EUR 3.1 million. The carrying value of the non-controlling interest as at the acquisition date was EUR 2.4 million. The difference of EUR 0.7 million was recognized against retained earnings.

Mandatory takeover bid for CPI FIM S.A. (former Orco Property Group) shares

On 8 June 2016 the Company's fully owned subsidiary Nukasso Holdings Limited directly and indirectly acquired approximately 97.31% of shares in CPI FIM. As a consequence, Nukasso Holdings Limited became obliged to launch a mandatory takeover bid to purchase any and all of the ordinary shares of CPI FIM (the "Mandatory Takeover Offer"). On 22 August 2016, the Czech Office for the Protection of Competition granted the merger clearance for the acquisition of CPI FIM by the Group, whereas its decision became final and binding on 23 August 2016.

On 8 December 2017 the CSSF published press releases in which it stated, inter alia, that it has decided not to approve the offer document in the Mandatory Takeover Offer as a consequence of the existence of an undisclosed concert action with respect to CPI FIM. On 15 March 2018 the CSSF published a press release informing that the decisions detailed in the above-mentioned CSSF press releases of 8 December 2017 have been challenged before the Luxembourg administrative courts.

As of the date of this report, the Company has not received any formal decision in relation to the Mandatory Takeover Offer.

Earnings per share

	31 December 2020	31 December 2019
Shares held by shareholders at the beginning of the period	8,332,414,083	8,761,566,410
Weighted average movements	-	(187,961,197)
Shares buyback	-	(182,071,087)
Acquisition of own shares (through acquisition of Pietroni)	-	(5,890,110)
Weighted average outstanding shares for the purpose of calculating the basic EPS	**8,332,414,083**	**8,573,605,213**
Weighted average outstanding shares for the purpose of calculating the diluted EPS	**8,332,414,083**	**8,573,605,213**
Net profit attributable to owners of the parent	181.5	633.2
Net profit attributable to owners of the parent after assumed conversions/exercises	181.5	633.2
Total Basic earnings in EUR per share	**0.02**	**0.07**
Diluted earnings in EUR per share	**0.02**	**0.07**

Basic earnings per share are calculated by dividing the profit attributable to the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

6.14 Bonds issued

	31 December 2020		31 December 2019	
	No. of bonds issued	Value	No. of bonds issued	Value
ISIN CH0441186472	30,140	139.5	33,000	152.0
ISIN XS1894558102	3,351	334.3	6,100	607.4
ISIN XS1917855337	30	23.7	30	24.6
ISIN XS1917880012	-	-	80	65.6
ISIN XS1693959931	3,683	367.0	8,250	821.6
ISIN XS1955030280	1,884	306.5	1,750	397.6
ISIN XS1950499639	450	47.3	450	51.4
XS2008905155	283	29.7	283	32.4
XS2069407786	7,500	738.1	7,500	736.0
XS2106589471	3,500	384.4	-	-
XS2117757182	250	26.3	-	-
XS2171875839	7,500	734.4	-	-
HU0000359898	600	83.5	-	-
Less: transaction costs		(19.5)		(17.7)
Total non-current		**3,195.2**		**2,870.9**
Accrued interest on bonds	-	43.9		20.8
ISIN XS1917880012	80	63.2		-
ISIN XS1955030280	-	1.7		-
Total current		**108.8**		**20.8**
Total		**3,304.0**		**2,891.7**

Bonds issued as at 31 December 2020

- ISIN XS1693959931: On 4 October 2017, the Company issued bonds of EUR 600 million. The bonds bear a fixed interest at a rate of 2.125% and were issued at 99.039% of their nominal amount and mature on 4 October 2024. The bonds are listed on the regulated market of Euronext Dublin. On 6 December 2017, the Company issued an additional EUR 225 million bearing interest of 2.125 % p.a. due on 4 October 2024. These bonds were issued at 100.323 % of their nominal amount plus accrued interest since 4 October 2017. On 16 May 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of EUR 456.7 million.
- ISIN XS1894558102: On 17 October and 19 October 2018, the Company issued bonds of EUR 600 million and EUR 10 million, respectively. The bonds mature on 14 April 2022 and bear a fixed interest at a rate of 1.45%. The bonds are listed on the regulated market of Euronext Dublin. On 16 May, 20 May and 18 September 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of EUR 222.8 million, EUR 40.0 million and EUR 12.1 million, respectively.
- ISIN CH0441186472: On 25 October 2018, the Company issued bonds of CHF 165 million. The bonds mature on 25 October 2023 and bear a fixed interest at a rate of 1.63% p.a. The bonds are listed on the SIX Swiss Exchange. On 20 May 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of CHF 14.3 million (EUR 13.6 million).
- ISIN XS1917855337 & XS1917880012: On 10 December 2018, the Company issued bonds on the Tokyo Pro-Bonds market, with total nominal value of JPY 11 billion (EUR 87.4 million). The bonds are split to two tranches: ISIN: XS1917880012 of JPY 8 billion (EUR 63.6 million) which bear a fixed interest at a rate of 1.414 % and mature on 10 December 2021 (subsequently hedged to a floating interest of at 6 months Euribor by the Group) and ISIN: XS1917855337 of JPY 3 billion (EUR 23.8 million) which bear a fixed interest at a rate of 1.995% and mature on 8 December 2028. The bonds are fully hedged to EUR.
- ISIN XS1950499639: On 12 February 2019, the Company issued bonds of HKD 450 million. The bonds mature on 12 February 2024 and bear fixed interest at a rate of 4.51% p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds are fully hedged to EUR.
- ISIN XS1955030280: On 8 March 2019, the Company issued bonds of USD 350 million. The bonds mature on 8 March 2023 and bear fixed interest at a rate 4.75% p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds are fully hedged to EUR. On 16 May 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of USD 73.1 million (EUR 67.7 million).
- ISIN XS2008905155: On 6 June 2019, the Company issued bonds of HKD 283 million. The bonds mature on 6 June 2026 and bear a fixed interest at a rate of 4.45 % p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds were fully hedged to EUR.
- ISIN XS2034727144: On 29 July 2019, the Company issued USD 100 million (EUR 89.9 million) of Reg S bonds. The bonds, due 8 March 2023, are listed on the regulated market of Euronext Dublin. The Notes are consolidated with the existing USD 350 million notes and form a single series totalling USD 450 million with ISIN code XS1955030280. The bonds are fully hedged to EUR.
- ISIN XS2069407786: On 28 October 2019, the Company issued green bonds of EUR 750 million. The bonds mature on 23 April 2027 and bear fixed interest at rate of 1.625% p.a. The bonds are listed on the regulated market of Euronext Dublin.
- ISIN XS2106589471: On 22 January 2020, the Group issued green bonds of GBP 350.0 million (EUR 411 million) maturing on 22 January 2028. The bonds are listed on the regulated market of Euronext Dublin and fully hedged to EUR at a fixed rate of less than 2% p.a.
- ISIN XS2117757182: On 13 February 2020, the Group issued HKD 250.0 million bonds (EUR 29 million) maturing on 13 February 2030. The bonds are listed on the regulated market of Euronext Dublin and fully hedged to EUR at a fixed rate of less than 1.7% p.a.
- ISIN XS2171875839: On 12 May 2020, the Company issued green bonds of EUR 750.0 million maturing 12 May 2026. The bonds are listed on the regulated market of Euronext Dublin and bear the fixed interest at rate 2.75 %.
- ISIN HU0000359898: On 5 August 2020, the Group issued HUF 30.0 billion (EUR 86.0 million) of green bonds with a 10-year maturity and coupon of 2.25%. The bonds are traded on the Budapest Stock Exchange. The bonds are fully hedged to EUR.

The Group recognized transaction costs and a discount related to cancellation of previously issued bonds in the total amount of EUR 6.8 million as part of the other financial result in 2020.

Covenants

Bonds issued by CPI PG are subject to covenants.

- Net interest coverage ratio (calculated as adjusted EBITDA over net interest expense) should be at least 1.9. As at 31 December 2020 and 2019, the Group's net interest coverage ratio was 5.4 and 7.2, respectively. Adjusted EBITDA is calculated as net business income less administrative expenses, adjusted for Group's share on Globalworth EBITDA.
- Consolidated leverage ratio (calculated as financial debts and bonds issued over total assets adjusted for intangible assets) should not exceed 0.6. As at 31 December 2020 and 2019, the Group's consolidated leverage ratio was 0.4 and 0.4, respectively.
- Secured consolidated leverage ratio (calculated as secured financial debts and bonds issued over total assets adjusted for intangible assets) should not exceed 0.45. As at 31 December 2020 and 2019, the Group's consolidated leverage ratio was 0.1 and 0.1, respectively.

The covenants were met as at 31 December 2020 and 2019.

Structure of bond financing

As at 31 December 2020 and 2019, the total value of unsecured bonds is EUR 3,304.0 million and EUR 2,891.7 million, respectively. Unsecured bonds are bonds that are not collateralized by any assets.

6.15 Financial debts

	31 December 2020	31 December 2019
Loans from related parties	0.8	0.3
Loans from third parties	9.6	9.6
Bank loans	1,213.4	1,124.8
Lease liabilities	45.8	30.6
Total non-current financial debts	**1,269.6**	**1,165.3**
Loans from related parties	0.1	1.2
Loans from third parties	2.2	2.2
Bank loans	247.5	41.9
Lease liabilities	3.2	2.4
Total current financial debts	**253.0**	**47.7**
Total	**1,522.6**	**1,213.0**

In 2020, the Group primarily:

- repaid EUR 15.0 million loan to UBS Monaco and in July 2020, the Group additionally drawn EUR 259.1 million from Berlin Hyp;
- the Group entered into new UniCredit loans in total amount of EUR 96.2 million. The loan is secured and repayable in 7 years. In March 2020, the Group additionally drew EUR 20.0 million;
- reports, as an effect of acquisition of Nova RE (see note 3.3), a new bank loans of EUR 58.3 million maturing between 2024 and 2028;
- in March 2019, the Group entered into three Schuldschein loans (a loan instruments governed by German law) in total amount of EUR 170 million. The loans are unsecured and repayable in 4, 6 and 8 years, respectively. Of the amount, EUR 88.5 million was repaid in 2020.

In March 2019, the Company signed a EUR 510 million 3-year unsecured revolving credit facility. In November 2020, the Company early terminated the credit facility and replaced it by a new 6-year unsecured revolving credit facility of EUR 700 million. The facility was not drawn as at 31 Deceber 2020 and 2019, respectively.

As at 31 December 2020 and 2019, the total value of unsecured financial debts amounts to EUR 123.1 million and EUR 195.8 million, respectively.

As at 31 December 2020 and 2019, the total value of secured financial debts amounts to EUR 1,399.5 million and EUR 1,017.1 million, respectively.

Pledges

With respect of bank loans, the Group has pledged the following assets as collateral:

- Investment property with total value of EUR 3,366.8 million as at 31 December 2020 (EUR 3,050.8 million as at 31 December 2019).
- Property, plant and equipment with total value of EUR 124.2 million as at 31 December 2020 (EUR 135.0 million as at 31 December 2019).
- Trade receivables with total carrying amount of EUR 26.7 million as at 31 December 2020 (EUR 23.4 million as at 31 December 2019).
- Bank accounts in total amount of EUR 23.3 million as at 31 December 2020 (EUR 26.4 million as at 31 December 2019).
- Shares of subsidiaries: Agrome s.r.o., Angusland s.r.o., Biochov s.r.o., Biopark s.r.o., Biopotraviny s.r.o., Carpenter Invest, a.s., CB Property Development, a.s., CMA Immobilier SA, Conradian, a.s., CPI Jihlava Shopping, a.s., CPI Národní, s.r.o., CPI Office Prague, s.r.o., Českolipská farma s.r.o., Českolipská zemědělská a.s., Děčínská zemědělská a.s., Ekofarma Postřelná, s.r.o., Farma Javorská, a.s., Farma Krásný Les, a.s., Farma Liščí, s.r.o., Farma Ploučnice a.s., Farma Poustevna, s.r.o., Farma Radeč, a.s., Farma Svitavka s.r.o., Farma Valteřice, a.s., Farma zelená sedma, s.r.o., Farmy Frýdlant a.s., Gebauer Höfe Liegenschaften GmbH, GSG Asset GmbH & Co. Verwaltungs KG, GSG Berlin Invest GmbH, GSG Gewerbehöfe Berlin 1. GmbH & Co. KG, GSG Gewerbehöfe Berlin 2. GmbH & Co. KG, GSG Gewerbehöfe Berlin 3. GmbH & Co. KG, GSG Gewerbehöfe Berlin 4. GmbH & Co. KG, GSG Gewerbehöfe Berlin 5. GmbH & Co. KG, GSG Gewerbehöfe Berlin 6. GmbH & Co. KG, GSG Solar Berlin GmbH, IGY2 CB, a.s., JAGRA spol. s r.o., Janovická farma, a.s., Jizerská farma, s.r.o., Limagro s.r.o., Marissa Tau, a.s., Marissa West, a.s., Marissa Yellow, a.s., Mařenická farma, a.s., Nymburk Property Development, a.s., Pastviny a.s., Prostějov Investments, a.s., PV - Cvikov s.r.o., Remontées Mécaniques Crans Montana Aminona (CMA) SA, Spojené farmy a.s., Statek Mikulášovice, s.r.o., Statek Petrovice, s.r.o., Šenovská zemědělská, s.r.o., Valdovská zemědělská, a.s., Valkeřická ekologická, a.s., Verneřický Angus a.s., Vigano, a.s., Zákupská farma, s.r.o., Zelená farma s.r.o., Zelená louka s.r.o., Zelená pastva s.r.o. and ZEMSPOL s.r.o.

Covenants

Bank loans are subject to covenants. The covenants were met as at 31 December 2020 and 2019.

Maturity of loans from third parties

31 December 2020	Less than one year	1 to 5 years	More than 5 years	Total
Loans from third parties	2.2	2.8	6.8	11.8
Bank loans	247.5	1,097.3	116.1	1,460.9
Total	**249.7**	**1,100.1**	**122.9**	**1,472.7**
31 December 2019	**Less than one year**	**1 to 5 years**	**More than 5 years**	**Total**
Loans from third parties	2.2	2.8	6.8	11.8
Bank loans	41.9	1,030.7	94.1	1,166.7
Total	**44.1**	**1,033.5**	**100.9**	**1,178.5**

Lease liabilities

31 December 2020	Less than one year	1 to 5 years	More than 5 years	Total
Nominal future minimum lease payments	3.3	15.7	31.2	50.2
Interest	(0.2)	(0.6)	(0.4)	(1.2)
Net present value of future minimum lease payments	**3.1**	**15.1**	**30.8**	**49.0**
31 December 2019	**Less than one year**	**1 to 5 years**	**More than 5 years**	**Total**
Nominal future minimum lease payments	2.6	10.7	21.2	34.5
Interest	(0.2)	(0.8)	(0.5)	(1.5)
Net present value of future minimum lease payments	**2.4**	**9.9**	**20.7**	**33.0**

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings	Lease liabilities	Bonds issued	Total
As at 1 January 2020	1,180.0	33.0	2,891.7	4,104.7
Proceeds from bonds issued	-	-	1,228.5	1,228.5
Repayment of bonds issued			(812.9)	(812.9)
Interest paid	(16.8)	(1.1)	(37.7)	(55.6)
Drawings of loans and borrowings	377.3	-	-	377.3
Repayments of loans and borrowings	(139.8)	-	-	(139.8)
Repayment-net of lease liabilities	-	(4.1)	-	(4.1)
Total changes from financing cash flows	**220.7**	**(5.2)**	**377.9**	**593.4**
Changes arising from obtaining or losing control of subsidiaries	56.9	5.2	-	62.1
The effect of changes in foreign exchange rates	0.3	-	(24.5)	(24.2)
Other changes	(3.6)	-	-	(3.6)
Interest expense	19.3	1.1	60.6	81.0
Other net financial result	-	-	(1.7)	(1.7)
New lease contracts	-	14.9	-	14.9
As at 31 December 2020	**1,473.6**	**49.0**	**3,304.0**	**4,826.6**

	Loans and borrowings	Lease liabilities	Bonds issued	Total
As at 1 January 2019	1,199.8	19.4	1,655.1	2,874.3
Proceeds from bonds issued	-	-	1,217.4	1,217.4
Interest paid	(15.6)	(0.5)	(21.1)	(37.2)
Drawings of loans and borrowings	255.9	-	-	255.9
Repayments of loans and borrowings	(316.7)	-	-	(316.7)
Repayment-net of lease liabilities	-	(2.0)	-	(2.0)
Total changes from financing cash flows	**(76.4)**	**(2.5)**	**1,196.3**	**1,117.4**
Changes arising from obtaining or losing control of subsidiaries	37.0	4.5	-	41.5
The effect of changes in foreign exchange rates	1.2	-	10.2	11.4
Interest expense	18.4	0.5	35.2	54.1
Other net financial result	-	-	(5.1)	(5.1)
Leases – effect of IFRS 16 adoption	-	10.4	-	10.4
New lease contracts	-	0.7	-	0.7
As at 31 December 2019	**1,180.0**	**33.0**	**2,891.7**	**4,104.7**

6.16 Derivative instruments

The Group uses interest rate swaps and cross currency swaps to manage its exposure to interest rate movements on its bank loans and bonds issued, respectively.

The fair value of the open derivative instruments

	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps used for hedging	-	-	-	-
Cross currency swap contracts used for hedging	6.8	(53.2)	22.2	-
Other interest rate swap contracts	1.0	(6.8)	3.1	(4.7)
Total derivative instruments	**7.8**	**(60.0)**	**25.3**	**(4.7)**
Current	3.4	(2.0)	0.1	-
Non-current	4.4	(58.0)	25.2	(4.7)
Total derivative instruments	**7.8**	**(60.0)**	**25.3**	**(4.7)**

Cross currency swaps designated as hedging instruments

As at 31 December 2020, the cross currency swap contracts with nominal amount of EUR 1,140.9 million (EUR 666.8 million as at 31 December 2019) of which EUR 103.3 million relates to HKD denominated bonds, EUR 389.3 million relates to GBP denominated bonds, EUR 82.4 million relates to HUF denominated bonds, EUR 92.5 million relates to SGD denominated bonds, EUR 79.3 million relates to CHF denominated bonds, EUR 87.0 million relates to JPY denominated bonds and EUR 307.1 million relates to USD denominated bonds.

The bonds and cross currency swaps have the same critical terms. The Group applies hedge accounting, the derivative instruments are considered as highly effective.

For analysis of liabilities from derivatives with respect of its maturity refer to note 7.2.

Other interest rate swap contracts

Contracts with nominal amounts of EUR 508.8 million (EUR 471.8 million as at 31 December 2019) have fixed interest at an average rate of -0.65% (-0.70% as at 31 December 2019) and have floating interest rate at Euribor. The Group does not designate these derivative instruments as hedging instruments.

6.17 Provisions

	2020	2019
Balance at 1 January	10.1	8.9
Provisions created	1.2	1.2
Provisions utilized	(4.3)	-
31 December	**7.0**	**10.1**

Defined benefit pension plans

The Group operates a defined benefit plan in Switzerland. There is no separate vehicle to accumulate assets to provide for the payment of benefits. Rather, the employer sets up a book reserve in its balance sheet. Therefore, no contributions are expected to be paid by the Group to the plan for the next reporting period. In Switzerland, all companies must offer a sponsored pension plan. The plan will provide a contribution-based cash balance retirement and risk benefits to employees to meet its obligations under Switzerland's mandatory a company provided 2nd pillar pension system. The pension fund is either autonomous or established with an independent collective foundation – in both cases a legal entity separated from the Group. The pension fund is governed by a board that is legally responsible for the operation of the pension fund and empowered to decide on aspects such as the level and structure of the benefits and the fund's investment strategy. One half of the board of each fund consists of employee representatives elected by the members while the remaining members are appointed by the employer. Companies can set their pension plan design (e.g. the salary covered, level of retirement benefits) provided the benefits are always at least equal to the minimum requirements as defined by the pension law.

All plans must provide a minimum level of retirement benefit expressed by a cash balance formula with age-related contribution rates with a minimum insured salary defined by law, and a required interest-crediting rate which is set by the government. It also includes a predetermined conversion rate on the portion of the minimum level of benefits of 6.8%. Because of these guarantees the Swiss pension plans are a hybrid plan and are considered under IAS19 as defined benefit pension plans.

The changes in the defined benefit obligation were as follows:

	2020	2019
As at 1 January	3.9	3.5
Interest cost	0.4	0.4
As at 31 December	**4.3**	**3.9**

As at 31 December 2020 and 2019, the principal actuarial assumptions used were: discount rate and interest credit rate of 0.75%, inflation of 1.00% and annual future salary increase of 1.25%.

6.18 Other financial non-current liabilities

Non-current trade and other payables	31 December 2020	31 December 2019
Tenant deposits	35.7	34.3
Advances received	3.6	8.4
Payables from retentions	6.3	8.0
Trade and other payables due to third parties	6.3	8.4
Derivative instruments (see note 6.16)	58.0	4.7
Total	**109.9**	**63.8**

As at 31 December 2020 and 2019, the deposits from tenants represent Group's payables from received rental related deposits. Their classification corresponds with terms of related rental contracts.

6.19 Trade payables

The decrease of trade payables from EUR 86.0 million as at 31 December 2019 to EUR 70.6 million as at 31 December 2020 relates primarily to overall decrease of hotel operating expenses and building maintenance costs in 2020.

There are no significant overdue balances as at 31 December 2020 and 2019, respectively.

6.20 Other financial current liabilities

	31 December 2020	31 December 2019
Advances received from third parties	37.1	36.9
Tenant deposits	17.6	18.4
Derivative instruments	2.0	-
Deferred income and accrued liabilities	18.9	16.0
Other payables due to related parties	0.8	1.7
Financial liability related to mandatory public tender offer (see note 6.13)	26.0	-
Other payables due to third parties	18.1	25.1
Total	**120.5**	**98.1**

Advances received from tenants as at 31 December 2020 and 2019 represent payments received from tenants for utilities that will be settled against trade receivables when final amount of utilities consumption is known and the final respective invoicing is performed.

6.21 Maturity of borrowings

The table below shows the carrying amount of the debts allocated by date of repayment. Most floating interest debt instruments have a fixing period of 3 months. The Group's borrowings are denominated in EUR, CZK, CHF, PLN, HRK, HKD, HUF, GBP, USD and JPY.

At 31 December 2020	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	108.8	1,916.8	1,278.4	3,304.0
Financial debts	253.0	1,116.0	153.6	1,522.6
Bank loans	247.5	1,097.3	116.1	1,460.9
Bank loans fixed rate	*9.2*	*498.0*	*35.8*	*543.0*
Bank loans floating rate	*238.3*	*599.3*	*80.3*	*917.9*
Loans from related parties	0.1	0.8	-	0.9
Loans from third parties	2.2	2.8	6.8	11.8
Other borrowings	3.2	15.1	30.7	49.0
Total	**361.8**	**3,032.8**	**1,432.0**	**4,826.6**

At 31 December 2019	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	20.8	2,083.4	787.5	2,891.7
Financial debts	47.7	1,043.6	121.7	1,213.0
Bank loans	41.9	1,030.7	94.1	1,166.7
Bank loans fixed rate	*6.3*	*338.0*	*35.4*	*379.7*
Bank loans floating rate	*35.6*	*692.7*	*58.7*	*787.0*
Loans from related parties	1.2	0.3	-	1.5
Loans from third parties	2.2	2.8	6.8	11.8
Other borrowings	2.4	9.8	20.8	33.0
Total	**68.5**	**3,127.0**	**909.2**	**4,104.7**

6.22 Leases where the Group acts as a lessor

The commercial property leases typically have lease terms of between 5 and 10 years and include clauses to enable periodic upward revision of the rental charge according to market conditions. Some contracts contain options to terminate before the end of the lease term.

The following table shows the future rental income from lease agreements where the terms are non-cancellable.

	31 December 2020	31 December 2019
Less than one year	409.2	342.9
Between one and five years	788.4	719.2
More than five years	252.1	190.9
Total	**1,449.7**	**1,253.0**

7 Financial risk management

Exposure to various risks arises in the normal course of the Group's business. Financial risk comprises:

- credit risk (refer to note 7.1);
- liquidity risk (refer to note 7.2);
- market risk including currency risk, interest rate risk and price risk (refer to note 7.3).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risks and the Group's management of capital.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. Supervision of the Group's risks are performed through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

7.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk mainly from its rental activities (primarily for trade receivables) and from its financing activities, including provided loans, deposits with banks and financial institutions and other financial instruments.

Credit risks are addressed by top management through efficient operation of the sales, collection, legal and related departments to prevent excessive increase of bad debts. As at 31 December 2020 and 2019, there were no significant concentrations of credit risk to any single customer or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group limits the risk of rent receivables becoming doubtful by requesting its tenants to pay deposits before moving in. If the future rent is not collected, related receivable is settled against the deposit. The tenants are subject to credit verification procedure before the rent contract is approved. Receivables are monitored on an ongoing basis in order to manage the Group's exposure to bad debts. The Group maintains the creditor management database, creates the segmented reports and performs tenant's ratings to identify the risk factors and apply suitable measures to eliminate corresponding risks immediately.

Customer credit risk is managed reflecting the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard at the time of entering into a rental agreement. Outstanding customer receivables are regularly monitored.

The Ageing structure of financial assets as at 31 December 2020 and 2019 is as follows:

At 31 December 2020	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	368.1	0.9	(0.1)	369.0
Derivatives	7.8	-	-	7.8
Trade and other receivables	69.5	17.4	(15.2)	86.9
Trade receivables presented as other financial assets – non current	*1.2*	*0.3*	*-*	*1.5*
Trade and other receivables – current	*68.3*	*17.1*	*(15.2)*	*85.4*
Other financial current assets	10.6	4.2	(2.2)	14.8
Cash and cash equivalents	632.3	-	-	632.3
Assets held for sale (excluding non-financial assets)	-	-	-	0.0
Total	**1,088.3**	**22.5**	**(17.5)**	**1,110.8**

At 31 December 2019	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	267.8	3.9	(0.1)	271.7
Derivatives	25.3	-	-	25.3
Trade and other receivables	69.2	15.9	(13.8)	85.1
Trade receivables presented as other financial assets – non current	*4.1*	*0.1*	*-*	*4.2*
Trade and other receivables – current	*65.1*	*15.8*	*(13.8)*	*80.9*
Other financial current assets	17.5	4.3	(1.0)	21.8
Cash and cash equivalents	804.5	-	-	804.5
Assets held for sale (excluding non-financial assets)	0.8	-	-	0.8
Total	**1,185.1**	**24.1**	**(14.9)**	**1,209.2**

The ageing analysis of overdue trade and other receivables was as follows (net of impairment):

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Trade and other receivables as at 31 December 2020	9.8	4.2	2.5	0.9	-	17.4
Trade and other receivables as at 31 December 2019	12.3	1.9	0.5	0.5	0.7	15.9

In respect of the ageing analysis and analysis of rent collections, the Group did not monitor significant increase of the credit risk in connection with COVID-19 pandemic in 2020. There has been no significant changes to the provision matrix which is based on the Group's historical credit loss experience and which is used for calculation of the expected credit losses. Development of the credit losses is, due to the negative impacts of COVID-19 pandemic, monitored by the Group on a regular basis.

The Group was able to invoice and regularly collect rent across its portfolio, even at the peak of the COVID-19 outbreak. In 2020, the Group's rent collection rate was 95% before the discounts provided primarily to retail sector and 99% after the discounts (of EUR 13.3 milion in 2020). The Group is in close contact with its tenants in respect of temporary rental discounts, available government support and rent collection. The rent collections are monitored on frequent basis throughout the Group's portfolio based on the location and sector.

The Group does not assume any credit risk related to its financial derivative contracts.

Cash and cash equivalents

Cash and cash equivalents classified per Moody´s ratings of respective counterparties:

	31 December 2020	31 December 2019
A1	325.2	121.4
A2	8.5	26.5
A3	21.6	73.3
Aa2	9.0	-
Aa3	75.7	453.1
Baa1	41.3	21.9
Baa2	2.1	0.8
Baa3	4.8	-
Not rated	144.1	107.5
Total	**632.3**	**804.5**

As at 31 December 2020 and 2019, the unrated counterparties were primarily represented by Czech bank J&T BANKA, a.s. (EUR 134.6 million and EUR 74.2 million, respectively).

7.2 Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have available resources to meet its financial obligations, working capital and committed capital expenditure requirements.

The Group maintains liquidity management to ensure that funds are available to meet all cash flow needs. Concentration of risk is limited thanks to diversified maturity of the Group's liabilities and diversified portfolio of the Group's financing.

The Group manages liquidity risk by constantly monitoring forecasts and actual cash flows and by various long-term financing. The Group's liquidity position is monitored on a weekly basis by division managers and is reviewed quarterly by the Board of Directors. A summary table with maturity of liabilities is used by key management personnel to manage liquidity risks.

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lenders a right to call in the loan before its maturity. The Group monitors loan covenants on a regular basis.

Liquidity risk analysis

The following table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments including accrued interest. The table reflects the earliest settlement of Group's liabilities based on contractual maturity and includes non-derivative as well as derivate financial liabilities.

At 31 December 2020	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	3,304.0	20.4	120.2	411.6	1,757.9	1,337.7	3,647.8
Financial debts	1,522.6	81.9	184.3	240.6	914.6	178.3	1,599.7
- Loans from related parties	*0.9*	*0.1*	*0.1*	*0.7*	*-*	*-*	*0.9*
- Loans from third parties	*11.8*	*1.8*	*0.5*	*0.8*	*2.1*	*7.4*	*12.6*
- Bank loans	*1,460.9*	*78.2*	*181.6*	*234.2*	*899.7*	*119.3*	*1,513.0*
- Lease liabilities	*49.0*	*1.8*	*2.1*	*4.9*	*12.8*	*51.6*	*73.2*
Derivative instruments	60.0	1.9	0.1	3.2	21.4	33.4	60.0
Other non-current liabilities	51.9	-	-	10.1	31.2	10.6	51.9
Other current liabilities	189.1	133.9	55.2	-	-	-	189.1
Liabilities from assets held for sale	4.7	4.7	-	-	-	-	4.7
Total	**5,132.3**	**242.8**	**359.8**	**665.5**	**2,725.1**	**1,560.0**	**5,553.2**

At 31 December 2019	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	2,891.7	10.4	46.5	129.7	2,141.3	819.4	3,147.3
Financial debts	1,213.0	14.3	47.5	207.7	883.3	128.6	1,281.4
- Loans from related parties	*1.5*	*0.1*	*1.2*	*0.3*	*-*	*-*	*1.6*
- Loans from third parties	*11.8*	*1.9*	*0.4*	*0.9*	*2.1*	*7.6*	*12.9*
- Bank loans	*1,166.7*	*10.9*	*44.4*	*201.7*	*874.2*	*97.4*	*1,228.6*
- Lease liabilities	*33.0*	*1.4*	*1.5*	*4.8*	*7.0*	*23.6*	*38.3*
Derivative instruments	4.7	-	-	0.2	4.5	-	4.7
Other non-current liabilities	59.1	-	-	14.3	32.1	12.7	59.1
Other current liabilities	184.1	128.2	55.9	-	-	-	184.1
Liabilities from assets held for sale	0.7	0.7	-	-	-	-	0.7
Total	**4,353.3**	**153.6**	**149.9**	**351.9**	**3,061.2**	**960.7**	**4,677.3**

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

Despite the COVID-19 pandemic lockdowns, the Group strengthened its financing structure primarily by refinancing of its issued bonds (refer to note 6.14) in 2020. As at 31 December 2020, only bonds issued of EUR 552.2 million and financial debts of EUR 506.8 million of total EUR 5,247.5 million mature within the next 2 years. Subsequently to 31 December 2020, in January 2021, the Group further refinanced bonds of EUR 334.3 million and EUR 128.9 million, respectively (see note 11 for more details) which were due in 2021 and 2024.

As at 31 December 2020, the Group also has an unsecured revolving credit facility of EUR 700 million expiring in 2026, which remained undrawn (see note 6.15). The Group also maintains strong cash reserves and maintains flexibility with regard to potential uses of liquidity such as capital expenditures and development spending, shareholder distributions etc.

As of the date of these financial statements, the Group does not face a significant liquidity risk.

7.3 Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's income or the value of its holdings of financial instruments or could cause future cash flows related to financial instruments to fluctuate. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group's market risks mainly arise from open positions in a) foreign currencies and b) loans provided and financial debts, to the extent that these are exposed to general and specific market movements.

The Group uses derivative financial instruments in a limited manner in order to reduce its exposure to the market risk.

Market risk exposures are measured using sensitivity analysis.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant.

7.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk primarily in respect of cash and cash equivalents, loans provided, financial debts and bonds issued.

Sensitivity analysis – exposure to currency risk

The table below shows the material balances held in foreign currencies that are deemed subject to currency risk and presents sensitivities of profit or loss to reasonably possible changes in foreign currency rates with all other variables held constant.

A 10% change in the foreign currency rate of foreign currencies against EUR would have the below effect to profit providing all other variables remaining constant:

	Original currency	31 December 2020	Functional currency depreciated by 10%	Functional currency appreciated by 10%	31 December 2019	Functional currency depreciated by 10%	Functional currency appreciated by 10%
Cash and cash equivalents		**632.3**			**804.5**		
	EUR	499.0	-	-	345.3	-	-
	CZK	87.7	8.8	(8.8)	433.9	43.4	(43.4)
	GBP	0.9	0.1	(0.1)	0.9	0.1	(0.1)
	HRK	0.3	-	-	0.1	-	-
	HUF	19.0	1.9	(1.9)	8.3	0.8	(0.8)
	CHF	1.1	0.1	(0.1)	3.5	0.4	(0.4)
	PLN	22.5	2.3	(2.3)	11.4	1.1	(1.1)
	RON	1.8	0.2	(0.2)	1.1	0.1	(0.1)
Loans provided		**369.0**			**271.7**		
	EUR	367.5	-	-	233.1	-	-
	CZK	1.5	0.1	(0.1)	34.7	3.5	(3.5)
	USD	-	-	-	3.9	0.4	(0.4)
Financial debts		**(1,522.6)**			**(1,213.0)**		
	EUR	(1,468.6)	-	-	(1,139.2)	-	-
	CZK	(8.4)	(0.8)	0.8	(40.6)	(4.1)	4.1
	CHF	(22.3)	(2.2)	2.2	(21.3)	(2.1)	2.1
	HRK	(0.2)	-	-	(0.5)	(0.1)	0.1
	PLN	(23.1)	(2.3)	2.3	(11.4)	(1.1)	1.1
Bonds issued		**(3,304.0)**			**(2,891.7)**		
	EUR	(2,187.9)	-	-	(2,163.7)	-	-
	JPY	(87.0)	(8.7)	8.7	(89.9)	(9.0)	9.0
	GBP	(391.2)	(39.1)	39.1	-	-	-
	HUF	(84.2)	(8.4)	8.4	-	-	-
	USD	(309.2)	(30.9)	30.9	(401.0)	(40.1)	40.1
	CHF	(139.6)	(14.0)	14.0	(151.9)	(15.2)	15.2
	HKD	(104.9)	(10.5)	10.5	(85.2)	(8.5)	8.5
Net exposure	**CZK**	**80.8**	**8.1**	**(8.1)**	**428.0**	**42.8**	**(42.8)**
	CHF	**(160.8)**	**(16.1)**	**16.1**	**(169.7)**	**(17.0)**	**17.0**
	PLN	**(0.6)**	**(0.1)**	**0.1**	**11.4**	**1.1**	**(1.1)**
	HKD	**(104.9)**	**(10.5)**	**10.5**	**(85.2)**	**(8.5)**	**8.5**
	USD	**(309.2)**	**(30.9)**	**30.9**	**(397.1)**	**(39.7)**	**39.7**
	JPY	**(87.0)**	**(8.7)**	**8.7**	**(89.9)**	**(9.0)**	**9.0**
	HRK	**0.1**	**-**	**-**	**(0.4)**	**-**	**-**
	RON	**1.8**	**0.2**	**(0.2)**	**1.1**	**0.1**	**(0.1)**
	HUF	**(65.2)**	**(6.5)**	**6.5**	**8.3**	**0.8**	**(0.8)**
	GBP	**(390.3)**	**(39.0)**	**39.0**	**0.9**	**0.1**	**(0.1)**

The Group uses cross currency swaps to manage its exposure to movements of foreign currency rates on its bonds issued.

The total amount of bonds hedged is EUR 1,048.4 million as at 31 December 2020 (in original currency CHF 85.7 million, JPY 11,000 million, HKD 983 million and USD 376.9 million, HUF 30,000 million, GBP 350 million, respectively).

The total amount of bonds hedged is EUR 666.7 million as at 31 December 2019 (in original currency CHF 100 million, JPY 11,000 million, HKD 733 million and USD 450 million, respectively).

7.3.2 Interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is described in 6.6 and 6.15, respectively. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

Loans provided by the Group require instalments to be paid by the borrower according to a payment schedule, based on a fixed interest rate. The interest rates charged by the Group are usually based on the Group's borrowing interest rates.

As the loans provided are based on fixed rates (except for the loan of EUR 12.7 million provided to Uniborc S.A.), and no financial debt is measured at fair value through profit and loss the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. These obligations primarily include bank loans, lease liabilities and bonds issued.

Bank loans have flexible interest rates based on Euribor or Libor rates for the reference period from 1 to 6 months increased by a fixed margin. Bonds issued comprise fixed rate instruments.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

Sensitivity analysis – exposure to interest rate risk for variable rate instruments

A change of interest rates by 100 basis points at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

A 100 basis points change in the interest rate would have the below effect to profit or equity of the Group providing all other variables remaining constant:

31 December 2020	Effective interest rate	Liability with variable interest rate	Interest calculated
Loans & lease liabilities	0.97%	916.9	8.9
31 December 2019			
Loans & lease liabilities	0.95%	783.8	7.4

31 December 2020	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Loans & lease liabilities	1.97%	18.0	(9.2)	(0.03%)	(0.3)	9.2
31 December 2019						
Loans & lease liabilities	1.95%	15.3	(7.8)	(0.05%)	-	7.4

Effective interest rate and repricing analysis

The following tables indicate effective interest rates of financial debts and periods of their repricing.

31 December 2020	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	2.43%	3,304.0	-	-	3,304.0
Financial debts		1,522.6	812.8	119.4	590.4
- loans from related parties	*1.57%*	*0.9*	*0.4*	*-*	*0.5*
*- loans from third parties***	*0.99%*	*11.8*	*-*	*-*	*11.8*
- bank loans	*0.87%*	*1,460.9*	*798.6*	*119.4*	*542.9*
- lease liabilities	*1.55%*	*49.0*	*13.8*	*-*	*35.2*
Total		**4,826.6**	**812.8**	**119.4**	**3,894.4**

*Including unpaid interest of EUR 43.9 million.
**Including unpaid interest of EUR 0.5 million (fixed interest rate).

31 December 2019	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	2.24%	2,891.7	-	-	2,891.7
Financial debts		1,213.0	635.8	160.7	416.5
- loans from related parties	*4.20%*	*1.5*	*0.3*	*-*	*1.2*
*- loans from third parties***	*1.09%*	*11.8*	*-*	*-*	*11.8*
- bank loans	*1.15%*	*1,166.7*	*626.2*	*160.7*	*379.8*
- lease liabilities	*1.74%*	*33.0*	*9.3*	*-*	*23.7*
Total		**4,104.7**	**635.8**	**160.7**	**3,308.2**

*Including unpaid interest of EUR 20.8 million.
**Including unpaid interest of EUR 0.4 million (fixed interest rate).

7.3.3 Price risk

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rental risk. For sensitivity analysis on changes in assumptions of investment property valuation refer to note 7.5.

7.4 Capital management

The Group's objectives of the Group's capital management is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group as property investor is mainly influenced by the fact that it leverages its project financing by using bank debt and by bond issues. There is limited seasonality effect on the Group. It is rather volatility of financial markets what might positively or negatively influence the Group.

The Group monitors capital on the basis of the gearing ratio and loan to value.

Gearing ratio

This ratio is calculated as total debt divided by total equity. Debt is defined as all non-current and current liabilities. Equity includes all capital and reserves as shown in the consolidated statement of financial position.

	31 December 2020	31 December 2019
Debt	6,014.9	5,203.3
Equity	5,786.5	5,469.5
Gearing ratio in %	**104 %**	**95 %**

Loan to value ratio

This ratio is calculated as total net debt divided by total value of property portfolio. Net debt is defined as all non-current and current interest-bearing liabilities (bonds and financial debts) decreased by balance of cash and cash equivalents. Property portfolio consists of investment property, hotels, inventory and part of other PPE and part of assets held for sale.

	31 December 2020	31 December 2019
Bonds issued	3,304.0	2,891.7
Financial debts*	1,522.6	1,212.7
Cash and cash equivalents	632.3	804.5
Net debt	**4,194.3**	**3,299.9**
Property portfolio	**10,315.6**	**9,111.4**
Loan to value ratio in %	**40.7%**	**36.2%**

*Including financial debts disclosed as liabilities linked to assets held for sale and adjusted by cash and cash equivalents disclosed as assets held for sale.

7.5 Fair value measurement

7.5.1 Fair value of financial instruments

Fair value measurements of financial instruments reported at fair value are classified by level of the following measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the period 2020.

Accounting classification and fair values

The following tables show the carrying amounts at fair value of financial assets and liabilities, including their level in the fair value hierarchy. It does not include fair value information for lease liabilities and financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	31 December 2020		31 December 2019	
Financial assets measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Derivative instruments	7.8	7.8	25.3	25.3
Financial assets not measured at fair value				
Loans provided	369.0	383.8	271.7	278.6
Financial liabilities measured at fair value				
Derivative instruments	60.0	60.0	4.7	4.7
Financial liabilities not measured at fair value				
Bonds	3,304.0	3,348.4	2,891.7	2,950.4
Financial debt – bank loans (floating rate)	920.0	920.0	787.0	787.0
Financial debt – bank loans (fixed rate)	540.9	527.8	379.7	381.8
Financial debt – loans received	12.7	10.7	13.3	11.3

The Group classifies bonds and long-term equity investments as Level 1, derivative instruments as Level 2 and other positions as Level 3 in the fair value hierarchy.

Valuation technique used for measurement of fair value of derivatives

Liabilities from derivative are measured by discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

7.5.2 Fair value measurement of investment property, hotels and biological assets

The Group's investment properties, hotels and biological assets were valued at 31 December 2020 and 2019 in accordance with the Group's accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all these properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial closing.

COVID-19, a highly infectious virus, was declared a world-wide pandemic by the WHO on 11 March 2020. The measures to slow the spread of COVID-19 have had a significant impact on the global economy, including the real estate sector. From the Group's portfolio, hotels were impacted the most due to the closure of borders and restrictions on international and domestic travel for a significant portion of 2020. There was less impact on the Group's retail portfolio of which around 50% remained open, despite multiple lockdowns throughout 2020, given the high proportion of essential retailers in the portfolio. There was a limited impact of COVID-19 pandemic on the Group's office and residential portfolio, which largely exhibited normal performance and collection rates, despite office workers spending a significant portion of the year working remotely from home.

As at the valuation date, the independent external valuers could attach less weight to the previous market evidence in forming their conclusions. The most significant negative impact of COVID-19 related to properties which are priced on their trading potential with examples including hotels and restaurants which generally face more significant impact on pricing compared to other real estate assets.

The independent external valuers included a material estimation uncertainty clause in respect of impact COVID-19 pandemic in their valuation reports across all property types as at 31 December 2020. Consequently, a higher degree of caution should be applied in analysing and interpretation of the valuation results then would normally be the case. The inclusion of the material estimation uncertainty clause does not mean that valuations would not be reliable. It should rather highlight the extraordinary circumstances caused by COVID-19 pandemic lockdowns and the fact that less certainty can be attached to the valuations results than it would normally be the case.

Given the material uncertainty, the future development and impacts of COVID-19 pandemic on the real estate market should be monitored regularly in the upcoming months. The Group performes regular revaluation of its complete investment property and hotel portfolio on annual basis. If there is indication of a significant change in the fair value, the valuation is performed semi-annually.

There were no changes in the valuation methodology used for investment property in respect of COVID-19.

7.5.3 Main observable and unobservable inputs

The table below presents the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at the end of 31 December 2020 and 2019 respectively. The fair value hierarchy of the valuations is Level 3.

Investment property

Retail	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic Retail Warehouse	47	48	Income capitalisation	ERV per sqm	€59-€121(€104)	€61-€125 (€107)
				NRI per sqm	€50-€185 (€118)	€55-€177 (€116)
				Equivalent yield	6.7%-7.6% (7.0%)	6.8%-7.7% (7.1%)
				Vacancy rate	-	0%-7.3% (0.3%)
Czech Republic Retail Warehouse	285	268	DCF	ERV per sqm	€44-€3,680 (€117)	€47-€137 (€105)
				NRI per sqm	€41-€3,826 (€121)	€14-€159 (€107)
				Discount Rate	6.9%-8.6% (7.4%)	6.9%-8.9% (7.4%)
				Exit Yield	6.6%-7.9% (7.2%)	6.7%-7.9% (7.2%)
				Vacancy rate	0%-44.8% (1.8%)	0%-84.7% (2.7%)
Czech Republic - Shopping Centres and Galleries	9	17	Income capitalisation	ERV per sqm	€197-€197 (€197)	€203-€210 (€206)
				NRI per sqm	€62-€62(€62)	€188-€191 (€189)
				Equivalent yield	4.1%-4.1% (4.1%)	4.0%-6.3% (5.0%)
				Vacancy rate	-	0%-1.2% (0.5%)
Czech Republic, Prague - Shopping Centres and Galleries	278	297	DCF	ERV per sqm	€235-€630(€526)	€254-€627 (€540)
				NRI per sqm	€241-€602 (€512)	€255-€647 (€551)
				Discount Rate	4.0%-6.5% (4.6%)	3.5%-6.3% (4.3%)
				Exit Yield	3.8%-6.1% (4.4%)	3.5%-6.0% (4.2%)
				Vacancy rate	0.5%-4.6% (3.1%)	0%-3.0% (1.4%)
Czech Republic - Shopping Centres and Galleries	920	934	DCF	ERV per sqm	€137-€234 (€189)	€145-€256 (€195)
				NRI per sqm	€124-€237 (€178)	€130-€225 (€184)
				Discount Rate	6.0%-7.4% (6.6%)	5.8%-7.3% (6.4%)
				Exit Yield	5.6%-7.7% (6.2%)	5.5%-6.5% (6.0%)
				Vacancy rate	0.2%-11.0% (3.4%)	0%-10.3% (3.7%)
Czech Republic - Other retail Properties	41	65	Income capitalisation	ERV per sqm	€21-€163 (€98)	€21-€171 (€95)
				NRI per sqm	€1-€164 (€86)	€0-€167 (€88)
				Equivalent yield	6.5%-9.5% (7.7%)	5.5%-9.5% (7.0%)
				Vacancy rate	0%-100% (13.4%)	0%-100% (13.3%)
Poland – Shopping Centres and Galleries	133	137	Income capitalisation	ERV per sqm	€168-€182 (€180)	€185-€188 (€186)
				NRI per sqm	€146-€148(€147)	€158-€175 (€172)
				Equivalent yield	6.5%-7.3% (6.6%)	6.3%-7.3% (6.4%)
				Vacancy rate	3.2%-9.0% (4.0%)	3.1%-5.3% (3.4%)
Poland Retail Warehouse	28	28	Income capitalisation	ERV per sqm	€112-€139(€127)	€112-€140 (€126)
				NRI per sqm	€106-€128 (€118)	€97-€124 (€111)
				Equivalent yield	7.0%-7.8% (7.6%)	7.0%-7.8% (7.6%)
				Vacancy rate	0.0%-5.5% (2.5%)	0.0%-5.5% (2.3%)
Complementary Assets Retail Warehouse	156	158	DCF	ERV per sqm	€54-€117 (€97)	€54-€117 (€97)
				NRI per sqm	€20-€147 (€94)	€47-€143 (€99)
				Discount Rate	7.8%-9.0% (8.1%)	7.4%-9.0% (7.8%)
				Exit Yield	7.3%-8.4% (7.6%)	7.15%-8.4% (7.5%)
				Vacancy rate	0%-11.4% (0.7%)	0%-12.3% (1.9%)
Complementary Assets Portfolio - Shopping Centres and Galleries*	287	220	DCF	ERV per sqm	€149-€1,400 (€389)	€163-€254 (€195)
				NRI per sqm	€50-€591 (€209)	€128-€249 (€176)
				Discount Rate	5.3%-10.3% (7.7%)	7.0%-9.5% (8.2%)
				Exit Yield	3.4%-9.5% (6.8%)	6.8%-9.0% (7.8%)
				Vacancy rate	0%-40.4% (12.2%)	0%-6.8% (3.3%)

* Compared to 31 December 2019, newly acquired the three NovaRe retail units of EUR 80.9 million included. Range of ERV per sqm used in the valuation of these shopping centres was EUR 360 - EUR 1,400 per sqm (average of EUR 893 per square meter). Range of NRI per sqm used in the valuation of these shopping centres was EUR 50 – EUR 591 per sqm (average of EUR 345 per sqm).

Office	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	21	29	Income capitalisation	ERV per sqm	€143-€143 (€143)	€100-€147 (€136)
				NRI per sqm	€124-€124 (€124)	€79-€123 (€112)
				Equivalent yield	7.5%-7.5% (7.5%)	6.5%-7.9% (7.6%)
				Vacancy rate	-	0.3%-6.6% (1.9%)
Czech Republic	890	785	DCF	ERV per sqm	€86-€263 (€181)	€86-€255 (€181)
				NRI per sqm	€38-€304 (€154)	€0-€302 (€166)
				Discount rate	4.7%-8.5% (6.1%)	4.5%-8.5% (5.8%)
				Exit Yield	4.4%-8.5% (6.1%)	4.5%-8.8% (6.0%)
				Vacancy rate	0%-61.9% (8.5%)	0%-60.6% (6.0%)
Berlin	2,460	2,298	DCF	ERV per sqm	€66-€310 (€195)	€46-€298 (€185)
				NRI per sqm	€47-€284 (€114)	€46-€197 (€105)
				Discount rate	3.0%-5.8% (4.8%)	3.3%-12.0% (4.8%)
				Exit Yield	3.3%-5.5% (4.7%)	3.8%-5.8% (5.0%)
				Vacancy rate	0%-29.4% (12.2%)	0%-20.8% (7.2%)
Poland	836	0	Income capitalisation	ERV per sqm	€168-€305 (€232)	-
				NRI per sqm	€146-€278 (€212)	-
				Equivalent yield	5.0%-7.6% (5.8%)	-
				Vacancy rate	0.3%-12.4.% (3.7%)	-
Poland	145	143	DCF	ERV per sqm	€156-€232 (€216)	€154-€232 (€210)
				NRI per sqm	€95-€252 (€145)	€128-€211 (€146)
				Discount rate	7.3%-9.0% (7.9%)	7.3%-8.0% (7.5%)
				Exit Yield	7.0%-8.5% (7.9%)	6.8%-8.5% (8.0%)
				Vacancy rate	0%-20.8% (11.5%)	0%-16.2% (10.9%)
Complementary Assets	338	302	DCF	ERV per sqm	€96-€239 (€164)	€96-€232 (€179)
				NRI per sqm	€43-€155 (€116)	€87-€211 (€143)
				Discount rate	5.6%-10.0% (7.1%)	6.0%-9.0% (7.0%)
				Exit Yield	4.8%-9.5% (6.5%)	6.5%-9.0% (7.5%)
				Vacancy rate	0%-36.4% (8.9%)	0%-43.3% (9.2%)

Industry and Logistics	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	74	56	DCF	ERV per sqm	€27-€102(€57)	€24-€106(€55)
				NRI per sqm	€6-€63 (€45)	€13-€113 (€52)
				Discount rate	6.0%-12.0% (6.8%)	6.5%-12.0% (7.3%)
				Exit yield	6.0%-11.5% (6.6%)	6.5%-11.5% (7.1%)
				Vacancy rate	0%-100.0% (6.8%)	0%-64.5% (6.2%)
Germany Industry and Logistics	3	4	DCF	ERV per sqm	€19	€19
				NRI per sqm	€19	€19
				Discount rate	2.5%	2.5%
				Exit yield	5.0%	5.0%
				Discount rate	0%	0%
Complementary Assets Industry and Logistics	40	39	DCF	ERV per sqm	€42-€63(€59)	€41-€62(€57)
				NRI per sqm	€44-€65 (€55)	€42-€60 (€49)
				Discount rate	7.3%-7.5% (7.4%)	7.3%-7.5% (7.4%)
				Exit yield	7.0%-7.0% (7.0%)	7.0%-7.0% (7.0%)
				Discount rate	0%-5.2% (3.3%)	0%-18.3% (7.2%)

Residential	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	433	394	Comparable	Fair value per sqm	€161-€1,252(€629)	€86-€1,078 (€602)
Czech Republic, Prague	77	72	Comparable	Fair value per sqm	€2,324-€6,665 (€2,607)	€2,099-€6,902 (€2,505)
Complementary Assets	322	274	Comparable	Fair value per sqm	€4,070-€31,927 (€15,516)	€6,635-€36,800 (€21,819)

Landbank and Development	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic - Landbank	282	212	Comparable	Fair value per sqm	€1-€2,419 (€15)	€1-€2,517 (€81)
Prague – Landbank	380	311	Comparable	Fair value per sqm	€5-€3,632 (€269)	€6-€3,225 (€452)
Czech Republic - Landbank	5	5	Residual	Total EMRV per sqm	€15	€15
				Gross development value per sqm	€2,073	€2,073
				Development margin	25%	25%
Czech Republic - Development	3	72	Development Appraisal	Total EMRV per sqm	€238	€55-€238 (€189)
				Gross development value per sqm	€3,959	€925-€4,767 (€3,130)
				Development margin	16.6%	7.5%-20.0% (13.6%)
Poland - Landbank	0.4	0.4	Comparable	Fair value per sqm	€29	€29
Berlin - Landbank	96	102	Comparable	Fair value per sqm	€2,586-€8,364 (€4,341)	€3,095-€6,229 (€4,381)
Complementary Assets*	26	33	Comparable	Fair value per sqm	€2-€1,077 (€74)	€2-€1,124 (€373)

* Compared to 31 December 2019, one Romanian landbank of EUR 1.5 million was sold, two Romanian landbanks of EUR 5 million are classified as Asset Held for Sale and one Polish landbank of EUR 0.5 million was reclassified to separate category „Poland – Landbank".

Agriculture Land	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	99	101	Comparable	Fair value per sqm	€0-€1 (€1)	€0-€1 (€1)

Hotels

	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	363	423	DCF	Rate per key	€10,899-€416,151 (€86,976)	€10,283-€477,004 (€152,036)
				Exit yield	4.7%-8.5% (7.0%)	4.2%-8.3% (6.4%)
				Discount rate	5.7%-10.5% (8.1%)	5.2%-10.8% (7.3%)
Complementary Assets	139	147	DCF	Rate per key	€58,929-€236,721 (€131,100)	€72,417-€298,333(€192,948)
				Exit yield	5.3%-8.0% (7.4%)	6.5%-7.3% (7.0%)
				Discount rate	7.0%-10.5% (9.3%)	7.0%-10.5% (8.9%)
Croatia	162	192	DCF	Rate per key	€6,871-€338,065 (€109,215)	€5,833-€790,833 (€469.077)
				Exit yield	7.8%-10.3% (8.2%)	7.5%-9.5% (7.9%)
				Discount rate	9.4%-12.3% (10.2%)	8.0%-11.2% (9.8%)

Primarily due to the COVID-19 lockdowns, the hotels rate per key across the Groups hotel portfolio significantly decreased. The Group's revaluation of the hotels portfolio resulted in the valuation loss and the impairment loss reflects of EUR 45.7 million and EUR 36.7 million, respectively (refer to note 6.3) in 2020. The Group estimates a full recovery after a five years period.

Mountain Resorts

	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Hotel development	37	40	Development	Gross development value per sqm	€ 4,751	€ 5,587
				Development margin	20%	20%
Mountain Resort	30	39	DCF	Discount rate	6.2%	5.9%
				Terminal growth	1.5%	1.6%

The tables above are net of properties classified as assets held for sale, recent acquisitions (see note 3.3) and selected leased properties.

The amounts of classes of property as at 31 December 2020 in the table above is not fully comparable to the amounts as at 31 December 2019, primarily due to changes of valuation methods and changes in classification of assets due to their change of use. In 2020, the Group precised calculation of weighted average of fair values per sqm and key. The same approach was applied to comparatives as at 31 December 2019.

Discounted cash flow method (DCF) – *application guidance provided by IVSC*

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Market comparable method – *application guidance provided by IVSC*

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied is the price per square metre (sqm).

Income capitalisation method – *application guidance provided by IVSC*

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor´s rate of return). The difference between gross and net rental income includes expense categories such as vacancy, non recoverable expenses, collection losses, lease incentives, maintenenance cost, agent and commission costs and other operating and management expenses. When using the income capitalisation method, the mentioned expenses have to be included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised.

Sensitivity analysis on changes in assumptions of property valuation

The Group has performed a sensitivity analysis on changes in assumptions of property valuation.

The significant unobservable inputs used in fair value measurement categorized as level 3 of the fair value hierarchy of the Group's portfolio are:

- Equivalent yield or discount rate
- Estimated rental value (ERV), rental or terminal growth
- Development margin for development

Change of the valuation rates would result in the following fair values – analysis of the portfolio of assets valued by discounted cash flow and income capitalization method:

As at 31 December 2020

Berlin office

ERV	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	2,385	2,335	2,286
-	2,514	2,460	2,410
5.00%	2,643	2,587	2,533

Czech Republic - Retail - Income capitalisation

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	93	93	93
-	97	97	97
5.00%	101	101	101

Poland - Office - Income capitalisation

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	838	798	762
-	878	836	797
5.00%	917	873	833

Czech Republic - Retail - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	1,469	1,409	1,354
-	1,546	1,483	1,425
5.00%	1,623	1,557	1,496

Complementary Retail - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	438	424	411
-	457	442	429
5.00%	476	461	447

Czech Republic - Office - Income capitalisation

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	21	21	20
-	22	21	21
5.00%	23	22	22

Poland - Retail - Income capitalisation

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	161	155	149
-	167	161	155
5.00%	174	167	161

Poland - Office - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	142	138	134
-	149	145	141
5.00%	157	152	148

Complementary Office - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	339	333	327
-	345	338	332
5.00%	350	343	337

Czech Republic - Office - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	881	846	814
-	927	890	856
5.00%	973	935	899

Complementary Industry - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	41	41	42
-	40	40	41
5.00%	39	40	40

Czech Republic - Industry - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	74	71	68
-	77	74	72
5.00%	81	78	75

Croatia - Hotels - DCF

Growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	158	153	148
-	168	162	157
5.00%	177	171	166

Czech Republic - Hotels - DCF

Rental growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	361	340	322
-	386	363	344
5.00%	410	386	366

Complementary Hotels - DCF

Growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	136	132	128
-	144	139	135
5.00%	152	147	143

CMA Mountain resort

Terminal Growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(0.50%)	29	26	23
-	34	30	26
0.50%	39	34	30

Residual Value in MEUR	Czech Republic Development	Czech Republic Land Residual	Complementary - Hotel Development	Mountain resorts - Hotel Development
Developer's Profit (5.00%)	3	6	7	50
Developer's Profit (2.50%)	3	5	7	45
Developer's Profit as set	3	5	6	37
Developer's Profit 2.50%	3	5	6	36
Developer's Profit 5.00%	3	4	6	32

As at 31 December 2019

Berlin office

ERV	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	2,322	2,276	2,230
-	2,345	2,298	2,252
5.00%	2,367	2,320	2,274

Czech Republic - Retail - Income capitalisation

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	126	125	124
-	132	130	129
5.00%	137	135	134

Complementary - Retail - Income capitalisation

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	165	158	152
-	172	165	159
5.00%	179	172	166

Czech Republic - Retail - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	1,486	1,426	1,371
-	1,561	1,498	1,440
5.00%	1,637	1,571	1,510

Complementary Retail - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	373	361	350
-	390	377	366
5.00%	406	393	382

Czech Republic - Office - Income capitalisation

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	30	30	29
-	29	29	29
5.00%	28	28	28

Complementary Office - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	445	436	426
-	455	445	436
5.00%	465	454	445

Czech Republic - Office - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	778	745	716
-	818	785	754
5.00%	859	824	791

Complementary Industry - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	39	39	38
-	40	39	39
5.00%	40	40	39

Czech Republic - Industry - DCF

ERV	Yield (0.25%)	Yield -	Yield 0.25%
(5.00%)	55	53	52
-	58	56	54
5.00%	61	59	57

Croatia - Hotels - DCF

Growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	183	182	180
-	193	192	190
5.00%	204	202	200

Czech Republic - Hotels - DCF

Rental growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	408	395	384
-	436	422	410
5.00%	464	450	436

Complementary Hotels - DCF

Growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(5.00%)	142	140	138
-	150	147	145
5.00%	157	154	152

CMA Mountain resort

Terminal Growth	Discount rate (0.25%)	Discount rate -	Discount rate 0.25%
(0.50%)	38	34	31
-	43	39	35
0.50%	50	45	40

Residual Value	Czech Republic Development	Czech Republic Land Residual	Mountain resorts - Hotel Development
Developer's Profit (5.00%)	78	6	49
Developer's Profit (2.50%)	75	6	44
Developer's Profit as set	72	5	40
Developer's Profit 2.50%	69	5	36
Developer's Profit 5.00%	67	4	32

The fair value used in the sensitivity analysis above includes properties, which were valued by income based or residual valuation method (with exception for development in Berlin and Berlin leasehold industry and logistics where no development margin was applied in the valuation). Properties valued by comparable method are not subject of sensitivity analyses.

8 Contingencies and Litigations

Kingstown dispute in Luxembourg

On 20 January 2015, the Company was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown"), claiming to be the shareholders of CPI FIM SA, filed with the Tribunal d´Arrondissement de et a Luxembourg (the "Luxembourg Court"). The petition seeks condemnation of the Company together with CPI FIM SA and certain members of CPI FIM SA's board of directors as jointly and severally liable to pay damages in the amount of EUR 14.5 million and compensation for moral damage in the amount of EUR 5 million. According to Kingstown's allegation the claimed damage has arisen as a consequence of inter alia alleged violation of CPI FIM SA's minority shareholders rights. To the best of Company's knowledge, Kingstown was not at the relevant time a shareholder of the Company. Therefore, and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio judicatum solvi plea, which consists in requiring the entity who initiated the proceedings and who does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. On 19 February 2016 the Luxembourg Court rendered a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the "Caisse de Consignation" in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157.0 million. The Company continues to believe the claim is without merit.

On 21 June 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPIPG. The Court dismissed the claim against CPIPG because the claim was not clearly pleaded ("libellé obscur"). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPIPG and failed to demonstrate how CPIPG committed any fault. In December 2020, the Luxembourg Court declared that the inadmissibility of the claim against the Company and certain other defendants has not resulted in the inadmissibility of the litigation against the Company's subsidiary CPI FIM SA and the remaining defendants. CPI FIM SA and the remaining defendants are scheduled to present their written submissions during the first half of 2021. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA.

Kingstown disputes in the United States

On 10 April 2019, a group of Kingstown companies, Investhold LTD and Verali Limited (together, the "Kingstown Plaintiffs") filed a claim in the United States District Court of the Southern District of New York (the "SDNY Court") against, among others, CPIPG and Mr. Radovan Vítek (together, the "CPIPG Defendants"). The claims brought by the Kingstown Plaintiffs against CPIPG include alleged violations of RICO.

CPIPG believes that the claims are without merit and were designed to create negative press attention for CPIPG and to force an undue settlement. 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. 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.

On 4 September 2020, the SDNY Court granted the CPIPG Defendants' motions to dismiss. The SDNY Court ruled that the case should defer to the existing proceedings in Luxembourg, which is the locus where most of the relevant evidence in the case is located. The SDNY Court also determined that Luxembourg would be a more convenient forum for litigation, and that Luxembourg's legal system was sufficiently adequate to allow for the resolution of Kingstown Plaintiffs' claims.

The Kingstown Plaintiffs appealed the dismissal decision to the Second Circuit Court of Appeals on 5 October 2020, which they were entitled to do as of right under U.S. law. The Kingstown Plaintiffs' appeal is limited to identifying certain purported errors that the District Court made in reaching its decision and cannot introduce new facts or arguments that were not raised before the District Court during the motion to dismiss briefing.

The briefing is expected to occur in the first half of 2021 and the the decision on the appeal may take between a few months to over a year. CPIPG believes that our position on appeal is strong given the high level of deference that the Second Circuit must give the District Court's decision by law.

On 3 June 2020, Kingstown filed yet another complaint against CPIPG and Mr. Radovan Vitek in New York. This time, Kingstown filed in New York State court, alleging that they were somehow defamed through April 2019 press releases and other statements in relation to Kingstown's first-filed U.S. lawsuit, which is currently pending in the SDNY Court.

On 18 September 2020 CPIPG moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law. The motion to dismiss is currently being considered by the court. Although it is difficult to estimate when a decision will be issued, it is likely we will have the judge's ruling in the next few months.

The Group did not account for any provision in respect of the Kingstown disputes.

Disputes related to warrants issued by CPI FIM SA

The Company's subsidiary CPI FIM SA was sued by holders of the warrants holders of 2014 Warrants registered under ISIN code XS0290764728 (the "2014 Warrants"). The first group of the holders of the Warrants sued CPI FIM for approximately EUR 1.2 million in relation to the Change of Control Notice published by CPI FIM SA, notifying the holders of the 2014 Warrants that the Change of Control, as defined in the Securities Note and the Summary for the 2014 Warrants, occurred on 8 June 2016. The second holder of the 2014 Warrants sued CPI FIM SA for approximately EUR 1 million in relation to the alleged change of control which allegedly occurred in 2013. These litigations are pending, with first hearings expected probably in 2022. CPI FIM SA will defend itself against these lawsuits.

It is reminded that in accordance with the judgement of the Paris Commercial Court pronounced on 26 October 2015 concerning the termination of CPI FIM SA's Safeguard Plan, liabilities that were admitted to the Safeguard, but are conditional or uncalled (such as uncalled bank guarantees, conditional claims of the holders of 2014 Warrants registered under ISIN code XS0290764728, provided that they were admitted to the Safeguard plan), will be paid according to their contractual terms. Pre-Safeguard liabilities that were not admitted to CPI FIM SA's Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to CPI FIM SA's Safeguard Plan, could be considered in respect of the present Change of Control. Claims of holders of the 2014 Warrants that were not admitted to CPI FIM SA's Safeguard will be unenforceable against CPI FIM SA. To the best of Company's knowledge, none of the holders of the 2014 Warrants who sued CPI FIM SA filed their claims 2014 Warrants related claims in CPI FIM SA's Safeguard Plan.

Hagibor Office Building dispute

In March 2016, the insolvency administrator of CPI FIM SA's subsidiary Hagibor Office Building ("HOB"), filed a lawsuit, requesting that CPI FIM SA returns to HOB in aggregate USD 16.49 million, paid by HOB to CPI FIM SA in 2012. CPI FIM SA is of the opinion that the lawsuit has no merit given that in 2012 HOB duly repaid its loan to CPI FIM SA. CPI FIM SA will defend itself against this lawsuit. In August 2016, the litigation has been stayed until litigation concerning the ownership of the Radio Free Europe building is resolved. In December 2016 CPI FIM SA filed a lawsuit claiming the non-existence of pledges registered on the Radio Free Europe building in favor of the financing bank. A hearing on the matter of the non-existence of pledges took place in November 2018. After the lawsuit was dismissed, CPI FIM SA filed a new claim in the matter of non-existence of pledges.

In November 2019, a global settlement agreement was agreed in relation to the above disputes relating to HOB and Radio Free Europe building. The settlement agreement was concluded along with extensive ancillary documentation, which included, inter alia, termination of all court proceedings and confirmations that concerned parties no claims against each other. The settlement became effective on 20 March 2020.

Viterícon

On 15 March 2019, the Company received a summons from the Berlin Court. The Company was sued by an insolvency administrator of the Company's former subsidiary. The insolvency administrator is claiming invalidity of an intragroup debt settlement from 2013 and claims a payment of EUR 10.4 million from the Company. The Company appointed a counsel and is prepared to defense itself in front of the Berlin Court. The first hearings are expected to occur in April 2021.

Nova RE

On 30 October 2020, Sorgente Group Italia S.r.l. ("SGI") notified to Nova RE a writ of summons (the "Proceeding"), whereby SGI challenged and asked the Court of Rome to declare, among others, the invalidity of the resolution approving the capital increase, adopted by Nova RE's Board of Directors on 29 October 2020 (the "Capital Increase Resolution") for alleged infringement of certain rules regulating the share capital. In light of the impossibility to obtain the declaration of invalidity of the Capital Increase Resolution, it is likely that SGI might "convert" its original claims of invalidity of the Capital Increase Resolution into a claim for damages against Nova Re. At the first hearing held on March 9, 2021 the Judge granted the parties terms for the filing defense briefs and the Proceeding has been postponed to the hearing of October 12, 2021 to assess the admissibility and relevance of the requests formulated by the parties with the defensive briefs.

9 Capital and other commitments

The Group has capital commitments in the total amount of EUR 52.4 million in respect of capital expenditures contracted as at 31 December 2020 (EUR 77.2 million as at 31 December 2019).

10 Related party transactions

The Group has a related party relationship with its members of the Board of Directors (current and former) and executive management (key management personnel), shareholder and companies in which these parties held controlling or significant influence or are joint ventures.

The remuneration of the key management personnel and members of Board of Directors are summarized in following table:

	31 December 2020	31 December 2019
Remuneration paid to the key management personnel and members of Board of Directors	2.7	1.5

Balances and transactions with the key management personnel and members of Board of Directors and the Group:

	31 December 2020	31 December 2019
Loans provided	0.1	0.1
Trade receivables	1.1	0.6
Trade payables	-	0.1
Perpetual notes	0.2	0.4
Transactions		
Interest income and other revenues	0.2	0.5
Other costs	(0.5)	(1.4)

Balances and transactions with the majority shareholder of the Group:

	31 December 2020	31 December 2019
Trade receivables	1.6	0.4
Other receivables	5.4	5.2
Loans received	-	0.9
Other payables	-	0.1
Transactions		
Interest income	0.1	0.1
Other revenues	0.1	-

Balances and transactions with other related parties:

Entities over which the majority shareholder has control	31 December 2020	31 December 2019
Loans provided	334.8	245.4
Trade receivables	0.2	0.2
Loans received	0.4	0.3
Other payables	-	0.4
Transactions		
Other revenues	0.1	0.2
Interest income	14.9	8.9
Other costs	-	(0.1)
Lease and rental	(0.1)	(0.1)
Close family members/entities controlled by close family members of the majority shareholder	**31 December 2020**	**31 December 2019**
Other payables	0.8	1.2
Transactions		
Other revenues	0.4	0.1
Entities controlled by members of Board of Directors	**31 December 2020**	**31 December 2019**
Loans provided	0.1	-
Other receivables	1.2	-
Loans received	0.4	0.3
Transactions		
Other revenues	0.3	0.1
Lease and rental	(0.1)	(0.2)
Joint ventures	**31 December 2020**	**31 December 2019**
Loans provided	12.7	11.9
Transactions		
Interest income	0.8	0.8

Main transactions with related parties

Loans provided by the Group to the majority shareholder and related parties

As at 31 December 2020 and 2019, the outstanding balance of loans provided by the Group to Gamala Limited, a company closely related to the majority shareholder, amounts to EUR 334.7 million and EUR 238.5 million, respectively. The majority of these loans bear a fixed interest at a rate of 5% p.a and are repayable in 2021 and 2023.

Acquisition of Pietroni, s.r.o.

On 29 November 2019, the Group acquired 100% shares in Pietroni, s.r.o. from the majority shareholder for EUR 1 (see note 3.8). Pietroni, s.r.o. owned 67,000,000 of the CPI PG shares as of the acquisition date (see note 6.13). As part of the transaction, the Group acquired current financial liability of EUR 10.1 million provided by (and repaid to) the majority shareholder.

The related party transactions are priced on arm's length basis.

11 Events after the reporting period

Share buyback and cancellation of shares

On 26 February 2021, the Company completed the repurchase of 641,658,176 of its own shares under the share buyback programme for a total of EUR 395.3 million (EUR 0.616 per share). About 94% of the shares were tendered by the Company's primary shareholder, Radovan Vitek (350,500,000 shares) and the Company's subsidiary CPI FIM SA (252,302,248 shares). The rest of the tenders were from management and third parties. Of the total amount, EUR 210.7 million was used by the Company's primary shareholder to partially repay the loan provided by the Group to related party Gamala. The extraordinary general meeting of shareholders held on 31 March 2021 in Luxembourg resolved to decrease the corporate capital of the Company by the amount of EUR 64,165,817.60 by means of cancellation of 641,658,176 shares acquired during the share buy back.

Financing

On 27 January 2021, the Group issued 10-year 1.5% fixed rate senior unsecured bonds (ISIN XS2290544068) of EUR 650 million and undated 3.75% fixed rate resettable undated bonds of EUR 400 million (ISIN XS2290533020) which are callable in 2028.

In January and February 2021, the Group used a portion of the proceeds issued to repay perpetual notes of EUR 213.2 million callable in 2023 (ISIN XS1819537132), to repay a portion (EUR 128.9 million) of the senior bonds (ISIN XS1693959931) due in 2024, to repay senior bonds (ISIN XS1894558102) of EUR 334.3 million (via Make-whole Redemption) due in 2022. In March, the remaining €8.6 million of the perpetual notes callable in 2023 (ISIN XS1819537132) was repaid, after which the instrument was fully redeemed.

On 25 February 2021 the Group issued 4-year 0.71% JPY 3 billion senior unsecured bonds (ISIN XS230703264). The proceeds are converted to EUR through a cross-currency swap.

On 21 March 2021, the Group repaid EUR 71.5 million of the Schuldschein loans maturing in 2023.

Acquisitions

On 22 January 2021 the mandatory public tender offer for Nova RE shares was closed. As a result, CPIPG acquired 9,348,018 shares of Nova RE in the tender for a total amount of EUR 22.1 million (EUR 2.36 per share). Following the Closing of the tender offer, CPIPG Held 20,360,573 ordinary shares of NOVA RE, equal to 92.4% of the relevant share capital. As at the date, CPIPG holds 19,180,573 shares of NOVA RE, equal to approximately 87.1%.

On 29 March 2021, the Group acquired a building in London, UK for GBP 53.9 million (EUR 59.9 million).

Impact of the COVID-19 pandemic on the Group

COVID-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the WHO on 11 March 2020.The measures to slow the spread of COVID-19 have had a significant impact on the global economy.

The outbreak of the pandemic heavily impacted global financial markets, economies and the real estate sector. Throughout the COVID-19 pandemic, over 80% of Group's portfolio (excluding hotels) remained open and operational, including around 50% of the Group's retail portfolio, given the high proportion of essential retail tenants. The office and residential portfolios were effectively operating normally, with stable occupancy, rents and collection rates close to 100%. Certain markets continued to grow and saw increases in rents, such as Berlin. The most significant negative impact of COVID-19 on the Group related to the hotel portfolio. In 2020, the Group recognized the valuation loss and the impairment loss from revaluation of its hotel portfolio of EUR 45.7 million and EUR 36.7 million, respectively (refer to note 6.3). The Group estimates a full recovery of the hotel business after a five years period.

Retail was also affected significantly, though government support (especially in the Czech Republic) was strong and consistent, providing tenants that were forced to close during 2020 with rent subsidies. In addition, the Group supported selected retail tenants with specific one-time discounts which represented only 3.6% of the Group's gross rental income in 2020. The total discounts amounted to EUR 13.3 million in 2020. The Group plans to provide discounts on similar basis in the first half of 2021. The Group was able to invoice and regularly collect rent across its portfolio, even at the peak of the COVID-19 outbreak.

The Group's rent collection rate for the entire year was 95% before the discounts provided primarily to retail sector and 99% after the discounts. There has been no significant impact of COVID-19 pandemic on the Group's credit risk (for more details, refer to note 7.1).

As an effect of COVID-19 pandemic, the Group's capital expenditure and development plans are being reassessed and reprioritised. The Group has taken actions to reduce overhead and other costs. As a result, the Group's administrative expenses decreased by 11.5%, property operating expenses by 17.3% and hotel operating expenses by 50% in 2020, compared to 2019.

As COVID-19 pandemic lockdowns had no significant impact on the Group's business, the Group decided to further improve its financing structure by refinancing its issued bonds and perpetual notes, improving the weighted average maturity profile (refer to notes 6.14, 6.13 and above for more details).

Before the COVID-19 outbreak, the Group had EUR 1 billion of liquidity and no significant debts maturing until 2022. As at 31 December 2020, total liquidity was at EUR 1.4 billion, improved by a new EUR 700 million revolving credit facility, due in 2026 (refer to note 6.15). The credit facility remains undrawn during the pandemic.

In the Group's next five years budget, the management plans continuos growth of the gross rental income, significant but flexible property development expenses and overall positive cash flows.

Therefore, the Group does not expect the COVID-19 pandemic to have impact on its ability to continue as a going concern.

Appendix I – List of group entities

Subsidiaries fully consolidated

Company	Country	31 December 2020	31 December 2019
"Diana Development" Sp. z o.o.	Poland	100.00%	100.00%
"Equator Real" sp. z o.o.	Poland	100.00%	-
1 BISHOPS AVENUE LIMITED (8)	United Kingdom	100.00%	100.00%
7 St James's Square Limited (8)	United Kingdom	100.00%	100.00%
Agrome s.r.o.	Czech Republic	100.00%	100.00%
Airport City Kft.	Hungary	100.00%	100.00%
Airport City Phase B Kft.	Hungary	100.00%	100.00%
ALAMONDO LIMITED	Cyprus	100.00%	100.00%
Andrássy Real Kft.	Hungary	100.00%	100.00%
Angusland s.r.o.	Czech Republic	100.00%	100.00%
Apulia Investments 1 S.r.l.	Italy	100.00%	-
Apulia Investments 2 S.r.l.	Italy	100.00%	-
Apulia Investments 3 S.r.l.	Italy	100.00%	-
Apulia Investments 4 S.r.l.	Italy	100.00%	-
Arena Corner Kft.	Hungary	100.00%	100.00%
Armo Verwaltungsgesellschaft mbH	Germany	94.66%	94.66%
Aspley Ventures Limited	British Virgin Islands	-	100.00%
Atrium Complex Sp. z o.o.	Poland	100.00%	100.00%
Balvinder, a.s.	Czech Republic	100.00%	100.00%
BARON PUGLIA S.a.r.l.	Italy	100.00%	100.00%
Baudry Beta, a.s.	Czech Republic	100.00%	100.00%
BAYTON Alfa, a.s.	Czech Republic	100.00%	100.00%
BAYTON Gama, a.s.	Czech Republic	91.17%	91.16%
BC 91 Real Estate Kft.	Hungary	100.00%	100.00%
BC 99 Office Park Kft.	Hungary	100.00%	100.00%
Beroun Property Development, a.s.	Czech Republic	100.00%	100.00%
Best Properties South, a.s.	Czech Republic	100.00%	100.00%
Biochov, s.r.o.	Czech Republic	100.00%	100.00%
Biopark, s.r.o.	Czech Republic	100.00%	100.00%
Biopotraviny, s.r.o.	Czech Republic	100.00%	100.00%
BPT Development, a.s.	Czech Republic	100.00%	100.00%
Brandýs Logistic, a.s.	Czech Republic	100.00%	100.00%
BREGOVA LIMITED	Cyprus	100.00%	100.00%
Brno Development Services, s.r.o.	Czech Republic	100.00%	100.00%
BRNO INN, a.s.	Czech Republic	100.00%	100.00%
Brno Property Development, a.s.	Czech Republic	91.17%	91.16%
Březiněves, a.s.	Czech Republic	100.00%	100.00%
Bubenská 1, a.s.	Czech Republic	97.31%	97.31%
Bubny Development, s.r.o.	Czech Republic	99.26%	99.26%
Buy-Way Dunakeszi Kft.	Hungary	100.00%	100.00%
Buy-Way Soroksár Kft.	Hungary	100.00%	100.00%
BWGH Offices sp. z o.o.	Poland	100.00%	-
BWK Offices sp. z o.o.	Poland	100.00%	-
BWV Offices sp. z o.o.	Poland	100.00%	-
Byty Lehovec, s.r.o.	Czech Republic	100.00%	100.00%
BYTY PODKOVA, a.s.	Czech Republic	97.31%	97.31%
CAMPONA Shopping Center Kft.	Hungary	100.00%	100.00%
Camuzzi, a.s.	Czech Republic	97.31%	97.31%
Carpenter Invest, a.s.	Czech Republic	100.00%	100.00%
Castor Investments Sp. z o.o.	Poland	97.31%	97.31%
Castor Investments Sp. z o.o. S.K.A.	Poland	97.31%	97.31%
CB Property Development, a.s.	Czech Republic	100.00%	100.00%
CD Property, s.r.o.	Czech Republic	97.31%	97.31%
CENTRAL TOWER 81 Sp. z o.o.	Poland	100.00%	100.00%
Centrum Ogrody Sp. z o.o.	Poland	100.00%	100.00%
CEREM S.A.	Luxembourg	-	97.31%
City Gardens Sp. z o.o.	Poland	100.00%	100.00%
CM Hôtels SA	Switzerland	100.00%	100.00%
CMA Immobilier SA	Switzerland	99.70%	99.70%
CMA Services S.à.r.l.	Switzerland	92.52%	92.52%
CODIAZELLA LTD	Cyprus	100.00%	100.00%
Conradian, a.s.	Czech Republic	100.00%	100.00%
CPI - Bor, a.s.	Czech Republic	100.00%	100.00%
CPI - Horoměřice, a.s.	Czech Republic	91.17%	91.16%
CPI - Krásné Březno, a.s.	Czech Republic	97.31%	97.31%
CPI - Land Development, a.s.	Czech Republic	97.31%	97.31%
CPI - Orlová, a.s.	Czech Republic	91.17%	91.16%
CPI - Real Estate, a.s.	Czech Republic	100.00%	100.00%

Company	Country	31 December 2020	31 December 2019
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI AIR ITALY S.R.L.	Italy	100.00%	-
CPI Alberghi HI Roma S.r.l.	Italy	100.00%	100.00%
CPI Beet, a.s.	Czech Republic	100.00%	100.00%
CPI BYTY, a.s.	Czech Republic	100.00%	100.00%
CPI CYPRUS LIMITED	Cyprus	100.00%	100.00%
CPI Delta, a.s.	Czech Republic	100.00%	100.00%
CPI East, s.r.o.	Czech Republic	100.00%	100.00%
CPI Energo, a.s.	Czech Republic	100.00%	100.00%
CPI Facility Management Kft.	Hungary	100.00%	100.00%
CPI Facility Slovakia, a.s.	Slovak Republic	100.00%	100.00%
CPI FIM S.A.	Luxembourg	97.31%	97.31%
CPI FINANCE (BVI) LIMITED	British Virgin Islands	100.00%	100.00%
CPI Finance CEE, a.s.	Czech Republic	100.00%	100.00%
CPI Finance Ireland II Limited	Ireland	100.00%	100.00%
CPI Finance Netherlands II B.V.	Netherland	100.00%	100.00%
CPI Flats, a.s.	Czech Republic	100.00%	100.00%
CPI France, a SASU	France	100.00%	100.00%
CPI Green, a.s.	Czech Republic	100.00%	100.00%
CPI Group, a.s.	Czech Republic	100.00%	100.00%
CPI Hotels Catering, s.r.o.	Czech Republic	100.00%	100.00%
CPI Hotels Europeum Kft.	Hungary	100.00%	100.00%
CPI Hotels Hungary Kft.	Hungary	100.00%	100.00%
CPI Hotels Italy S.r.l.	Italy	100.00%	100.00%
CPI HOTELS POLAND Sp. z o.o.	Poland	100.00%	100.00%
CPI Hotels Properties, a.s.	Czech Republic	100.00%	100.00%
CPI Hotels Slovakia, s.r.o.	Slovak Republic	100.00%	100.00%
CPI Hotels, a.s.	Czech Republic	100.00%	100.00%
CPI Hungary Investments Kft. (3)	Hungary	100.00%	100.00%
CPI Hungary Kft.	Hungary	100.00%	100.00%
CPI IMMO, S.a.r.l.	France	100.00%	100.00%
CPI Jihlava Shopping, a.s.	Czech Republic	100.00%	100.00%
CPI Kappa, s.r.o.	Czech Republic	100.00%	100.00%
CPI Kvarta, s.r.o.	Czech Republic	100.00%	100.00%
CPI Kvinta, s.r.o.	Czech Republic	100.00%	100.00%
CPI Management, s.r.o.	Czech Republic	100.00%	100.00%
CPI Meteor Centre, s.r.o.	Czech Republic	100.00%	100.00%
CPI Národní, s.r.o.	Czech Republic	100.00%	100.00%
CPI North, s.r.o.	Czech Republic	100.00%	100.00%
CPI Office Prague, s.r.o.	Czech Republic	100.00%	100.00%
CPI Omikrón, a.s.	Czech Republic	100.00%	100.00%
CPI Palmovka Office, s.r.o.	Czech Republic	100.00%	100.00%
CPI Park Žďárek, a.s.	Czech Republic	97.25%	97.25%
CPI PG Management, S.á r.l	Luxembourg	100.00%	100.00%
CPI Pigna S.r.l.	Italy	97.31%	97.31%
CPI Poland Offices Sp. z o.o.	Poland	100.00%	100.00%
CPI Poland Property Management Sp. z o.o.	Poland	100.00%	100.00%
CPI Poland Sp. z o.o.	Poland	100.00%	100.00%
CPI Property a Facility, s.r.o.	Czech Republic	100.00%	100.00%
CPI Property Development Sp. z o.o.	Poland	100.00%	100.00%
CPI Reality, a.s.	Czech Republic	100.00%	100.00%
CPI Retail MB, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail One Kft.	Hungary	100.00%	100.00%
CPI Retail Portfolio Holding Kft.	Hungary	100.00%	100.00%
CPI Retail Portfolio I, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio II, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio IV, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio V, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VI, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VIII, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retails ONE, a.s.	Czech Republic	100.00%	100.00%
CPI Retails ROSA, s.r.o.	Slovak Republic	100.00%	100.00%
CPI Retails THREE, a.s.	Slovak Republic	100.00%	100.00%
CPI Retails TWO, a.s.	Czech Republic	100.00%	100.00%
CPI REV Italy II S.r.l.	Italy	97.31%	97.31%
CPI Romania S.R.L.	Romania	100.00%	100.00%
CPI Sekunda, s.r.o.	Czech Republic	100.00%	100.00%
CPI Services, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping MB, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping Teplice, a.s.	Czech Republic	100.00%	100.00%
CPI South, s.r.o.	Czech Republic	97.58%	97.58%

Company	Country	31 December 2020	31 December 2019
CPI Tercie, s.r.o.	Czech Republic	100.00%	100.00%
CPI Théta, a.s.	Czech Republic	100.00%	100.00%
CPI Vestec, s.r.o.	Czech Republic	100.00%	100.00%
CT Development Sp. z o.o.	Poland	100.00%	100.00%
Czech Property Investments, a.s.	Czech Republic	100.00%	100.00%
Čadca Property Development, s.r.o.	Slovak Republic	100.00%	100.00%
Čáslav Investments, a.s.	Czech Republic	100.00%	100.00%
Českolipská farma, s.r.o.	Czech Republic	100.00%	100.00%
Českolipská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Darilia, a.s.	Czech Republic	99.26%	99.26%
Děčínská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Development Doupovská, s.r.o.	Czech Republic	72.98%	72.98%
Diana Property Sp. z o.o.	Poland	97.31%	97.31%
DORESTO LIMITED	Cyprus	100.00%	100.00%
DUCA PUGLIA S.R.L.	Italy	100.00%	-
Ekofarma Postřelná, s.r.o.	Czech Republic	100.00%	100.00%
EMH South, s.r.o.	Czech Republic	100.00%	100.00%
Endurance Hospitality Asset S.á r.l.	Luxembourg	100.00%	100.00%
Endurance Hospitality Finance S.á r.l.	Luxembourg	100.00%	100.00%
Endurance Real Estate Management Company	Luxembourg	-	97.31%
Equator II Development Sp. z o.o.	Poland	100.00%	100.00%
Equator IV Offices Sp. z o.o.	Poland	97.31%	97.31%
ES Bucharest Development S.R.L.	Romania	100.00%	100.00%
ES Bucharest Properties S.R.L.	Romania	100.00%	100.00%
ES Hospitality S.R.L.	Romania	100.00%	100.00%
Estate Grand, s.r.o.	Czech Republic	97.31%	97.31%
Eurocentrum Offices Sp. z o.o.	Poland	97.31%	97.31%
Europeum Kft.	Hungary	100.00%	100.00%
Farhan, a.s.	Czech Republic	100.00%	100.00%
Farma Javorská, a.s.	Czech Republic	100.00%	100.00%
Farma Krásný Les, a.s.	Czech Republic	100.00%	100.00%
Farma Liščí, s.r.o.	Czech Republic	100.00%	100.00%
Farma Ploučnice, a.s.	Czech Republic	100.00%	100.00%
Farma Poustevna, s.r.o.	Czech Republic	100.00%	100.00%
Farma Radeč, a.s.	Czech Republic	100.00%	100.00%
Farma Svitavka, s.r.o.	Czech Republic	100.00%	100.00%
Farma Valteřice, a.s.	Czech Republic	100.00%	100.00%
Farma zelená sedma, s.r.o.	Czech Republic	100.00%	100.00%
Farmy Frýdlant, a.s.	Czech Republic	100.00%	100.00%
FELICIA SHOPPING CENTER SRL	Romania	100.00%	100.00%
Fetumar Development Limited	Cyprus	100.00%	100.00%
FL Property Development, a.s.	Czech Republic	91.17%	91.16%
Futurum HK Shopping, s.r.o.	Czech Republic	100.00%	100.00%
GADWALL, Sp. z o.o.	Poland	100.00%	100.00%
GARET Investment Sp. z o.o.	Poland	-	100.00%
GATEWAY Office Park Kft.	Hungary	100.00%	100.00%
GCA Property Development Sp. z o.o.	Poland	100.00%	100.00%
Gebauer Höfe Liegenschaften GmbH	Germany	94.74%	94.74%
Gewerbehöfe Services GmbH	Germany	100.00%	100.00%
Gewerbesiedlungs-Gesellschaft GmbH	Germany	99.75%	99.75%
GSG 1. Beteiligungs GmbH	Germany	99.75%	99.75%
GSG ARMO Holding GmbH	Germany	99.75%	99.75%
GSG Asset GmbH & Co. Verwaltungs KG	Germany	99.75%	99.75%
GSG Berlin Invest GmbH	Germany	94.66%	94.66%
GSG Europa Beteiligungs GmbH	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 6. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Mobilien GmbH	Germany	99.75%	99.75%
GSG Solar Berlin GmbH	Germany	99.75%	99.75%
GSG Wupperstraße GmbH	Germany	99.75%	99.75%
HAGIBOR OFFICE BUILDING, a.s.	Czech Republic	97.31%	97.31%
HD Investment, s.r.o.	Czech Republic	100.00%	100.00%
Hightech Park Kft.	Hungary	100.00%	100.00%
Hofnetz und IT Services GmbH	Germany	99.75%	99.75%
Hospitality Invest Sàrl	Luxembourg	100.00%	100.00%
Hotel Andrássy Zrt.	Hungary	100.00%	100.00%
Hotel Lucemburská, s.r.o.	Czech Republic	100.00%	100.00%

Company	Country	31 December 2020	31 December 2019
Hotel Pokrovka, org. Unit	Russia	100.00%	100.00%
HOTEL U PARKU, s.r.o.	Czech Republic	91.17%	91.16%
Hraničář, a.s.	Czech Republic	100.00%	100.00%
IGY2 CB, a.s.	Czech Republic	100.00%	100.00%
Industrial Park Stříbro, s.r.o.	Czech Republic	97.31%	97.31%
IS Nyír Kft.	Hungary	100.00%	100.00%
IS Zala Kft.	Hungary	100.00%	100.00%
Isalotta GP GmbH & Co.Verwaltungs KG	Germany	94.99%	94.99%
IVRAVODA LIMITED	Cyprus	100.00%	100.00%
Jagapa Limited	Cyprus	100.00%	100.00%
JAGRA spol., s.r.o.	Czech Republic	100.00%	100.00%
Janáčkovo nábřeží 15, s.r.o.	Czech Republic	100.00%	100.00%
Janovická farma, a.s.	Czech Republic	100.00%	100.00%
Jeseník Investments, a.s.	Czech Republic	100.00%	100.00%
Jetřichovice Property, a.s.	Czech Republic	91.17%	91.16%
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	97.31%	97.31%
Jizerská farma, s.r.o.	Czech Republic	100.00%	100.00%
Karviná Property Development, a.s.	Czech Republic	97.31%	97.31%
Kerina, a.s.	Czech Republic	100.00%	100.00%
KOENIG Shopping, s.r.o.	Czech Republic	100.00%	100.00%
Komárno Property Development, a.s.	Slovak Republic	100.00%	100.00%
Kosmonosy Investments, s.r.o.	Czech Republic	100.00%	100.00%
Kosmonosy Property Development, s.r.o.	Czech Republic	100.00%	100.00%
Kravařská zemědělská, a.s. (7)	Czech Republic	-	100.00%
Labská Property, s.r.o.	Czech Republic	100.00%	100.00%
Land Properties, a.s.	Czech Republic	97.31%	97.27%
LD Praha, a.s.	Czech Republic	100.00%	100.00%
LE REGINA WARSAW Sp. z o.o.	Poland	100.00%	100.00%
Leriegos Kft.	Hungary	100.00%	100.00%
LERIEGOS LIMITED	Cyprus	100.00%	100.00%
LES MAS DU FIGUIER	France	97.31%	97.31%
LES TROIS DILAIS	France	99.90%	100.00%
Levice Property Development, a.s.	Slovak Republic	100.00%	100.00%
Limagro, s.r.o.	Czech Republic	100.00%	100.00%
Liptovský Mikuláš Property Development, a.s.	Slovak Republic	-	100.00%
LN Est-Europe Development SRL	Romania	-	100.00%
Lockhart, a.s.	Czech Republic	100.00%	100.00%
Lucemburská 46, a.s.	Czech Republic	100.00%	100.00%
Marchesina S.a.r.l.	Italy	100.00%	-
Marissa Gama, a.s.	Czech Republic	100.00%	100.00%
Marissa Omikrón, a.s.	Czech Republic	100.00%	100.00%
Marissa Tau, a.s.	Czech Republic	100.00%	100.00%
Marissa Théta, a.s.	Czech Republic	100.00%	100.00%
Marissa West, a.s.	Czech Republic	100.00%	100.00%
Marissa Yellow, a.s.	Czech Republic	100.00%	100.00%
Marissa Ypsilon, a.s.	Czech Republic	100.00%	100.00%
Mark2 Corporation, M2C FM, s.r.o. (6)	Czech Republic	-	100.00%
Marki Real Estate Sp. z o.o.	Poland	97.31%	97.31%
Mařenická farma, a.s.	Czech Republic	100.00%	100.00%
MB Property Development, a.s.	Czech Republic	100.00%	100.00%
Mercuda, a.s.	Czech Republic	100.00%	100.00%
MESARGOSA LIMITED	Cyprus	100.00%	100.00%
MH Bucharest Properties S.R.L	Romania	88.00%	88.00%
Michalovce Property Development, a.s.	Slovak Republic	100.00%	100.00%
MMR Russia S.à r.l	Luxembourg	100.00%	100.00%
Moniuszki Office Sp. z o.o.	Poland	100.00%	100.00%
MQM Czech, a.s.	Czech Republic	99.26%	99.26%
MUXUM, a.s.	Czech Republic	100.00%	100.00%
Na Poříčí, a.s.	Czech Republic	100.00%	100.00%
New Age Kft.	Hungary	100.00%	100.00%
Nova RE Siig S.p.A.	Italy	50.00%	-
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	97.31%	97.31%
NUKASSO HOLDINGS LIMITED	Cyprus	100.00%	100.00%
Nupaky, a.s.	Czech Republic	97.31%	97.31%
Nymburk Property Development, a.s.	Czech Republic	100.00%	100.00%
OC Nová Zdaboř, a.s.	Czech Republic	100.00%	100.00%
OC Spektrum, s.r.o.	Czech Republic	100.00%	100.00%
OFFICE CENTER HRADČANSKÁ, a.s.	Czech Republic	100.00%	100.00%
Office Center Poštová, s.r.o.	Slovak Republic	-	100.00%
Olomouc Building, a.s.	Czech Republic	100.00%	100.00%
One Crans-Montana SA	Switzerland	99.70%	99.70%

Company	Country	31 December 2020	31 December 2019
Orco Immobilien GmbH	Germany	100.00%	100.00%
Orco Pokrovka Management o.o.o.	Russia	100.00%	100.00%
Orchard Hotel, a.s.	Czech Republic	100.00%	100.00%
Outlet Arena Moravia, s.r.o.	Czech Republic	100.00%	100.00%
Oxford Tower Sp. z o.o.	Poland	100.00%	100.00%
Ozrics, Kft.	Hungary	100.00%	100.00%
Parco delle Case Bianche SRL	Italy	100.00%	100.00%
Pastviny, a.s.	Czech Republic	100.00%	100.00%
Pelhřimov Property Development, a.s.	Czech Republic	100.00%	100.00%
Pietroni, s.r.o.	Czech Republic	97.31%	97.31%
Platnéřská 10, s.r.o.	Czech Republic	100.00%	100.00%
Pólus Shopping Center Zrt.	Hungary	100.00%	100.00%
Polus Társasház Üzemeltető Kft.	Hungary	100.00%	100.00%
Polygon BC, a.s.	Czech Republic	99.26%	99.26%
Považská Bystrica Property Development, a.s.	Slovak Republic	100.00%	100.00%
Prievidza Property Development, a.s.	Slovak Republic	100.00%	100.00%
Pro Tower Development S.R.L.	Romania	100.00%	100.00%
PROJECT FIRST, a.s.	Czech Republic	91.17%	91.16%
Projekt Nisa, s.r.o.	Czech Republic	100.00%	100.00%
Projekt Zlatý Anděl, s.r.o.	Czech Republic	100.00%	100.00%
Prosta 69 Sp. z o.o.	Poland	100.00%	100.00%
Prostějov Investments, a.s.	Czech Republic	100.00%	100.00%
Příbor Property Development, s.r.o.	Czech Republic	100.00%	100.00%
PTR PRIME TOURIST RE SORTS (CYPRUS) LIMITED	Cyprus	100.00%	100.00%
PV - Cvikov, s.r.o.	Czech Republic	100.00%	100.00%
Radom Property Development Sp. z o.o.	Poland	100.00%	100.00%
Real Estate Energy Kft.	Hungary	100.00%	100.00%
Rembertów Property Development Sp. z o.o.	Poland	100.00%	100.00%
Remontées Mécaniques Crans Montana Aminona (CMA) SA	Switzerland	83.42%	85.33%
Residence Belgická, s.r.o.	Czech Republic	100.00%	100.00%
Residence Izabella, Zrt.	Hungary	100.00%	100.00%
Rezidence Jančova, s.r.o.	Czech Republic	100.00%	100.00%
Rezidence Malkovského, s.r.o.	Czech Republic	100.00%	100.00%
Rezidence Pragovka, s.r.o.	Czech Republic	97.31%	97.31%
RSL Est-Europe Properties SRL	Romania	-	100.00%
RSL Real Estate Development S.R.L.	Romania	100.00%	100.00%
SASHKA LIMITED	Cyprus	100.00%	100.00%
SAVILE ROW 1 LIMITED	France	100.00%	-
SCI MAS CANTAGRELI	France	100.00%	100.00%
SCP AILEY	Monaco	100.00%	100.00%
SCP CAYO	Monaco	-	100.00%
SCP CISKEY	Monaco	100.00%	100.00%
SCP KANDLER	Monaco	100.00%	100.00%
SCP MADRID	Monaco	100.00%	100.00%
SCP NEW BLUE BIRD	Monaco	100.00%	100.00%
SCP PIERRE CHARRON	Monaco	100.00%	100.00%
SCP Reflets	Monaco	97.31%	97.31%
SCP VILLA DE TAHITI	Monaco	100.00%	100.00%
SHAHEDA LIMITED	Cyprus	100.00%	100.00%
Spojené farmy, a.s.	Czech Republic	100.00%	100.00%
ST Project Limited	Guernsey	100.00%	100.00%
Statek Blatiny, s.r.o.	Czech Republic	100.00%	100.00%
Statek Kravaře, a.s. (1), (7)	Czech Republic	100.00%	98.56%
Statek Mikulášovice, s.r.o.	Czech Republic	100.00%	100.00%
Statek Petrovice, s.r.o.	Czech Republic	100.00%	100.00%
Statenice Property Development, a.s.	Czech Republic	100.00%	100.00%
Strakonice Property Development, a.s.	Czech Republic	97.31%	97.31%
STRM Alfa, a.s.	Czech Republic	99.26%	99.26%
STRM Beta, a.s.	Czech Republic	97.31%	97.31%
STRM Gama, a.s.	Czech Republic	97.31%	97.31%
Sunčani Hvar d.d.	Croatia	100.00%	100.00%
Sunčani Hvar Real Estate d.d.o. (4)	Croatia	100.00%	100.00%
Svitavy Property Alfa, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Development, a.s.	Czech Republic	97.31%	97.31%
Šenovská zemědělská, s.r.o.	Czech Republic	100.00%	100.00%
Tachov Investments, s.r.o.	Czech Republic	100.00%	100.00%
Tarnów Property Development Sp. z o.o.	Poland	100.00%	100.00%
Telč Property Development, a.s.	Czech Republic	91.17%	91.16%
Tepelné hospodářství Litvínov s.r.o.	Czech Republic	100.00%	100.00%
Tower-Service sp.z o.o.	Poland	50.30%	-
Trebišov Property Development, s.r.o.	Slovak Republic	100.00%	100.00%
Třinec Investments, s.r.o.	Czech Republic	100.00%	100.00%
Třinec Property Development, a.s.	Czech Republic	100.00%	100.00%
Tyršova 6, a.s.	Czech Republic	100.00%	100.00%
U svatého Michala, a.s.	Czech Republic	100.00%	100.00%
V Team Prague, s.r.o. (2)	Czech Republic	100.00%	100.00%
Valdovská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Valkeřická ekologická, a.s.	Czech Republic	100.00%	100.00%
Verneřický Angus, a.s.	Czech Republic	100.00%	100.00%
Vigano, a.s.	Czech Republic	100.00%	100.00%
VOLANTI LIMITED	Cyprus	100.00%	100.00%
Vysočany Office, a.s.	Czech Republic	99.26%	99.26%
Wertpunkt Real Estate Experts GmbH	Germany	99.75%	99.75%
WFC Investments Sp. z o.o.	Poland	97.31%	97.31%
WFC Offices Sp. z o.o.	Poland	100.00%	100.00%
Zakiono Enterprises Limited	Cyprus	100.00%	-
Zákupská farma, s.r.o.	Czech Republic	100.00%	100.00%
Zamość Property Development Sp. z o.o.	Poland	100.00%	100.00%
Zamość Sadowa Property Development Sp. z o.o.	Poland	100.00%	100.00%
Zelená farma, s.r.o.	Czech Republic	100.00%	100.00%
Zelená louka, s.r.o.	Czech Republic	100.00%	100.00%
Zelená pastva, s.r.o.	Czech Republic	100.00%	100.00%
ZEMSPOL, s.r.o.	Czech Republic	100.00%	100.00%
Zerodix Sárl	Switzerland	99.70%	-
ZET.office, a.s. (5)	Czech Republic	100.00%	100.00%
Zgorzelec Property Development Sp. z o.o.	Poland	100.00%	100.00%
ZLATICO LIMITED	Cyprus	100.00%	100.00%
Ždírec Property Development, a.s.	Czech Republic	100.00%	100.00%

Joint ventures

Company	Country	31 December 2020	31 December 2019
Beta Development, s.r.o.	Czech Republic	34.06%	34.06%
Brillant 1419. Verwaltungs GmbH	Germany	-	47.68%
Uniborc S.A.	Luxembourg	34.06%	34.06%

(1) On 1 January 2020 AVENA VOD changed its name to Statek Kravaře, a.s.
(2) On 9 January 2020 CPI Blatiny, s.r.o. changed its name to V Team Prague, s.r.o.
(3) On 15 June 2020 BC 30 Property Kft. changed its name to CPI Hungary Investments Kft.
(4) On 29 September 2020 Hotel Sirena d.o.o. changed its name to SUNČANI HVAR REAL ESTATE d.d.o.
(5) On 30 September 2020 CPI Orange, a.s. changed its name to ZET.office, a.s.
(6) On 01 December 2020 CPI Prima, s.r.o. changed its name to Mark2 Corporation, M2C FM, s.r.o.
(7) On 01 December 2020 Kravařská zemědělská, a.s. has merged with Statek Kravaře, a.s. – the "successor company". All assets and liabilities of Kravařská zemědělská, a.s. passed to the successor company.
(8) Exempt from statutory audit in UK (7 St James's Square Limited – registration number: 11909387 and Bishops Avenue Limited – registration number: 11675713).

Ernst & Young
Société anonyme

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Independent auditor's report

To the Shareholders of
CPI Property Group S.A.
40, rue de la Vallée
L-2661 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of CPI Property Group S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Valuation of investment property and property, plant and equipment

Description

The Group owns a portfolio of investment properties comprising residential, office and retail type of properties located in Europe. Investment property represents the single largest class of assets on the balance sheet, representing 75% of the total assets of the Group as at 31 December 2020. In addition, the Group operates hotels classified within property, plant and equipment representing 6% of the total assets of the Group as at 31 December 2020. Investment properties are valued at fair value and hotels, representing major part of the property, plant and equipment are stated at revalued amounts, that are fair values based, in accordance with the Group accounting policies.

Valuation of the investment property and property, plant and equipment is a significant judgemental area and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the expected cash flows generated by future rentals for investment property or expected EBITDA (earnings before interest, tax, depreciation and amortisation) generated by hotel operations for property, plant and equipment. The Board of Directors engaged independent external valuers to value 98% of the Group's investment property and property, plant and equipment (hereafter the "Valuers").

In determining a property's valuation, the Valuers take into account property specific characteristics and information such as the correct tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to come up with their assessment of the fair value.

Due to the above mentioned matters, we consider valuation of investment property and property, plant and equipment as a key audit matter.

Auditors response

Our audit procedures over the valuation of investment property and property, plant and equipment included, but were not limited to, the following:

- We evaluated the competence, capabilities and objectivity of the valuers and read the terms of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.
- For a sample of the valuations across all asset classes of investment properties, geographical locations and external valuers, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation.
- For sample of hotel properties, we traced the key inputs used in the valuation models including capex investments and EBITDA.

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- In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment property and property, plant and equipment.
- We also involved our own real estate specialist to assist us in evaluating the reasonableness of the assumptions used in valuation models including yields, estimated market rent, discount rates and rate per key for the sample of investment properties and hotels.
- We evaluated any caveats or limitations, if any, included in the Valuers' reports.
- We assessed the adequacy of the disclosures in the consolidated financial statements.

b) Contingencies and litigations

Description

The Company and some of its direct and indirect subsidiaries are involved as a party in legal proceedings, being the most significant one in relation to a lawsuit being filed in April 2019 against the Company among others, by a group of Kingstown companies alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") (further referred to as "Kingstown dispute"), as disclosed in note 8 of the consolidated financial statements.

This area is significant to our audit, since the accounting and disclosure for contingent liabilities is complex and judgmental (due to the complexity of predicting the outcome of the matter and assessing the potential impact on the consolidated financial statements if the outcome is unfavourable), and the amounts involved are, or can be, material to the consolidated financial statements as a whole.

This matter was considered a key matter in our audit, since the aforementioned prediction and estimates are complex and require significant judgements by management of the Group.

Auditors response

Our audit procedures over the contingencies and litigations included, but were not limited to, the following:

- We obtained an understanding of and assessed the Group's internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Group as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress.
- We obtained the summary of the significant legal cases from the in-house Group's legal counsel and compared the assessment of the Group's legal counsel with the information provided by the external Group's legal advisors. We made inquiries to the Group legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We held discussions with Group's lawyers and legal advisors related to Kingstown dispute in order to confirm our understanding of the obtained responses to our confirmation requests sent.
- We reviewed the minutes of the meetings of Board of Directors, Audit Committee and General Shareholders' Meetings.

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- We involved our internal legal specialists for the purpose of analysing the responses from external legal advisors and assessing reasonableness of the conclusions reached by the Board of Directors on Kingstown dispute considering the various factors on which these conclusions were based.
- We assessed the completeness and adequacy of disclosures required in respect of the Contingencies and litigations in the notes to the consolidated financial statements pursuant to the relevant accounting and financial reporting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated annual report including the Group management report and the corporate governance statement but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The Group management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the consolidated management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 31 March 2021

CPI Property Group

Société Anonyme

R.C.S. Luxembourg B 102.254

ANNUAL ACCOUNTS AND REPORT
OF THE REVISEUR D'ENTREPRISES AGREE
31 DECEMBER 2020

TABLE OF CONTENTS

40, rue de la Vallée
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Share capital: EUR 865,171,633
R.C.S. Luxembourg B 102.254

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Independent auditor's report

To the Shareholders of
CPI Property Group S.A.
40, rue de la Vallée
L-2661 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CPI Property Group S.A. (the "Company"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Contingencies and litigations

Description

The Company and some of its direct and indirect subsidiaries are involved as a party in legal proceedings, being the most significant one in relation to a lawsuit being filed in April 2019 against the Company among others, by a group of Kingstown companies alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") (further referred to as "Kingstown dispute"), as disclosed in note 24 of the financial statements.

This area is significant to our audit, since the accounting and disclosure for contingent liabilities is complex and judgmental (due to complexity of prediction of the outcome of the matter and estimating the potential impact on the consolidated financial statements if the outcome is unfavourable), and the amounts involved are, or can be, material to the financial statements as a whole.

This matter was considered a key matter in our audit, since the aforementioned prediction and estimates are complex and require significant judgements by management of the Company.

Auditors response

Our audit procedures over the contingencies and litigations included, but were not limited to, the following:

- We obtained an understanding of and assessed the Company's internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Company as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress.
- We obtained the summary of the significant legal cases from the in-house Company's legal counsel and compared the assessment of the Company's legal counsel with the information provided by the external Company's legal advisors. We made inquiries to the Company's legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We held discussions with Company's lawyers and legal advisors related to Kingstown dispute in order to confirm our understanding of the obtained responses to our confirmation letters sent.
- We reviewed the minutes of the meetings of Board of Directors, Audit Committee and General Shareholders' Meetings.

- We involved our internal legal specialists for the purpose of analysing the responses from external legal advisors and reasonableness of the conclusions reached by the Board of Directors on Kingstown dispute considering the various factors on which these conclusions were based.
- We assessed the completeness and adequacy of disclosures required in respect of the Contingencies and litigations in the notes to the financial statements pursuant to the relevant accounting and financial reporting standards.

b) Valuation of financial assets (shares in affiliated undertakings and loans to affiliated undertakings)

Description

Financial assets represent 92% of the total assets of the Company as at 31 December 2020.

The assessment of the valuation of financial assets requires significant judgement applied by the management in assessing the recovery value of the financial assets and the permanent nature of potential impairment.

This matter was considered to be a key matter in our audit, since the aforementioned estimates are complex and require significant judgements by management of the Company.

Auditors response

Our audit procedures over the valuation of financial assets included, but were not limited to, the following:

- Ensured existence, initial cost of investment and ownership of the investments through inspection of acquisition agreements and commercial registers of the underlying investees.
- Understood the process of financial assets valuation and management's impairment assessment and evaluated the appropriateness of the application of the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.
- Tested the arithmetical accuracy of the management's impairment test based on comparison with the net equity of the underlying investees and assessed the conclusions reached by the management in respect of recognized impairment and/or reversal of historical impairment.
- Tested the accuracy and completeness of the provided loan database, on a representative sample basis, by tracing the loan terms to the underlying loan agreements, the repayments of principal and interest to the bank statements and the outstanding loan and accrued interest balances to the counterparties.
- Performed recalculation of the interest on loans to affiliated undertaking based on known data.
- Reviewed and ensured the completeness of the financial statements' disclosures.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the corporate governance statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Building a better working world

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, "actions taken to eliminate threats or safeguards applied".

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Building a better working world

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 31 March 2021

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RCSL Nr. : B102254 | Matricule : 2004 2214 745

eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2020 **to** 02 31/12/2020 *(in* 03 EUR)

CPI PROPERTY GROUP S.A.

40, rue de la Vallée
L-2661 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107		107		108	
C. Fixed assets	1109		109	7.846.621.802,00	110	6.409.098.864,00
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

RCSL Nr. : B102254 | Matricule : 2004 2214 745

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135	Note 3	135	7.846.621.802,00	136	6.409.098.864,00
1. Shares in affiliated undertakings	1137	Note 3.1	137	2.477.264.836,00	138	2.267.556.514,00
2. Loans to affiliated undertakings	1139	Note 3.2	139	5.341.629.968,00	140	4.133.617.350,00
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145	Note 3.3	145	27.656.998,00	146	7.925.000,00
6. Other loans	1147	Note 3.4	147	70.000,00	148	
D. Current assets	1151		151	598.175.155,00	152	757.217.127,00
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	494.894.138,00	164	247.164.227,00
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	Note 4	171	467.881.763,00	172	246.563.961,00
a) becoming due and payable within one year	1173	Note 4.1	173	187.409.979,00	174	69.185.662,00
b) becoming due and payable after more than one year	1175	Note 4.2	175	280.471.784,00	176	177.378.299,00
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	27.012.375,00	184	600.266,00
a) becoming due and payable within one year	1185	Note 4.3	185	27.012.375,00	186	600.266,00
b) becoming due and payable after more than one year	1187		187		188	

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	2.420,00
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	2.420,00
IV. Cash at bank and in hand	1197	Note 4.4	197	103.281.017,00	198	510.050.480,00
E. Prepayments	1199	Note 5	199	88.068.797,00	200	65.953.347,00
TOTAL (ASSETS)			201	8.532.865.754,00	202	7.232.269.338,00

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	Note 6	301	1.594.223.292,00	302	1.578.088.995,00
I. Subscribed capital	1303		303	865.171.633,00	304	865.171.633,00
II. Share premium account	1305		305	647.906.757,00	306	647.906.757,00
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	57.141.991,00	310	56.727.853,00
1. Legal reserve	1311		311	57.141.991,00	312	56.727.853,00
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319	7.868.614,00	320	
VI. Profit or loss for the financial year	1321		321	16.134.297,00	322	8.282.752,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331	Note 7	331	177.167,00	332	1.000.000,00
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337	177.167,00	338	1.000.000,00
C. Creditors	1435		435	6.936.570.171,00	436	5.649.678.822,00
1. Debenture loans	1437		437	4.750.242.282,00	438	4.042.792.906,00
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445	Note 8	445	4.750.242.282,00	446	4.042.792.906,00
i) becoming due and payable within one year	1447		447	123.057.360,00	448	29.946.122,00
ii) becoming due and payable after more than one year	1449		449	4.627.184.922,00	450	4.012.846.784,00
2. Amounts owed to credit institutions	1355	Note 9	355	82.192.885,00	356	170.960.156,00
a) becoming due and payable within one year	1357		357	692.885,00	358	960.156,00
b) becoming due and payable after more than one year	1359		359	81.500.000,00	360	170.000.000,00

RCSL Nr. : B102254	Matricule : 2004 2214 745

		Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	1.543.661,00	368	1.505.694,00
a) becoming due and payable within one year	1369		369	1.543.661,00	370	1.505.694,00
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379	Note 10	379	2.100.990.760,00	380	1.420.116.234,00
a) becoming due and payable within one year	1381	Note 10.1	381	70.723.065,00	382	37.054.889,00
b) becoming due and payable after more than one year	1383	Note 10.2	383	2.030.267.695,00	384	1.383.061.345,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Other creditors	1451		451	1.600.583,00	452	14.303.832,00
a) Tax authorities	1393		393		394	548.455,00
b) Social security authorities	1395		395	2.652,00	396	
c) Other creditors	1397		397	1.597.931,00	398	13.755.377,00
i) becoming due and payable within one year	1399	Note 11.1	399	1.597.931,00	400	8.255.377,00
ii) becoming due and payable after more than one year	1401		401		402	5.500.000,00
D. Deferred income	1403	Note 12	403	1.895.124,00	404	3.501.521,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	8.532.865.754,00	406	7.232.269.338,00

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RCSL Nr. : B102254	Matricule : 2004 2214 745
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2020 **to** 02 31/12/2020 *(in* 03 EUR *)*

CPI PROPERTY GROUP S.A.

40, rue de la Vallée
L-2661 Luxembourg

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701		702	
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713	Note 13	713	1.270.895,00	714	3.830.632,00
5. Raw materials and consumables and other external expenses	1671	Note 14	671	-2.927.913,00	672	-2.389.198,00
a) Raw materials and consumables	1601		601	-565,00	602	
b) Other external expenses	1603		603	-2.927.348,00	604	-2.389.198,00
6. Staff costs	1605	Note 15	605	-178.830,00	606	-181.060,00
a) Wages and salaries	1607		607	-161.428,00	608	-171.511,00
b) Social security costs	1609		609	-17.402,00	610	-9.549,00
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655	-17.402,00	656	-9.549,00
c) Other staff costs	1613		613		614	
7. Value adjustments	1657	Note 16	657	574.887,00	658	684.343,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661	574.887,00	662	684.343,00
8. Other operating expenses	1621	Note 17	621	-935.533,00	622	-438.801,00

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715	Note 18	715	90.171.879,00	716	40.285.000,00
a) derived from affiliated undertakings	1717		717	90.171.879,00	718	40.285.000,00
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721	Note 19	721	149.533.052,00	722	106.044.630,00
a) derived from affiliated undertakings	1723	Note 19.1	723	147.538.052,00	724	106.044.630,00
b) other income not included under a)	1725	Note 19.2	725	1.995.000,00	726	
11. Other interest receivable and similar income	1727	Note 20	727	73.910.045,00	728	24.863.011,00
a) derived from affiliated undertakings	1729	Note 20.1	729	17.203.542,00	730	723.547,00
b) other interest and similar income	1731	Note 20.2	731	56.706.503,00	732	24.139.464,00
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	Note 21	665	-25.917.203,00	666	-8.077.280,00
14. Interest payable and similar expenses	1627	Note 22	627	-269.362.167,00	628	-156.329.910,00
a) concerning affiliated undertakings	1629	Note 22.1	629	-63.353.769,00	630	-15.882.116,00
b) other interest and similar expenses	1631	Note 22.2	631	-206.008.398,00	632	-140.447.794,00
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	16.139.112,00	668	8.291.367,00
17. Other taxes not shown under items 1 to 16	1637	Note 23	637	-4.815,00	638	-8.615,00
18. Profit or loss for the financial year	1669		669	16.134.297,00	670	8.282.752,00

NOTE 1 - GENERAL INFORMATION

CPI Property Group Société Anonyme (the "Company" or "CPI PG"), formerly named ORCO GERMANY S.A., was incorporated on 22 July 2004 and is organized under the laws of Luxembourg as a Société Anonyme for an unlimited period. On 13 May 2014 the Shareholders of the Company decided to change the name from ORCO GERMANY S.A. to GSG GROUP S.A. Subsequently, the General Meeting of the Shareholders, held on 28 August 2014, resolved to change the name from GSG GROUP S.A. to CPI Property Group S.A.

The object of the Company is the investment in real estate, thus as the purchase, the sale, the construction, the exploitation, the administration and the letting of real estate as well as the property development, for its own account or through the intermediary of its affiliated companies. The Company has also for object the taking of participating interests, in whatsoever form, either Luxembourg or foreign, companies, and the management, control and development of such participating interests. The Company may in particular acquire all types of transferable securities, either by way of contribution, subscription, option, purchase or otherwise, as well as realize them by sale, transfer, exchange or otherwise. The Company may borrow and grant any assistance, loan, advance or guarantee to companies in which it has participation or in which it has a direct or indirect interest. The Company may carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property, which it may deem useful to the accomplishment of its purposes.

The registered office of the Company is established at 40, rue de la Vallée, L-2661 Luxembourg, R.C.S. Luxembourg B 102 254.

The financial year is from 1 January 2020 to 31 December 2020.

CPI PG is a real estate company which is listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard segment.

As at 31 December 2020, CPI PG is indirectly controlled by Mr. Radovan Vítek, ultimate beneficial owner, at 90.70% (2019: 90.70%) through his investment vehicles (Voting rights 2020: 94.18%; 2019: 94.18%).

The consolidated financial statements and separate annual accounts of the Company can be obtained at its registered office, 40, rue de la Vallée, L-2661 Luxembourg and at the following website: www.cpipg.com.

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

Basis of preparation and going concern

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of 10 August 1915, as subsequently amended (“the Commercial Company Law”), determined and applied by the Board of Directors.

The Board of Directors has concluded that it is appropriate to prepare the separate annual accounts as at 31 December 2020 on a going concern basis.

COVID-19 disclosure

The assessment relating to COVID-19 is performed at the CPI PG Group level (CPI Property Group S.A. together with its subsidiaries as the “CPI PG Group”).

The outbreak of the COVID-19 has apparently impacted global financial markets, including retail sector. The most significant negative impact of COVID-19 on the CPI PG Group related to hotel portfolio. The CPI PG Group estimates a full recovery of the hotel business after a five years period.

During the COVID-19 lockdowns, the CPI PG Group supports selected retail tenants with specific discounts. The Group plans to provide discounts on similar basis in the first half of 2021. The CPI PG Group was able to invoice and regularly collect rent across its portfolio, even at the peak of the COVID-19 outbreak.

As an effect of COVID-19 pandemic, the CPI PG Group’s capital expenditure and development plans are being reassessed and reprioritized. The CPI PG Group has taken actions to reduce overhead and other costs.

As COVID-19 pandemic lockdowns had no significant impact on the CPI PG Group’s business, the CPI PG Group decided to further improve its financing structure by refinancing its issued Notes (see Note 8, Note 9 and Noe 27). The credit facility remains undrawn during the pandemic.

Therefore, the CPI PG Group does not expect the COVID-19 pandemic to have impact on its ability to continue as a going concern.

Significant accounting policies

Financial assets

Financial assets include shares in affiliated undertakings, loans to affiliated undertakings, investments held as fixed assets and other loans.

Shares in affiliated undertakings are valued individually at the lower of their acquisition cost less permanent impairment or market value. Amounts owed by affiliated undertakings and other loans, shown under “Financial assets” are recorded at their nominal value. A Value adjustments is recorded when the recovery value is lower than the nominal value.

Where there is a durable diminution in value in the opinion of the Board of Directors, Value adjustments are made in respect of financial assets so that they are valued at the lower figure to be attributed to them at the balance sheet date. The Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

Other investments held as fixed assets are carried at purchase price including the expenses incidental thereto. They are subsequently measured at fair value based on the quoted stock exchange market prices.

Debtors

Trade debtors, amounts owed by affiliated undertakings and other debtors are valued at their nominal value. They are subject to Value adjustments where their recovery is compromised. These Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

Prepayments

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year. Financing fees linked to the issuance of non-convertible loans are also recorded under the caption "Prepayments" and are amortised through profit and loss account over the period of the non-convertible loans under the caption "other interest and similar expenses".

Value adjustments

Value adjustments are deducted directly from the related asset.

Conversion of foreign currencies

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss account are expressed in this currency. All financial information presented in EUR has been rounded to the nearest thousand, except when otherwise indicated.

During the financial year, the acquisitions and sales of financial assets as well as income and charges in currencies other than EUR are converted into EUR at the exchange rate prevailing at the transaction dates.

At the balance sheet date, the acquisition price of the financial assets – shares in affiliated expressed in currency other than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are valued at the closing rate. The unrealised and realised losses, as well as the realised gains are recorded in the profit and loss account.

Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which at the balance sheet date are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise

Non-convertible loans/Notes

Non-convertible loans/Notes are recorded at their nominal value. Where the amount repayable is greater than the amount received, the difference is shown as an asset under the caption "Prepayments" and is written off over the period of the related non-convertible loans on a linear basis under the caption "Other interest and similar expenses".

When the amount repayable is lower than the amount received, the difference is shown as a liability under the caption “Deferred income” and is written off over the period of the non-convertible loans on a linear basis under the caption “Other interest and similar expenses” as decrease of costs relating to and the respective non-convertible loans.

Cross-currency swaps – non-convertible loans/Notes conversion

Cross-currency swap interest is recorded at its nominal value. The interest is reported in balance sheet together with converted Notes issuance. The interest is reported separately in profit and loss account.

The Company records the fixed amounts on off-balance accounts. The same approach is used for fair value of a cross-currency swap.

Cross-currency swaps – other conversion

Cross-currency swap interest is recorded at its nominal value. The interest is reported in balance sheet as other debtors, resp. other creditors. The interest is reported separately in profit and loss account.

The Company records the fixed amounts on off-balance accounts. The same approach is used for fair value of a cross-currency swap.

Creditors

Creditors are valued at their nominal value.

Deferred income

Deferred income includes income incurred during the financial year but relating to a subsequent financial year. Financing income linked to the issuance of non-convertible loans is also recorded under the caption "Deferred income".

Other operating income

Other operating income includes income from invoicing of operating costs and providing management services.

NOTE 3 - FINANCIAL ASSETS

2020	Shares in affiliated undertakings	Loans to affiliated undertakings
Gross book value		
Balance at 1 January 2020	2,400,286	4,240,564
Additions for the year	226,536	2,701,926
Disposals for the year	(2,882)	(1,480,279)
Balance at 31 December 2020	2,623,940	5,462,211
Accumulated value adjustments		
Balance at 1 January 2020	(132,729)	(106,947)
Allocations for the year	(13,947)	(14,020)
Reversals for the year	1	386
Balance at 31 December 2020	(146,675)	(120,581)
Net book value as at 1 January 2020	**2,267,557**	**4,133,617**
Net book value as at 31 December 2020	**2,477,265**	**5,341,630**

3.1 Shares in affiliated undertakings

The Company compared acquisition cost with Net Equity of undertakings and applied value adjustments. The Management of the Company has decided to not fully impair the investment in Parco delle Case Bianche S.r.l. basing their decision on positive market value of the Company's project, that is not considered in Net Equity of the Undertakings. Results of value adjustments are reported in Note 21.

Undertakings in which the Company holds participation in their share capital are detailed in the following table:

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (**)	Result of 2020
		as at	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	31.12.2020		
1 Bishops Avenue Limited	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	31,581	6,120
7 ST JAMES'S SQUARE LIMITED	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	21,779	(2,127)
Airport City Phase B Kft.	Hungary	HUF	100.00%	718	--	718	--	--	--	718	718	4,683	927
Baron Puglia S.r.l.	Italy	EUR	100.00%	10	--	10	--	(10)	(10)	10	--	(1,405)	(1,007)
CM Hotels SA	Switzerland	EUR	100.00%	92	--	92	(92)	--	(92)	--	--	(2,176)	(77)
CPI Air Italy S.r.l.*	Italy	EUR	100.00%	--	10	10	--	--	--	--	10	10	--
CPI Alberghi HI Roma S.r.l.	Italy	EUR	100.00%	31,662	(1,505)	30,157	--	(6,813)	(6,813)	31,662	23,344	23,344	(10,670)
CPI FIM SA	Luxembourg	EUR	97.31%	358,186	--	358,186	--	--	--	358,186	358,186	649,501	114,691
CPI Finance CEE, a.s.	Czech Republic	CZK	100.00%	75	--	75	(4)	--	(4)	71	71	71	3
CPI Hotels Italy S.à r.l.	Italy	EUR	100.00%	1,014	2,712	3,726	(1,014)	(2,712)	(3,726)	--	--	(5,448)	(1,528)
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	Germany	EUR	100.00%	12,906	--	12,906	(12,906)	--	(12,906)	--	--	(51,234)	(964)
CPI North, s.r.o.	Czech Republic	CZK	100.00%	4	--	4	--	--	--	4	4	615	60
Czech Property Investments, a.s.	Czech Republic	CZK	100.00%	1,633,204	40,865	1,674,069	--	--	--	1,633,204	1,674,069	2,342,483	24,676
Duca Puglia S.r.l.*	Italy	EUR	100.00%	--	21	21	--	(21)	(21)	--	--	(285)	(305)
Gewerbesiedlungs-Gesellschaft mbH	Germany	EUR	94.99%	74,768	--	74,768	--	--	--	74,768	74,768	1,731,121	198,303
GSG Holding 2 GmbH	Germany	EUR	100.00%	198	--	198	(177)	1	(176)	21	22	22	1
Isalotta GP GmbH & Co. Verwaltungs KG	Germany	EUR	94.99%	3,765	--	3,765	--	--	--	3,765	3,765	88,159	14,432
IVRAVODA LIMITED*	Cyprus	EUR	100.00%	640	--	640	(539)	(101)	(640)	101	--	--	(4)
Mercuda, a.s.	Czech Republic	CZK	100.00%	37,186	--	37,186	--	--	--	37,186	37,186	70,941	1,397
Nova Re SIIQ S.p.A.*	Italy	EUR	50.00%	--	26,009	26,009	--	--	--	--	26,009	85,374	(5,018)
Parco delle Case Bianche S.r.l.	Italy	EUR	100.00%	3,696	1,586	5,282	--	--	--	3,696	5,282	(1,758)	(1,768)
PTR PRIME TOURIST RESORTS (CYPRUS) LIMITED*	Cyprus	EUR	100.00%	--	1	1	--	--	--	--	1	21	(32)
Remontées Mécaniques Crans Montana Aminoma (CMA) SA	Switzerland	EUR	83.42%	97,889	--	97,889	(77,655)	(4,290)	(81,945)	20,234	15,944	19,113	(5,367)

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (**)	Result of 2020
		as at	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	31.12.2020		
Savile Row 1 Limited*	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	(9)	(9)
SCI MAS CANTAGRELI	France	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	(4,800)	(885)
SCP AILEY	Monaco	EUR	99.90%	1	--	1	(1)	--	(1)	--	--	(751)	32
SCP CAYO***	Monaco	EUR	0.00%	1,377	(1,377)	--	--	--	--	1,377	--	--	--
SCP CISKEY	Monaco	EUR	99.90%	116	--	116	(116)	--	(116)	--	--	(17,538)	(7,840)
SCP KANDLER	Monaco	EUR	99.90%	14	--	14	(14)	--	(14)	--	--	(5,524)	(1,315)
SCP MADRID	Monaco	EUR	99.90%	1	--	1	--	--	--	1	1	425	118
SCP NEW BLUE BIRD	Monaco	EUR	99.90%	--	--	--	--	--	--	--	--	(5,758)	(419)
SCP PIERRE CHARRON	Monaco	EUR	99.90%	19	--	19	--	--	--	19	19	2,331	(681)
SCP VILLA DE TAHITI	Monaco	EUR	99.90%	3,348	--	3,348	--	--	--	3,348	3,348	4,625	(2,443)
Sunčani Hvar d.d.	Croatia	HRK	100.00%	99,185	(97,028)	2,156	--	--	--	99,185	2,156	128,572	(9,051)
Sunčani Hvar Nekretnine d.o.o. (formerly HOTEL SIRENA d.o.o.)*	Croatia	HRK	100.00%	--	97,031	97,031	--	--	--	--	97,031	128,572	(9,051)
Vitericon Projektentwicklung GmbH	Germany	EUR	100.00%	40,210	--	40,210	(40,210)	--	(40,210)	--	--	--	--
Zakiono Enterprises Limited	Cyprus	EUR	100.00%	--	155,330	155,330	--	--	--	--	155,330	159,020	4,877
ZLATICO LIMITED	Cyprus	EUR	0.10%	--	--	--	--	--	--	--	--	948	6,425
Rounding	--	--	--	1	(1)	(1)	--	--	--	1	1		
Total				**2,400,286**	**223,654**	**2,623,940**	**(132,729)**	**(13,946)**	**(146,675)**	**2,267,557**	**2,477,265**		

(*) Acquisition occurred during the financial year
(**) Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU
(***) Company disposed during financial year

3.2 Loans to affiliated undertakings

The following amounts owed by affiliated undertakings have been considered:

	2020	2019
Amount due	5,462,211	4,240,564
Value adjustments	(120,581)	(106,947)
Net value	**5,341,630**	**4,133,617**

The Company provides loans to affiliated undertakings with interest rate range 1%-8% p.a. and maturity date until August 2030. The Company provides non-interest loan to Zakiono and British entities with maturity date upto 21 December 2070.

Results of value adjustments are reported in Note 21.

3.3 Investments held as fixed assets

As of 31st December 2020, the Company is holding investments held as fixed assets as follows:

2020	Shares in affiliated undertakings - lower of cost or market value	Shares in affiliated undertakings - Fair value	Total
Acquisition cost			
Balance at 1 January 2020	7,905	--	7,905
Additions for the year	395,299	25,995	447,193
Disposals for the year	(403,204)	--	(403,204)
Balance at 31 December 2020	--	25,995	25,995
			--
Accumulated value adjustments			--
Balance at 1 January 2020	--	--	--
Allocations for the year	--	--	--
Reversals the year	--	--	--
Fair value adjustments for the year	--	1,662	1,662
Balance at 31 December 2020	--	1,662	1,662
			--
Net book/Fair value as at 1 January 2020	**7,905**	**--**	**7,905**
Net book/Fair value as at 31 December 2020	**--**	**27,657**	**27,657**

Shares in affiliated undertakings – lower of cost or market value

The Company increased, in January and February 2020, its investments in Globalworth Real Estate Investments Limited to 18.73% ownership and transferred all acquired shares to its subsidiaries, Zakiono Limited and CPI FIM SA.

Shares in affiliated undertakings – Fair value based

In November and December 2020, the Company acquired some shares of listed entities. The Company values these investments at fair value. All instruments are quoted and active on Stock Exchange, therefore price on these markets represents Fair value. Results of Fair value adjustments are reported in Note 21.

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

NOTE 4 - CURRENT ASSETS

4.1 Amounts owed by affiliated undertakings becoming due and payable within one year

	2020				2019			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	62,010	112,796	13,690	188,496	--	53,347	17,499	70,846
Value adjustments	--	(829)	(257)	(1,086)	--	(1,373)	(287)	(1,660)
Net value	**62,010**	**111,967**	**13,433**	**187,410**	**--**	**51,974**	**17,212**	**69,186**

4.2 Amounts owed by affiliated undertakings becoming due and payable after more than one year

	2020				2019			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	278,734	1,738	--	280,472	173,378	4,000	--	177,378
Value adjustments	--	--	--	--	--	--	--	--
Net value	**278,734**	**1,738**	**--**	**280,472**	**173,378**	**4,000**	**--**	**177,378**

The interest rate is 5% p.a. with maturity date 31 December 2023.

4.3 Other debtors becoming due and payable within one year

	2020				2019			
	Interest	Other	Tax authorities	Total	Interest	Other	Tax authorities	Total
Amount due	741	26,287	372	27,400	--	988	1	989
Value adjustments	--	(388)	--	(388)	--	(388)	--	(388)
Net value	741	25,899	372	27,012	--	600	1	601

The Company borrowed from CPI Hungary Investments more than 30 billion Hungarian Forint (see Note 10.2) and converted this amount into Euro through a cross-currency interest rate swap (see Note 8.18). The Company recognizes interest receivable from this cross-currency interest rate swap in the amount of KEUR 741 (see Note 11.1).

Deposit - Mandatory offer on shares of Nova RE SIIQ S.p.A.

In October 2020 the Company acquired 50 % of shares of Nova Re SIIQ S.p.A. plus 1 share. Therefore, in November 2020, according to Italian law, the Company promoted "Mandatory tender offer on all ordinary shares of Nova Re SIIQ S.p.A." (the "Offer") less shares held directly and indirectly by the Company. The Offer relates to 10,974,349 shares, representing 49.83% of the Nova RE SIIQ S.p.A. share capital. The Company will pay in cash to each accepting party the consideration, equal to 2.36 EUR for each share tendered to the Offer. The acceptance period started on 14 December 2020 and lasts until 8 January 2021 (see Note 27).

The maximum total consideration is 25,899,463.64 EUR. The Company deposited maximum countervalue at HSBC Continental Europe, Czech Republic.

4.4 Cash at bank and in hand

Cash at bank and in hand includes short term deposits in the amount of KEUR 100,000 (2019: KEUR 510,050) with interest rate -0.15%-0% p.a. (2019_0%-1.85% p.a.) with Bank of China (CEE) Ltd, Prague Branch.

NOTE 5 - PREPAYMENTS

Prepayments are mainly composed of transaction cost and discounts relating to the issuance of non-convertible loans (“Notes” - see Note 8). The corresponding issuance cost is amortized over the life of the related Notes.

The Company repurchased, tendered and subsequently cancelled some of its Notes issued (see Note 8). Transaction costs and discounts related to Notes, which were cancelled in 2020, were expensed in 2020.

				2020				2019
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
Notes costs	19,166	55,523	9,589	84,278	14,552	41,652	7,446	63,650
Credit institution loans costs	769	2,822	63	3,654	967	760	18	1,745
Other	137	--	--	137	558	--	--	558
Total prepayments	**20,072**	**58,345**	**9,652**	**88,069**	**16,077**	**42,412**	**7,464**	**65,953**

NOTE 6 - CAPITAL AND RESERVES

6.1 Subscribed capital and share premium account

As of 31 December 2020, the share capital amounts to EUR 865,171,633 (2019: EUR 865,171,633) and is represented by 8,651,716,331 ordinary shares (2019: 8,651,716,331) with par value of EUR 0.10 each fully paid in.

Share buy-back programme

The annual general meeting of the shareholders of the Company held on 28 May 2020 (the “2020 AGM”) approved the terms and conditions of a buy-back programme of the Company. The buy-back programme enables the Company to repurchase its own shares and authorises the Company to redeem/repurchase its own shares under the terms and conditions set forth therein. In particular, the 2020 AGM authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 1,000,000,000 shares in the Company from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent EUR 0.01 and EUR 5, for a period of five years from the date of the 2020 AGM. The 2020 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company's available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

As at 31 December 2020, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buy-back programme approved by the 2020 AGM. For further terms and conditions of buy-back please refer to the buy-back programme of the Company, that is available on the Company’s websites www.cpipg.com.

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

6.2 Authorized capital not issued

The extraordinary general meeting of the shareholders of the Company held on 1 March 2018 (the “2018 EGM”) resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of EUR 5,000 million for a period of 5 years from 1 March 2018, which would authorise the issuance of up to 40,000,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares of the Company.

The 2018 EGM approved the report issued by the Board of Directors relating to the possibility for the Board of Directors of the Company to cancel or limit preferential subscription rights of the shareholders of the Company upon increases of share capital in the framework of the authorised share capital of the Company.

As at 31 December 2020, the authorized share capital of the Company amounts to EUR 4,975 million which would authorize the issuance of up to 39,750,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding.

6.3 Legal reserve

In accordance with the Commercial Company Law, the Company must appropriate to the legal reserve a minimum of 5% of the annual net profit until such reserve equals 10% of the subscribed capital. Distribution by way of dividends of the legal reserve is prohibited.

6.4 Movements in capital and reserves

	Subscribed capital	Share premium account	Legal reserve	Profit / loss brought forward	Profit / loss for the financial year	TOTAL
As at 31 December 2019	**865,172**	**647,907**	**56,728**	**--**	**8,282**	**1,578,089**
Annual General Meeting on 28 May 2020 - allocation of 2019 result	--	--	--	8,282	(8,282)	--
Annual General Meeting on 28 May 2020 – allocation of 2019 result to Legal reserves	--	--	414	(414)	--	--
Profit for the financial year	--	--	--	--	16,134	16,134
As at 31 December 2020	**865,172**	**647,907**	**57,142**	**7,868**	**16,134**	**1,594,223**

NOTE 7 - PROVISIONS

The Company had provision in the amount of 1,000 thousands EUR as at 31 December 2019. The Company used part of the provision for Khan Litigation in the amount of KEUR 863 to cover related settlement costs.

NOTE 8 - NON CONVERTIBLE LOANS/NOTES

The Company issued 16 series of non-convertible loans ("Notes") under its Euro Medium Term Note Programme since September 2017. The volume of Euro Medium Term Note Programme increased from EUR 5 billion to EUR 8 billion in April 2020.

Non-convertible loans consist of bonds issued by the Company as follows:

ISIN	Nominal amount	Currency	Number of bonds	Issued price per bond	Maturity date	Nominal interest rate	Listing
XS1693959931	600,000,000	EUR	6,000	99.039	4 October 2024	2.13%	Euronext Dublin
XS1693959931	225,000,000	EUR	2,250	100.323	4 October 2024	2.13%	Euronext Dublin
XS1819537132	550,000,000	EUR	5,500	98.833	Undated*	4.38%	Euronext Dublin
XS1894558102	610,000,000	EUR	6,100	99.340	14 April 2022	1.45%	Euronext Dublin
CH0441186472	165,000,000	CHF	33,000	100.000	25 October 2023	1.63%	SIX Swiss Exchange
XS1917880012	8,000,000,000	JPY	80	100.000	10 December 2021	1.41%	Tokyo Pro-Bonds market
XS1917855337	3,000,000,000	JPY	30	100.000	8 December 2028	2.00%	Tokyo Pro-Bonds market
XS1950499639	450.000.000	HKD	450	100.000	12 February 2024	4.51%	Euronext Dublin
XS1955030280	350,000,000	USD	1,750	99.551	8 March 2023	4.75%	Euronext Dublin
XS1955030280	100,000,000	USD	500	103.770	8 March 2023	4.75%	Euronext Dublin
XS2069407786	750,000,000	EUR	7,500	98.122	23 April 2027	1.63%	Euronext Dublin
XS1982704824	550,000,000	EUR	5,500	98.676	Undated**	4.88%	Euronext Dublin
XS2008905155	283,000,000	HKD	283	100.000	6 June 2026	4.45%	Euronext Dublin
XS2106589471	350,000,000	GBP	3,500	98.675	22 January 2028	2.75%	Euronext Dublin
XS2106857746	150,000,000	SGD	600	100.000	Undated***	4.875%	Euronext Dublin
XS2117757182	250,000,000	HKD	250	100,000	13 February 2030	3.014%	Euronext Dublin
XS2171875839	750,000,000	EUR	7,500	97.663	12 May 2026	2.75%	Euronext Dublin
XS2231191748	500,000,000	EUR	500	97.410	Undated****	4.875%	Euronext Dublin
XS2231191748	25,000,000	EUR	25	97.600	Undated****	4.875%	Euronext Dublin

(*) subordinated, no fixed maturity date and are callable by the Company from August 11, 2023
(**) subordinated, no fixed maturity date and are callable by the Company from July 18, 2025
(***) subordinated, no fixed maturity date and are callable by the Company at the beginning of 2025
(****) subordinated, no fixed maturity date and are callable by the Company in November 2023

Total	Within one year	Within 5 years	After more than 5 years	2020 Total	Within one year	Within 5 years	After more than 5 years	2019 Total
Nominal value	63,246	1,576,054	3,051,131	4,690,431	1,254	2,104,638	1,906,955	4,012,847
Interest	59,811	--	--	59,811	29,946	--	--	29,946
Total non-convertible loans (Nominal value)	**123,057**	**1,576,054**	**3,051,131**	**4,750,242**	**31,200**	**2,104,638**	**1,906,955**	**4,042,793**
Prepayment	(18,110)	(56,579)	(9,589)	(84,278)	(14,552)	(41,652)	(7,446)	(63,650)
Deferred income	839	1,056	--	1,895	1,052	2,449	--	3,501
Total	**105,786**	**1,520,531**	**3,041,542**	**4,667,859**	**17,700**	**2,065,435**	**1,899,509**	**3,982,644**

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

8.1 ISIN XS1693959931

In 2017, the Company issued EUR 825 million 7-year senior notes in two tranches.

The first tranche of EUR 600 million was issued on 4 October 2017, at an issue price of 99.039%. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5).

The second tranche of EUR 250 million was issued on 6 December 2017, at an issue price of 100.323%. The corresponding premium has been recorded under the caption "Deferred income" (see Note 12).

On 5 May 2020, the Company made tender offer for purchase this issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of EUR 456,673,000. Repurchased Notes were cancelled on 15 May 2020. Outstanding amount of the Notes is EUR 368,327,000 as at 31 December 2020.

8.2 ISIN XS1819537132

On 9 May 2018, the Company issued EUR 550 million of undated 4.375% fixed rate resettable subordinated notes. The notes have no fixed maturity date and are callable by the Company from 11 August 2023.

On 8 September, the Company made tender offer for purchase this issuance to maintain a capital structure. On 16 September 2020 the Company accepted offer in the nominal value of EUR 328,192,000. Repurchased Notes were cancelled on 18 September 2020. Outstanding amount of the Notes is EUR 221,808,000 as at 31 December 2020.

8.3 ISIN XS1894558102

On 17 October 2018, the Company issued EUR 600 million of 4-year senior notes at issue price of 99.340 %. The next day, on 18 October 2018 the Company issued second tranche of EUR 10 million at the same issue price. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5).

On 5 May 2020, the Company made tender offer for purchase this issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of EUR 274,938,000. Repurchased Notes were cancelled on 15 May 2020. Outstanding amount of the Notes after this tender offer was EUR 387,207,000.

On 20 May 2020, the Company repurchased EUR 40,000,000 and next day were cancelled. Outstanding amount after this repurchase was EUR 347,207,000.

On 8 September, the Company made tender offer for purchase this issuance to maintain a capital structure. On 16 September 2020 the Company accepted offer in the nominal value of EUR 12,145,000. Repurchased Notes were cancelled on 18 September 2020. Outstanding amount of the Notes is EUR 335,062,000 as at 31 December 2020.

8.4 ISIN CH0441186472

On 25 October 2018, the Company issued CHF 165 million of 5-year senior notes. Out of total proceeds of the issuance the Company converted CHF 100 million the proceeds into Euro through a cross-currency interest rate swap (see Note 8.18).

On 20 May 2020, the Company repurchased CHF 14,300,000 and next day were cancelled. Outstanding amount after this repurchase was EUR 150,700,000.

8.5 ISIN XS1917880012

On 10 December 2018 the Company issued JPY 8 billion of 3-year senior notes. The Company converted the issuance into Euro through cross-currency interest rate swaps and switched fixed interest rate to variable interest rate (see Note 8.18).

8.6 ISIN XS1917855337

On 10 December 2018 the Company issued JPY 3 billion of 10-year senior notes. The Company converted the issuance into Euro through a cross-currency interest rate swap and switched fixed interest rate to variable interest rate (see Note 8.18).

8.7 ISIN XS1950499639

On 12 February 2019 the Company issued HKD 450 million of 5-year senior notes. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.8 ISIN XS1955030280

On 8 March 2019 the Company issued USD 350 million of senior notes due 8 March 2023 at an issue price 99.551%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5). The Company converted the proceeds into Euros through cross-currency swaps.

On 25 July 2019 the Company issued second tranche of USD senior notes in the amount of USD 100 million at an issue price 103.77%. The corresponding premium has been recorded under the caption “Deferred income” (see Note 12). The Company converted the proceeds into Euros through cross-currency swaps as well. (see Note 8.18).

On 5 May 2020, the Company made Tender offer for purchase this Issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of USD 73,107,000. Repurchased Notes were cancelled on 15 May 2020. Outstanding amount of the Notes after this Tender offer was USD 376,893,000.

8.9 ISIN XS1982704824

On 16 April 2019 the Company issued EUR 550 million of resettable undated subordinate notes at an issue price 98.676%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5). The notes have no fixed maturity date and are callable by the Company from 18 July 2025.

8.10 ISIN XS2008905155

On 6 June 2019 the Company issued HKD 283 million of senior notes due 6 June 2026. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.11 ISIN XS2069407786

On 28 October 2019 the Company issued EUR 750 million of senior notes, “green bonds”, due 23 April 2027 at an issue price 98.122%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5).

8.12 ISIN XS2106589471

On 22 January 2020 the Company issued GBP 350 million of 8-year senior green notes at as an issue price 98.675%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5). The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.13 ISIN XS2106857746

On 23 January 2020 the Company issued SGD 150 million of perpetual subordinated notes. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5). The Notes have no fixed maturity date and are callable by the Company at the beginning of 2025. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

8.14 ISIN XS2117757182

On 13 February 2020 the Company issued HKD 250 million of 10-year senior notes. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.15 ISIN XS2171875839

On 12 May 2020 the Company issued EUR 750 million of senior unsecured green bonds due 12 May 2026 at as an issue price 97.663%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5).

8.16 ISIN XS2231191748

On 16 September 2020 the Company issued EUR 500 million of undated subordinate Notes at an issue price 97.410 %. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5). The Notes have no fixed maturity date and are callable by the Company in November 2026.

The next day, 17 September 2020, the Company issued other 25 million of undated subordinated Notes at an issue price 97.600%. The Notes have no fixed maturity date and are callable by the Company in November 2026.

8.17 Costs linked to non-convertible loans

In the year ended 31 December 2020, the financial costs related to the notes amounted to EUR 186,113 thousand (2019: EUR 118,012 thousand).

8.18 Cross-currency interest rate swaps

The proceeds from the issuance of notes in CHF, JPY, HKD, USD, GBP and SGD the Company converted into Euro through cross-currency interest rate swaps. The Company uses the cross-currency interest rate swaps to manage its foreign currency and interest rate exposures. The Company entered into cross-currency interest rate swaps with Komerční banka, a.s., HSBC Bank PLC, J.P. Morgan Securities PLC., Deutsche Bank AG London, Goldman Sachs International, Raiffeisen Bank International AG.

The Company concluded cross-currency interest rate swap with Raiffeisen Bank International AG to convert proceeds from issuance HUF 30 billion of senior unsecured green notes with a 10-year maturity. CPI PG borrowed this proceeds from its subsidiary CPI Hungary Investments Kft. (see Note 10.2).

The fair value of the cross-currency interest rate swaps is as follows:

2020	Within one year			Within 5 years			After more		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	thousands EUR		million	thousands EUR		million	thousands EUR	
GBP	--	--	--	--	--	--	150	166,846	(7,035)
HKD	--	--	--	450	47,298	(457)	533	56,022	(5,334)
HUF*	--	--	--	--	--	--	30,000	82,442	(11,420)
CHF	--	--	--	86	79,337	3,844	--	--	--
JPY	8,000	63,246	1,220	--	--	--	3,000	23,717	(1,734)
SGD	--	--	--	150	92,490	(5,329)	--	--	--
USD	--	--	--	377	307,141	(12,952)	--	--	--
Total		**63,246**	**1,220**		**526,266**	**(14,894)**		**329,027**	**(25,523)**

(*) cross currency interest rate swap linked to received loan from CPI Hungary Investments Kft.

2019	Within one year			Within 5 years			After more		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	KEUR	KEUR	million	KEUR	KEUR	million	KEUR	KEUR
HKD	--	--	--	450	51,444	2,015	283	32,353	(387)
CHF	--	--	--	100	92,132	4,095	--	--	--
JPY	--	--	--	8,000	65,606	3,554	3,000	24,602	--
USD	--	--	--	452	402,644	12,856	--	--	--
Total		**--**	**--**		**611,826**	**22,520**		**56,955**	**(387)**

8.19 Covenants on Notes

The issued Notes are subject to covenants (detail of covenants is available in the Company prospectus on the Company's website). As at 31 December 2020 and 2019, all covenants were met.

NOTE 9 - AMOUNTS OWED TO CREDIT INSTITUTIONS

Credit facilities are summarized in the following table:

				2020				2019
Total	**Within one year**	**Within 5 years**	**After more than 5 years**	**Total**	**Within one year**	**Within 5 years**	**After more than 5 years**	**Total**
Principal	--	71,500	10,000	81,500	170,000	--	--	170,000
Interest	693	--	--	693	960	--	--	960
Total amounts owed to credit institution	**693**	**71,500**	**10,000**	**82,193**	**170,960**	**--**	**--**	**170,960**
Prepayment	(769)	(2,822)	(63)	(3,654)	(967)	(760)	(18)	(1,745)
Total	**(76)**	**68,678**	**9,937**	**78,539**	**169,993**	**(760)**	**(18)**	**169,215**

9.1 EUR 700 million revolving credit facility

On 25 November 2020, the Company signed a new EUR 700 million revolving credit facility with ten international banks. The facility matures in January 2026 and replaces the EUR 510 million revolving credit facility which was maturing in 2022. The Company didn't draw any amount of this credit facility in 2020.

Lenders to the facility are Banco Santander, Barclays, Credit Suisse, Goldman Sachs, HSBC, J.P. Morgan, Komerční Banka, Raiffeisen Bank AG, UniCredit and Bank of China.

9.2 Schuldschein instruments

On 15 March 2019, the Company entered into Promissory Loans, traditional German loan-style instruments called Schuldschein, with UniCredit Bank AG and Raiffeisen Bank International AG.

There is loan in total amount of EUR 111 million of floating-rate, 6M-EURIBOR + margin 150 bp, due 21 March 2023. The second loan is in total amount of EUR 49 million of floating-rate, 6M-EURIBOR + margin 190 bp, due 21 March 2025. The third loan is in total amount of EUR 10 million of 2.696% Fix Rate, due 21 March 2027.

On 23 March 2020 the Company early repaid Schuldschein loan in the amount of EUR 49 million, due in March 2025, with discount.

On 4 September 2020 the Company partly early repaid Schuldschein loan in the amount of EUR 39.5 million of total EUR 111 million, due in 2023. Outstanding amount after this repayment is as at 31 December 2020 EUR 71.5 million.

9.3 Costs linked to Amounts owed to credit institutions

In 2020, the credit facilities, unsecured term loans and Schuldschein generated expenses in the amount of KEUR 4,318 (2019: KEUR 5,948).

9.4 Covenants on bank loans

Bank loans are subject to a number of covenants, none of these covenants were breached as at 31 December 2020 and 2019. The bank loans covenants are fully aligned with the Company's EMTN programme.

NOTE 10 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

10.1 Amounts owed to affiliated undertakings, becoming due and payable within one year

	2020	2019
Principal	2,431	2,436
Interest	47,909	14,890
Other	20,383	19,729
Total	**70,723**	**37,055**

The Company concluded Cash pooling framework agreement with CPI FIM SA (Sub-pool leader) in February 2020. The principal in the amount of 3,176 thousand EUR and open interest in the amount of 3 thousand EUR are reported as Other.

10.2 Amounts owed to affiliated undertakings, becoming due and payable after more than one year

	2020	2019
Principal	2,029,464	1,382,344
Interest	804	717
Other	--	--
Total	**2,030,268**	**1,383,061**

The Company received loan with interest range 1.5%-6% p.a. (2019:1.5%-6%) with maturity date 6 August 2030 at the latest. The increase in principal is result of received loan from CPI FIM SA and new loan from CPI Hungary Investments Kft.

NOTE 11 - OTHER CREDITORS

11.1 Other creditors becoming payable within one year are composed as follow:

	2020	2019
Audit Committee - attendance fees	1	1
Interest	425	--
Others	1,172	8,254
Total	**1,598**	**8,255**

From its subsidiary CPI Hungary Investments, the Company borrowed 30 billion Hungarian Forint (see Note 10.2) and converted this amount into Euro through a cross-currency interest rate swap (see Note 8.18). The Company recognizes interest payable from this cross-currency interest rate swap in the amount of EUR 425 thousand (see Note 4.3).

The item Others mainly relates to settlement in Kahn litigation in the amount of EUR 823 thousand (2019: includes consideration of purchase price of shares of Globalworth Real Estate Investments in the amount of EUR 7,905 thousand).

11.2 Other creditors becoming due and payables after more than one year

The Company together with CPI FIM SA sold shares of SCP CAYO and assigned loans to KOKSI Holding LTD. Considerations were primarily settled with received advance payments in 2019 in the total amount of EUR 5,500 thousand.

NOTE 12 - DEFERRED INCOME

Deferred income consists of premium that arose from the issuance of notes under EMTN programme (see Note 8.1 and 8.8).

				2020				2019
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
Total Notes	839	1,056	--	1,895	1,052	2,449	--	3,501
Other	--	--	--	--	1	--	--	1
Total	**839**	**1,056**	**--**	**1,895**	**1,053**	**2,449**	**--**	**3,502**

NOTE 13 - OTHER OPERATING INCOME

The other operating income includes remuneration for providing comprehensive and professional services in expert and in an efficient manner.

	2020	2019
CPI FIM SA – remuneration for services	379	582
Others	892	3,249
Total	**1,271**	**3,831**

The item Others includes tentative settlement of Khan Litigation in the amount of EUR 823 thousand (2019: mainly result from termination of Exclusivity Agreement in form of “Priority Right Abort Fee” in the amount of EUR 3,000 thousand).

NOTE 14 - OTHER EXTERNAL EXPENSES

Other external expenses are compose as follows:

	2020	2019
Rental, maintenance and repairs	12	12
Financial services	118	68
Bank fees	45	16
Professional fees:	**2,522**	**2,140**
legal fee	1,678	1,196
audit fee	312	193
advisory fee	72	369
other fee	460	382
Advertising, publications, public relations	161	70
Travelling costs	17	36
Other various fees	52	47
Total	**2,927**	**2,389**

NOTE 15 - STAFF COSTS

The Company had three employees in 2020 (2019: three).

	2020	2019
Wages and salaries	162	171
Social security cost	17	10
Total	**179**	**181**

NOTE 16 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

	2020	2019
Affiliated undertakings	575	685
Others	--	(1)
Total	**575**	**684**

NOTE 17 - THE OTHER OPERATING EXPENSES

The other operating expenses mainly includes usage of provision for Khan Litigation (see Note 7, 13).

	2020	2019
Usage of provision for Khan litigation	823	--
Affiliate based in Monaco cost	--	4
Unclaimed VAT	--	358
Directors - attendance fees	72	57
Audit Committee - attendance fees	6	8
Others	34	12
Total	**935**	**439**

NOTE 18 - INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

The income from participating interest mainly includes dividends and gain from sale of shares of SCP CAYO to third party.

	2020	2019
ZLATICO LIMITED	11	25
IVRAVODA LIMITED	--	40,260
Isalotta GP GmbH & Co.Verwaltungs KG	3,990	--
Gewerbesiedlungs-Gesellschaft mbH	85,491	--
Gain from sale of shares of SCP CAYO	680	--
Total	**90,172**	**40,285**

NOTE 19 - INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

In the year ended 31 December 2020, the loans provided generated interest income of EUR 147,538 thousand (2019: EUR 106,045 thousand).

In the year ended 31 December 2020, the Company received dividend from Globalworth Real Estate Investments Limited in the amount of EUR 1,995 thousand (2019: nill).

NOTE 20 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

20.1 Derived from affiliated undertakings

	2020	2019
Interest	12,239	698
Foreign currency exchange gains	4,964	25
Other	1	1
Total	**17,204**	**724**

20.2 Other interest and similar income

Other interest and similar income includes primarily interest from cross-currency interest rate swaps.

	2020	2019
Interest	34,457	21,988
Foreign currency exchange gains	10,864	779
Other	11,386	1,372
Total	**56,707**	**24,139**

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

NOTE 21 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

Value adjustments of financial assets are composed as follows:

	2020	2019
Shares	**(12,284)**	**1,985**
Baron Puglia S.r.l.	(10)	--
CPI Alberghi HI Roma S.r.l.	(6,813)	--
CPI Hotels Italy S.r.l.	(2,712)	(1,014)
Duca Puglia S.r.l.	(21)	--
GSG Holding 2 GmbH	1	2
IVRAVODA LIMITED	--	(539)
Remontées Mécaniques Crans Montana Aminona (CMA) SA	(4,290)	3,399
SCP CAYO	--	117
SCP MADRID	--	1
SCP PIERRE CHARRON	--	19
Fair value adjustments	1,662	--
Loans	**(13,633)**	**(10,062)**
Affiliated undertakings	(13,634)	(10,062)
Other	1	--
Total	**(25,917)**	**(8,077)**

NOTE 22 - INTEREST PAYABLE AND SIMILAR EXPENSES

22.1 Concerning affiliated undertakings

	2020	2019
Interest	48,151	15,726
Foreign currency exchange losses	15,202	156
Other	1	--
Total	**63,354**	**15,882**

22.2 Other interest and similar expenses

Other interest and similar expenses includes primarily interest from notes and cross-currency interest rate swaps.

	2020	2019
Interest	159,226	106,570
Foreign currency exchange losses	5,733	15,703
Other	41,049	18,175
Total	**206,008**	**140,448**

NOTE 23 - TAX ON PROFIT OR LOSS

The Company is taxable company for Luxembourg income and net wealth taxes. As at 31 December 2020 and 2019, the Company had no payables against the Luxembourg Tax Administration.

	2020	2019
Net wealth tax	5	5
Other taxes and duties	--	4
Total	**5**	**9**

NOTE 24 - OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Subordination of loan

The Company issued a subordination of loan and a comfort letter without any limit to the following affiliated companies:

- Orco Immobilien GmbH
- GSG Berlin Invest GmbH
- Gebauer Höfe Liegenschaften GmbH
- GSG Asset GmbH & Co. Verwaltungs KG

Comfort letter

In 2012, the Company issued the following comfort letters to GSG Asset KG for their contracting partner Techem Energy Contracting GmbH still valid in 2020:

- Wattstrasse, limited to EUR 88,667
- Geneststrasse, limited to EUR 88,000
- Zossener Strasse, limited to EUR 89,367
- Adalbertstrasse, limited to EUR 35,936
- Waldemarstrasse, limited to EUR 83,064
- Gneisenaustrasse, limited to EUR 80,267
- Lübarser Strasse, limited to EUR 51,000

British entities guarantee

The Company has given a guarantee in accordance with s479C of the Companies Act 2006 which has the effect that the Company guarantees all outstanding liabilities to which 1 Bishops Avenue Limited and 7 St James's Square Limited is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full. The guarantee is enforceable against the Company by any person to whom 1 Bishops Avenue Limited or 7 St James's Square Limited is liable in respect of those liabilities.

In accordance with section 479A of the Companies Act, by virtue of this guarantee, 1 Bishops Avenue Limited and 7 St James's Square Limited are exempt from the requirements of the Companies Act relating to the audit of their individual accounts.

Other Guarantee, warranties

CPI Hotels Italy

The Company concluded an agreement with HSBC France, acting through its branch HSBC France – pobočka Praha ("HSBC"), in relation to a bank guarantee for its subsidiary CPI Hotels Italy S.r.l. Under this agreement, HSBC will provide a guarantee to IHG Hotels Limited up to amount of EUR 50,000 until December 31, 2031.

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

Credit Facility Agreements

As at balance sheet date, the Company has contracted below the credit facility agreements with its undertakings affiliated:

Undertakings	2020 Drawdown Limit (MEUR)	2019 Drawdown Limit (MEUR)
1 Bishops Avenue Limited	15	83
7 St James's Square Limited	67	71
Baron Puglia S.r.l.	35	--
CPI Alberghi HI Roma S.r.l.	5	5
CPI FIM SA	6,089	3,935
CPI Hotels, a.s	--	17
CPI Hotels Italy	8	6
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	57	57
Czech Property Investments a.s.	225	765
Duca Puglia S.r.l.	8	--
Gamala Limited	300	200
GSG ARMO Holding GmbH	--	38
Parco Delle Case Bianche, S.R.L	30	30
PTR Prime Tourist Resort (Cyprus) Limited	--	150
Savile Row 1 Limited	7	--
Spojené farmy, a.s.	4	4
SCI MAS Cantagreli	20	20
SCP Ailey	20	20
SCP Cayo	--	23
SCP Ciskey	47	35
SCP Kandler	23	20
SCP Madrid	20	20
SCP New Blue Bird	20	21
SCP Pierre Charron	20	21
SCP Villa de Tahiti	20	23
Zakiono Enterprises Limited	550	--

Kingstown dispute in Luxembourg

On 20 January 2015, the Company was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown"), claiming to be the shareholders of CPI FIM SA, filed with the Tribunal d´Arrondissement de et a Luxembourg (the "Luxembourg Court"). The petition seeks condemnation of the Company together with CPI FIM SA and certain members of CPI FIM SA's board of directors as jointly and severally liable to pay damages in the amount of EUR 14.5 million and compensation for moral damage in the amount of EUR 5 million. According to Kingstown's allegation the claimed damage has arisen as a consequence of inter alia alleged violation of CPI FIM SA's minority shareholders rights. To the best of Company's knowledge, Kingstown was not at the relevant time a shareholder of the Company. Therefore, and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio judicatum solvi plea, which consists in requiring the entity who initiated the proceedings and who does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. On 19 February 2016 the Luxembourg Court rendered a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the "Caisse de Consignation" in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157.0 million. The Company continues to believe the claim is without merit.

On 21 June 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPI PG. The Court dismissed the claim against CPI PG because the claim was not clearly pleaded ("libellé obscur"). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPI PG and failed to demonstrate how CPI PG committed any fault. In December 2020, the Luxembourg Court declared that the inadmissibility of the claim against the Company and certain other defendants has not resulted in the inadmissibility of the litigation against the Company's subsidiary CPI FIM SA and the remaining defendants. CPI FIM SA and the remaining defendants are scheduled to present their written submissions during the first half of 2021. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA.

The Company did not account for any provision in respect of this disputes.

Kingstown dispute in the United States

On 10 April 2019, a group of Kingstown companies, Investhold LTD and Verali Limited (together, the "Kingstown Plaintiffs") filed a claim in the United States District Court of the Southern District of New York (the "SDNY Court") against, among others, CPI PG and Mr. Radovan Vítek (together, the "CPI PG Defendants"). The claims brought by the Kingstown Plaintiffs against CPI PG include alleged violations of RICO.

CPI PG believes that the claims are without merit and were designed to create negative press attention for CPI PG and to force an undue settlement. The CPI PG 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 CPI PG and Mr. Vitek. CPI PG 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 CPI PG 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 CPI PG 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 CPI PG Defendants filed a motion to dismiss the amended complaint. The arguments presented in the motion resemble those presented by the CPI PG 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 CPI PG 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 CPI PG Defendants;

v) The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the CPI PG Defendants.

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

On 4 September 2020, the SDNY Court granted the CPI PG Defendants' motions to dismiss. The SDNY Court ruled that the case should defer to the existing proceedings in Luxembourg, which is the locus where most of the relevant evidence in the case is located. The SDNY Court also determined that Luxembourg would be a more convenient forum for litigation, and that Luxembourg's legal system was sufficiently adequate to allow for the resolution of Kingstown Plaintiffs' claims.

The Kingstown Plaintiffs appealed the dismissal decision to the Second Circuit Court of Appeals on 5 October 2020, which they were entitled to do as of right under U.S. law. The Kingstown Plaintiffs' appeal is limited to identifying certain purported errors that the District Court made in reaching its decision and cannot introduce new facts or arguments that were not raised before the District Court during the motion to dismiss briefing.

The briefing is expected to occur in 1H 2021 and the the decision on the appeal may take between a few months to over a year. CPI PG believes that our position on appeal is strong given the high level of deference that the Second Circuit must give the District Court's decision by law.

On 3 June 2020, Kingstown filed yet another complaint against CPI PG and Mr. Radovan Vitek in New York. This time, Kingstown filed in New York State court, alleging that they were somehow defamed through April 2019 press releases and other statements in relation to Kingstown's first-filed U.S. lawsuit, which is currently pending in the SDNY Court.

On 18 September 2020 CPI PG moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law. The motion to dismiss is currently being considered by the court. Although it is difficult to estimate when a decision will be issued, it is likely we will have the judge's ruling in the next few months.

The Company did not account for any provision in respect of this disputes.

Vitericon litigation

On 15 March 2019, the Company received a summons from the Berlin Court. The Company was sued by an insolvency administrator of the Company's former subsidiary. The insolvency administrator is claiming invalidity of an intragroup debt settlement from 2013 and claims a payment of EUR 10.4 million from the Company. The Company appointed a counsel and is prepared to defense itself in front of the Berlin Court. The first hearings are expected to occur in April 2021. The Company did not account for any provision in respect of the Vitericon litigation.

NOTE 25 - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors attendance compensation for the year 2020 amounts to EUR 57,000 (2019: EUR 52,000) (see Note 17). The Annual General Meeting held on May 28, 2014 resolved to approve, with the effect as of January 1, 2014, the payment of attendance fees to all independent, non-executive Directors of the Company in the amount of EUR 3,000 per calendar month as a base fee and empowered the Board of Directors to decide at its sole discretion about the payment of additional fees up to EUR 3,000 per calendar month to independent, non-executive Directors of the Company.

NOTE 26 - RELATED PARTY TRANSACTIONS

The Company considers entities reported as affiliated undertaking:

- entity, that are owned by the Company (directly or indirectly),
- Mr. Radovan Vítek and related party owned by Mr. Radovan Vítek, the ultimate beneficial owner of the Company.

Entity owned by the Company (directly and indirectly)

The list contains only affiliated, with whom the Company considers transaction in 2020 and 2019. The full list of subsidiaries is presented in the CPI PG's annual report, available at www.cpipg.com.

- 1 Bishops Avenue Limited
- 7 ST JAMES'S SQUARE LIMITED
- CA IMMOBILIEN ANLAGEN ORD SHS
- CM Hotels SA
- CMA Immobilier SA
- CODIAZELLA LTD,
- CPI Alberghi HI Roma S.r.l.
- CPI FIM SA
- CPI Finance (BVI) Limited
- CPI Hotels Italy S.r.l.
- CPI Hotels, a.s.
- CPI Hungary Investments Kft. (formerly BC 30 Property Kft.)
- CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)
- CPI Poland Sp. z o.o.
- CPI Services, a.s.
- Czech Property Investments, a.s.
- Gewerbesiedlungs-Gessellschaft mbH
- Globalworth Real Estate Investments Limited
- GSG Armo Holding GmbH
- GSG Asset GmbH & Co. Verwaltungs KG
- GSG Energiemanagement GmbH
- GSG Europa Beteiligungs GmbH
- GSG Gewerbehöfe Berlin 1. GmbH & Co. KG
- GSG Gewerbehöfe Berlin 2. GmbH & Co. KG
- GSG Gewerbehöfe Berlin 3. GmbH & Co. KG
- GSG Gewerbehöfe Berlin 4. GmbH & Co. KG
- GSG Gewerbehöfe Berlin 5. GmbH & Co. KG
- GSG Holding 2 GmbH
- ICADE REIT ORD SHS EUR
- IMMOFINANCZ ORD SHS USD
- INMOBILIARIA COLONIAL ORD SHS EUR 2.50
- Isalotta GP GmbH & Co.Verwaltungs KG
- IVRAVODA LIMITED
- Mercuda, a.s.
- Parco delle Case Bianche, S.r.l.
- PTR PRIME TOURIST RESORT (CYPRUS) LIMITED
- Remontées Mécaniques Crans Montana Aminona (CMA) SA
- Savile Row 1 Limited
- SCI MAS CANTAGRELI
- SCP AILEY
- SCP CAYO
- SCP CISKEY
- SCP KANDLER
- SCP MADRID
- SCP NEW BLUE BIRD
- SCP PIERRE CHARRON
- SCP VILLA DE TAHITI
- Spojené farmy a.s.
- Sunčani Hvar d.d.
- Zakiono Enterprises Limited
- ZLATICO

Related party owned by Mr. Radovan Vítek reported as affiliated undertaking

- Gamala Limited

Related party balances

Receivables	2020 Financial fixed assets	2020 Current assets after more than one year	2020 Current assets within one year	2020 Total	2019 Financial fixed assets	2019 Current assets after more than one year	2019 Current assets within one year	2019 Total
Note	3.2	4.2	4.1	--	3.2	4,2	4.1	--
Owned by the Company (directly, indirectly) - affiliated	**5,341,630**	**1,738**	**166,534**	**5,509,902**	**4,133,619**	**4,000**	**60,549**	**4,198,168**
1 Bishops Avenue Limited	13,411	--	--	13,411	72,561	2,640	--	75,201
7 ST JAMES'S SQUARE LIMITED	54,655	1,738	--	56,393	54,658	662	--	55,320
CM Hotels SA**	--	--	--	--	--	--	--	--
CMA Immobilier SA	39,604	--	183	39,787	15,830	--	207	16,037
CPI Alberghi HI Roma S.r.l.	320	--	23	343	365	--	15	380
CPI FIM SA	4,530,198	--	158,091	4,688,289	3,685,990	--	50,866	3,736,856
CPI Hotels Italy S.r.l.****	346	--	366	712	--	--	--	--
CPI Hotels, a.s.	--	--	--	--	9,814	--	850	10,664
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)**	--	--	--	--	--	--	--	--
CPI Services, a.s.	--	--	2,238	2,238	--	--	4,372	4,372
Czech Property Investments, a.s.	93,279	--	371	93,650	130,273	--	784	131,057
GSG Armo Holding GmbH	--	--	--	--	35,632	534	--	36,166
GSG Energiemanagement GmbH***	3,683	--	16	3,699	--	--	--	--
GSG Europa Beteiligungs GmbH	--	--	--	--	8,192	164	--	8,356
GSG Holding 2 GmbH	--	--	--	--	5	--	--	5
Isalotta GP GmbH & Co.Verwaltungs KG	--	--	--	--	45	--	3	48
Mercuda, a.s.	--	--	52	52	43	--	8	51
Parco delle Case Bianche, S.r.l.	20,149	--	5,074	25,223	21,395	--	3,384	24,779
Savile Row 1 Limited	614	--	--	614	--	--	--	--
SCI MAS CANTAGRELI****	4,797	--	--	4,797	5,280	--	--	5,280
SCP AILEY****	2,411	--	--	2,411	2,290	--	--	2,290
SCP CAYO	--	--	--	--	19,416	--	--	19,416
SCP CISKEY****	16,551	--	--	16,551	23,575	--	--	23,575
SCP KANDLER	5,723	--	--	5,723	6,721	--	--	6,721
SCP MADRID	2,928	--	--	2,928	2,857	--	--	2,857
SCP NEW BLUE BIRD****	9,138	--	--	9,138	9,189	--	--	9,189
SCP PIERRE CHARRON	13,585	--	--	13,585	13,335	--	--	13,335
SCP VILLA DE TAHITI	14,085	--	--	14,085	14,011	--	--	14,011
Spojené farmy a.s.	3,697	--	120	3,817	2,142	--	60	2,202
Vitericon Projektentwicklung GmbH**	--	--	--	--	--	--	--	--
Zakiono Enterprises Limited	512,456	--	--	512,456	--	--	--	--
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**278,734**	**20,876**	**299,610**	**--**	**173,378**	**8,637**	**182,015**
GAMALA LIMITED	--	278,734	20,876	299,610	--	173,378	8,637	182,015
Total	**5,341,630**	**280,472**	**187,410**	**5,809,512**	**4,133,619**	**177,378**	**69,186**	**4,380,183**

* The Company recognised value adjustments on principal and interest in 2020

** The Company recognised value adjustments on principal and interest in 2020 and 2019

*** The Company recognised partial value adjustments on principal in 2020

**** The Company recognised partial value adjustments on principal in 2020 and 2019

Payables	2020 Owed to affilitated payable within one year	2020 Owed to affilitated payable after more than one year	2020 Owed to affilitated payable within one year	2020 Total	2019 Owed to affilitated payable within one year	2019 Owed to affilitated payable after more than one year	2019 Owed to affilitated payable within one year	2019 Total
Note	10.1	10.2	11.1	--	10.1	10.2	11.1	--
Owned by the Company (directly, indirectly) - affiliated	**70,724**	**2,030,269**	**--**	**2,100,993**	**37,044**	**1,383,061**	**--**	**1,420,105**
CODIAZELLA LTD,	9,180	--	--	9,180	9,180	--	--	9,180
CPI FIM SA	43,567	1,634,505	--	1,678,072	20,451	1,102,426	--	1,122,877
CPI Finance (BVI) Limited	2,083	--	--	2,083	2,083	--	--	2,083
CPI Hungary Investments Kft. (formerly BC 30 Property Kft.)	756	88,447	--	89,203	--	--	--	--

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

Payables	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	2020 Total	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	2019 Total
Note	10.1	10.2	11.1	--	10.1	10.2	11.1	--
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	--	--	--	--	283	--	--	283
Czech Property Investments, a.s.	14,656	249,336	--	263,992	4,505	244,936	--	249,441
Gewerbesiedlungs-Gesellschaft mbH	--	50,029	--	50,029	--	28,198	--	28,198
GSG Asset GmbH & Co. Verwaltungs KG	--	--	--	--	93	--	--	93
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	74	1,224	--	1,298	69	1,155	--	1,224
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	91	1,508	--	1,599	85	1,422	--	1,507
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	86	1,431	--	1,517	81	1,350	--	1,431
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	114	1,899	--	2,013	107	1,791	--	1,898
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	114	1,890	--	2,004	107	1,783	--	1,890
Sunčani Hvar d.d.	3	--	--	3	--	--	--	--
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**--**	**--**	**--**	**10**	**--**	**--**	**10**
Mr. Radovan Vítek	--	--	--	--	10	--	--	10
Total	**70,724**	**2,030,269**	**--**	**2,100,993**	**37,054**	**1,383,061**	**--**	**1,420,115**

Related party transactions

Income	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	2020 Total	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	2019 Total
Note	13	18	19	20.1	--	13	18	19	20.1	--
Owned by the Company (directly, indirectly) - affiliated	**411**	**89,492**	**149,535**	**4,964**	**244,402**	**582**	**40,285**	**100,300**	**724**	**141,891**
1 Bishops Avenue Limited	--	--	222	4,246	4,468	--	--	2,514	--	2,514
7 ST JAMES'S SQUARE LIMITED	--	--	1,100	--	1,100	--	--	662	--	662
CM Hotels SA	--	--	23	1	24	--	--	55	1	56
CMA Immobilier SA	--	--	184	2	186	--	--	207	2	209
CPI Alberghi HI Roma S.r.l.	--	--	8	--	8	--	--	10	--	10
CPI FIM SA	379	--	137,522	4	137,905	582	--	86,813	14	87,409
CPI Hotels Italy S.r.l.	--	--	158	--	158	--	--	130	--	130
CPI Hotels, a.s.	--	--	877	96	973	--	--	850	--	850
CPI Hungary Investments Kft. (formerly BC 30 Property Kft.)	32	--	--	--	32	--	--	--	--	--
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	--	--	806	--	806	--	--	1,110	--	1,110
CPI Services, a.s.	--	--	--	83	83	--	--	--	8	8
Czech Property Investments, a.s.	--	--	2,960	499	3,459	--	--	3,109	--	3,109
Gewerbesiedlungs-Gesellschaft mbH	--	85,491	--	--	85,491	--	--	--	--	--
Globalworth Real Estate Investments Limited	--	--	1,995	--	1,995	--	--	--	--	--
GSG Armo Holding GmbH	--	--	303	--	303	--	--	--	534	534
GSG Energiemanagement GmbH	--	--	16	--	16	--	--	--	--	--
GSG Europa Beteiligungs GmbH	--	--	89	--	89	--	--	--	164	164
Isalotta GP GmbH & Co.Verwaltungs KG	--	3,990	2	--	3,992	--	--	3	--	3
IVRAVODA LIMITED	--	--	--	--	--	--	40,260	--	--	40,260
Mercuda, a.s.	--	--	2	--	2	--	--	2	--	2
Parco delle Case Bianche, S.r.l.	--	--	1,690	--	1,690	--	--	1,600	--	1,600
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED	--	--	--	--	--	--	--	1,484	--	1,484
SCI MAS CANTAGRELI	--	--	133	--	133	--	--	128	--	128
SCP AILEY	--	--	44	--	44	--	--	43	--	43
SCP CAYO	--	--	47	--	47	--	--	272	--	272
SCP CISKEY	--	--	476	--	476	--	--	464	--	464
SCP KANDLER	--	--	157	--	157	--	--	151	--	151
SCP MADRID	--	--	41	--	41	--	--	40	--	40
SCP NEW BLUE BIRD	--	--	208	--	208	--	--	202	--	202
SCP PIERRE CHARRON	--	--	190	--	190	--	--	183	--	183
SCP VILLA DE TAHITI	--	--	199	--	199	--	--	198	--	198
Spojené farmy a.s.	--	--	83	33	116	--	--	70	1	71
ZLATICO LIMITED	--	11	--	--	11	--	25	--	--	25
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**--**	**--**	**12,239**	**12,239**	**--**	**--**	**5,748**	**--**	**5,748**
GAMALA LIMITED	--	--	--	12,239	12,239	--	--	5,748	--	5,748
Total	**411**	**89,492**	**149,535**	**17,203**	**256,641**	**582**	**40,285**	**106,048**	**724**	**147,639**

				2020				2019
Expenses	Other external expenses	Financial expenses affiliated	Financial expenses other	Total	Other external expenses	Financial expenses affiliated	Financial expenses other	Total
Note	14	22.1	22.2	--	14	22.1	22.2	--
Owned by the Company (directly, indirectly) - affiliated	**28**	**82,065**	**(402,878)**	**(320,785)**	**250**	**15,882**	**--**	**16,132**
1 Bishops Avenue Limited	--	68	--	68	--	5	--	5
7 ST JAMES'S SQUARE LIMITED	--	961	--	961	--	--	--	--
CMA Immobilier SA	--	45	--	45	--	--	--	--
CPI Alberghi HI Roma S.r.l.	--	--	--	--	--	8	--	8
CPI FIM SA*	24	49,809	(14,773)	35,060	24	12,475	--	12,499
CPI Hotels, a.s.	--	153	--	153	1	1	--	2
CPI Hungary Investments Kft. (formerly BC 30 Property Kft.)	--	756	--	756	--	--	--	--
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	--	--	--	--	--	77	--	77
CPI Poland Sp. z o.o.	--	--	--	--	222	--	--	222
CPI Services, a.s.	4	4	--	8	3	--	--	3
Czech Property Investments, a.s.	--	10,153	--	10,153	--	2,076	--	2,076
Gewerbesiedlungs-Gesellschaft mbH	--	804	--	804	--	717	--	717
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	--	74	--	74	--	69	--	69
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	--	91	--	91	--	85	--	85
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	--	86	--	86	--	81	--	81
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	--	114	--	114	--	107	--	107
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	--	114	--	114	--	107	--	107
Remontées Mécaniques Crans Montana Aminona (CMA) SA	--	15	--	15	--	74	--	74
SCP CAYO	--	18,712	--	18,712	--	--	--	--
SCP MADRID	--	--	--	--	--	--	--	--
SCP NEW BLUE BIRD	--	--	--	--	--	--	--	--
SCP PIERRE CHARRON	--	--	--	--	--	--	--	--
SCP VILLA DE TAHITI	--	--	--	--	--	--	--	--
Spojené farmy a.s.	--	106	--	106	--	--	--	--
Zakiono Enterprises Limited*	--	--	(388,105)	(388,105)	--	--	--	--
Total	**28**	**82,065**	**(402,878)**	**(320,785)**	**250**	**15,882**	**--**	**16,132**

(*) disposal proceeds of shares of Globalworth Real Estate Investments Limited

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

			2020			2019
Value adjustments	Value adjustments of current assets	Value adjustments of fixed assets	Total	Value adjustments of current assets	Value adjustments of fixed assets	Total
Note	16	21	--	16	21	--
Owned by the Company (directly, indirectly) - affiliated	**575**	**(12,217)**	**(11,642)**	**685**	**(10,063)**	**(9,378)**
CM Hotels SA	32	(58)	(26)	(15)	(614)	(629)
CPI Hotels Italy S.r.l.	208	(622)	(414)	(208)	(4,827)	(5,035)
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	335	(1,110)	(775)	908	(2,018)	(1,110)
SCI MAS CANTAGRELI	--	(885)	(885)	--	(287)	(287)
SCP AILEY	--	32	32	--	(85)	(85)
SCP CISKEY	--	(7,840)	(7,840)	--	(2,139)	(2,139)
SCP KANDLER	--	(1,315)	(1,315)	--	(405)	(405)
SCP MADRID	--	--	--	--	137	137
SCP NEW BLUE BIRD	--	(419)	(419)	--	(539)	(539)
SCP PIERRE CHARRON	--	--	--	--	714	714
Total	**575**	**(12,217)**	**(11,642)**	**685**	**(10,063)**	**(9,378)**

The positive value is decrease of value adjustments, the negative value is increase of value adjustments.

NOTE 27 - POST BALANCE SHEET EVENTS

Mandatory offer on shares of Nova RE SIIQ S.p.A.

On 13 January 2021 the Company announced final results of mandatory tender offer. The Company tendered 8,887,209 ordinary shares, equal to approximately 40.35 % of the Nova RE SIIQ S.p.A. share capital, for a consideration equals to EUR 2.36 for each share, in the total amount of EUR 20,973,813.24. Moreover, the Company announced reopening of the mandatory offer for 5 Stock Exchange trading days, from 18 January 2021 to 22 January 2021.

On 26 January 2021 the Company announced result of the offer after reopening of the terms. The Company tendered 460,809 ordinary shares, equal to approximately 2.092% of the Nova RE SIIQ S.p.A. share capital, for a consideration equals to EUR 2.36 for each share, in the total amount of EUR 1,087,509.24 EUR.

Both mandatory offers were settled by cash, through the intermediary appointed for coordinating the collection of acceptances. The Company concurrently used deposit in HSBC Continental Europe, Czech Republic.

Consent Solicitation

On 15 January 2021 the Company announced results of consent solicitation memorandum dated 17 December 2020. Deutsche Bank in its role as Original Trustee in respect of each Series of Notes was removed and HSBC Corporate Trustee Company (UK) Limited was approved and appointed.

ISIN XS2290544068

On 27 January 2021 the Company issued total EUR 650 million senior Notes due 27 January 2031 in two tranches under the Company's Euro Medium Term Note (EMTN) programme.

ISIN XS2290533020

On 27 January 2021 the Company issued total EUR 400 million resettable undated subordinated Notes under the Company's Euro Medium Term Note (EMTN) programme.

ISIN XS1693959931

The Company repaid in January 2021 part of 825 million EUR issuance in the nominal value EUR 128,922,000 through tender offer. The Company used proceeds from new issuances in January 2021. Notes has remained outstanding in aggregate nominal value EUR 239,405,000.

ISIN XS1819537132

The Company repaid full issuance of resettable undated subordinated Notes in January and February 2021. The Company used proceeds from new issuances in 2021.

ISIN XS1894558102 – make-whole redemption amount

The Company repaid rest of issuance of senior Notes due 14 April 2021 on 4 February 2021. The Company used proceeds from new issuances in 2021.

ISIN XS230703264

On 25 February 2021 the Company issued total JPY 3,000,000,000 senior notes due 25 February 2025. The Company converted the proceeds into Euros through a cross-currency swap.

Share Buy-Back Offer

The Company announced on 15 February 2021 the intention to purchase up to 650,000,000 shares under the Company's share buy-back programme. The Company proposed to pay a price EUR 0.616 per share.

On 26 February 2021 the Company completed the offer and purchased of a total of 641,658,176 tendered shares for an aggregate amount of EUR 395,261,436 (or EUR 0.616 per tendered share. The vast majority of share were tendered by the Company's primary shareholder, Mr. Radovan Vítek and the Company's subsidiary, CPI FIM SA. The rest of the tenders were from management and third parties.

Decrease the corporate capital of the Company

On 26 February 2021 the Company invited Shareholders to attend the extraordinary general meeting of the shareholders of the Company to be held on 31 March 2021 to discuss and to vote on decrease the corporate capital of the Company by the amount of EUR 64,165,817.60 by means of cancellation of 641,658,176 shares held in treasury by the Company.

Repayment of Schuldschein instrument

The Company repaid on 23 March 2021 the Schuldschein loan, maturing in 2023, in the amount of KEUR 71,500.