CPI
Property
Group

2021
Management Report

On the cover:
Warsaw Financial Center, Poland
Prinzessinnen-Höfe, Berlin, Germany
Quadrio, Prague, Czech Republic

photo: GSG Berlin © Thomas Hillig Architekten

Eurocentrum, Warsaw, Poland

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> *CPIPG believes that Central and Eastern Europe is a* **land of opportunity.**

Edward Hughes, Chairman of the Board

Letter from the Chairman

Dear stakeholders,

I joined the board of directors in 2014, when CPIPG was already a regional leader from the Czech Republic with a track record for smart acquisitions and talented local management.

Since that time, the strong economic and real estate backdrop in Central Europe has supported consistent local and international demand for real estate investments. However, few foreign or "fly in" investors have been consistently successful over the long run. In that regard, CPIPG's local roots have always been a key advantage. Due to much common shared history, our management feel at home across the region with its tenants, property mix, laws and market norms. This combined with the readiness to seize opportunity at speed has been a key element in the development of our Group. Today CPIPG has become a unique success story from Central Europe, and is now one of Europe's largest real estate companies with a portfolio of €13 billion.

With size comes responsibility, and CPIPG is proud of our track record. The Group has an active presence in the international bond markets, achieving many "firsts" for a company from our region, while also demonstrating a consistent commitment to financial policy. CPIPG was the first company from our region to issue green bonds in 2019, and was the first European real estate company to issue a sustainability-linked bond in early 2022. CPIPG has committed to ambitious environmental targets including 100% green electricity purchases by 2024 and a 30% reduction in greenhouse gas intensity by 2030. The board of directors has become increasingly independent, and our governance procedures have been strengthened.

Looking to the future, CPIPG continues to see Central and Eastern Europe as a land of opportunity. The vast majority of our acquisitions in recent years have focused on our core region, such as the Group's expansion into Warsaw offices in 2019 and 2020 and the acquisition of Globalworth in 2020 and 2021. CPIPG's recent investments in Vienna-listed IMMOFINANZ and S IMMO, both large and highly respected owners of quality real estate in our region, significantly increase the Group's scale while drawing on our core strengths as a hands-on property owner.

So far, 2022 has brought fresh challenges. While CPIPG is monitoring interest rates and inflation, the Group is very comfortable with our predominantly long-dated fixed-rate financing and high level of rent indexation to inflation. With regard to the conflict in Ukraine, I am proud of our team's heartfelt response and the warmth and generosity extended from homes across our region. While Ukrainians have long worked and settled across Central Europe, the influx of refugees along with international investment creates an uncertain but potentially supportive backdrop for real estate in cities like Warsaw and Bucharest. We will continue to watch this very closely.

Thank you again for your interest in CPIPG, and I hope you enjoy reading our 2021 Management Report.

Sincerely,

Edward Hughes
Chairman of the Board

Martin Němeček, CEO

The CEO's message

Dear stakeholders,

2021 was a year of successful performance and growth for CPIPG. Throughout the year, we made smart acquisitions which enhanced our property portfolio. The Group strengthened our capital structure and expanded our equity investor base. Our local asset management teams once again delivered best in class performance as we worked closely with our tenants to move on from COVID-19.

The Group's property portfolio totalled €13.1 billion as of 31 December 2021, a 27% increase from 2020, driven by €1.5 billion of strategic investments and new property acquisitions and €1.4 billion of positive revaluations. In 2021, CPIPG successfully acquired significant stakes in IMMOFINANZ and S IMMO, two large owners of real estate in Central Europe. We also completed property and landbank acquisitions in Italy, the UK, and Berlin. Strength in the real estate markets where we operate resulted in fair value increases, mainly in our office properties in Berlin and Warsaw and our residential assets and landbank in the Czech Republic.

CPIPG recorded stellar income performance as net rental income increased by +7%, EBITDA by +9% and FFO by +12%. These figures reflect the solid operational performance of the Group's property portfolio with modest like-for-like rental growth of +3.3% and high rental collection rates of 97%. It shows that COVID-19 had a limited impact on CPIPG's performance.

Occupancy across the Group's portfolio remained high at 93.8%. While office occupancy registered a slight decline to 91.9%, this is essentially a temporary impact due to a few large lease expiries in Budapest, which will be mitigated by leases due to commence in the coming months. The Berlin and Prague office portfolios recorded higher occupancy driven by robust tenant demand and leasing activity. **Furthermore, our retail and residential segments maintained high occupancy in 2021, increasing to 97.0% and 95.5%, respectively.**

CPIPG has a high-quality tenant mix and a well-balanced lease maturity profile. The Group's tenancy profile consists of top international and regional companies from a well-diversified sector mix, with the top 10 tenants accounting for only 10.1% of total gross rental income. In 2021, **the Group's WAULT increased to 3.8 years,** driven by lease extensions in the retail segment during COVID. Less than 20% of leases are due to expire each year through 2026, as our asset management teams proactively negotiate with tenants well ahead of expiry.

Despite a challenging start to 2021, CPIPG's **hotels & resorts segment recorded positive net income, clearly on the path to recovery.** Our in-house operating structure allows us to be nimble in response to changes, optimise operations, and minimise costs. The Group's mix of city and leisure destination hotel properties positions us well to capture the recovery in travel demand.

In 2021, CPIPG took specific actions **to strengthen our liquidity position, extend our debt maturity profile, and recharge the capital structure.** At the end of 2021, CPIPG had **€1.2 billion of liquidity** (cash and an undrawn €700 million revolving credit facility). The Group also issued a total of €1.4 billion equivalent of bonds during the year, which were primarily used to repay more than €800 million of bonds well in advance of the maturity dates. As a result, the Group's **weighted average debt maturity increased to 5.2 years** at the end of 2021. In addition, CPIPG was pleased that Apollo Global Management, a leading global real estate investor, participated alongside the Group's majority shareholder Radovan Vítek in a subscription of **new ordinary shares totalling €550 million.**

As ever, CPIPG is strongly committed to our financial policy. Net LTV declined to a record low of 35.7% at the end of 2021. Also, in 2021, the Group signed disposals that will raise gross proceeds of about €700 million. Today, CPIPG has mostly completed those transactions and is **on track to meet our disposal target of €1 billion**, with nearly €200 million of sales since the start of 2022.

All the measures taken by the Group in the past year position us well for future **strategic growth opportunities while providing solid support for our credit ratings and long-term financial strength.** We continue to invest in our existing platforms from the advantageous positon of being leading players in each location, particularly in Berlin, Prague, and Warsaw. Furthermore, **our recent strategic investments in IMMOFINANZ and S IMMO,** two leading owners of real estate in our region, further strengthen the Group's market position.

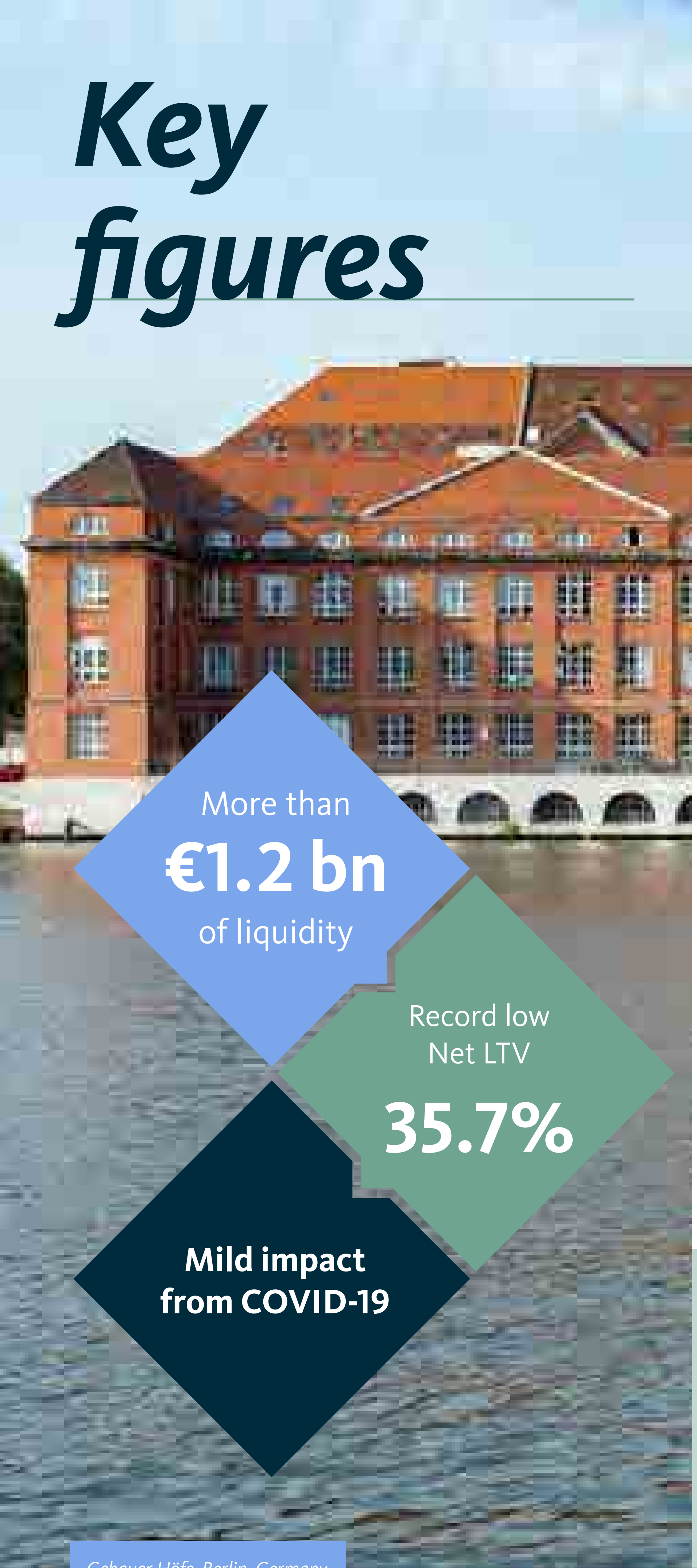
Core to CPIPG's values is our commitment to ESG. In 2021, we **stepped up our ambitious environmental strategy targets** to reduce greenhouse gas emissions intensity by 30% by 2030 (up from 20%) and to transition all electricity purchased by the Group to 100% renewable sources by 2024. At the beginning of 2022, we updated the Group's Sustainable Finance Framework and **issued our inaugural Sustainability-Linked Bond.** CPIPG continues to champion sustainable financing in our region and the European real estate sector as a whole. The Group is also dedicated to proactive engagement with our stakeholders – employees, tenants, investors, and the local community, and constantly updates our governance policies.

Overall, 2021 was an excellent year. As the geopolitical events of 2022 have unfolded, CPIPG remains proud to own property in Central and Eastern Europe. More importantly, we are proud of how so many of our colleagues have stepped up to help those in need. Across our region, we have developed a reputation as a landlord who cares for our employees, tenants, and communities. As the Group continues to grow, this is a principle we will continue to follow.

Sincerely,

Martin Němeček

Key figures



More than
€1.2 bn
of liquidity

Record low
Net LTV
35.7%

Mild impact from COVID-19

Gebauer Höfe, Berlin, Germany

TOTAL ASSETS	PROPERTY PORTFOLIO	NET LTV
€14.4 bn	**€13.1 bn**	**35.7%**
+22% versus end of 2020	+27% versus end of 2020	-5.0 p.p. versus end of 2020

NET RENTAL INCOME	CONSOLIDATED ADJUSTED EBITDA	FUNDS FROM OPERATIONS (FFO)
€363 m	**€368 m**	**€254 m**
+7% versus 2020	+9% versus 2020	+12% versus 2020

OCCUPANCY	LIKE-FOR-LIKE RENTAL GROWTH	WAULT
93.8%	**3.3%**	**3.8 years**
+0.1 p.p. versus end of 2020	versus 0.8% in 2020 *(excl. one-time rent discounts)*	+0.2 years versus end of 2020

UNENCUMBERED ASSETS	NET ICR	EPRA NRV (NAV)
70%	**4.6×**	**€7.0 bn**
stable versus end of 2020	-0.8× versus 2020	+38% versus end of 2020

CREDIT RATINGS

Baa2	**BBB**	**A-**
by Moody's	by Standard & Poor's	by Japan Credit Rating Agency

CPIPG is proud of our performance during 2021, with positive developments across our key business measures.

David Greenbaum, CFO

Balance Hall, Budapest, Hungary

Performance

		2021	2020	Change
Gross rental income (GRI)	€ million	402	356	12.7%
Net rental income (NRI)	€ million	363	338	7.4%
Net hotel income	€ million	14	(3)	545%
Total revenues	€ million	664	623	6.6%
Net business income (NBI)	€ million	385	344	11.9%
Consolidated adjusted EBITDA	€ million	368	338	8.8%
Funds from operations (FFO)	€ million	254	227	11.8%
Net profit for the period	€ million	1,292	244	430%

Assets

		2021	2020	Change
Total assets	€ million	14,369	11,801	21.8%
Property portfolio	€ million	13,119	10,316	27.2%
Gross leasable area	m^2	3,667,000	3,636,000	0.9%
Occupancy	%	93.8%	93.7%	0.1 p.p.
Like-for-like rental growth*	%	3.3%	0.8%	2.5 p.p.
Total number of properties**	#	367	343	7.0%
Total number of residential units	#	11,755	11,929	(1.5%)
Total number of hotel rooms***	#	7,025	6,753	4.0%

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

Financing structure

		2021	2020	Change
Total equity	€ million	7,695	5,787	33.0%
EPRA NRV (NAV)	€ million	7,039	5,118	37.6%
Net debt	€ million	4,682	4,194	11.6%
Net loan-to-value (Net LTV)	%	35.7%	40.7%	(5.0 p.p.)
Net debt to EBITDA	×	12.7×	12.4×	0.3×
Secured consolidated leverage	%	9.8%	12.0%	(2.2 p.p.)
Secured debt to total debt	%	27.0%	29.0%	(2.0 p.p.)
Unencumbered assets to total assets	%	70.4%	70.0%	0.4 p.p.
Unencumbered assets to unsecured debt	%	267%	241%	26 p.p.
Net interest coverage (Net ICR)	×	4.6×	5.4×	(0.8×)

Group overview

CPIPG has a 31-year track record of owning superb income-generating real estate.

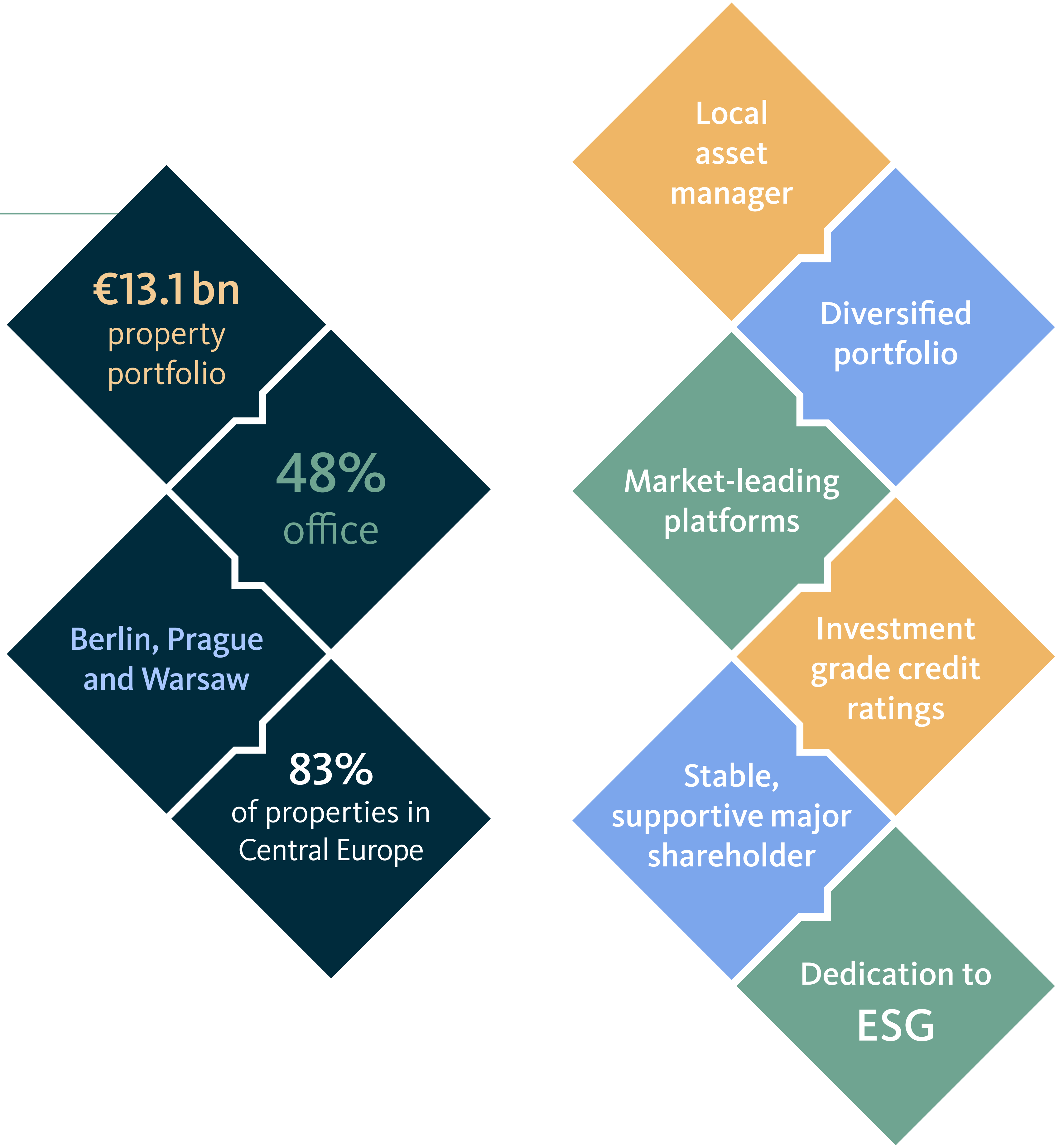
CPIPG is the leading owner of real estate in Central and Eastern Europe. 48% of the Group's €13.1 billion property portfolio relates to offices in key **capital cities of Berlin, Prague and Warsaw.** 83% of the Group's total portfolio is located in Central and Eastern Europe.

Diversification is a key element of CPIPG's strategy. With 367 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.

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 through excellent performance during COVID-19.

As CPIPG's property portfolio has grown, the Group has maintained a conservative financial profile and a steadfast commitment to our credit ratings. **ESG has been a core focus of the Group for many years;** CPIPG has strengthened our governance and become a leader in sustainable financing.

CPIPG is proud to be a family-owned company. Our 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.



Group management

Growth and financial policy discipline

The value of CPIPG's property portfolio reached **€13.1 billion** at year-end 2021, increasing by €2.8 billion or 27% from year-end 2020. Consistent with previous years, CPIPG's growth was driven by a combination of acquisitions and revaluations.

Acquisitions primarily relate to the Group's **stakes in IMMOFINANZ and S IMMO,** two leading owners of real estate in Central and Eastern Europe, along with investments in Italy and the UK. Acquisitions in 2021 were primarily funded on an unencumbered basis via equity and disposals. Revaluations are primarily attributable to Czech residential, Prague landbank and Berlin offices.

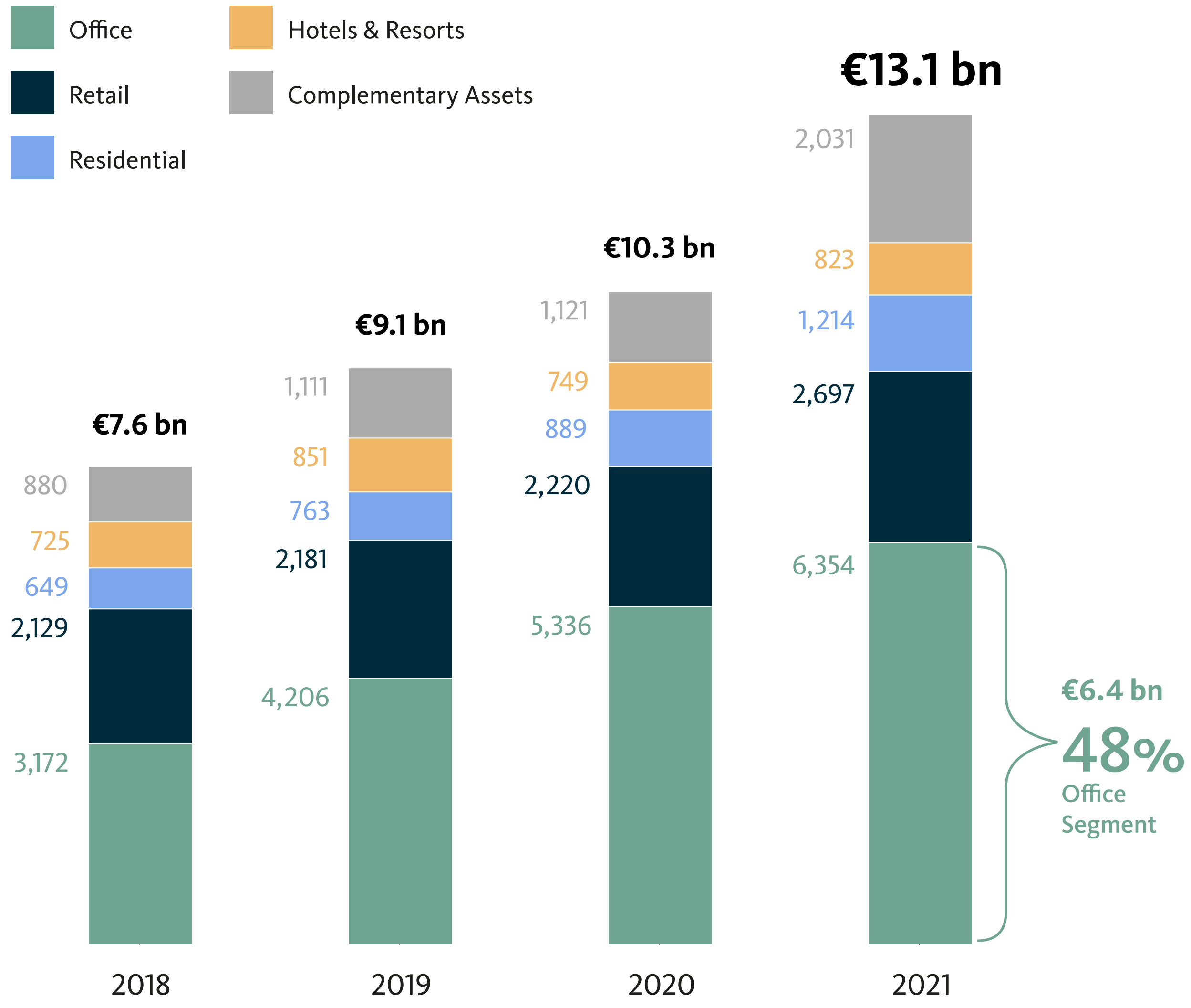
As CPIPG's portfolio grows, financial policy discipline is maintained. Net LTV dropped to a record low of 35.7% at year-end 2021, resulting primarily from CPIPG's targeted actions to strengthen our capital structure.

Key capital structure initiatives announced and executed during 2021 included:

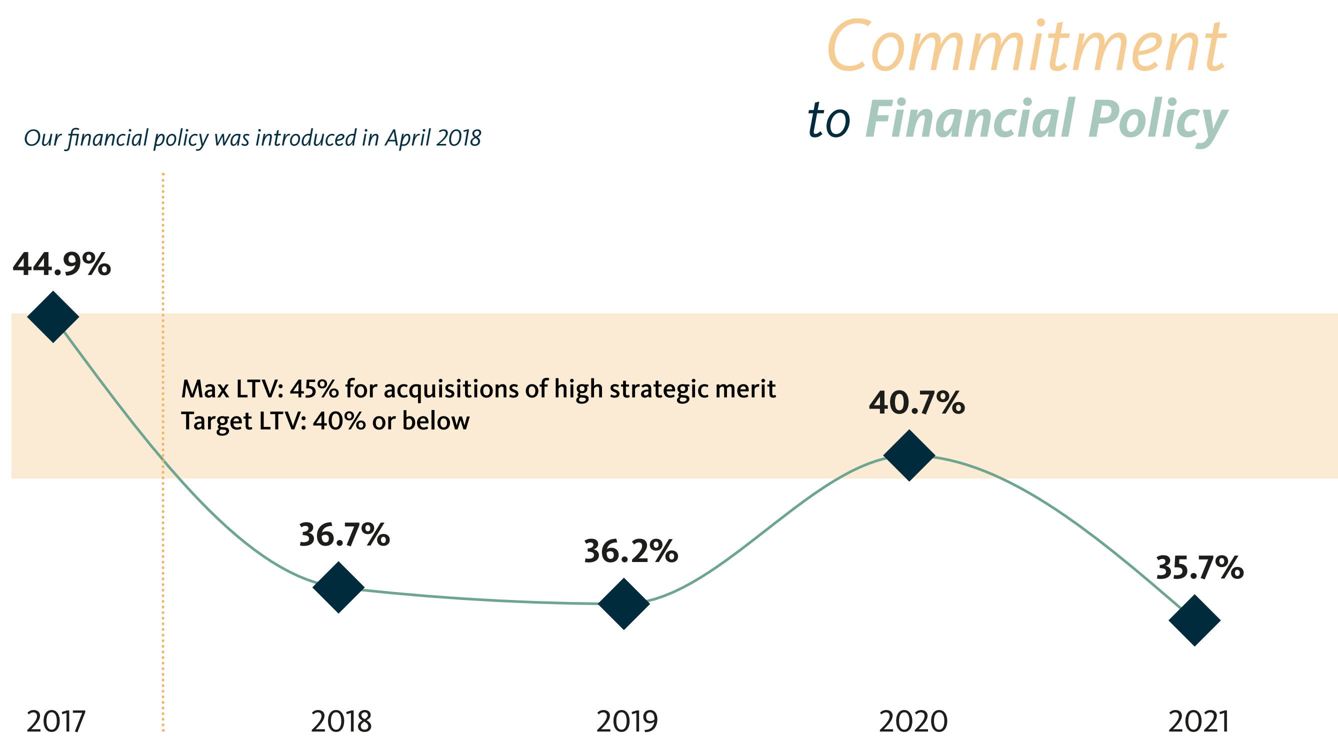
- €550 million of new equity raised in share capital increases, including €250 million subscribed by our primary shareholder Radovan Vítek and €300 million subscribed by funds managed by Apollo Global Management;
- €1 billion of disposals announced in August 2021 for completion within six to twelve months, of which €700 million were partially closed before year-end 2021 with the rest expected to close before mid-2022;
- Issuance of nearly €900 million of senior unsecured bonds due primarily in 2031 and prepayment of about €535 million of bonds due in 2022, 2023 and 2024;
- Issuance of €475 million of hybrid bonds callable in 2028, along with the prepayment of about €222 million of hybrid bonds which were callable in 2023.


Zlatý Anděl, Prague, Czech Republic

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



LTV evolution (%)



Higher income and occupancy

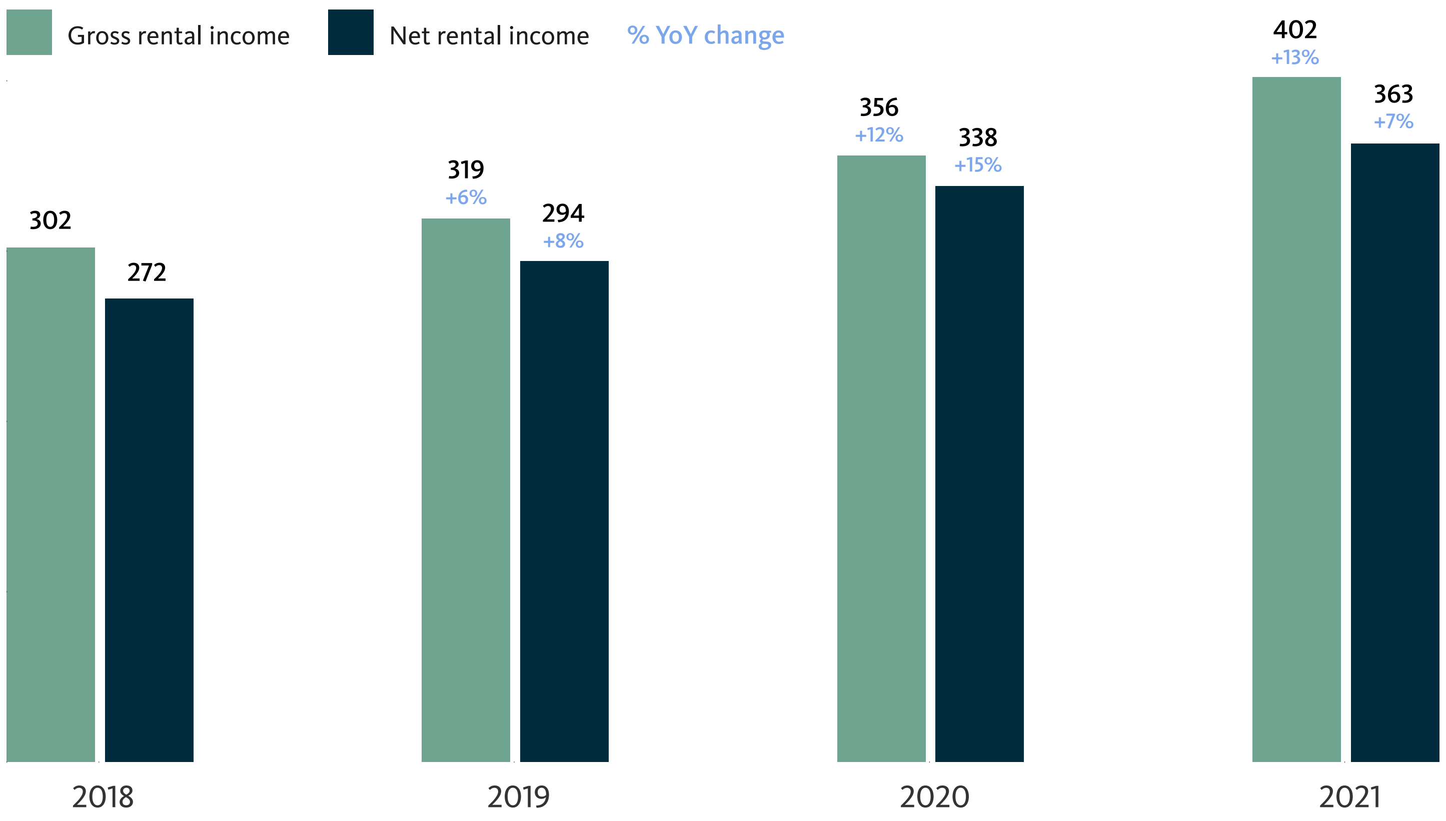
The strength of CPIPG's portfolio and the merit of our acquisitions have been clearly demonstrated by **consistent increases in rental income, EBITDA and net business income.** Overall like-for-like rental growth was 3.3% in 2021, and 9.1% in Berlin offices. A combination of factors should support future income growth, including acquisitions, a contribution from recent developments and recovering hotel income.

Group EPRA occupancy increased to 93.8%. The Group registered a slight decrease in total office occupancy due to a handful of lease expiries, primarily in Budapest. Occupancy in Warsaw, Prague and Berlin increased due to positive leasing activity as the world began to move on from COVID-19.

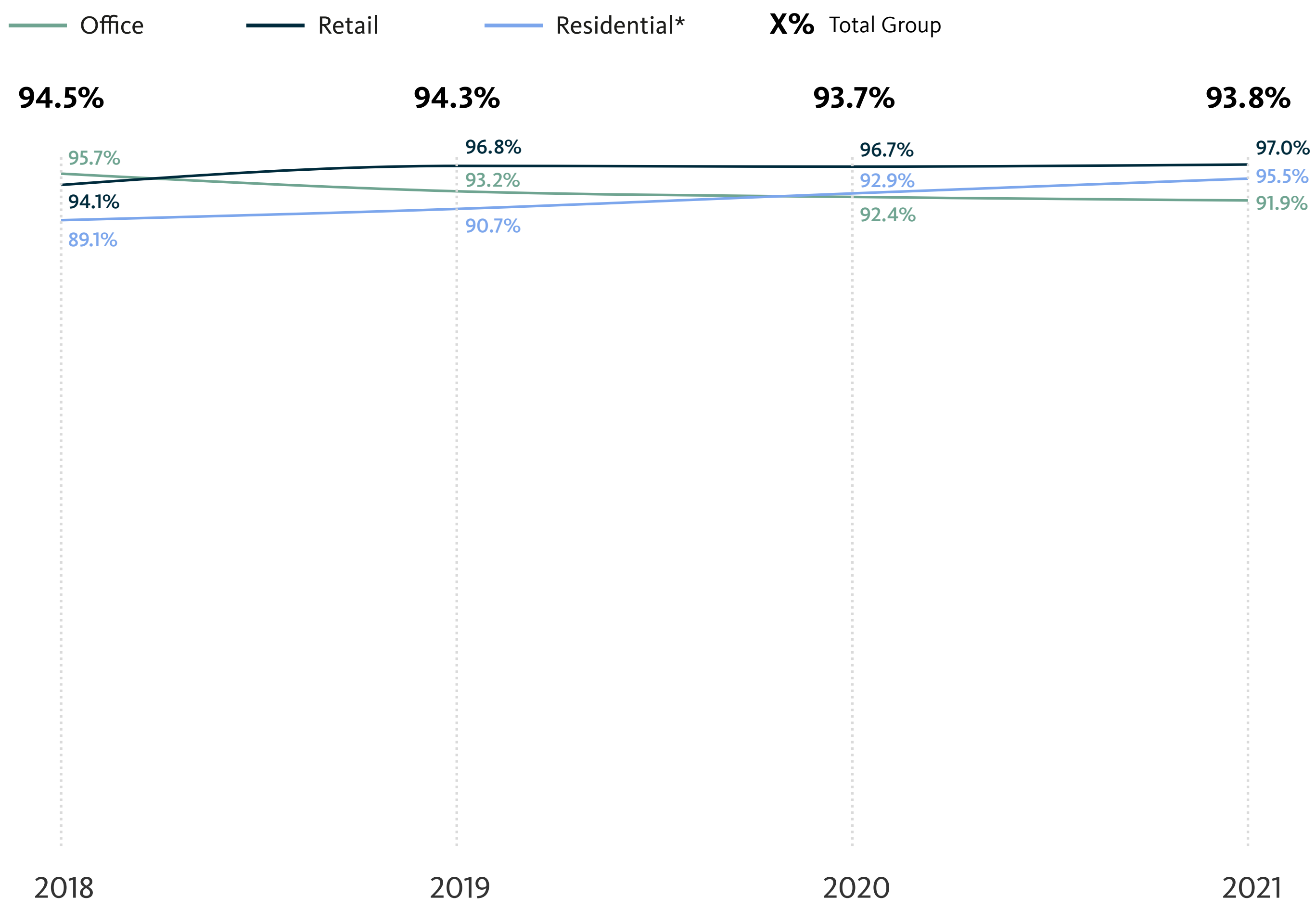
Retail occupancy increased to 97.0% in 2021. The essential nature of the Group's retail assets proved beneficial, considering temporary closure of non-essential retail across much of Europe due to COVID-19. Retail parks in particular experienced robust performance, with Czech retail park occupancy reaching 100%.

Residential occupancy increased to 95.5%, **up +2.6% p.p** from 2020. High collection rates and strong demand in Prague and regional cities also resulted in higher rents and revaluations.

Gross and net rental income (€ million)

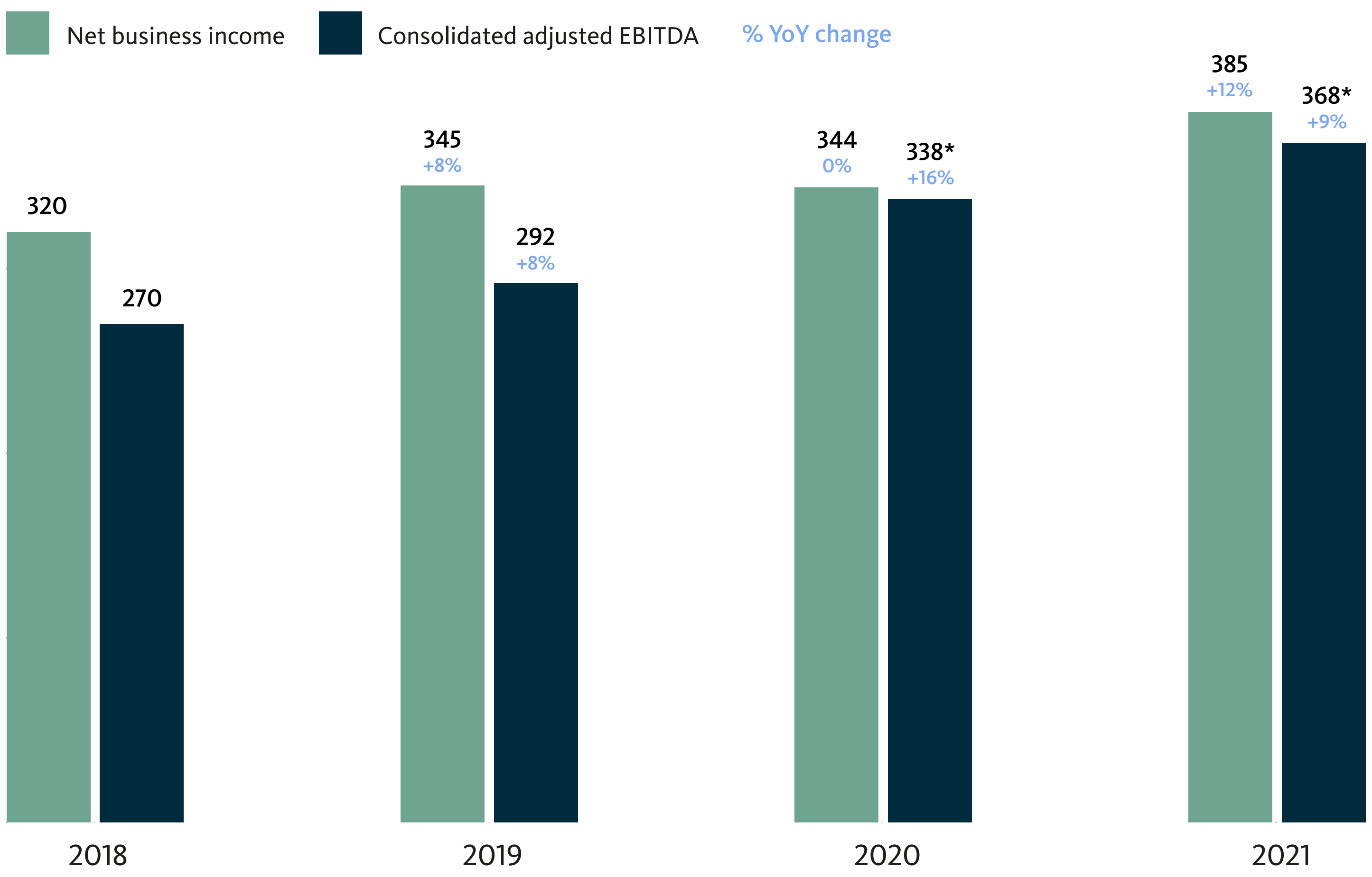


Occupancy rate (%)



* Occupancy based on rented units.

Net business income and EBITDA (€ million)



* Includes pro-rata EBITDA of equity accounted investees and other financial assets.

The Group operates in five key segments

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

Retail
Primarily in the Czech Republic, with platforms across CEE and Italy

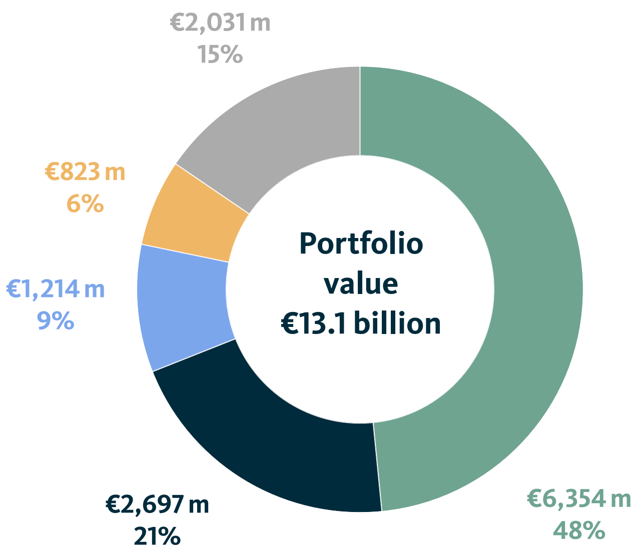
Residential
Large portfolio in the Czech Republic with platforms in the UK and selected other European countries

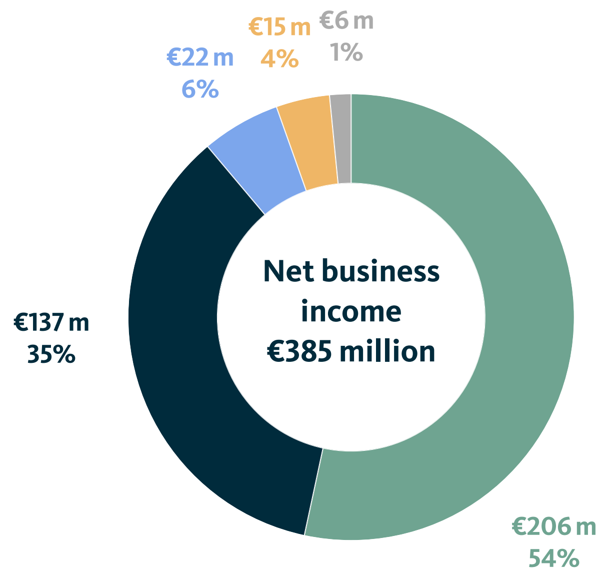
Hotels & Resorts
Congress and convention hotels, city hotels and mountain resorts primarily in the Czech Republic, with platforms across Europe

Complementary Assets
Landbank, development and other assets

Property portfolio by segment

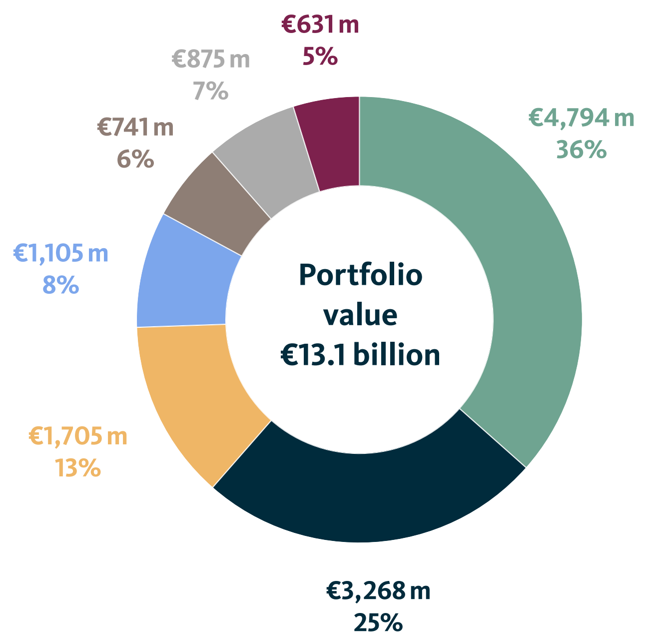
Office | Retail | Residential | Hotels & Resorts | Complementary Assets

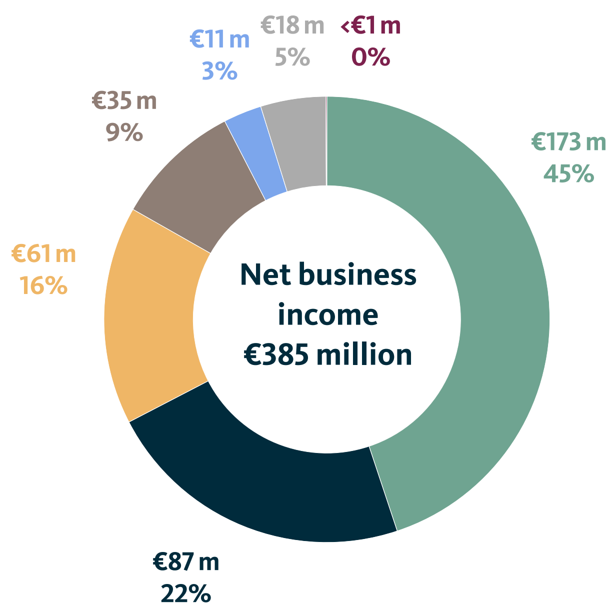




Property portfolio by geography

Czech Republic | Germany | Poland | Italy | 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 30.3% stake in Globalworth, a 21.6% stake in IMMOFINANZ and a 12.4% stake in S IMMO according to the geographic and segment split percentages of Globalworth's (as at 31-Dec 2021), IMMOFINANZ's (as at 30-June 2021) and S IMMO's portfolio (as at 30-Sep 2021).

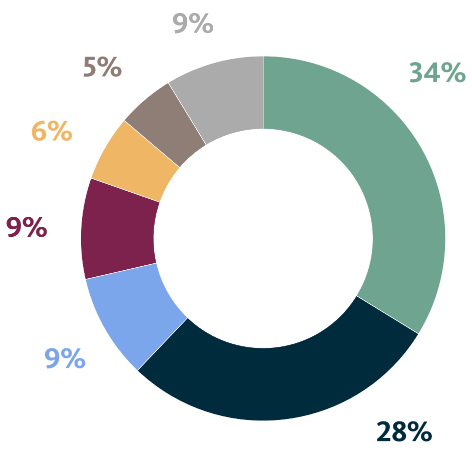
Segment	Country	€ million	Share of total
Office		**6,354**	**48.4%**
	Germany	2,934	22.4%
	Poland	1,062	8.1%
	Czech Republic	890	6.8%
	Globalworth	589	4.5%
	Hungary	310	2.4%
	IMMOFINANZ	297	2.3%
	Italy	185	1.4%
	S IMMO	87	0.7%
Retail		**2,697**	**20.6%**
	Czech Republic	1,498	11.4%
	Italy	423	3.2%
	Hungary	227	1.7%
	IMMOFINANZ	181	1.4%
	Poland	159	1.2%
	Slovakia	115	0.9%
	S IMMO	34	0.3%
	Globalworth	31	0.2%
	Romania	30	0.2%
Residential		**1,214**	**9.3%**
	Czech Republic	733	5.6%
	United Kingdom	247	1.9%
	France	108	0.8%
	S IMMO	60	0.5%
	Italy	51	0.4%
	Globalworth	14	0.1%
Hotels & Resorts		**823**	**6.3%**
	Czech Republic	380	2.9%
	Croatia	168	1.3%
	Italy	91	0.7%
	Hungary	67	0.5%
	Switzerland	51	0.4%
	Poland	25	0.2%
	Russia	17	0.1%
	S IMMO	15	0.1%
	Slovakia	10	0.1%
Complementary Assets		**2,031**	**15.5%**
Landbank		1,524	11.6%
	Czech Republic	973	7.4%
	Italy	347	2.6%
	Germany	157	1.2%
	Hungary	23	0.2%
	Slovakia	14	0.1%
	Romania	4	<0.1%
	S IMMO	4	<0.1%
Industry & Logistics		223	1.7%
Development		138	1.0%
Agriculture		121	0.9%
Other		25	0.2%
Total		**13,119**	**100.0%**

Tomáš Salajka, Director of Acquisitions, Asset Management & Sales

ZET.office, Brno, Czech Republic

Stable CAPEX focused on existing properties

Additions by country



Additions by type (€ million)

	Total 2021	Total 2020
Maintenance-related CAPEX	77	66
Refurbishment and redevelopment	69	65
New development / additional leasable area	69	85
Total	**214**	**216**

Changes to the property portfolio in 2021

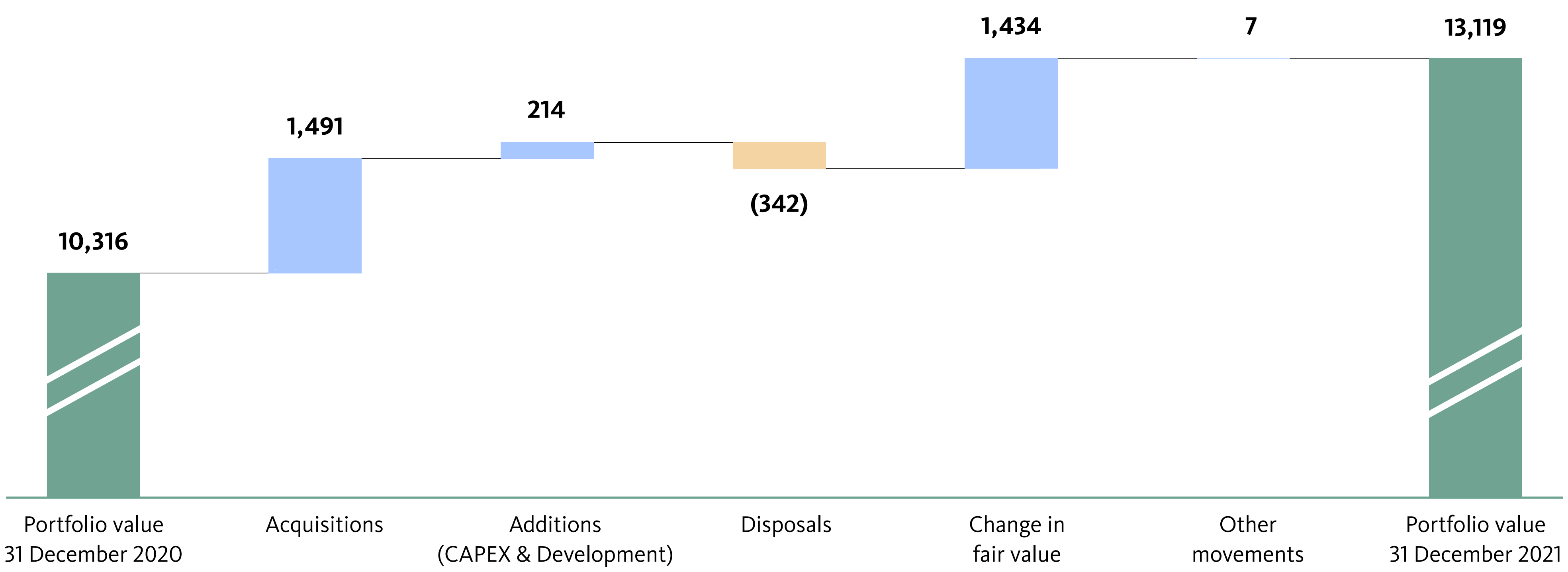
- Acquisitions of **€1,491 million**, primarily relating to the properties in Italy for €617 million, a **21.6% stake in IMMOFINANZ** for €535 million, a **12.4% stake in S IMMO** for €199 million and a property in London for €62 million;
- Capital expenditure and development of **€214 million;**
- Disposals of **€342 million**, including the sale of two shopping centres in the Czech Republic, the Česká Pojištovna office in Prague and a small property in Germany;
- Other movements include other transfers and the change in value of equity accounted investees;
- Increase in fair value of **€1,434 million** (13.9% versus 2020). Positive revaluations were recorded in almost all countries and segments; the majority of the increase relates to Berlin and Warsaw office, landbank and residential in the Czech Republic, and acquisitions in Italy which were purchased at large discounts to fair value and subsequently revalued.

Change in portfolio fair value (€ million)

Investment property revaluation	1,276
Hotels / PP&E revaluation and depreciation	(29)
Total valuation impact	**1,247**
FX impact	**187**
Total	**1,434**

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

Property portfolio growth in 2021 (€ million)



Our tenants

A key feature of the Group's portfolio is the **quality and diversity of our tenant base.** Our office properties in Prague, Warsaw and Budapest are the headquarters of many multinational and regional tenants. Our largest retail tenants are multinational grocery leaders; on the other hand, our largest overall tenant (Ahold Delhaize) accounts for just under 2% of gross rental income, while **our top 10 tenants represent only 10% of gross rental income.** In Berlin, our unique office platform caters to a granular portfolio of around 1,800 tenants, many of which are in the 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 3.8 years and less than 20% of leases due to expire each year through to 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.**

Top 10 tenants by rental income

	€ million	Rent as % of GRI*	WAULT** (years)
Ahold Delhaize	7.7	1.8%	5.7
TESCO	6.7	1.5%	6.1
CEZ GROUP	4.8	1.1%	5.2
OVS	4.4	1.0%	4.9
BILLA	3.8	0.9%	3.2
SIEMENS	3.8	0.9%	5.5
PENNY	3.8	0.9%	12.5
Continental	3.2	0.7%	13.3
dm	3.2	0.7%	3.2
WPP	3.1	0.7%	16.8
Total	**44.3**	**10.1%**	**7.1**

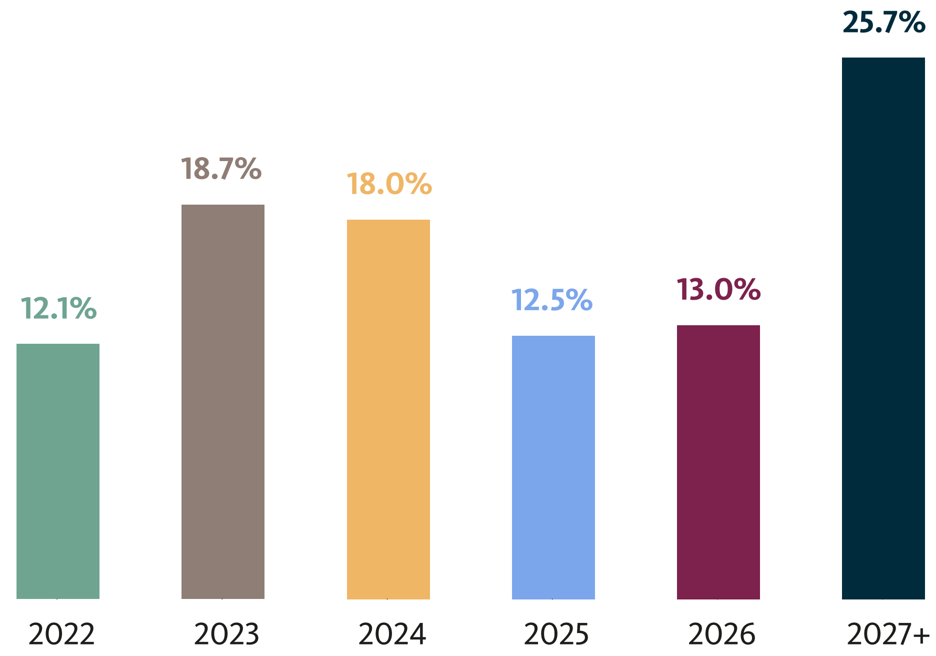
* *Based on annualised headline rent.*
** *WAULT reflecting the first break option.*

WAULT by country and segment

Segment	Country	WAULT (years) 2021	WAULT (years) 2020
Office	Germany	3.2	3.5
	Poland	3.0	2.9
	Czech Republic	4.7	4.9
	Hungary	3.0	2.8
Total Office		**3.5**	**3.5**
Retail	Czech Republic	4.1	3.6
	Italy	7.0	4.8
	Hungary	2.9	3.0
	Poland	4.1	3.9
Total Retail		**4.5**	**3.7**
Total Group		**3.8**	**3.6**

CityMarket, Svitavy, Czech Republic

Maturity profile of fixed rental agreements



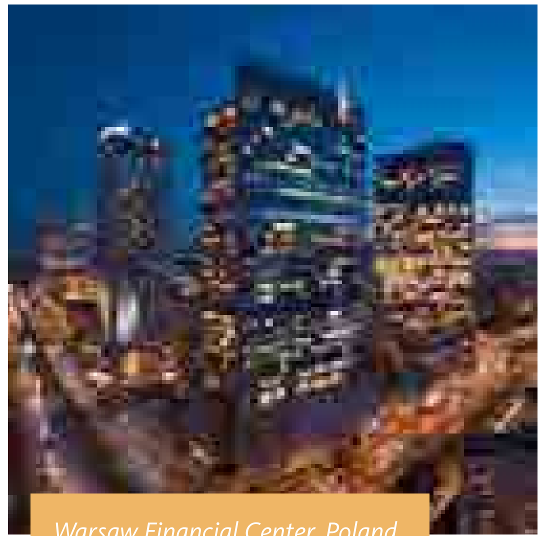
Excluding residential properties and reflecting the first break option.

Key milestones

CPIPG issues inaugural Sustainability-Linked Bond
2022

Undisputed leader in Central European region real estate
CPIPG acquires a controlling stake of 54.9% in IMMOFINANZ and 16.1% stake in S IMMO
2022

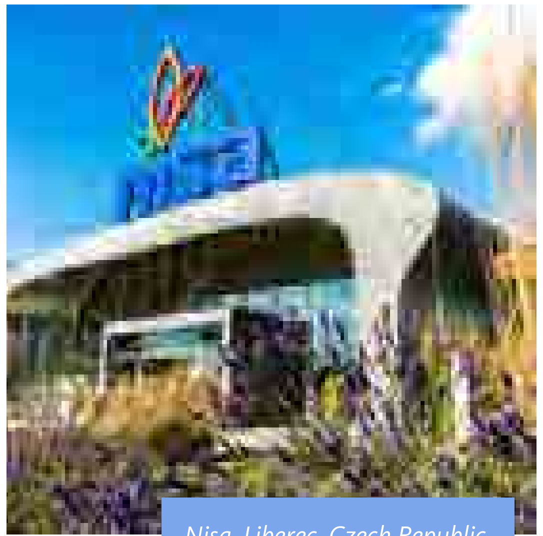
CPIPG improves its environmental strategy
2021



Warsaw Financial Center, Poland

Green bond champion
Four green bonds issued in three currencies
2020

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



Nisa, Liberec, Czech Republic

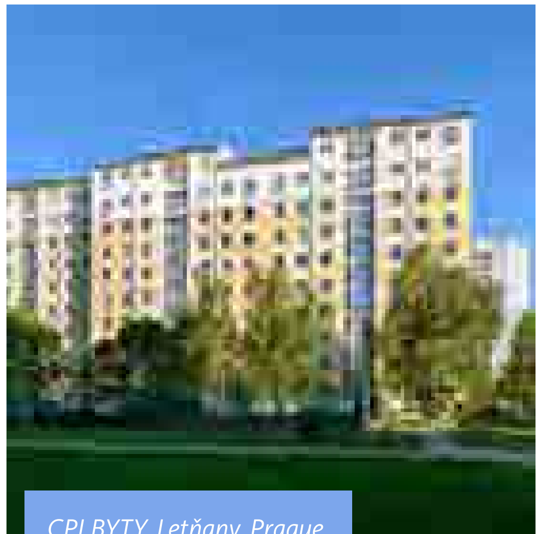
Capital structure transformation
Hybrid and unsecured bond issuance in multiple currencies, inaugural green bond
2018–2019

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 and active issuer
2016



CPI BYTY, Letňany, Prague

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

Expansion abroad into the CEE region
2013

Czech residential portfolio expansion
2003

Issuance of bonds in the Czech Republic
2002

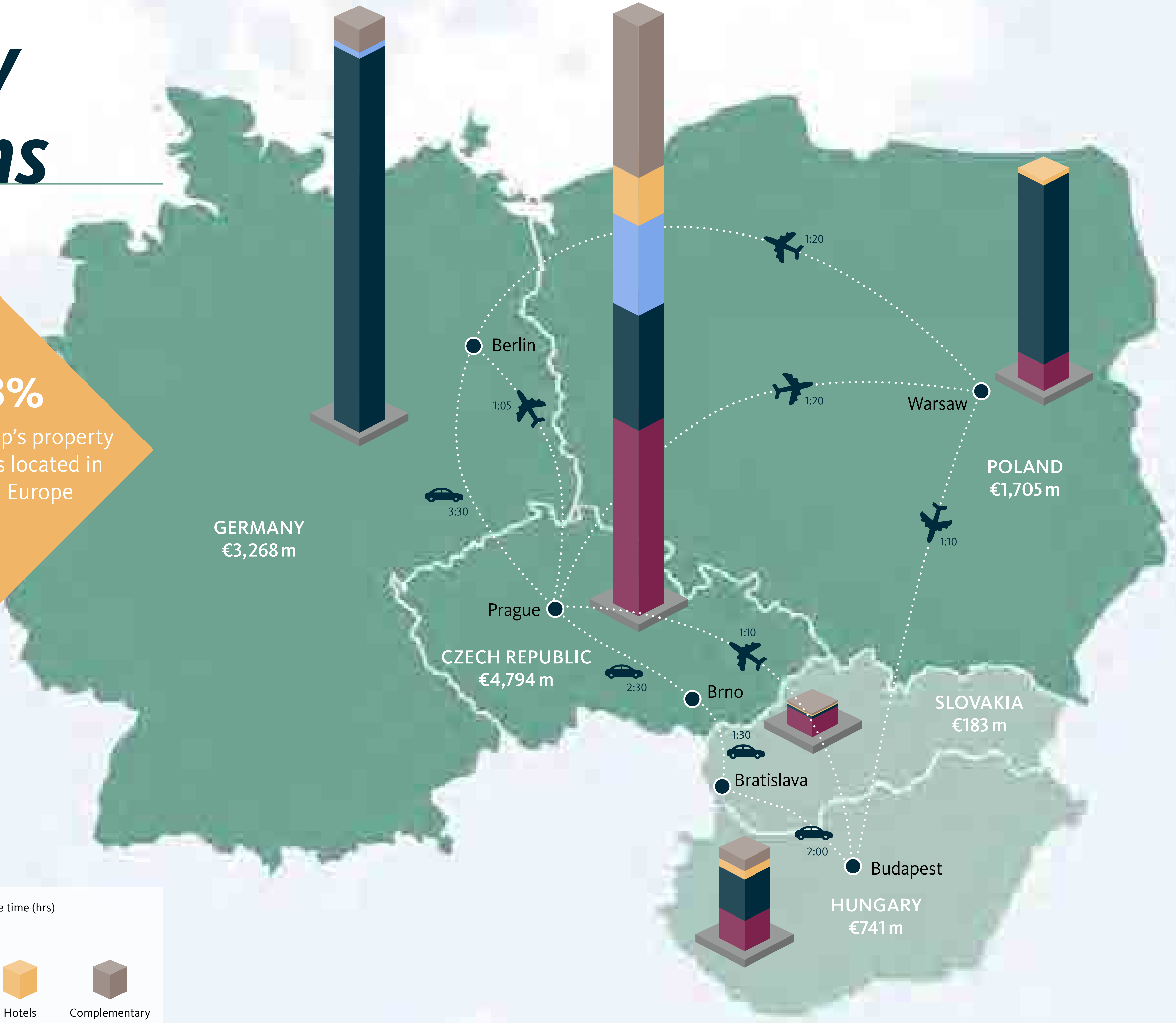
Foundation of Czech Property Investments a.s. (CPI a.s.)
1991

Foundation of GSG by the city of Berlin
1965

Primary locations

83%
of the Group's property portfolio is located in Central Europe

Investments in Italy, the UK and other locations



● City ···✈··· Flight time (hrs) ···🚗··· Drive time (hrs)

Property portfolio value per segment:

Office | Retail | Residential | Hotels | Complementary Assets

Notes:
Includes pro-rata shares of assets owned by Globalworth, IMMOFINANZ and S IMMO.

Team spotlight: GSG Berlin

GSG Berlin management team: Nico Knäusel, Gabriela Els, Steffen Lezim, Sebastian Blecke, Oliver Schlink, Wolfgang Falk

photo: GSG Berlin © Marc-Steffen Unger

The GSG Berlin team delivered excellent operational performance in 2021 and is a champion of ESG initiatives.

Once again, our leasing and asset management teams at GSG Berlin delivered exceptional results. In 2021, the Group's property portfolio recorded **+9.1% like-for-like rental growth** reaching an average rent of €9.55 per m², and signed a total of 107,000 m² of new leases, renewals and prolongations.

In October 2021, GSG Berlin successfully completed the extension development of **TorHaus² – the largest development in GSG's most recent history.** The team delivered over 8,000 m² of additional GLA ahead of schedule and under budget with outstanding quality.

GSG Berlin was **an active investor** in 2021, acquiring a land plot near the new Schönefeld airport and 50% stakes in three development projects in central Berlin. In addition, the team executed a series of disposals of non-strategic assets above book value prices.

The team is **highly focused on ESG.** Initiatives undertaken by GSG Berlin include:

- Our Reichenberger asset received the Platinum status for Connectivity by WiredScore – the first existing building in Berlin to achieve this status.
- Electricity for all the common areas of our property portfolio is now **100% renewable.**
- All newly leased company cars in 2021 were hybrid, and GSG's major properties are now equipped with e-charging stations.
- GSG hosts beehives in several locations; our employees collected money to support a reforestation in Africa, planting over 200 trees.

Moving on from COVID-19

CPIPG's portfolio successfully passed the COVID-19 "stress test", with a 96.6% overall rent collection rate in 2021.

Similar to parts of 2020, the first few months of 2021 saw a new wave of COVID-19 infections leading to lockdowns and restrictions across Europe until April/May.

The overall effect of COVID-19 on CPIPG's portfolio was mild, because of a number of key factors:

- The quality of CPIPG's office assets and tenants in Berlin, Prague, and Warsaw meant that tenants continued paying rent without interruptions.
- The strength of the Czech housing market meant that residential collections were normal.
- In retail, about 50% of CPIPG's retail units were deemed essential during the pandemic, with many experiencing strong sales. Government aid to the retail sector was swift and effective.
- Hotels posed perhaps the greatest challenge, but as an owner/operator, CPIPG was able to manage costs effectively.

Total one-off discounts amounted to €11. 5 million, less than 3% of the Group's gross rental income, and were primarily provided to retail tenants.

Summary of collection rates during COVID-19

	FY 2021 before discounts	FY 2021 after discounts	FY 2020 before discounts	FY 2020 after discounts
Group	**96.6%**	**99.3%**	**95.3%**	**98.5%**
Office	98.7%	99.1%	98.4%	98.9%
Retail	92.2%	99.6%	89.4%	97.7%
Residential	99.4%	99.4%	99.3%	99.3%
Industry & logistics	100%	100%	99.0%	99.4%

96.6% collections in 2021 before discounts

Large share of essential retail

Discounts **<3%** of GRI

As COVID restrictions eased, CPIPG's **retail tenant sales increased by 14.5% in 2021.** While footfall was slightly below pre-COVID levels (2019), the **trend for larger basket sizes** proved persistent.

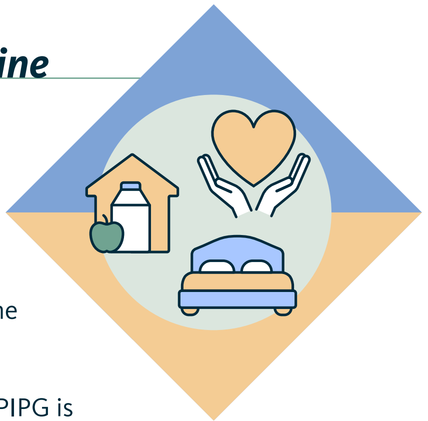
The introduction of an EU vaccine passport led to a resurgence in travel activity reflected in a 45% YoY improvement in total revenues in the third quarter for our hotel business, while the fourth quarter was 267% above the previous year.

Employees and companies in our region mostly returned to the office full time after May. As workers are welcomed back, our tenants are rethinking office designs to include more spaces for collaboration and are focused mostly on optimising or expanding, not reducing space.

Quadrio employee cafe, Prague, Czech Republic

Corporate news & portfolio highlights

Support for Ukraine



CPIPG is supporting the humanitarian response, partnering with local authorities and charities to deliver impactful support to the families affected by the war in Ukraine.

- In the Czech Republic, CPIPG is providing nearly 450 hotel beds to refugees, in coordination with the Association of Hotels and Restaurants and the Ministry of the Interior.
- CPI Poland donated PLN 1 million to the humanitarian aid program organised by the capital City of Warsaw.
- GSG Berlin contributed the use of 1,400 m² at econopark Wolfener Straße to the Ukraine-Hilfe Berlin eV.
- CPI Hungary has donated to various charities, including the Food Bank Association, Migration Aid, and SOS Children's Village, and has organised for employees to cook for refugees at Food Bank sites.
- In our office buildings, the Group is also coordinating the collection of goods and donations.

Acquisitions and partnerships

Globalworth joint venture with Aroundtown

On 14 April 2021, CPIPG formed a consortium with Aroundtown SA ("Aroundtown") and announced a cash offer by Zakiono Enterprises Limited ("Zakiono") for the entire issued share capital of Globalworth Real Estate Investments Limited ("Globalworth"). CPIPG and Aroundtown together held more than 51% of Globalworth's issued share capital upon launch of the tender offer.

Upon the conclusion of the offer's acceptance period, the consortium owned 60.63% of Globalworth shares.

Strategic partnership with DeA Capital in Italy

On 5 August 2021, a framework agreement was signed between CPIPG, certain companies of the DeA Capital Group ("DeA Capital") and Nova RE SIIQ S.p.A. ("Nova RE"). CPIPG is the majority owner of Nova RE, which is an Italian SIIQ (REIT) listed on the Milan Stock Exchange. DeA Capital is the leading independent platform for alternative asset management in Italy, with a combined AUM of nearly €25 billion, including more than €10 billion invested in real estate. The framework agreement includes a plan to transform Nova RE into Italy's leading SIIQ and prepare Nova RE for a primary equity offering. DeA Capital Real Estate SGR S.p.A. is Nova RE's exclusive external asset management advisor and will provide a broad range of services to enhance the investment, financial and operational capabilities of Nova RE. In connection with the framework agreement, DeA Capital also agreed to purchase approximately 1.1 million shares (about 5%) of Nova RE from CPIPG. In November 2021, the Nova RE's Board of Directors approved the change of name to Next RE SIIQ S.p.A. (henceforth "Next RE").

On 22 December 2021, CPIPG, including its subsidiaries, signed an investment framework agreement with DeA Capital Real Estate SGR S.p.A. to establish and commit to a closed-ended alternative investment fund, named Generation Fund, to invest in real estate assets located in Italy. Generation Fund will be professionally managed by DeA Capital Real Estate SGR S.p.A., a licensed asset management company.

IMMOFINANZ and S IMMO acquisitions

During 2021, CPIPG acquired shares in IMMOFINANZ and S IMMO in the public market and through block purchases. As of 31 December 2021, CPIPG owned 21.6% in IMMOFINANZ and a 12.4% stake in S IMMO.

On 3 December 2021, CPIPG announced the intention to launch a mandatory takeover offer for IMMOFINANZ. Upon the conclusion of the offer's initial acceptance period on 23 February 2022, CPIPG owned 54.9% of IMMOFINANZ shares. An additional acceptance period remains open until 28 May 2022. CPIPG expects to fully consolidate IMMOFINANZ in our financial statements as of Q1 2022.

On 31 March 2022, an extraordinary general meeting of IMMOFINANZ was held. The general meeting appointed Martin Němeček and Miroslava Greštiaková to the Supervisory Board of IMMOFINANZ. Four members of the Supervisory Board also resigned. Accordingly, the Supervisory Board of IMMOFINANZ now comprises of Miroslava Greštiaková (Chairwoman), Martin Němeček (Vice-Chairman), Gayatri Narayan, Stefan Guetter, and two representatives of the IMMOFINANZ workers council.

During the first quarter of 2022, the Group also continued to acquire shares in S IMMO, resulting in a current shareholding of 16.1% (or 42.6% including IMMOFINANZ's stake of 26.5% in S IMMO).

Key assets acquired in 2021

Maximo shopping centre, Rome – On 25 June 2021, the Group acquired a portfolio of assets in Italy, primarily consisting of Maximo shopping centre, which opened in October 2020 as the first new shopping centre in Rome for more than 15 years. Maximo boasts nearly 100% occupancy, a 60,578 m² location along Via Laurentina in the South of Rome. The acquisition originated from the restructuring of loans from UniCredit to an Italian family company.

Hibiscus, Rome – Hibiscus is an office in Rome that was purchased from the Armellini Family in April 2021. The property is located near major transport and infrastructure hubs. The tenant base is diversified and includes mainly Italian public and private sector companies, including SOSE, a company owned by the Ministry of Economy and Finance and the Bank of Italy.

Berlin landbank – The Group invested in landbank plots in Berlin in the first half of 2021 by acquiring an 81,500 m² plot in Schönefeld, directly adjacent to the new airport, together with 50% stakes in three future developments in central Berlin locations.

27 Savile Row in London – The Group continued its highly selective approach to investing in the UK by acquiring 27 Savile Row in Mayfair, London. Recently decommissioned as London's West End Central Police Station and comprising over 5,500 m² of space, 27 Savile Row was purchased from the police as a development opportunity which may be converted into offices, residential or a mixed-use scheme in line with the building's heritage and prime location.

Disposals pipeline

In August 2021, CPIPG's board of directors approved a plan to complete up to €1 billion of disposals, with proceeds intended to reduce leverage and recharge CPIPG's financial profile for future growth. The pipeline consists of assets across our geographies that were generally considered non-core, and which would fetch highly attractive prices.

At the end of 2021, the Group has signed disposals that would raise gross proceeds of approximately €700 million, and has since completed on most of these transactions. Some of the assets included in the pipeline include:

- The Česká Pojištovna office and BB Centrum E, the headquarters of ČEZ, in Prague;
- Three retail properties in the Czech Republic;
- A portfolio of six office properties in Berlin, and a small office building in Ettlingen;
- Airport City logistics asset and a small office property in Budapest; and
- A land plot in Lambrate, near Milan, Italy.

Furtermore, since the beginning of 2022, CPIPG has signed nearly €200 million of additional disposals relating to our logistics assets and landbank in the Czech Republic.

The Group is confident to close pending transactions in the coming weeks and is on track to meet our disposal plan.

Financing activities

Senior unsecured and hybrid issuance and refinancing

During 2021, the Group issued senior unsecured and hybrid bonds totalling €1,369 million equivalent across multiple currencies.

- In January 2021, the Group issued €650 million of 10-year bonds and €400 million of hybrid bonds callable in 2028. The Group used the proceeds to repay more than €750 million of senior unsecured and undated subordinated bonds between January and February 2021, which were callable or maturing in 2022, 2023, and 2024 as follows:
    - Make-whole call to redeem the full amount outstanding of the 2022 senior unsecured notes of €335.1 million;
    - Tender offer for €213.2 million of the 4.375% hybrid callable in 2023, with the remaining €8.6 million repaid in March, after which the instrument was fully redeemed;
    - Tender offer for €128.9 million of the 2024 senior unsecured notes;
    - In March, repayment of €71.5 million of Schuldschein maturing in 2023;
- In February 2021, CPIPG also issued a private placement of ¥3 billion (approximately €24 million);
- In September 2021, CPIPG issued an additional €100 million of the 1.50% senior unsecured bonds due January 2031 and €75 million of the 3.75% hybrid bonds callable in 2028;
- In October 2021, the Group issued a private placement of ¥2.6 billion (approximately €20 million);
- And finally, in December 2021, CPIPG again issued an additional €100 million of the 1.50% senior unsecured bonds due January 2031, bringing the total outstanding notional amount to €850 million.

In January 2022, the Group issued its inaugural sustainability-linked bond for an amount of €700 million with a coupon of 1.75% maturing in January 2030. CPIPG is proud to be the first European real estate company to issue a benchmark sustainability-linked bond. The issue includes a step-up margin of 0.25% from 2028 if CPIPG does not meet the sustainability performance target, i.e., a reduction of greenhouse gas emissions intensity by 22% by year-end 2027. Proceeds from the issuance were used primarily to fund the full repayment (via a make-whole call) of two bonds: $376.9 million (approximately €333 million) outstanding 4.75% notes due 8 March 2023, and the 2.125% notes due 4 October 2024 with €239.4 million outstanding.

Also in January 2022, CPIPG issued an additional £50 million of the 2.75% senior unsecured green bonds due January 2028.

EMTN programme update and expansion

In April 2021, CPIPG updated its EMTN programme with the approval for the base prospectus received in May 2021. The previous €8 billion limit under the programme was removed.

Next RE capital increase and mandatory tender offer

In November 2020, CPIPG acquired more than 50% of Next RE SIIQ S.p.A. ("Next RE"). 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 Next RE, approximately 92.44% of the relevant share capital (or 92.62% including treasury shares). As of year-end 2021, the Group held 5,971,020 listed ordinary shares and 11,012,055 unlisted Category B shares without voting rights. This results in the Group's shareholding in Next RE decreasing to approximately 54% of voting rights in the short term in order to preserve the Company's SIIQ status.

Apollo as a new shareholder

In November 2021, funds managed by Apollo Global Management, Inc ("Apollo"), a leading global real estate investor, subcribed to the issuance of 487,012,987 new ordinary shares of CPIPG for a total of €300 million, resulting in a stake of approximately 5.5%.

The investment by Apollo diversifies and strengthens CPIPG's access to external sources of equity and underscores the Group's commitment to corporate governance. CPIPG's Board of Directors also welcomed Tim Scoble as a non-executive director acting as Apollo's representative.

General meetings of shareholders

The annual general meeting of the shareholders of CPIPG was held on 28 May 2021 in Luxembourg (the "AGM"), with approximately 93.6% of the voting rights present or represented. The AGM approved the statutory and consolidated annual accounts and the allocation of financial results for the financial year ending 31 December 2020. 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 2020. The AGM further resolved to re-appoint the following persons as members of the Company's Board of Directors until the AGM of 2022: Edward Hughes, Philippe Magistretti, Martin Němeček, Tomáš Salajka, Omar Sattar, Jonathan Lewis and Oliver Schlink. 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 2022.

The AGM also 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).

The extraordinary general meeting of the shareholders of CPIPG was held on 16 December 2021 in front of a notary public (the "EGM"), with shareholders holding approximately 89% of the Company's shares entitled to vote present or represented.

The EGM resolved to modify the Company's articles of association and to appoint Tim Scoble, non-executive director representing shareholder Apollo, to the Board of Directors of the Company.

Share buy-back and cancellation of treasury shares

On 15 February 2021, CPIPG announced a share buy-back of up to 650,000,000 shares under the Company's share buy-back programme. The buy-back was completed on 26 February 2021 with a total of 641,658,176 shares tendered for an aggregate amount of €395,261,436 (or €0.616 per share tendered). About 94% of the shares tendered were by CPIPG's primary shareholder, Radovan Vítek (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. Proceeds from shares tendered by CPIPG's primary shareholders were used to repay shareholder loans, having a broadly cash-neutral impact on the Group.

The tendered shares were cancelled by the extraordinary general meeting of the shareholders held on 31 March 2021. The EGM resolved to decrease the corporate capital of the Company.

Partnership with Czech Olympic team

CZECH OLYMPIC TEAM
OFFICIAL PARTNER
2021 – 2024

In H1 2021, CPIPG signed an agreement to become the official partner of the Czech Olympic Team for the next three Olympic Games. The 2021 Olympic Games in Tokyo were the most successful in the Czech team's history, as they came away with a tally of 11 medals. Prior to the commencement of the official games, CPIPG employees were fortunate to meet and participate in Olympic "events" with Czech athletes.

Environmental strategy and renewable energy commitment

CPIPG updated our environmental strategy and targets in March 2021. CPIPG's revised target is to reduce greenhouse gas ("GHG") emissions intensity by 30% by 2030 versus baseline 2019 levels (across all scopes 1-3), up from the previous 20% target covering scopes 1-2 only. **In support of this objective, the Group also committed to transition all electricity purchases by the Group to 100% renewable sources by 2024.** CPIPG has begun working with the Science Based Targets initiative to verify alignment to Paris Agreement climate goals, especially limiting global temperature increase to well below 2 degrees centigrade versus pre-industrial levels.

Economic review

Key macro figures for group core economies

	Annual GDP growth (%)	Annual inflation rate (%)	Unemployment rate (%)	Gross public debt (% of GDP)
Czech Republic	3.3	6.6	3.5	40.5
Germany	2.9	5.3	5.2	69.4
Poland	5.7	8.6	5.4	56.6
Italy	6.6	3.9	9	155.3
Hungary	7.1	7.4	3.7	80.3
EU average	**5.3**	**5.3**	**6.4**	**90.1**

Sources: Trading Economics, Eurostat

The table uses December 2021 GDP growth, inflation rates and unemployment rates. Q3 2021 data on Gross public debt as a percentage of GDP were used due to data limitations.

Luxembourg Plaza, Prague, Czech Republic

Eurozone

The Euro Area economy grew strongly in 2021 by 5.2% year-on-year as economies partly recovered from the 6.4% decline in the previous year. Therefore, the average GDP in the Eurozone remains below the pre-pandemic levels of 2019. The rebound was the strongest in southern European countries such as Italy or Spain, which had seen the strongest contraction in the previous year. As the largest economy in the Eurozone, Germany grew by a moderate 2.9%. Its export-orientated economy continued to be impacted by restrictions on the movement of goods and people.

The first months of 2021 continued to be impacted by distancing and lockdown measures that curbed growth. A sharp decline in household consumption was partially offset by an increase in fixed investment and positive contributions from net trade and inventories. More positively, growth started to kick in from Q2 2021 onwards as restrictions were mostly lifted and vaccination rollouts progressed across Europe. Private consumption experienced catch-up effects during the summer. Growth could have been even higher but was slowed down by ongoing supply-chain bottlenecks and the spread of the omicron coronavirus variant towards the end of the year.

The historic drop in GDP in 2020 has had a limited impact on employment levels, with the Euro Area seasonally-adjusted unemployment rate dropping to 7.0% as of December 2021, the lowest level since the start of the pandemic. Despite the sharp rise in employment, rising backlogs of work, supply shortages, and a lengthening of supply chains meant that input and output costs rose at record rates, while average prices charged for services rose the most in 20 years. In addition, energy prices jumped in the second half of the year due to supply and demand imbalances across markets. The consumer price inflation rate in the Euro Area consequently reached a high of 5.0% at year-end 2021, levels that have not been seen since the introduction of the Euro.

The IHS Markit Eurozone Manufacturing PMI closed at 58.0 in December 2021, the lowest level within the last ten months. Production growth was sharpest in Italy, while France lagged the rest of the region. Nevertheless, expansion of production and job creation accelerated again towards the year-end as supply constraints eased.

The IHS Markit Services PMI rose to 53.1 in December 2021, marking an eighth successive monthly increase. This led to an expansion of the workforce numbers among service providers. Towards the year-end growth slowed due to falling new business from foreign clients.

In December 2021, the ECB's governing council decided to lower the pace of its asset purchase program while remaining flexible in the event of renewed impact from the pandemic. ECB President Christine Lagarde also communicated that the ECB is prepared to tolerate moderately and temporarily higher inflation levels while raising interest rates by a step-by-step approach going forward if required.

Sources: Markit Economics, Trading Economics, European Central Bank

Czech Republic

During 2021, GDP in the Czech Republic grew by 3.3%. The first months of 2021 were heavily affected by COVID-19 as the Czech government enforced a lockdown that lasted until April. The second quarter saw a sharp rebound in GDP growth of 8.7%, driven by increases in services and household consumption. During the second half, quarter-on-quarter GDP grew in Q3 by 3.5% and in Q4 by 3.6%. Manufacturing and production activities expanded again, while continuing to face headwinds by supply bottlenecks.

As the country emerged from almost five months of lockdown in April, employment levels and consumer activity increased significantly. The Czech unemployment rate declined to 3.5% by December, boasting one of the lowest unemployment rates in the Euro Area. It fell from its recent high in January when a rate of 4.3% was recorded. The tertiary sector mainly drove job creation. Consumer confidence climbed intra-year from its March 91.2 low to 104.9 in August before dropping in October again showing a pattern closely correlated to the COVID-19 infection waves.

The IHS Markit Manufacturing PMI climbed to a record level of 62.7 in June and ended the year on a clear expansion outlook with 59.1. Output growth and new orders were at 5-month highs providing good visibility on future business, while input cost inflation and supply chain issues put constraints on output.

Inflation reached record heights, with the inflation rate reaching 6.6% at year-end. The Czech central bank raised its benchmark rate several times during the year to 3.75% at year-end 2021, becoming a frontrunner in Europe fighting inflation. The Czech Koruna appreciated in value, reaching EUR/CZK 24.9 at the end of the year. The appreciation of the Czech Koruna was reversed in March 2022 following the outbreak of the Ukraine war.

Sources: Czech Statistical Office, Trading Economics, Ministry of Labour and Social Affairs

Chałubińskiego 8, Warsaw, Poland

Germany and Berlin

The GDP of Europe's largest economy grew by 2.9% during 2021, partly offsetting the previous year's decline of 4.6%. Reasons for the moderate growth were twofold, with supply-side bottlenecks impacting the country's industrial base while pandemic-related restrictions impacted the service sector's full recovery. Private consumption stagnated compared to the previous year.

Unemployment continued to decline, reaching 5.2% at the year-end, down from a recent pandemic high of 6.1% at the end of 2020 but remaining above the pre-pandemic level.

Business sentiment in Germany showed a mixed picture during 2021. The IFO Business Climate Index strongly rose to 101.7 points in June, hitting its highest level during the coronavirus pandemic, followed by a decline in the second half of the year ending at 94.8 points, a 2.1 points year-on-year improvement. The IHS Markit BME Manufacturing PMI closed at 57.4 in December with manufacturing output growing but supply shortages weighing on the absolute output levels. The IHS Markit Services PMI was at 48.7 in December 2022 after signalling growth in each of the previous seven months due to tighter restrictions. Both indicators experienced similar Intra year movements to the IFO Business Climate Index, reflecting the ongoing impact of the pandemic on business sentiment.

Berlin is the largest and most densely populated city in Germany. However, Berlin is still in the process of catching up to the national average in economic terms, and the city's thriving digital economy has played a vital role in this, with average growth rates of around 9.3% per annum until 2020. GDP is estimated to have grown by 3% in 2021, following a 3.4% decline in the previous year.

In 2021, Berlin's unemployment rate declined to 8.8%, although significantly higher than the national average, steady growth in employment across many sectors continued, especially in the booming IT, fintech, and creative sectors, 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 60% of all VC funding in 2021. It is also the leading city in Europe for fintech companies – well ahead of Paris, Amsterdam, and Dublin.

The digital economy employs a total of 118,172 people in Berlin, more than in any other major city in Germany, with employment growing at an average annual rate of 11.1%. Berlin experienced over the last decade significant population growth driven by young people between the ages of 18 and 30 who relocate to the German capital. Compared to other German cities, the increased availability of trained specialists and managers is one of the most critical factors for companies establishing themselves in Berlin. The opening of the new Berlin Brandenburg Airport in October 2020 with improved transport links should further support the city's attractiveness in the future.

Sources: German Central Bank, Markit Economics, Trading Economics, Investitionsbank Berlin

CEE

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

Following a widespread and historic GDP fall in nearly all CEE countries in 2020 due to the coronavirus pandemic, economic activity in CEE economies rebounded sharply since the third quarter of 2020 and recorded healthy growth during 2021, albeit to varying degrees across the region.

While absolute growth rates varied across the region, intra-year growth experienced similar patterns in each country. In the first months of 2021 growth rates remained slightly negative to zero due to the ongoing impacts of pandemic restrictions. All countries experienced high growth rates in the double digits during the second quarter. In the second half of the year, growth remained positive at healthy rates, albeit normalizing from the second quarter record levels. Overall GDP growth was the strongest in Hungary (7.1%), followed by Romania (5.9%) and Poland (5.7%). In all three countries, GDP is exceeding 2019 levels.

Poland experienced its peak unemployment in January 2021, followed by a strong 1.1% decline over the year ending at pre-pandemic levels with 5.4%. Positive developments were also observed in Hungary, where unemployment declined to 3.7% around its pre-pandemic levels. Romania's rate declined by 0.7% to 5.7% at year-end though remaining above the levels at the beginning of 2020.

Inflation rates in the CEE region accelerated during the year as in other regions of the World. Poland saw the most substantial increase in inflation to 8.6%, its highest level over the last 20 years, and above the National Bank of Poland (NBP) target (2.5% +/- 1%). Romania and Hungary recorded similar rises in inflation rates which increased to 8.2% and 7.4% over the year. Consequently, the central banks in each country increased their base rates several times during the year.

Sources: Euler Hermes, Trading Economics, Erstegroup.com

Italy

Italy experienced its strongest GDP expansion over the last four decades, growing by 6.6% in 2021 following a 9% contraction in the previous year. The country benefited from a strong economic rebound in Q2 2021 with a record 17% GDP jump followed by sustained growth rates on lower levels in the second half of 2021. Particularly the service sector benefited from a recovery in tourism over the summer season. Consequently, the unemployment rate declined to 9% below pre-pandemic levels continuing with the positive trend seen in the years from 2015 to 2020.

The IHS Markit Manufacturing PMI closed 2021 with 62.0 points. Until November, the index experienced eighteenth successive monthly improvements for the sector's health, reaching its record. The average PMI reading over the fourth quarter is the highest since data collection began in 1997. The IHS Markit Services PMI stood at 53.0 points in December 2021, its eight consecutive monthly expansion, while declining on a month-on-month basis. Like other European economies, output growth was stalled by input price inflation and ongoing supply delays combined with the spread of the omicron variant. Inflation picked up during the year, reaching a 3.9% annual inflation rate in December and continues to rise.

Overall, 2021 was a remarkably successful year for the Italian economy, being picked as "The country of the year" by the renowned international newspaper the Economist. The election of Mario Draghi, former President of the European Central Bank, as prime minister of a technocratic Italian government, by one of the largest ever majorities in the history of the Italian Republic, notably shifted sentiments. The large majority allowed the government to introduce reforms to the existing economic, legal, and political system that could stimulate future economic growth. A significant milestone was the endorsement of Italy's investment and reform plan by the European Commission, which is expected to provide €191.5 billion in grants and loans under the EU Recovery and Resilience Facility distributed over several years.

Sources: Trading Economics, the Economist

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
- Strategic investments in Globalworth, IMMOFINANZ and S IMMO

48%

of portfolio

21%

of portfolio

Retail

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

Residential

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

9%

of portfolio

6%

of portfolio

Hotels & Resorts

- #1 congress & convention hotel owner in the Czech Republic
- #1 resort owner in Hvar, Croatia with 88% market share

Complementary Assets

- Strategic landbank plots, development, logistics and other assets

16%

of portfolio

Office

CPIPG is a leading office landlord in Central and Eastern Europe.

At €6.4 billion, offices are CPIPG's largest business segment representing 48% of the property portfolio.

The Group primarily owns offices in Berlin, Prague, Warsaw, and Budapest. In each city, we have a leading platform.

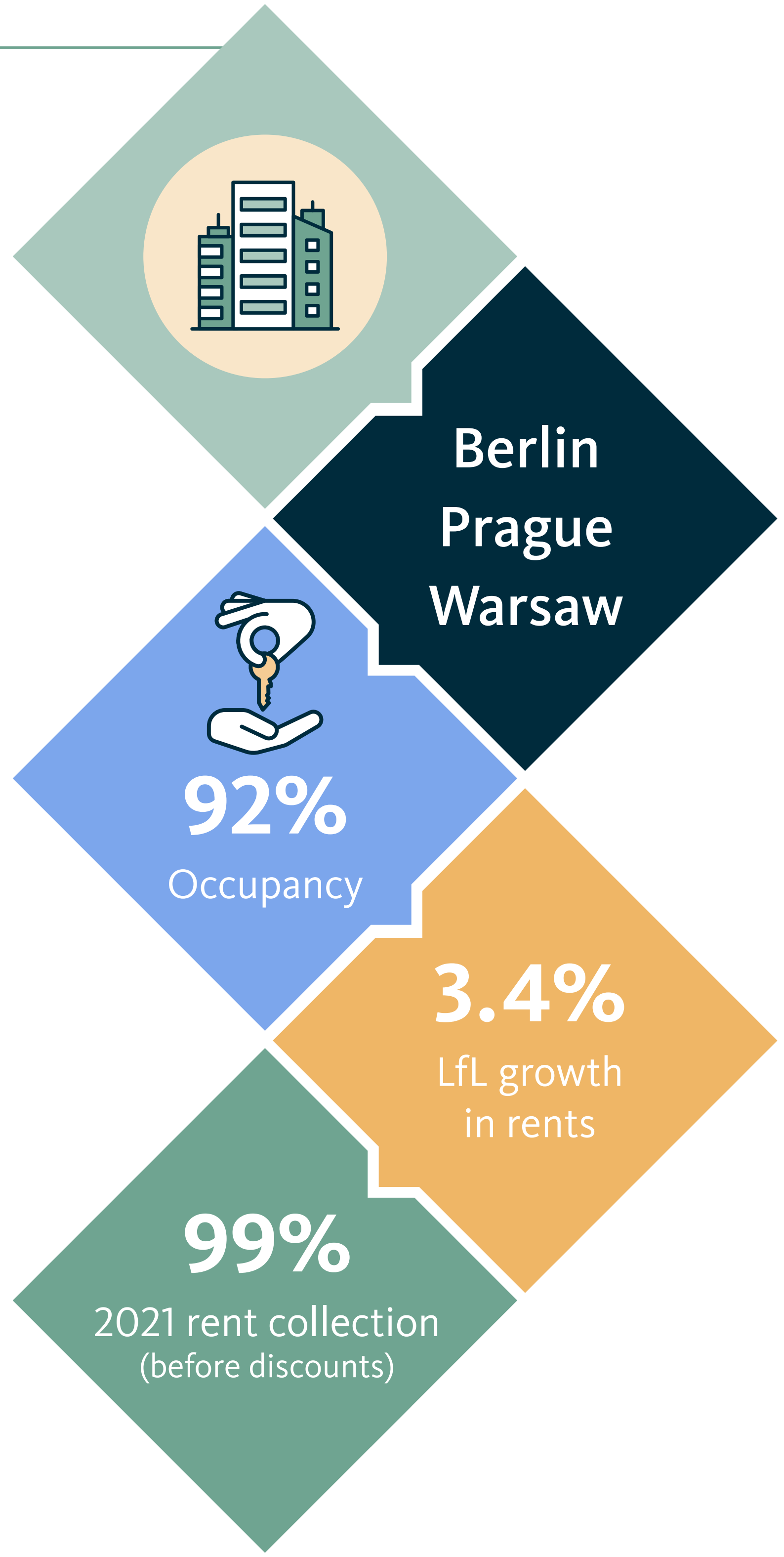
As a result of recent investments in Globalworth, IMMOFINANZ and S IMMO, CPIPG expanded our commitment to Warsaw, Prague and Budapest, while also gaining exposure to top platforms in Vienna and Bucharest.

CPIPG is a strong believer in local asset management, and has dedicated office leasing and asset management teams on the ground in all our key locations.

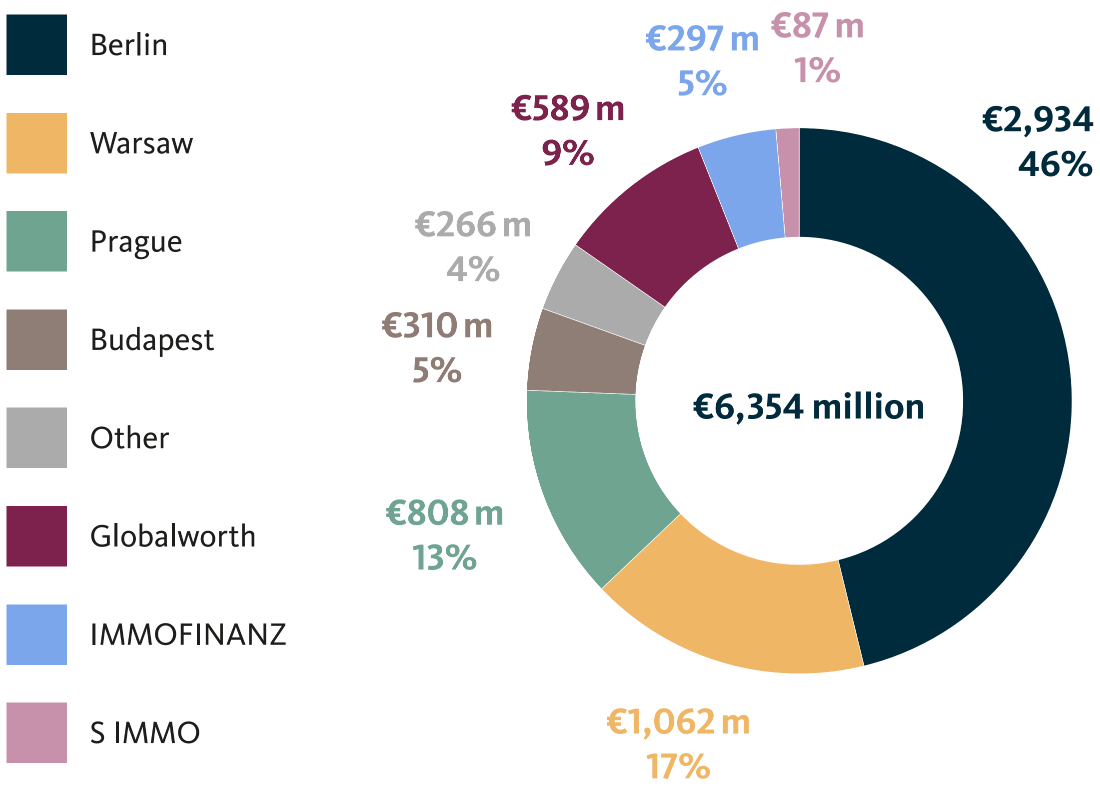
Overall, like-for-like rental growth was 3.4%, reflecting a strong performance by our teams and robust demand, particularly in Berlin.

The Group was pleased to see that "office life" in our region returned mostly to normal from May 2021. On the other hand, we see tenants investing to ensure that the office remains an attractive and enjoyable destination for employees.

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



Office property portfolio split



Office segment summary

Net rental income increased by 5% to €207 million in 2021, primarily due to continued improvements in like-for-like rents, acquisitions, and the contribution from developments in Prague, Berlin and Budapest completed during the year.

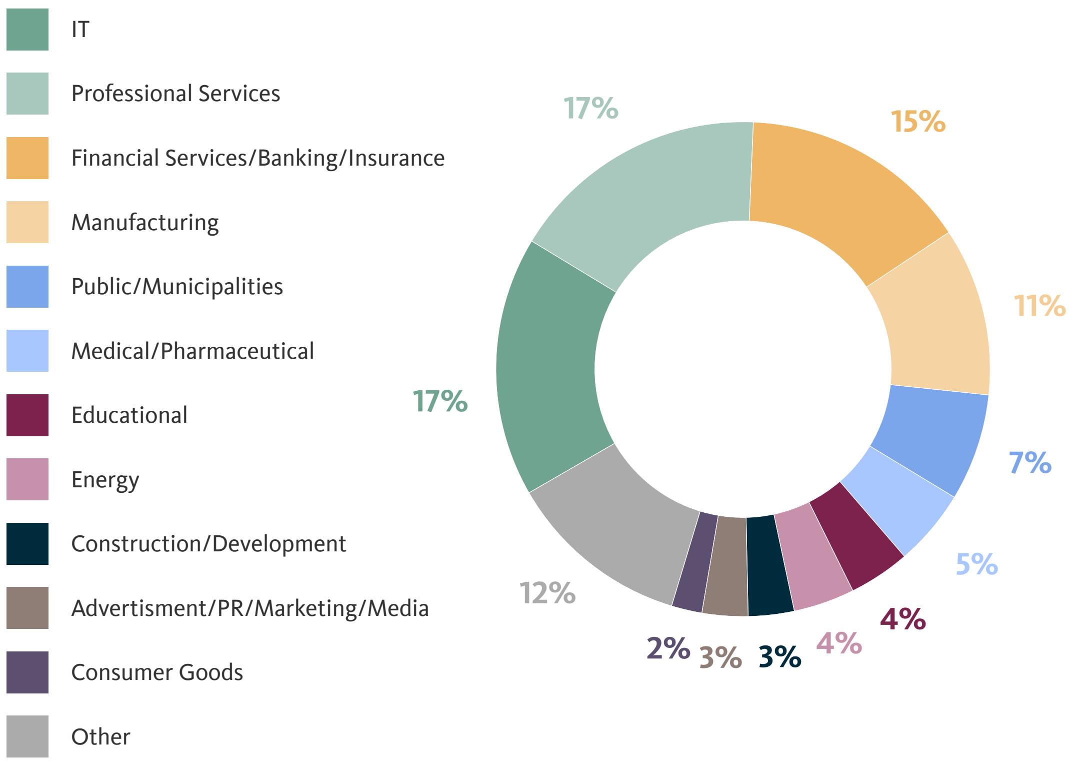
Like-for-like rents across the office portfolio increased by 3.4% with Berlin at 9.1%.

Total occupancy declined slightly in 2021 to 91.9%. **Nearly all office segments saw higher occupancy,** while Budapest recorded a drop related to two tenants. The Budapest team has already signed leases due to commence in the coming months, which will offset most of the drop in occupancy. On the other hand, the Group achieved **a slight uptick in occupancy in Prague, Berlin and Warsaw as the demand take-up remains robust.**

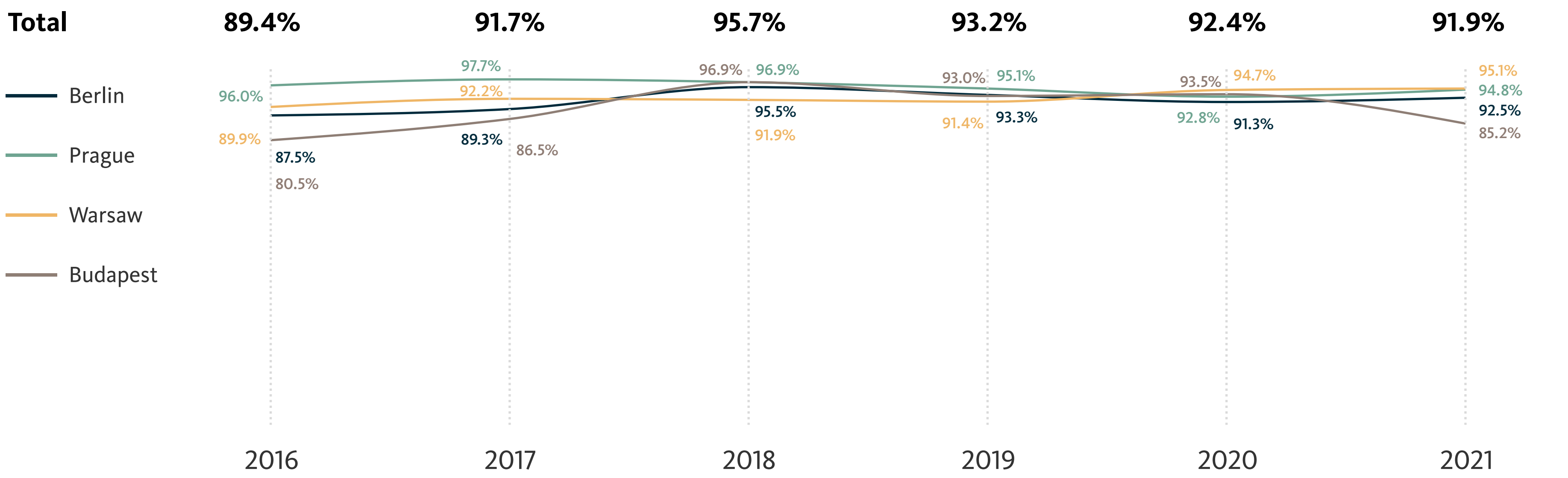
The Group's clear outperformance is reflected in the fact that average market vacancy rates rose in each of the Group's key office geographies in 2021.

Our office tenants are well diversified across industries with about half of our tenants from IT, professional services and financial services firms, reflecting the high quality of our office properties located in major European service hubs.

Office tenants by type (according to headline rent)

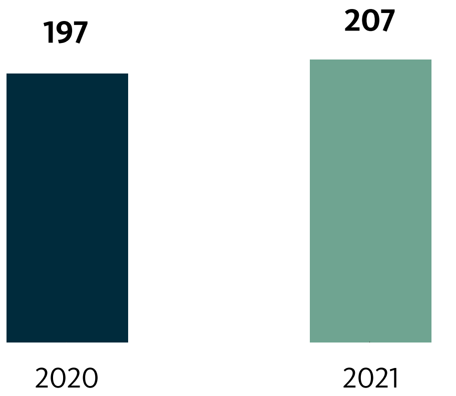


Office occupancy rate by city (%)



Office net rental income

(€ million)



Strong and diverse tenant base

5% increase in rental income

Robust leasing activity

Office segment summary in figures

	Office 2021				Office 2020			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Berlin	2,934	92.5%	903,000	46	2,471	91.3%	896,000	46
Warsaw	1,062	95.1%	316,000	14	998	94.7%	316,000	14
Prague	808	94.8%	256,000	18	834	92.8%	295,000	20
Budapest	310	85.2%	131,000	8	303	93.5%	130,000	8
Other	266	77.7%	153,000	17	168	87.4%	100,000	10
Globalworth	589	–	–	–	562	–	–	–
IMMOFINANZ	297	–	–	–	–	–	–	–
S IMMO	87	–	–	–	–	–	–	–
Total	6,354	91.9%	1,759,000	103	5,336	92.4%	1,737,000	98

GSG | BERLIN

- A leading commercial real estate platform in Berlin
- Portfolio uniquely suited to creative and IT sectors
- About 1,800 tenants
- Strong market with 2.5% overall vacancy

46
Assets across Berlin

92.5%
Occupancy

9.1%
LfL growth in rents

GSG has come through the pandemic in excellent form and we still see strong potential to continue growing rents.

Oliver Schlink, CFO, GSG Berlin

photo: GSG Berlin © Marc-Steffen Unger

Berlin

The value of the Berlin portfolio was €2.9 billion at the end of 2021, representing 46% of the Group's office segment. GSG is one of the leading landlords in Berlin, catering to about 1,800 tenants, many of which are SMEs in dynamic and high-growth IT, technology, creative and start-up industries. In recent years, the **strong market for office space in Berlin** combined with GSG's active local asset management has driven **consistently improving performance.** GSG's performance has remained robust throughout the COVID-19 pandemic, with **continued growth in the portfolio and like-for-like rents.**

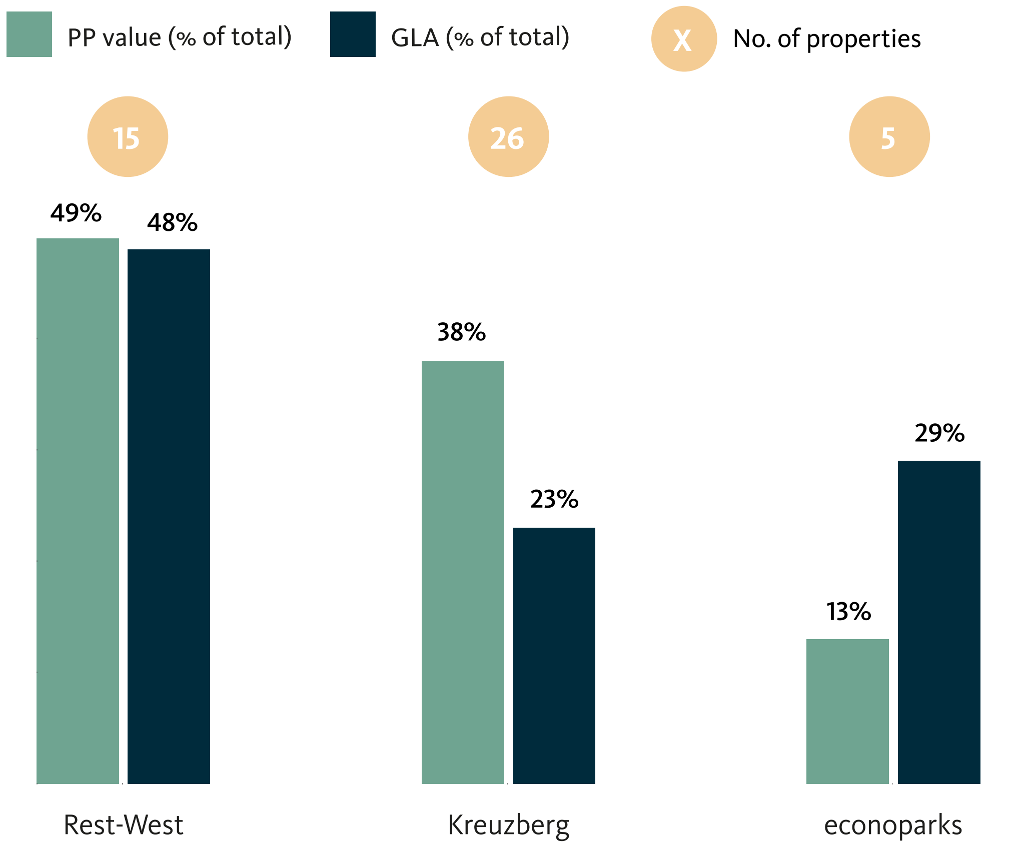
Occupancy increased during 2021 compared to the end of 2020 by 1.2%, standing at 92.5%. Part of the vacancy in the portfolio relates to space strategically vacated for refurbishment in order to support GSG's ability to secure higher rents in the future. Since the end of 2020, occupancy has increased in GSG's Rest-West portfolio, with a modest increase in the econoparks and a minor decline in Kreuzberg.

Leasing activity picked up across the portfolio following a slowdown in the prior year due to the COVID-19 pandemic. GSG has been able to sign a large number of leases at materially higher rent levels during the year. In 2021, **GSG signed new leases, extensions and prolongations across over 107,000 m² of leasable area, where headline rents increased by nearly 45% on average.**

The pace of rental growth picked up again in 2021; **like-for-like rents grew by an impressive 9.1% increase for total portfolio,** with positive growth in all clusters.

GSG is future-proofed and connected. In 2021, the last optic fibre connections were laid, which provide state-of-the-art connectivity across all GSG assets. WiredScore, a leading independent global certification for building's digital infrastructure, has accredited its Platinum, Gold, and Silver certifications to fifteen GSG buildings covering 666,000 m² since May 2021. GSG intends to certify all mid-to-large size commercial parks in the medium term.

GSG Berlin portfolio



Sebastian Blecke, COO, GSG Berlin

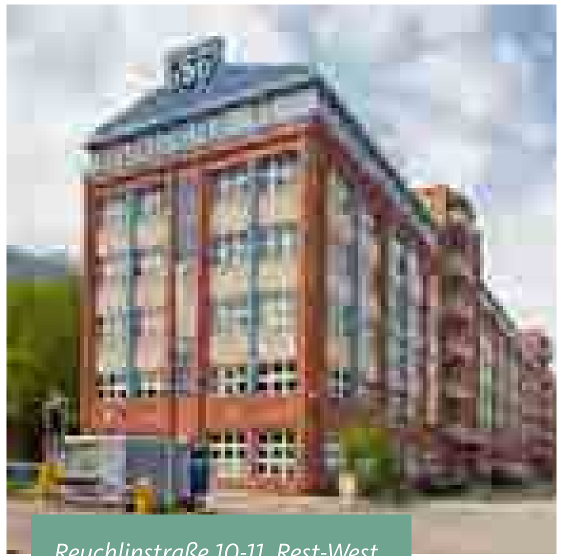
photos: GSG Berlin © Marc-Steffen Unger

GSG's portfolio is comprised of three clusters:

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

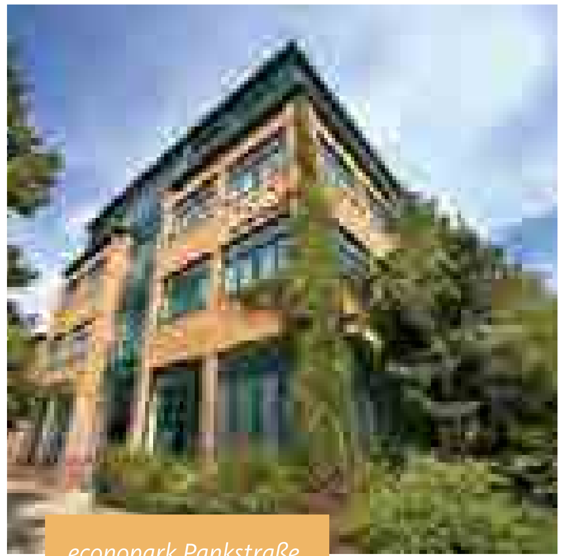
Kreuzberg: A district in Berlin that caters to the dynamic technology and start-up industries and has experienced substantial growth in recent years

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



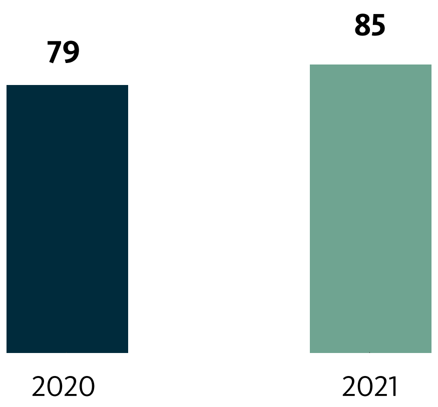
Reuchlinstraße 10-11, Rest-West

AQUA-Höfe, Kreuzberg



econopark Pankstraße

Berlin office net rental income (€ million)

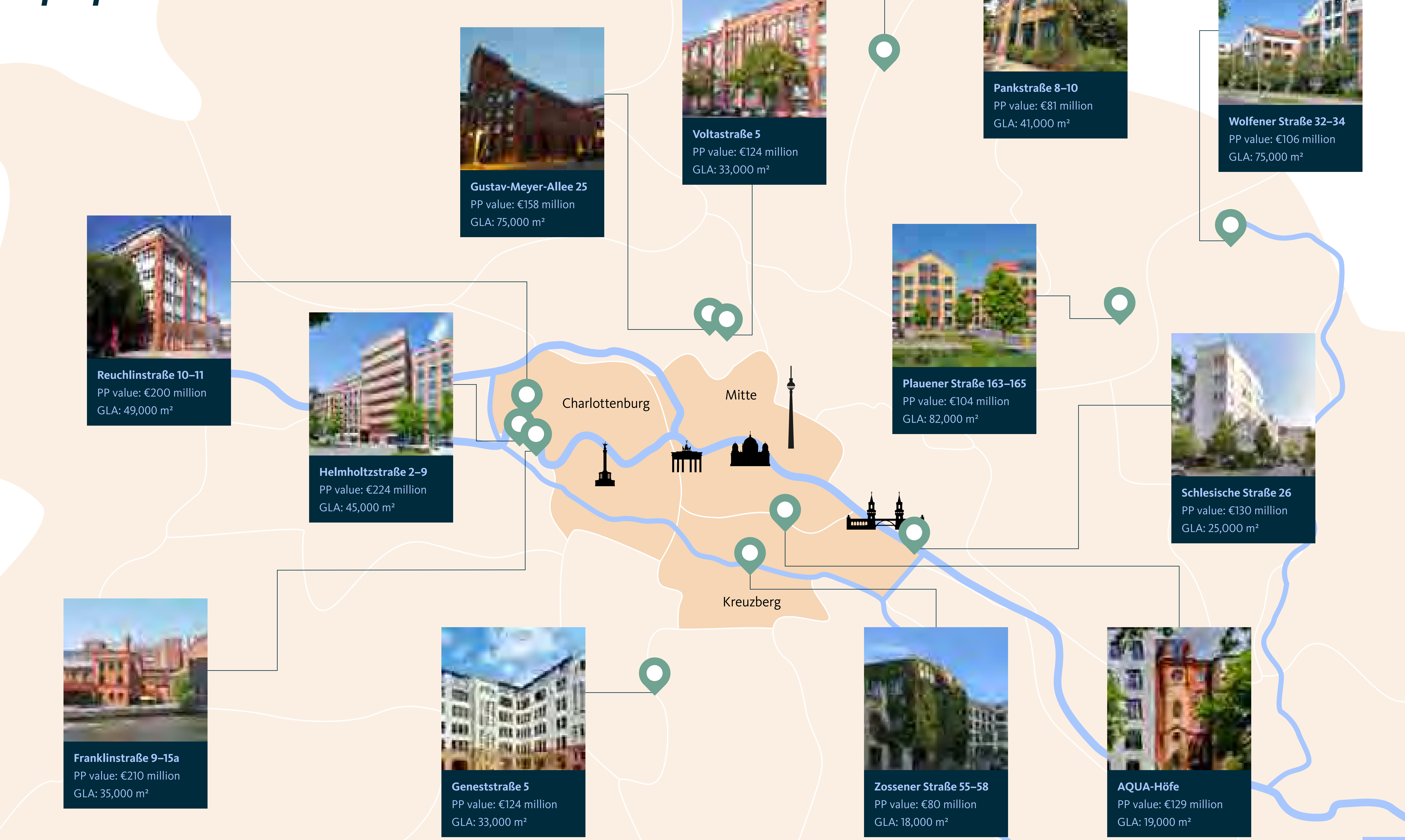


Net rental income increased by 8.1% to €85.3 million in 2021 compared to the prior period, driven mainly through organic growth in like-for-like rents combined with the contribution of developments completed towards the end of 2020 (The Benjamin and Prinzessinnenstraße) and 2021 (Torhaus²).

Berlin office segment summary in figures

	Berlin office 2021				Berlin office 2020			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties
Rest-West	1,435	93.6%	434,000	15	1,185	90.9%	428,000	15
Kreuzberg	1,112	91.1%	210,000	26	961	91.6%	210,000	26
econoparks	387	92.4%	259,000	5	325	91.7%	259,000	5
Total	**2,934**	**92.5%**	**903,000**	**46**	**2,471**	**91.3%**	**896,000**	**46**

Key office properties in Berlin



Gustav-Meyer-Allee 25
PP value: €158 million
GLA: 75,000 m²

Voltastraße 5
PP value: €124 million
GLA: 33,000 m²

Pankstraße 8–10
PP value: €81 million
GLA: 41,000 m²

Wolfener Straße 32–34
PP value: €106 million
GLA: 75,000 m²

Reuchlinstraße 10–11
PP value: €200 million
GLA: 49,000 m²

Helmholtzstraße 2–9
PP value: €224 million
GLA: 45,000 m²

Plauener Straße 163–165
PP value: €104 million
GLA: 82,000 m²

Schlesische Straße 26
PP value: €130 million
GLA: 25,000 m²

Franklinstraße 9–15a
PP value: €210 million
GLA: 35,000 m²

Genestraße 5
PP value: €124 million
GLA: 33,000 m²

Zossener Straße 55–58
PP value: €80 million
GLA: 18,000 m²

AQUA-Höfe
PP value: €129 million
GLA: 19,000 m²

photos: GSG Berlin © CHL

Bechstein-Höfe, Berlin, Germany

photo: GSG Berlin © CHL

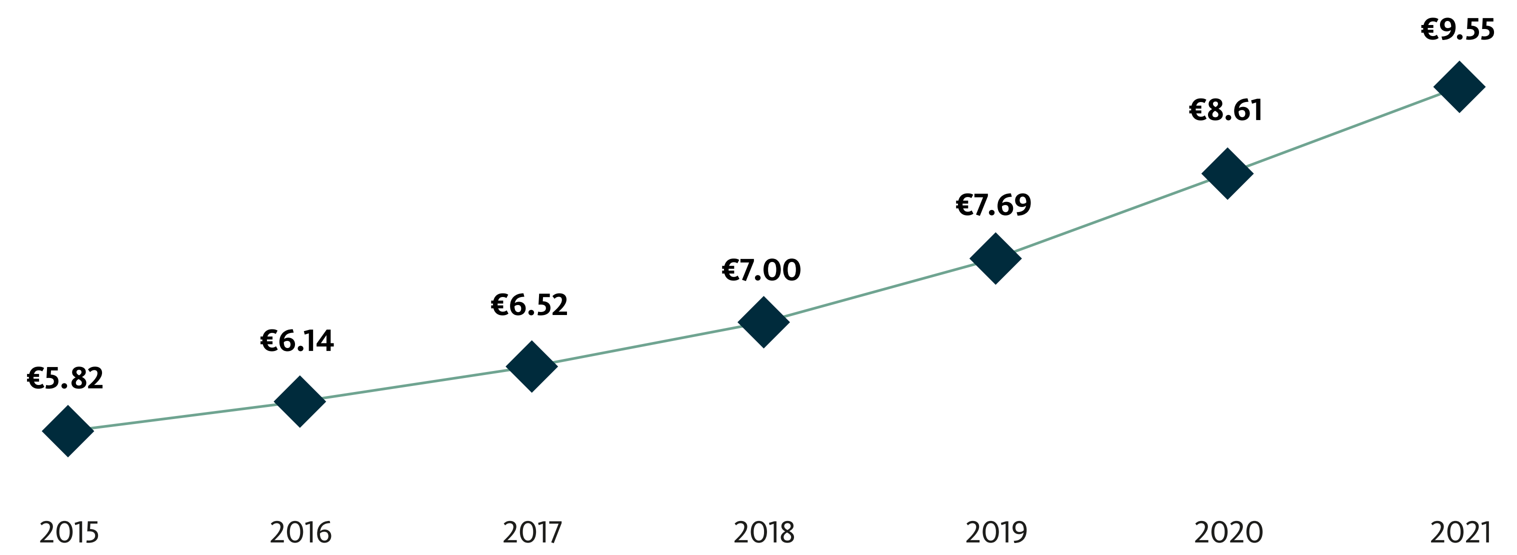
Significant upside potential in GSG's rents

According to management analysis in consultation with external advisors, **GSG's average rents are well below the Berlin market average.** Combined with the continued structural supply/demand imbalance in the city, GSG's average rents have consistently increased since 2015, even as growth decelerated slightly in 2020. **GSG's average rents increased a further 10.8%** compared to the end of 2020, rising to €9.55/m² (versus €8.61/m²).

A recent analysis by Savills suggests that average rents for the portfolio could potentially be €15/m², in contrast to the overall market average rent of around €28/m² and the average rent for the portfolio of €9.55/m² at the end of 2021.

The Group is optimistic that rents can continue to rise toward the market average over time, supported by continued like-for-like growth, strategic refurbishments, and new developments rented at 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)

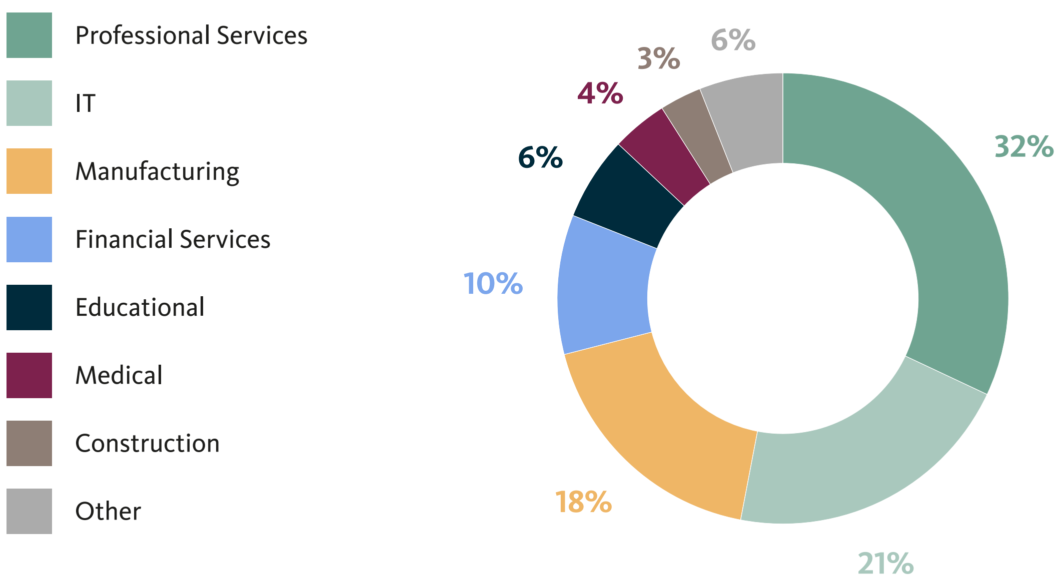
	2015	2016	2017	2018	2019	2020	2021
Rest-West	5.95	6.30	6.62	6.80	7.43	8.34	9.43
Kreuzberg	7.22	8.00	9.00	10.44	11.98	14.00	15.43
econoparks	4.41	4.44	4.48	4.56	4.78	5.06	5.44
Total	**5.82**	**6.14**	**6.52**	**7.00**	**7.69**	**8.61**	**9.55**

Our tenants in Berlin

GSG has about 1,800 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 rise 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)



Aqua-Höfe, Berlin, Germany

photo: GSG Berlin © CHL

Berlin office market

The Berlin office market kept its dynamic development in 2021. Total take-up volume for the year was 870,800 m², representing a 17% increase compared to the prior year. Notably, the fourth quarter saw a substantial increase with 322,600 m², up 77% from the previous quarter. Eight large transactions with take-ups of above 10,000 m² significantly contributed to the increase in the last quarter. The strongest submarkets were Kreuzberg/Friedrichshain and Wedding/Prenzlauer Berg, while most demand came from tenants in the public sector (16.8%), business services sector (16.1%) and ICT firms (11.8%).

The vacancy rate in the Berlin office market increased slightly by 0.5% over the year to 2.5% due to completions of developments with a total area of 721,800 m², while the overall available stock remains low. Prime rents further increased by 6% to €41/m²/month year-on-year. Average rents remained unchanged at €28/m²/month.

In recent years, the strength of the Berlin office market is partly attributed to the consistent growth of dynamic industries and start-ups in the city, from IT, fintech, and creative sectors. Based on 2021 data, despite only representing 4.4% of the German population and 4.3% of national GDP, around 60% of all investment in German start-ups was invested in Berlin-based companies in 2021. Additionally, the overall investment volume in German start-ups tripled to more than €17 billion. Out of the top 10 biggest funding rounds, seven went to Berlin-based start-ups. Berlin was the top-ranked for Fintech/InsurTech, E-Commerce and Health.

Investment markets in Berlin recovered with a total volume of €6.4 billion, representing an increase of 23% to the prior year. The largest purchaser group was asset managers, property firms, and special-purpose funds. Prime yields further compressed by 15 basis points to 2.5% in CBD locations and within the S-Bahn ring or its buffer zone below 3.0%.

Sources: JLL, Savills, CBRE, EY: Start-up-Barometer Deutschland, BNP Paribas Real Estate

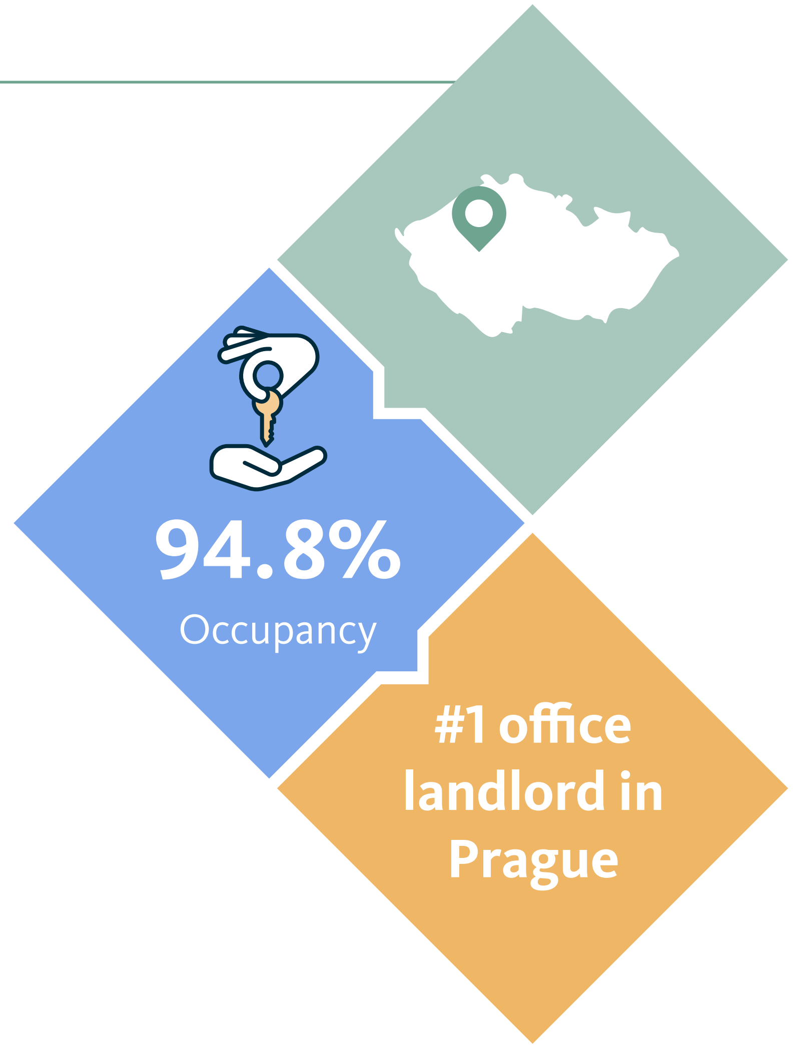
Prague

The value of our office portfolio in Prague stood at €808 million at the end of 2021, comprising 13% of the Group's office segment. Occupancy in the portfolio **increased in 2021 by a healthy 2.0 p.p. since the end of 2020 to 94.8%.** The increases can be mainly attributed to the letting of remaining spaces to Wolt and Kantar in our recent major refurbishment Bubenská 1 resulting in full occupation for the office spaces in the building. CPIPG also leased a significant portion of the remaining space in the MAYHOUSE building. In addition, several major leases were prolonged such as the lease with NN Management as anchor tenant in the Zlatý Anděl building.

Net rental income increased by 3% to €43 million, due mainly to the contribution from Bubenská 1, combined with resilient occupancy and like-for-like rents across the rest of the portfolio.

Due to COVID-19, physical occupancy was estimated to be below 30% during periods of lockdown. This was largely due to some larger corporate tenants taking precautionary measures requiring their employees to work from home or leave the decision to each individual. **However, with the easing of restrictions, many tenants reverted to pre-COVID arrangements and increased physical occupancy, estimated at approximately 75% at the end of the year.** Larger domestic and international tenants continue to implement a hybrid office and work from home model.

Office space remains a vital factor for most occupiers. The Group recorded solid leasing activity in 2021, with only a handful of tenants requesting reduction in space or sub-letting. **Over 56,000 m² of new leases, extensions and prolongations were signed with an average increase on existing headline rents of over 2%.**

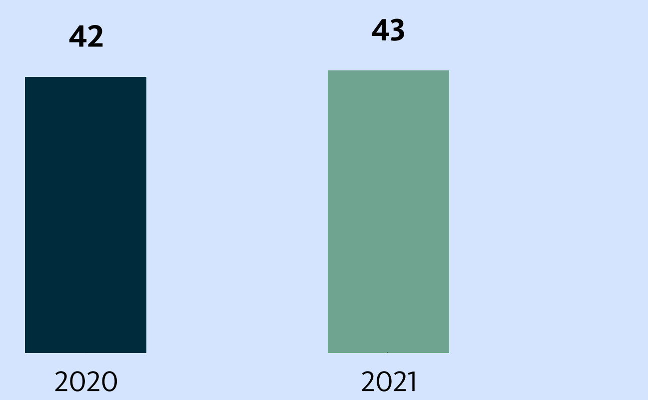


Strong leasing activity and resilient market conditions helped us increase occupancy in Prague during COVID-19.

David Votřel, Head of Office Asset Management CZ

MAYHOUSE, Prague, Czech Republic

Prague office net rental income
(€ million)



Key office properties in Prague

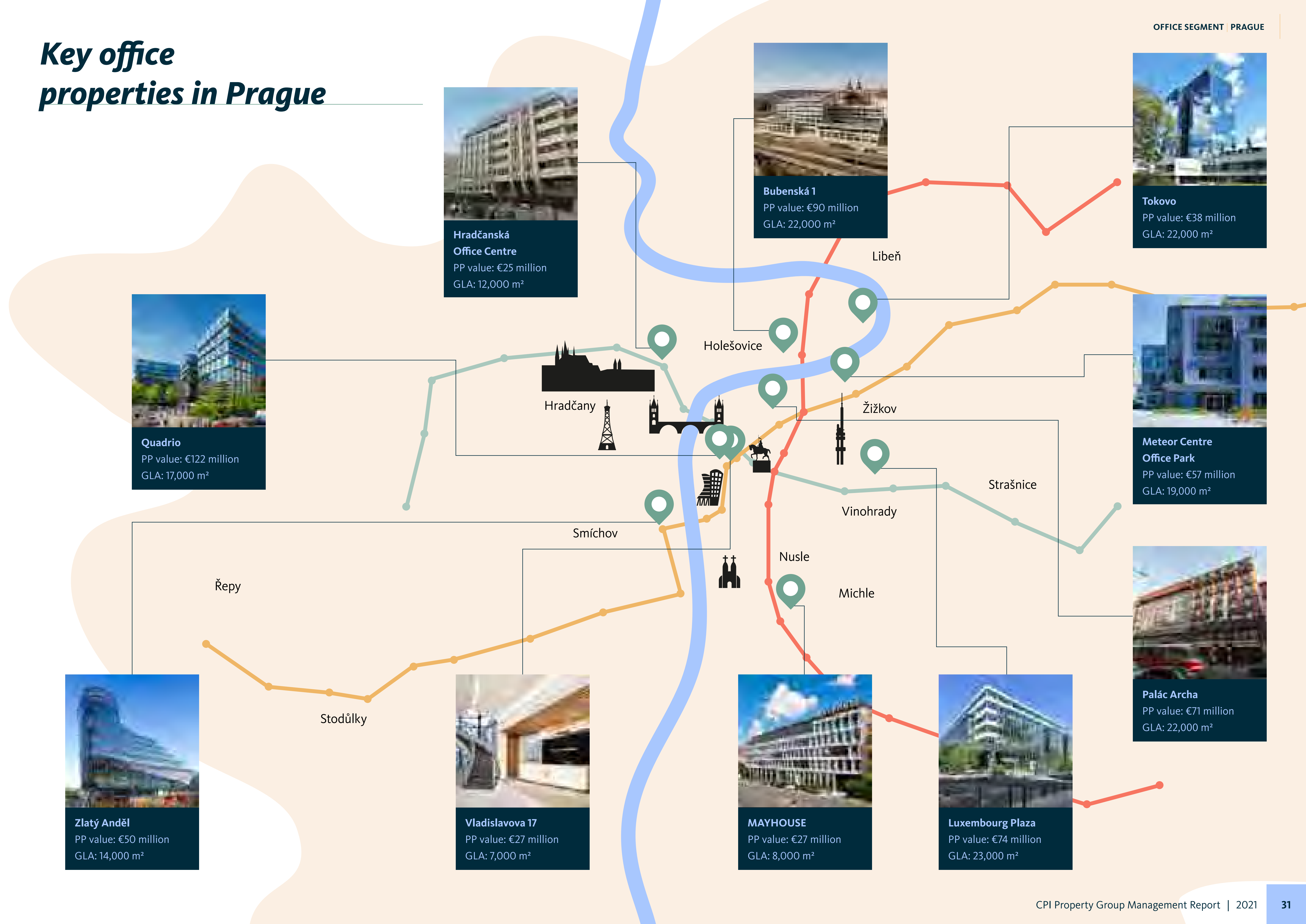


photo: Roman Mlejnek

Bubenská 1 development team: Antonín Spáčil, Petra Kottová, Kateřina Řeháková, Jitka Vítková and Pavel Tošovský

Bubenská 1

Successful collaboration delivers award-winning redevelopment

Bubenská 1 is one of the largest and most important interwar monuments in Prague. The former headquarters of the Prague Electric Company, completed in 1935, is a building with three underground floors and seven above-ground floors, of which construction and equipment were beyond its lifetime.

The reconstruction of the building was carefully managed to ensure the preservation of the original heritage elements while striving to achieve a fully modernised functional office for today's generation.

Today, Bubenská 1 serves as WPP's Prague Campus housing 12 agencies operating under the umbrella of the world's biggest communication group. The hanging art installation in the atrium features 797 hand-blown glass balls in different shades of blue, symbolising the cohesion and cooperation of the individual agencies within WPP.

Bubenská 1 won multiple awards post-completion in 2021, including the top award in the competition **Building of the Year,** absolute winner in the **Estate Awards 2021,** and **1st Place** in the category **Renovated Offices** in popular business competition **Best of Realty,** and the **People's Choice** from **Patrimonium for the Future.** Congratulations to the development team!

STAVBA ROKU

ESTATE AWARDS 2021

Best of Realty
Nejlepší z realit

NÁRODNÍ PAMÁTKOVÝ ÚSTAV

Zlatý Anděl, Prague, Czech Republic

Prague office market

At the end of 2021, the total Prague modern office stock reached 3.73 million m², with only a total of 56,800 m² of new office stock added to the market – the lowest annual new supply since 2016. Currently, there is approximately 195,200 m² of office space under construction with around 76,300 m² planned for completion in 2022, with c.30% pre-leased. However, this depends on the ability of developers to deliver on time with rising risks stemming from shortages of labour and materials supply.

In general, the office sector does not reflect any significant structural changes in the occupational market, although the pandemic has shifted occupancy strategies. Tenants are increasingly looking for more flexibility in workspace to accommodate hybrid working patterns and emphasise wellness and sustainability in their building selection. In 2021, the office leasing activity in Prague recorded a recovery compared to 2020 with net take-up increasing by 23% YoY. A total of 208,000 m² have been newly leased and almost 180,000 m² leased in renegotiations/renewals.

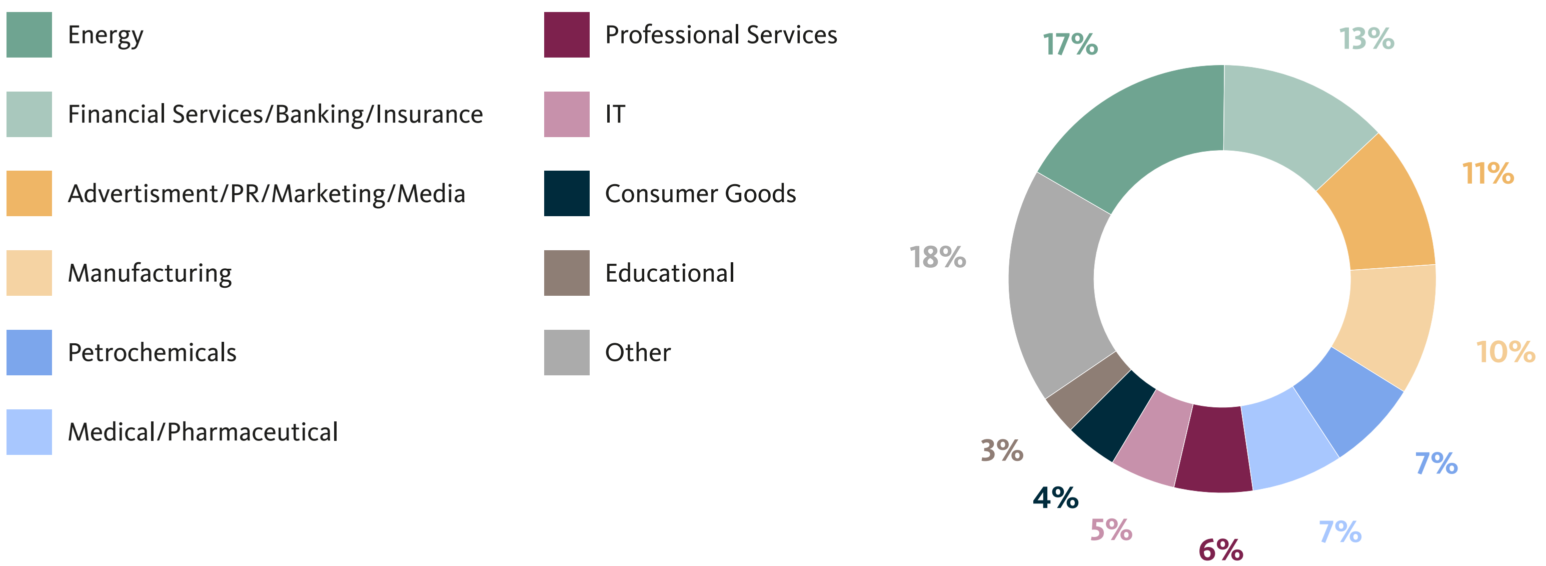
The majority of the total take-up was observed in Prague's 4, 5 and 8, which accounted for over 61% of the total in 2021. Of the known lease transactions, tenants from the IT sector were the most active (16%) followed by professional services companies (12%) and the pharmaceutical sector (12%).

In the last 18 months, cautious tenant demand and weaker leasing activity pushed vacancy upwards. However, this trend has since stabilized at 7.8% at the end of 2021 and is expected to flatten in 2022. Vacancy rates are expected to trend lower at a faster pace for high-quality space in good locations.

Despite the high vacancy rate, at the end of 2021, prime rents in Prague increased to a new record as developers incur higher construction costs. City centre prime rents increased by 9% ranging between €23.50 and €24.00/m²/month. Inner-city prime rents ranged from €16.00 to €18.00/m²/month and €13.50 to €15.00/m²/month in the outer city. Further upward pressure on prime rents in the CBD is expected in 2022, albeit landlords will also be pressed to improve incentives.

Sources: Cushman & Wakefield, CBRE, Savills

Prague office tenants by type (according to headline rent)



Warsaw

CPIPG is the **leading office landlord in Warsaw,** with a portfolio valued at over €1 billion, comprising 14 properties and 316,000 m² of space. Our portfolio in Warsaw comprises 17% of the Group's office segment.

Net rental income increased in 2021 by 5.2% to €54 million compared to 2020, driven primarily by improvements in leasing activity. In addition, like-for-like rents have remained robust across the portfolio.

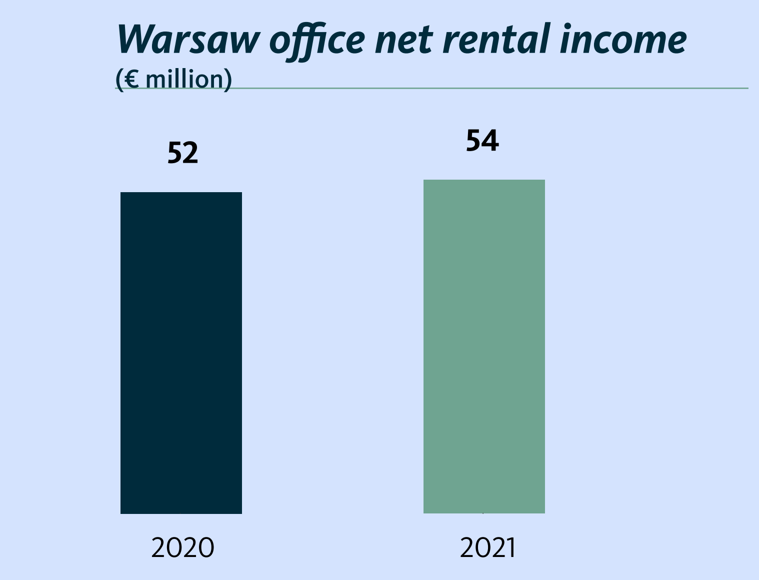
CPIPG's team in Poland has continued to see positive leasing activity with increases recorded in headline rents. **In 2021, the Group signed almost 75,000 m² of new leases, extensions and prolongations with an average increase in headline rents of 14.5%.**

Occupancy temporarily fell in H1 2021 to 90.6%, driven by temporary fit-out works and some departures. However, the team in Warsaw managed to sign new leases and the occupancy recovered to 95.1% at the end of 2021. CPIPG's office portfolio vacancy in Warsaw remains well below the market average of 12.7% – a testament to our strong asset and property management teams in Warsaw.

While tenant demand has been relatively cautious in the past 18 months, CPIPG has been able to capture opportunities by utilising a flexible and balanced approach in lease prolongations and increasing rents. The average WAULT slightly declined reflecting our teams strategy to prolong leases for shorter periods to keep incentives low and net effective rents high. **This may allow us to capture additional rental growth from 2023 onwards, when a supply gap for the Warsaw office market is expected.** Furthermore, we observe that tenants are increasingly asking for expansion of space to provide safe working environments for their employees coming back to the office.

#1 office landlord in Warsaw

Modern and green portfolio



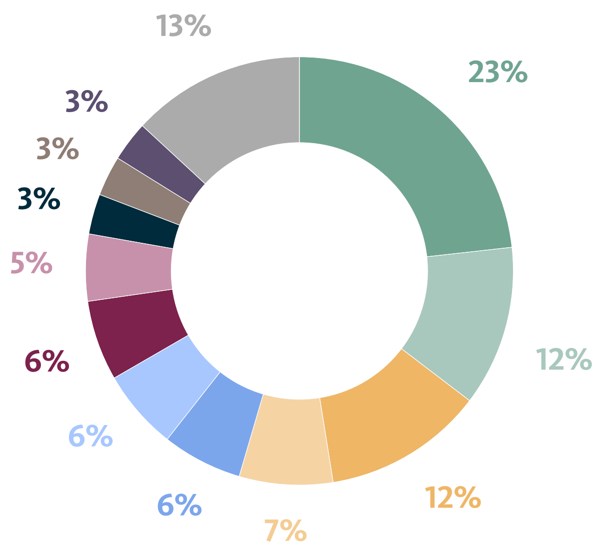
Atrium Centrum and Plaza, Warsaw, Poland

CPIPG is optimistic about the outlook for occupancy and rents in 2022, driven by strengths of our portfolio and local team.

Barbara Topolska, Country Manager, Poland

Warsaw tenants by type (according to headline rent)

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



Green Corner A, Warsaw, Poland

Warsaw office market

At the end of 2021, Warsaw's total modern office stock amounted to 6.2 million m². The total new supply delivered to the Warsaw office market in 2021 was 325,000 m² as 16 buildings were completed. The largest new developments included: Warsaw Unit (59,300 m², Ghelamco Poland), Skyliner (44,700 m², Karimpol) and Generation Park Y tower (44,000 m², Skanska Property Poland).

Currently, there is only 310,000 m² of office space under construction, the lowest level since 2010. This slowdown in development activity is forecasting a supply gap in 2023, putting downward pressure on future vacancy rates.

Leasing activity in Warsaw showed an improvement versus 2020, with a total of 646,500 m² signed in 2021, representing a 7% YoY growth. Due to the pandemic, tenants are increasingly looking for attractive spaces and seeking flexible spaces to bring their employees back to the office. Companies are also taking a more conservative approach to leasing and renegotiating existing leases rather than moving to new locations. As a result, renegotiations accounted for 45% of total office take-up – the highest annual figure on record.

The combination of high supply brought to the Warsaw market and the lower demand for new office space translated into lower absorption and a rising average vacancy rate, which climbed to 12.7% at the end of 2021. While the number of sublease offers increased during the start of the pandemic, this trend saw a marked slowdown in 2021. Currently, there are approximately 110,000 m² of office space available for subleasing – 20,000 m² less than in 2020.

Prime office properties rent remained stable in 2021, ranging between €18 and €24/m²/month in the city centre and up to €16/m²/month outside of the area. Rental rates are expected to rise in 2022 and continue in 2023 due to the new supply gap leading to severely limited rental opportunities.

The office sector remains one of the key segments of Poland's investment market. A total of €1.7 billion was transacted in 2021 and was dominated by Warsaw office transactions as investors are keen to secure prime locations in the capital city. Robust investor demand led to yield compression, with Warsaw office prime yields reaching 4.5% in Q4 2021.

Sources: JLL, CBRE, PINK

CPIPG's office footprint in Warsaw

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

Atrium Centrum
PP value: €56 million
GLA: 18,000 m²

Atrium Plaza
PP value: €47 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: €258 million
GLA: 85,000 m²

Warsaw Financial Center
PP value: €289 million
GLA: 50,000 m²

Equator IV
PP value: €63 million
GLA: 21,000 m²

Chałubińskiego 8
PP value: €54 million
GLA: 23,000 m²

Central Tower
PP value: €39 million
GLA: 15,000 m²

Equator II
PP value: €64 million
GLA: 23,000 m²

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

Budapest

As of December 2021, CPIPG's modern and high-quality office portfolio in Budapest was valued at €310 million, accounting for 5% of the Group's office segment.

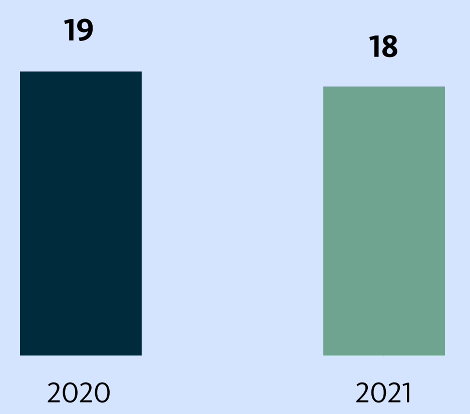
Occupancy of the portfolio decreased from 93.5% at the end of 2020 to 85.2% as of December 2021, primarily driven by two anchor tenants vacating the space as their leases expired and reorganisation of the tenant's regional operations – Vodafone in Arena Corner and LogMeIn in Andrássy 9. In Andrássy 9, our team has already signed leases with three tenants to fill the majority of the space vacated by LogMeIn during the second half of 2021 and have executed two new leases in 2022. Meanwhile, in Arena Corner, we expect to fill the vacant space in the coming months based on promising tenant discussions.

Because of the temporary drop in occupancy, **the portfolio's net rental income decreased slightly in 2021 to €18.5 million.** Like-for-like rents were effectively stable, and headline rents growth of c.4% from leases signed in 2020 and 2021 compensated for the drop in occupancy in 2021.

CPIPG's team in Budapest **signed close to 32,000 m² of new leases, extensions and prolongations in 2021.** Of the leases signed, around 10,500 m² related to new leases with a term of 5 years or longer, driven by leasing activity to fill up vacant spaces at Andrássy 9 and Arena Corner.

Headline rents remained stable; however, lease incentives are generally more prevalent in discussions with tenants in 2021 than in the prior year. There are also significant differences in the pressure on net rents experienced varying by submarkets; for example, the CBD, Central Pest North and Váci Corridor, where CPIPG's properties are primarily located, is more resilient than Central Pest South or Buda South. Leasing activity remained robust in 2021, and tenant demand is stable with a limited decrease in office space as occupiers navigate hybrid office use formats.

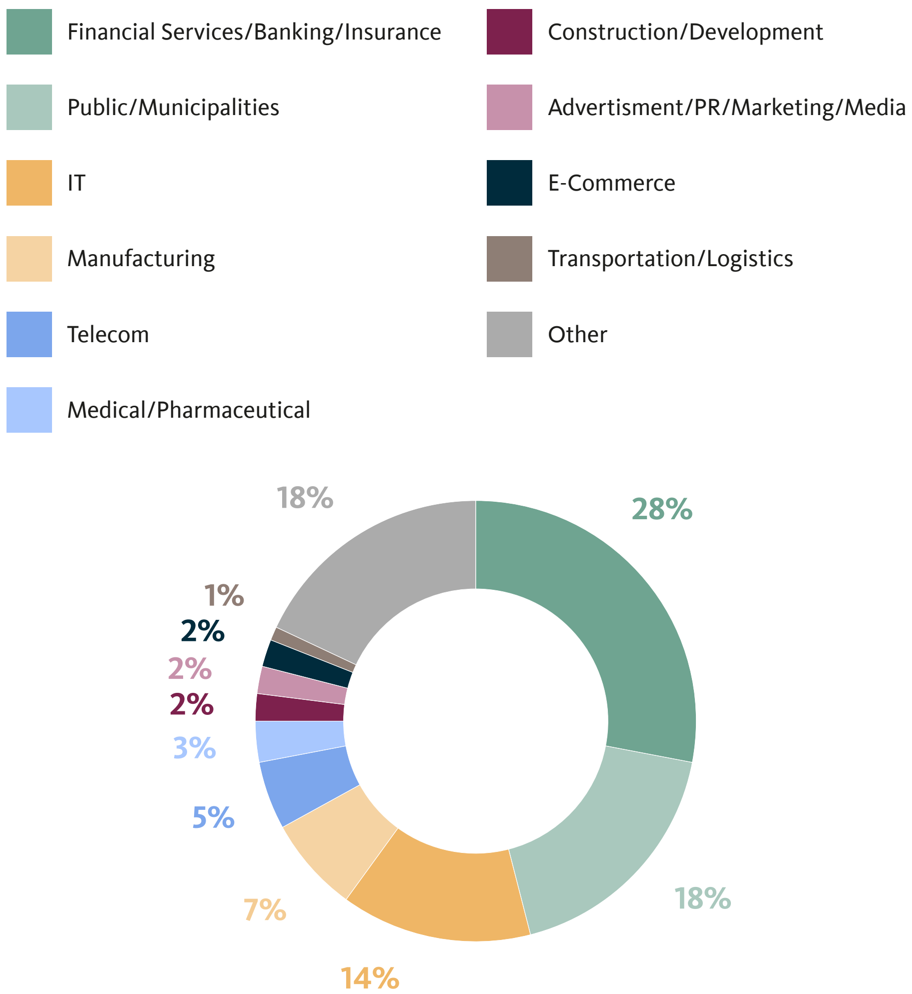
Budapest office net rental income
(€ million)

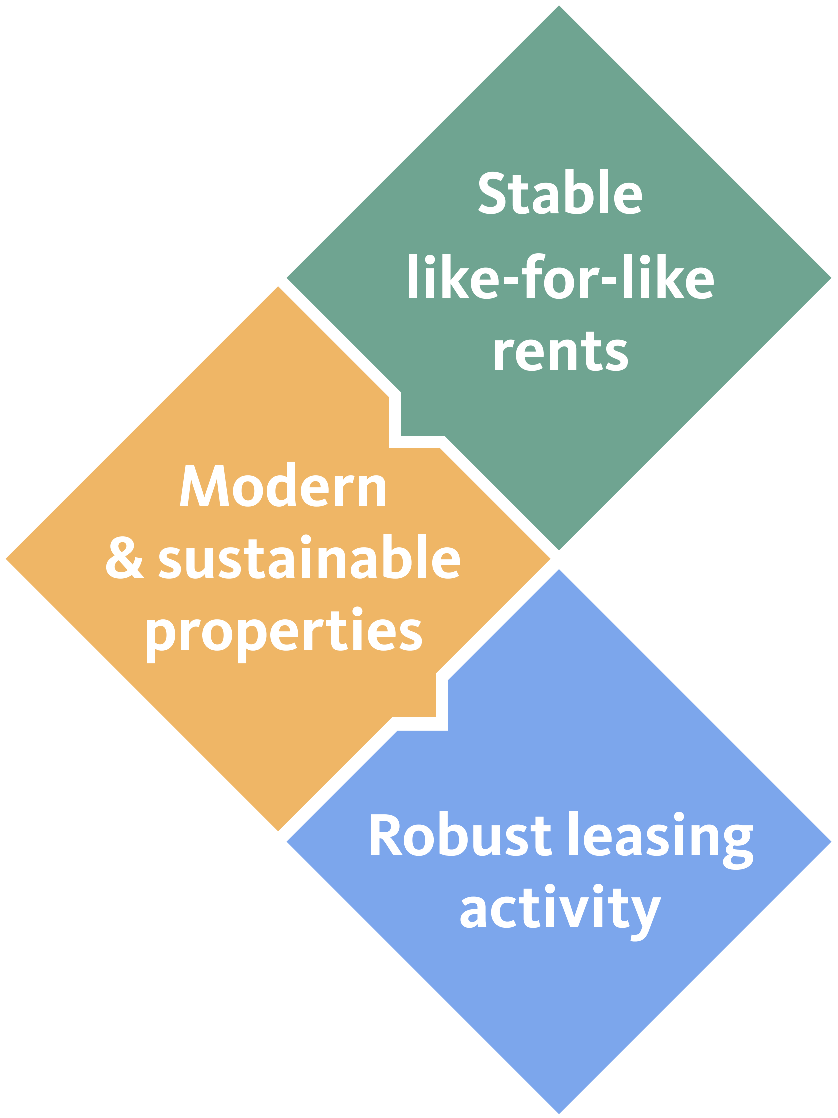


Leasing activity in Budapest remains robust; our properties are well positioned.

Mátyás Gereben, Country Manager, Hungary

Budapest office tenants by type
(according to headline rent)





Arena Corner, Budapest, Hungary

Budapest office market

The office market in Budapest demonstrated signs of recovery in 2021. Budapest's proximity to Western Europe's developed economies attracts office tenants, and its concentration in finance and banking with new IT centres will be an advantage going forward.

Budapest's total modern office stock stood at 3.96 million m² at the end of 2021. The supply of new office space remained muted, with only 44,460 m² delivered in the entire year of 2021, as most projects planned to be delivered in 2021 were pushed to the first half of 2022. The pipeline for 2022 includes over 368.000 m² of new space in 19 schemes. However, pre-leasing remains limited, and construction bottlenecks may cause delays in the development timelines.

Total demand amounted to 365,780 m² in 2021, representing an increase of 9.3% year-on-year. Net take-up, including new and pre-leases, accounted for 59% of total demand. The technology & telecom and manufacturing & energy sectors were again the main drivers of office take-up, with 20% and 21% share, respectively.

In 2021, the Budapest office vacancy rate stabilised after a considerable uptick in the previous year. The average vacancy rate in Budapest ended the year at 9.2% (-0.1% YoY), mainly due to new completions being delayed. In light of the elevated forecast in 2022, vacancy is expected to peak at c.11 – 12% by the end of 2023. There is a significant variance in the vacancies among the submarkets, with Central Buda (5.5%), North Buda (6.0%) and Váci Corridor (5.9%) having the lowest vacancy rates while the Periphery lags at 31%.

Despite the uncertain market fundamentals, asking rents remained stable in 2021. Average asking rents on existing stock were €13.6/m² at the end of 2021, while prime CBD rents reached €24-25/m². Rents are expected to remain broadly stable in 2022 as discounts will be priced into any incentive packages.

Finally, the investment market in Hungary amounted to €1.17 billion, up 15% YoY, falling short of forecast only due to several transactions dragging over the new year. The office sector remains the dominant segment amounting to €966 million or 82% of total annual volume. Domestic investors accounted for 70% of the capital source in 2021, with cross-border activity picking up in the latter part of the year, especially in core to secondary offices and logistics.

Sources: The Budapest Research Forum, JLL, CBRE, Cushman & Wakefield

Retail

CPIPG is the **leading retail landlord in the Czech Republic** and mostly owns **dominant regional shopping centres, retail parks, hypermarkets and supermarkets.** Our assets and tenants are part of people's daily lives.

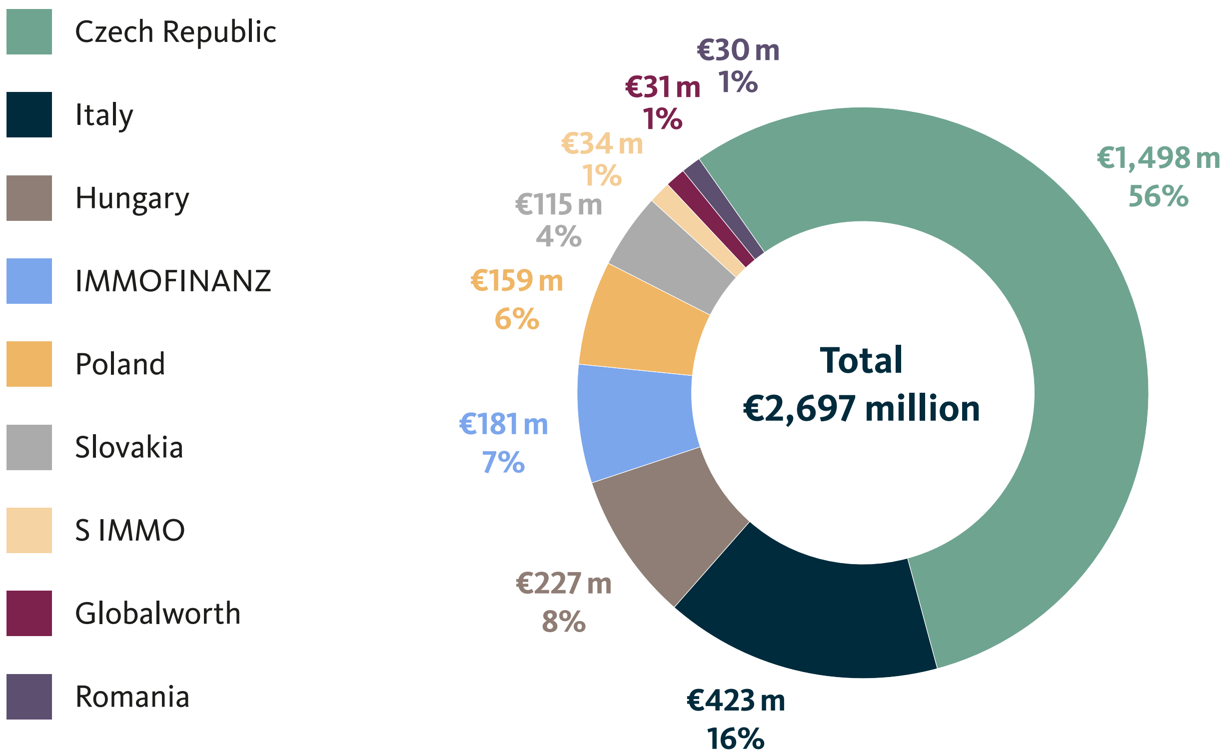
CPIPG has a long track record as a retail landlord in the Czech Republic since the founding of the Group in the early 1990s. In early 2017, CPIPG's footprint significantly expanded by acquiring a retail portfolio from CBRE Global Investors, which solidified the Group's position in the local market and established a regional presence with platforms in other CEE markets, including **Poland, Hungary and Romania**. In 2021, the Group's retail footprint expanded to Italy through the acquisition of Maximo in Rome, a flagship shopping centre that opened in late 2020.

The Czech Republic represents 56% of the Group's retail segment, where we have a leading market share domestically. The portfolio comprises **13 dominant shopping centres** 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 **20 resilient and well-located retail parks** spread across the country, which have performed exceptionally well throughout the COVID-19 pandemic. In addition, this segment consists of a portfolio of **stable hypermarkets and supermarkets,** many of which are adjacent to our shopping centres and retail parks.

Active leasing and strong tenant support primely positioned us for reopening during the year and recovery going forward.

Petr Brabec, Asset and Property Management Director CZ/SK

Retail property portfolio by country



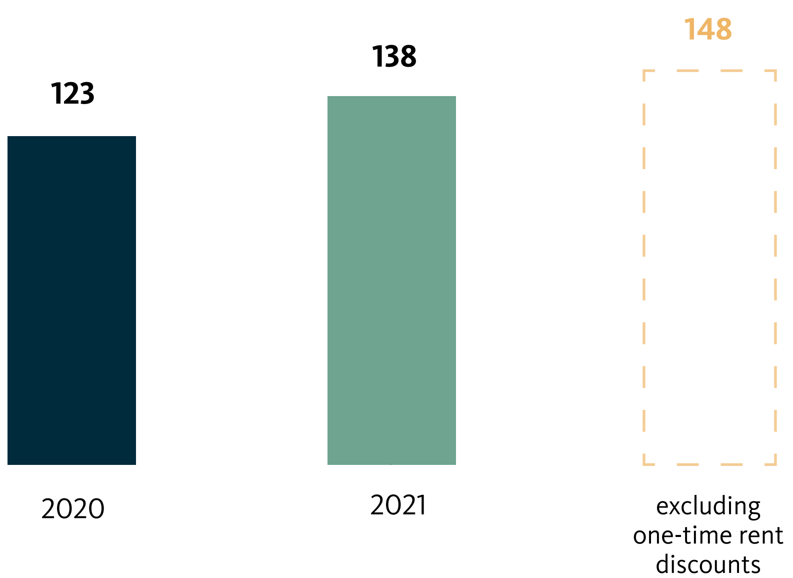
Retail segment summary

The total value of the retail segment stood at €2.7 billion at the end of 2021, increasing by €477 million primarily due to the acquisition of Maximo shopping centre in Rome, Italy.

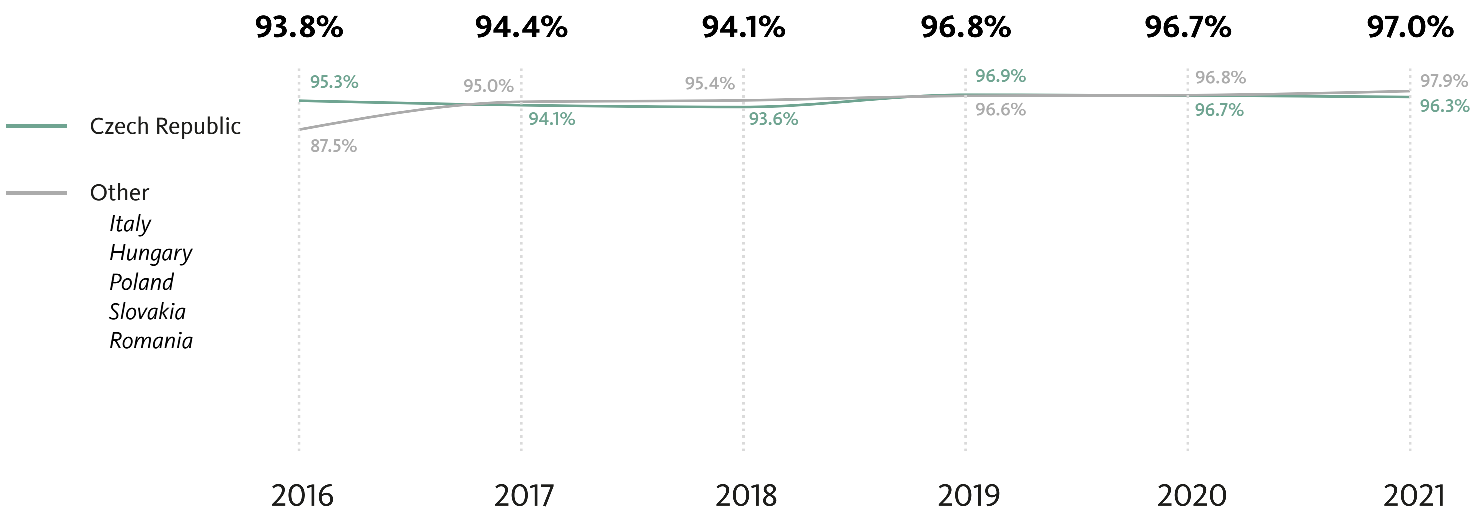
Net rental income **increased by 12.0%** for the full year of 2021, increasing from €123.1 million to €137.9 million, primarily due to **stable occupancy and limited discounts** provided to tenants, **like-for-like rents** and contributions from Italy. An increase in net rental income was recorded at the Group's shopping centres. In contrast, retail warehouses recorded slightly lower income due to the provided discounts in the H1 2021, with the H2 2021 returning back to net rental income growth.

Occupancy has been remarkably stable throughout the pandemic despite multiple lockdowns and closure of non-essential retail extended periods, particularly in H1 2021. At the end of 2021, the occupancy of our retail portfolio was 97.0%. In the Czech Republic, government support was provided to tenants throughout the pandemic to subsidise rents and support wages. Combined with targeted support from CPIPG, this has underpinned tenant credit quality and supported occupancy. In addition, **a significant portion of the Group's retail portfolio was deemed essential and never closed,** which has driven resilient performance, particularly in the Group's retail parks, hypermarkets and supermarkets.

Net rental income (€ million)



Occupancy rate (%)



OCCUPANCY

97%

Higher net rental income

Over 92% collection rate in 2021 before discounts

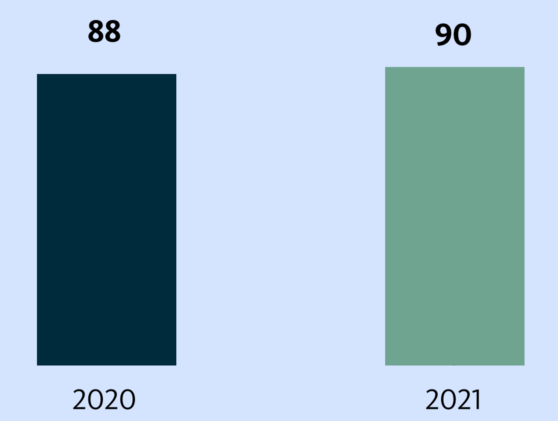
Stable occupancy

Retail segment summary in figures

	Retail 2021				Retail 2020			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties
Czech Republic	1,498	96.3%	595,000	121	1,586	96.7%	636,000	122
Italy	423	99.8%	82,000	5	81	100.0%	12,000	3
Hungary	227	93.9%	138,000	7	219	95.5%	139,000	7
Poland	159	97.8%	68,000	8	162	95.4%	68,000	8
Slovakia	115	99.9%	76,000	15	113	98.0%	77,000	15
Romania	30	100.0%	11,000	1	30	100.0%	11,000	1
IMMOFINANZ	181	–	–	–	–	–	–	–
S IMMO	34	–	–	–	–	–	–	–
Globalworth	31	–	–	–	29	–	–	–
Total	**2,697**	**97.0%**	**970,000**	**157**	**2,220**	**96.7%**	**943,000**	**156**

Fénix Shopping Centre, Prague, Czech Republic

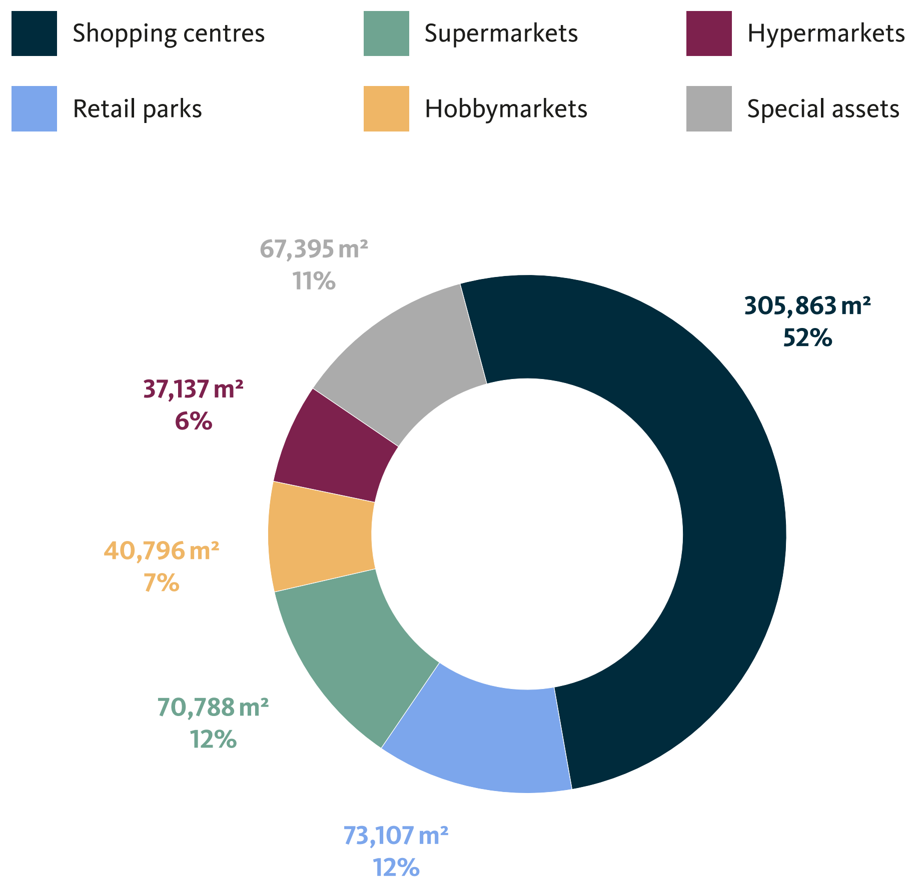
Czech retail net rental income
(€ million)



Czech Retail summary

Czech retail net rental income **increased slightly in 2021** compared to the prior period, rising from €88.1 million to €89.6 million **(+1.6%),** primarily reflecting stable occupancy and rents, plus a slightly reduced level of discounts provided to tenants. **Like-for-like rents have seen positive developments,** supported by solid lease activity, one-time discounts provided to selected tenants in need of support, and the resilient performance of tenants in the Group's retail parks, hypermarkets, and supermarkets. Rent reductions were mostly provided in H1 2021 when the lockdowns were most intense and, in most cases, provided in exchange for lease prolongation and the settlement of rent receivables as a precondition. Occupancy rates in the Czech retail portfolio decreased slightly at the end of 2021. Still, they remained at a **very high level of 96.3%,** including in shopping centres where occupancy remained at 95.7%, 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 **stood at 100%.**

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 2021, recording a positive development. Similar to the prior year, the main impact on net rental income in the first half was related to selective one-time discounts provided to tenants. Total discounts provided to shopping centre tenants in 2021 amounted to €6.2 million, compared to €5.8 million in 2020. Leasing activity remained constructive despite the closure of non-essential retail until May – leases comprising nearly 42,000 m² of total leasable area (around 13.4% of total) were agreed on during the year, representing 18% of total annual rent. **Like-for-like headline rents increased by 1.5%,** mainly driven by indexation.

The impact of the COVID-19 pandemic on Czech retailers has been heavily mitigated by two-pronged support from the government and CPIPG. The government's "COVID Rents" programme subsidised **50% of the rent for tenants affected by forced closures initially in Q2 2020** and was subsequently extended twice in Q4 2020 and Q1 2021 to cover periods when tenants entered further lockdowns. New programmes were introduced in early 2021 to cover a significant portion of tenant fixed costs while non-essential retail remained shut, which lasted until the end of May when shops and the economy largely reopened again. Further subsidy programmes were also provided in Q4 2021, aimed at covering fixed costs and employee costs during the lockdown. Nevertheless, on top of government support, the Group provided ad hoc discounts and lease incentives to tenants that required support throughout the pandemic, usually in return for lease extensions.

When non-essential retail reopened in the Czech Republic on 10 May 2021 following four months of lockdown, **footfall and sales quickly rebounded in our shopping centres.** Total footfall for the entire year of 2021 is marginally lower by 2% compared to 2020. Return of footfall varied significantly in Prague versus the regional cities, as the visitors are somewhat tied to office occupiers such as at Quadrio and Zlatý Anděl. Excluding the Prague shopping centres, the total footfall for 2021 was 1% higher than in 2020.

COVID-19 restrictions affected occupancy mainly in the first half of 2021, while the second half saw a gradual easing of measures. Despite that, **occupancy in the shopping centre portfolio remained very solid, falling only 0.3% to 95.7%,** including the Group's recently opened development Spektrum.

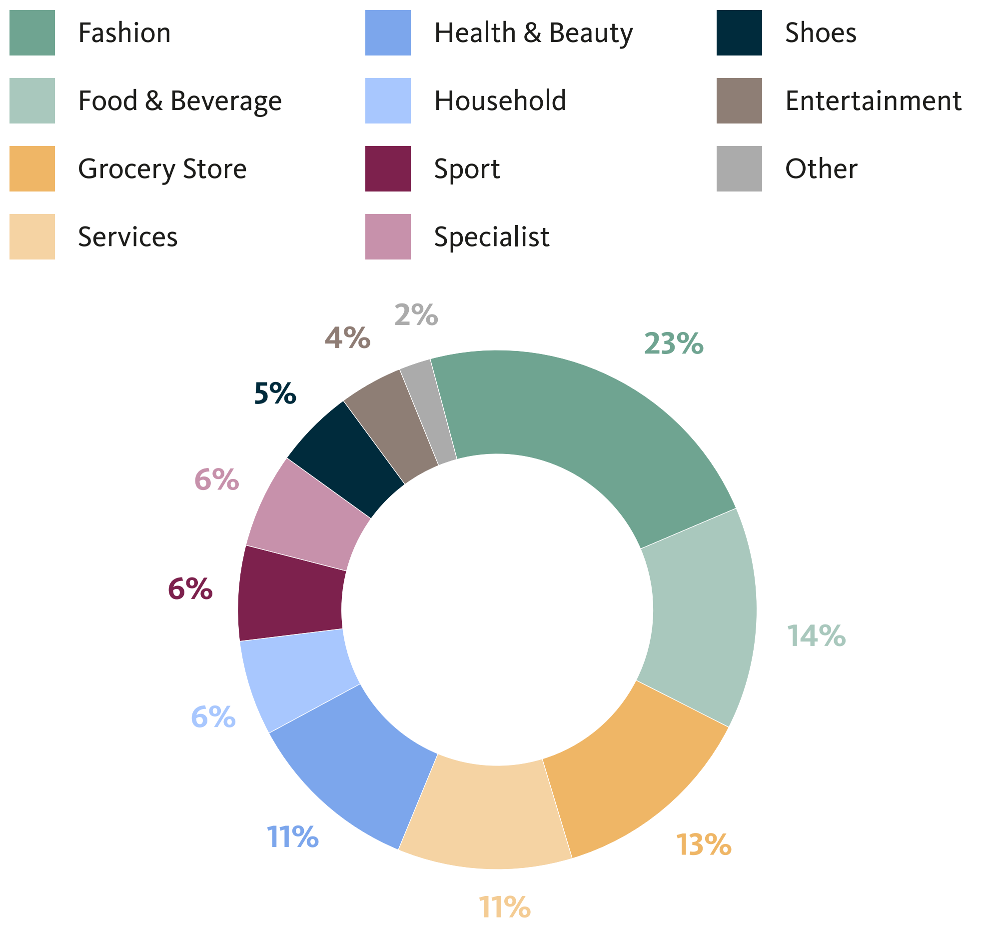
Tenant quality is solid – in 2021, there were a few exceptional cases of retailer bankruptcies and departures. In general, these tenants were already facing significant challenges or had decided to exit the Czech market before COVID-19. Furthermore, in 2021, the Group terminated lease contracts with fashion retailer C2H Group (Pietro Filipi, Kara, ETAM) that was already struggling before the pandemic. Most of the units vacated were re-let during the year.

18 yrs
average age of our shopping centres

Affordability ratio 13%
rent, service & marketing charges as a % of turnover

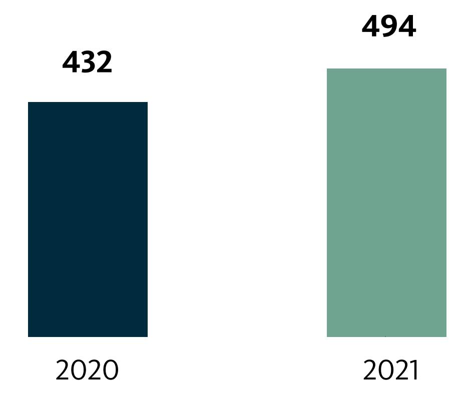
14.5%
increase in retail tenant sales 2020

Czech Shopping Centre tenants by type
(according to headline rent)

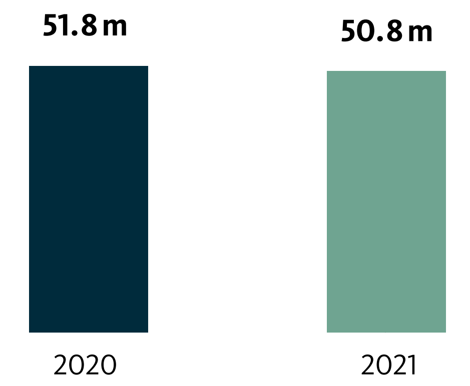


Note: Specialist include Books and Stationery, Toys, Presents and E-commerce.

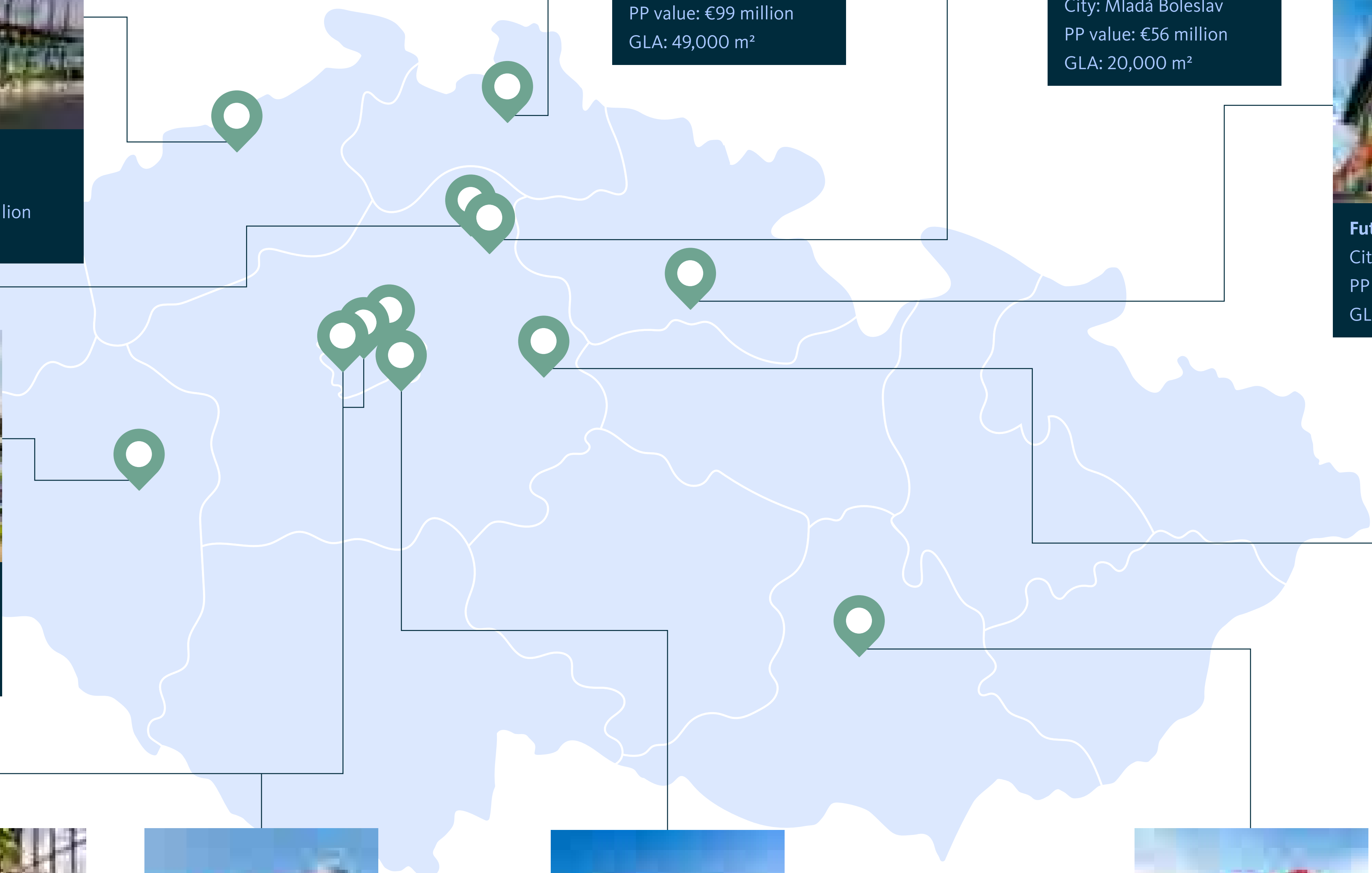
Increase in tenant sales (€m)



Slight decrease in footfall

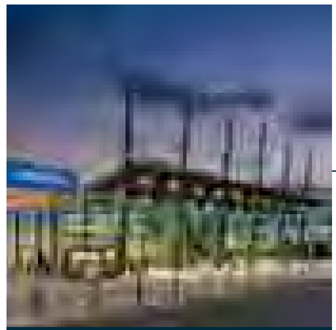


Regional shopping centre footprint in the Czech Republic

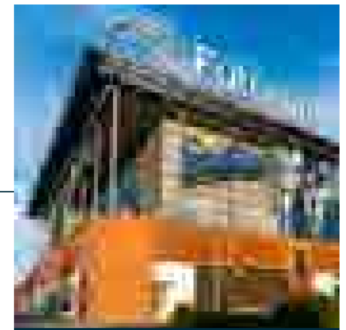


Nisa
City: Liberec
PP value: €99 million
GLA: 49,000 m²

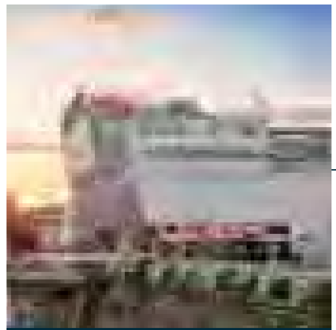
Olympia Mladá Boleslav
City: Mladá Boleslav
PP value: €56 million
GLA: 20,000 m²



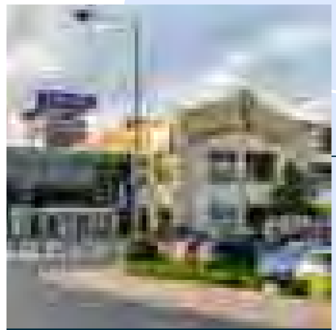
Olympia Teplice
City: Teplice
PP value: €62 million
GLA: 29,000 m²



Futurum Hradec Králové
City: Hradec Králové
PP value: €128 million
GLA: 39,000 m²

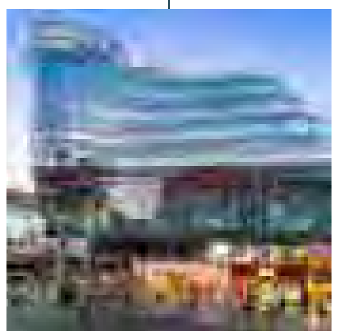


Bondy
City: Mladá Boleslav
PP value: €64 million
GLA: 21,000 m²

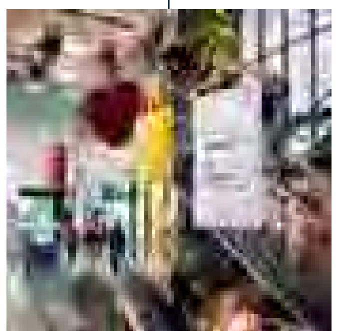


Olympia Plzeň
City: Plzeň
PP value: €155 million
GLA: 41,000 m²

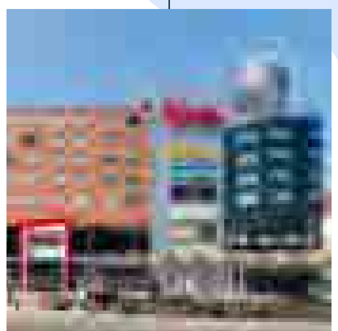
Futurum Kolín
City: Kolín
PP value: €33 million
GLA: 10,000 m²



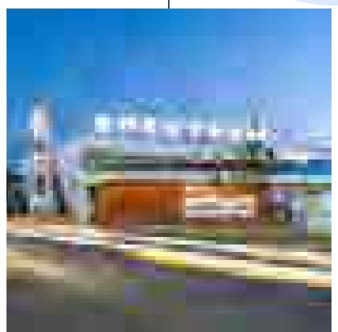
Zlatý Anděl
City: Prague
PP value: €91 million
GLA: 7,000 m²



Quadrio
City: Prague
PP value: €135 million
GLA: 8,000 m²



Fénix
City: Prague
PP value: €57 million
GLA: 13,000 m²



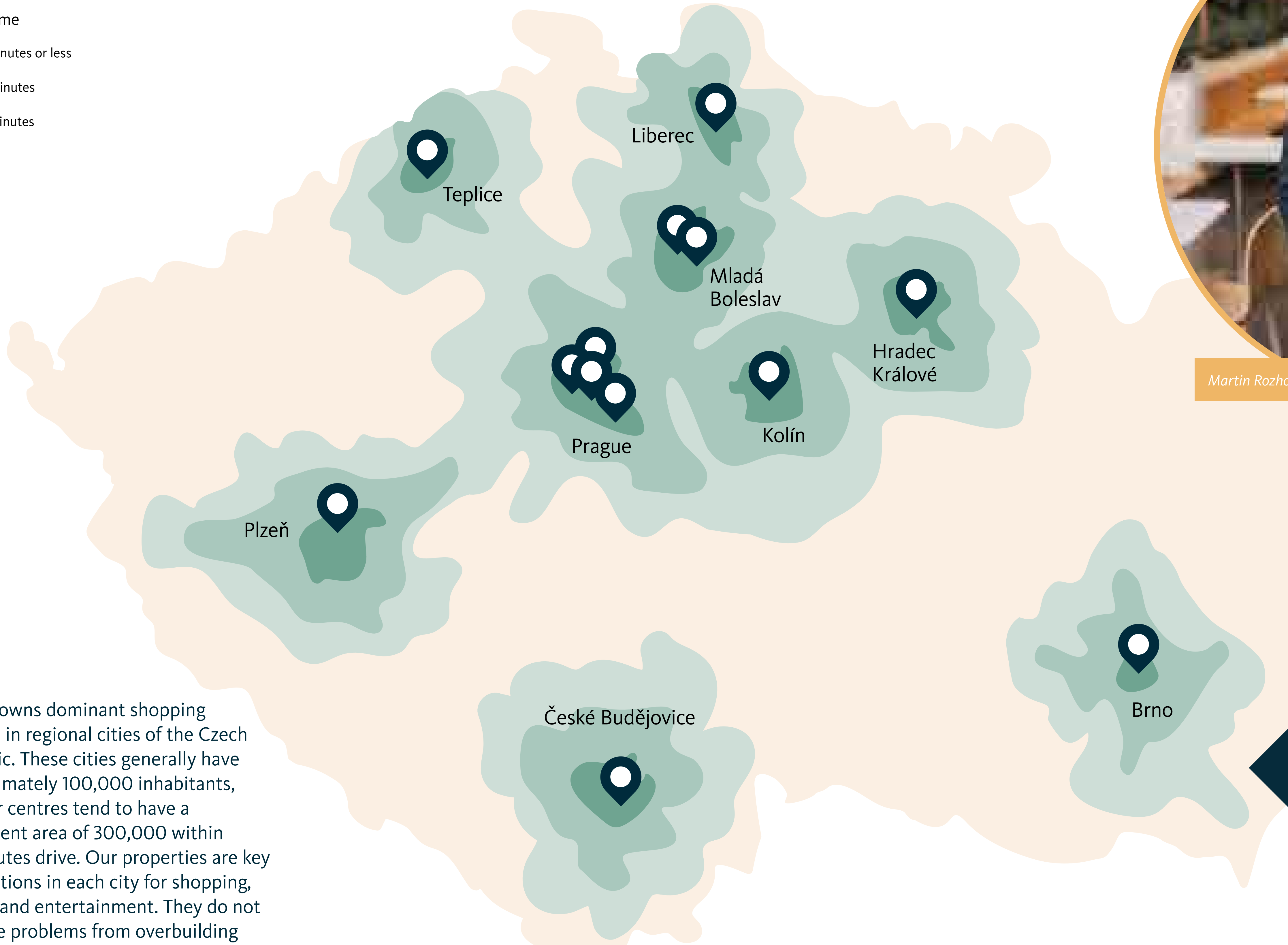
Spektrum
City: Čestlice
PP value: €20 million
GLA: 7,000 m²

Královo Pole
City: Brno
PP value: €68 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

12%

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. They 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*

Retail parks

The discount-focused and convenience-oriented retail park format proved its resilience throughout the pandemic when most physical retail faced severe challenges. During the spring lockdown in the Czech Republic, retail parks became a safe haven, partly because the accessible store formats were able to enact social distancing measures 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 in 2020 compared to 2019, and this meant that tenants entered 2021 in relatively strong health. Consequently, the Group has not experienced any retail park tenants entering bankruptcy in 2021.

Occupancy in the Group's retail parks was 100% at the end of 2021. In 2021, retail parks faced similar measures and restrictions as shopping centres, with non-essential stores remaining closed until May. Given the relative success of our retail parks, no relevant discounts were provided during 2021.

100% occupancy

Increase in tenant turnovers

Stable platforms

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 continued to grow throughout the pandemic.** This can be attributed to essential retail continuing to operate throughout the year despite lockdowns, also leading to specific 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%, a trend that continued in 2021 as well. An increase in e-commerce also occurred; however, the share remains relatively low compared to, e.g., Western European markets.

In light of the buoyant activity during the year, the portfolio continued to be **100% occupied**.

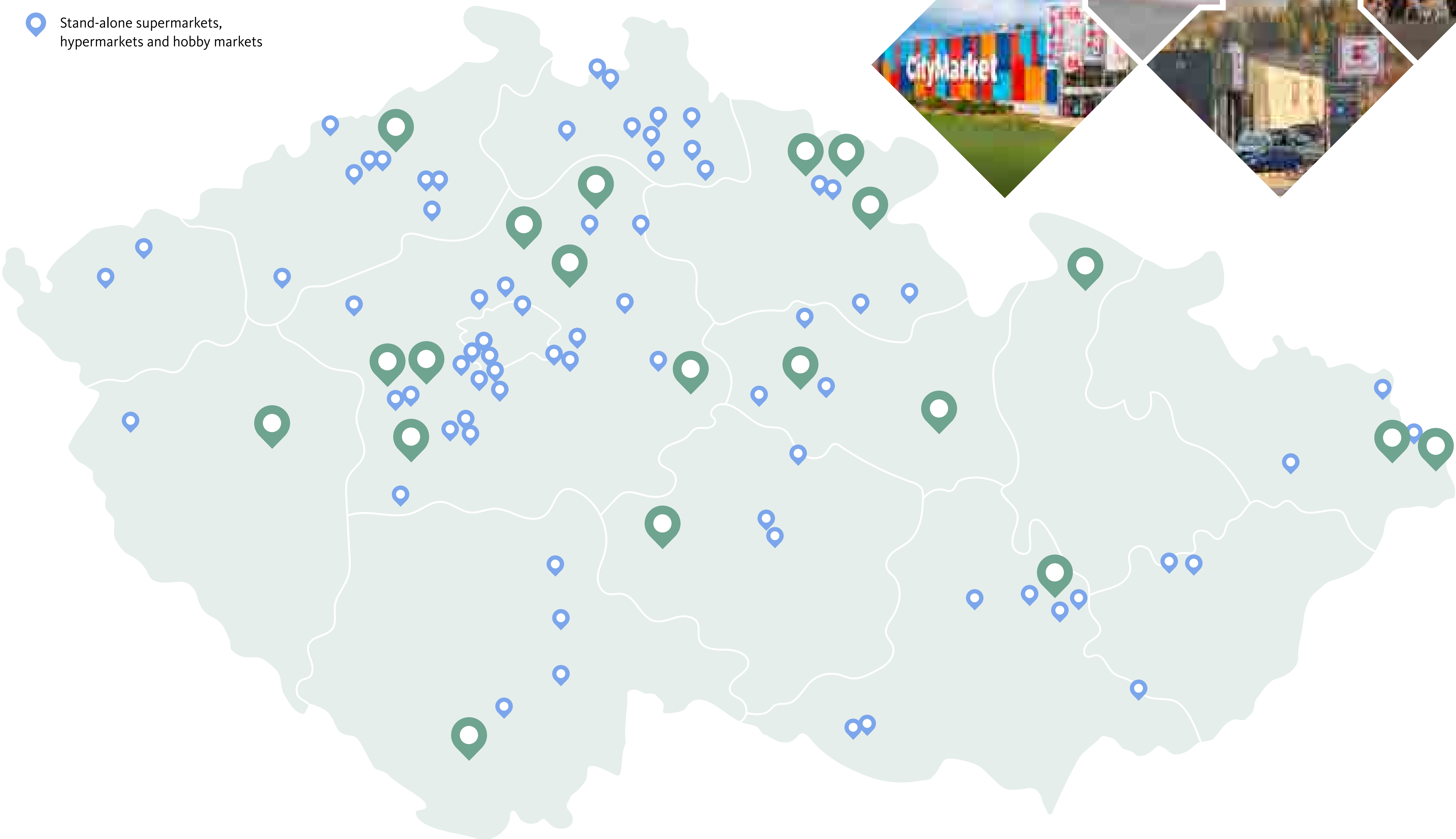
CityMarket retail park, Náchod, Czech Republic

Pavel Jirásek, Head of Retail Warehouse & Logistics Asset Management

Retail parks and stand alone retail in the Czech Republic

Retail parks

Stand-alone supermarkets, hypermarkets and hobby markets



Spektrum Shopping Centre, Čestlice, Czech Republic

Czech retail market

The Czech retail market was affected by the COVID-19 pandemic in early 2021. At the beginning of the year, severe protective measures resulted in the closure of all non-essential stores until mid-May. After that, there were no further mandated store closures during the year; however, limitations or verification obligations were imposed on food & beverage outlets, leisure and entertainment activities.

Similar to other countries, pent-up savings and deferred consumption led to a strong rebound in footfall and sales when shops eventually reopened. For the full year, footfall was almost 30% below that of 2019, and turnover was down approximately 20%. However, when comparing only the period without lockdown measures (May-December), turnover figures were in line with 2019 levels.

According to Oxford Economics, overall retail spending increased by 4.8% YoY, largely driven by a 20% YoY increase in **e-commerce that reached its highest penetration of over 18%.** CBRE expects retail sales to increase by 6.6% YoY, with e-commerce penetration reaching 20% of total retail sales; however, the e-commerce growth trend will likely slow to 10% YoY.

Despite the negative impact of COVID-19 measures on the retail market, tenant activity in the Czech market was highly positive with more than 30 international new retailers entering the market in 2021. Most new entrants were European brands, with Fashion brands being the largest segment. Furthermore, pop-up store formats are increasingly attractive to both landlords and tenants as an effective use of vacant space and enable brands to test the market with limited investments.

There were only three new developments delivered in 2021, all located in Prague or its surrounding, including CPIPG's Spektrum in Čestlice. The Czech shopping centre market grew by only 30,700 m² and stood at 2.3 million m² at the end of 2021.

Shopping centre development will remain limited in the near term, with two shopping centres under development expected to deliver 11,200 m². Planned construction commencement in 2022 is expected to be opened in 2023 or 2024; however, developments will continue to be affected by persistently rising construction costs.

Retail park development activity is expected to continue, especially in smaller towns up to 40,000 inhabitants, given the resilient performance of the format throughout the pandemic. In addition, some retailers traditionally present in shopping centres now consider retail park locations more often when planning expansion or relocation of their stores. This is likely due to the shift in customer preferences towards consumer and household goods that led to the solid performance of grocery and convenience retail – a trend that is likely to continue.

Prime rents showed positive improvements YoY as of Q4 2021, with high street rents in Prague growing 3.8% YoY, retail park rents averaging 2.5% YoY and flat growth in shopping centre rents. At the end of 2021, prime rents in Prague stood at €220m²/month for the high street and €140 m²/month for shopping centres, respectively. Nevertheless, inflation concerns, supply chain disruption and lack of staff may put downward pressure on rents in the Czech retail market this year.

In the investment market, retail parks have proven to be an attractive product. However, there is a lack of supply to meet the investors' demand. The retail sector in the Czech Republic remained stable throughout 2021, with prime yields holding steady at 4.50% for high street and 5.75% for shopping centres. Retail segment investment activity is expected to rebound in 2022 as retail sales recover and transactions that were put on hold due to pricing expectations gap.

Sources: Cushman & Wakefield, CBRE, Savills

Italian retail market

The Italian retail sector's performance continued to be driven by COVID-19 restrictions but overall saw improvements during the second half of 2021. While October recorded turnover volumes above 2019 levels, the overall turnover and footfall for the year remain below 2019 levels. The best performing segments were electronics, household goods and sportswear, while restaurants and food courts continued to be heavily impacted. Out-of-town retail parks showed their resilience and essential nature, with sales mostly back to pre-pandemic levels.

Rents for shopping centres remained stable at around €75m²/month, while prime high street rents in the top cities slightly increased.

Italy recorded an investment volume of €1.4 billion for retail assets in 2021, of which 68% represented high street retail. Yields for prime shopping centres stood at 6.15%, a 75bps increase compared to year-end 2019 levels.

Sources: CBRE, Cushman & Wakefield, Savills

Hungarian retail market

The trend of larger basket sizes despite lower footfall can also be observed in the Hungarian retail market. Nominal retail sales are up by 12% compared to December 2019, partly driven by higher inflation. Apparent differences can be observed between various categories with Food, Pharmaceuticals and Cosmetics 12-months rolling sales clearly above December 2019 levels, while Furniture, Houseware and Electrical Equipment sales declined in 2021. Fashion & Shoe saw a recovery during 2021 but remained well below the pre-pandemic levels.

Limited new space supply came into the market, with around 15% of shopping centre stock is currently under refurbishment. In regional locations, small-scale new projects and new retail spaces, as part of residential buildings' ground floors, were delivered.

The number of new retail entries is increasing with brands such as Jimmy Choo and The Gap entering the market. Rent levels remained mainly stable. Prime shopping centre yields are at 6.25%, according to JLL.

Sources: CBRE, JLL

Polish retail market

The Polish retail sector experienced very similar patterns to the Czech market. Footfall improved year-over-year while remaining 29% below 2019 levels, with September the most favourable month recording footfall levels close to pre-pandemic levels. Turnovers recovered significantly better, remaining only 16% below 2019 results while nearly recovering in December following a positive trend during the H2 2021.

The supply of modern retail spaces grew by circa 300,000 m² in 2021, according to CBRE. Retail parks continued to be favoured by investors and developers, representing around half of the new supply. Other popular convenience led retail projects can be found in mix-used projects and ground floors of residential developments. Overall supply was focused on towns with a population of below 100,000 inhabitants.

Demand for spaces was driven by discount stores and grocery chains, while fashion and sports retailers' needs seem to be saturated. International brands continue to expand into Poland with the arrival of brands such as Rituals Cosmetics, Half Price and Colynn. Headline rents remained stable with €100–130 m²/month for shopping centres in Warsaw and €40–60 m²/month in regional cities. Tenants increasingly demand shorter leases and turnover dependent rents. Healthy occupier-cost ratios will be particularly important in a more inflationary environment.

According to Cushman & Wakefield, current prime shopping centre yields stood at 5.0% in Warsaw city centre. In comparison, regional cities recorded levels of 5.8% in the Silesian Conurbation up to 6.5% in Szecin.

Sources: CBRE, Cushman & Wakefield

Slovak retail market

The Slovak retail market is split by shopping centres in Bratislava and other larger cities, representing around 66.5% of the total retail area, with retail parks dominating outside Bratislava. Like in its neighbouring markets, Slovak footfall and tenant sales continue to be driven by government regulations. In addition, the Government of Slovakia no longer provides support for tenants in the form of rent reliefs and financial aid to businesses.

Slovakia saw new supply in spaces from a major shopping centre opening in Bratislava and the extension of existing schemes. The pipeline is currently filled with only one large-scale project in the capital. Eleven new foreign brands entered the market in Bratislava and Novum Prešov. Rents remained stable at around €65 m²/month.

Investment demand mainly stems from domestic investors with retail parks and standalone retail warehouses in particular demand. Prime shopping centre yields remain stable with around 6.0% in Bratislava and other major cities, while retail parks yields are narrowing towards 7.0%. Total investment volumes in Slovakia reached €765 million, of which 44% represented retail (c.€337 million). The sale of the Aupark shopping centre dominated the transaction with the first payment of €270 million in 2021, with six other retail transactions recorded in 2021.

Sources: Cushman & Wakefield, CBRE

Ogrody Shopping Centre, Elbląg, Poland



A fresh new shopping centre in Rome

Maximo shopping centre, located in the southern part of Rome along Via Laurentina, is Rome's first new shopping centre in over 15 years and the third-largest in the city. It opened in November 2020 and is fully occupied with over 150 tenants with a Gross Leasable Area of slightly over 60,000 m². Maximo boasts a balanced mix of tenants such as Panorama, UCI Cinemas, Primark, H&M, Decathlon and Maison du Monde. The shopping centre serves the local community providing daily life amenities, including McFit gym, JoyVillage game centre, a medical centre and a vet and pet shop.

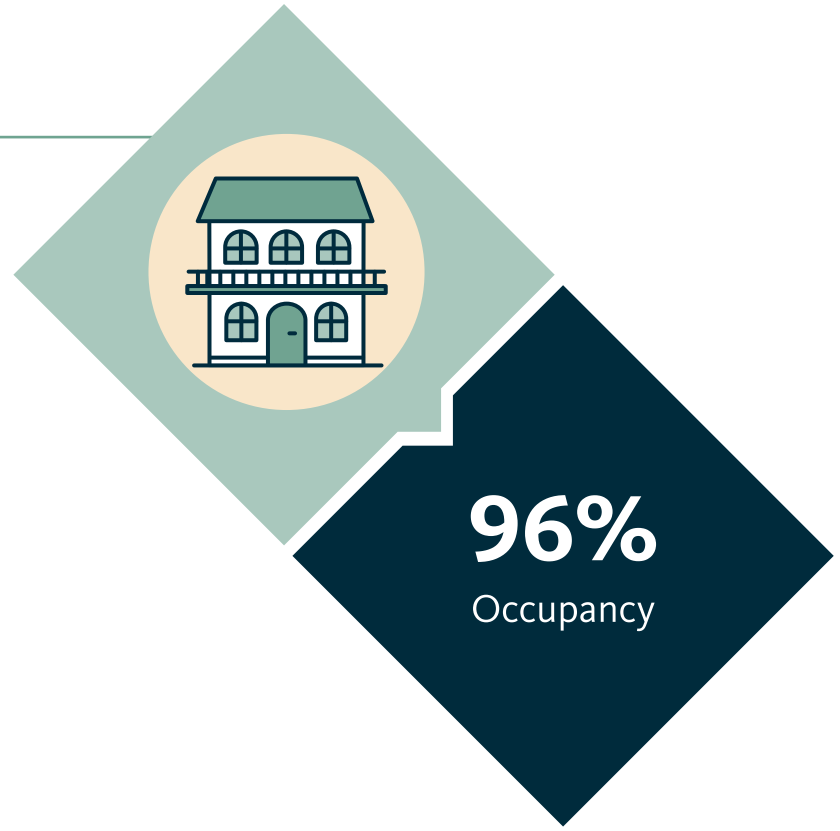
Maximo shopping centre is well located in a large catchment area with above-average incomes and home to more than 880,000 inhabitants within a 20-minute drive. It also has excellent public bus and metro transportation connections and dedicated cycle paths.

Improvements in confidence among consumers and businesses in Italy has been relatively strong in H2 2021. With support from the EU Recovery Fund and ongoing reform changes, CPIPG sees growth opportunities captured in the retail sector in Italy, as rents stabilise and consumer spending trends positively.

BREEAM® Very Good 2021

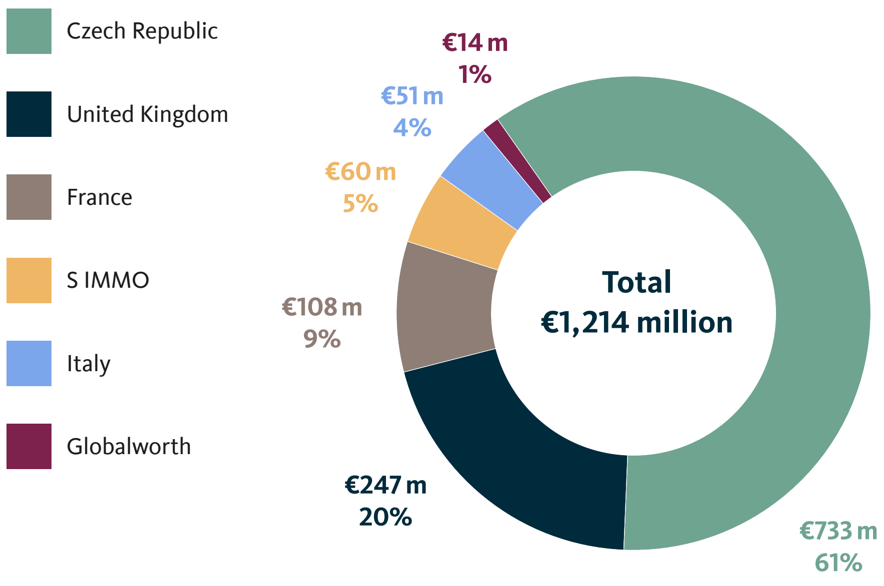
Maximo shopping centre, Rome, Italy

Residential

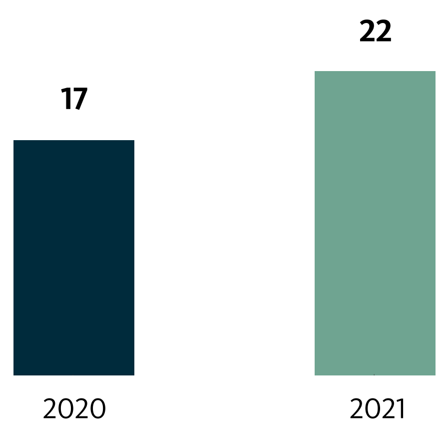


CPIPG has extensive residential experience in the Czech Republic and makes selective investments in the UK and other locations.

Residential property portfolio by country



Group residential net rental income
(€ million)



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 other regions of the Czech Republic.

Despite only representing around 5.6% 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 rents and valuations.

The portfolio's value **increased by €218 million to €733 million** during the year on the back of improving occupancy rates and unbroken investor demand for the defensive asset class.

Net rental income grew significantly in 2021 compared to the prior year, **increasing by 30% to €20 million, driven by consistent increases in occupancy and like-for-like rents,** 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 by 2.8% to 95.7% over the year. Improvements in occupancy continue to be driven by significant investments made to improve the overall quality of the assets before being re-let. Ostrava region saw the biggest occupancy improvement with 5.5 p.p. with Ústí and Liberec region recording improvements on already high levels. Prague region saw slight declines due to renovation of units before renting to new tenants.

In 2021, 244 units were refurbished on top of returned units. 189 units in the Třinec region were disposed of having an insignificant impact on future GRI.

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 well below 1%, demonstrating the portfolio's resilience.

UK

The value of the UK residential portfolio stood at €247 million in 2021. CPIPG established a small presence in the London residential market beginning in 2018. The Group's acquisitions primarily relate to prime properties in excellent locations, typically acquired at significant discounts to fair value. In late 2020, the Group added additional apartments situated in St. John's Wood and South Kensington, taking advantage of the market mispricing from Brexit and the coronavirus pandemic. The last tenants left the property in St. John's Wood which is being prepared for redevelopment to capture the upside potential inherent in its highly regarded residential area.

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**

11,680 units in **14** cities

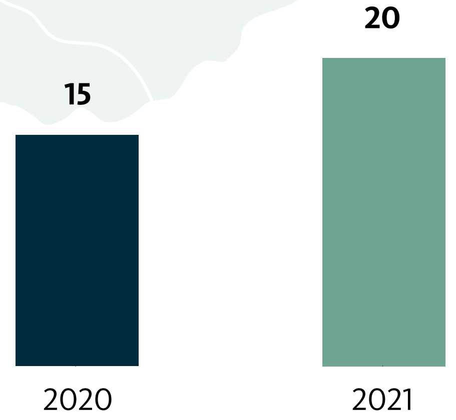
700,896 m² area of flats

Český Těšín, Ostrava

Neštěmice, Ústí nad Labem

Letňany, Prague

Czech residential net rental income (€ million)



Czech residential summary in figures

	Czech residential 2021				Czech residential 2020			
Region	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units
Prague	100	96.5%	463	447	77	97.6%	461	450
Ostrava region	244	94.2%	4,133	3,894	180	88.7%	4,322	3,834
Ústí region	248	95.2%	4,989	4,752	157	93.4%	4,988	4,660
Liberec region	133	99.5%	2,018	2,007	95	99.0%	2,018	1,997
Central Bohemia	9	98.7%	77	76	6	100%	77	77
Total	**733**	**95.7%**	**11,680**	**11,176**	**515**	**92.9%**	**11,866**	**11,018**

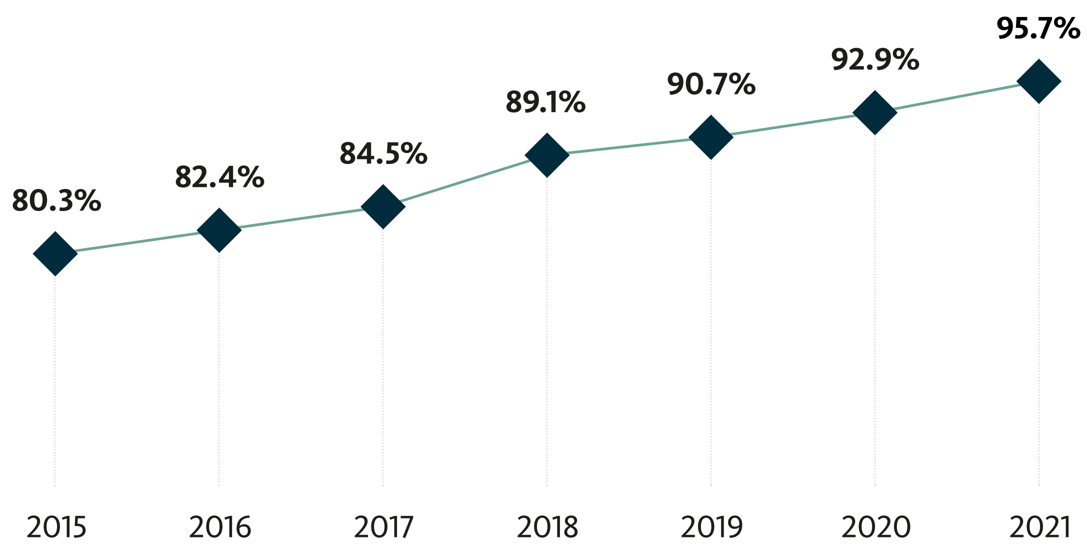
** Occupancy based on rented units.*

Demand for our product remains high due to the good quality at reasonable prices.

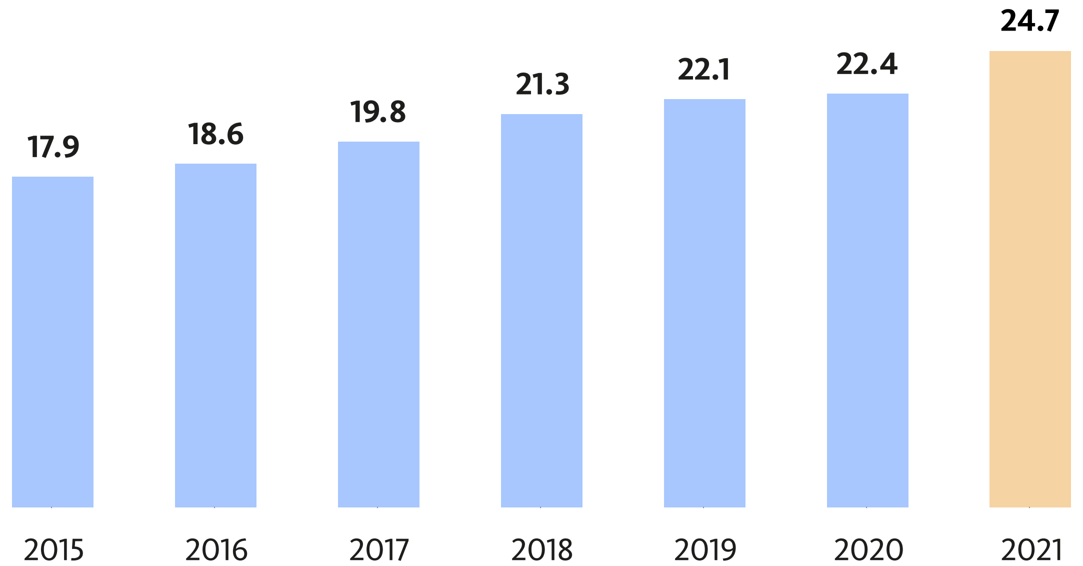
Petr Mácha, Director of CPI BYTY, Czech Republic

CPI BYTY, Třinec, Czech Republic

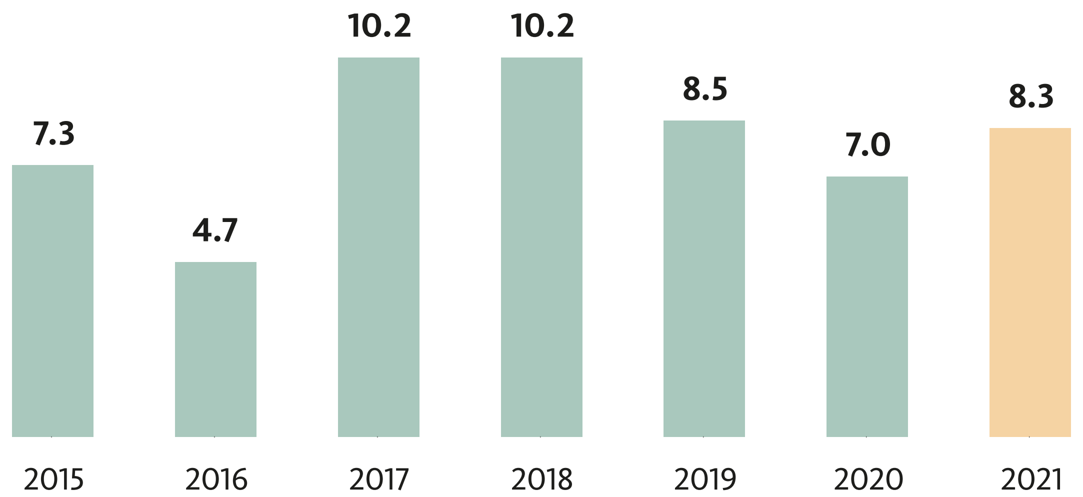
CPI BYTY portfolio occupancy (based on rented units)



Increases in gross rental income (€ million)



Declining refurbishment and maintenance costs since 2018 (€ million)



CPI BYTY Apartments, Prague, Czech Republic

Czech market overview

Market rents have been consistently rising in Prague and major regional cities for several years, buoyed by economic factors such as 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.

Czech residential property values have also grown consistently since 2014, with realized sales prices increasing 120% during that period while the rent index in regional Czech cities increased by 55.7%. Growth remained strong, with the average selling price of Czech apartments rising by 5.2% to CZK 84,300 per/m² in Q3 2021. Significant price jumps were recorded in regional cities of Liberec (29.6%) and Ústí nad Labem (20.9%), while Prague remains the most expensive region with an average price of CZK 109,800 per/m².

The Czech residential rental market is underpinned by the lack of affordable housing in the country. In 2021, the Czech Republic was the country with the second least affordable housing among 22 countries participating in a survey conducted by Deloitte, with an average of 12.2 gross annual salaries required to purchase a standardised dwelling of 70 m² size.

In terms of rents per month, among major cities in central European countries, Prague (€11.5/m²) is only second behind Warsaw (€15.1/m²/month) in terms of the price level with Bratislava (€10.7/m²) being in the third place. This year, Budapest with €9.76/m² is cheaper in terms of rental housing than both regional cities of Gdańsk in Poland (€9.80/m²) and Brno in the Czech Republic (€9.79/m²). Since 2020, rent growth in Prague has not accelerated at the same pace as property prices – the significant growth in average rental prices in Prague over the last 3-4 years was also fuelled by short-stay rentals offerings in central parts of the city, which slowed significantly when the tourism industry was hit by COVID-19.

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 (CNB) and the abolition of a long-debated real estate acquisition tax also contributed to the recent increase in demand for real estate. In November, the CNB opted to reintroduce limits on mortgage lending that will come into effect from April 2022.

Investment demand remained high in 2021, as various deals closed, and prime yields stood at around 3%, the lowest of all asset classes, according to Colliers. Most deals completed are related to forward pledges to acquire future developments prior to commencement or completion. In terms of notable deals, Swedish company Heimstaden Bostad acquired the "Unicity Living" project in Pilsen from a developer in Q1, followed by the acquisition of the Pergamenka development project in Prague – Holešovice in Q2. In the second half of the year, only two portfolio transactions were recorded with the sale of Trigema apartments in Skvrňany to Mint Investment and the sale of 254 units in Ostrova to Boswell.

Sources: CBRE, Deloitte, JLL, Colliers

UK market overview

Prime central London residential property values returned to growth in 2021, rising 3.2% on average, but remain almost 19% below their 2014 peak. Price increases considerably varied by location and size, with larger space offerings benefiting from the pandemic fuelled upsize desires. The absence of overseas buyers held back the recovery of parts of the prime London market, particularly in the highest value central areas. Houses have remained the top performers as buyers look to upsize, with the flat market beginning to recover. Modest price growth was recorded in prime central London, with 1.1% and 1.0% in outer prime London.

In Q4 2021, rental growth across London prime properties was at 3.3% – the strongest in over ten years. Overall rents increased by 6.6% during 2021 as more tenants returned to the city centre, lifting rental values for prime houses above pre-pandemic levels, while flats remain slightly below (–1.3%). The lack of stock continues to drive rents up while demand in urban locations increases again.

Since the initial coronavirus outbreak, South West London proved to be the most stable market achieving constant rental growth. Increasing international and corporate tenant demand supported the recovery led by top performing Clerkenwell and Shoreditch with annual increases above 10%.

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.

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, Holiday Inn and Marriott 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.

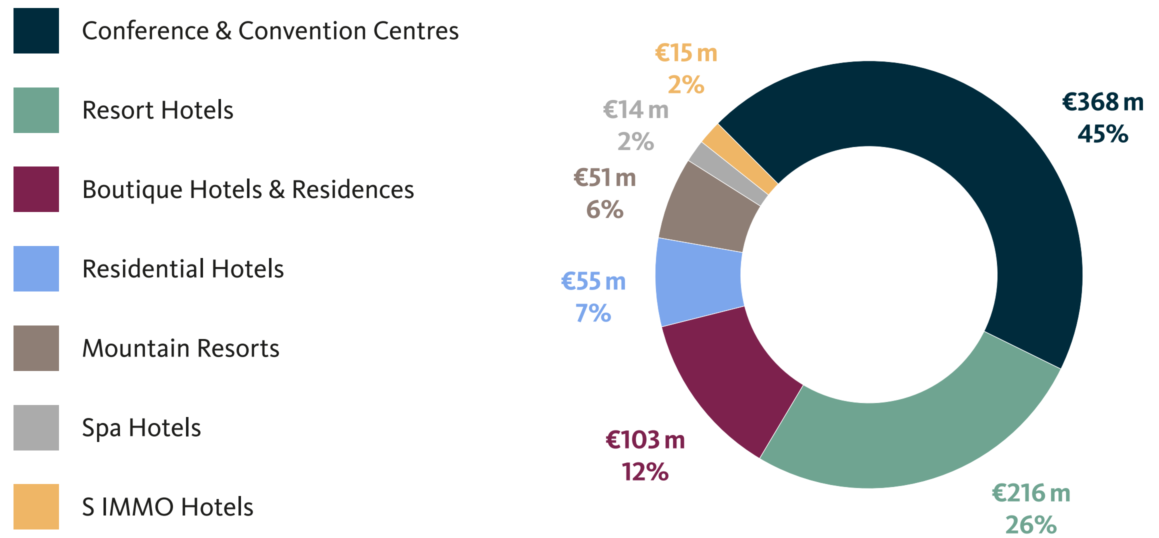
Boutique Hotels & Residences: hotels operating under renowned brands Mamaison Hotels & Residences and Buddha-Bar Hotel, located in the heart of European capitals. Focused on premium quality accommodation and service.

Residential Hotels: hotels primarily located in Prague catering for long-stay 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 six year-old brand, Spa & Kur Hotels offers wellness and spa treatment located in the world-famous spa city Františkovy Lázně, in the Czech Republic.

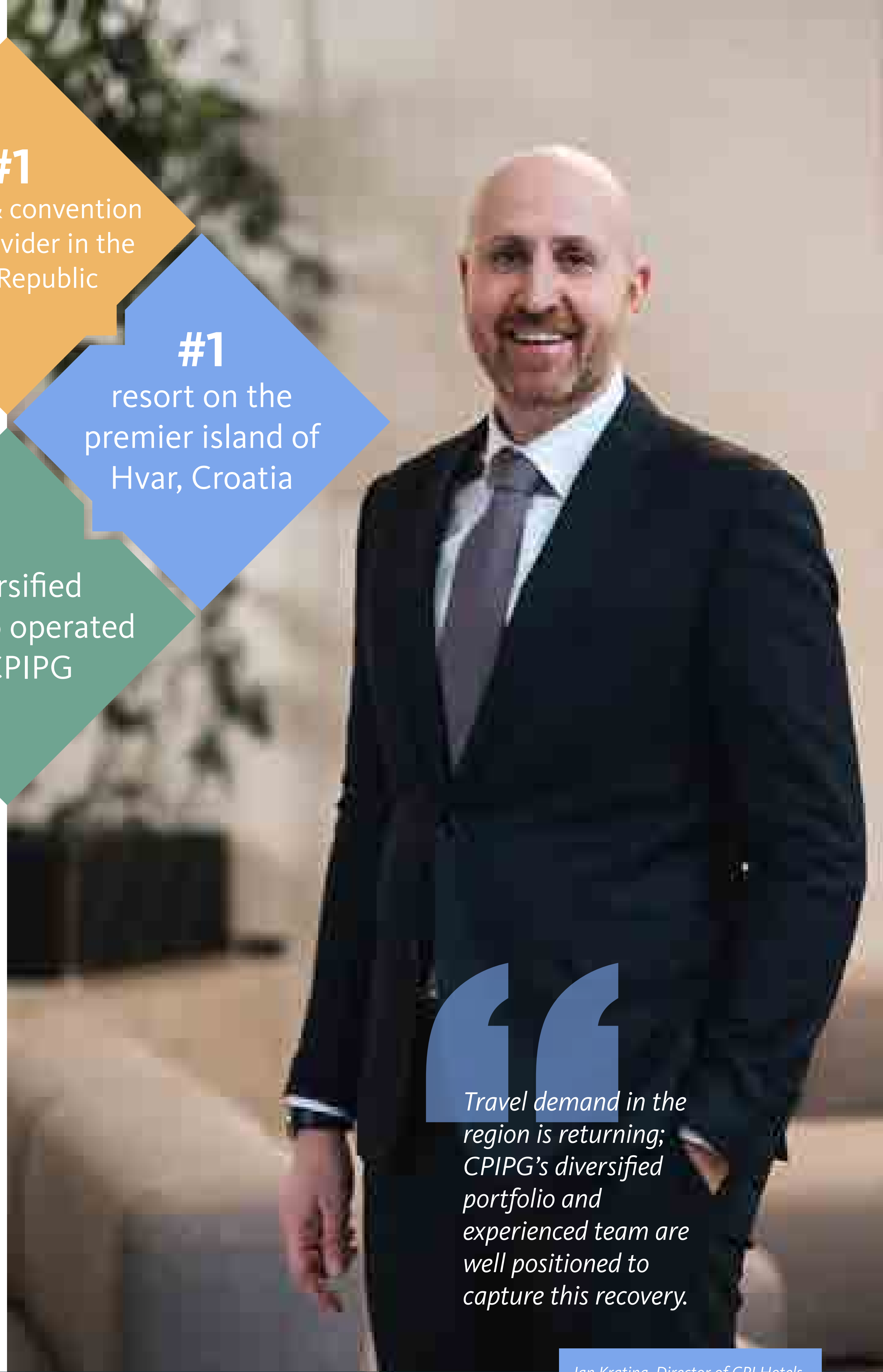
Hotels & Resorts by type (based on property portfolio value)



#1
congress & convention hotels provider in the Czech Republic

#1
resort on the premier island of Hvar, Croatia

Diversified portfolio operated by CPIPG

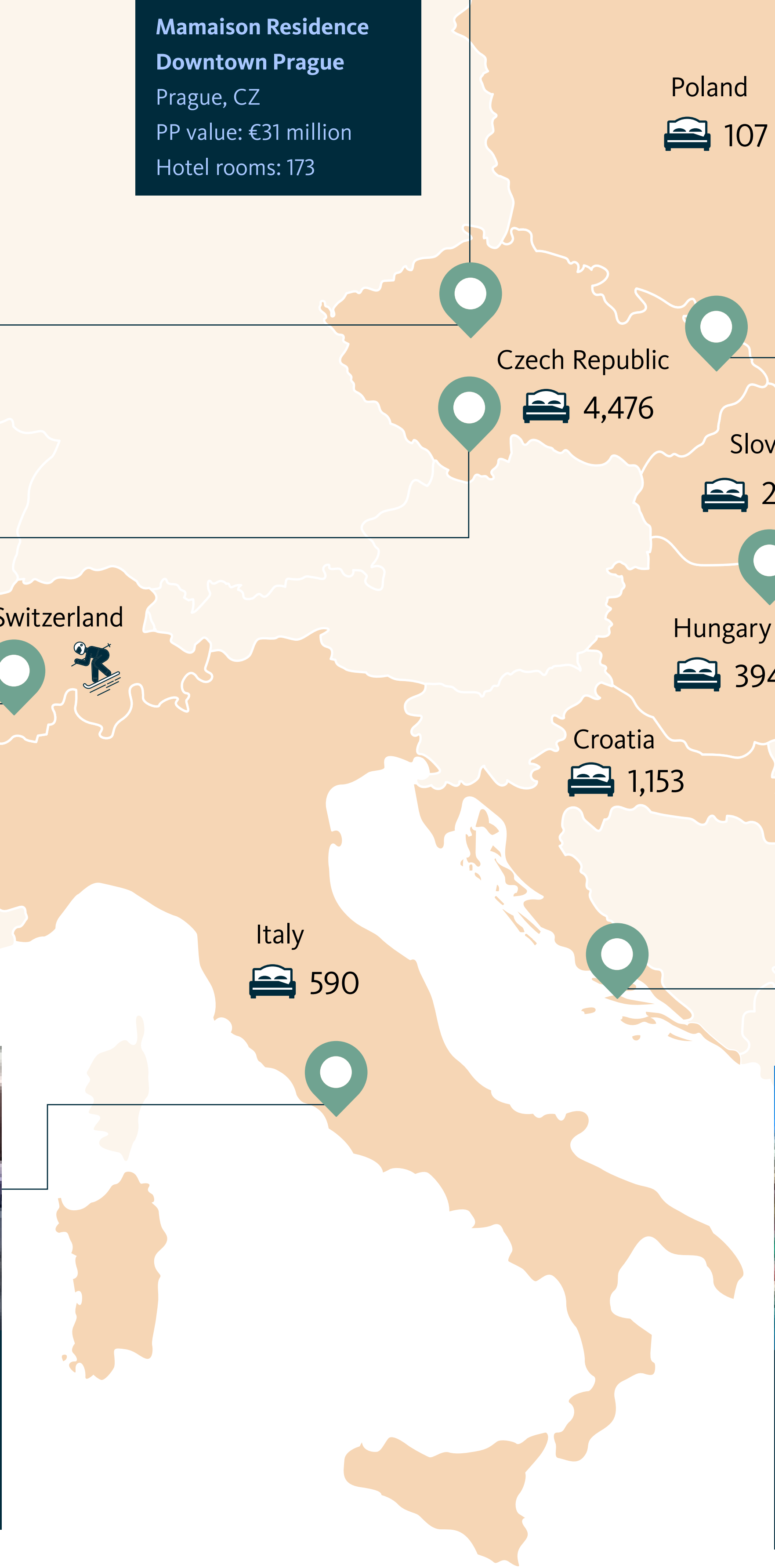


Travel demand in the region is returning; CPIPG's diversified portfolio and experienced team are well positioned to capture this recovery.

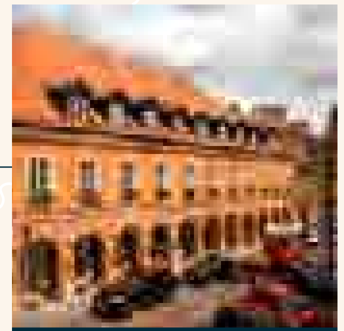
Jan Kratina, Director of CPI Hotels

Key Hotel & Resort properties

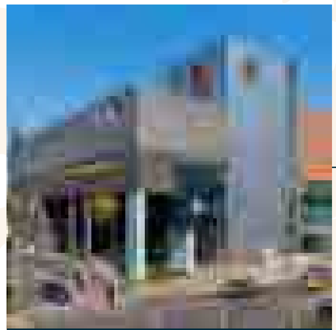
Number of hotel rooms in each country



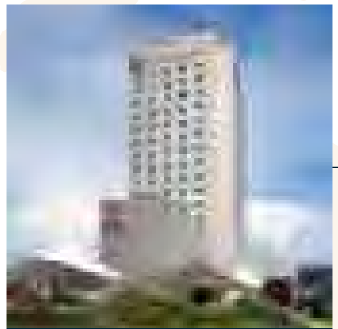
Mamaison Residence Downtown Prague
Prague, CZ
PP value: €31 million
Hotel rooms: 173



Mamaison Hotel Le Regina
Warsaw, PL
PP value: €15 million
Hotel rooms: 61

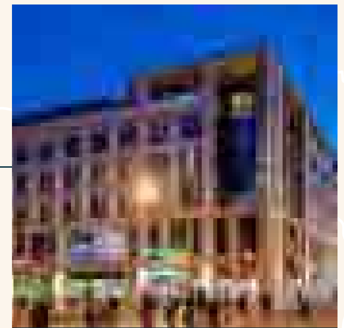


Clarion Congress Hotel Prague
Prague, CZ
PP value: €87 million
Hotel rooms: 559

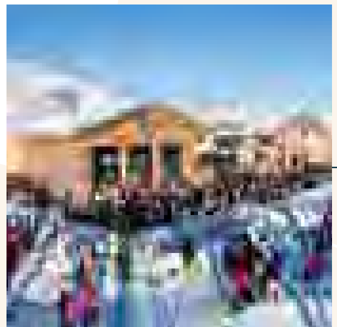


Clarion Congress Hotel České Budějovice
České Budějovice, CZ
PP value: €24 million
Hotel rooms: 205

Clarion Congress Hotel Ostrava
Ostrava, CZ
PP value: €20 million
Hotel rooms: 169

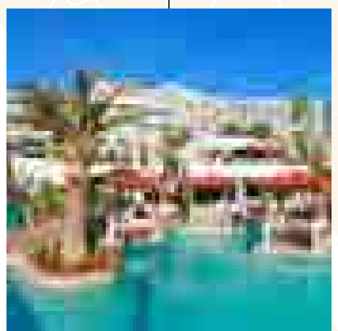


Europeum Marriott Courtyard
Budapest, HU
PP value: €37 million
Hotel rooms: 234

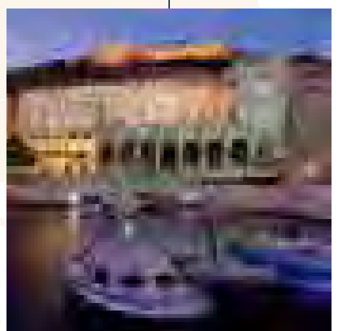


Crans-Montana Ski Resort
Crans-Montana, CH
PP value: €51 million

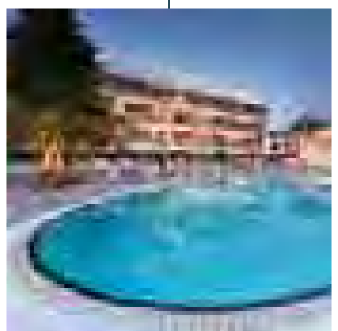
Holiday Inn Rome Eur Parco Dei Medici
Rome, IT
PP value: €36 million
Hotel rooms: 317



Amfora Grand Beach Resort
Hvar, HR
PP value: €84 million
Hotel rooms: 330



Palace Elisabeth Hotel
Hvar, HR
PP value: €14 million
Hotel rooms: 45



Pharos Hotel
Hvar, HR
PP value: €23 million
Hotel rooms: 201

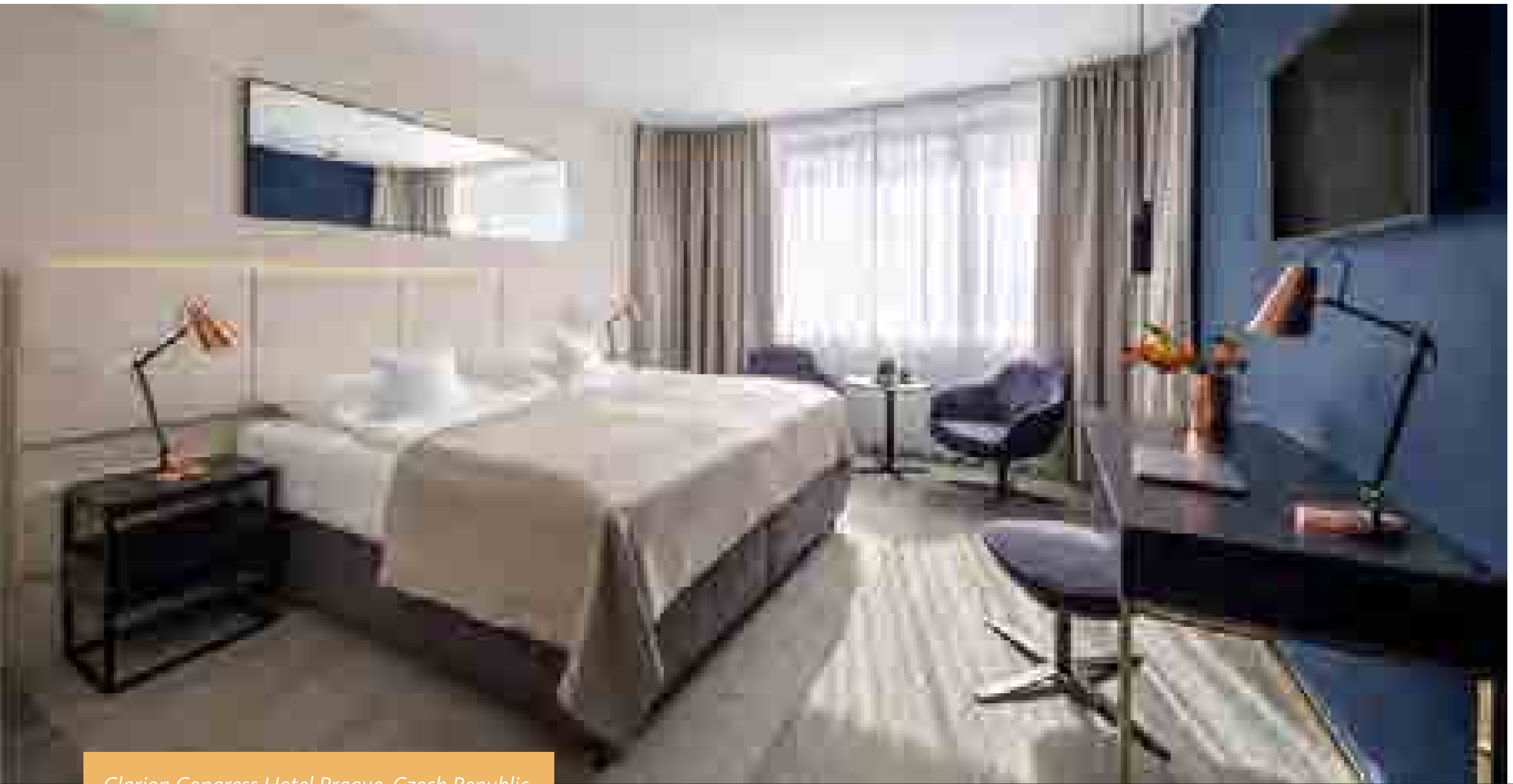
Hotels & Resorts segment summary

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 remaining quarter is split primarily between boutique hotels, the Crans-Montana mountain resort and residential and spa hotels.

Hotels & Resorts segment summary in figures

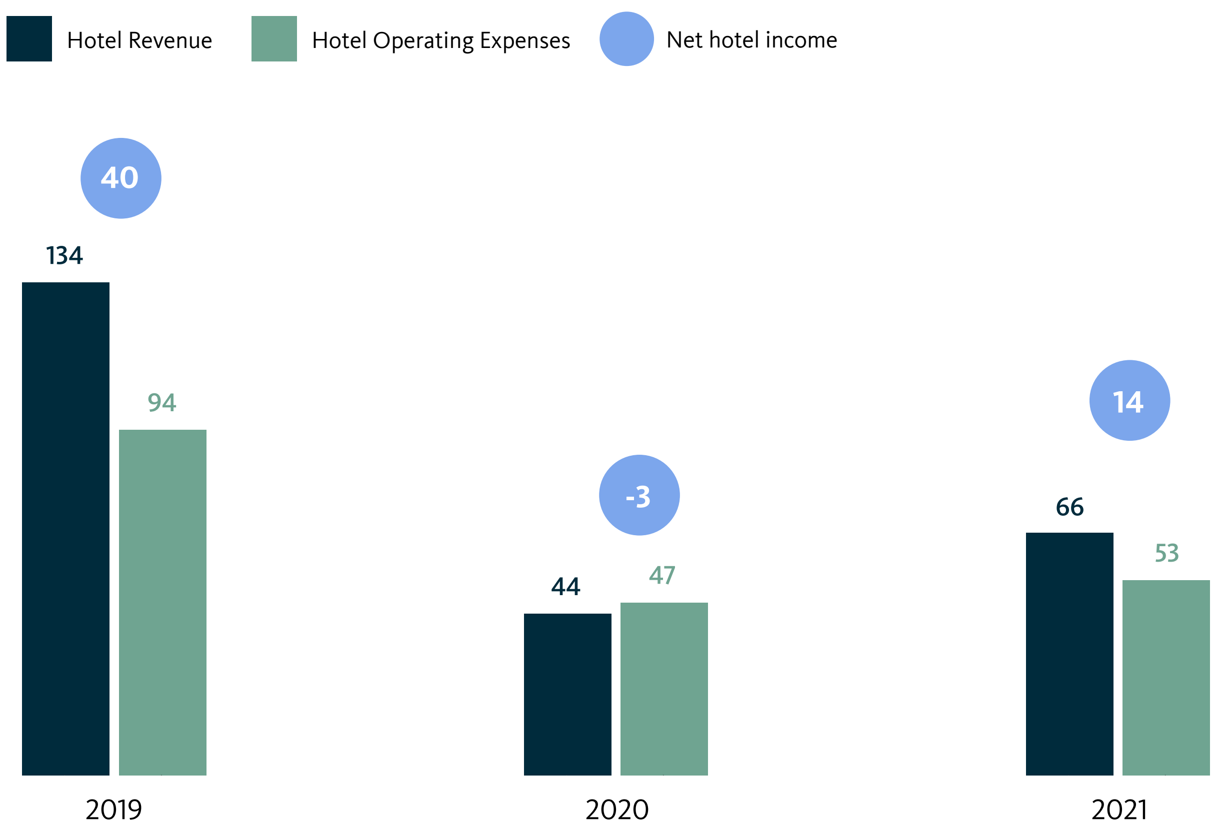
	Hotels & Resorts 2021					Hotels & Resorts 2020				
	PP value (€ million)	Hotel rooms	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)	PP value (€ million)	Hotel rooms	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)
Czech Republic	380	4,476	23	13	7	370	4,476	23	(76)	(20)
Croatia	168	1,153	7	83	35	164	1,153	7	(48)	(18)
Italy	91	590	5	(43)	(23)	46	493	4	(85)	(1)
Hungary	67	394	4	44	(13)	63	394	4	(73)	(1)
Switzerland	51	–	1	–	–	67	–	1	–	–
Poland	25	107	2	40	8	24	107	2	(79)	(23)
Russia	17	83	1	19	(19)	14	83	1	(44)	(6)
S IMMO	15	–	–	–	–	–	–	–	–	–
Slovakia	10	222	1	(29)	(8)	–	47	–	(56)	(9)
Total	**823**	**7,025**	**44**	**42**	**19**	**749**	**6,753**	**42**	**(74)**	**(16)**

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



Clarion Congress Hotel Prague, Czech Republic

Net hotel income versus hotel operating expenses (€ million)



Our hotel brands and partnerships

sunčani hvar hotels

mamaison Hotels & Residences

buddha-bar hotel PRAGUE

SPA & KUR HOTELS

COURTYARD BY MARRIOTT

Holiday Inn

FORTUNA HOTELS

PRIVATE LABEL HOTELS

Clarion Hotel CHOICE

Quality CHOICE

Comfort CHOICE

Comfort Hotel Prague City East, Czech Republic

Hotel performance

The hospitality industry had a challenging first half of 2021 due to restrictions on accommodation providers, which only began to gradually relax in May 2021. CPIPG, through our subsidiary operator, CPI Hotels, decided to open hotels selectively in response to the government measures and demand and employ a **flexible business model by consolidating operations and reducing costs.**

The average occupancy of the portfolio for the full year in 2021 was 24%*, an **improvement of 5 p.p.** compared to 2020. The low occupancy in H1 2021 of 11%* was offset by a better second half that recorded a 37%* occupancy. This was partly driven by travel restrictions, as well as closures of some properties both due to lack of demand and ongoing refurbishment projects. Furthermore, in **Hvar, the hotels recorded a strong recovery in 2021** with the return of UK and US travellers, as well as regional European guests. The summer months of July and August achieved **high occupancy rates of 71% and 97%, respectively.**

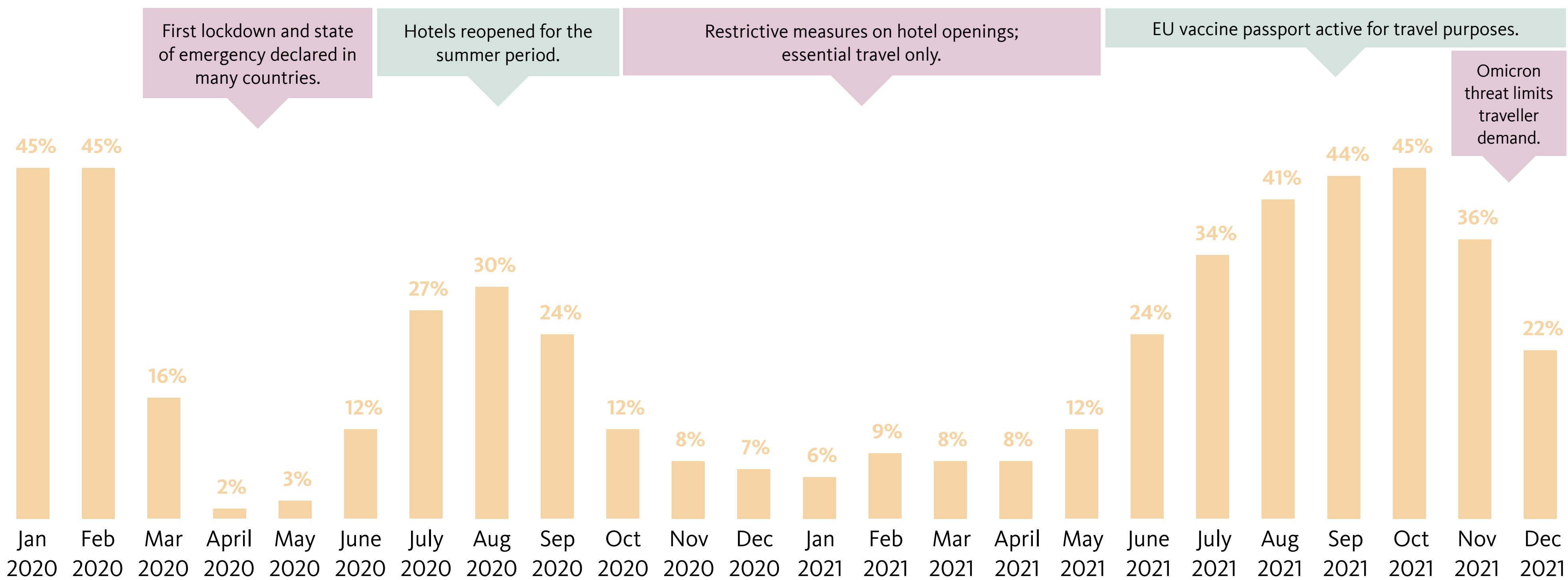
As Europe relaxed travel restrictions with the introduction of the vaccine passport on 1 July, we observed a **pick-up in traveller demand and group and event bookings.** While our leisure destinations and spa resort hotels have seen a speedier recovery in 2021, our Prague city and congress hotels have also begun to welcome back corporate travellers and MICE businesses.

Hotel revenue for the full year 2021 totalled **€66.4 million,** representing a growth of **+52% YoY.** With our centralised sales teams and solid regional relationships, **CPIPG's hotels were well-positioned to capture resurgent demand and reopen properties to accommodate special events.**

CPI Hotels manages and operates all the hotels owned by the Group, which allows us the **flexibility and control** over the properties cost base in response to lower revenues. At the onset of the COVID-19 lockdown, management was swift in implementing cost-saving measures, including **clustering functions, reducing headcount, and cross-utilising staff** across the properties. Management was able to optimise the operating model according to the changing business environment and **reduce expenses in line with the reduction in revenues.** Hotels were also able to benefit from various government subsidies and schemes.

For the full year 2021, **net hotel income reverted to a positive figure of €14 million** (versus -€3 m in 2020). While the net hotel income is still shy of pre-COVID-19 levels, the Group is expecting improvements in 2022 as demand recovers, reopening of all our properties, and completion of refurbishment projects to capture upside potential.

*Hotel portfolio average occupancy percentage**



* *Excluding Hvar resorts that are seasonally operated.*

Grand Hotel Zlatý Lev, Liberec, Czech Republic

Market overview

Due to COVID-19 restrictions in the first half of 2021, hotel performance in the Czech Republic and other parts of Europe was severely impacted. Occupancy and ADR in Prague for H1 2021 was only 6% and €55, respectively. Measures were gradually relaxed from May 2021 as case numbers declined and vaccinations progressed significantly.

The second half of 2021 was more positive, with Prague outperforming many other international cities, recording a full-year occupancy and ADR of 21% and €70, a growth of **+34% versus 2020**. The recovery in the latter part of the year shows Prague's market resilience and attractiveness to tourism, being limited by external travel restrictions and travellers' concerns on changing measures. Domestic tourism has been the main driving force of the recovery, especially mountain and resort destinations.

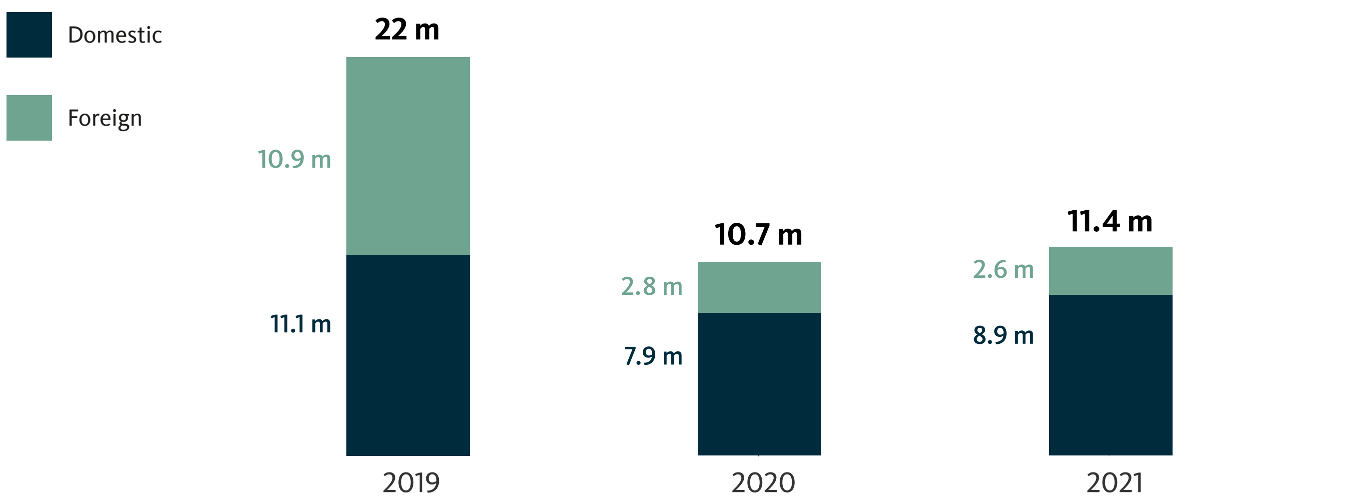
In the Czech Republic, 11.4 million guests stayed in collective accommodation establishments in 2021, an increase of 5.2% from the 10.8 million guests in the same period for 2020. Domestic guests accounted for 77% of guests. Historically, the Czech Republic saw a 50:50 split between domestic and foreign guests. Since the pandemic, the proportion has shifted towards a 75:25 split. Foreign guests reached 2.6 million, slightly lower than the total recorded in 2020 of 2.8 million. The top three source markets in 2021 were from Germany, Slovakia and Poland.

While the Prague hotel market did not rebound dramatically in 2021, it remains a highly attractive market for many operators. According to Cushman & Wakefield, **Prague is the most attractive market for hotel operators in the CEE region.** Despite the short-term pandemic volatility, these operators believe in the market's long-term performance potential. Other cities in the CEE region at the forefront of operators' interest include Warsaw, Budapest and Bucharest.

Travel is returning in the region, and the outlook is promising with the Czech Republic taking up the EU Presidency and hosting many international events in 2022. Market recovery should also benefit from some delayed development pipeline.

Sources: STR, Cushman & Wakefield, Czech Statistical Office

Total guests in collective accommodation in the Czech Republic



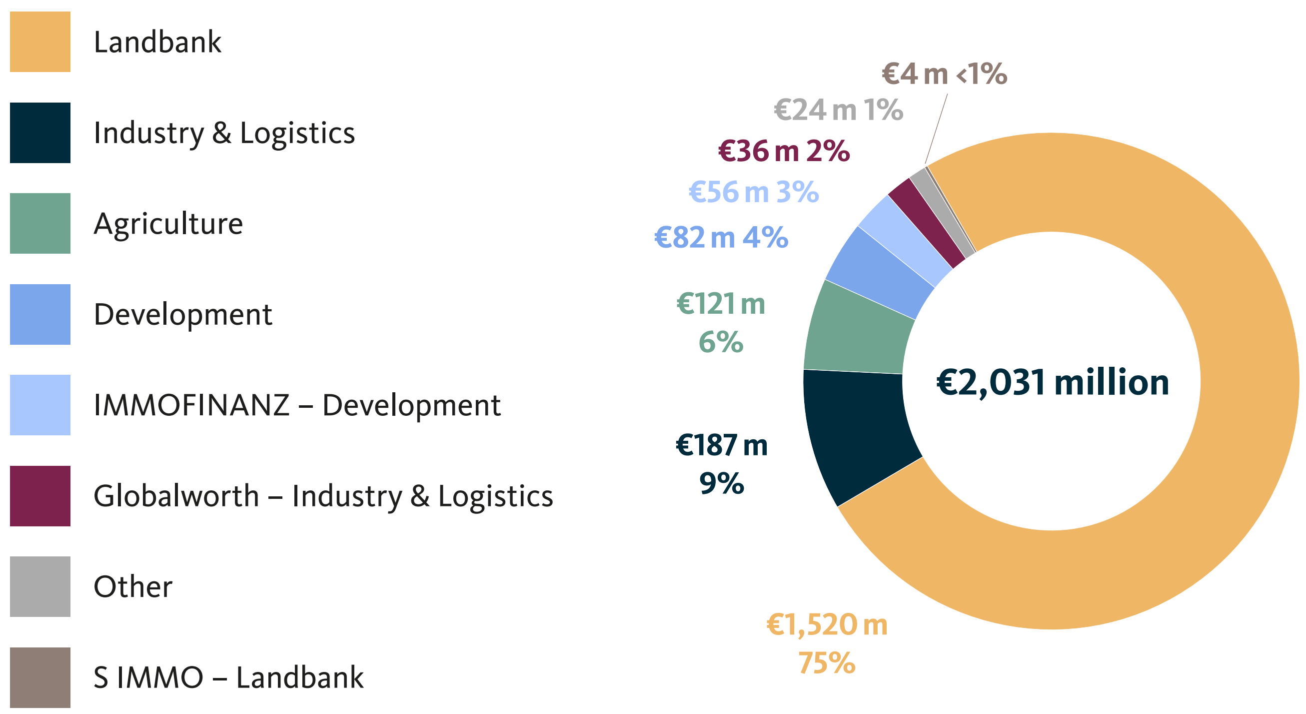
Complementary Assets

The Group's Complementary Assets segment consists primarily of landbank in the Czech Republic, Berlin and Italy, as well as selective development projects and smaller portfolios that complement to CPIPG's overall strategy.

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, Berlin and, more recently, Italy following the acquisition of attractive plots of land in Rome.

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



Complementary segment summary in figures

	Complementary Assets 2021							Complementary Assets 2020						
	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
Landbank	1,520	–	–	–	–	24,917,000	–	813	–	–	–	–	21,425,000	–
Industry & Logistics	187	97.3%	189,000	–	–	–	21	117	93.7%	198,000	–	–	–	20
Agriculture	121	–	–	–	–	230,347,000*	–	111	–	–	–	–	232,469,000*	–
Development	82	–	–	6,000	16,000	–	8	44	–	–	–	18,000	–	7
IMMOFINANZ – Development	56	–	–	–	–	–	–	–	–	–	–	–	–	–
Globalworth – Industry & Logistics	36	–	–	–	–	–	–	31	–	–	–	–	–	–
Other	24	–	–	–	–	–	2	4	–	–	–	–	–	–
S IMMO – Landbank	4	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**2,031**	**97.3%**	**189,000**	**6,000**	**16,000**	**255,264,000**	**31**	**1,121**	**93.7%**	**198,000**	**–**	**18,000**	**253,894,000**	**27**

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

Landbank in the Czech Republic

In the Czech Republic, **landbank holdings amount to more than €973 million.**

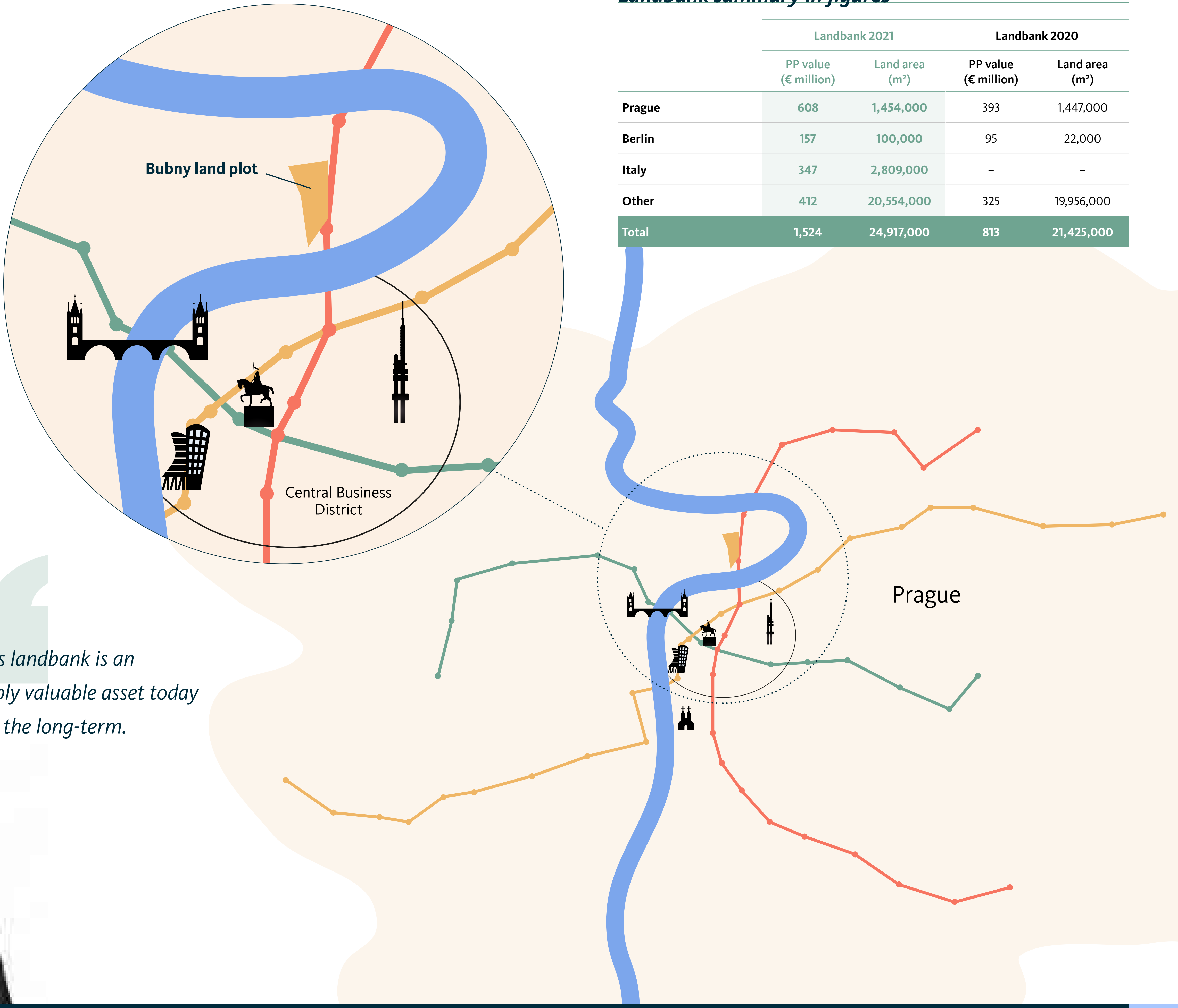
The majority of the Czech landbank (more than €600 million) is situated in Prague, mainly relating to Bubny, a 201,000m² area strategically located close to the CBD and where **we completed the redevelopment of flagship office Bubenská 1 in late 2020.**

The majority of the remainder of the Czech Republic's landbank relates to Nová Zbrojovka, Brno – where the Group is completing the **regeneration and redevelopment of one of the largest brownfields in Brno** and in 2020, the Group completed the development of our first office property in the new neighbourhood, ZET.office.

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.**

Landbank summary in figures

	Landbank 2021		Landbank 2020	
	PP value (€ million)	Land area (m²)	PP value (€ million)	Land area (m²)
Prague	608	1,454,000	393	1,447,000
Berlin	157	100,000	95	22,000
Italy	347	2,809,000	–	–
Other	412	20,554,000	325	19,956,000
Total	**1,524**	**24,917,000**	**813**	**21,425,000**



CPIPG's landbank is an incredibly valuable asset today and for the long-term.

Zdeněk Havelka, Executive Director

Landbank & development in Berlin

In Berlin, the Group owns landbank currently valued at €157 million, located in attractive areas. This provides opportunities for low-risk extensions and developments.

CPIPG's subsidiary GSG has completed several office developments in Berlin in recent years. **These developments have proven highly successful in occupancy, rent and value growth.** Building on this success, selective development of our strategic landbank provides another source of future growth.

In our new developments, **we are able to attract blue-chip tenants with prime-level rents.** The modern extension development project, TorHaus², was completed and handed over to a single tenant in late 2021, ahead of schedule and will achieve a BREEAM (Very Good) rating. **GSG always applies for BREEAM certification for significant new-build developments,** which helps support the Group's ESG objectives.

GSG Berlin also has several attractive future developments in its pipeline, mainly relating to extensions in and around the portfolio's existing properties, such as Zossener Straße.

The value of the landbank in Berlin increased in 2021 due to the acquisition of an 81,500 m² plot in Schönefeld directly adjacent to the new airport in Berlin, together with 50% stakes in three future office and residential developments in central Berlin locations.

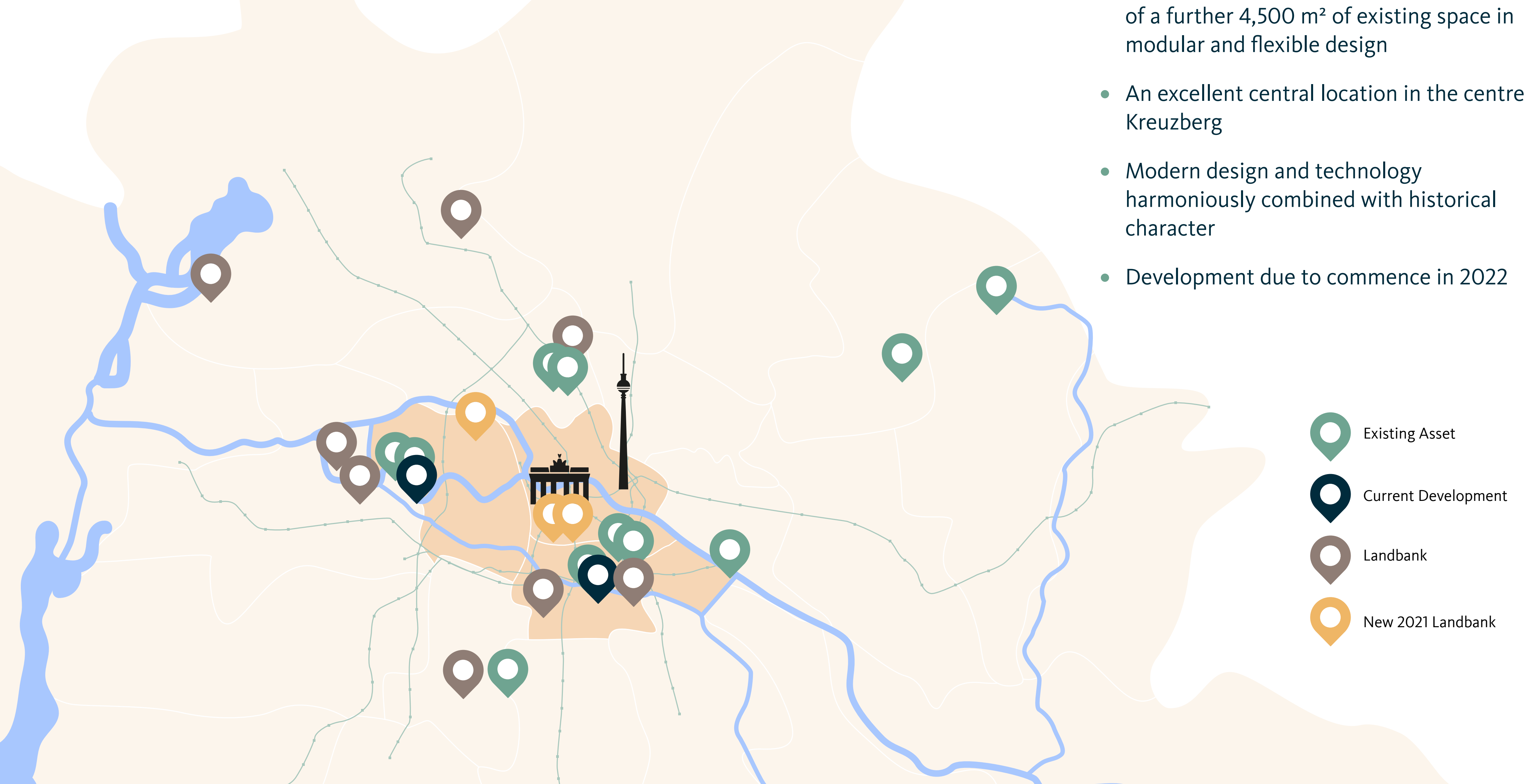
image: GSG Berlin © Visualisierung

Zossener Straße (in development pipeline)

- The creation of 6,500 m² of new construction space and the modernisation of a further 4,500 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

Schönefeld (in development pipeline)

- A large land plot with a gross area of 81,500 m² directly adjacent to the new Berlin airport in Schönefeld
- Potential to build up to 150,000 m² of gross floor area
- Currently in the process of obtaining various permits
- Target development start in 2025



Landbank & development in Italy

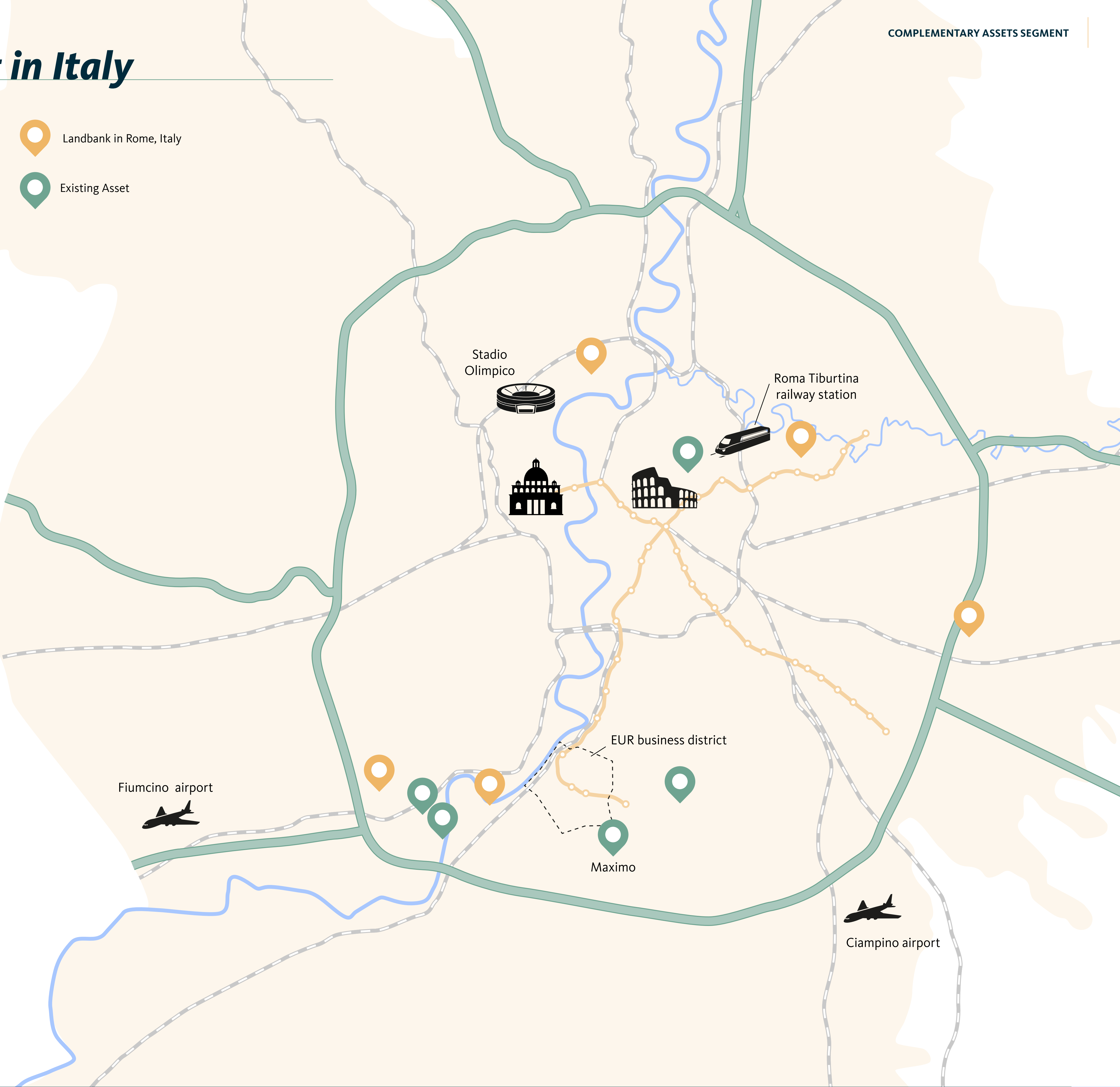
In Italy, the Group holds landbank currently valued at €347 million. The majority of landbank in Italy is primarily located in the periphery of Rome and strategically focused on holistic mixed-use (residential and commercial) development with ample green public community spaces envisaged.

These strategic land plots offer significant opportunistic potential upside, having been purchased at exceptional discounts to fair value through acquisitions of non-performing loans. The Group aims to take advantage of the decades-long undersupply of much needed modern, energy-efficient buildings in Rome.

CPIPG may consider strategic partnerships in certain projects to ensure the best outcome for each development.

There is a lack of new high-quality and sustainable residential rental supply available in Rome. CPIPG sees a great value opportunity to fill this demand gap.

Giuseppe Colombo, Country Director, CPI Italy



Globalworth

Globalworth owns an income-generating property portfolio valued at €3.2 billion consisting of high-quality properties in Poland and Romania.

In early 2020, CPIPG became the largest shareholder in Globalworth with a stake of 29.5%. The Group also acquired special founders rights and appointed one member to Globalworth's board of directors.

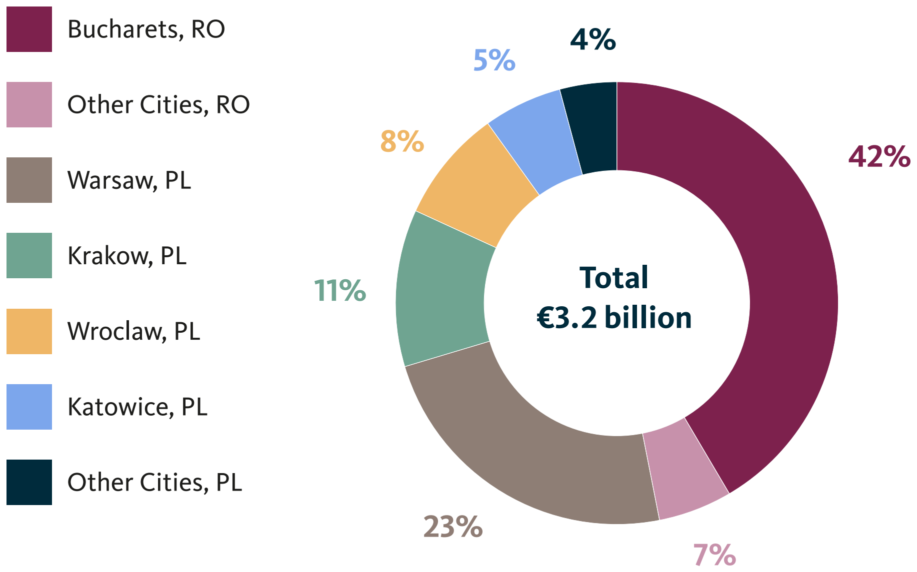
In 2021, CPIPG formed a consortium with Aroundtown SA and successfully acquired majority control of Globalworth with a stake of 61% now owned by our jointly owned subsidiary, Zakiono Enterprises Limited.

In December 2021, CPIPG and Aroundtown exercised our rights as majority shareholders and implemented changes to the Board of Directors.

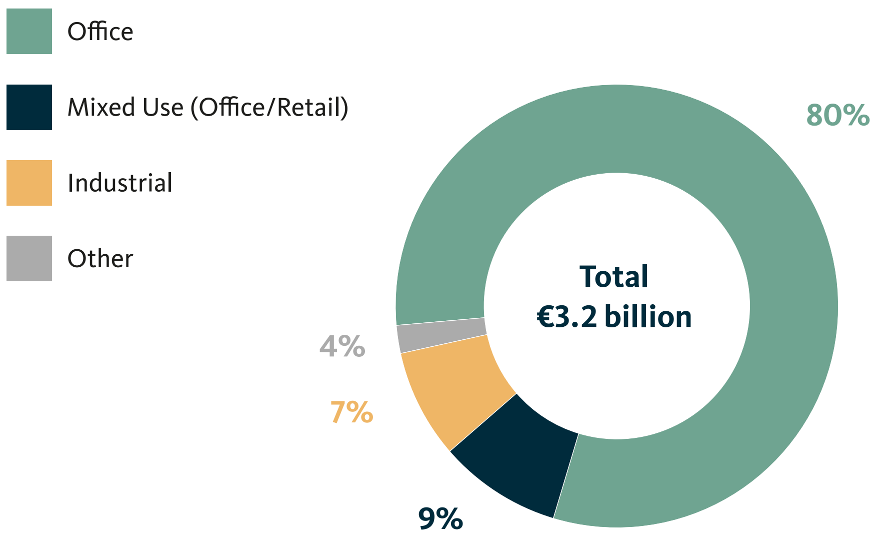
Globalworth Square, Bucharest GLA: 29,000 m² BREEAM Outstanding

- Joint-majority shareholder with Aroundtown SA
- A leading platform in the CEE region
- Top-quality, modern and green office assets
- €183.7 million contracted rent as of 2021

Globalworth assets by location (as at 31 December 2021)



Globalworth assets by type (as at 31 December 2021)



Globalworth at a glance (as at 31 December 2021)

Portfolio value	€3.2 billion
EPRA NRV	€1.9 billion
Net LTV	40.1%
Standing properties	66
Annualised contracted rent	€183.7 million
Occupancy rate	88.5%
GLA	1,300k m²
Credit ratings (Moody's / S&P / Fitch)	Baa3/BBB-/BBB-

Spektrum Tower, Warsaw GLA: 32,100 m²

IMMOFINANZ

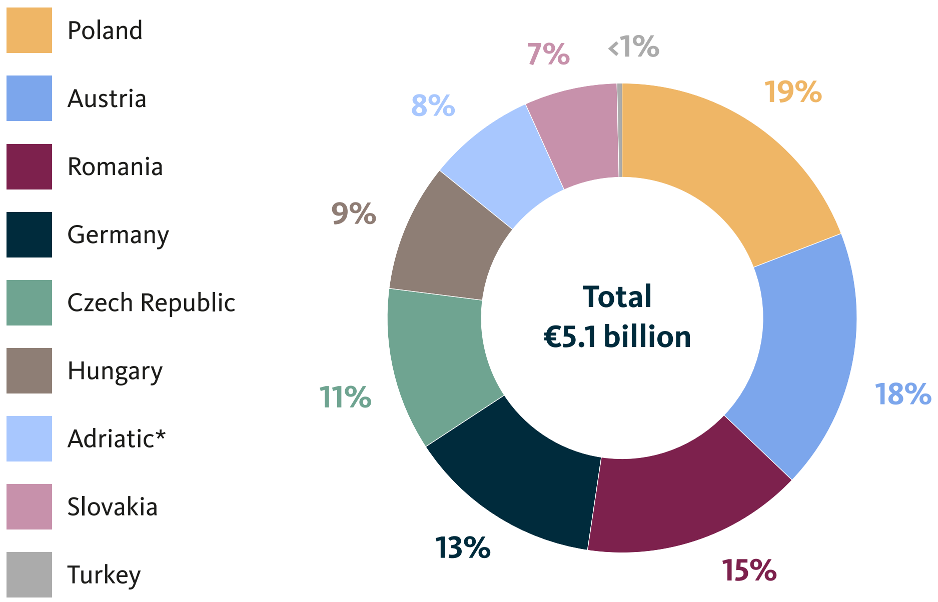
IMMOFINANZ at a glance (as at 30 June 2021)

Portfolio value	€5.1 billion
EPRA NRV	€3.9 billion
Net LTV	38.1%
Standing properties	209
Annualised contracted rent	€290.9 million
Occupancy rate	94.1%
GLA	1,985k m²
Credit ratings (S&P)	BBB-

myhive Warsaw Spire GLA: 71,600 m²

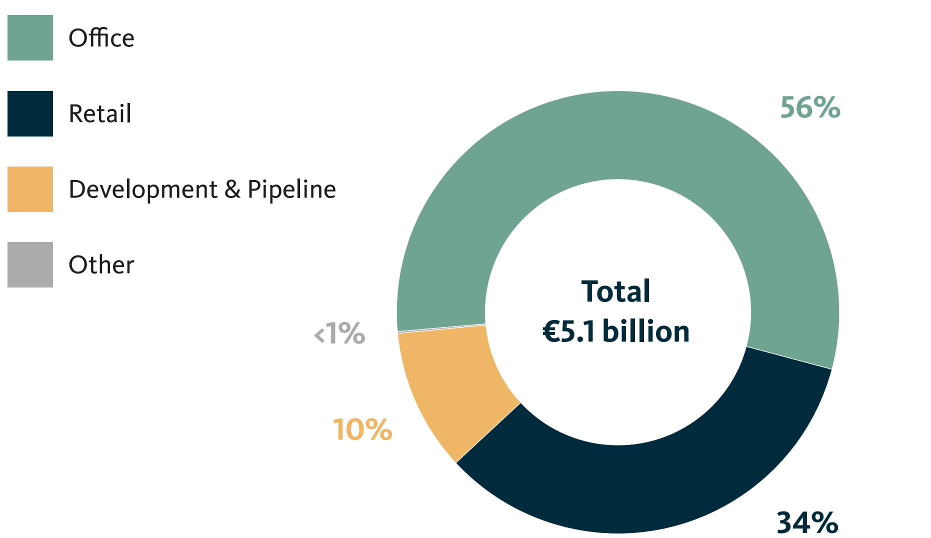
- Today, CPIPG is the majority shareholder with **54.9% stake**
- Strategically complementary portfolio in the CEE region
- High-quality office and crisis-resistant retail assets
- 94% occupancy as of H1 2021

IMMOFINANZ assets by location (as at 30 June 2021)



** includes Slovenia, Serbia and Croatia*

IMMOFINANZ assets by type (as at 30 June 2021)



IMMOFINANZ

Founded and headquartered in Vienna, IMMOFINANZ is a leading real estate player with a portfolio of office and retail properties in selected CEE countries totalling €5.1 billion.

In December 2021, CPIPG acquired stakes in IMMOFINANZ and subsequently launched a takeover offer for all outstanding shares in IMMOFINANZ. Today, CPIPG owns a majority and controlling shareholding stake of 54.9% in IMMOFINANZ.

IMMOFINANZ's high-quality assets are a perfect geographical and segment fit for CPIPG. The combined portfolios would catapult CPIPG to be an undisputed leader in the CEE region and top 10 European real estate player.

CPIPG believes that the acquisition of IMMOFINANZ further enhances our business profile through greater scale, diversification and earnings resilience. Furthermore, we see potential upside from synergies extracted through knowledge sharing, efficiencies and cost reductions.

The strategic acquisition of IMMOFINANZ places CPIPG as an undisputed champion in CEE real estate, complements our existing portfolio perfectly. We also see opportunities to unlock potential upside in the future.

Martin Němeček, CEO

S IMMO

S IMMO AG is a Vienna Stock Exchange-listed real estate investment company focusing on Austria, Germany, and the CEE region. S IMMO's €2.7 billion property portfolio comprises of c.70% commercial office, retail, and hotel assets, and 30% residential properties.

As of 31 December 2021, CPIPG held a 12.4% stake in S IMMO. For historical reasons, there was a complex cross-holding with IMMOFINANZ holding a 26.5% stake in S IMMO and S IMMO owning 14.2% in IMMOFINANZ. S IMMO subsequently sold their stake in IMMOFINANZ to CPIPG in March 2022, eliminating the cross-shareholding between the two companies.

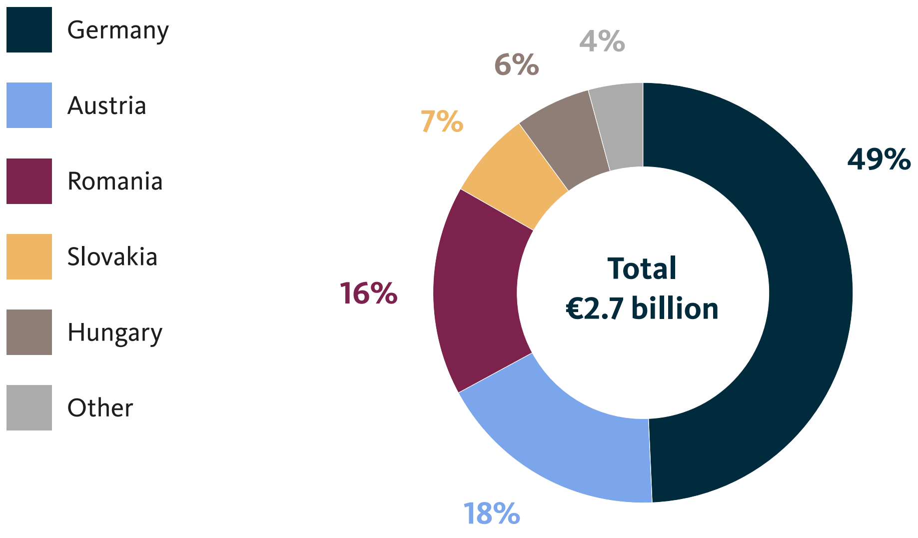
Today, CPIPG directly holds 16.1% of S IMMO shares, and indirectly through our controlling ownership of IMMOFINANZ, CPIPG's total shareholding amounts to 42.6%.

Akademiehof, Vienna, GLA: 5,310 m²

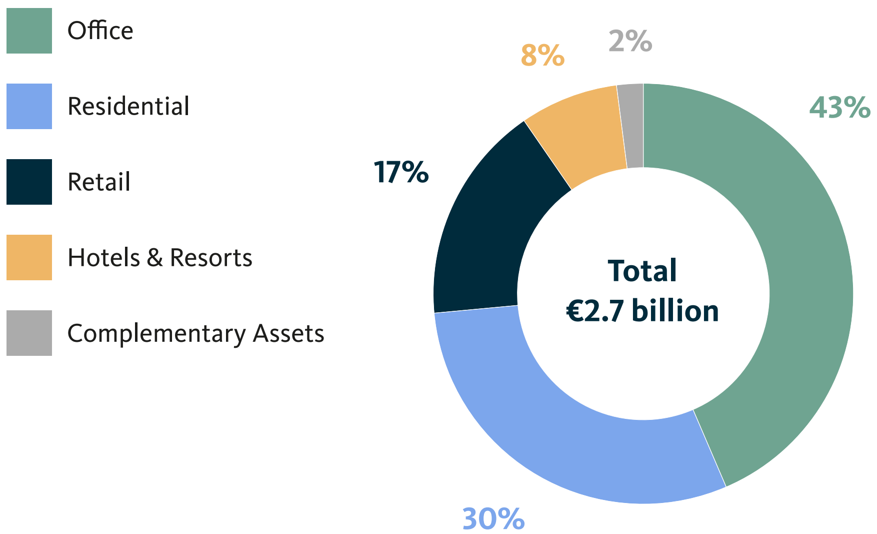
photo: © Detlef Overmann

- **A direct and indirect shareholding stake totalling 42.6%**
- Investments focused in the core cities of Germany, Austria and the CEE region
- Well-diversified portfolio in commercial and residential segments
- 93% occupancy as of Q3 2021

S IMMO assets by location (as at 30 September 2021)



S IMMO assets by type (as at 30 September 2021)



S IMMO at a glance (as at 30 September 2021)

Portfolio value	€2.7 billion
EPRA NRV	€2.2 billion
Net LTV	39.4%
Standing properties	367
Annualised gross rent	€129.7 million
Occupancy rate	93.0%
GLA	1,307k m²
Credit ratings	–

Einsteinova Business Center, Bratislava GLA: 23,500 m²

photo: © Matej Fabianek

EPRA performance

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 unrealised 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	2021	2020
Earnings per IFRS income statement	**1,292**	**244**
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	1,276	173
Profits or losses on disposal of investment properties, development properties held for investment and other interests	35	1
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	3	6
Tax on profits or losses on disposals	0	0
Negative goodwill / goodwill impairment	(0)	18
Changes in fair value of financial instruments and associated close-out costs	6	1
Acquisition costs on share deals and non-controlling joint venture interests	0	0
Deferred tax in respect of EPRA adjustments	(257)	(33)
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	15	(11)
Non-controlling interests in respect of the above	0	0
EPRA Earnings	**215**	**89**
Weighted average number of shares	8,135,733,237	8,332,414,083
EPRA Earnings per Share (EPS) (in €)	**0.026**	**0.011**
Company specific adjustments:		
Impairments	(16)	(51)
Amortisation, depreciation	(37)	(38)
Net foreign exchange gain – unrealised	98	230
Net foreign exchange loss – unrealised	(83)	(188)
Deferred tax in respect of Company specific adjustments	13	(34)
Company specific Adjusted Earnings	**239**	**170**
Company specific Adjusted EPS	**0.029**	**0.020**

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.

€ million	EPRA NRV		EPRA NTA		EPRA NDV	
	2021	2020	2021	2020	2021	2020
IFRS Equity attributable to owners	**5,992**	**4,321**	**5,992**	**4,321**	**5,992**	**4,321**
Include/Exclude:						
Hybrid instruments	0	0	0	0	0	0
Diluted NAV	**5,992**	**4,321**	**5,992**	**4,321**	**5,992**	**4,321**
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	0	2	0	2	0	2
Diluted NAV at Fair Value	**5,992**	**4,323**	**5,992**	**4,323**	**5,992**	**4,323**
Exclude:						
Deferred tax in relation to fair value gains of IP	(1,090)	(837)	(1,064)*	(837)*		
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			54	51	54	51
Intangibles as per the IFRS balance sheet			17	13		
Include:						
Fair value of fixed interest rate debt					(23)	(29)
Revaluation of intangibles to fair value	0	0				
Real estate transfer tax	0	0	0	0		
NAV	**7,039**	**5,118**	**6,942**	**5,053**	**5,872**	**4,200**
Fully diluted number of shares	8,835,915,298	8,332,414,083	8,835,915,298	8,332,414,083	8,835,915,298	8,332,414,083
NAV per share (in €)	**0.797**	**0.614**	**0.786**	**0.606**	**0.665**	**0.504**

* *(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 and 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 material properties.*

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)	2021	2020
Estimated rental value of vacant space	32	29
Estimated rental value of the whole portfolio	506	469
EPRA Vacancy Rate	**6.2%**	**6.3%**

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)	2021	2020
Investment property – wholly owned*	10,745	8,793
Investment property – share of JVs/Funds	0	0
Trading property (including share of JVs)	0	0
Less: developments	**1,604**	**914**
Completed property portfolio	9,140	7,878
Allowance for estimated purchasers' costs	0	0
Gross up completed property portfolio valuation	**9,140**	**7,878**
Annualised cash passing rental income	411	384
Property outgoings	39	29
Annualised net rents	**372**	**355**
Add: notional rent expiration of rent free periods or other lease incentives	**27**	**19**
Topped-up net annualised rent	**399**	**374**
EPRA NIY	**4.07%**	**4.51%**
EPRA "topped-up" NIY	**4.37%**	**4.75%**

* *Includes property portfolio value of income producing Assets held for sale.*

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)	2021	2020
Include:		
Administrative/operating expense line per IFRS income statement	120	98
Net service charge costs/fees	(23)	(32)
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	3	0
Service charge costs recovered through rents but not separately invoiced	0	0
EPRA Costs (including direct vacancy costs)	**95**	**66**
Direct vacancy costs	4	3
EPRA Costs (excluding direct vacancy costs)	**91**	**62**
Gross Rental Income less ground rents – per IFRS	**399**	**356**
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	**399**	**356**
EPRA Cost Ratio (including direct vacancy costs)*	**0.24**	**0.18**
EPRA Cost Ratio (excluding direct vacancy costs)*	**0.23**	**0.18**

* *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

CPIPG adopts a rigorous approach to the valuation of our properties.

Jiří Hrabec, Valuation Manager

ZET.office, Brno, Czech Republic

Property valuation

The consolidated financial statements for the year ended 31 December 2021 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 2021 is based on reports issued by:

- **Jones Lang Lasalle**
- **Savills**
- **Knight Frank**
- **CBRE**
- **Colliers**
- **Cushman & Wakefield**
- **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

Appraisers	%	Segments	No. of properties / No. of units*	Valuation (€ m)	% of total PP value
Jones Lang Lasalle	26%	Retail	77	1,520	11.6%
		Complementary Assets	4	994	7.6%
		Office	20	844	6.4%
		Hotels & Resorts	4	118	0.9%
Savills	23%	Office	40	2,806	21.4%
		Complementary Assets	4	163	1.2%
		Residential	12	108	0.8%
Knight Frank	9%	Office	14	1,062	8.1%
		Retail	8	159	1.2%
CBRE	9%	Residential	11,676	723	5.5%
		Office	10	272	2.1%
		Retail	16	145	1.1%
		Complementary Assets	1	77	0.6%
Colliers	7%	Complementary Assets	3	347	2.6%
		Retail	2	331	2.5%
		Office	8	142	1.1%
		Hotels & Resorts	4	84	0.6%
		Residential	19	51	0.4%
Cushman & Wakefield	7%	Hotels & Resorts	26	480	3.7%
		Residential	44	247	1.9%
		Retail	47	105	0.8%
		Complementary Assets	2	34	0.3%
RSM	1%	Hotels & Resorts	7	75	0.6%
		Complementary Assets	0	4	0.0%
Other	2%	Retail	5	93	0.7%
		Office	3	51	0.4%
		Hotels & Resorts	2	41	0.3%
		Complementary Assets	0	13	0.1%
		Residential	4	10	0.1%
Acquisition	11%	Globalworth	0	670	5.1%
		IMMOFINANZ	0	535	4.1%
		S IMMO	0	199	1.5%
		Complementary Assets	0	25	0.2%
		Hotels & Resorts	1	10	0.1%
AHFS	5%	Complementary Assets	17	278	2.1%
		Office	8	204	1.6%
		Retail	2	99	0.8%
Total				**13,119**	**100.0%**

** Number of units provided for residential properties.*

Portfolio net yields

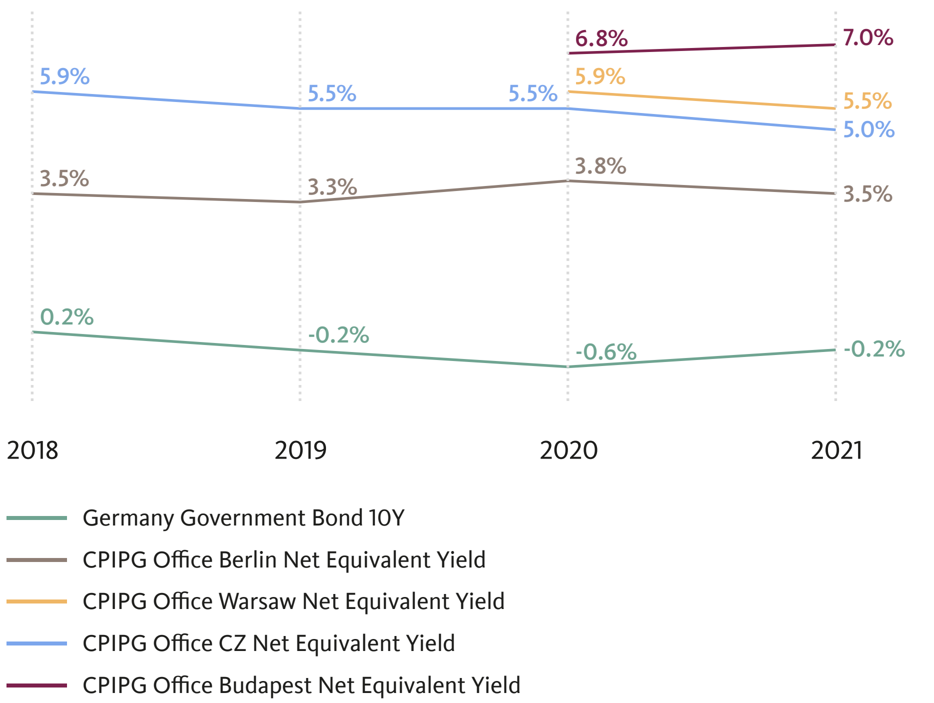
	EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Net Equivalent Yield	Prime Yield 2021	Prime Yield 2020
Office	**3.8%**	**4.2%**	**4.3%**		
Berlin	3.3%	3.4%	3.5%	2.5%	2.7%
Czech Republic	4.3%	4.9%	5.0%	4.1%	4.1%
Poland	4.4%	5.5%	5.5%	4.5%	4.5%
Hungary	4.6%	5.4%	7.0%	5.5%	5.3%
Retail	**5.9%**	**6.1%**	**6.0%**		
Czech Republic	5.5%	5.7%	5.7%	4.8%	4.8%
Other	6.5%	6.7%	6.7%	6.2%	5.7%
Residential	**2.6%**	**2.6%**	**2.8%**		
Czech Republic	2.6%	2.6%	2.8%	–	–
Total	**4.1%**	**4.4%**	**4.7%**		

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. Apart from retail segment where Net Equivalent Yield is partially impacted by one-time rent discounts.

On a Group basis, the EPRA Net Initial Yield of our portfolio slightly decreased from 4.5% at the end 2020 to 4.1% at the end of 2021.

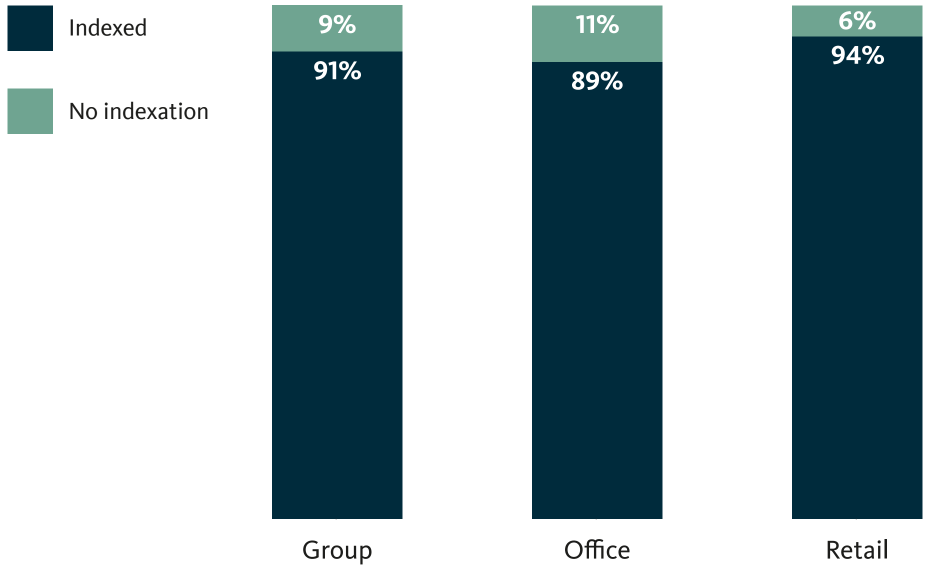
Office net equivalent yields versus 10-year German bond yields



Source: Trade Economics

Most of our leases are EUR-denominated. Spreads to Net Equivalent Yields remained stable in Berlin, while our portfolio in the Czech Republic and Warsaw experienced slight compression. Our Budapest office yields saw a slight widening. Spreads range from approximately +3.7% in Berlin up to +7.2% in Hungary providing a solid cushion in case of sustained higher rates. In addition, our rental revenues are linked to inflation, which should offset some impact from potential increases in yields.

A significant portion of the Group's leases are indexed to inflation



More than 90% of our lease contracts are subject to indexation. The Group's largest segments, office and retail, have very high shares of indexed rents with 94% and 89%, respectively. The individual lease contracts specify the exact reference index, which can vary per contract. For example, for an agreement in EUR, the harmonised index of consumer prices for the European Union (HCIP) could be used as a reference. The rent indexation is done retrospectively, and therefore the effects of rent indexation during 2021 were based on 2020 inflation levels. The invoiced rent is usually adjusted at the beginning of each new year.

Therefore, the Group would expect higher inflation rates to support headline rents in the future, providing a natural hedge against inflation through automatic rent adjustments.

Warsaw Financial Center, Warsaw, Poland

Finance review

CPIPG has a reputation for full transparency and best-in-class reporting, which we believe is unique for a family owned company.

Pavel Měchura, Group Finance Director

The Group maintained strong financial metrics as strategic growth continued

During 2021, CPIPG continued the proactive management of our debt maturity profile through the issuance of **€1.4 billion of senior unsecured and hybrid bonds** (including the Group's first 10-year bond). Proceeds were partially used to repay more than €800 million of senior unsecured and hybrid bonds, most of them well in advance of the scheduled maturity or call date. Since 2020, the Group's objective has been to issue longer-dated unsecured bonds in order to improve our debt maturity profile **which was significantly lengthened during 2020, 2021 and 2022.**

CPIPG has demonstrated prudent management of Net LTV. At the end of H1 2021, Net LTV temporarily peaked at 41.9% from 40.7% at the end of 2020, due to the impact of acquisitions. By the end of 2021, **Net LTV was reduced to 35.7%,** following fresh equity raising, disposals and positive revaluations in the second half of 2021.

At the end of 2021, the Group had **€1.2 billion of available liquidity** between cash and undrawn revolving credit facilities. CPIPG is also committed to maintaining a high level of unencumbered assets at all times, which provides a significant source of additional liquidity and financial flexibility.

CPIPG focuses on strategies to reduce risk and is committed to our financial policy. This has been demonstrated again through our acquisitions of shares in IMMOFINANZ and S IMMO, which were primarily funded with the proceeds of equity and disposals.

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**

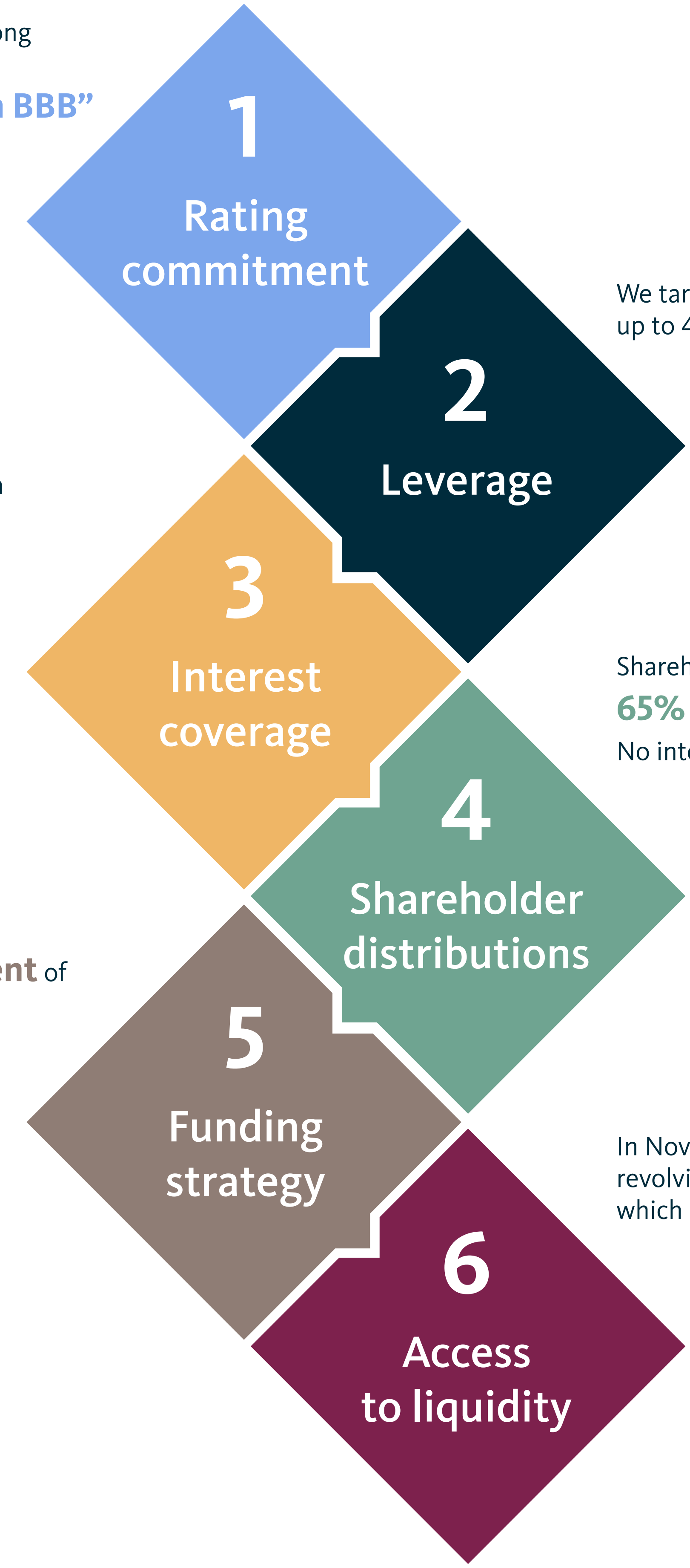
Shareholder distributions targeted at **65% of FFO I annually**

No intention to institute dividend distributions

Maintain a high level of unencumbered assets

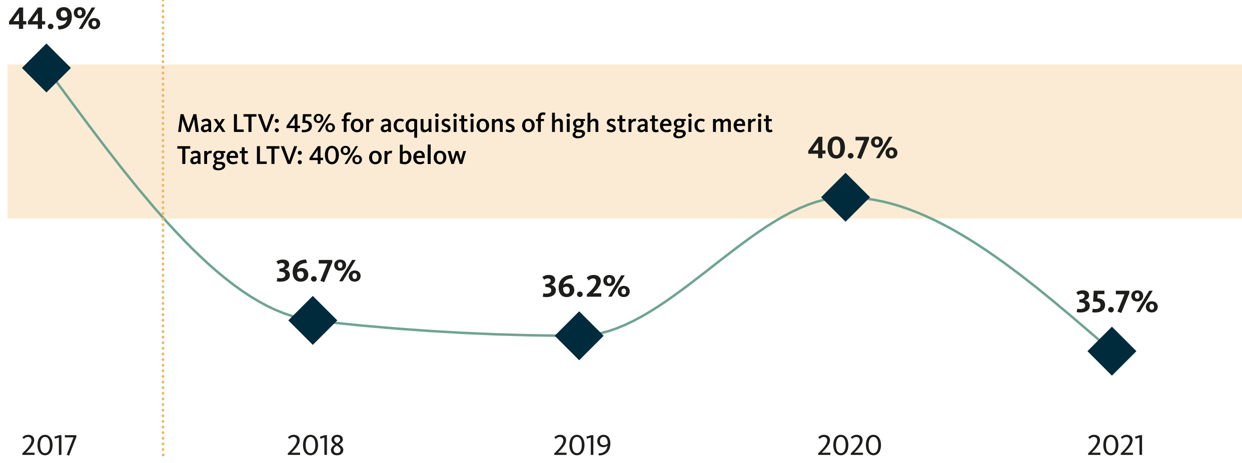
Proactive management of our maturity profile

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



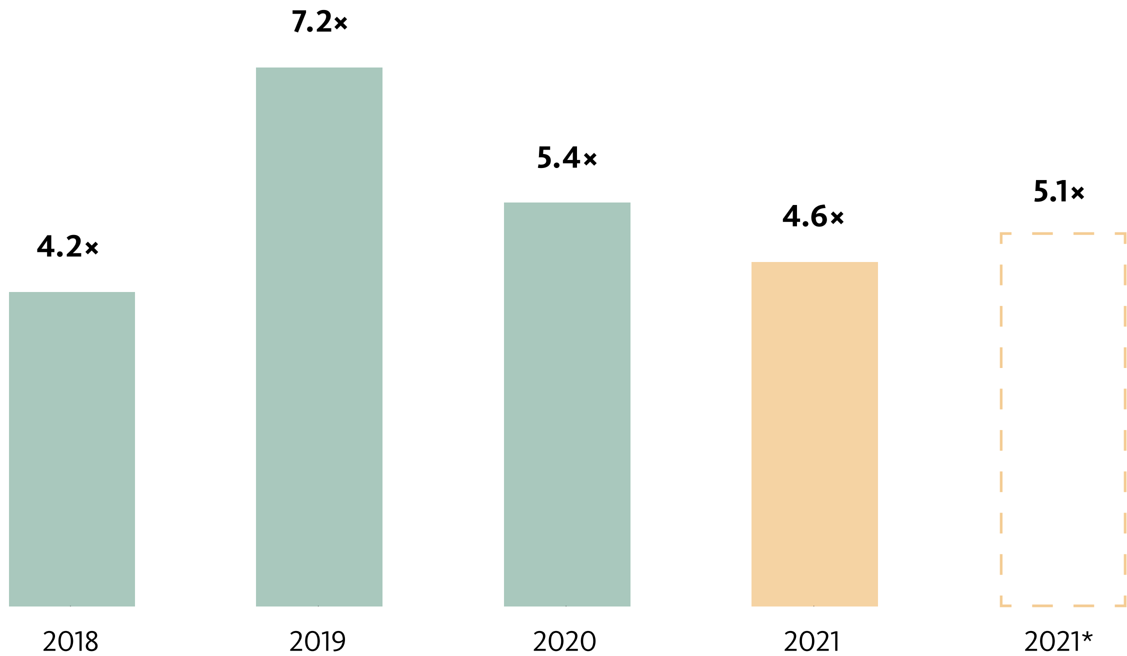
Net LTV

Our financial policy was introduced in April 2018



Net ICR

Net ICR remained strong and well within the Group's financial policy at 4.6× in 2021. **If hotels had performed normally and no COVID-19 rent discounts were provided, Net ICR would have been 5.1× in 2021.**



** Assuming hotels had performed normally and no discounts were provided.*

Senior unsecured and hybrid activity

In 2021, CPIPG issued €1.369 million equivalent of senior unsecured and subordinated hybrid bonds as follows:

- In January 2021, the Group issued €650 million of 10-year senior unsecured bonds, with a coupon of 1.5%. **This was the first 10-year bond issued in benchmark size by the Group;**
- Also, in January, the Group issued €400 million of hybrid bonds callable in 2028, with a coupon of 3.75%;
- In February, the Group issued a private placement in Japanese Yen of 3 billion (approximately €24 million);
- In September, the Group issued a tap of €100 million of 10-year senior unsecured bonds and a tap of €75 million of hybrid bonds callable in 2028;
- In October, the Group issued 2.6 billion Japanese Yen (approximately €20 million) of 3.5-year senior unsecured bonds;
- In December, the Group issued another tap of €100 million of 10-year senior unsecured bonds.

The Group used proceeds raised from these issuances mainly to repay more than €800 million of senior unsecured and undated subordinated bonds, most of them well in advance of the maturity or call date:

- Tender offer in January 2021 for the remaining €368.3 million nominal amount outstanding of the Group's 2.125% senior unsecured bonds maturing in October 2024, following which €128.9 million was repaid and €239.4 million remained outstanding;
- Tender offer in January 2021 for the remaining €221.8 million nominal amount outstanding of the Group's 4.375% hybrid bonds callable in 2023, following which €213.2 million was repaid. The remaining €8.6 million was fully redeemed on 1 March 2021;
- The remaining €335.1 million nominal amount outstanding of the Group's 1.45 per cent. senior unsecured bonds due in April 2022;
- Repayment of €71.5 million of Schuldschein loans maturing in 2023;
- Repayment of 8 billion Japanese Yen (approximately €62 million) of bonds at maturity in December.

Following these transactions, **less than 30% of the Group's total financing is due or callable within the next three years.**

After the end of the year, in January 2022, the Group issued **an inaugural €700 million of 8-year sustainability-linked senior unsecured bonds.** The issue includes a step-up margin of 0.25% from 2028 if CPIPG does not meet the sustainability performance target, i.e. a reduction of greenhouse gas emission intensity by 22% by year-end 2027.

Proceeds from the issuance were used primarily to fund the full repayment (via a make-whole call) of two bonds: €239.4 million nominal amount outstanding of the Group's 2.125% senior unsecured bonds maturing in October 2024 and $376.9 million (approximately €333 million) nominal amount outstanding of the Group's 4.75% senior unsecured bonds maturing in March 2023.

Also, in January 2022, CPIPG issued a tap of £50 million of green bonds maturing in 2028.

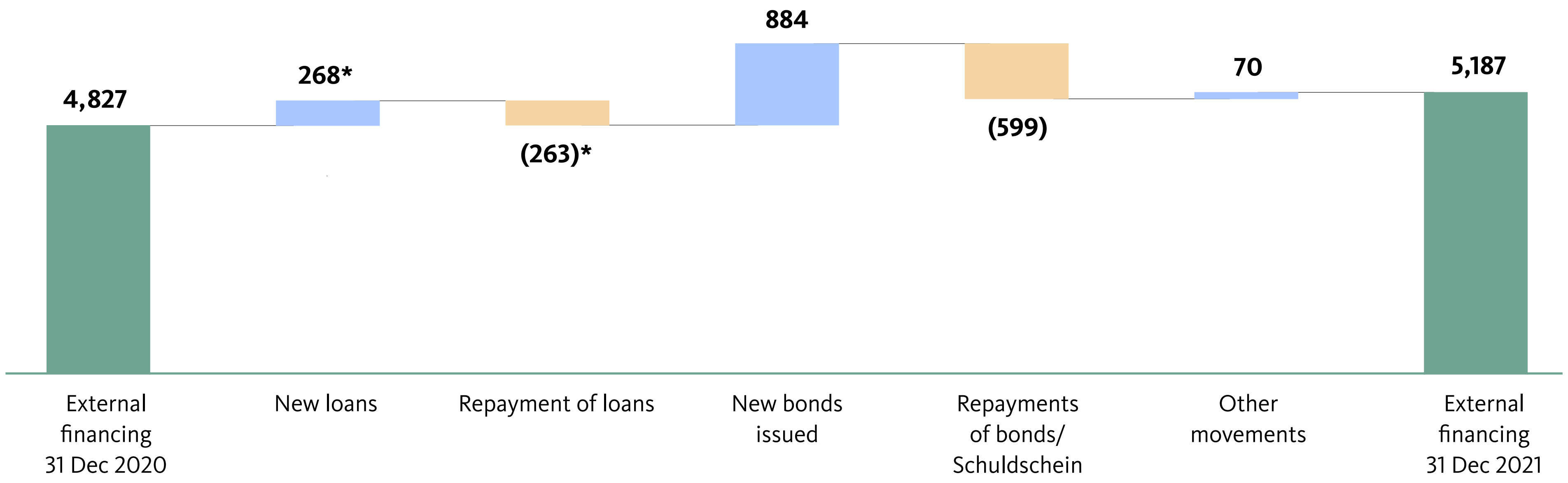
A leader in green financing

CPIPG has established itself as a leader in green bond financing, having issued four green bonds in three currencies: Euros, Sterling and Hungarian forint. In January 2022, the Group also issued an inaugural 8-year sustainability-linked bond of €700 million.

Selective secured bank financing

In 2021, the Group has used the advantage of having access to a diverse range of financing sources and completed a secured loan in the Czech Republic for €207 million at an attractive rate.

Changes in external financing during 2021 (€ million)



** Excluding €350 million drawn and repaid during 2021 under the revolving credit facility in connection with the Globalworth mandatory tender offer.*

Issue Date	Currency	Outstanding amount (million)	€ equivalent (million)	Coupon (%)	Maturity Date	Format	% swapped to €
Jan 2022	EUR	700	700	1.750	Jan 2030	EMTN (sustainability-linked)	–
Oct 2021	JPY	2,600	20	0.350	Apr 2025	EMTN	100%
Feb 2021	JPY	3,000	24	0.710	Feb 2025	EMTN	100%
Jan 2021/Sep 2021	EUR	475	475	3.750	Perpetual	EMTN (hybrid)	–
Jan 2021/Feb 2021/Sep 2021/Dec 2021	EUR	850	850	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/Jan 2022	GBP	400	471	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	10	10	2.696	Mar 2027	SSD	–
Mar 2019/Jul 2019	USD	377*	333	4.750	Mar 2023	EMTN	100%
Feb 2019	HKD	450	50	4.510	Feb 2024	EMTN	100%
Dec 2018	JPY	3,000	23	1.995	Dec 2028	EMTN	100%
Oct 2018	CHF	151	146	1.630	Oct 2023	EMTN	57%
Oct 2017/Dec 2017	EUR	239*	239	2.125	Oct 2024	EMTN	–

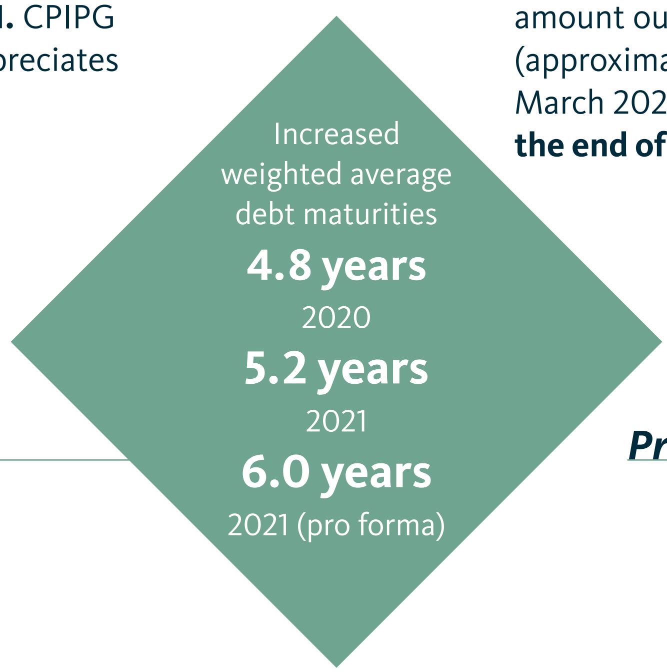
** Bonds fully repaid in January 2022*

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.

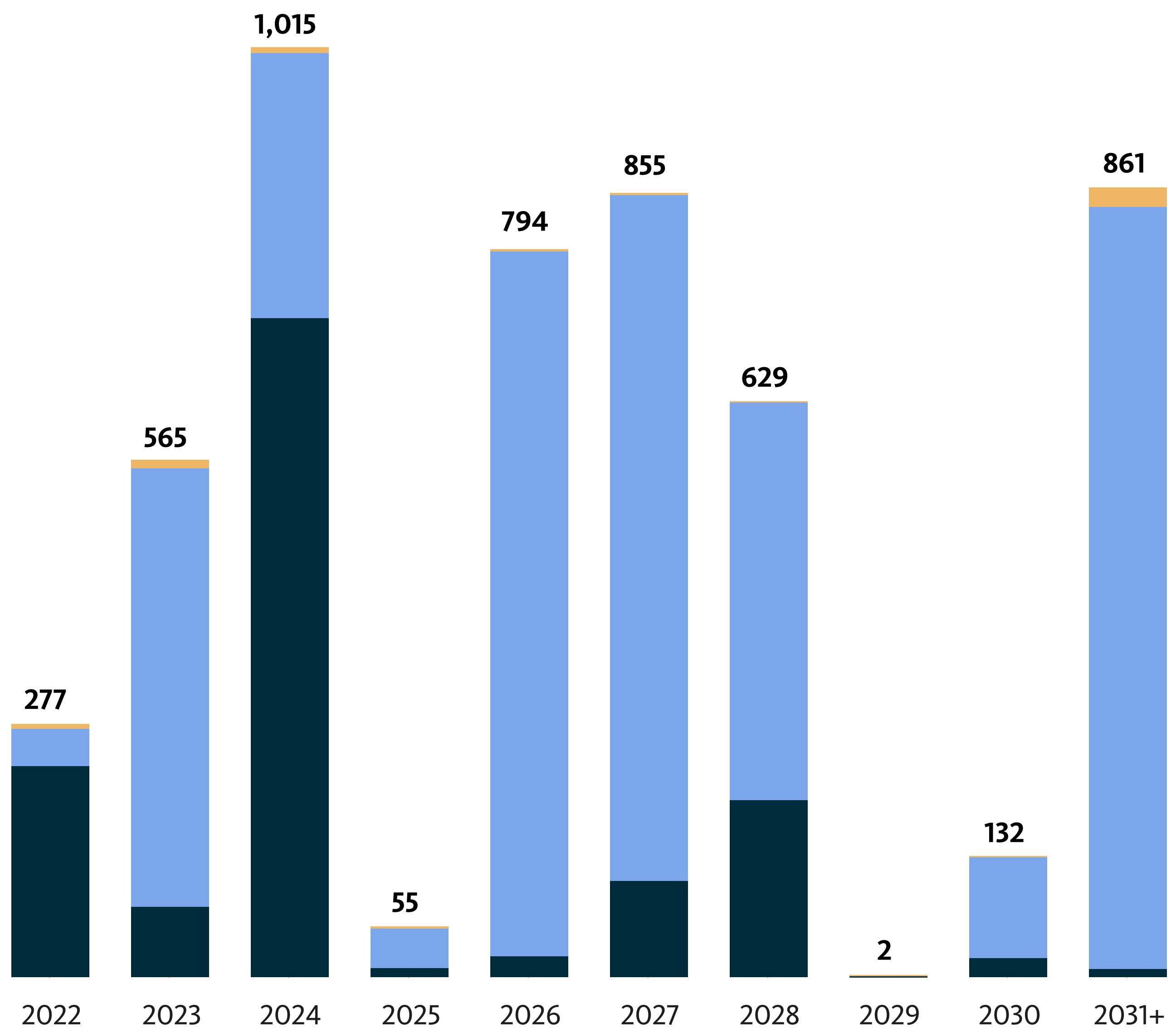
CPIPG is proactive about managing our modest debt maturities

In the last two years, the Group's objective has been to issue longer-dated unsecured bonds in order to improve our debt maturity profile. As a result of these steps, **weighted average debt maturity increased from 4.8 years in 2020 to 5.2 years at the end of 2021.** CPIPG intends to remain proactive in managing upcoming maturities in advance and appreciates the ongoing support of our bond investors.

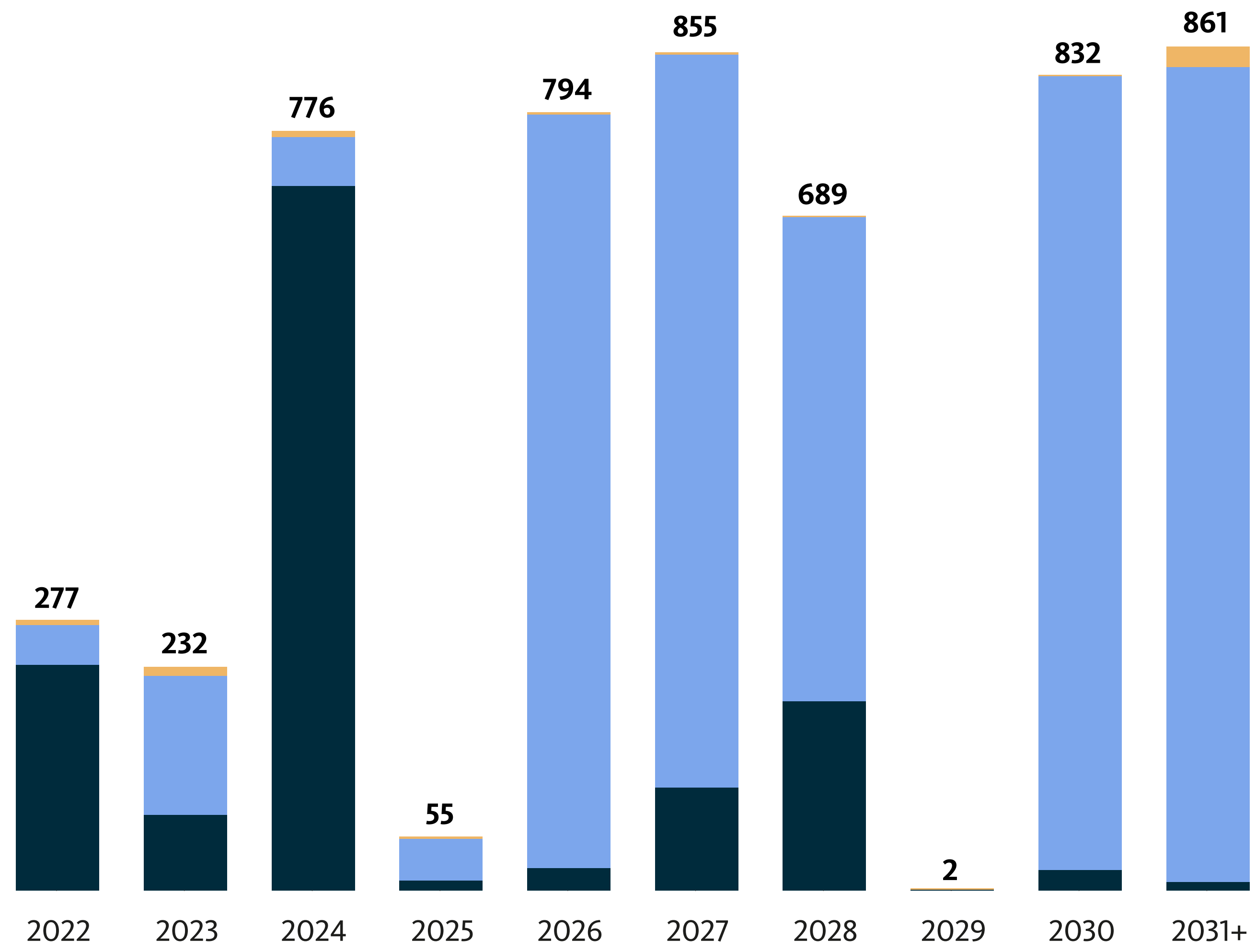
In January 2022, the Group also issued an inaugural €700 million of 8-year sustainability-linked senior unsecured bonds. Proceeds were used to fully repay €239.4 million nominal amount outstanding of unsecured bonds maturing in October 2024 and $376.9 million (approximately €333 million) nominal amount outstanding of unsecured bonds maturing in March 2023. Following these transactions, pro forma **weighted average debt maturity at the end of 2021 grew by another 8 months to 6.0 years.**



Debt maturity profile as of 31 December 2021 (€ million)



Pro forma debt maturity profile as of 31 December 2021 (€ million)

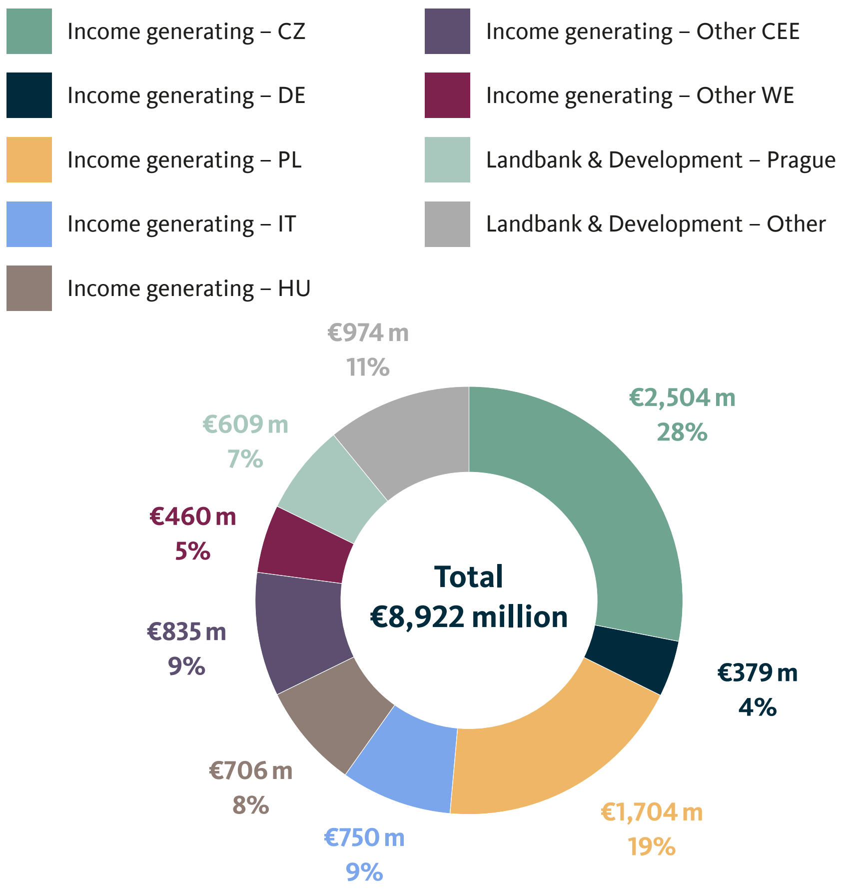


Bank loans Bonds/Schuldschein* Other**

* Bonds/Schuldchein 2022 include only accrued interest payable in 2022.
** Other debt comprises non-bank loans from third parties and financial leases.

Eurocentrum, Warsaw, Poland

Composition of unencumbered asset portfolio

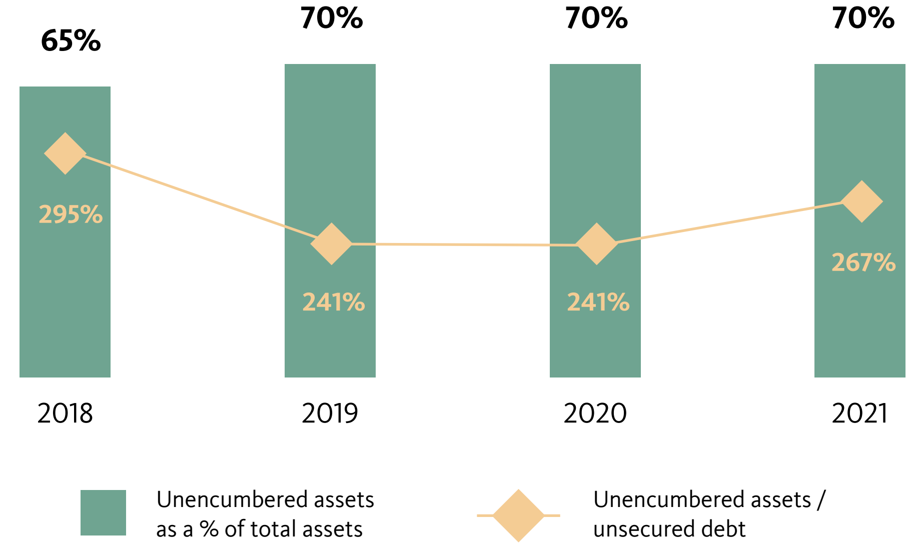


CPIPG has strong internal controls in place and the inhouse expertise to ensure a robust reporting process.

Miroslav Bednář, Head of IFRS & Consolidation

High level of unencumbered assets

The Group's **unencumbered assets to total assets ratio** remained stable at 70%. Unencumbered assets primarily consist of office properties in Poland and the Czech Republic, Czech retail along with high-quality landbank and residential assets, selected assets in Germany and other geographies of the Group.



The ratio of unencumbered assets to unsecured debt remained well above 200%. In line with our financial policy, the Group intends to maintain a high level of unencumbered assets at all times, which provides a significant source of additional liquidity and flexibility.

Strong liquidity (€ million)

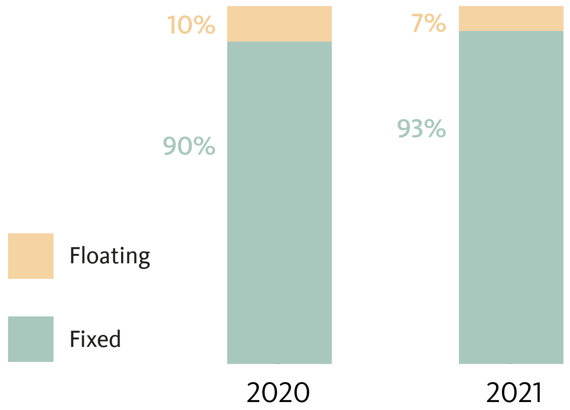
Cash as at 31 Dec 2021	505
(+) RCF – undrawn amount	700
(+) Other undrawn lines	7
Total liquidity as at 31 Dec 2021	1,212

At the end of 2021, the Group had **€1.2 billion of available liquidity** between cash and undrawn revolving credit facilities. The Group's liquidity position is supported by a €700 million committed revolving credit facility that expires in 2026, with ten international banks. Revolving credit facilities offer CPIPG significant flexibility to access cash quickly and at a low cost.

The revolving credit facility has remained fully undrawn for most of 2021. It was temporarily drawn in H1 because UK Takeover rules required funds to be placed in escrow while the Globalworth takeover offer was pending, amounting to the maximum cash outlay CPIPG would have needed to pay in the event all shareholders tendered their shares in the offer. In August 2021, CPIPG repaid the drawings under the RCF once the offer closed and surplus funds in escrow were returned to the Group.

Fixed versus floating rate debt

CPIPG targets a minimum of 80% fixed-rate debt. As the fixed-rate debt comprised approximately 93% of the Group's debt at the end of 2021, we have a high degree of protection against interest rate volatility. If interest rates on all of our variable-rate debt increased by 3 p.p., the cost of the Group's external debt will rise only by 0.2 p.p. In addition to our bonds which carry fixed coupons, many of the Group's loan agreements utilise interest rate swaps to convert the loan to a fixed-rate obligation. The Group is also able to carefully make use of a variety of hedging instruments as required to manage the level of fixed and floating-rate debt.



Average interest rate sensitivity (% p.a.)*

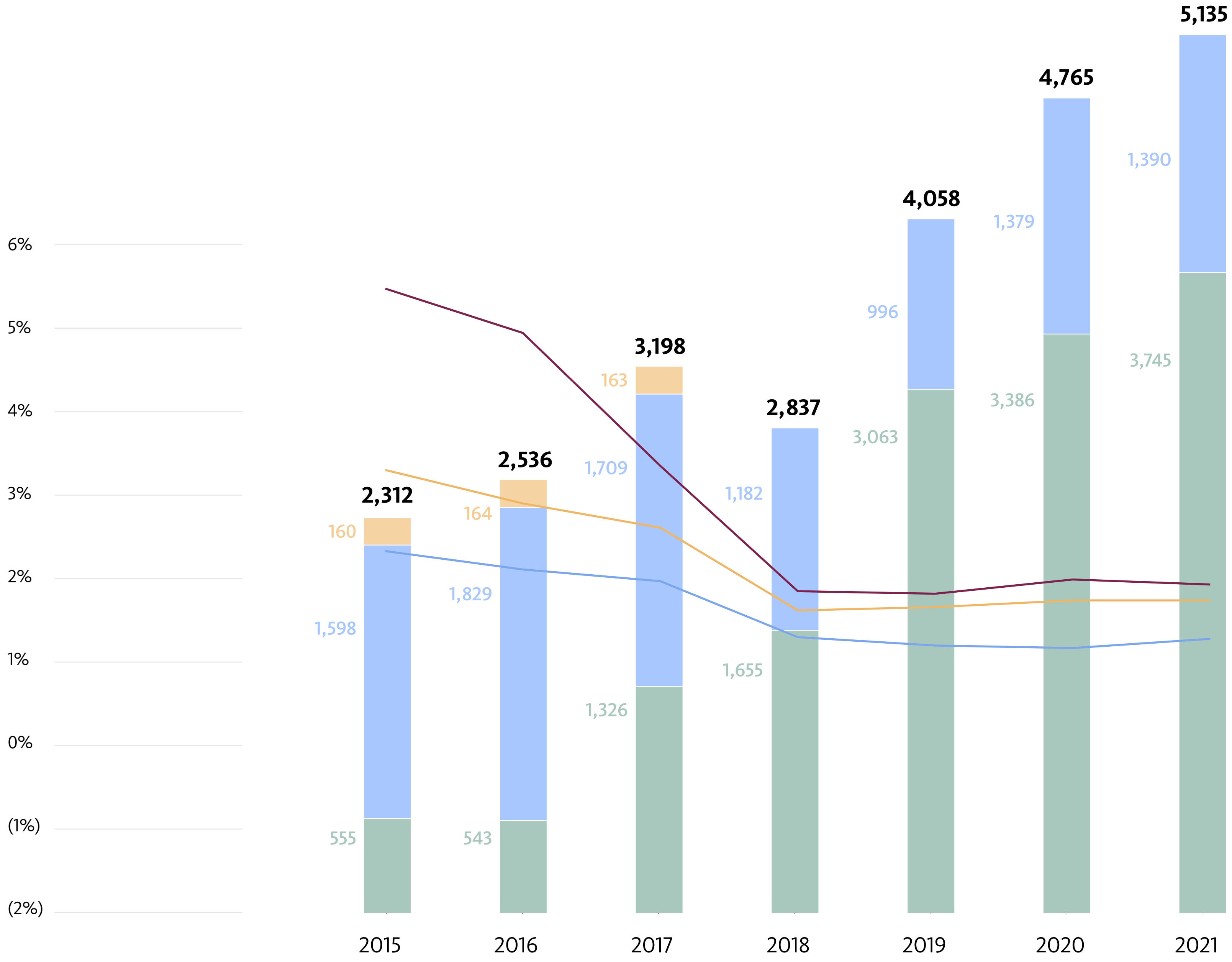
Type of liability	Share of external debt	Average interest rate as at 31 Dec 2021	if market interest rate +1 p.p.	if market interest rate +2 p.p.	if market interest rate +3 p.p.
Bonds/Schuldschein	72%	1.9%	1.9%	1.9%	1.9%
Bank loan	27%	1.3%	1.4%	1.7%	1.9%
Leasing	1%	0.3%	0.4%	0.5%	0.7%
Non bank loan	0%	1.3%	1.3%	1.3%	1.4%
Total	**100%**	**1.7%**	**1.8%**	**1.8%**	**1.9%**

* *Includes impact of contracted interest rate swaps.*

Palác Archa, Prague, Czech Republic

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

At the end of 2021, the Group's average cost of debt stood at 1.73% and remained stable compared to 2020. A slight decrease in the average bond interest rate following the issuance of the 1.5% coupon 10-year Euro bond in January 2021, was offset by a moderate increase in the average bank loan interest rate.



	2015	2016	2017	2018	2019	2020	2021
Project bonds	160	164	163	0	0	0	0
Bank loans	1,598	1,829	1,709	1,182	996	1,379	1,390
Corporate bonds/Schuldschein	555	543	1,326	1,655	3,063	3,386	3,745
Avg. bank loan interest rate	2.32%	2.10%	1.96%	1.29%	1.19%	1.16%	1.27%
Avg. bond/Schuldschein interest rate	5.46%	4.93%	3.34%	1.84%	1.81%	1.98%	1.92%
Total average interest rate	**3.29%**	**2.89%**	**2.60%**	**1.61%**	**1.65%**	**1.73%**	**1.73%**

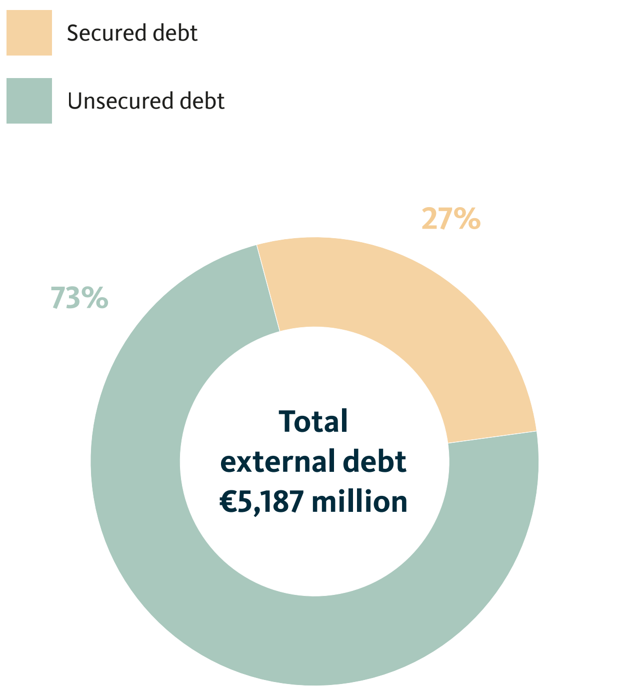
Senior unsecured debt remains a majority of funding

CPIPG has 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, financial flexibility and low-cost funding for the Group.

The proportion of secured debt to total debt decreased slightly at the end of 2021 to 27%, primarily due to the new issues of senior unsecured bonds and the repayment of secured loans in the Czech Republic, partially offset by a new utilisation of a secured loan in the Czech Republic.

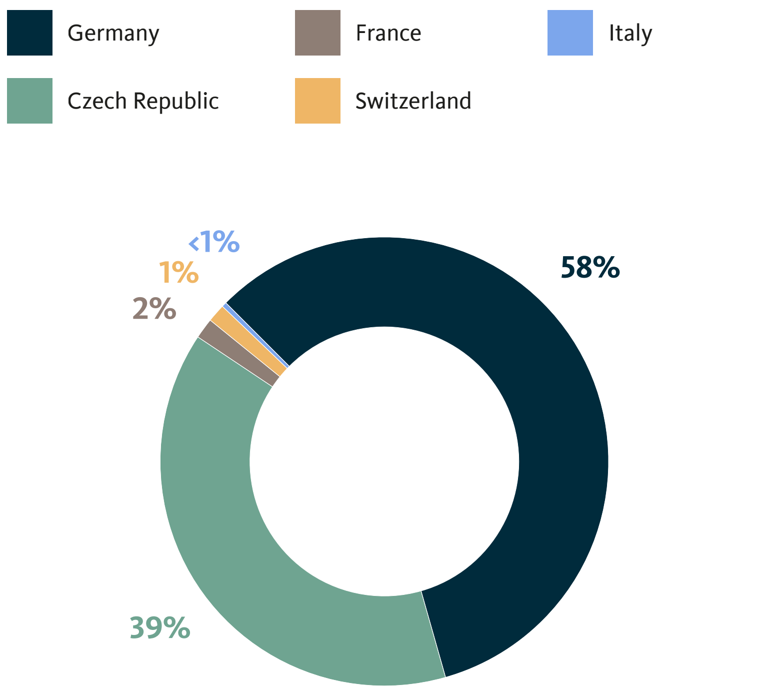
The majority of the Group's secured loans (58%) relate to Berlin, mainly due in 2024. The Group has secured loans from 15 banks that are active in the CEE region, Germany and Italy, of that 95% is drawn from five banks.

Split of secured versus unsecured debt

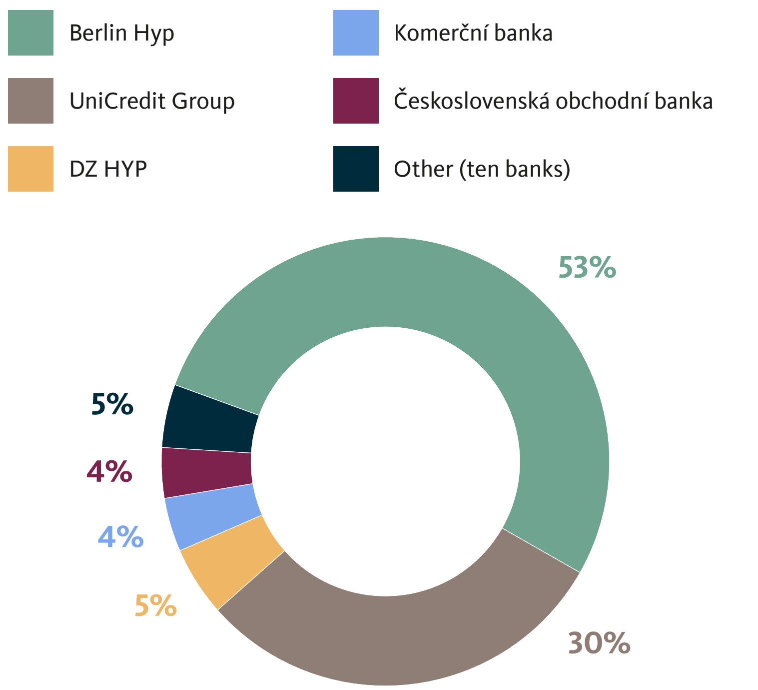


Breakdown of secured bank debt by principal

Secured bank debt by geography



Secured bank debt by bank



Warsaw skyline, Moniuszki (centre)

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. 23% of the property portfolio is valued in CZK and is consolidated through sub-holdings into CPIPG, which is a Euro functional currency company. To a lesser extent, there is also an effect related to intra-group loans. In 2021, CPIPG recorded an unrealised FX impact of €162 million on CZK denominated assets due to the 5.3% appreciation of CZK relative to EUR.

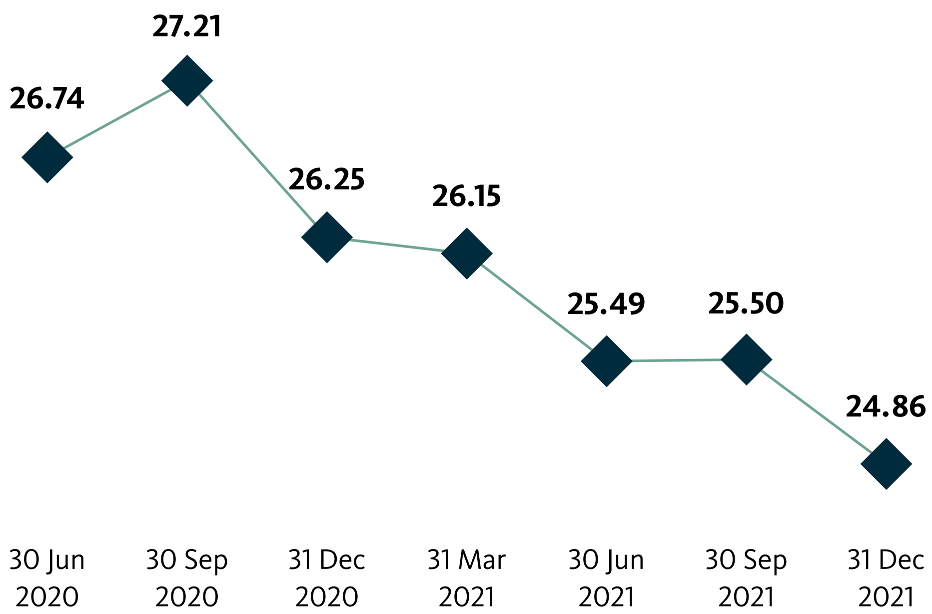
In addition to the non-cash effects, the Group is exposed to foreign currencies (primarily CZK) through rental income and expenses. In 2021, 21% of the Group's gross rental income was received in CZK. However, 34% of the Group's property operating expenses and 34% of administrative expenses were also denominated in CZK. As a result, the remaining net exposure to CZK is limited.

Concept Tower, Warsaw, Poland

FX sensitivity (CZK depreciation against EUR)

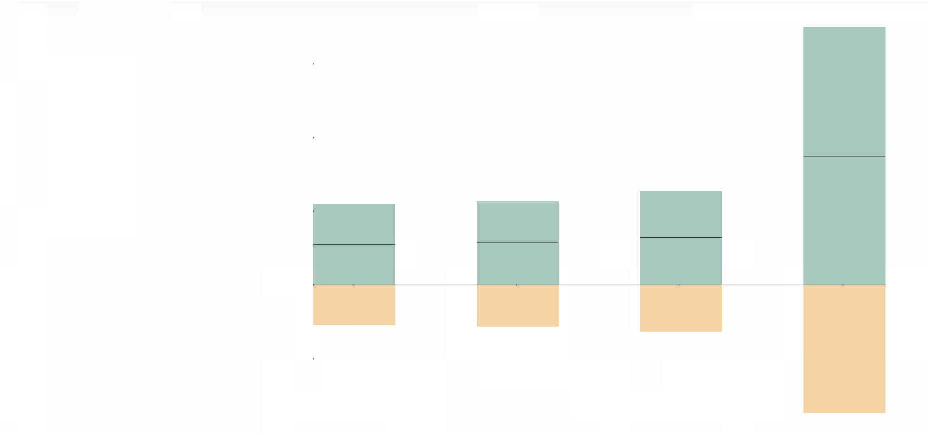
	5%	10%	15%	20%	25%
Net LTV	+0.4 p.p.	+0.8 p.p.	+1.1 p.p.	+1.5 p.p.	+1.8 p.p.
Net ICR	(0.04×)	(0.08×)	(0.11×)	(0.14×)	(0.17×)
EBITDA	(€2.7 m)	(€5.1 m)	(€7.4 m)	(€9.4 m)	(€11.3 m)

Development of CZK vs EUR since 30.6.2020



Note: The Group's exposure to other currencies is limited since 98% of the Group's annualised headline rent at the end of 2021 was denominated in EUR or CZK.

FFO retained



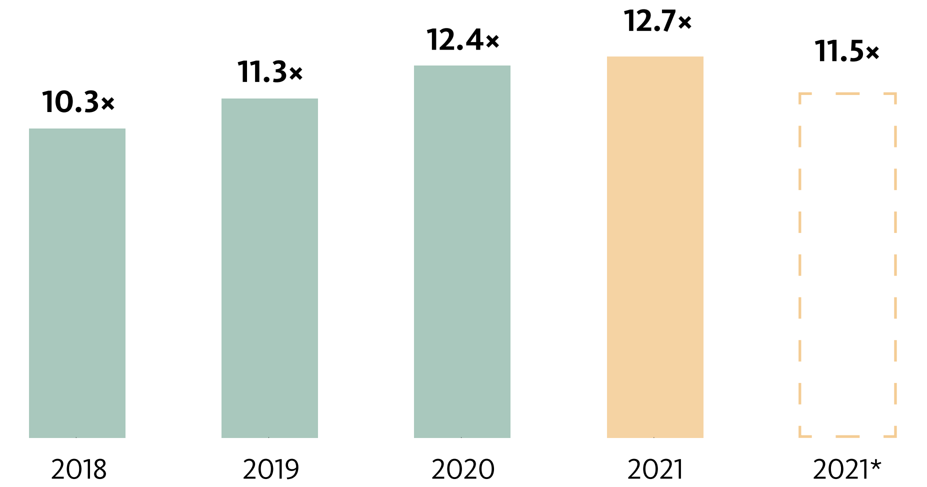
	2019	2020	2021	Total
FFO	220	227	254	700
Share Repurchases	(109)	(113)*	(127)*	(348)
FFO Retained	**51%**	**50%**	**50%**	**50%**

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

EBITDA and Net debt/EBITDA measurements

The level of Net debt/EBITDA increased slightly from 12.4× in 2020 to 12.7× in 2021. The increase was largely due to an increase in net debt relating to acquisitions. EBITDA increased by 9% compared to 2020 – despite hotels and a large portion of retail being closed until April, EBITDA benefitted from continued like-for-like rental growth combined with higher occupancy and a significant contribution from recent acquisitions and completed developments. If hotels had performed normally and no discounts were provided, Net debt/EBITDA would have been 11.5×.

The Group anticipates that Net debt/EBITDA will improve from strategic deleveraging measures in the near term and also as the effects of the COVID-19 pandemic subside. Although the Group does not have an explicit Net debt/EBITDA financial policy target, we prioritise it as a financial KPI given the increasing focus on it by our rating agencies.



** Assuming hotels had performed normally and no discounts were provided.*

FFO distribution policy

In February 2021, the Group repurchased 641,658,176 shares, at a price of €0.616 per share, for an aggregate amount of €395.3 million. The total distribution was sized to be less than 50% of the Group's FFO for 2020 and 2021. The Group's primary shareholder, Radovan Vítek, and the Company's subsidiary CPI FIM SA represented approximately 94% of combined shares tendered in the offer, tendering 350,500,000 and 252,302,248 shares respectively. The rest of the tenders were from third parties.

The effect of the repurchase was primarily non-cash: Radovan Vítek applied cash received towards repayment of shareholder loans, thereby returning cash to the Group and reducing the level of related party loans. 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 management and third parties, equating to €23.9 million.

In November 2021, CPIPG adopted a new distribution policy, **increasing our FFO I distribution target from 50% to 65% beginning in 2022.** Distributions will continue to be determined by the Board of Directors in light of CPIPG's financial profile and credit ratings.

Results & net assets

Net rental income grew by 7% to €363 million, versus €338 million in 2020.

The positive development in net rental income was driven by an increase in our gross rental income, partially offset by higher property operating expenses.

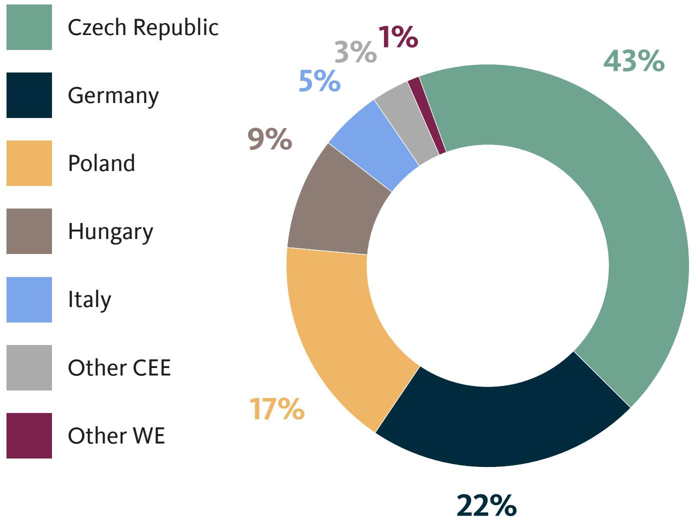
Net hotel income was €14 million, versus -€3 million in 2020, reflecting the gradual recovery of the hospitality sector in the second half of 2021.

Income statement (part 1)

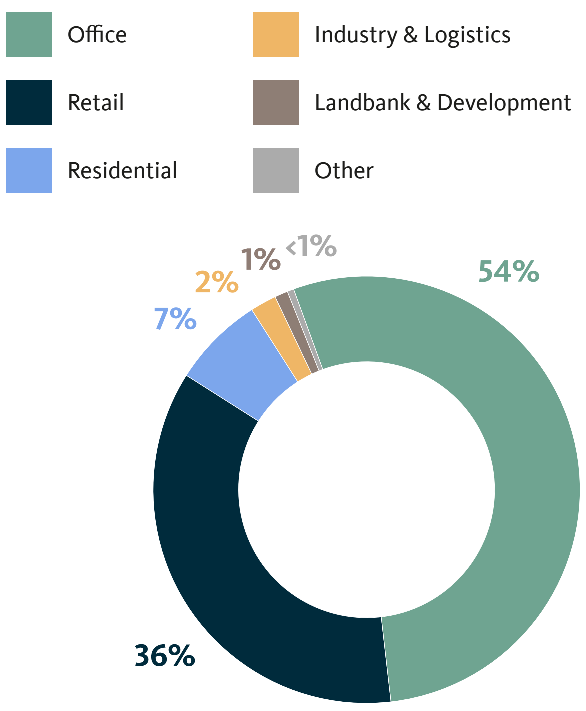
€ million	2021	2020
Gross rental income	402	356
Service charge and other income	139	140
Cost of service and other charges	(116)	(107)
Property operating expenses	(62)	(51)
Net rental income	**363**	**338**
Development sales	13	34
Development operating expenses	(9)	(30)
Net development income	**3**	**4**
Hotel revenue	66	44
Hotel operating expenses	(53)	(47)
Net hotel income	**14**	**(3)**
Other business revenue	44	49
Other business operating expenses	(38)	(43)
Net other business income	**5**	**5**
Total revenues	**664**	**623**
Total direct business operating expenses	**(278)**	**(278)**
Net business income	**385**	**344**
Administrative expenses	(58)	(47)
Consolidated adjusted EBITDA (excl. other effects)	**327**	**297**

In 2021, the Group generated gross rental income of €402 million, representing a YoY increase of 13% compared to €356 million in 2020, reflecting the contribution from properties acquired in 2020 and 2021, (re)developments completed in the same period, slightly higher occupancy, and the resilient performance of the Group's rental properties.

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 3.3% 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 grew even by 3.9%.

The greatest increase (9.1%) was realised in the Berlin offices where our rents are still catching up to market levels.

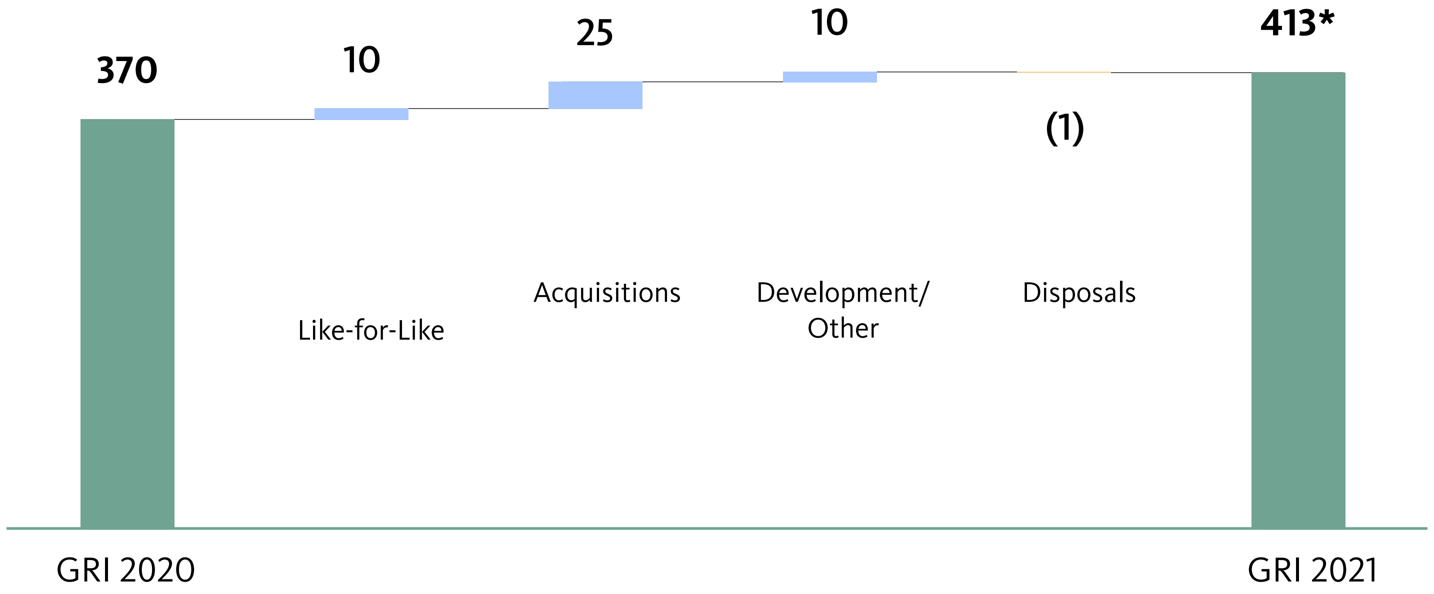
The like-for-like growth was mainly driven by an increase of rents supported by slightly higher occupancy on a like-for-like basis.

Like-for-like gross rental income	2021 € m	2020 € m	Increase/ (decrease)
Czech Republic	142.7	139.1	2.6%
Germany	81.4	74.6	9.1%
Hungary	37.5	37.7	(0.5%)
Poland	51.0	51.0	0.1%
Slovakia	8.0	8.1	(0.7%)
Other	4.0	3.8	5.7%
Total like-for-like gross rental income (excl. impact of COVID-19 rent discounts)	324.6	314.2	3.3%
Not like-for-like gross rental income			
Acquisitions/Transfers	44.1	19.3	
Disposals	28.4	29.7	
Development	15.8	6.4	
Other	0.4	0.2	
Total gross rental income	413.3	369.8	11.8%

In-place-rent Like-for-Like **3.2%**

Total Like-for-Like 3.3%

Occupancy Like-for-Like **0.1%**



* Includes one-time rent discounts.

Income statement (part 2)

€ million	2021	2020
Consolidated adjusted EBITDA (excl. other effects)	**327**	**297**
Net valuation gain	1,276	173
Net gain or loss on the disposal of investment property and subsidiaries	35	1
Amortisation, depreciation and impairments	(52)	(88)
Other operating income	7	23
Other operating expenses	(6)	(3)
Operating result	**1,586**	**404**
Interest income	18	18
Interest expense	(97)	(81)
Other net financial result	39	10
Net finance income / (costs)	**(40)**	**(53)**
Share of profit of equity-accounted investees (net of tax)	15	(11)
Profit / (Loss) before income tax	**1,561**	**340**
Income tax expense	(269)	(96)
Net profit / (Loss) from continuing operations	1,292	244

The decrease of impairment costs compared to 2020 reflects positive revaluations of the hotel portfolio, partially offset by the increase of impairment costs of the Crans-Montana mountain resort.

Net valuation gain of €1.3 billion primarily relates to the revaluation of Berlin and Warsaw office, landbank and residential portfolio in the Czech Republic, and to recent acquisitions in Italy which were purchased at large discounts to fair value and subsequently revalued.

Interest expense was €97 million in 2021 compared to €81 million in 2020.

This increase reflects the Group's active presence on the international capital markets in 2020 and 2021.

Interest expense (€ million)	2021	2020
Interest expense from bank and other loans	(20.2)	(19.3)
Interest expense on bonds issued	(76.5)	(60.6)
Interest expense related to leases	(0.6)	(1.0)
Total interest expense	**(97.3)**	**(80.9)**

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 in 2021 by country and segment.

Valuation gain by country (€ million)

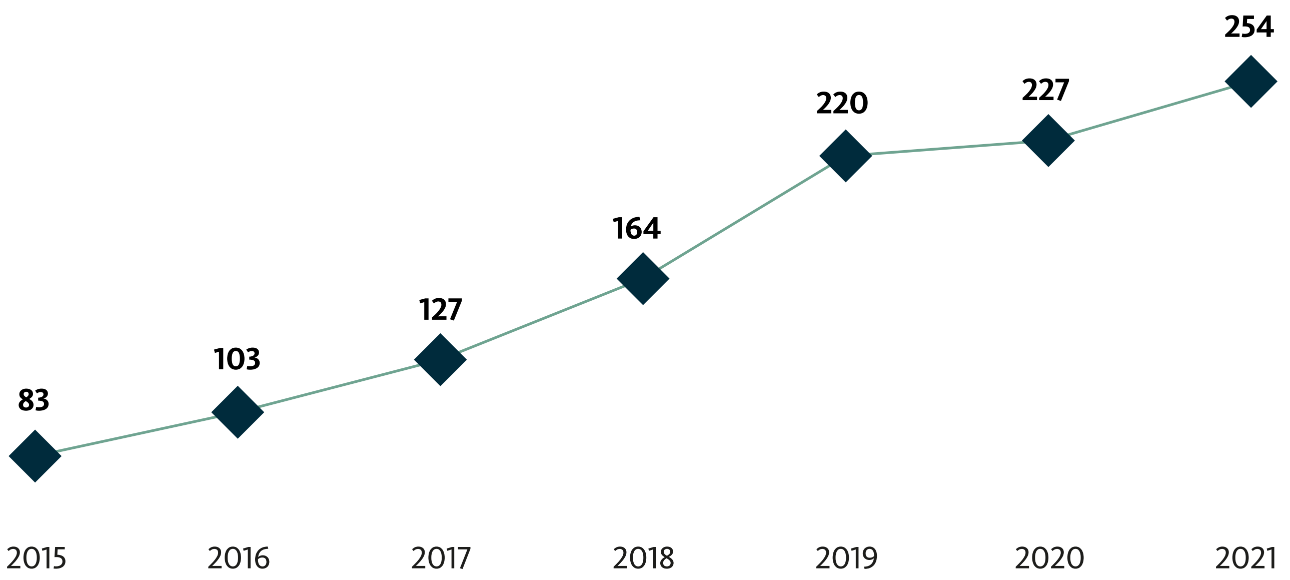
Czech Republic	509
Germany	444
Italy	251
Other	73
Total	**1,276**

Valuation gain by segment (€ million)

Office	531
Landbank	347
Residential	204
Other	193
Total	**1,276**

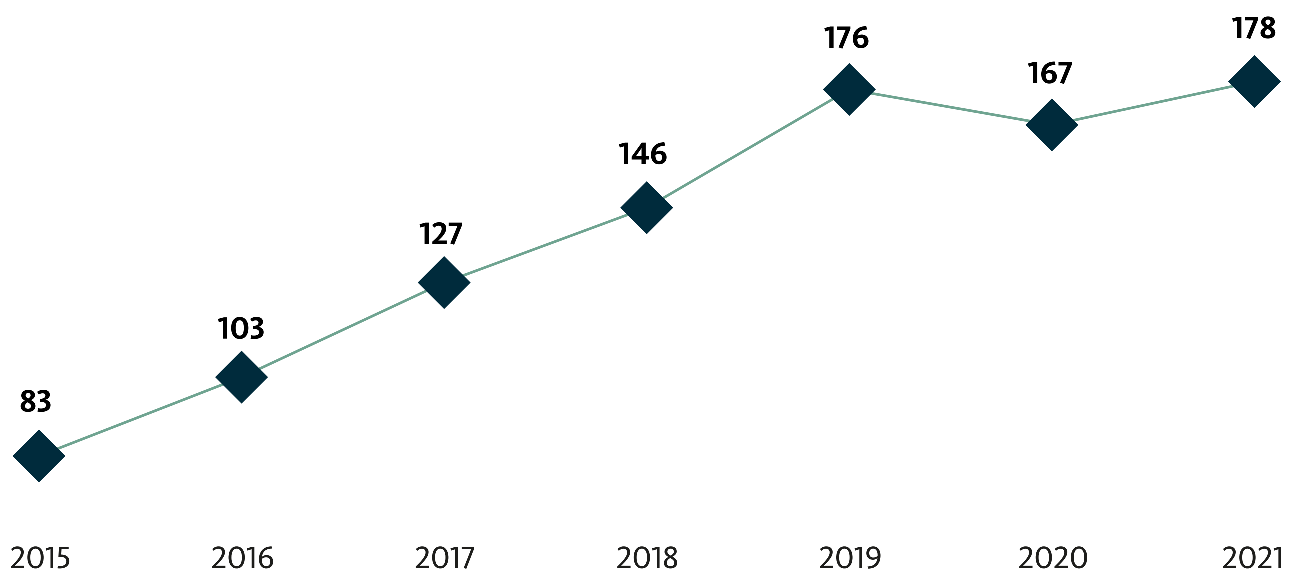
Funds from Operations – FFO (€ million)

Funds from operations (FFO) increased to €254 million in 2021, up 12% relative to 2020.



Funds from Operations – FFO II (€ million)

FFO II, which includes the effect of coupon payments on hybrid bonds, increased by 7% to €178 million in 2021 relative to 2020.



Balance sheet

€ million	31 Dec 2021	31 Dec 2020
Non-current assets		
Intangible assets and goodwill	**114**	107
Investment property	**10,276**	8,793
Property, plant and equipment	**855**	779
Equity accounted investees	**1,216**	658
Other financial assets	**229**	34
Deferred tax asset	**164**	156
Other non-current assets	**109**	296
Total non-current assets	**12,963**	10,824
Current assets		
Inventories	**12**	39
Trade receivables	**106**	85
Cash and cash equivalents	**502**	632
Assets held for sale	**588**	38
Other current assets	**199**	183
Total current assets	**1,406**	978
Total assets	**14,369**	**11,801**
Equity		
Equity attributable to owners of the company	**5,992**	4,321
Perpetual notes	**1,612**	1,370
Non controlling interests	**91**	96
Total equity	**7,695**	5,787
Current liabilities		
Bonds issued	**3,694**	3,195
Financial debts	**1,164**	1,270
Deferred tax liabilities	**1,082**	842
Other non-current liabilities	**96**	117
Total non-current liabilities	**6,037**	5,424
Current liabilities		
Bonds issued	**41**	109
Financial debts	**233**	253
Trade payables	**116**	71
Other current liabilities	**247**	159
Total current liabilities	**638**	591
Total equity and liabilities	**14,369**	**11,801**

Property Portfolio (IP, PPE, EAI, OFA, INV, AHFS)
Change in PP by €2,804 million primarily due to:

- Acquisitions of €1,491 million, primarily relating to the properties in Italy for €617 million, a 21.6% stake in IMMOFINANZ for €535 million, a 12.4% stake in S IMMO for €199 million, and a property in London for €62 million;
- Increase in fair value of €1,434 million;
- CAPEX and development of €214 million;
- Disposals of €342 million, including mainly the sale of two shopping centres in the Czech Republic, the Česká Pojištovna office in Prague, and a small property in Germany.

Total Assets
Total assets increased by €2,568 million (22%) to €14,369 million as of 31 December 2021, primarily driven by higher property portfolio value and reduced by a decrease in loans provided (€248 million).

Equity

- + €1,203 million profit for the period attributable to the owners of the Group;
- + €541 million shares issued;
- + €465 million hybrid bonds issued;
- + €138 million translation reserve;
- − €237 million hybrid bonds repaid;
- − €240 million share repurchase.

Financial Debts
Financial debts increased due to:

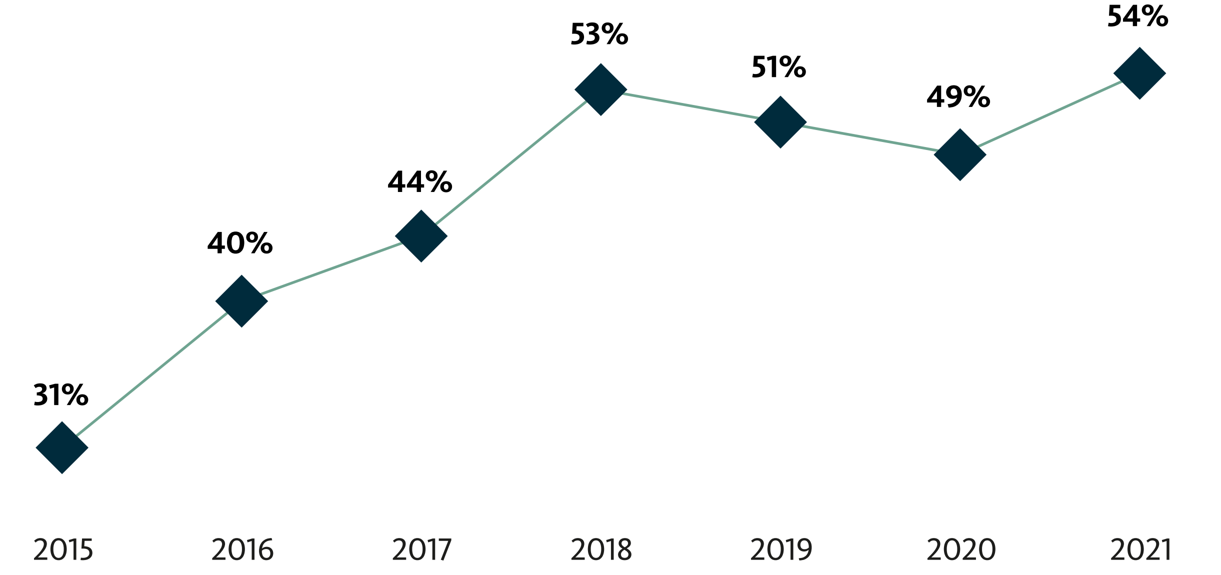
- + €618 million of new bank loans;
- − €613 million of bank loans repaid;
- − €71 million of Schuldschein repaid.

Bonds Issued
Bonds issued increased due to:

- + €841 million of EUR bonds issued;
- + €43 million of JPY bonds issued;
- − €527 million of EUR bonds repaid.

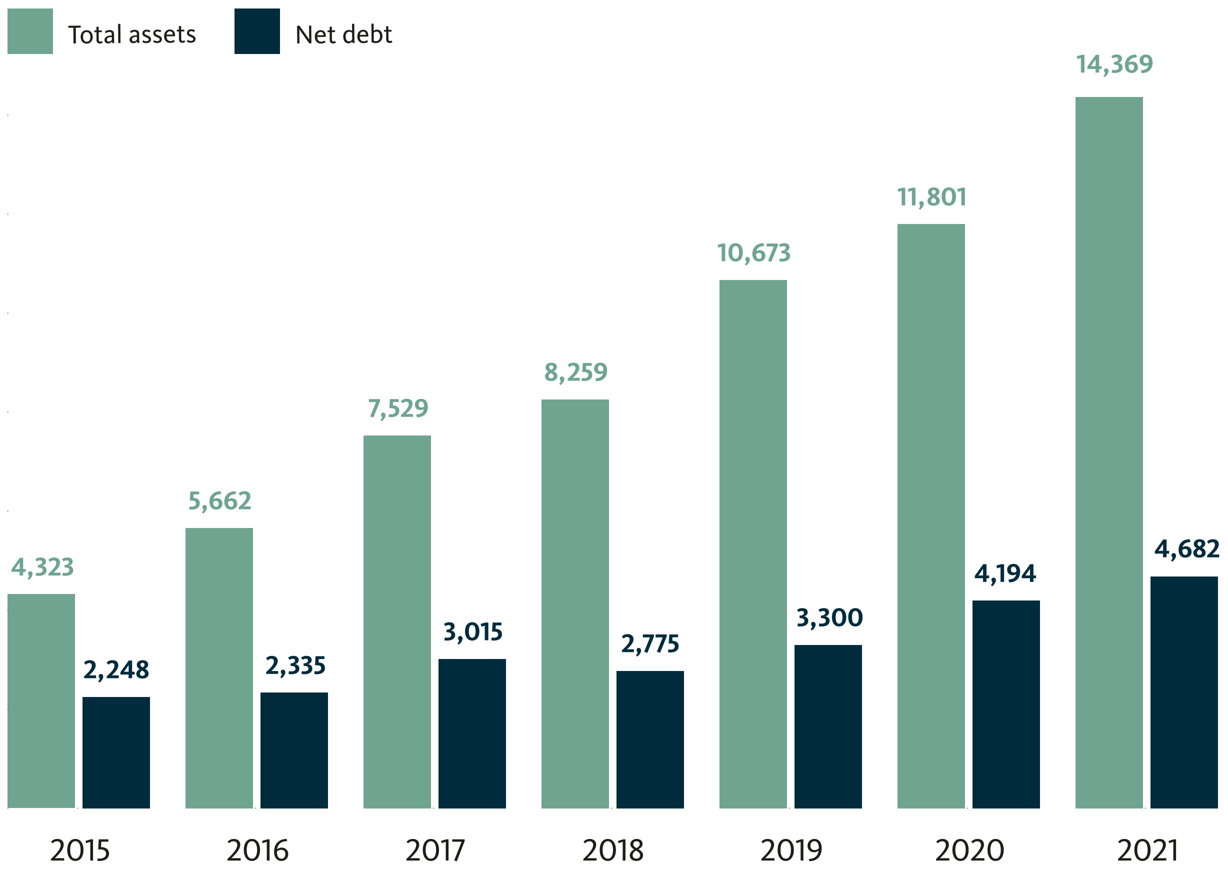
Equity ratio

The Group's equity ratio increased at the end of 2021 compared to the end of 2020, especially due to the significant increase of profit attributable to the owners of the Group and an issuance of hybrid bonds, partially offset by share repurchase of €240 million conducted in Q1 2021 as an equivalent to 50% of FFO for 2020 and 2021.



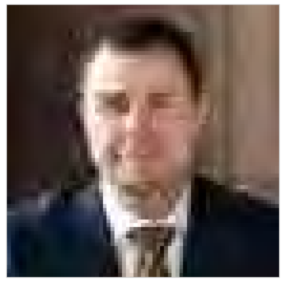
Total assets and Net debt

During 2021, the Group continued increasing total assets through acquisitions and positive revaluations, 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, Prague, Czech Republic



Martin Němeček

Chief Executive Officer

Martin Němeček was appointed CEO of CPI Property Group in March 2014. Martin joined CPIPG in 2011 and is now responsible for the Group's corporate strategy, international transactions, business development, and legal matters. He led the integration of CPI and GSG into CPIPG in 2014, managed foreign expansion of the Group, including takeover of publicly listed companies (incl. ABLON, ORCO, NOVA RE, GLOBALWORTH and IMMOFINANZ). During his career, he has completed acquisitions with a total value exceeding €15 billion. Martin was a board member of several listed companies. Martin has well over 20 years of real estate experience and previously spent ten 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 IT. 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 ten 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

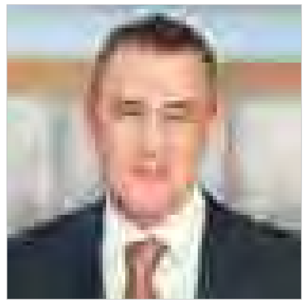
Pavel Měchura was appointed Group Finance Director of CPI Property Group in February 2018. Pavel is responsible for the Group's accounting and reporting, consolidation, valuations, and strategic planning. Pavel joined CPIPG in 2010 and prior to that, spent six years with KPMG.

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 a 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 acquisitions, and development projects in the region. Edward is a Chartered Accountant, after starting his career with Arthur Andersen (London – 1988), and transferred to the Prague office in September 1991. 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

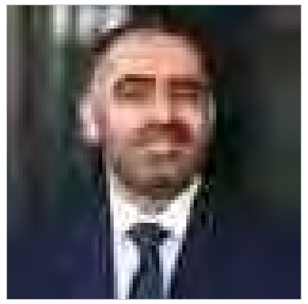
Independent, non-executive member

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, including portfolio acquisitions and financings. He has been involved on the remuneration committee of substantial law firms and performing management roles. He is currently adviser to a number of family offices with significant property portfolios and 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 executive 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 2006 to 2008. Prior to that, 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, where he held several roles including being a General Partner of Lazard Frères & Co., Managing Director of Lazard Brothers, and CEO of Crédit Agricole Lazard Financial Products Bank. 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.



Omar Sattar

Independent, non-executive member

Omar has been a 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.

Martin Němeček

Executive member

Martin has been a member of the Board of Directors since 10 March 2014. Martin is a seasoned real estate professional with over 20 years of experience in both legal and executive functions. Martin joined CPIPG in 2011 and now is responsible for the Group's corporate strategy, international transactions, business development, and legal matters. He led the integration of CPIPG and GSG into CPIPG in 2014, managed foreign expansion of the Group, including takeover of publicly listed companies (incl. ABLON, ORCO, NOVA RE, GLOBALWORTH and IMMOFINANZ). During his career, he has completed acquisitions with a total value exceeding €15 billion. Martin was a board member of several listed companies. Martin was instrumental in CPIPG becoming the real estate leader of international debt capital markets and ESG, with three investment grade ratings (Moody's, S&P and JCR) and several pioneer issuances, including the first regional green bonds and sustainability-linked bonds. From 2001 to 2011, Martin worked as a real estate lawyer for Salans (today Dentons), Linklaters and Kinstellar law firms. Martin graduated from the Faculty of Law of Charles University in Prague and the University of Economics, Prague.

Tomáš Salajka

Executive member

Tomáš has been a 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).

photo: GSG Berlin © Marc-Steffen Unger

Oliver Schlink

Executive member

Oliver has been a 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.

Tim Scoble

Non-executive member

Tim was appointed as a member of the Board of Directors since 16 December 2021. Tim has been an advisor to Apollo Management International LLP since August 2013. He has been the commercial lead on multiple acquisitions and participated as a director on a number of boards, both in executive and non-executive roles. In the last 10 years, Tim has held a number of other advisory roles, including Lapithus Sarl, IBRC, Q Hotels and acting as a non-executive director to Rank Plc for 7 years until the end of 2015. Prior to this, he was the CEO of GuocoLeisure Ltd, a listed leisure and property company on the Singapore exchange for 4 years and preceding this the CEO of its UK operating business. He has worked in the leisure and hospitality business for over 25 years, both in Europe, North America, and Asia. Tim is a member of the Institute of Chartered Accountants in England and Wales.

Governance & sustainability

CPIPG is proud to be a family owned company with high ESG standards.

Martin Matula, General Counsel

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. Beginning of 2021, the Group updated the whistleblowing policy in order to comply with the new EU Whistleblower Directive.

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 initial 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. Further, in December 2021, a new non-executive director representing shareholder Apollo was elected As at 31 December 2021, the Board of Directors was composed of three executive directors, two non-executive directors, 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 of 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 the 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 2021, 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 2021, the CSR Committee held three meetings. Within the 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 that 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.

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.

The Group has set up an Ethics Line to ensure full compliance with the new EU Whistleblower Directive (the "Ethics Line"). The Ethics Line is a confidential, 24-hours-a-day, 365-days-a-year service, which is operated by an independent provider. The Ethics Line is available to all Representatives, as well as to the business partners, who wish to report any concern. Anyone using the Ethics Line will remain anonymous, except where specifically prohibited by local law. No person making a report will be subject to discrimination or adverse treatment by virtue of making that report.

The Group aims to encourage all Representatives to speak out, if they have concerns on possible improprieties of any kind or risk of the improper conduct, including, but not limited to:

- **Conduct, which is an offence or breach of applicable laws, the Group's Code of Business Ethics and Conduct or other Group's internal rules;**
- **Alleged miscarriage of justice;**
- **Any Improper Conduct concerning health and safety risks;**
- **Unauthorised use of public funds;**
- **Possible fraud, corruption or 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.**

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 authorise 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 authorise 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 benefits 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 publicising 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.

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

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 authorised 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 unauthorised 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 authorisation 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).

In H1 2021 CPIPG approved the Political Involvement Policy and the Diversity and Non-Discrimination Policy, further improving the governance of the Group.

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.

The strategic growth progress of the Group is complemented by constantly improving standards in ESG values.

Mindee Lee, Senior Manager – Corporate Strategy and Board Secretary

Quadrio lobby, Prague, Czech Republic

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 2021. Tim Scoble was appointed during the Company's Extraordinary General Meeting held on 16 December 2021. Their term expires at the annual general meeting of 2022 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2021.

As at 31 December 2021, 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.

Tim Scoble (1957), non-executive member, representing shareholder Apollo

Board of Directors meetings in 2021

In 2021, 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 meetings of the Board of Directors was 97%, of which 87% represents personal attendance and 11% representation by another director pursuant to a proxy. During 2021, three absences occurred.

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 a member of the Remuneration Committee. Further, in December 2021, the Board of Directors welcomed a fourth non-executive Board member acting as Apollo's representative, Tim Scoble.

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.

GSG Solar PV, Berlin, Germany

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 2021, 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 2021, 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 2021, the Audit Committee held six meetings with six 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 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 2021, 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 2021, the Remuneration Committee held two meetings.

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 2021, 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.

During 2021, the Investment Committee held three meetings.

Shareholding of Board members and senior management in CPIPG

As at 31 December 2021, certain members of the Board of Directors and senior management held in aggregate 33,721,902 CPIPG shares.

Jiři Jelinek, Head of Group Inernal Audit

Olympia Plzeň, bird nesting site, 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.

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 scrutinised 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.

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.

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 8,902,915,298 ordinary shares of one class, out of which 112,135,971 shares (approximately 1.26% 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 8,790,779,327 Company shares (approximately 98.74% 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 16 December 2021 decided to cancel 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.

(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 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 2021, the following table sets out information regarding the ownership of the Company's shares:

Radovan Vítek (directly or indirectly)	7,902,846,980	88.77%
Clerius Properties (affiliate of Apollo Funds)	487,012,987	5.47%
Others	446,055,331	5.01%
Treasury shares held by the Company's indirect subsidiary CPI FIM SA (directly or indirectly)	67,000,000	0.75%
Total	**8,902,915,298**	**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:*

The Company was notified about an agreement between Mr. Vítek and Apollo relating to the governance of the Company.

(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 2021, the authorized share capital of the Company amounts to €3,885,714,258.70, which would authorize the Board of Directors to issue up to 38,857,142,857 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 2021, the Company is authorized to redeem/repurchase up to 1,000,000,000 own shares under the buy-back programme approved in 2021. For more details on the authorized share capital and the buy back please refer to Note 6.13 of the Consolidated financial statements as of 31 December 2021.

(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 12 May 2021, prepared in connection with the Company's 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. 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 2021.

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 2021, the Group undertook **annual average training of 7.8 hours per employee.** This compares with 7.9 hours in 2020; 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.

Asset and Property Management (employee engagement activity)

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 programmes** across multiple platforms of the Group's portfolio, such as in Berlin, where trainees can receive

Autumn gathering with retail tenants and business partners, CZ

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.

Knowledge sharing programmes

CPIPG also believes that sharing knowledge and expertise can significantly enhance recruitment, employee satisfaction, and retention. Therefore, we are embracing more mentoring programmes and creating knowledge sharing platforms every year. For example, CPI Hungary founded the CPI Academy launched in 2020, which is a series of internal training for colleagues and a platform for exchanging valuable knowledge and experience within the company.

Petra Hajná and Ondřej Laně delivering ESG employee training

Team building

Many employees faced challenges with adapting to remote or hybrid working environments. At CPIPG, we understand the importance of building up and maintaining team members' social interaction and morale. Throughout the year, many events at a local offce or team level were organised to facilitate social gatherings and to strengthen relationships among team members. For example, CPI Poland held a two-day integration trip where teams presented their strengths, enjoyed relaxing yoga sessions, and showed off their cooking skills in friendly competitions.

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%

Over the course of the year, the Group took various actions in response to the feedback received from the employee survey. This included implementing new and improved IT systems and infrastructure, clearer and more frequent communication from managers, and upgraded office facilities for the comfort of our employees. In February 2022, the Group further conducted a series of employee focus groups to better understand the needs of our employees.

CPIPG employees, Prague, Czech Republic

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. In 2021, with our partnership with the Czech Olympic Committee, we held a sports day where more than 250 employees were able to try out and compete in a range of Olympic sports under the guidance of expert coaches.
- **Employee Suggestions Systems;** promoting the submission of ideas and suggestions of employees, improving operational conditions within the workplace.

Olympic sports day event

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 2021, the Group recorded **13 workplace accidents and zero deaths.** The overall **average injury rate was just 0.01%, and the lost day rate was only 0.18%.**

The Group's Absentee rate was 3.9%, though this is inflated due to the hotels division and the impact of the COVID-19 pandemic in 2021 on sickness and absence. In additoin the rate excluding the hotels and ski buiness would have been just 2.1%

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	**0.18%**
	Absentee rate	**2.1%**
	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) that is focused on creating a human-centered working environment and maximizing well-being at the workplace. The concept is aimed at tenants in the company's office buildings to make services that facilitate everyday office life to the tenants, such as community activities, exercise sessions, fitness and beauty services, periodic farmers' markets and food trucks events in the office complexes.
- **"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.
- **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.

- **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.

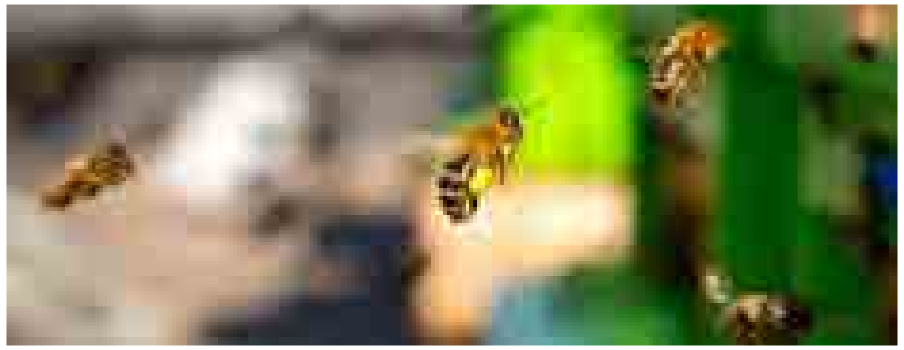
Local community engagement and development initiatives

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 2021, CPIPG was involved in the following initiatives:

- **Nová Zbrojovka redevelopment** – the public were invited to explore the project sites as part of the Open House Brno festival, which welcomed and hosted over a 1,000 visitors.

- **Chance 4 Children (C4C)** – we provide hotel work experience and job opportunities for socially disadvantaged children over 16 years of age.
- **European Youth Parliament (EYP) partnership** – CPIPG supports EYP in the Czech Republic, a peer-to-peer educational programme that brings together young people with a mission to inspire and empower young Europeans to be open-minded, tolerant and active citizens. This programme will provide internship and development opportunities for students during the school year.
- **Workshops for Children** – Working with the non-profit organization Nadání a dovednosti o.p.s., CPI Hotels hosted workshops for children which included recreational activities in the Comfort Hotel Prague City East game room as well as utilisation of the conference facilities where children learned CV creation, financial literacy skills as well as how to safely and effectively manage social media profiles.

- **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.
- **Car-free support programme** – At GSG Berlin, we offer employees cost-effective "jobtickets" for public transportation, e-scooter hires from TIER Mobility, as well as company e-bikes for all necessary work trips.

- **SafeStay programme at CPIPG's hotel properties** – with the reopening of our hotel properties, CPI Hotels launched the SafeStay programme ensuring high sanitary standards and hygiene rules to provide worry-free and safe accommodations to welcome back business and leisure travellers.

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 2021, the Group comprised of 3,485 full-time permanent and temporary employees across the Czech Republic, Luxembourg, Germany, Hungary, Poland, Switzerland, Slovakia, Croatia, Romania and Italy, of which 52% are female, and 48% are male. In terms of new hires in 2021, 49.4% 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 41.9% female and 58.1% 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	41.9%
	Females as a percentage of all employees	52%
	Females as a percentage of new hires	49.4%

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 2021 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 16.5% in 2021.

Employee turnover and retention	Total number of new hires	251
	New hires rate	21.9%
	Total number of leavers	189
	Leavers rate	16.5%

New Hires	No. of Hires	% of hires FY21
Female	124	49.4%
Male	127	50.6%

In 2021, 32.2% of total employees were under 30 years old, 47.3% were between 30-50 years, and 20.5% 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	32.2%
30-50 years	47.3%
50 years and over	20.5%

The Group cares for special needs and the inclusion of disabled persons. In 2021, the Group employed a total of 52 disabled people, representing 1.5% of total employees. Our Berlin subsidiary employs six disabled people representing 6% of its workforce.

Disabled employees	52	1.5%

Discrimination

The Group rejects all forms of discrimination. Unlawful discrimination, harassment, and victimisation based on protected characteristics are forbidden, irrespective of whether actual, perceptive or associative. 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 organisations, trade unions, works councils, some of which represent our employees across our regions.

Collective Bargaining Agreements

We comply fully with applicable human rights legislation in the countries we operate. 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. It 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 explicitly defines the prohibition of discrimination, health protection, privacy, and dignity of employees.

Charitable contributions

The Group actively contributes 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 Central and Eastern European region.

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 500,000 towards the foundation.

Hospice Foundation support – The Group signed an annual support contract with regional children hospice foundations to care for disadvantaged children.

Dialog Jesenius Foundation support – The Group donated CZK 1.2 million to this foundation that aims to spread awareness among the general public about the primary oncological diseases, prevention and treatment options.

Charity collections and charity days – The Group organises frequent ad hoc charity collections throughout the year for employees and tenants to participate. For example, CPI Hungary cooperated with the Maltese Charity Service to collect clothing for homeless people, while CPI Poland employees collected food and donations for dog shelters in their "Give a Hand to a Paw" charity drive.

Christmas gifts delivered to Children's homes in the Czech Republic

Christmas charitable giving – In the Czech Republic, CPIPG employees and employees of our tenants donated gifts to 106 children from children's homes and 36 children from 19 disadvantaged families. Meanwhile, in Poland, our employees volunteered to deliver assistance to the poorest families in need as part of the "Szlachetna Paczka" ("Noble Package"). In Hungary, our employees proudly participated in giving through the National Shoebox Action charity boxes placed in our office buildings and shopping centres and supported the work of St. Martin's Children's Ambulance Service once again.

CPI Poland Szlachetna Paczka "Noble Package" donation

St. Martin's Children's Ambulance Service donation

Donation to children's home – As a long-term partner of Nadání a dovednosti, CPI Hotels, through the employees at Clarion Congress Hotel Prague, donated 950 sheets to children's homes.

Natural disaster relief support – In June 2021, an unexpected tornado hit the South Moravia region causing destruction and displaced many families. In cooperation with Czech Tourism, CPI Hotels provided accommodation and facilities at our Comfort Hotel Prague City East for a camp for children from areas that were affected by the tornado.

Children's Camp at Comfort Hotel Prague City East

Environmental strategy & performance

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 made strong progress against ambitious, long-term targets

In 2021, the Group reported reductions in GHG intensity -12.5%, and water intensity -13.2% compared to 2021 target. The share of electricity from renewable sources increased significantly to almost 17% in 2021.

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 and works on aligning its activities with these standards, especially the EU Taxonomy.

CPIPG has identified priority goals for which it intends to play a key and increasing role:

CO_2

-12.5%
GHG Intensity*

-13.2%
Water Intensity*

+111.0%
LfL Electricity from renewable sources (YoY)

Green Certified Buildings
33.0%
of portfolio by value (YoY)
+7.2 p.p.

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) from 2019 baseline and transition all electricity purchased by the Group to 100% renewable sources by 2024.

The Group's revised GHG emissions intensity reduction target has been developed as science-based, aligned with Paris Agreement climate goals to limit the global temperature increase versus pre-industrial levels to well below 2 degrees centigrade. This was submitted for validation by the Science Based Targets initiative ("SBTi") in 2021.

The Science Based Targets initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

As a Group, we realise that climate risk can not be reduced to zero. Therefore, with regards to our scope of business, it is important for us to pay attention to resilience and adaptation to climate change.

Resilience is the ability to recover quickly from difficulties and refers to the ability of a building or environment to become self-sufficient, for example through solar panels. For example, we will install solar panels on part of our portfolio – shopping centres, where large roof areas are suitable. Thinking about resilience is now the right way to deal with resources.

As well as resilience, adaptation to climate change is also important. Adaptation refers to adjustment to actual or expected climate stimuli and their effects or impacts. Adaptation includes a number of design measures and construction activities that improve the condition of existing buildings and extend the effective life of buildings. In our portfolio, we see existing buildings as a great opportunity in terms of adaptation. The existing buildings can be adapted to meet the challenges of sustainable development, so we have these solutions as a part of our Green Capex investments.

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.

* Refers to 2021 Group's performance versus 2021 Group's target.

Environmental highlights

The Group's Sustainalytics rating and CDP score improved in 2021

The Group achieved a CDP score of "B-" for 2021 (vs "C" in 2020). The score is classified as Management, meaning the **Group is taking coordinated action on climate issues.** The B- score aligns with the Global average and the Land & property ownership & development sector average. The Group belongs amongst 47% of companies that reached the "Management" level in this Activity Group.

Sustainalytics strong ESG ratings 12.8 / 100 achieved in December 2021 (improved from 15.2 / 100 from September 2020) place the Group among **top 5% issuers globally.** "The company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and strong management of material ESG issues".

CPIPG is actively involved in many sustainability initiatives in our local markets

In 2021 the Group became a member of two key industry bodies in Poland, the Proptech Foundation and the Polish Green Building Council ("PLGBC"). The Council, similar to the Czech Green Building Council ("CZGBC") and Hungarian Czech Green Building Council ("HUGBC"), brings together companies from various sectors of the economy to support new construction and renovation of sustainable properties in the country. The PLGBC is a member of the European Regional Network of the World Green Building Councils and can influence EU legislation such as EU Taxonomy in its initial phase. It also closely cooperates with global and local certification bodies such as BREEAM and LEED.

PLGBC
Polish Green Building Council

Gyula Győri, Director of Facility Management, CPI Hungary

Petra Hajná, CPIPG's Sustainability Officer, is directly involved in several working groups of the Czech Green Building Council ("CZGBC"). In November 2021, Petra was re-elected for CZGBC's Board of Directors. She was also appointed as a member of the Sustainability Committee of the Czech Olympic Committee, and she is a member of the supervisory board of Rethink Architecture.

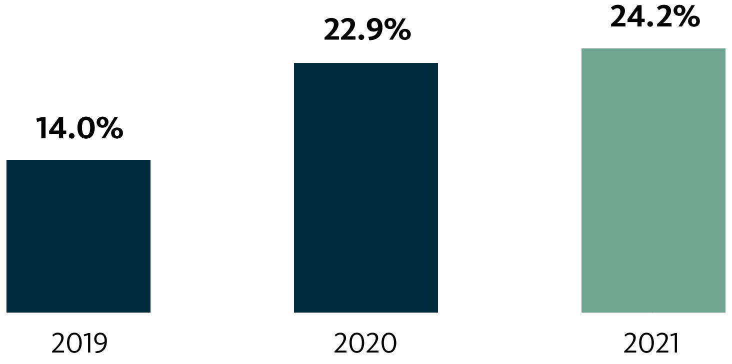
Our Hungarian colleagues continued partnership with HUGBC, participating in ESG trainings, panel discussions and involvement in several professional working groups. Balance Hall was part of the HUGBC Green Walk in 2021, where participants toured projects guided by the building's architects and facility managers.

The proportion of green-certified buildings increased in 2021

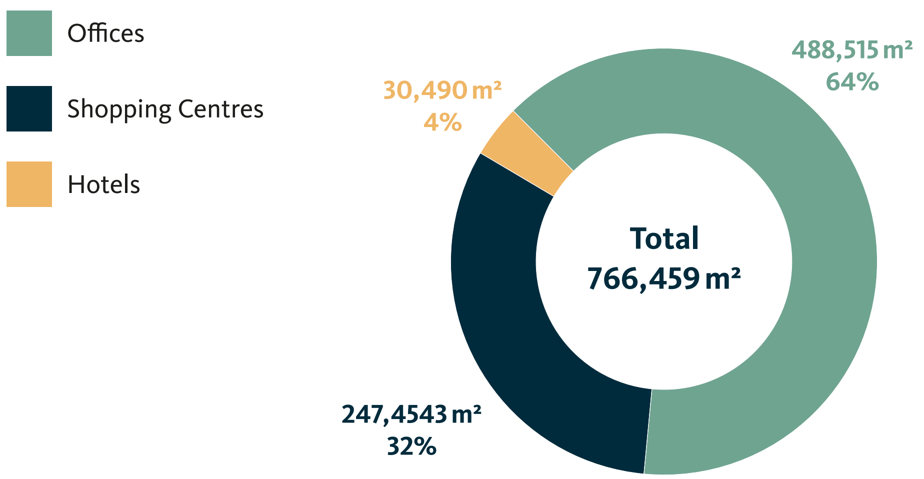
At the end of 2021, the share of certified buildings in our portfolio had increased to **33.0% of total value and 24.2% of total GLA, which represents a significant improvement of 7.2 p.p. and 1.3 p.p. respectively over 2020 figures.**

The increase relates primarily to acqusitions in Italy such as Maximo Shopping center with BREEAM "Very Good" certification and to equity investment to IMMOFINANZ with 31.5% of certified area in 2020. In addition, the recently developed ZET.office in Brno achieved a BREEAM "Excellent" certification in 2021 becoming the first BREEAM In-Use version 6 certified project in the Czech Republic.

Total GLA certified continues to increase



CPIPG's certified buildings GLA split by segment

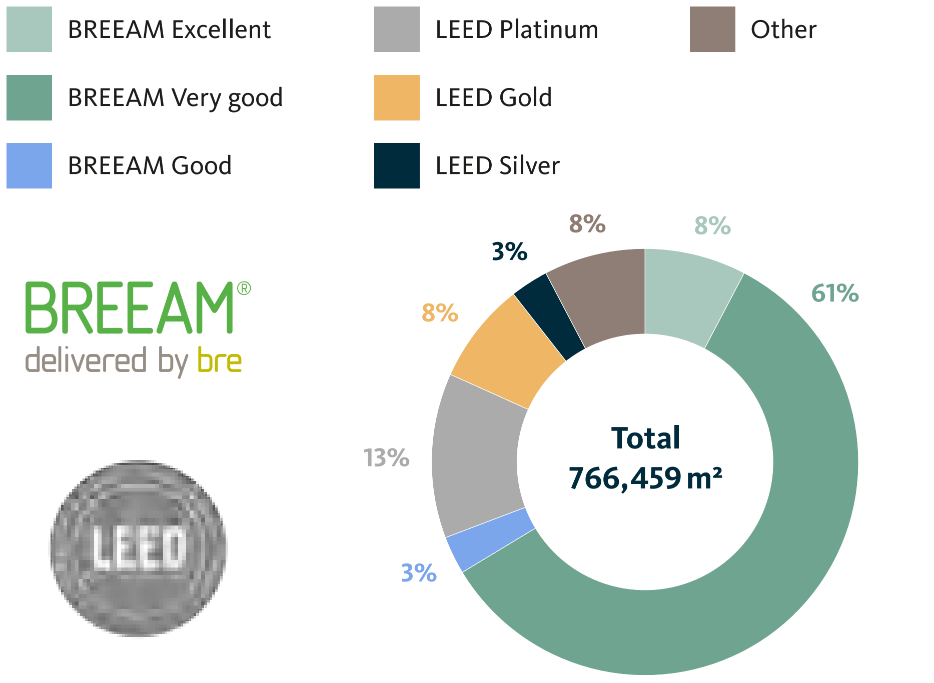


Almost 90% of CPIPG's green buildings have very strong certifications

At the end of 2021, CPIPG's portfolio without equity share included 34 certified assets, increasing by 123,415 m² and €411.5million in value since 2020. At the end of 2021, **89.6% of CPIPG's green-certified buildings per GLA 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.

CPIPG's certification type per GLA



Environmental engagement with tenants

The Group recognises the importance of engaging with occupants, educating and cooperating with them on reducing environmental impacts.

Green Lease principles are incorporated into standard lease forms and are considered for future renewals and new tenants. **Several Green Leases have been already executed, such as Capgemini for the MAYHOUSE project in Prague.**

The Green Memorandum is also considered for existing tenants. In 2020, the anchor retail tenants were identified to start cooperation with, including Tesco, Ahold, Norma, BILLA, Penny Market, OBI, Bauhaus and Kaufland, representing approximately 10% of CPIPG's portfolio in terms of gross leasable area of built portfolio (m²). Several tenants (Ahold, Norma, Penny Market, BILLA, Tesco, Kaufland – 250,000 m²) have already signed the Green Memorandum as of December 2021.

CPIPG drives green mobility

CPIPG has set a target to replace the corporate vehicle fleet in the Czech Republic with plug-in hybrids by 2024. In addition, CPI Hungary was pleased to announce that 26 new charging points have been installed in the office buildings and shopping centres.

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 the Group's 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, such as Environmental Power BI solution. 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.

Since 2020, we expanded the scope of the Group's collection, monitoring and reporting of GHG emissions. All relevant categories of scope 3 are now measured and disclosed, recently included categories are: Purchased goods and services (3.1); Capital goods (3.2); Business trips (3.6), Employee commuting (3.7), and Investments (3.15).

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 an independent third-party, the CI2 company.

Gökhan Olkun, Energy & Sustainability Manager, GSG Berlin

photo: GSG Berlin © Marc-Steffen Unger

Environmental reporting complies with relevant reporting standards

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.

The 2021 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.

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 GHG is divided into three scopes and six categories.**

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 values (energy, GHG emissions and water consumption per m² of corresponding floor space);
- Core EPRA KPIs.

Changes in reporting scope

In 2021, the scope of the portfolio subject to collection, monitoring and reporting of environmental data was expanded as follows:

- The Group's operations in France is included.
- Total GHG emissions include the Group's proportional share of equity investment in Globalworth (30.3% stake) and IMMOFINANZ (21.6% stake).

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 like-for-like reporting, while are included in total intensities.
- 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 equity investments emissions. EPRA disclosures exclude these categories, while they are included for GHG, CDP and ISO-compliant disclosures;
- Our calculation includes the Group's share of Globalworth's emissions representing 30.3% of 2021 GHG scope 1 and scope 2 emissions and of IMMOFINANZ's emissions representing 21.6% of 2020 GHG scope 1 and scope 2 emissions.

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.

Environmental reporting 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. Assets that are empty or under major refurbishment are excluded.

Reporting Period

CPIPG publishes environmental KPIs each calendar year, including all data available up to and including 15 March 2022. Certain information pertaining to 2021 was not available within this period. This information is taken from the Group's 2020 environmental report as a proxy. Data will be updated in subsequent reporting once available.

Revisions to historical disclosures and GHG Recalculation

Revisions to our environmental disclosures in 2020 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;
- GHG emission factors have been updated according to the latest information.
- All EPRA KPIs for 2020 were recalculated according to updated GHG emission factors. If marked based emission factors were not known, residual mix were used.

A recalculation process was carried out at the end of 2021 concerning the results of year 2019 to be comparable with year 2020. Recalculation must be done when the difference in total GLA of the built portfolio is higher than 5%.

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

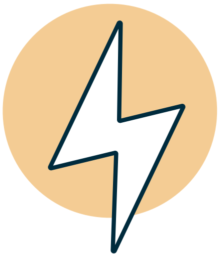
EPRA Sustainability Performance Measures – Environment impact per segment					Office			Shopping centres			Other retail			Residential			Hotels			Industry & logistics			Total		
					Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like	
Impact area	EPRA Code	Units	Indicator		2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Building operation	192,162	172,227	(2.9)	145,749	110,369	(3.8)	57,293	53,861	(5.7)	34,027	33,681	(0.3)	27,258	25,582	(2.0)	30,719	29,652	24.8	487,208	425,372	(1.7)
				Proportion of electricity from renewable sources (%)	25.3%	23.0%	452.4%	0.0	0.0		14.4%	15.3%		0.0%	0.0%		0.1%	0.0%		88.9%	92.1%	1.6%	16.9%	17.3%	111.1%
	DH&C-Abs, DH&C-LfL		District heating and cooling	Building operation	114,665	102,761	3.8	15,100	15,100	(10.5)	12,190	11,813	10.9	90,950	90,950	2.4	20,378	20,164	14.2	0	0		253,283	240,788	3.3
				Proportion of district heating and cooling from renewable sources (%)	0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.5%	0.5%	4.0%	0.0%	0.0%		0.0%	0.0%		0.2%	0.2%	3.0%
	Fuels-Abs, Fuels-LfL		Fuels	Building operation	62,945	60,128	20.6	25,758	25,746	3.1	19,061	17,205		28,140	28,140	0.1	14,330	12,720	21.7	3,982	3,564	(41.4)	154,216	147,502	8.6
				Proportion of fuels from renewable sources (%)	0.0%	0.0%		0.0%	0.0%		0.4%	0.6%		33.9%	33.9%	(0.1%)	0.0%	0.0%		0.0%	0.0%		6.2%	6.5%	(7.9%)
	Energy-Int	kWh/(m^2 pa)	Intensity	Whole building (combined Landlord and indirect operation)	199	200	2.8	311	311	(3.2)	228	227	1.3	204	205	1.4	153	151	7.8	271	299	11.4	212	213	1.6
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO_2 eq pa	Direct	Fuels, Refrigerants	14,447	13,594	19.4	4,232	3,736	(7.1)	842	815	15.7	15	15	10.9	2,614	2,318	18.6	311	311	13.4	22,461	20,790	13.2
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	114,510	103,626	(24.0)	94,983	76,409	(6.4)	40,138	37,187	(5.5)	70,253	70,167	4.9	24,551	23,318	(9.4)	3,763	3,016	(9.7)	348,200	313,724	(11.2)
	GHG-Int	t CO_2 eq/(m^2 pa)	Intensity	Whole building (combined Landlord and indirect operation)	0.069	0.070	(20.6)	0.165	0.165	(6.2)	0.094	0.093	(4.5)	0.094	0.094	4.9	0.066	0.066	(7.4)	0.031	0.030	(7.8)	0.087	0.088	(9.9)
Water	Water-Abs, Water-LfL	m^3 pa		Building operation	538,635	470,895	(14.9)	451,792	365,927	3.9	120,573	110,875	0.5	813,177	793,570	5.9	392,375	298,032	2.5	49,641	48,032	28.0	2,366,194	2,087,331	(0.3)
				Proportion of water obtained from other sources (%)	0.5%	0.5%	252.3%	13.6%	0.0%		89.4%	90.7%	3.4%	0.0%	0.0%		3.7%	4.9%	(18.3%)	8.6%	8.9%	12.2	3.5%	1.0%	0.7%
	Water-Int	m^3/(m^2 pa)	Intensity	Whole building	0.285	0.281	(14.9)	0.753	0.753	4.1	1.206	1.223	29.6	1.084	1.063	5.9	0.787	0.768	2.5	0.389	0.432	28.2	0.543	0.547	(0.2)
Waste	Waste-Abs, Waste-LfL	tons pa		Building operation	9,505	9,111	23.1	6,435	5,960	6.2	6,595	6,113	(7.0)	14,240	14,193	32.1	2,161	2,023	(38.6)	2,677	2,664	(0.0)	41,614	40,065	10.4
				Proportion of waste diverted from landfill (%)	67.2%	66.8%	(8.0%)	59.1%	56.0%	(9.1%)	53.7%	53.8%	(2.3%)	5.4%	5.3%	(24.2%)	31.4%	30.6%	36.1%	89.5%	89.9%	0.0%	41.8%	40.7%	(8.9%)
Certifications	Cert-Tot			Number of sustainably certified assets	25	19		7	6		0	0		0	0		2	2		0	0		34	27	
				Percentage of the portfolio's total floor area and levels of certification attained	26%	24%	32%	45%	38%	10%	0%	0%		0%	0%		7%	8%		0%	0%		18%	16%	24%

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		2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY	2021	2021	% YoY
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Building operation	231,096	223,420	(2.4)	76,715	73,462	1.0	66,945	57,347	(3.4)	48,444	48,251	(2.3)	2,791	2,791	(10.7)	12,244	12,244	0.8	48,972	7,858	11.6	487,208	425,372	(1.7)
				Proportion of electricity from renewable sources (%)	16.2%	16.8%	20.0%	4.4%	4.6%	0.3%	60.7%	56.7%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		1.8%	0.0%		16.9%	17.3%	111.1%
	DH&C-Abs, DH&C-LfL		District heating and cooling	Building operation	147,630	146,129	3.9	57,239	55,880	4.5	46,943	37,308	(0.7)	0	0		0	0		803	803	(6.1)	668	668	40.0	253,283	240,788	3.3
				Proportion of district heating and cooling from renewable sources (%)	0.3%	0.3%	2.4%	0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.2%	0.2%	3.0%
	Fuels-Abs, Fuels-LfL		Fuels	Building operation	95,907	92,610	3.8	28,914	27,687	30.4	339	334	5.1	20,583	19,458	8.7	1,126	1,126	(32.5)	4,890	4,890	1.7	2,457	1,398	104.2	154,216	147,502	8.6
				Proportion of fuels from renewable sources (%)	9.9%	10.3%	(3.6%)	0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		6.2%	6.5%	(7.9%)
	Energy-Int	kWh/(m^2 pa)	Intensity	Whole building (combined Landlord and indirect operation)	227	231	0.8	167	166	6.8	291	287	(2.4)	198	196	0.6	348	348	(18.3)	227	227	1.8	99	97	20.9	212	213	1.6
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO_2 eq pa	Direct	Fuels, Refrigerants	10,141	9,824	6.2	5,777	5,532	29.1	1,429	1,074	53.0	3,603	3,376	4.0	225	225	(32.5)	367	367	12.5	919	392	76.3	22,461	20,790	13.2
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	196,312	190,289	(5.0)	46,151	44,590	(2.4)	46,209	41,024	(40.7)	24,642	24,525	4.4	1,207	1,207	(11.4)	4,878	4,878	1.9	28,801	7,210	(16.1)	348,200	313,724	(11.2)
	GHG-Int	t CO_2 eq/(m^2 pa)	Intensity		0.098	0.100	(4.4)	0.053	0.053	0.7	0.121	0.127	(39.8)	0.081	0.081	4.4	0.127	0.127	(15.6)	0.066	0.066	3.7	0.064	0.074	(13.8)	0.087	0.088	(9.9)
Water	Water-Abs, Water-LfL	m^3 pa		Building operation	1,422,862	1,400,365	(1.9)	213,037	206,338	(5.2)	154,443	132,318	(9.6)	183,420	179,920	5.4	38,722	38,722	25.1	16,539	16,539	5.5	337,171	113,130	33.4	2,366,194	2,087,331	(0.3)
				Proportion of water obtained from other sources (%)	1.0%	1.0%	(14.7%)	0.0%	0.0%		0.0%	0.0%		3.7%	3.7%	68.0%	0.0%	0.0%		0.0%	0.0%		18.2%	0.0%		3.5%	1.0%	0.7%
	Water-Int	m^3/(m^2 pa)	Intensity	Whole building	0.682	0.700	(1.8)	0.219	0.218	(4.9)	0.393	0.399	(9.6)	0.523	0.521	5.5	3.444	3.444	25.1	0.209	0.209	6.6	1.092	1.108	33.4	0.543	0.547	(0.2)
Waste	Waste-Abs, Waste-LfL	tons pa		Building operation	25,726	25,056	10.2	7,021	7,007	47.6	1,836	1,686	39.1	1,905	1,865	(3.7)	172	172		1,489	1,489	2.7	3,464	2,790	(30.9)	41,614	40,065	10.4
				Proportion of waste diverted from landfill (%)	31.8%	31.0%	(20.9%)	69.4%	69.3%	(11.7%)	39.0%	36.2%	(27.6%)	56.3%	55.3%	1.3%	100.0%	100.0%		74.3%	74.3%	9.0%	37.4%	27.1%	45.5%	41.8%	40.7%	(8.9%)
Certifications	Cert-Tot			Number of sustainably certified assets	11	10		0	0		12	9		7	7		0	0		0	0		4	1		34	27	
				Percentage of the portfolio's total floor area and levels of certification attained (%)	11%	11%	(6%)	0%	0%		78%	81%	(3%)	34%	35%	77%	0%	0%		0%	0%		39%	18%		18%	16%	24%

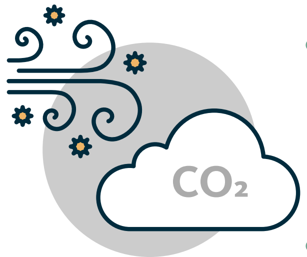
* *Includes regions: Croatia, Italy, the United Kingdom, France and Russia*

LfL energy intensity +1.6%



- Although LfL energy intensity increased compared to 2020, there is a total decrease in LfL electricity consumption.
- Reductions in energy intensity were recorded mainly in Romania and Poland, and in Shopping centers.

LfL GHG emissions intensity -9.9%

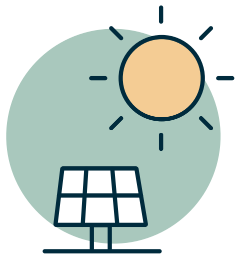


- Reductions in GHG intensity were recorded in all countries except for Hungary, Slovakia and Germany and in all segments besides Residential.
- Strong reductions were recorded, especially in Poland and Romania and in Office segment.

LfL water consumption intensity -0.2%

- Reductions in water intensity were recorded in Czech Republic, Germany and Poland.
- Water intensity decreased in Office segment.

LfL electricity from renewable sources +111%

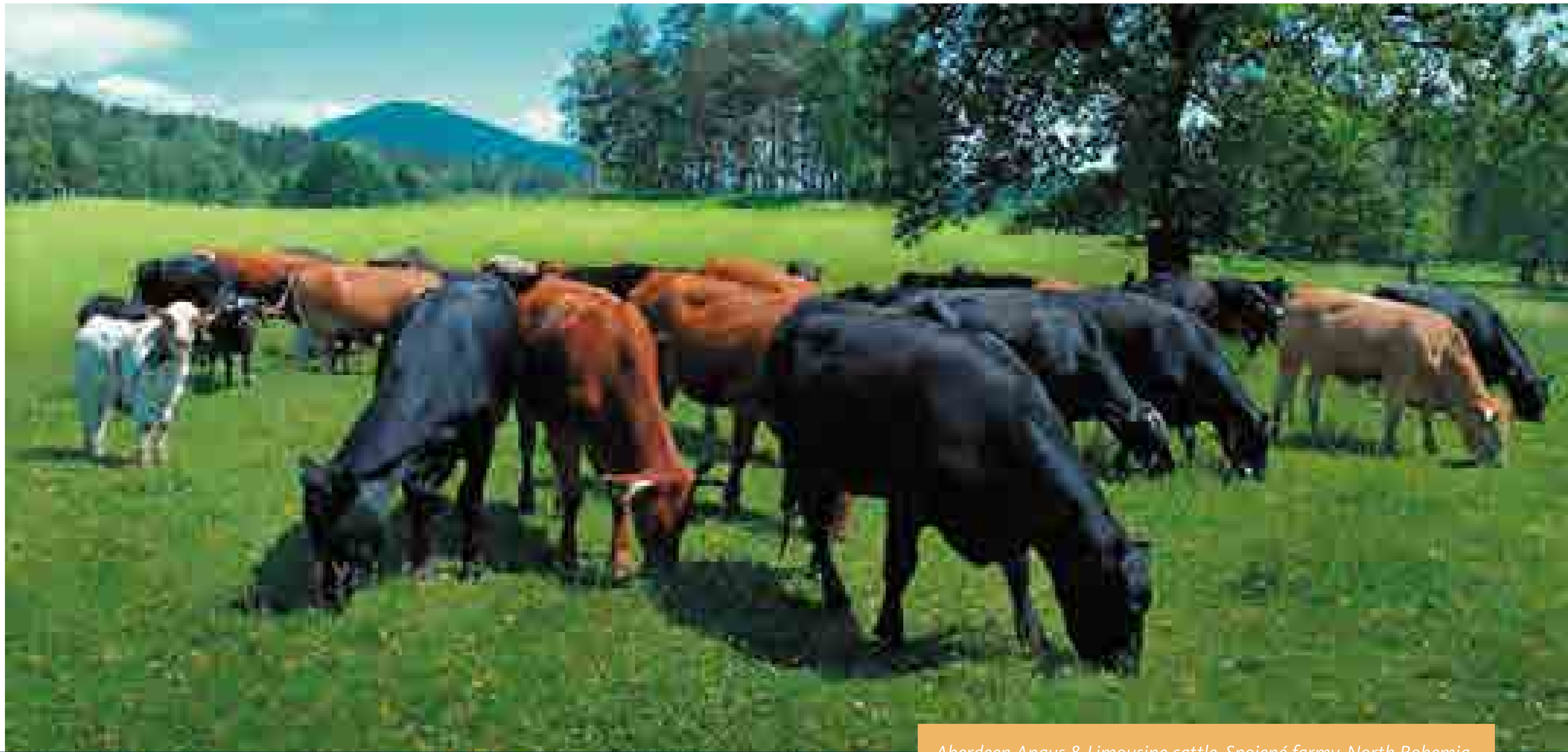


- Several assets commenced purchases of electricity from renewable sources in 2021, resulting in a significant increase compared to 2020.
- The Group aims to increase this proportion more significantly in future, while targeting transition to **100% purchases of electricity from renewable sources by 2024.**

Both 2020 and 2021 environmental performances across the Group were heavily impacted due to the COVID-19 pandemic, given the limited operation of parts of the portfolio during certain periods of closure. Consumptions decreased significantly in 2020 in most of the buildings in the portfolio (in particular Hotels & Resorts) while environmental performance of year 2021 was gradually coming back to normal.

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		2021	2021	% YoY	2021	2021	% YoY
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Farm or Resort operation	2,330	2,330	3.5	3,884	3,884	72.5
				Proportion of electricity from renewable sources (%)	40.9%	0%	(2.9%)	47.2%	47.2%	36.5%
	Fuels-Abs, Fuels-LfL		Fuels	Farm or Resort operation	14,700	14,700	7.1	6,017	6,017	5.0
				Proportion of fuels from renewable sources (%)	0.5%	0.5%	(7.6%)	3.7%	3.7%	(39.1%)
	Energy-Int	kWh/(ha pa)	Intensity	Whole building (combined Landlord and indirect operation)	898	898	8.1	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	33,813	33,813	(6.0)	1,378	1,378	7.5
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	3,024	3,024	3.1	915	915	30.1
	GHG-Int	t CO_2 eq p/(ha pa)	Intensity		1.942	1.942	(4.0)	N/A	N/A	N/A
Water	Water-Abs, Water-LfL	m^3 pa		Landlord operation	89,139	89,139	(2.1)	389,463	389,463	40.0
				Indirect operation	0	0		0	0	
				Farm or Resort operation	89,139	89,139	(2.1)	389,463	389,463	40.0
				Proportion of water obtained from other sources (%)	62.5%	62.5%	(0.3%)	98.7%	98.7%	(0.1%)
	Water-Int	m^3/(ha pa)	Intensity		4.700	4.700	(0.8)	N/A	N/A	N/A
Waste	Waste-Abs, Waste-LfL	tons pa		Farm or Resort operation	51,767	51,767	6.4	174	174	38.8
				Proportion of waste diverted from landfill (%)	99.6%	99.6%	0.1%	98.4%	98.4%	0.8%
Certifications	Cert-Tot			Number of sustainably certified farms	46	46	0	N/A	N/A	N/A
				Percentage of the portfolio's total agricultural land of certification attained (%)	91%	91%	0%	N/A	N/A	N/A



Aberdeen Angus & Limousine cattle, Spojené farmy, North Bohemia

Petra Hajná, Sustainability Officer

GHG impact (division of GHG according to ISO 14064 - 1:2018)

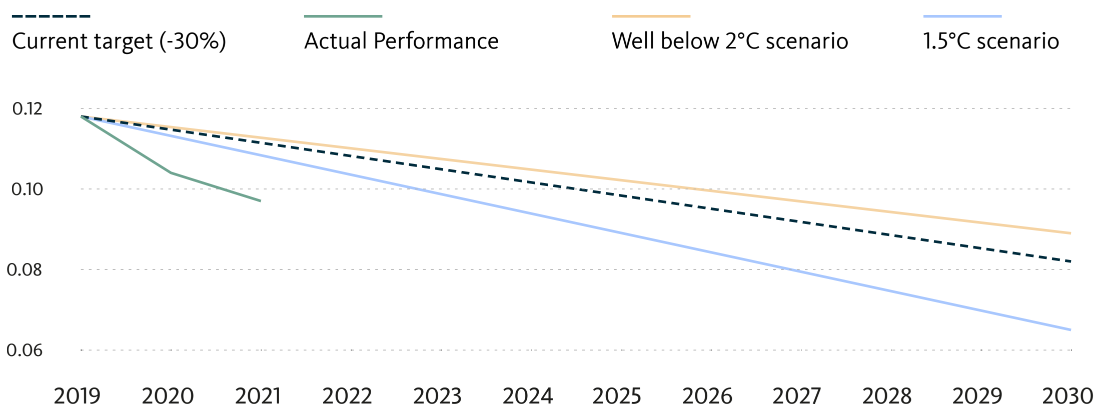
Category		t CO_2eq pa MB Emissions	t CO_2eq pa LB Emissions	% of total (MB)
1	Direct GHG emissions and removals	23,761	23,761	5.1
2	Indirect GHG emissions from imported energy	120,857	116,103	25.7
3	Indirect GHG emissions from transportation	2,107	2,107	0.4
4	Indirect GHG emissions from products and services used by CPIPG	42,174	42,211	9.0
5	Indirect GHG emissions associated with the use of products from CPIPG	90,096	88,558	19.2
6	Indirect greenhouse gas emissions from other sources	191,338	183,970	40.7
Total		470,334	456,712	

GHG impact (division of GHG according to GHG Protocol)

Scope	Property portfolio (including bioenergy)	Farms	Ski resorts	Total	
	t CO_2eq pa				
1	23,761	2,551	1,378	27,691	5.9%
2	101,151	643	62	101,856	21.7%
3	306,874	33,061	853	340,788	72.5%
Total	443,802	36,225	2,293	470,334	100%

Note: GHG calculated with market-based emission factors

GHG intensity target through 2030 (t CO_2e/m² p.a.)



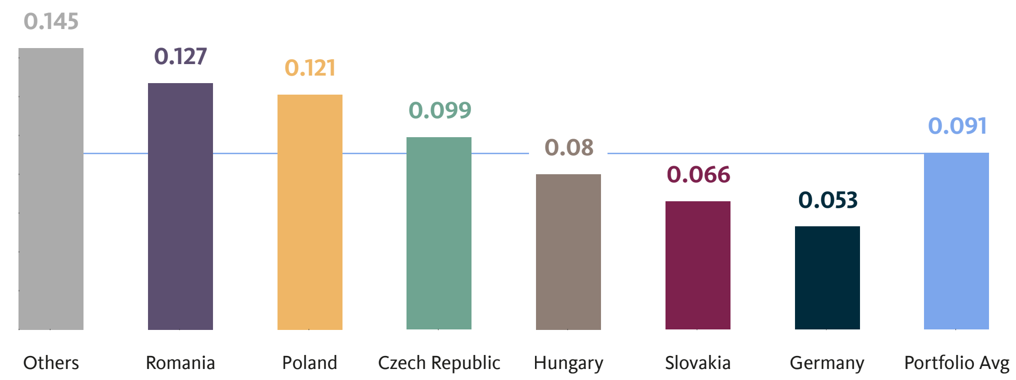
Year	2019	2020	2021	2030
	1	2	3	12
Target (t CO_2 eq/m²)	0.118	0.114	0.111	0.082
Actual performance (t CO_2 eq /m² pa)	0.118	0.104	0.097	
Performance vs. target (%)	0.0%	(8.8%)	(12.5%)	

The intensity target relates to the Group's property portfolio excluding Farms and Ski resorts. It also reflects the expanded scope of emissions categories included in our reporting for 2020 and 2021 (categories 3.1, 3.2, 3.6, and 3.7). The only category of scope 3 which is not included in the intensity calculation is 3.15 – Investments where we have limited control of operation. The intensity is measured as total GHG emissions divided by referenced GLA of property portfolio including biogas power plant. Year 2019 was recalculated at the end of 2021 due to yoy change of GLA.

In 2021, total GHG intensity across the property portfolio outperformed the required 2021 target by 12.5%.

- *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 (40.7%), of which Farms and Ski resorts constitute only 20.5% in MB/21.3% in LB.*
- *57.702 t CO_2 eq relating to the Group's equity stake in Globalworth and IMMOFINANZ is reported under Category 5*
- *The table contains market- and local-based emissions. Market-based emissions factors aren't reported for all assets. Market-based emissions factors for 2021 were not available at the time of data collection, hence data as per 2020 disclosures were applied as proxies. 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 and district heating suppliers. In case these were not available, residual mix emission factors were used as proxies.*

2021 GHG emissions intensity across the portfolio (t CO_2e/m² p.a.)



Others includes regions: Croatia, Italy, the United Kingdom, France and Russia.

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

In terms of life cycle periods the buildings consume energy mainly during their operation. This energy consumption is identified as the main contributor to GHG production across the Group. The Group develops and introduces specific measures to improve energy efficiency (and thus 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;
- New developments complying with EU Taxonomy and 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. These audits are opportunity to indicate the potential for improvement. For example – based on audits in 2021 was decided to develop as a pilot project for Czech portfolio the standardisation of energy meters (they will be passported and included in the online tool used for facility management), which allows the Group to more precisely evaluate the predicted and planned energy savings.

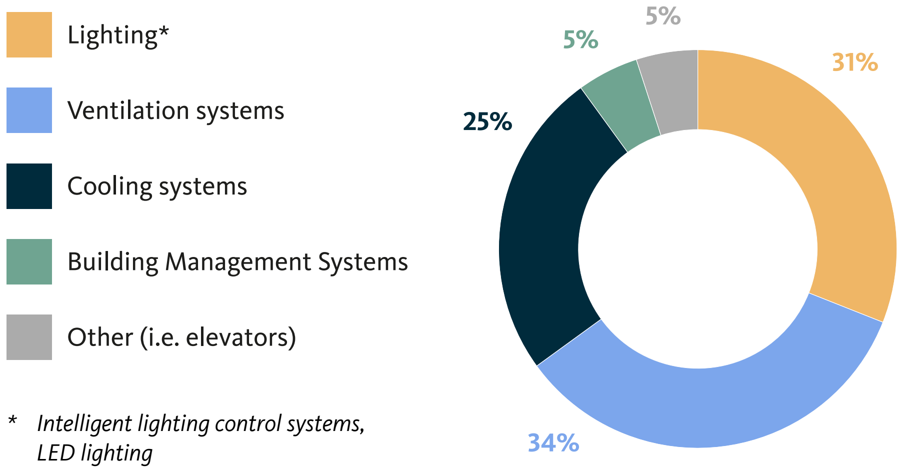
Green CAPEX investments improve energy and water efficiency of properties

Gradual modernisation of aging core building systems through CAPEX is critical to ensure optimal energy and cost efficiency. Not only for that reason The Group develops Green CAPEX tool for the regularly monitoring of predicted energy consumption savings next years and evaluation of the already implemented measures throughout the portfolio in Czech Republic. This tool helps to indicate the predicted amount of energy savings according to implemented type of measures in different technologies.

Green CAPEX 2022

Region	Investment Grand Total (€ m)	Investment Green (€ m)	Green CAPEX (%)
Czech Republic	78.9	9.0	11.4%
Germany	40.5	1.1	2.7
Hungary	20.9	2.3	11.0
Poland	25.0	1.2	4.7

Predicted energy savings in the Czech portfolio based on technology investments in 2022



* *Intelligent lighting control systems, LED lighting*

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 simplified 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 10.14 MWh of renewable energy and saved 4,894 t CO_2 equivalent of carbon emissions in 2021. 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 4,957 MWh, representing a savings of 2,017 t CO_2 eq in 2021. Spojené farmy acquired a renewable energy plant on biogas with power output of 600 kWp and annual production of 5,183 MWh which represents a savings of 2,877 t CO_2 eq in 2021. Surplus green electricity of 4,229 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 2021, 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 2022.

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 (91% of all built assets in operation) are located in urban areas within a reasonable distance to public transportation which applies for over 98% 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 35% in 2021

At the end of 2021, the electric vehicle charging infrastructure in the portfolio comprised of 221 charging points mostly in the office and shopping centers segment, with plans for further extension in the future. All the charging points are properly measured to allows in the future the evaluation of the electricity consumption. Our aim is to supply the electricity for the charging process completely by green electricity with zero emissions.

Electromobility infrastructure across the CPIPG portfolio

Building type	% of buildings equipped with charging points	Number of charging points	Installed charging capacity (kW)
Office	31.9%	162	4,421.6
Shopping centres	45.8%	37	1,203
Retail	1.4%	6	844
Hotels	14.8%	16	200
Total	**17.1%**	**221**	**6,668.6**

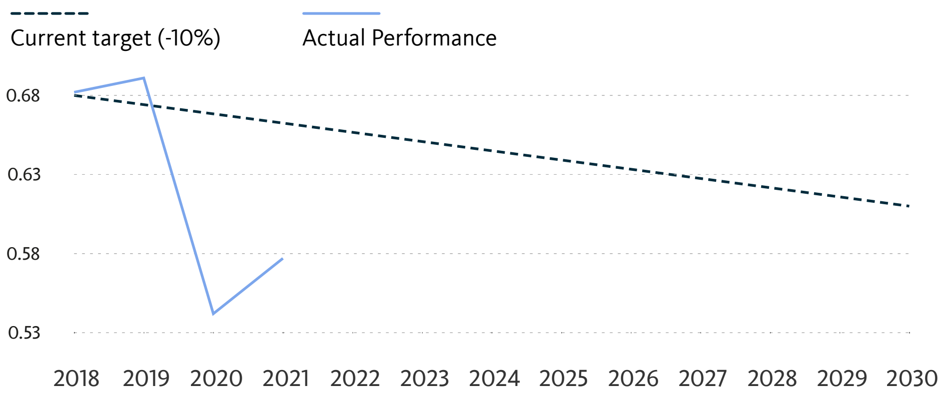
Use of resources

Water

Water is one of the most important resources, not only for humans, but for the whole planet. CPIPG is aware of this and for that reason the Group's target for the reduction of the specific consumption of the fresh water sourced from municipal grids and water sourced on site was set up – 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. Building in operations represent the largest source of water consumption in the portfolio, with water sourced from grid representing 96.5%, while consumption from on-site sources represents below 3.5%.

Water intensity target through 2030 (m^3/m^2 pa)

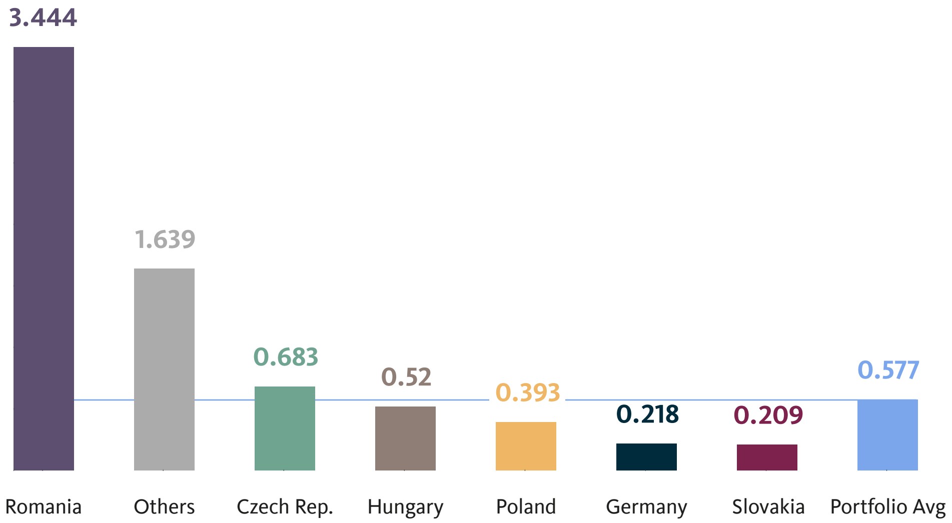


Year	2018	2019	2020	2021	2030
	0	1	2	3	12
Target (m^3/m^2 pa)	0.682	0.676	0.671	0.665	0.614
Actual performance (m^3/m^2 pa)	0.682	0.691	0.542	0.577	
Performance vs. target (%)	0.0%	2.1%	(19.2%)	(13.2%)	

The intensity target relates to the Group's property portfolio, excluding Farms and Ski resorts.

In 2021, total water intensity across the entire portfolio outperformed the required 2021 target by 13.2%.

Water intensity in 2021 per region (m^3/m^2 p.a.)



Others includes regions: Croatia, Italy, the United Kingdom, France and Russia.

Waste

The Group is increasing its focus on waste management

CPIPG cooperates with the Institute of Circular Economics and in 2021, the waste analysis for two shopping centres (as representatives of this building type in the Group's portfolio) were conducted. The study 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.

Because of this results the Group plans to focus more on biodegradable waste, for example using the composters where possible, to reduce the share of waste sent to landfill and increase our recycling rate. As an example – in one of our hotels, we put into operation a composter based on microorganisms. The leftovers from the kitchen are carefully stored in a cooling box and used in composting machine, which produces about 200 kg of concentrated compost per month.

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.

Total waste diverted from landfills

	t pa	%
Total waste production	41,614	
Waste diverted from landfill	17,859	42.9
Waste sent to landfill	23,755	57.1
Recycled waste	10,357	24.9
Avg. number of waste streams	4	

Data collection was completed before complete waste data for 2021 could be obtained. For this reason, waste disclosures in 2021 for 77 assets has been based on 2020 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. An accredited ecologist is typically part of the design team for new developments and green features are also considered during refurbishment as they naturally improve the working environment, such as by adding new green terraces and relax zones to increase flexibility for building users.

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. Some of our projects were recognized at the market, for example the City Park Jihlava shopping centre in the Czech Republic won the People's Choice Award in the 2021 Green Roof of the Year competition.

Sustainable agriculture

The Group's agricultural activities under Spojené farmy a.s. consist of 46 organic farms mostly 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.

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.

Total organic pasture and arable land (agro-enviro-climate-biodiversity)	16,43 ha
Pesticide Consumption	0 kg pa
Industrial Fertilizer Consumption	0 t pa
Veterinary Antimicrobials Consumption	65,550 ml pa
Livestock dairy cattle	24
Livestock other cattle	8,399
Livestock poultry	20,976
Organic meat produced	350 t pa
Organic milk produced	200,786 l pa
Organic animal feed produced	60,244 t pa
Feed self – sufficiency	98.6%

We actively use the measures like a soil remediation or organic soil fertility measures to sustain optimal crop yields. A key part of our animal husbandry production is active herd health management, so we sustain the reproduction and health of our cattle.

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 2021, the Group was not subject to any fines relating to environmental damage. A fine resulted from the improper waste collection in Italy and missed deadline in Hungary amounted to a total of €3,680.71.

Sustainable financing

CPIPG is a leader in sustainable financing

The Group believes that sustainable financing is a critical tool that integrates our overarching environmental objectives into our financing strategy and shines a light on the Group's ESG profile for our stakeholders. CPIPG continues to be an innovator in the sustainable finance space and places ESG and sustainability agendas at the forefront of its overall corporate strategy. The Group has become the first real estate company from our region to issue its a green bond in 2019 and a groundbreaking sustainability-linked bond in 2022.

CPIPG has issued four Green Bonds:

October 2019	January 2020/January2022
€750 m	**£400 m**
7-year maturity	**(€471 million-equivalent) 8-year maturity**

May 2020	August 2020
€750 m	**HUF 30 bn**
6-year maturity	**(€86 million-equivalent) 10-year maturity**

CPIPG has issued one Sustainability-Linked Bond:

January 2022

€700 m

8-year maturity

Sustainability Finance Framework

In January 2022 CPIPG introduced our Sustainability Finance Framework combining both Sustainability-Linked and Green Bond Frameworks. Second Party Opinion from Sustainalytics was published in January 2022. The targets set by CPIPG have been assessed by Sustainalytics, as an independent second party opinion provider, to be "ambitious" with "very strong" key performance indicators that are aligned with the Paris agreement.

The Framework has been developed in alignment with the 2021 Green Bond Principles and the 2020 Sustainability-Linked Bond Principles. The Framework will be updated periodically in the future inline with the published Delegated Acts of the EU Taxonomy or to incorporate updates to these Principles.

The Sustainability Finance Framework and the Second Party Opinion from Sustainalytics are available on CPIPG's website.

Green Bond Framework

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.

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.

Eligible Sector	Eligibility Criteria
Green buildings	Acquisition, construction or refurbishment of portfolio which meet recognised international sustainability standards, such as: • BREEAM (Excellent and above) • BREEAM In-Use (Very Good and above) when certified under the most recent version of the certification scheme • LEED (Gold and above)
Energy Efficiency	• Acquisition, construction or refurbishment of buildings which qualify for Primary Energy Demand ("PED") of at least 10% below the threshold set for nearly zero-energy building ("NZEB") requirements • Acquisition, construction or refurbishment of buildings belonging to the top 15% most energy-efficient buildings in the local market** or have at least an Energy Performance Certificate ("EPC") class A • Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local EPC
Renewable energy	• Installation of photovoltaic, solar, wind, biogas (solely from waste sources) and heat pumps (air and ground source), and combined heat and power • Dedicated support infrastructure for renewable energy sources across building management systems
Environmentally sustainable management of living natural resources and land use	Promotion of ecological, 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 and it 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 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. 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 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. The below analysis reports on allocations across all four 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	*Allocated as of 31.12.2020*	*Re-allocated as of 31.12.2021**
	Certified green buildings	1,708.1	1,708.1	
	Energy efficiency projects	145.0	141.4	3.6
	Sustainable farming assets	102.5	102.5	
	Renewable energy assets	5.7	78.0	
	Qualifying equity investments**	524.2	524.2	
	Total	**2,485.4**		

* *The eligibility criteria of the most recent Green Bond Framework as of January 2022 are applied.*
** *Data regarding Globalworth's green buildings as at 6 May 2020. The calculation relates to the value of CPIPG's stake in Globalworth as at 31 December 2020 pro-rated based on the the value of the company's certified green buildings.*

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**

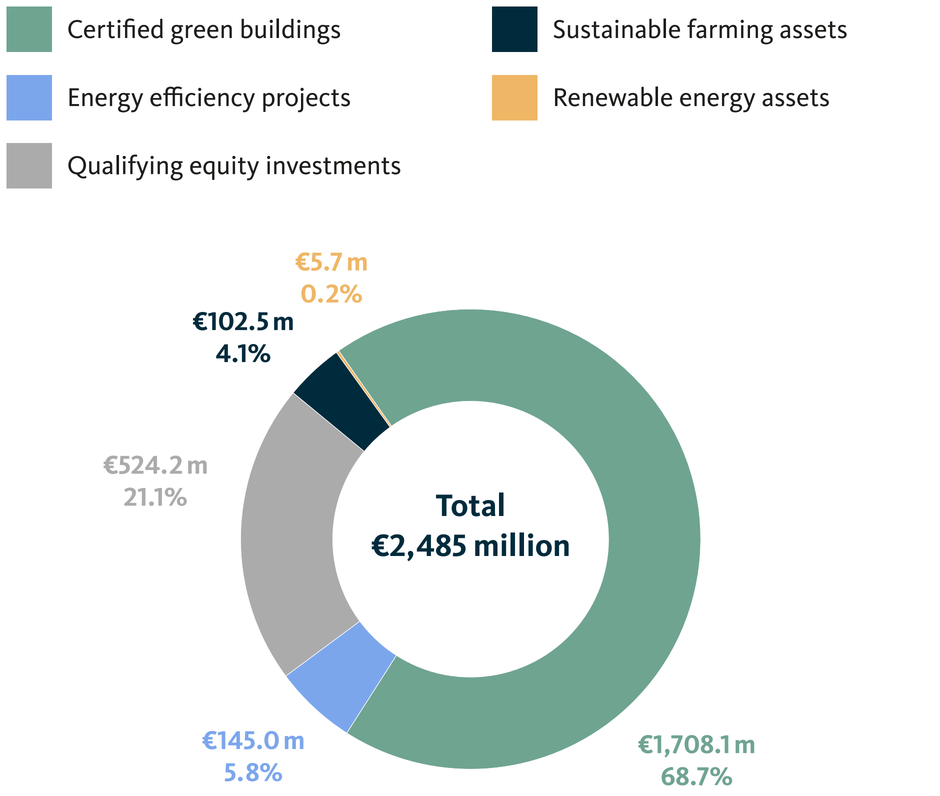
C	Remaining portfolio of Eligible Assets (A-B)	€ million
	Total	**520.5**

D	Percentage of net proceeds allocated to Eligible Assets	100%

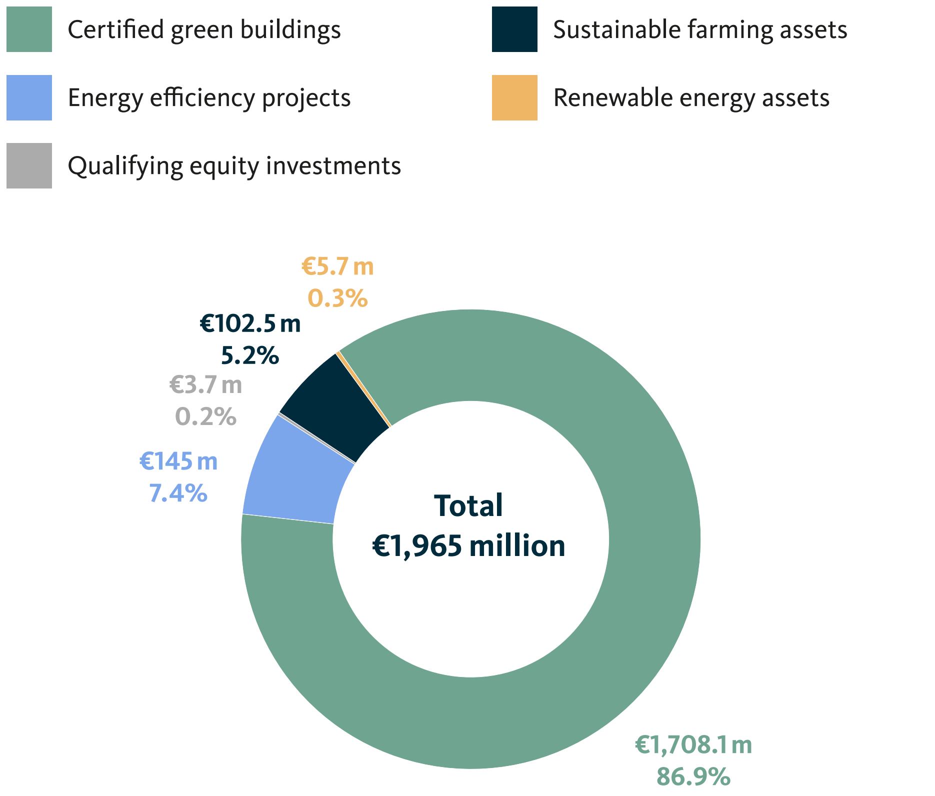
E	Pro-rata allocation of issued green bonds to eligible assets as at 31 December 2021	€ million	%
	Certified green buildings	1,708.1	86.9%
	Energy efficiency projects	145.0	7.4%
	Sustainable farming assets	102.5	5.2%
	Renewable energy assets	5.7	0.3%
	Qualifying equity investments	3.7	0.2%
	Total	**1,965.0**	**100%**

F	Share of financing vs refinancing	€ million	Financing	Refinancing
	Certified green buildings	1,708.1	713.6	994.5
	Energy efficiency projects	145.0	–	145.0
	Sustainable farming assets	102.5	–	102.5
	Renewable energy assets	5.7	–	5.7
	Qualifying equity investments	3.7	3.7	–
	Total	**1,965.0**	**717.4**	**1,247.6**
	Percentage		**36.5%**	**63.5%**

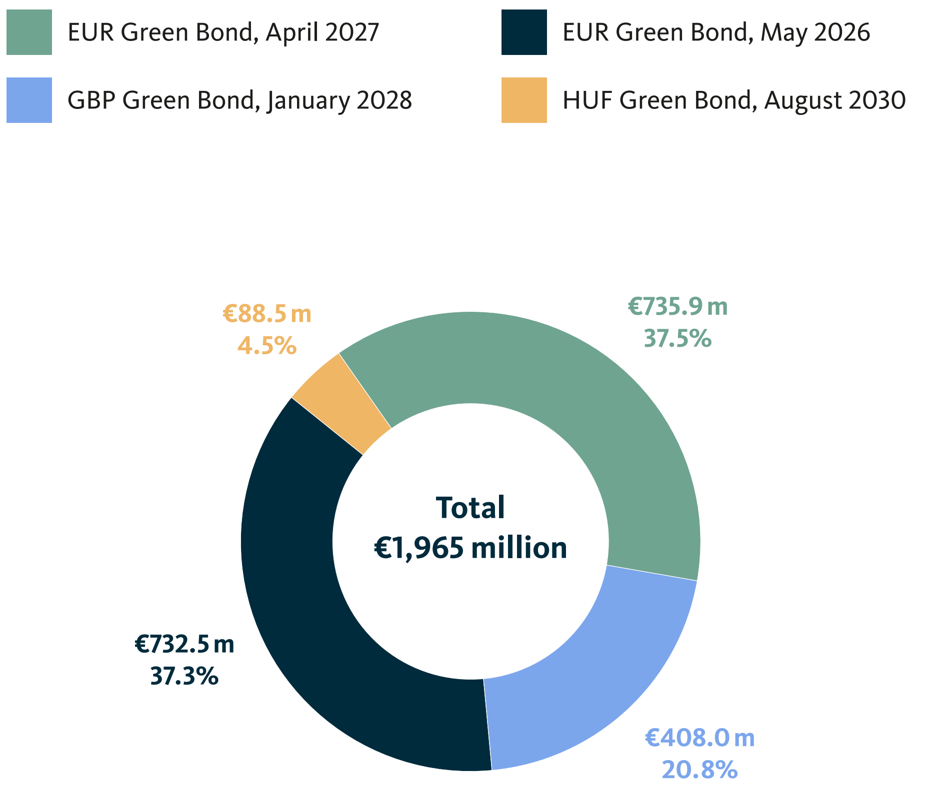
Portfolio of eligible assets



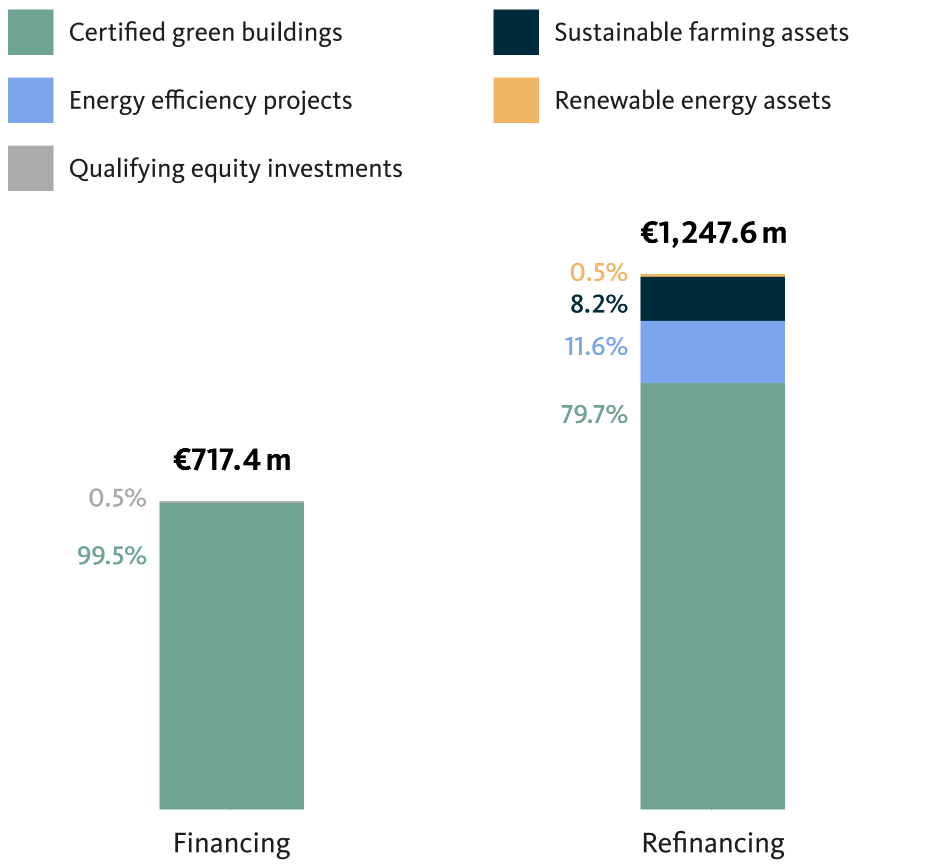
Green bonds allocation by eligible assets category



Green bond net proceeds split by issuance



Green bonds allocation by eligible assets – share of financing vs. refinancing



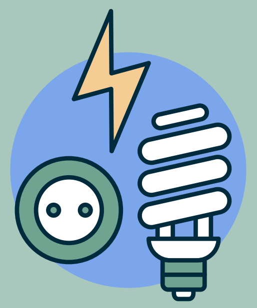
Estimated environmental impact of Green Bond portfolio

Green Buildings

26,142 t CO_2 eq pa
annual GHG reduction in 2021

6,322 MWh pa
annual energy savings in 2021

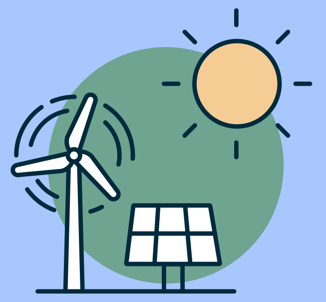
20,115 m³ pa
annual water savings in 2021



Energy Efficiency

1,862 MWh pa
annual energy savings in 2021

1,067 t CO_2 eq pa
annual GHG reduction in 2021



Renewable Energy

2,017 t CO_2 eq pa
annual GHG reduction in 2021

Sustainable Farming

16,224 ha
grassland area in 2021

45,209 t
soil enrichment with fertilising in 2021

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 2022.** 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.

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	Project cost (€ m)	Gross Lettable Area (GLA m²)	Eligibility criteria	Certification	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 by property	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	–	21,077	Acquisition/Construction	BREEAM In-Use PART 1	29 March 2017	–	143.300	143.300	Very good	319	(228)	5,543	yes
SC Nisa	Shopping centre	Czech Republic	–	49,285	Acquisition/Construction	BREEAM In-Use PART 2	29 March 2017	–	105.000	105.000	Very good	481	(1,345)	523	yes
Eurocentrum – Alfa, BetaGamma, Delta	Office	Poland	–	85,082	Acquisition/Construction	LEED BD+C	27 November 2019	–	242.800	242.800	Platinum	9,937	(1,237)	(943)	yes
Warsaw Financial Center	Office	Poland	–	49,784	Acquisition/Construction	LEED O+M	05 December 2019	–	261.339	261.339	Gold	8,678	(112)	4,556	yes
SC Olympia Plzeň	Shopping centre	Czech Republic	–	41,045	Acquisition/Construction	BREEAM In-Use PART 1	29 March 2017	–	156.900	156.900	Very good	794	1,504	(653)	yes
SC Ogrody	Shopping centre	Poland	–	41,943	Acquisition/Construction	BREEAM 2009 Europe	29 March 2017	–	120.500	120.500	Very good	717	2,620	(678)	yes
Equator IV	Office	Poland	–	21,138	Acquisition/Construction	BREEAM 2009 Europe	07 November 2019	–	58.000	58.000	Very good	2,715	560	1,456	yes
Green Corner A	Office	Poland	–	14,893	Acquisition/Construction	LEED BD+C	28 January 2020	–	53.700	53.700	Platinum	N/A	N/A	N/A	N/A
City West B2 + B3	Office	Czech Republic	–	28,714	Acquisition/Construction	BREEAM In-Use PART 1	06 May 2017	–	38.200	38.200	Excellent	70	661	1,290	yes
SC Futurum Hradec Kralove	Shopping centre	Czech Republic	–	39,259	Acquisition/Construction	BREEAM In-Use PART 1	06 April 2018	–	131.600	131.600	Very good	1,948	3,241	(1,163)	yes
Arena Corner	Office	Hungary	–	29,889	Acquisition/Construction	BREEAM In-Use PART 1	06 May 2017	–	25.500	25.500	Very good	205	1,089	7,208	yes
Gateway Office Park	Office	Hungary	–	36,191	Acquisition/Construction	BREEAM In-Use PART 1	06 May 2017	–	32.000	32.000	Very good	(197)	(466)	1,740	yes
Balance Loft	Office	Hungary	–	6,807	Acquisition/Construction	BREEAM In-Use PART 1	06 May 2017	–	3.200	3.200	Very good	(12)	(36)	253	yes
Andrássy Palace	Office	Hungary	–	9,341	Acquisition/Construction	BREEAM In-Use PART 1	01 December 2018	–	23.300	23.300	Very good	6	(36)	134	yes
Quadra – B30	Office	Hungary	–	13,038	Acquisition/Construction	BREEAM In-Use PART 1	06 May 2017	–	15.200	15.200	Very good	(237)	(385)	52	yes
Balance Tower	Office	Hungary	–	9,434	Acquisition/Construction	BREEAM In-Use PART 1	06 May 2017	–	4.300	4.300	Very good	(26)	(55)	(863)	yes
Balance Hall	Office	Hungary	–	16,075	Acquisition/Construction	BREEAM Int NC 2016	17 April 2020	–	48.000	48.000	Very good	(-167)	(320)	(1,986)	yes
Equator II	Office	Poland	–	22,897	Acquisition/Construction	BREEAM In-Use PART 1	30 January 2020	–	60.300	60.300	Very good	N/A	N/A	N/A	N/A
Atrium Plaza	Office	Poland	–	14,644	Acquisition/Construction	BREEAM In-Use PART 1	25 April 2018	–	37.400	37.400	Very good	70	162	1,965	yes
Equator I (myhive Equator)	Office	Poland	–	19,475	Acquisition/Construction	BREEAM In-Use PART 1	05 March 2020	–	39.400	39.400	Very good	N/A	N/A	N/A	N/A
Moniuszki Tower	Office	Poland	–	9,700	Acquisition/Construction	BREEAM In-Use PART 1	30 June 2020	–	33.600	33.600	Excellent	N/A	N/A	N/A	N/A
Atrium Centrum	Office	Poland	–	17,564	Acquisition/Construction	BREEAM In-Use PART 1	26 August 2018		47.300	47.300	Very good	842	706	1,682	yes
Concept Tower	Office	Poland	–	9,003	Acquisition/Construction	LEED BD+C	26 August 2020		27.300	27.300	Gold	N/A	N/A	N/A	N/A
Total									1,708.140	1,708.140		26,142	6,322	20,115	
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 I	Mix-use	Czech Republic	23.4	25,850	Reduction of $CO_2 \geq 30\%$	–	30 November 2017	62%	23.400	23.400	404	411	6		yes
ZET.office	Office	Czech Republic	40.0	19,736	Reduction of $CO_2 \geq 30\%$, Top 15% efficiency	–	29 August 2019	32%	40.000	40.000	N/A	N/A	N/A		N/A
Mamaison Residence Downtown Prague	Hospitality	Czech Republic	15.3	14,960	Reduction of $CO_2 \geq 30\%$	–	09 September 2019	57%	15.300	15.300	27	(67)	(3)		yes
Bubenská 1	Office	Czech Republic	62.7	22,241	Letter grade improvement according to local Energy Performance Certificate ≥ 2	–	29 September 2020	–	62.700	62.700	N/A	N/A	N/A		N/A
Gebauer Höfen in Franklinstr. 9-15a	Office	Germany	3.6	35,468	Reduction of $CO_2 \geq 30\%$	–	06 May 2021	73%	3.600	3.600	636	1,518	11		yes
Total									145.000	145.000	1,067	1,862			
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			Installation of photovoltaic solar		06 May 2017	–	5.655	5.655	78	2,017	4,957	N/A	yes
Total									5.655	5.655	78	2,017	4,957		
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	–		Organic farming production	KEZ o.p.s	07 August 2020	–	102.479	102.479	19,209 ha	79.9%	16,431 ha	16,224 ha	45,209 t
Total									102.479	102.479	19,209 ha	79.9%	16,431 ha	16,224 ha	45,209 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 specialists based on local regulations and requirements for energy audits.

Green bond project case studies

Office | Hotel | Shopping centre | Organic farm | Renewable energy

Green buildings:

Zlatý Anděl
Location: Prague, CZ
GLA: 21,077 m^2
Allocated: €143.3 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
319 t CO_2 eq pa
Annual energy savings: **-228 MWh pa**
Annual water savings: **5,543 m^3**

SC Nisa
Location: Liberec, CZ
GLA: 49,285 m^2
Allocated: €105.0 m
BREEAM In-Use – Part 2 Very Good
Annual GHG emissions reduced:
481 t CO_2 eq pa
Annual energy savings: **-1,345 MWh pa**
Annual water savings: **523 m^3**

SC Olympia Plzeň
Location: Plzeň, CZ
GLA: 41,045 m^2
Allocated: €156.9 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
794 t CO_2 eq pa
Annual energy savings: **1,504 MWh pa**
Annual water savings: **-653 m^3**

SC Ogrody
Location: Elbląg, PL
GLA: 41,943 m^2
Allocated: €120.5 m
BREEAM 2009 Europe Very Good
Annual GHG emissions reduced:
717 t CO_2 eq pa
Annual energy savings: **2,620 MWh pa**
Annual water savings: **-678 m^3**

Equator IV
Location: Warsaw, PL
GLA: 21,138 m^2
Allocated: €58.0 m
BREEAM 2009 Europe Very Good
Annual GHG emissions reduced:
2,715 t CO_2 eq pa
Annual energy savings: **560 MWh pa**
Annual water savings: **1,456 m^3**

Green Corner A
Location: Warsaw, PL
GLA: 14,893 m^2
Allocated: €53.7 m
LEED BD+C Platinum
Annual GHG emissions reduced:
N/A
Annual energy savings: **N/A**
Annual water savings: **N/A**

Balance Hall
Location: Budapest, HU
GLA: 16,075 m^2
Allocated: €48.0 million
BREEAM Int NC 2016 Very good
Annual GHG emissions reduced:
-167 t CO_2 eq pa
Annual energy savings: **-320 MWh pa**
Annual water savings: **-1,986 m^3**

Gateway Office Park
Location: Budapest, HU
GLA: 36,191 m^2
Allocated: €32.0 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
-197 t CO_2 eq pa
Annual energy savings: **-466 MWh pa**
Annual water savings: **1,740 m^3**

Balance Loft
Location: Budapest, HU
GLA: 6,807 m^2
Allocated: €3.2 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
-12 t CO_2 eq pa
Annual energy savings: **-36 MWh pa**
Annual water savings: **253 m^3**

Andrássy Palace
Location: Budapest, HU
GLA: 9,341 m^2
Allocated: €23.3 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
6 t CO_2 eq pa
Annual energy savings: **-36 MWh pa**
Annual water savings: **134 m^3**

Quadra – B30
Location: Budapest, HU
GLA: 13,038 m^2
Allocated: €15.2 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
-237 t CO_2 eq pa
Annual energy savings: **-385 MWh pa**
Annual water savings: **52 m^3**

Balance Tower
Location: Budapest, HU
GLA: 9,434 m^2
Allocated: €4.3 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
-26 t CO_2 eq pa
Annual energy savings: **-55 MWh pa**
Annual water savings: **-863 m^3**

Equator II
Location: Warsaw, PL
GLA: 22,897 m^2
Allocated: €60.3 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
N/A
Annual energy savings: **N/A**
Annual water savings: **N/A**

Atrium Plaza
Location: Warsaw, PL
GLA: 14,644 m^2
Allocated: €37.4 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
70 t CO_2 eq pa
Annual energy savings: **162 MWh pa**
Annual water savings: **1,965 m^3**

Equator I (myhive Equator)
Location: Warsaw, PL
GLA: 19,475 m^2
Allocated: €39.4 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
N/A
Annual energy savings: **N/A**
Annual water savings: **N/A**

Moniuszki Tower
Location: Warsaw, PL
GLA: 9,700 m^2
Allocated: €33.6 m
BREEAM In-Use – Part 1 Excellent
Annual GHG emissions reduced:
N/A
Annual energy savings: **N/A**
Annual water savings: **N/A**

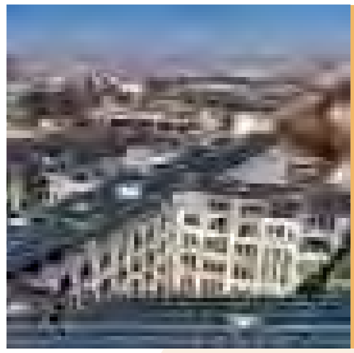
Atrium Centrum
Location: Warsaw, PL
GLA: 17,564 m^2
Allocated: €47.3 m
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced:
842 t CO_2 eq pa
Annual energy savings: **706 MWh pa**
Annual water savings: **1,682 m^3**

Concept Tower
Location: Warsaw, PL
GLA: 9,003 m^2
Allocated: €27.3 m
LEED BD+C Gold
Annual GHG emissions reduced:
N/A
Annual energy savings: **N/A**
Annual water savings: **N/A**

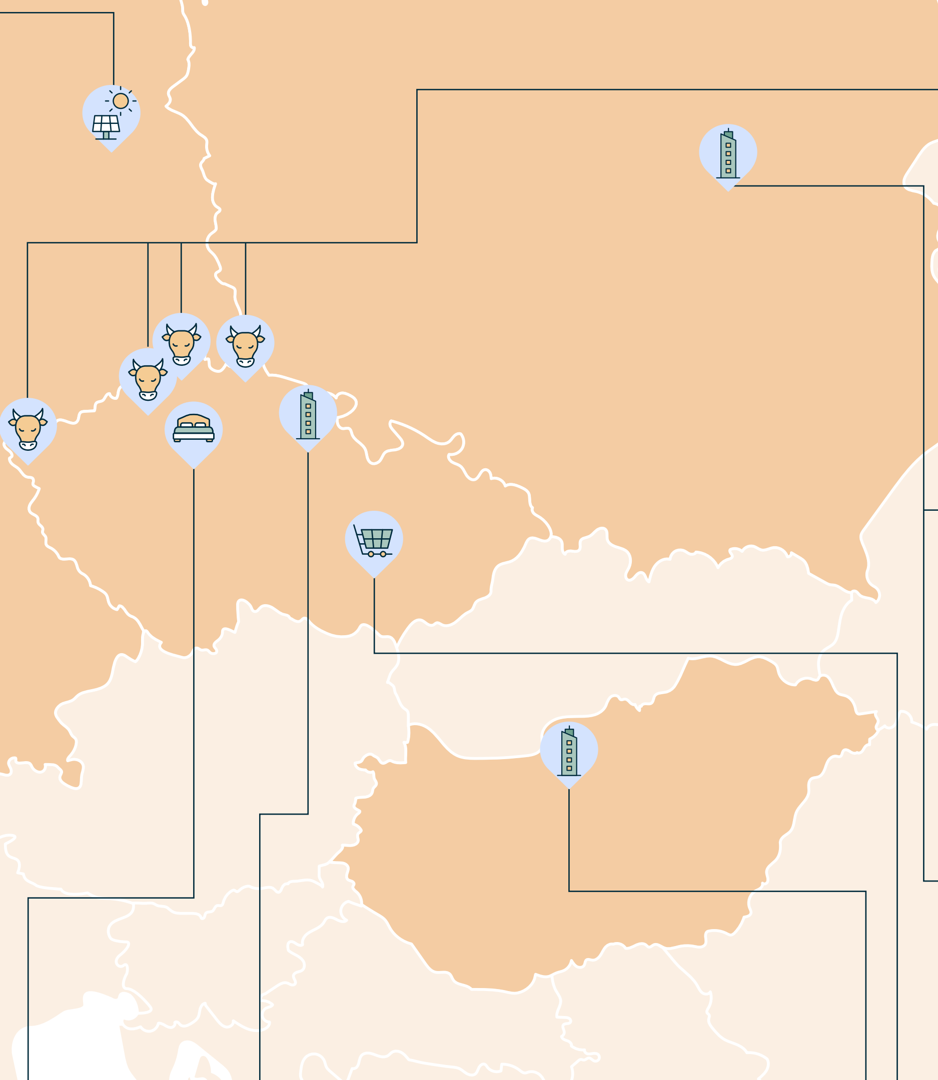
Energy Efficiency:

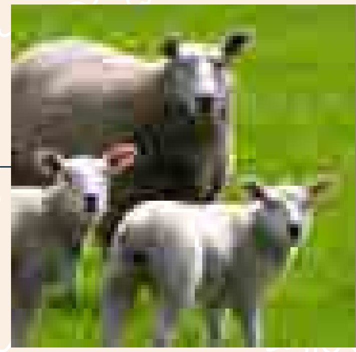
Bubenská 1
Location: Prague, CZ
GLA: 22,241 m^2
Project cost: €62.7 m
Letter grade improvement according to local Engergy Performance Certificate ≥ 2

Gebauer Höfen in Franklinstr. 9-15
Location: Berlin, DE
GLA: 35,468 m^2
Project cost: €3.6 m
Reduction of CO_2 ≥ 30%
Improvement CO_2 t pa: **73%**

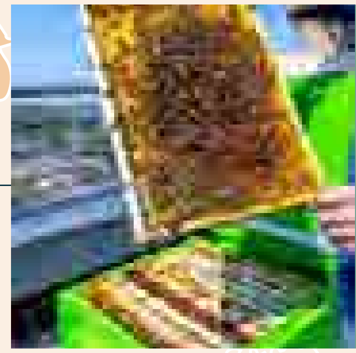


GSG Solar Berlin
Allocated: **€5.655 million**
Renewable energy capacity added: **78.0 kWp pa**
Annual GHG emissions reduced: **2,017 t CO_2 eq pa**
Annual energy production: **4,957.0 kWp pa**

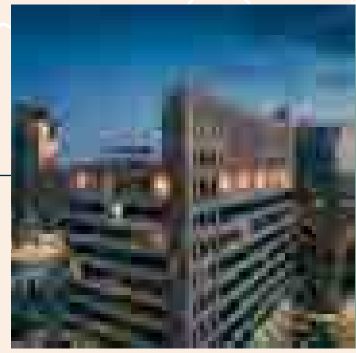




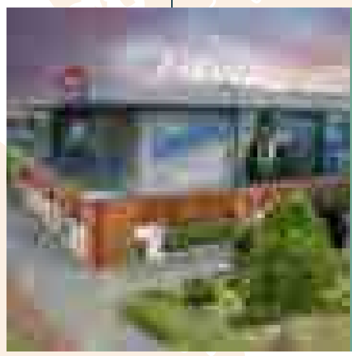
Spojené Farmy a.s.
Amount of land covered by open space: 19,209.0 ha (79.9%)
Allocated: **€102.479 million**
Land area with biodiversity management: **16,431.0 ha**
Grassland area: **16,224.0 ha**
Annual composting: **45,209.0 t**



Eurocentrum
GLA: 85,082 m^2
Allocated: **€242.8 million**
LEED BD+C Platinum
Annual GHG emissions reduced: **9,937 t CO_2 eq pa**
Annual energy savings: **-1,237 MWh pa**
Annual water savings: **-943 m^3**

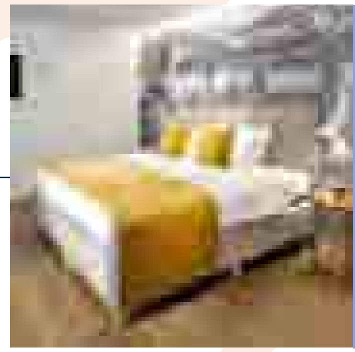


Warsaw Financial Center
GLA: 49,784 m^2
Allocated: **€261.339 million**
LEED O+M Gold
Annual GHG emissions reduced: **8,678 t CO_2 eq pa**
Annual energy savings: **-112 MWh pa**
Annual water savings: **4,556 m^3**



SC Futurum Hradec Kralove
GLA: 39,259 m^2
Allocated: **€131.6 million**
BREEAM In-Use Part 1 Very good
Annual GHG emissions reduced: **1,948 t CO_2 eq pa**
Annual energy savings: **3,241 MWh pa**
Annual water savings: **-1,163 m^3**

ZET.office
GLA: 19,736 m^2
Project cost: **€40.0 million**
Reduction of CO2 ≥ 30%
Top 15% efficiency
Improvement CO_2 t pa: **32%**



Mamaison Residence Downtown Prague
GLA: 14,960 m^2
Project cost: **€15.3 million**
Reduction of CO_2 ≥ 30%
Improvement CO_2 t pa: **57%**

Arena Corner
GLA: 29,889 m^2
Allocated: **€25.5 m**
BREEAM In-Use – Part 1 Very Good
Annual GHG emissions reduced: **205 t CO_2 eq pa**
Annual energy savings: **1,089 MWh pa**
Annual water savings: **7,208 m^3**

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 Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	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 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.
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. Calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.

Alternative performance measures	Definition	Rationale
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.
Unencumbered assets to unsecured debt	It is calculated as unencumbered assets as reported divided by a sum of unsecured bonds and unsecured financial debts as reported.	This measure is an additional indicator of a commercial real estate firm's liquidity and financial flexibility.

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; and cash escrow deposits.
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, investees and other financial assets 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

Equator II, Warsaw, Poland

Property portfolio reconciliation (€ million)

	31 Dec 2021	31 Dec 2020
Investment property – Office	5,165	4,716
Investment property – Retail	2,351	2,184
Investment property – Landbank	1,396	798
Investment property – Residential	1,134	855
Investment property – Agriculture	109	99
Investment property – Development	77	13
Investment property – Other	22	4
Investment property – Industry & Logistics	22	117
Investment property – Hospitality	0	6
Property, plant and equipment – Hospitality	757	676
Property, plant and equipment – Mountain Resorts	51	67
Property, plant and equipment – Agriculture	13	12
Property, plant and equipment – Office	12	9
Property, plant and equipment – Residential	6	6
Property, plant and equipment – Retail	2	1
Property, plant and equipment – Landbank	1	–
Property, plant and equipment – Other	1	–
Equity accounted investees	1,216	658
Other financial assets	199	26
Inventories – Landbank	2	0
Inventories – Development	2	31
Assets held for sale	581	38
Total	**13,119**	**10,316**

Net LTV reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 21	31 Dec 20
A	Financial debts	1,398	1,523
B	Bonds issued	3,735	3,304
C	Net debt linked to AHFS	51	0
D	Cash and cash equivalents	502	632
E	Property portfolio	13,119	10,316
(A+B+C-D)/E	**Net LTV**	**35.7%**	**40.7%**

Unencumbered assets to total assets reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 21	31 Dec 20
A	Bonds collateral	0	0
B	Bank loans collateral	4,255	3,541
	Investment property	4,085	3,367
	Property, plant and equipment	112	124
	Trade receivables	31	27
	Bank accounts	26	23
C	Total assets	14,369	11,801
(C-A-B)/C	**Unencumbered assets ratio**	**70.4%**	**70.0%**

Unencumbered assets to unsecured debt reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 21	31 Dec 20
A	Total assets	14,369	11,801
B	Bonds collateral	0	0
C	Bank loans collateral	4,255	3,541
D	Total debt	5,187	4,827
E	Secured bonds	0	0
F	Secured financial debts	1,398	1,400
(A-B-C)/(D-E-F)	**Unencumbered assets to unsecured debt**	**267%**	**241%**

Funds from operations (FFO) reconciliation (€ million)*

	Item per Consolidated financial statements	2021	2020
A	Net profit/(Loss) for the period	1,292	244
B	Deferred income tax	(247)	(80)
C	Net valuation gain or loss on investment property	1,276	173
D	Net valuation gain or loss on revaluation of derivatives	6	1
E	Net gain or loss on disposal of investment property and subsidiaries	35	1
F	Net gain or loss on disposal of PPE/other assets	(0)	0
G	Impairment/Reversal of impairment	(15)	(50)
H	Amortization/Depreciation	(37)	(38)
I	Other non-cash items	38	46
J	GW/Bargain purchase	0	17
K	Other non-recurring items – costs	(23)	(17)
	Non-recurring FX losses incurred	0	(6)
	Non-recurring financial and other charges	(23)	(10)
L	Other non-recurring items – income	18	0
M	Share on profit of equity accounted investees/JV adjustments	15	(11)
N	Other effects	26	25
(A-B-C-D-E-F-G-H-I-J-K-L-M+N)	**Funds from operations**	**254**	**227**

* *Includes pro-rata estimated FFO for 2021 of Equity accounted investees and Other financial assets.*

Consolidated adjusted EBITDA reconciliation (€ million)*

	Item per Consolidated financial statements	2021	2020
A	Net business income	385	344
B	Administrative expenses	(58)	(47)
C	Other effects	41	41
A+B+C	**Consolidated adjusted EBITDA**	**368**	**338**

* *Includes pro-rata estimated EBITDA for 2021 of Equity accounted investees and Other financial assets.*

Net interest coverage ratio reconciliation (€ million)

	Item per Consolidated financial statements	2021	2020
A	Interest income	18	18
B	Interest expense	(97)	(81)
C	Consolidated adjusted EBITDA	368	338
C/-(A+B)	**Net ICR**	**4.6**	**5.4**

Net debt/EBITDA reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 21	31 Dec 20
A	Net debt	4,682	4,194
B	Net business income	385	344
C	Administrative expenses	(58)	(47)
D	Other effects	41	41
A/(B+C+D)	**Net debt/EBITDA**	**12.7**	**12.4**

Secured debt to total debt reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 21	31 Dec 20
A	Secured bonds	0	0
B	Secured financial debts	1,398	1,400
C	Total debt	5,187	4,827
	Bonds issued	3,735	3,304
	Financial debts*	1,452	1,523
(A+B)/C	**Secured debt as of Total debt**	**27.0%**	**29.0%**

* *Includes Financial debts linked to AHFS.*

Secured consolidated leverage ratio reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 21	31 Dec 20
A	Secured bonds	0	0
B	Secured financial debts	1,398	1,400
C	Consolidated adjusted total assets	14,255	11,694
	Total assets	14,369	11,801
	Intangible assets and goodwill	114	107
(A+B)/C	**Secured consolidated leverage ratio**	**9.8%**	**12.0%**

Equity ratio reconciliation (€ million)

	Item per Consolidated financial statements	31 Dec 21	31 Dec 20
A	Total assets	14,369	11,801
B	Total equity	7,695	5,787
B/A	**Equity Ratio**	**54%**	**49%**

FFO II reconciliation (€ million)

	Item per Consolidated financial statements	2021	2020
A	Funds from operations	254	227
B	Interest on perpetual notes	(75)	(59)
A+B	**Funds from operations II**	**178**	**167**

EPRA NTA deferred tax reconciliation (€ million)

Inventories	Residual tax value of properties	Tax Rate	Fair value of properties	Tax
Total as at 31 Dec 2021	4	19%–33.3%	4	–
Total as at 31 Dec 2020	31	19%–33.3%	31	–

CPI Property Group

DECLARATION LETTER

FINANCIAL REPORT

AS AT 31 DECEMBER 2021

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 persons 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 2021, prepared in accordance with the International Financial Reporting 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 2021, 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 2022

Mr. Martin Němeček

CEO & Managing Director

CPI Property Group
Société anonyme
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R.C.S. Luxembourg: B102254
CEE Office: QUADRIO Building, Purkyňova 2121/3, Praha 1, 110 00
T: +420 281 082 110,115 **E:** cpipg@cpipg.com **www.cpipg.com**

Space means opportunity

CPI PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021 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 2021	Year-ended 31 December 2020
Gross rental income	5.1	401.8	356.5
Service charges and other income	5.2	139.1	139.6
Cost of service and other charges	5.2	(116.2)	(107.4)
Property operating expenses	5.3	(61.8)	(51.0)
Net rental income		**362.9**	**337.7**
Development sales	5.4	12.9	34.3
Development operating expenses	5.4	(9.4)	(29.9)
Net development income		**3.5**	**4.4**
Hotel revenue	5.5	66.4	43.7
Hotel operating expenses	5.5	(52.6)	(46.8)
Net hotel income		**13.8**	**(3.1)**
Other business revenue	5.6	43.6	48.5
Other business operating expenses	5.6	(38.4)	(43.1)
Net other business income		**5.2**	**5.4**
Total revenues		663.8	622.6
Total direct business operating expenses		(278.4)	(278.2)
Net business income		**385.4**	**344.4**
Net valuation gain	5.7	1,275.8	173.1
Net gain on disposal of investment property and subsidiaries	5.8	34.5	0.7
Amortization, depreciation and impairment	5.9	(52.0)	(88.0)
Administrative expenses	5.10	(58.4)	(47.1)
Other operating income		6.5	23.3
Other operating expenses		(5.8)	(2.8)
Operating result		**1,586.0**	**403.6**
Interest income		17.9	18.2
Interest expense	5.11	(97.3)	(80.9)
Other net financial result	5.12	39.3	9.8
Net finance costs		**(40.1)**	**(52.9)**
Share of profit/ (loss) of equity-accounted investees (net of tax)	6.4	15.1	(10.6)
Profit before income tax		**1,561.0**	**340.1**
Income tax expense	5.13	(269.4)	(96.5)
Net profit from continuing operations		**1,291.6**	**243.6**
Items that may or are reclassified subsequently to profit or loss			
Translation difference	6.13	137.5	(130.6)
Cash flow hedges		(26.7)	(1.1)
Income tax on other comprehensive income items		4.6	0.1
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	6.3	18.0	(45.7)
Defined benefit plan actuarial loss		(0.1)	(0.4)
Income tax on other comprehensive income items		(2.7)	8.8
Other comprehensive income for the period, net of tax		130.6	**(168.9)**
Total comprehensive income for the year		**1,422.2**	**74.7**
Net profit attributable to:			
Owners of the parent		1,202.7	181.5
Non-controlling interests		13.8	2.7
Perpetual notes holders		75.1	59.4
Profit for the year		**1,291.6**	**243.6**
Total comprehensive income attributable to:			
Owners of the parent		1,333.3	12.6
Non-controlling interests		13.8	2.7
Perpetual notes holders		75.1	59.4
Total comprehensive income for the year		**1,422.2**	**74.7**
Earnings per share			
Basic earnings in EUR per share	6.13	0.15	0.02
Diluted earnings in EUR per share	6.13	0.15	0.02

Consolidated statement of financial position

The accompanying notes form an integral part of these consolidated financial statements.

	Note	31 December 2021	31 December 2020
Non-current assets			
Intangible assets and goodwill	6.1	114.0	107.1
Investment property	6.2	10,275.8	8,792.6
Property, plant and equipment	6.3	854.6	779.4
Hotels	6.3	*746.2*	*665.2*
Other property, plant and equipment	6.3	*108.4*	*114.2*
Biological assets		6.5	5.0
Equity accounted investees	6.4	1,216.1	658.1
Other financial assets	6.5	229.2	34.4
Loans provided	6.6	102.3	291.5
Deferred tax assets	5.13	164.1	155.6
		12,962.6	**10,823.7**
Current assets			
Inventories	6.7	11.8	38.8
Biological assets		2.7	2.7
Income tax receivables		5.6	5.1
Trade receivables	6.8	105.7	85.4
Loans provided	6.6	19.1	77.5
Cash and cash equivalents	6.9	501.8	632.3
Other financial assets	6.10	56.5	47.4
Other non-financial assets	6.11	114.7	50.8
Assets linked to assets held for sale	6.12	588.5	37.7
		1,406.4	**977.7**
Total assets		**14,369.0**	**11,801.4**
Equity			
Equity attributable to owners of the parent	6.13	5,991.8	4,320.8
Share capital	6.13	*883.6*	*833.2*
Share premium	6.13	*1,161.7*	*911.1*
Other reserves	6.13	*362.2*	*231.5*
Retained earnings	6.13	*3,584.3*	*2,345.0*
Perpetual notes	6.13	1,611.6	1,369.6
Non-controlling interests	6.13	91.2	96.1
		7,694.6	**5,786.5**
Non-current liabilities			
Bonds issued	6.14	3,693.7	3,195.2
Financial debts	6.15	1,164.4	1,269.6
Deferred tax liability	5.13	1,082.4	842.2
Provisions	6.17	8.4	7.0
Other financial liabilities	6.18	87.8	109.9
		6,036.7	**5,423.9**
Current liabilities			
Bonds issued	6.14	41.1	108.8
Financial debts	6.15	233.5	253.0
Trade payables	6.19	116.2	70.6
Income tax liabilities		13.2	12.4
Other financial liabilities	6.20	114.3	120.5
Other non-financial liabilities		33.3	21.0
Liabilities linked to assets held for sale	6.12	86.1	4.7
		637.7	**591.0**
Total equity and liabilities		**14,369.0**	**11,801.4**

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 2021		**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**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**1,202.7**	**1,202.7**	**75.1**	**13.8**	**1,291.6**
Total other comprehensive income		**-**	**-**	**137.5**	**-**	**(22.1)**	**15.3**	**(0.1)**	**130.6**	**-**	**-**	**130.6**
Total comprehensive income for the period		**-**	**-**	**137.5**	**-**	**(22.1)**	**15.3**	**1,202.6**	**1,333.3**	**75.1**	**13.8**	**1,422.2**
Issuance of new shares	6.13	89.3	451.6	-	-	-	-	-	540.9	-	-	540.9
Share buy-back	6.13	(38.9)	(201.0)	-	-	-	-	-	(239.9)	-	-	(239.9)
Issuance of perpetual notes	6.13	-	-	-	-	-	-	-	-	464.8	-	464.8
Repayment of previously issued perpetual notes	6.13	-	-	-	-	-	-	-	-	(236.7)	-	(236.7)
Amount paid to perpetual notes holders	6.13	-	-	-	-	-	-	-	-	(61.2)	-	(61.2)
Acquisition of subsidiaries with NCI		-	-	-	-	-	-	-	-	-	3.2	3.2
Purchase of NCI		-	-	-	-	-	-	36.2	36.2	-	(36.2)	-
Sale of NCI		-	-	-	-	-	-	(3.4)	(3.4)	-	14.3	10.9
Derecognition of unexercised liability		-	-	-	-	-	-	3.9	3.9	-	-	3.9
As at 31 December 2021		**883.6**	**1,161.7**	**55.9**	**5.8**	**(10.4)**	**310.9**	**3,584.3**	**5,991.8**	**1,611.6**	**91.2**	**7,694.6**

	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**
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**

Consolidated cash flow statement

The accompanying notes form an integral part of these consolidated financial statements.

	Note	Year-ended 31 December 2021	31 December 2020
Profit before income tax		**1,561.0**	**340.1**
Adjusted by:			
Net valuation gain	5.7	(1,275.8)	(173.1)
Net gain on the disposal of investment property and subsidiaries	5.8	(34.5)	(0.7)
Depreciation and amortization	5.9	36.5	38.1
Impairment of assets	5.9	15.5	49.9
Net interest expense		79.4	62.7
Net other finance expense		14.0	21.2
Share of profit of equity accounted investees	6.4	(15.2)	10.6
Unrealized exchange rate differences and other non-cash transactions		70.1	(17.5)
Profit before changes in working capital and provisions		**451.0**	**331.3**
Decrease in inventories		28.8	17.6
Increase in trade and other receivables		(50.1)	(22.2)
Increase in trade and other payables		4.6	(59.2)
Change in provisions		0.4	(3.0)
Income tax paid		(20.9)	(15.8)
Net cash from operating activities		**413.8**	**248.7**
Acquisition of subsidiaries, net of cash acquired	3.2	(515.1)	(14.4)
Repayment of loan acquired		(227.2)	-
Acquisition of associates	6.4	(262.5)	(686.5)
Acquisition of other financial investments		(199.3)	(17.2)
Proceeds from sale of non-controlling interest	6.13	14.8	-
Proceeds from disposals of subsidiaries, net of cash disposed		127.2	28.4
Purchase and expenditures on investment property	6.2	(383.2)	(473.5)
Purchase and expenditures on property, plant and equipment	6.3	(66.6)	(25.1)
Purchase of intangible assets	6.1	(6.5)	(7.4)
Purchase of biological assets		(2.6)	(2.2)
Proceeds from sale of investment property		55.8	5.8
Proceeds from sale of property, plant and equipment		2.9	7.5
Proceeds from sale of biological assets		0.4	0.2
Loans provided		(670.9)	(182.6)
Loans repaid		903.6	107.4
Interest received		22.3	0.8
Dividends received	6.4	16.3	19.8
Net cash used in investing activities		**(1,190.6)**	**(1,239.0)**
Proceeds from issue of share capital	6.13	541.0	-
Share buyback	6.13	(239.9)	-
Proceeds from perpetual notes	6.13	464.8	607.5
Payment to perpetual note holders including repayment of perpetual bonds	6.13	(297.9)	(382.8)
Proceeds from bonds issued	6.15	878.3	1,228.5
Repayment of bonds issued	6.15	(528.3)	(812.9)
Interest paid	6.15	(88.4)	(55.6)
Drawings of loans and borrowings	6.15	615.7	377.3
Repayments of loans and borrowings	6.15	(692.1)	(139.8)
Repayment of lease liabilities	6.15	(10.1)	(4.1)
Net cash from / (used in) financing activities		**643.1**	**818.1**
Net increase / (decrease) in cash		**(133.7)**	**(172.2)**
Cash and cash equivalents at the beginning of the period	6.9	632.3	804.5
Less: Cash and cash equivalents reclassified from / (to) assets held for sale		3.2	-
Cash and cash equivalents at the end of the period		**501.8**	**632.3**

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 2021, Radovan Vítek is the primary shareholder of the Company holding indirectly 88.77% of the Company shares.

For the list of shareholders as at 31 December 2021, refer to note 6.13.

Board of Directors

As at 31 December 2021, the Board of Directors consists of the following directors:

Chairman:	Edward Hughes
Executive members:	Martin Němeček, CEO and Managing Director
	Tomáš Salajka
	Oliver Schlink
Non-executive members:	Edward Hughes
	Philippe Magistretti
	Jonathan Lewis
	Omar Sattar
	Tim Scoble

2 Basis of preparation and significant accounting policies

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 2022.

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.

(b) New and amended standards and interpretations

For the preparation of these consolidated financial statements, several amendments and interpretations apply for the first time in 2021, 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.

(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).

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

* Except for subsidiary WXZ1 a.s. which has EUR as a functional currency.

(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 2021 and 2020 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	2021	2020
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	2021	2020
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.

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.

Determination of fair value

(a) Investment property and Property, plant and equipment

Investment properties are stated at fair value as at 31 December 2021 and 2020 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 2021, 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.

3 The Group structure

CPI PG is the Group's ultimate parent company.

As at 31 December 2021, the Group comprises its parent company and 387 subsidiaries (368 as at 31 December 2020) and six joint ventures. For list of subsidiaries refer to Appendix I.

Changes in the Group in 2021

In 2021, the Group acquired, founded or demerged (within the Group) the following subsidiaries:

Entity	Change	Share owned by the Group in %	Date of acquisition/foundation
Millennium S.r.l.	Acquisition	100.00%	12 March 2021
Freccia Alata 2 S.r.l.	Acquisition	100.00%	12 March 2021
Peabody Lamaro Roma S.r.l.	Acquisition	100.00%	12 March 2021
CPI Italy 130 SPV S.r.l.	Founded	97.31%**	12 March 2021
Uchaux Limited	Acquisition	100.00%	20 April 2021
MARRETIM s.r.o.	Acquisition	100.00%	30 April 2021
CPI Lambrate S.r.l.	Founded	100.00%	13 May 2021
CPI ACAYA S.r.l.	Acquisition	97.31%	21 May 2021
GSG BER Waßmannsdorf Eins GmbH	Acquisition	89.67%	26 May 2021
GSG BER Waßmannsdorf Zwei GmbH	Acquisition	89.67%	26 May 2021
Brno Property Invest XV., s.r.o.	Acquisition	97.31%	1 June 2021
ALIZÉ PROPERTY a.s.	Acquisition	100.00%	10 June 2021
Polma 1 S.A.	Acquisition	100.00%	25 June 2021
Ranchmatti SA	Acquisition	100.00%	25 June 2021
CPI Real Estate Italy S.r.l.	Acquisition	100.00%	25 June 2021
CPI Tor di Valle S.r.l.	Acquisition	100.00%	25 June 2021
Eurocraft Cantieri Navali S.rl.	Acquisition	49.00%*	25 June 2021
Capital Dev S.p.A.	Acquisition	100.00%	25 June 2021
Parsec 6 S.p.A.	Acquisition	100.00%	25 June 2021
Parco delle Acacie Due S.p.A	Acquisition	100.00%	25 June 2021
Vicovaro R.E. S.r.l.	Acquisition	100.00%	25 June 2021
Samar - S.P.A.	Acquisition	100.00%	25 June 2021
ISTITUTO IMMOBILIARE DI CATANIA S.P.A.	Acquisition	93.00%	25 June 2021
C.E.Co.S. Completamento Edilizio Corso Sicilia - Societa' Per Azioni	Acquisition	100.00%	25 June 2021
ISTITUTO PER L'EDILIZIA POP. DI SAN BERILLO S.R.L.	Acquisition	99.99%	25 June 2021
S. MARIA DELLA GUARDIA S.R.L.	Acquisition	51.00%	25 June 2021
PAC Italy 130 SPV S.r.l.	Founded	97.31%**	30 June 2021
CPI Medici S.r.l.	Founded	100.00%	23 September 2021
CPI Sicilia S.r.l.	Founded	100.00%	23 September 2021
CPI Italy S.r.l.	Founded	100.00%	23 September 2021
CPI Bologna S.p.A.	Founded	100.00%	24 September 2021
Kunratická farma, s.r.o.	Founded	100.00%	19 October 2021
CPI Parking S.r.l.	Founded	100.00%	28 October 2021
Invesco Bratislava Hotel Investment a.s.	Acquisition	100.00%	11 November 2021
Generation Fund Managed By DeA Capital Sgr S.p.A.	Acquisition	99.5%	18 November 2021
WXZ1 a.s.	Acquisition	100.00%	1 December 2021
CPI Torrenova S.P.A.	Acquisition	100.00%	14 December 2021

* The Group controls the entity through arrangements in the shareholders agreement.
** Controlled investment vehicle of the Group.

In 2021, the Group disposed or liquidated the following subsidiaries:

Entity	Change	Share owned by the Group in %	Date of liquidation
CPI Finance Netherlands II B.V.	Liquidation	100.00%	25 January 2021
Fetumar Development Limited	Liquidation	100.00%	8 March 2021
Jagapa Limited	Liquidation	100.00%	8 March 2021
HAGIBOR OFFICE BUILDING, a.s.	Liquidation	97.31%	29 April 2021
Marissa Gama, a.s.	Disposal	100.00%	7 December 2021
CPI Omikrón, a.s.	Disposal	100.00%	7 December 2021
Marissa Yellow, a.s.	Disposal	100.00%	17 December 2021
Karviná Property Development, a.s.	Liquidation	97.31%	28 December 2021
CPI Jihlava Shopping, a.s.	Disposal	100.00%	30 December 2021

Property asset acquisitions in 2021

Collina Muratella Complex

On 12 March 2021, the Group acquired 100% share in three Italian companies Millenium S.r.l., Freccia Alata S.r.l. and Peabody Lamaro Roma S.r.l. forming Collina Muratella Complex, a landbank for a planned residential complex in Rome, Italy. As part of the transaction, the Group purchased bank loans below their nominal values through its newly-founded investment vehicle CPI Italy 130 SPV.

Total consideration of the acquisition was EUR 35.3 million (including EUR 28.5 million paid by the Group to settle the bank loans).

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	35.3
Identifiable acquired assets	**35.3**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 35.3 million. The net cash outflow connected with the acquisition amounted to EUR 35.3 million (including EUR 28.5 million paid by the Group to settle the bank loans).

Uchaux Limited

On 20 April 2021, the Group acquired a newly founded special purpose entity in United Kingdom, Uchaux Limited, for the purpose of future acquisition and development of a certain investment property. The company was acquired from the Group's majority shareholder for GBP 4 thousand.

CPI ACAYA S.r.l.

On 21 May 2021, to support operations of newly acquired hotel building in Italy, the Group acquired an Italian based company CPI ACAYA S.r.l. The total consideration paid was EUR 0.8 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
Intangible assets	0.5
Property, plant and equipment	0.3
Trade receivables	0.1
Identifiable acquired assets	**0.9**
Trade payables	(0.1)
Identifiable acquired liabilities	**(0.1)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 0.8 million. The net cash outflow connected with the acquisition amounted to EUR 0.8 million.

MARRETIM s.r.o.

On 30 April 2021, the Group acquired MARRETIM s.r.o., an owner of one building in Brno, the Czech Republic. The total consideration paid was EUR 0.8 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	1.7
Identifiable acquired assets	**1.7**
Financial debts	(0.9)
Identifiable acquired liabilities	**(0.9)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 0.8 million. The net cash outflow connected with the acquisition amounted to EUR 0.8 million.

GSG BER Waßmannsdorf

On 26 May 2021, the Group acquired 89.67% shares in two German companies owning land plots in Berlin, Germany: GSG BER Waßmannsdorf Eins GmbH and GSG BER Waßmannsdorf Zwei GmbH. The total consideration paid was EUR 12.9 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	19.3
Identifiable acquired assets	**19.3**
Financial debts	(5.0)
Identifiable acquired liabilities	**(5.0)**

Share of net identifiable assets of the subsidiaries acquired at the date of acquisition amounted to EUR 12.9 million. The net cash outflow connected with the acquisition amounted to EUR 12.9 million.

As a result of the acquisition, the Group initially recognized a non-controlling interest of EUR 1.4 million.

Brno Property Invest XV., s.r.o.

On 1 June 2021, the Group acquired A.M.A. Brno spol. s.r.o., an owner of one land plot in Brno, the Czech Republic. The company was subsequently renamed to Brno Property Invest XV., s.r.o. The total consideration paid was EUR 2.2 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	2.2
Current assets	0.2
Identifiable acquired assets	**2.4**
Financial debts and other liabilities	(0.2)
Identifiable acquired liabilities	**(0.2)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 2.2 million. The net cash outflow connected with the acquisition amounted to EUR 2.2 million.

ALIZÉ PROPERTY a.s.

On 10 June 2021, the Group acquired ALIZÉ PROPERTY a.s, an owner of a land plot in Slovakia. The total consideration paid was EUR 13.9 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	14.0
Identifiable acquired assets	**14.0**
Trade payables	(0.1)
Identifiable acquired liabilities	**(0.1)**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 13.9 million. The net cash outflow connected with the acquisition amounted to EUR 13.9 million.

Polma 1 S.A. group

On 25 June 2021, the Group acquired Polma 1 SA ("Polma") from the Group's majority shareholder. Polma is a Luxembourg based direct or indirect parent company of the following:

- Italy based subsidiaries - Eurocraft Cantieri Navali S.rl. (owner of one building in Italy), Capital Dev S.p.A., Parsec 6 S.p.A. (owner of the shopping centre Maximo in Rome, Italy), Parco delle Acacie Due S.p.A (owner the land plot in Rome, Italy), Vicovaro R.E. S.r.l. (owner of a landbank in Vicovaro, Italy), Samar - S.P.A. (owner of the land plot in Rome, Italy), ISTITUTO IMMOBILIARE DI CATANIA S.P.A. (owner of a landbank in Rome, Italy), C.E.Co.S. Completamento Edilizio Corso Sicilia (owner of the land plot in Rome, Italy), ISTITUTO PER L'EDILIZIA SAN BERILLO S.R.L., S. MARIA DELLA GUARDIA S.R.L., CPI Real Estate Italy S.rl., CPI Tor di Valle S.rl.; and
- Switzerland based subsidiary - Ranchmatti SA (owner of a one building in Switzerland).

In the first step, Polma, fully owned by the Group's majority shareholder, acquired shares in the above-mentioned entities. Through the Group's newly founded investment vehicle CPI Italy 130, the Group purchased bank loans below their nominal values for EUR 24.5 million from UniCredit bank. Finally, the Group acquired 100% shares in Polma from the Group's majority shareholder for EUR 116.6 million.

Total consideration of the acquisition was EUR 368.3 million (including EUR 227.2 million paid by the Group to settle the Polma's group pre-acquisition loans against entities controlled by the Group's majority shareholder and EUR 24.5 million paid by the Group to settle the Polma's group pre-acquistion bank loans). Total consideration was determined as fair value of investment property (refer to note 7.5 for more details on the valuation of the investment property) plus other identifiable acquired assets less total identifiable acquired liabilities.

As a result of the transaction, the Group acquired primarily:

- the three-floor shopping centre Maximo located in Rome, Italy in the fair value of EUR 262.1 million;
- several landbank plots for the purpose of future development in Italy, primarily in Rome, Catania and Vicovaro in the fair value of EUR 58.9 million; and
- one building in Switzerland and Italy in the fair value of EUR 17.7 million.

Because Polma did not represent business as defined by IFRS 3, the acquisition was recognized as a property asset acquisition by the Group.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Investment property	338.7
Loans provided	15.7
Trade receivables	8.7
Other financial current assets	19.2
Other non-financial currents assets	13.7
Cash and cash equivalents	36.8
Identifiable acquired assets	**432.8**
Other non-current financial debts	(8.3)
Other non-current financial liabilities	(6.5)
Trade payables	(9.9)
Other financial current liabilities	(24.1)
Other non-financial current liabilities	(13.9)
Identifiable acquired liabilities	**(62.7)**

As a result of the acquisition, the Group initially recognized a non-controlling interest of EUR 1.8 million.

Net identifiable assets of the group acquired at the date of acquisition amounted to EUR 370.1 million and EUR 368.3 million, net of non-controlling interest.

The net cash outflow connected with the acquisition amounted to EUR 79.8 million plus EUR 251.7 million paid by the Group to settle the pre-acquisition loans.

Other non-financial current assets of EUR 13.7 million acquired represent value added tax receivables.

WXZ1 a.s.

On 1 December 2021, the Group acquired WXZ1 a.s. which directly owned 14,071,483 shares (representing 11.4% stake) of Austrian real estate group IMMOFINANZ AG. The ultimate beneficial owner of WXZ1 a.s. was Patrick Vítek (eldest, adult and not dependant son of Groups main shareholder). The total consideration of the transaction was EUR 261.2 million. The value of IMMOFINANZ shares was EUR 275.4 million adjusted for liabilities of EUR 14.2 million.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 261.2 million. The net cash outflow connected with the acquisition amounted to EUR 261.2 million.

Together with IMMOFINANZ shares previously held, the Group owns a total of 26,621,030 IMMOFINANZ shares, representing a 21.6% stake as at 31 December 2021 and is IMMOFINANZ consequently classified as an associate by the Group. For more details, refer to note 6.4.3.

CPI Torrenova S.P.A. (formerly Gallotti SPA)

On 14 December 2021, the Group acquired Gallotti SPA later renamed by the Group to CPI Torrenova S.P.A., an owner of landbank in Rome, Italy. The total consideration paid was EUR 23.1 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	19.0
Other financial investments	1.2
Trade receivables	6.4
Other non-financial current assets	0.3
Cash and cash equivalents	4.2
Identifiable acquired assets	**31.1**
Non-current financial debts	(2.8)
Current financial debts	(0.6)
Trade payables	(0.2)
Other financial current liabilities	(0.8)
Other non-financial current liabilities	(3.7)
Identifiable acquired liabilities	**8.1**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 23.0 million. The net cash outflow connected with the acquisition amounted to EUR 18.8 million (including EUR 22.0 million paid by the Group to settle the pre-acquisition loans).

Generation Fund Managed By DeA Capital Sgr S.p.A.

On 18 November 2021, the Group together with DeA Capital S.p.A. ("DeA Capital") founded a Generation Fund Managed By DeA Capital Sgr S.p.A. The fund is operated by DeA Capial but controlled by the Group.

The Group purchased 99.5% stake in the fund for EUR 65.9 million. The only identifiable acquired assets represented investment properties in form of one shopping centre and office building in Italy and cash and cash equivalents of EUR 3.6 million.

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 65.9 million. The net cash outflow connected with the acquisition amounted to EUR 62.3 million.

Business combination in 2021

CPI Žabotova, a.s. (formely Invesco Bratislava Hotel Investment)

On 11 November 2021, the Group acquired Invesco Bratislava Hotel Investment, an owner and operator of the hotel building in Bratislava, Slovakia. The company was later renamed by the Group to CPI Žabotova a.s. The total consideration paid was EUR 3.9 million.

The acquisition of the company is treated as a business combination under IFRS 3. The Group designated an acquisition date at 11 November 2021.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Fair value
Property, plant and equipment	9.9
Cash and cash equivalents	0.5
Identifiable acquired assets	**10.4**
Non-current financial debts	(6.5)
Identifiable acquired liabilities	**(6.5)**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 3.9 million. The net cash outflow connected with the acquisition amounted to EUR 3.4 million.

If the acquisition had occurred on 1 January 2021 with all other variables held constant, Group total revenues in 2021 would have been EUR 663.9 million and net profit from continuing operations would have been EUR 1,290.2 million.

Disposal of subsidiaries in 2021

The Group disposed the following subsidiaries (which were considered as a non-core assets):

- Marissa Gama, a.s. was sold for EUR 53.5 million on 7 December 2021.
- CPI Omikrón, a.s. was sold for EUR 15.1 million on 7 December 2021.
- Marissa Yellow, a.s. was sold for EUR 12.8 million on 17 December 2021.
- CPI Jihlava Shopping, a.s. was sold for EUR 47.3 million on 30 December 2021.

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.

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).

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.

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.

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.

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).

Income statement per operating segments

2021

	Czech Republic	Berlin	Poland	Hotels and resorts	Complementary assets	Corporate and not attributable	Total
Gross rental income	173.0	88.7	66.3	-	73.8	-	401.8
Service charge and other income	56.7	32.4	23.5	-	26.5	-	139.1
Cost of service and other charges	(50.1)	(18.5)	(22.9)	-	(24.7)	-	(116.2)
Property operating expenses	(22.4)	(16.0)	(5.9)	-	(17.5)	-	(61.8)
Net rental income	**157.2**	**86.6**	**61.0**	**-**	**58.1**	**-**	**362.9**
- *Office*	*46.2*	*85.3*	*52.5*	-	*19.2*	-	*203.2*
- *Retail*	*89.6*	-	*8.5*	-	*37.2*	-	*135.3*
- *Residential*	*19.9*	-	-	-	*1.6*	-	*21.5*
- *Other*	*1.5*	*1.3*	-	-	*0.1*	-	*2.9*
Development sales	12.1	0.6	-	-	0.2	-	12.9
Development operating expenses	(8.4)	(0.5)	-	-	(0.5)	-	(9.4)
Net development income	**3.7**	**0.1**	**-**	**-**	**(0.3)**	**-**	**3.5**
Hotel revenue	-	-	-	66.4	-	-	66.4
Hotel operating expenses	-	-	-	(52.6)	-	-	(52.6)
Net hotel income	**-**	**-**	**-**	**13.8**	**-**	**-**	**13.8**
Other business revenue	16.3	-	-	27.3	-	-	43.6
Other business operating expenses	(10.5)	-	-	(27.9)	-	-	(38.4)
Net other business income	**5.8**	**-**	**-**	**(0.6)**	**-**	**-**	**5.2**
Total revenues	258.1	121.8	89.8	93.7	100.4	-	663.8
Total direct business operating expenses	(91.4)	(35.1)	(28.8)	(80.5)	(42.6)	-	(278.4)
Net business income	**166.7**	**86.7**	**61.0**	**13.2**	**57.8**	**-**	**385.4**
Administrative expenses	(25.5)	(10.8)	(4.3)	(0.1)	(6.7)	(11.0)	(58.4)
Segment adjusted EBITDA	**141.2**	**75.9**	**56.7**	**13.0**	**51.1**	**(11.0)**	**326.9**
Valuation gain	525.6	466.1	54.5	-	288.4	-	1,334.6
Valuation loss	(17.0)	(22.6)	(4.2)	-	(15.0)	-	(58.8)
Net gain/(loss) on disposal of investment property and subsidiaries	34.4	1.2	-	-	(1.1)		34.5
Amortization, depreciation and impairments	(2.6)	(2.1)	(1.1)	(44.8)	(1.0)	(0.4)	(52.0)
Segment operating result	**681.6**	**518.5**	**105.9**	**(31.8)**	**322.4**	**(11.4)**	**1,585.2**
Other operating income						6.5	6.5
Other operating expenses						(5.8)	(5.8)
Operating result							**1,586.0**
Interest income						17.9	17.9
Interest expense						(97.3)	(97.3)
Other net financial result						39.3	39.3
Net finance costs						**(40.1)**	**(40.1)**
Share of loss of equity-accounted investees (net of tax)						15.1	15.1
Profit before income tax							**1,561.0**
Income tax expense						(269.4)	(269.4)
Net profit from continuing operations							**1,291.6**

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**

Revenues by countries

	2021		2020	
	Amount	In %	Amount	In %
Czech Republic	293.5	44%	298.6	48%
Germany	121.7	18%	115.8	19%
Poland	91.2	14%	84.2	13%
Hungary	58.0	9%	55.2	9%
Switzerland	27.2	4%	33.4	5%
Other	72.2	11%	35.4	6%
Total	**663.8**	**100%**	**622.6**	**100%**

Non-current assets by operating segments and countries

The following table presents investment property by operating segments and countries:

	31 December 2021 Amount	In %	31 December 2020 Amount	In %
By operating segments				
Czech Republic	**3,982.7**	**39%**	**3,859.0**	**44%**
- Office portfolio	*814.6*	*20%*	*911.6*	*24%*
- Retail portfolio	*1,398.2*	*37%*	*1,580.6*	*41%*
- Residential portfolio	*727.3*	*18%*	*509.2*	*13%*
- Landbank and development	*910.7*	*22%*	*679.2*	*18%*
- Other	*131.9*	*3%*	*178.4*	*4%*
Berlin	**2,962.2**	**29%**	**2,559.2**	**29%**
- Office portfolio	*2,802.9*	*95%*	*2,461.8*	*95%*
- Landbank and development	*157.4*	*5%*	*94.8*	*4%*
- Other	*1.9*	*0%*	*2.6*	*1%*
Poland	**1,222.0**	**12%**	**1,160.2**	**13%**
- Office portfolio	*1,062.4*	*87%*	*998.3*	*86%*
- Retail portfolio	*159.3*	*13%*	*161.5*	*14%*
- Landbank and development	*0.3*	*0%*	*0.4*	*0%*
Complementary assets	**2,108.9**	**20%**	**1,214.2**	**14%**
- Office portfolio	*485.0*	*23%*	*344.2*	*28%*
- Retail portfolio	*793.2*	*37%*	*442.3*	*36%*
- Landbank and development	*404.9*	*20%*	*36.0*	*3%*
- Residential portfolio	*407.0*	*19%*	*345.2*	*29%*
- Other	*18.8*	*1%*	*46.5*	*4%*
Total	**10,275.8**	**100%**	**8,792.6**	**100%**
By countries				
Czech Republic	3,982.7	39%	3,859.0	44%
Germany	2,962.2	29%	2,559.2	29%
Poland	1,222.0	12%	1160.2	13%
Italy	960.6	9%	136.5	2%
Hungary	553.4	5%	591.0	7%
Other	594.9	6%	486.7	5%
Total	**10,275.8**	**100%**	**8,792.6**	**100%**

The following table presents property, plant and equipment by operating segments and countries:

	31 December 2021 Amount	In %	31 December 2020 Amount	In %
By operating segments				
Hotels and resorts	811.5	95%	743.7	95%
Czech Republic	22.7	3%	19.8	3%
Berlin	16.7	2%	15.8	2%
Complementary assets in Europe	3.7	0%	0.1	0%
Total	**854.6**	**100%**	**779.4**	**100%**
By countries				
Czech Republic	403.5	47%	390.2	50%
Croatia	168.3	20%	163.5	21%
Italy	93.7	11%	40.3	5%
Hungary	67.4	8%	63.3	8%
Switzerland	51.4	6%	66.9	9%
Other	70.3	8%	55.2	7%
Total	**854.6**	**100%**	**779.4**	**100%**

The following table presents goodwill by operating segments and countries:

	31 December 2021 Amount	31 December 2020 Amount
Hotels and resorts	52.2	49.5
Berlin	42.6	42.6
Complementary assets	2.0	1.9
Total	**96.8**	**94.0**

5 Consolidated statement of comprehensive income

Gross rental income

	2021	2020
Gross rental income	401.8	356.5

In 2021, the increase of gross rental income was driven by acquisitions in Italy (EUR 21.5 million) and by growth of rental income generated by Berlin and Polish office portfolio (EUR 9.1 million and EUR 4.7 million, respectively).

Net service charge and other income

	2021	2020
Service charge income	120.1	121.6
Service revenue	1.2	7.7
Revenues from sales of utilities	17.8	10.3
Service charges and other income	**139.1**	**139.6**
Cost of service charges	(100.8)	(98.6)
Cost of utilities	(15.4)	(8.8)
Cost of service and other charges	**(116.2)**	**(107.4)**
Total net service charge income	**22.9**	**32.2**

In 2021 and 2020, the revenue from sales of utilities relates primarily to the sale of water and electricity.

Property operating expenses

	2021	2020
Building maintenance	(22.5)	(18.6)
Real estate tax	(5.8)	(4.6)
Letting fee, other fees paid to real estate agents	(5.2)	(4.3)
Personnel expenses (5.3.1)	(4.9)	(5.6)
Facility management and other property related services	(23.4)	(17.9)
Total	**(61.8)**	**(51.0)**

In 2021, the property operating expenses increased primarily due to the acquisions in Italy (EUR 8.5 million) compared to 2020.

5.3.1 Personnel expenses

	2021	2020
Wages and salaries	(3.8)	(4.7)
Social and health security contributions	(0.5)	(0.8)
Other social expenses	(0.6)	(0.1)
Total personnel operating expenses (note 5.3)	**(4.9)**	**(5.6)**
Wages and salaries	(21.9)	(19.1)
Social and health security contributions	(4.9)	(4.5)
Other social expenses	(0.8)	(0.7)
Total personnel administrative expenses (note 5.10)	**(27.6)**	**(24.3)**
Wages and salaries	(16.9)	(16.8)
Social and health security contributions	(4.7)	(4.7)
Other social expenses	(0.2)	(0.3)
Total personnel expenses – hotel operations (note 5.5)	**(21.8)**	**(21.8)**
Wages and salaries	(18.7)	(18.2)
Social and health security contributions	(3.4)	(3.3)
Other social expenses	0.4	(0.4)
Total personnel expenses – other business operations (note 5.6)	**(21.7)**	**(21.9)**
Total	**(76.0)**	**(73.6)**

As at 31 December 2021 and 2020, the Group had 3,485 and 3,318 full-time employees (including temporary contracts), respectively.

Net development income

	2021	2020
Development sales	12.9	34.3
Development operating expenses	(9.4)	(29.9)
Total	**3.5**	**4.4**

Development income and development operating expenses in 2021 and 2020 represent primarily sales of flats and family houses from the ongoing development projects in Prague, the Czech Republic (sales of EUR 12.9 million and operating expenses of EUR 9.5 million in 2021 and sales of EUR 29.6 million and operating expenses of EUR 24.8 million in 2020). In 2020, the Group also sold several apartments in Nice, France (sales of EUR 4.7 million and operating expenses of EUR 5.1 million).

Net hotel income

	2021	2020
Hotel revenue	66.4	43.7
Personnel expenses (5.3.1)	(21.8)	(21.8)
Hotel other operating expenses	(30.8)	(25.0)
Total	**13.8**	**(3.1)**

The COVID-19 pandemic had a negative impact primarily on the Group's congress, convention and resort hotels operations. In 2021 the Group's hotels were mostly closed from the beginning of the year until May. In 2020 the hotels were closed between mid-March and the end of May 2020 and since mid-October. As a result the Group's hotel revenue partially recovered from EUR 43.7 million generated in 2020 to EUR 66.4 generated in 2021.

Because the Group operates nearly all the hotels and effectively reduced hotel operating expenses, the Group realized net hotel income of EUR 13.8 million in 2021 compared to net hotel expense of EUR 3.1 million incurred in 2020.

Net other business income

	2021	2020
Other business revenue	43.6	48.5
Personnel expenses (5.3.1)	(21.7)	(21.9)
Other business operating expenses	(16.7)	(21.2)
Total	**5.2**	**5.4**

In 2021 and 2020, the other business revenue includes state grants of EUR 8.5 million and EUR 8.1 million, respectively obtained by the Group's agriculture business in the Czech Republic.

Net valuation gain

	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
2021					
Valuation gain	525.6	466.1	54.5	288.4	1,334.6
Valuation loss	(17.0)	(22.6)	(4.2)	(15.0)	(58.8)
Total	**508.6**	**443.5**	**50.3**	**273.4**	**1,275.8**
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**

Czech Republic

In 2021, the most significant valuation gains related to revaluation of the residential portfolio (EUR 173.6 million), landbank portfolio (in total of EUR 266.3 million) and office portfolio (EUR 30.7 million).

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).

Berlin

Berlin's net valuation gain in both 2021 and 2020 relates to the office portfolio and reflects the continuously growing real estate market in Berlin.

Complementary assets in Europe

In 2021, the valuation gain primarily related to newly acquired portfolio (EUR 224.0 million) and existing portfolio (EUR 29.4 million) in Italy.

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).

For the assumptions used by the professional valuers in the preparation of appraisals as at 31 December 2021, refer to note 7.5.3.

Net gain on the disposal of investment property and subsidiaries

The following table summarizes the effects of investment property disposals:

	2021	2020
Proceeds from the disposal of investment property	20.9	8.2
Carrying value of investment property disposed of and related cost	(16.3)	(9.7)
Net gain on the disposal of investment property	**4.6**	**(1.5)**
Proceeds from the disposal of subsidiaries	128.7	29.6
Carrying value of subsidiaries disposed of	(99.7)	(27.4)
Net gain on the disposal of subsidiaries	**29.0**	**2.2**
Proceeds from the disposal of investment property classified as held for sale	36.3	-
Carrying value investment property classified as held for sale	35.4	-
Net gain on the disposal of investment property classified as held for sale	**0.9**	**-**
Total	**34.5**	**0.7**

In 2021, the Group sold primarily two shopping centres (for EUR 47.3 million and EUR 12.8 million) and two office properties (for EUR 53.5 million and EUR 15.1 million) in the Czech Republic.

The following table summarizes disposal effects of subsidiaries sold:

	2021	2020
Investment property	250.3	30.9
Inventories	-	4.1
Trade receivables	3.2	0.2
Other financial current assets	-	0.6
Other non-financial current assets	0.7	-
Cash and cash equivalents	5.6	1.4
Total disposed assets	**259.8**	**37.2**
Non-current financial debts	(120.9)	(7.9)
Deferred tax liabilities	(24.8)	(0.8)
Other non-current liabilities	(1.2)	(0.2)
Current financial debts	(3.3)	(0.4)
Trade payables	(0.6)	(0.1)
Current advance payments	(3.4)	-
Other financial current liabilities	(4.5)	(0.1)
Other non-financial current liabilities	(1.4)	(0.3)
Total disposed liabilities	**(160.1)**	**(9.8)**
Carrying value of subsidiaries disposed of	**99.7**	**27.4**

For details on sale of subsidiaries in 2021 and 2020, refer to note 3.4 and 3.8, respectively.

Amortization, depreciation and impairment

	2021	2020
Depreciation and amortization	(36.5)	(38.1)
Impairment of assets	(15.5)	(49.9)
Total	**(52.0)**	**(88.0)**

Movement of impairment of assets

	2021	2020
Impairment / reversal of impairment of property, plant and equipment	(15.0)	(46.7)
Impairment / reversal of impairment of inventories	0.4	1.2
Impairment of trade receivables, loans provided and other	(0.9)	(4.4)
Impairment of assets	**(15.5)**	**(49.9)**

In 2021, the impairment of property, plant and equipment reflects revaluation of mountain resort in Switzerland (EUR 13.6 million). Refer to note 6.3 for more details.

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.

Administrative expenses

	2021	2020
Personnel expenses (5.3.1)	(27.6)	(24.3)
Audit, tax and advisory services	(11.4)	(5.6)
Legal services	(7.0)	(5.6)
Marketing	(2.5)	(1.3)
Other administrative expenses	(9.9)	(10.3)
Total	**(58.4)**	**(47.1)**

In 2021, the administrative expenses increased primarily due to Group's acquisitions compared to 2020.

In 2021, 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 2020), of which EUR 1.5 million (EUR 1.4 million in 2020) related to audit services and EUR 0.3 million (EUR 0.4 million in 2020) to other assurance and advisory services.

Interest expense

	2021	2020
Interest expense from bank and other loans	(20.2)	(19.3)
Interest expense on bonds issued	(76.5)	(60.6)
Interest expense related to leases	(0.6)	(1.0)
Total	**(97.3)**	**(80.9)**

In 2021, the interest expense on bonds issued related to the overall increase of issued bonds (refer to note 6.13 for more details).

Other net financial result

	2021	2020
Change in fair value and realized result on derivative instruments not used for hedging	7.2	1.1
Bank charges	(2.6)	(4.3)
Net foreign exchange gain / (loss) on investment property	(65.5)	175.8
Other net foreign exchange gain / (loss)	104.8	(140.3)
Other net financial result	(4.6)	(22.4)
Total	**39.3**	**9.8**

The net foreign exchange loss on investment property of EUR 65.5 million in 2021 (net foreign exchange gain on investment property of EUR 175.8 million in 2020) 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 gain in 2021 of EUR 104.8 million (the other net foreign exchange loss of EUR 140.3 million 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.

Income tax expense

	2021	2020
Current year income tax expense	(23.1)	(17.1)
Adjustment for prior years	1.0	1.0
Total current year income tax expense	**(22.1)**	**(16.1)**
Temporary differences	(246.9)	(66.8)
Utilization of tax losses carried forward	0.9	(13.4)
Other effects	(1.3)	(0.2)
Total deferred tax expense	**(247.3)**	**(80.4)**
Total	**(269.4)**	**(96.5)**

In 2021, the Group's effective tax rate in respect of continuing operations was 17.3% (28.4% in 2020). A significantly higher effective income tax rate in 2020 compared to 2021 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 CPI FIM Group's 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

	2021	2020
Profit for the period	1,291.6	243.6
Total income tax recognised in profit or loss	269.4	96.5
Profit before income tax	**1,561.0**	**340.1**
Domestic corporate income tax rate	24.94%	24.94%
Income tax expense using the domestic corporate income tax rate	(389.3)	(84.8)
Effect of tax rates in foreign jurisdictions	68.1	29.4
Non-deductible expense	(16.3)	(34.2)
Tax exempt income	67.6	18.4
Change in unrecognized deferred tax assets	0.9	(24.9)
Income tax adjustment for prior years	1.0	(0.1)
Other	(0.4)	(0.3)
Total income tax recognised in profit or loss	**(269.4)**	**(96.5)**

The effect of tax rates in foreign jurisdictions primarily reflects the lower income tax rate of selected German subsidiaries due to the trade tax exemption.

In 2021, the tax-exempt income represents primarily net income from sales of subsidiaries (EUR 24.5 million) and net unrealized foreign exchange gains recognized by the Luxembourg entities (EUR 35.8 million).

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 26.5% on taxable income up to EUR 250 million and 27.5% on taxable income exceeding EUR 250 million. 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 2 million in previous year). Tax losses 2016-2018 may be carried forward for 5 years but the loss utilization in each year is capped at the 50% of the tax loss. The losses incurred during 2019-2021 can be utilized: a) in the next five consecutive tax years, provided that the amount of the utilization in any of these years may not exceed 50% of the amount of this loss, or b) in one of the next five subsequent tax years by an amount not exceeding PLN 5,000,000, the undetermined amount is subject to settlement in the remaining years of this five-year period, provided that the amount of reduction in any of these years may not exceed 50% of the amount of this 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 11.89% until a taxable profit of CHF of 200 thousand and 18.57% above (since 1 January 2022 the tax above CHF 250 thousand will be 16.98%). 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 26.5% 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 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Investment property	15.6	10.2	(1,016.9)	(812.9)	(1,001.3)	(802.7)
Property, plant and equipment	19.4	17.5	(71.7)	(47.6)	(52.3)	(30.1)
Inventories	-	0.5	(0.6)	(0.3)	(0.6)	0.2
Financial debts	4.8	4.2	(0.8)	(0.9)	4.0	3.3
Derivative instruments	0.2	3.4	(3.2)	(6.1)	(3.0)	(2.7)
Tax losses carried-forward*	149.6	149.4	-	-	149.6	149.4
Other	1.5	1.8	(16.2)	(5.8)	(14.7)	(4.0)
Gross deferred tax asset/ (liability)	**191.1**	**187.0**	**(1,109.4)**	**(873.6)**	**(918.3)**	**(686.6)**
Deferred tax offset by subsidiaries	(27.0)	(31.4)	27.0	31.4	-	-
Total	**164.1**	**155.6**	**(1,082.4)**	**(842.2)**	**(918.3)**	**(686.6)**
Deferred tax linked to AHFS	-	-	(26.3)	(4.7)	(26.3)	(4.7)
Total including AHFS	**164.1**	**155.6**	**(1,108.7)**	**(846.9)**	**(944.6)**	**(691.3)**

* The Group recognizes the deferred tax asset from tax losses carried forward by CPI FIM Group in the amount of EUR 129.7 million as at 31 December 2021 (EUR 134.7 million as at 31 December 2020). 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 2021	31 December 2020
Investment property*	(125.9)	(114.0)
Tax losses carried-forward**	238.9	217.8

* 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 2021	18.9	57.5	107.2	966.0	**1,149.6**
As at 31 December 2020	14.8	69.7	69.5	865.4	**1,019.4**

Movement in deferred tax

	2021	2020
Net deferred tax liability as at 1 January	(686.6)	(637.8)
Recognized in profit or loss	(247.3)	(80.4)
Recognized in other comprehensive income	1.9	9.9
Effect of business combinations	-	1.1
Disposal of subsidiaries	24.8	0.9
Transfers	26.3	4.7
Translation differences and other	(37.4)	15.0
Net deferred tax liability as at 31 December	**(918.3)**	**(686.6)**
Deferred tax linked to AHFS as at 1 January	(4.7)	(0.3)
Transfers	(26.3)	(4.7)
Disposal of subsidiaries	4.7	0.3
Deferred tax linked to AHFS as at 31 December	**(26.3)**	**(4.7)**
Net deferred tax liability including AHFS as at 31 December	**(944.6)**	**(691.3)**

In 2021, EUR 243.8 million (EUR 66.5 million in 2020) 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

Intangible assets and goodwill

	Goodwill	Software	Other	Total
Cost				
As at 1 January 2021	116.0	10.4	11.9	138.3
Additions	-	6.0	0.5	6.5
Disposals	-	(0.8)	(0.6)	(1.4)
Effect of movements in exchange rates	3.3	0.5	0.3	4.1
As at 31 December 2021	**119.3**	**16.1**	**12.1**	**147.5**
Amortization and impairment losses				
As at 1 January 2021	22.0	6.6	2.6	31.2
Amortization for the period	-	1.2	0.5	1.7
Disposals	-	-	(0.5)	(0.5)
Effect of movements in exchange rates	0.5	0.4	0.2	1.1
As at 31 December 2021	**22.5**	**8.2**	**2.8**	**33.5**
Carrying amounts				
As at 1 January 2021	94.0	3.8	9.3	107.1
As at 31 December 2021	**96.8**	**7.9**	**9.3**	**114.0**

	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)
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
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**

As at 31 December 2021, goodwill consisted of:

- goodwill of EUR 42.6 million (EUR 42.6 million at 31 December 2020). 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 2020). 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 47.8 million (EUR 45.0 million at December 2020). 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 2020, 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 (EUR 2.3 million at December 2020). The goodwill was recognized upon the acquisition of Zerodix Sárl in 2020 (refer to note 3.3).

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 2021. The recoverable amounts of related CGUs as at 31 December 2021, 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 2021 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 94.0 million and EUR 85.1 million as at 31 December 2021 and 2020;
- pre-tax discount rate of 5.11% and 4.92% as at 31 December 2021 and 2020;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2021 and 2020.

Increase in budgeted average annual EBITDA from EUR 85.1 million as at 31 December 2020 to EUR 94.0 million as at 31 December 2021 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 2021 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 2021 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 0.8 million and EUR 3.7 million as at 31 December 2021 and 2020;
- pre-tax discount rate of 9.21% and 10.96% as at 31 December 2021 and 2020;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2021 and 2020.

The decrease of the budgeted average annual free cash flows from EUR 3.7 million as at 31 December 2020 to EUR 0.8 million as at 31 December 2021 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 457.4 million (2020: EUR 356.2 million). Based on the impairment test performed in both 2021 and 2020, 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 2021	31 December 2020
Pre-tax discount rate	0.55	0.44
Terminal value growth rate	(0.62)	(0.51)
Budgeted average annual EBITDA	EUR (15.6) million	EUR (11.9) 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 2021	31 December 2020
Pre-tax discount rate	215.9	146.6
Terminal value growth rate	367.6	277.4
Budgeted average annual EBITDA	319.8	211.4

- The estimated recoverable amount of CPI Hotels CGU exceeded its carrying amount by approximately EUR 2.8 million (2020: EUR 3.3 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 2021	31 December 2020
Pre-tax discount rate	0.27	0.54
Terminal value growth rate	(0.35)	(0.75)
Budgeted average annual FCF	EUR (0.2) million	EUR (0.3) 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 2021	31 December 2020
Pre-tax discount rate	(1.8)	(0.1)
Terminal value growth rate	1.9	2.8
Budgeted average annual FCF	2.3	0.7

Investment property

	Note	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
As at 1 January 2020		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 from 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**
Acquisition of subsidiaries	3	3.9	19.3	-	468.6	491.8
Investment property acquisitions		1.7	-	-	201.0	202.7
Transfers from/(to) property, plant and equipment		0.1	(0.1)	-	(8.1)	(8.1)
Transfers from/(to) inventory		0.2	(0.2)	-	20.4	20.4
Transfers from/ (to) assets held for sale		(338.8)	(117.4)	-	(121.9)	(578.1)
Development costs and other additions		57.4	58.1	12.5	52.5	180.5
Disposals		(253.7)	(0.2)	(0.3)	(12.4)	(266.6)
Net valuation gain	5.7	508.6	443.5	50.2	273.5	1,275.8
Net foreign exchange gain	5.12	(81.7)	-	9.1	7.1	(65.5)
Translation differences	6.13	226.0	-	(9.7)	14.0	230.3
As at 31 December 2021		**3,982.7**	**2,962.2**	**1,222.0**	**2,108.9**	**10,275.8**

Acquisitions of subsidiaries

In 2021, the Group acquired subsidiaries with total investment property of EUR 501.1 million. The most significant investment properties acquired through the acquisitions of subsidiaries were (see note 3.2 and 3.3):

- the three-floor shopping centre Maximo located in Rome, Italy (EUR 262.1 million);
- landbank plots for the purpose of future development in Italy (in total of EUR 77.9 million);
- one shopping centre and several office buildings in Rome, Italy (EUR 62.3 million)
- landbank of Collina Muratella Complex (EUR 35.3 million) in Rome, Italy;
- two landbanks in Berlin, Germany (EUR 19.3 million);
- one building in Switzerland and Italy (EUR 17.7 million);
- one landbank in Slovakia (EUR 14.0 million);

In 2020, the Group acquired subsidiaries with total investment property of EUR 153.1 million. The most significant investment property acquisitions were (see note 3.6 and 3.7):

- 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.

Investment property acquisitions

In 2021, the Group acquired primarily a new office building (EUR 43.7 million) and two landbanks (EUR 72.0 million) in Rome, Italy, one office in London (EUR 62.2 million).

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.

Development costs and other additions

In 2021, the development costs primarily related to the Group's portfolio in the Czech Republic (EUR 57.4 million) and office portfolio in Berlin, Germany (EUR 58.0 million) and investment property additions in Italy (EUR 30.9 million).

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.

Disposals

In 2021, the Group disposed primarily two office buildings in Prague, the Czech Republic (EUR 100.6 million), two shopping centres in the Czech Republic (EUR 151.2 million) and one apartment in Nice, France (EUR 9.6 million).

In 2020, the Group disposed primarily one villa in France of EUR 21.3 million.

Transfers to assets held for sale

In 2021, the Group reclassified primarily certain office project in Germany (EUR 117.5 million), one shopping centre in the Czech Republic (EUR 98.9 million) and one office building in the Czech Republic and Hungary (EUR 74.6 million and EUR 9.9 million, respectively) and several landbank plots in the Czech Republic, Hungary, Italy and Romania (EUR 166.0 million, CZK 58.0 million, CZK 52.0 million and EUR 4.2 million) 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 2021	31 December 2020
Market value as estimated by the external valuer	10,201	8,650
Market value as estimated by the internal valuer	20.0	64.0
Add: recent acquisitions and additions	25.3	40.1
Add: leased assets and other	29.5	38.5
Total	**10,275.8**	**8,792.6**

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 29.4 million as at 31 December 2021 (EUR 37.9 million as at 31 December 2020) 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.

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.

	2021	2020
Gross carrying amounts		
As at 1 January	801.4	837.8
Acquisitions through the business combination	9.9	6.6
Hotel acquisition	18.7	-
Development costs and other additions	13.9	6.4
Disposals	(2.0)	(1.1)
Transfers from investment property	8.1	12.6
Transfers from other property, plant and equipment	1.5	3.2
Translation differences	23.1	(18.4)
Valuation gain/ (loss) through OCI	18.0	(45.7)
As at 31 December	**892.6**	**801.4**
Accumulated depreciation and impairment losses		
As at 1 January	(136.2)	(76.2)
Depreciation	(20.0)	(22.4)
Impairment loss/ (reversal of impairment loss)	14.0	(36.7)
Disposals	0.4	0.9
Translation differences	(4.6)	(1.8)
As at 31 December	**(146.4)**	**(136.2)**
Net carrying amounts		
As at 1 January	665.2	761.6
As at 31 December	**746.2**	**665.2**

Acquisitions through business combination

In 2021, the Group acquired a hotel (including its operations), in Bratislava, Slovakia in the amount of EUR 9.9 million (see note 3.3).

In 2020, as part of Nova RE acquisition, the Group acquired hotel in Verona, Italy of EUR 6.6 million (see note 3.7).

Hotel acquisition

In 2021, the Group acquired a hotel building in Italy with the intention for development for EUR 18.7 million.

Development costs and other additions

In 2021, the development costs related primarily to refurbishment of one hotel in Prague, the Czech Republic (EUR 8.8 million).

Transfers from investment property

In 2021, the Group transferred one residential building in Italy (EUR 8.1 million) from investment property to property plant and equipment due to change in its use.

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.

Valuation gain through OCI

As at 31 December 2021 and 2020 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 2021, both the valuation gain through OCI and the reversal of impairment loss reflects the Group's revaluation of the hotels portfolio (of EUR 16.2 million and 14.0 million, respectively). 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 576.6 million as at 31 December 2021 (EUR 548.9 million as at 31 December 2020).

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 2021	108.3	98.0	13.6	0.8	2.9	223.6
Development costs and other additions	17.1	8.0	-	6.3	2.7	34.1
Disposals	(0.1)	(0.8)	(0.2)	(0.1)	-	(1.2)
Transfers	-	0.5	-	(2.0)	-	(1.5)
Translation differences	5.9	3.8	0.4	-	0.2	10.3
As at 31 December 2021	**131.2**	**109.5**	**13.8**	**5.0**	**5.8**	**265.3**
Accumulated depreciation and impairment losses						
As at 1 January 2021	(47.4)	(59.2)	(2.4)	-	(0.3)	(109.3)
Depreciation	(3.0)	(7.8)	(1.4)	-	-	(12.2)
Impairment loss/ (reversal of impairment loss)	(38.9)	9.9	-	-	-	(29.0)
Translation differences	(4.1)	(2.0)	(0.2)	-	(0.1)	(6.4)
As at 31 December 2021	**(93.4)**	**(59.1)**	**(4.0)**	**-**	**(0.4)**	**(156.9)**
Carrying amounts						
As at 1 January 2021	**60.7**	**38.8**	**11.2**	**0.8**	**2.7**	**114.2**
At 31 December 2021	**37.8**	**50.4**	**9.8**	**5.0**	**5.4**	**108.4**

	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

As at 31 December 2021, the owner-occupied buildings represent CMA mountain resort project of EUR 26.1 million (EUR 49.8 million as at 31 December 2020) and agricultural farms of EUR 11.7 million (EUR 10.9 million as at 31 December 2020).

Plant and equipment

As at 31 December 2021, plant and equipment primarily represents ski lifts at CMA mountain resort, Switzerland in the net amount of EUR 24.6 million (EUR 16.9 million as at 31 December 2020) and Berlin offices related plant and equipment of EUR 13.5 million as at 31 December 2021 (EUR 13.5 million as at 31 December 2020).

Development costs and other additions

In 2021 and 2020, the most significant additions to other property, plant and equipment related to development of the CMA mountain resort, Switzerland in the amount of EUR 18.6 million and EUR 9.5 million, respectively.

Impairment on other property, plant and equipment

As at 31 December 2021 and 2020, the Group accounts for accumulated impairment of CMA mountain resort of EUR 76.8 million and EUR 63.2 million, respectively. The increase of impairment in 2021 of EUR 13.6 million related to ski lifts and was recorded based on the valuation appraisals received from independent valuers as at 31 December 2021 and 2020, 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.

Reconciliation between the values obtained from the external valuers and the reported values

	31 December 2021	31 December 2020
Market value as estimated by the external valuer – hotels	734.3	664.0
Add: recent acquisitions and additions and other	11.9	1.2
Hotels	**746.2**	**665.2**
Market value as estimated by the external valuer – mountain resort	50.5	66.7
Add: leased assets	9.9	11.2
Add: Plant and equipment and other	49.3	36.3
Other property plant and equipment	108.4	114.2
Total property, plant and equipment	**854.6**	**779.4**

Equity accounted investees

Equity accounted investees as at 31 December:

	2021	2020
Uniborc	8.2	7.0
Globalworth	669.9	651.1
IMMOFINANZ AG	534.2	-
Join ventures*	3.8	-
At 31 December	**1,216.1**	**658.1**

* German entities, in which the Group acquired 50% stake on 10 June 2021: Ritterstraße 120 GmbH, Rathenower Straße 63-64 GmbH and Moritzstraße 23 GmbH.

6.4.1 Investment in Uniborc

The equity accounted investment in the amount of EUR 8.2 million (EUR 7.0 million as at 31 December 2020) 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 centre in the Bubny area in Prague, the Czech Republic. The Group's shareholding is 34 %.

	2021	2020
At 1 January	7.0	3.7
Share of profit/ (loss)	1.2	3.3
At 31 December	**8.2**	**7.0**

Condensed statement of financial position of Uniborc S.A.

	31 December 2021	31 December 2020
Investment property	74.5	67.4
Cash and cash equivalents	0.1	0.1
Total assets	**74.6**	**67.5**
Non-current financial liabilities	(39.2)	(36.6)
Deferred tax liabilities	(11.7)	(10.5)
Curent financial liabilities	(0.3)	(0.3)
Total liabilities	**(51.2)**	**(47.4)**
Net assets	**23.4**	**20.1**

Condensed statement of comprehensive income of Uniborc S.A.

	2021	2020
Net valuation gain on investment property	6.7	14.7
Administrative expenses	(0.1)	(0.2)
Interest expenses	(2.1)	(2.0)
Profit/ (loss) before taxes	**4.5**	**12.5**
Income taxes	(1.2)	(2.9)
Profit/ (loss) for the period	**3.3**	**9.6**

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 owned, thourgh Zakiono Enterprises Limited (Zakiono), a total of 65,250,000 Globalworth shares representing 29.55% of outstanding shares. The Group classified the investment as an associate using the equity method of accounting.

On 14 April 2021, the Group together with Aroundtown SA (together Consortium) announced the joint offer pursuant to which the Group's subsidiary Zakiono offered to acquire the entire share capital of Globalworth for EUR 7.00 per share. As of the date of the offer, Zakiono was owned by another Groups subsidiary Tevat Limited, a Cyprus incorporated company. As a result of the offer, Aroundtown exchanged its Globalworth shares for shares in Tevat Limited, such that the Group and Aroundtown each hold 50% of the voting rights in Tevat Limited. On 23 July 2021, in respect of the mandatory tender offer, Zakiono received acceptances in respect of a total of 20,467,759 Globalworth shares, representing 9.24% of the issued share capital of Globalworth. Of the acquired shares, the Group only funded the purchase of 1,923,611 shares for total of EUR 21.1 million (including the transaction costs of EUR 7.6 million).

As at 31 December 2021, the Consortium owns 134,347,223 (representing 60.63%) Globalworth shares. The Group classifies the investment as joint venture using the equity method of accounting.

	2021	2020
The initial recognition	-	686.5
Opening balance	651.1	-
Dividends received	(16.3)	(19.8)
Acquisition of new shares	21.1	-
Share of profit/ (loss)	14.0	(15.6)
At 31 December	**669.9**	**651.1**

Condensed consolidated statement of financial position of Globalworth

	31 December 2021	31 December 2020
Investment property	2,966.1	3,013.0
Other non-current assets	79.4	58.7
Cash and cash equivalents	418.8	527.8
Other current assets	32.7	30.6
Investment property held for sale	130.5	-
Total assets	**3,627.5**	**3,630.1**
Non-current financial debts	1,285.7	1,604.1
Deferred tax liabilities	150.7	144.8
Other non-current liabilities	26.2	33.7
Current liabilities	411.6	92.1
Liabilities directly associated with the assets held for sale	14.7	-
Total liabilities	**1,888.9**	**1,874.7**
Net assets	**1,738.6**	**1,755.4**

Condensed consolidated statement of comprehensive income of Globalworth

	2021	2020
Net business income	144.3	157.3
Net valuation loss on investment property	(6.1)	(116.2)
Administrative and other expenses	(25.6)	(18.0)
Other operating costs	(1.7)	(6.7)
Net finance costs	(53.8)	(48.8)
Share of profit of equity-accounted investees	5.0	1.9
Profit/ (loss) before taxes	**62.1**	**(30.5)**
Income taxes	(14.6)	(16.3)
Profit/ (loss) for the period	**47.5**	**(46.8)**

Globalworth's EPRA NRV per share, indicating the fair value of the ordinary share, was EUR 8.66 as at 31 December 2021.

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 2021.

6.4.3 Investment in IMMOFINANZ AG

In 2021, CPI PG group (the "Group") acquired shares in IMMOFINANZ AG ("IMMOFINANZ"), the real estate group investing primarily in a retail and office portfolio in Austria, the Czech Republic, Poland, Hungary, Romania, Serbia, Germany and other countries. The shares were acquired in the following steps:

- between 15 July and 1 December 2021, the Group acquired total of 12,549,547 shares representing 10.2% stake in IMMOFINANZ from the market for total of EUR 258.7 million; and
- on 1 December 2021, the Group acquired company WXZ1 a.s. hoding 14,071,483 IMMOFINANZ shares, corresponding to 11.4% stake of IMMOFINANZ (for more details, refer to note 3.2). The total consideration paid for shares was EUR 275.4 million.

As at 31 December 2021, the Group holds a total of 26,621,030 IMMOFINANZ shares, representing a 21.6% stake of IMMOFINANZ. The Group provisionally measures the investment at total consideration given of EUR 534.2 million. Subsequently to reporting period, the Group will perform purchase price allocation as part of IFRS 3 accounting (refer to note 11 for more details).

Holding 21.6% of voting rights, the Group can demonstrate significant influence, but not control, over the IMMOFINANZ. Consequently, the Group applies IAS 28 – Investment in associates and joint ventures and treats the IMMOFINANZ as an associate using the equity method of accounting.

In addition, on 3 December 2021, the Group entered into a share purchase agreement (conditional upon merger control clearance) regarding the acquisition of additional 13,029,155 shares representing 10.57% stake in IMMOFINANZ held by RPPK IMMOFINANZ GmbH. The agreed purchase per share is EUR 23.0, the total consideration of the contract is EUR 299.7 million. Until closing, RPPK Immo GmbH remains entitled to all dividends, liquidation distributions, interest and all other rights and obligations including voting rights attached to the shares. The closing date was agreed to 5th business day after all approvals from relevant merger control authorities are received.

The conditions of the agreement trigger an anticipatory mandatory takeover offer under the Austrian takeover act, based on which the Group intends to acquire all remaining shares and convertible bonds in IMMOFINANZ. The timing of the offer depends on approvals from relevant merger control authorities.

Condensed consolidated statement of financial position of IMMOFINANZ AG

	30 September 2021
Investment property	5,095.6
Equity-accounted investments	516.5
Deferred tax assets	3.9
Other non-current assets	83.3
Cash and cash equivalents	1,016.9
Trade and other receivables	205.5
Other current assets	71.7
Total assets	**6,993.4**
Non-current financial debts	2,578.2
Deferred tax liabilities	265.1
Liabilities from convertible bonds	281.5
Other non-current liabilities	48.7
Current financial debts	274.8
Other current liabilities	150.3
Total liabilities	**3,598.6**
Net assets	**3,394.8**

Condensed consolidated statement of comprehensive income of IMMOFINANZ AG

	30 September 2021
Gross rental income	216.4
Service charge and other income	65.2
Property operating expenses	(135.6)
Net rental income	**146.0**
Development sales	48.1
Net development income	**48.1**
Net business income	**194.1**
Net valuation gain/ (loss) on investment property	54.0
Administrative expenses and net other operating result	(13.7)
Operating result	**234.4**
Net interest expense	(60.0)
Other net financial result	20.3
Net finance income/ (costs)	**(39.7)**
Share of profit of equity-accounted investees	131.5
Profit/ (loss) before taxes	**326.2**
Income taxes	(30.5)
Profit/ (loss) for the period	**295.7**

IMMOFINANZ ‘s EPRA NRV per share, indicating the fair value of the ordinary share, was EUR 31.89 as at 30 September 2021.

Other non-current financial assets

	31 December 2021	31 December 2020
Derivative instruments (see note 6.16)	24.8	4.4
Other non-current financial assets	204.4	30.0
Total	**229.2**	**34.4**

As at 31 December 2021, the other non-current financial assets primarily consist of the acquired shares of Austrian real estate group S IMMO AG in the total amount of EUR 199.3 million. As at 31 December 2021, the Group holds 9,160,240 shares representing stake of 12.44% in S IMMO AG.

Loans provided

Non-current

	31 December 2021		31 December 2020	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties and joint ventures	96.8	5.37%	291.5	5.09%
Loans provided - third parties	5.6	0.30%	0.1	0.51%
Impairment to non-current loans provided to related parties	(0.1)		(0.1)	
Total	**102.3**		**291.5**	

In 2021, the Group collected significant part of the loans provided to entities controlled be the Group‘s main shareholder of EUR 227.2 million as part of Polma group acquisition (refer to note 3.2).

The maturity of non-current loans provided was as follows:

31 December 2021	1-2 years	2-5 years	More than 5 years	Total
Loans provided to related parties and joint ventures	83.8	12.7	0.3	96.8
Loans provided - third parties	1.0	4.2	0.4	5.6
Total	**84.8**	**16.9**	**0.7**	**102.4**
31 December 2020	**1-2 years**	**2-5 years**	**More than 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**

Current

	31 December 2021		31 December 2020	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties and joint ventures	15.1	7.00%	56.1	5.00%
Loans provided - third parties	4.0	3.12%	21.4	2.48%
Total	**19.1**		**77.5**	

Inventories

	31 December 2021	31 December 2020
Projects and property for resale	0.8	-
Projects under development	5.4	33.4
Other inventories	5.6	5.4
Total	**11.8**	**38.8**

As at 31 December 2021 and 2020, the projects under development consisted primarily of residential projects in the Czech Republic of EUR 3.5 million and EUR 12.4 million, respectively. As at 31 December 2020, inventories also included a residential project in Italy of EUR 19.4 million which was, upon its completion and change in its use, reclassified to investment property in 2021.

Current trade receivables

	31 December 2021	31 December 2020
Trade receivables due from related parties	2.5	2.9
Trade receivables due from third parties	119.2	97.7
Impairment to trade receivables due from third parties	(16.0)	(15.2)
Total	**105.7**	**85.4**

As at 31 December 2021 and 2020, the trade receivables from third parties represent primarily trade receivables against tenants and receivables from sale of utilities.

An increase of the current trade receivables from EUR 85.4 million as at 31 December 2020 to EUR 105.7 million as at 31 December 2021 relates primarily to new acquisitions (EUR 19.5 million).

The movement of the impairment of trade receivables:

	2021	2020
As at 1 January	(15.2)	(13.8)
Impairment of trade receivables – creation	(2.1)	(3.2)
Impairment of trade receivables – release	1.3	1.8
As at 31 December	**(16.0)**	**(15.2)**

Cash and cash equivalents

	31 December 2021	31 December 2020
Bank balances	501.1	631.6
Cash on hand	0.7	0.7
Total	**501.8**	**632.3**

As at 31 December 2021 and 2020, restricted cash in banks amounted to EUR 26.4 million and EUR 23.3 million, respectively. Use of these accounts is subject to the respective bank approval. These accounts are held for special purposes under the loan agreements.

Other financial current assets

	31 December 2021	31 December 2020
Blocked deposit in respect of public tender offer (see note 6.13)	-	26.0
Other financial current assets	56.5	21.4
Total	**56.5**	**47.4**

As at 31 December 2021, other financial current assets increased primarily due to the other receivables of the Group's investment vehicle CPI Italy 130 of EUR 20.4 million purchased with purpose of future property acquisitions.

Other non-financial current assets

	31 December 2021	31 December 2020
Advances paid to third parties	28.8	8.7
Value added tax receivables	35.3	12.0
Other tax receivables (excl. CIT and VAT)	3.5	2.3
Agricultural grants	5.8	5.8
Prepaid expenses	41.3	22.0
Total	**114.7**	**50.8**

As at 31 December 2021, advances paid to third parties primarily in respect of future property acquisitions in total amount of EUR 14.9 million.

As at 31 December 2021, value added tax receivables represent primarily value added tax receivables of newly acquired Italian subsidiaries (EUR 25.9 million).

As at 31 December 2021, prepaid expenses increased primarily due to the new bank loan arrangement fees of EUR 11.9 million paid in advance by the Group. The loan is to be drawn by the Group based on timing of settlement of IMMOFINANZ shares being acquired from RPPK IMMOFINANZ GmbH (see note 6.4.3 for more details).

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 2021	31 December 2020
Non-current assets		
Investment property	580.8	36.3
Current assets		
Inventories	-	1.4
Income tax receivables	0.1	-
Trade receivables	3.4	-
Other non-financial assets	1.0	-
Cash and cash equivalents	3.2	-
Assets held for sale	**588.5**	**37.7**
Non-current liabilities		
Financial debts	(51.6)	
Deferred tax liabilities	(26.3)	(4.7)
Other financial liabilities	(1.8)	-
Current liabilities		
Financial debts	(2.2)	
Trade payables	(2.5)	-
Other financial liabilities	(1.5)	-
Other non-financial liabilities	(0.2)	-
Liabilities linked to assets held for sale	**(86.1)**	**(4.7)**

As at 31 December 2021, the following projects are classified as assets held for sale:

- Several landbank plots in the Czech Republic in net amount of EUR 152.8 million; and
- Portfolio of six buildings in Berlin, Germany in net amount of EUR 119.8 million; and
- One office building in Prague, the Czech Republic of EUR 74.6 million; and
- Two land banks in Hungary of EUR 52.9 million; and
- One landbank plot in Italy of EUR 52.0 million; and
- One office in Hungary of EUR 8.8 million; and
- Two landbank plots in Bucharest, Romania in net amount of EUR 4.2 million; and
- One shopping centre in the Czech Republic in net amount of EUR 37.3 million.

As at 31 December 2020, the following projects were 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 total amount of EUR 6.7 million; and
- One landbank plot in the Czech Republic of EUR 1.4 million.

Equity

Share capital and share premium

On 26 February 2021, the Company completed the repurchase of 641,658,176 of its own shares under the share buyback programme for total of EUR 395.3 million (EUR 0.616 per share). 252,302,248 shares for total of EUR 155.4 million were tendered from the Group's subsidiary CPI FIM SA. Remaining 350,500,000 and 38,855,928 shares were tendered for total of EUR 239.9 million from the Group's primary shareholder and management or third parties, respectively. On 31 March 2021, the extraordinary shareholders general meeting resolved to cancel 641,658,176 shares of the Company.

On 1 September 2021, the Company´s primary shareholder, subscribed to 162,337,662 new ordinary shares for total of EUR 100.0 million (EUR 0.616 per share).

On 22 November 2021, the Clerius Properties Sarl managed by affiliates of Apollo Global Management, Inc. subscribed new shares of the Company for 487,012,987 (representing 5.5% stake) for total of EUR 300.0 million (EUR 0.616 per share). On the same date, the Company's primary shareholder subscribed to additional 243,506,494 new shares of the Company for total of EUR 150.0 million (EUR 0.616 per share). Subscription fees related to issuance of the new shares in total of EUR 8.7 million were deducted against proceeds and reduced share premium of the Company.

As at 31 December 2021, the aggregate share capital of the Company amounts to EUR 890.3 million (865.1 million as at 31 December 2020) and is represented by 8,902,915,298 ordinary fully paid shares with a nominal value of EUR 0.10 each. The Group holds 67,000,000 shares which represent treasury shares. Excluding the treasury shares, the share capital amounts to EUR 883.6 million (EUR 833.2 million as at 31 December 2020).

The following table presents information regarding the ownership of the Company's shares as at 31 December 2021 and 2020:

	As at 31 December 2021		As at 31 December 2020	
Shareholder	Number of shares	Share held	Number of shares	Share held
Mr. Vítek and entities controlled by Mr. Vítek	7,902,846,980	88.77%	7,847,502,824	90.70%
Clerius Properties (affiliate of Apollo Funds)	487,012,987	5.47%	-	-
Others	446,055,331	5.01%	484,911,259	5.60%
Total except treasury shares	**8,835,915,298**		**8,332,414,083**	
Treasury shares held by the Group	67,000,000	0.75%	319,302,248	3.70%
Total shares	**8,902,915,298**	**100.00%**	**8,651,716,331**	**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 2020	**8,651,716,331**	**833.2**	**911.1**
As at 31 December 2020	**8,651,716,331**	**833.2**	**911.1**
Cancellation of treasury shares on 31 March 2021	(641,658,176)	-	-
Share buyback on 26 February 2021	-	(38.9)	(201.0)
Capital increase on 1 September 2021	162,337,662	16.3	83.7
Capital increase on 22 November 2021	730,519,481	73.0	367.9
As at 31 December 2021	**8,902,915,298**	**883.6**	**1,161.7**

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 2021, the authorized share capital of the Company amounts to EUR 3,975 million which would authorize the issuance of up to 39,750,000,000 new ordinary shares.

Share buyback programme

The annual general meeting of the shareholders of the Company held on 28 May 2021 (the "2021 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 2021 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 2021 AGM. The 2021 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 2021, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buyback programme approved by the 2021 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 reserve 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:

		2021	2020
As at 1 January		(81.6)	49.0
Translation differences from retranslation of investment property	6.2	230.3	(258.6)
- Valued in EUR (and recognized by subsidiaries with non-EUR functional currency)	6.2	*65.5*	*(175.8)*
- Valued in non-EUR currencies (and recognized by subsidiaries with non-EUR functional currency)		*164.8*	*(82.8)*
Translation differences from retranslation of property, plant and equipment	6.3	22.3	(17.4)
Translation differences from to retranslation of intra-group loans and other items		(115.1)	145.4
As at 31 December		**55.9**	**(81.6)**

In 2021, the significant increase in translation reserve was driven by strengthening of CZK (used as the functional currency by the Czech subsidiaries) against EUR. This effect was partly eliminated by weakening of other local currencies (primarily HUF and PLN).

In 2020, the significant decrease 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 2021

The Group issued the following resettable subordinated notes (perpetual notes):

- On 8 September 2021, the Group issued undated 3.75% fixed rate resettable subordinated notes of 75 million (ISIN XS2290533020). The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2028. The issue price of the notes was 97.25%. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 74.1 million.
- On 27 January 2021, the Group issued undated 3.75% fixed rate resettable subordinated notes of EUR 400 million (ISIN XS2290533020). The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2028. The issue price of the notes was 98.4%. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 390.7 million.
- 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 million, the remaining balance of the perpetual bonds was repaid by the Group in 2021.

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:

	2021	2020
As at 1 January	1,369.6	1,085.5
Issuance of the perpetual notes	464.8	607.5
Interest to perpetual notes holders	75.1	59.4
Repayment of previously issued perpetual notes	(236.7)	(331.2)
Payment of the interest to the perpetual note holders	(61.2)	(51.6)
As at 31 December	**1,611.6**	**1,369.6**

Acquisition of Next RE

On 4 November 2020, the legal conditions of the mandatory public tender offer related to the acquisition of a 50.1% stake in Next RE (formerly 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. As at 31 December 2020, the Group had irrevocable obligation to pay the consideration for the tendered shares up to EUR 26.0 million for which a financial liability was recognized. In 2021, based on the results of the offer, the Group recognized the acquired NCI in the fair value of EUR 36.2 million against retained earnings. The unexercised portion of the financial liability of EUR 3.9 million was derecognized against retained earnings.

In 2021, total of 3,377,498 shares were sold by the Group for EUR 10.9 million. The loss of EUR 3.4 million from the transaction was recognized against retained earnings. As at 31 December 2021, the Group holds 16,983,075 shares of Next RE, equal to approximately 77.1%.

The registered office of Next RE is Via Zara 28, Roma, Italy.

Condensed financial information of Nova RE as at 31 December 2021 and 2020 and for the three-month period then ended:

	2021	2020
Group's interest	77.1%	50.1%
Openning balance	**42.7**	
NCI initially recognized	**-**	**43.6**
NCI acquired in the period	**(36.2)**	**-**
NCI sold in the period	**14.3**	**-**
NCI - profit for the period	**0.3**	**(0.9)**
NCI - accumulated	**21.1**	**42.7**
Consensed financial information		
Non-current assets	*141.8*	*123.7*
Current assets	*14.2*	*31.6*
Total assets	*156.0*	155.3
Equity attributable to owners	*85.9*	*85.4*
Non-current liabilities	*67.1*	*12.2*
Current liabilities	*3.0*	*57.7*
Total equity and liabilities	156.0	155.3
Profit for the period	1.3	(1.8)
Net decrease in cash and cash equivalents	(18.1)	(3.3)

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 2021	31 December 2020
Shares held by shareholders at the beginning of the period	8,332,414,083	8,332,414,083
Weighted average movements	(196,680,846)	-
Shares buyback on 26 February 2021	(328,552,400)	-
Shares issued on 1 September 2021	53,816,047	-
Shares issued on 22 November 2021	78,055,506	-
Weighted average outstanding shares for the purpose of calculating the basic EPS	**8,135,733,237**	**8,332,414,083**
Weighted average outstanding shares for the purpose of calculating the diluted EPS	**8,135,733,237**	**8,332,414,083**
Net profit attributable to owners of the parent	1,202.7	181.5
Net profit attributable to owners of the parent after assumed conversions/exercises	1,202.7	181.5
Total Basic earnings in EUR per share	**0.15**	**0.02**
Diluted earnings in EUR per share	**0.15**	**0.02**

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.

Bonds issued

		31 December 2021		31 December 2020	
Bonds	**Dated**	**No. of bonds issued**	**Value**	**No. of bonds issued**	**Value**
ISIN XS1693959931	4 October 2017	2,394	239.4	3,683	367.0
ISIN XS1894558102	17 October and 19 October 2018	-	-	3,351	334.3
ISIN CH0441186472	25 October 2018	30,140	146.0	30,140	139.5
ISIN XS1917855337	10 December 2018	30	23.0	30	23.7
ISIN XS1950499639	12 February 2019	450	51.0	450	47.3
ISIN XS1955030280	8 March 2019	1,884	334.7	1,884	306.5
XS2008905155	6 June 2019	283	32.0	283	29.7
XS2069407786	28 October 2019	7,500	742.7	7,500	738.1
XS2106589471	22 January 2020	3,500	413.3	3,500	384.4
XS2117757182	22 January 2020	250	28.3	250	26.3
XS2171875839	12 May 2020	7,500	741.1	7,500	734.4
HU0000359898	5 August 2020	600	81.3	600	83.5
XS2290544068	21 January 2021	8,500	835.3	-	-
XS2307032644	25 February 2021	30	23.0	-	-
XS2394029685	7 October 2021	26	20.0	-	-
Less: transaction costs			(17.4)		(19.5)
Total non-current			**3,693.7**		**3,195.2**
Accrued interest and accrued charges on bonds			41.1		45.6
ISIN XS1917880012	10 December 2018	-	-	80	63.2
Total current			**41.1**		**108.8**
Total			**3,734.8**		**3,304.0**

Bonds issued as at 31 December 2021

- ISIN XS2290544068: On 27 January 2021, the Group issued 1.5% fixed rate senior unsecured bonds of EUR 600.0 million maturing 27 January 2031. The bonds are listed on the regulated market of Euronext Dublin. The second, third and fourth tranche of the bonds in the amount of EUR 50.0 million, EUR 100.0 million and EUR 100.0 million were issued on 1 February, 8 September and 30 December 2021 and with the same terms.
- ISIN XS2307032644: On 25 February 2021 the Group issued 0.71% fixed rate JPY 3 billion (EUR 23.1 million) senior unsecured bonds maturing 25 February 2025. The proceeds are converted to EUR through a cross-currency swap. The bonds are listed on the regulated market of Euronext Dublin.
- ISIN XS2394029685: On 7 October 2021 the Group issued 0.35% fixed rate JPY 2.6 billion (EUR 20.0 million) senior unsecured bonds maturing 7 April 2025. The proceeds are converted to EUR through a cross-currency swap. The bonds are listed on the regulated market of Euronext Dublin.
- 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.
- 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 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 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 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 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 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 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 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 XS1917855337: On 10 December 2018, the Company issued bonds on the Tokyo Pro-Bonds market, with total nominal value of 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. In January 2021, the Group repaid a portion of these bonds.
- 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 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.

In 2021, the Group completed tender offers through which it repurchased and subsequently cancelled ISIN XS1894558102 bonds.

In 2021, The Group recognized transaction costs and a discount related to cancellation of previously issued bonds in the total amount of EUR 18.1 million as part of the other financial result in 2021.

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 2021 and 2020, the Group's net interest coverage ratio was 4.6 and 7.2, respectively. Adjusted EBITDA is calculated as net business income less administrative expenses, adjusted for Group's share on Globalworth, IMMOFINANZ and S IMMO 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 2021 and 2020, 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 2021 and 2020, the Group's consolidated leverage ratio was 0.1 and 0.1, respectively.

The covenants were met as at 31 December 2021 and 2020.

Structure of bond financing

As at 31 December 2021 and 2020, the total value of unsecured bonds is EUR 3,734.8 million and EUR 3,304.0 million, respectively. Unsecured bonds are bonds that are not collateralized by any assets.

Financial debts

	31 December 2021	31 December 2020
Loans from related parties	0.3	0.8
Loans from third parties	10.2	9.6
Bank loans	1,117.5	1,213.4
Lease liabilities	36.4	45.8
Total non-current financial debts	**1,164.4**	**1,269.6**
Loans from related parties	-	0.1
Loans from third parties	2.4	2.2
Bank loans	228.5	247.5
Lease liabilities	2.6	3.2
Total current financial debts	**233.5**	**253.0**
Total	**1,397.9**	**1,522.6**

In 2021, the Group primarily drawn a new bank loan of EUR 37.7 million repayable in 2027 and repaid Schuldschein loans (a loan instruments governed by German law) in total amount of EUR 71.5 million.

In November 2020, the Group agreed a new 6-year unsecured revolving credit facility of EUR 700 million. The facility was not drawn as at 31 December 2020 and 2021, respectively.

As at 31 December 2021 and 2020, the total value of unsecured financial debts amounts to EUR 53.5 million (including loans classified as liabilities linked to assets held for sale) and EUR 123.1 million, respectively.

As at 31 December 2021 and 2020, the total value of secured financial debts amounts to EUR 1,398.1 million and EUR 1,399.5 million, respectively.

Pledges

With respect of bank loans, the Group has pledged the following assets as collateral:

- Investment property with total value of EUR 4,084.7 million as at 31 December 2021 (EUR 3,366.8 million as at 31 December 2020).
- Property, plant and equipment with total value of EUR 112.4 million as at 31 December 2021 (EUR 124.2 million as at 31 December 2020).
- Trade receivables with total carrying amount of EUR 31.1 million as at 31 December 2021 (EUR 26.7 million as at 31 December 2020).
- Bank accounts in total amount of EUR 26.4 million as at 31 December 2021 (EUR 23.3 million as at 31 December 2020).
- 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 2021 and 2020.

Maturity of loans from third parties

31 December 2021	Less than one year	1 to 5 years	More than 5 years	Total
Loans from third parties	2.4	3.0	7.2	12.6
Bank loans	228.4	778.5	339.0	1,345.9
Total	**230.8**	**781.5**	**346.2**	**1,358.5**
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**

Lease liabilities

31 December 2021	Less than one year	1 to 5 years	More than 5 years	Total
Nominal future minimum lease payments	2.6	11.6	25.2	39.4
Interest	-	(0.2)	(0.3)	(0.5)
Net present value of future minimum lease payments	**2.6**	**11.4**	**24.9**	**38.9**
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**

	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**

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings	Lease liabilities	Bonds issued	Total
As at 1 January 2021	1,473.6	49.0	3,304.0	4,826.6
Proceeds from bonds issued	-	-	878.3	878.3
Repayment of bonds issued	-	-	(528.3)	(528.3)
Interest paid	(20.6)	(0.6)	(67.2)	(88.4)
Drawings of loans and borrowings	615.7	-	-	615.7
Repayments of loans and borrowings	(692.1)	-	-	(692.1)
New finance lease liabilities	-	0.4	-	0.4
Repayment-net of lease liabilities	-	(10.5)	-	(10.5)
Total changes from financing cash flows	**(97.0)**	**(10.7)**	**282.8**	**175.1**
Changes arising from obtaining or losing control of subsidiaries	16.9	-	-	16.8
The effect of changes in foreign exchange rates	(1.0)	-	81.3	80.3
Other changes	-	-	(11.8)	(11.8)
Interest expense	20.2	0.6	76.5	97.3
Other net financial result	-	-	2.1	2.1
Reclassified to liabilities held for sale	(53.8)			(53.8)
As at 31 December 2021	**1,358.9**	**38.9**	**3,734.9**	**5,132.7**

Derivative instruments

The Group uses interest rate swaps and cross currency swaps to manage its exposure to currency and interest rate movements on its bank loans and bonds issued, respectively.

The fair value of the open derivative instruments

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Cross currency swap contracts used for hedging	24.3	(28.5)	6.8	(53.2)
Other interest rate swap contracts	3.6	(1.1)	1.0	(6.8)
Total derivative instruments	**27.9**	**(29.6)**	**7.8**	**(60.0)**
Current	3.1	(1.1)	3.4	(2.0)
Non-current	24.8	(28.5)	4.4	(58.0)
Total derivative instruments	**27.9**	**(29.6)**	**7.8**	**(60.0)**

Cross currency swaps designated as hedging instruments

As at 31 December 2021, the cross currency swap contracts with nominal amount of EUR 1,189.0 million (EUR 1,140.9 million as at 31 December 2020) of which EUR 111.3 million relates to HKD denominated bonds, EUR 416.5 million relates to GBP denominated bonds, EUR 81.3 million relates to HUF denominated bonds, EUR 98.2 million relates to SGD denominated bonds, EUR 82.9 million relates to CHF denominated bonds, EUR 66.0 million relates to JPY denominated bonds and EUR 332.8 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

As at 31 December 2021, contracts with nominal amounts of EUR 616.7 million (EUR 508.8 million as at 31 December 2020) have fixed interest at an average rate of -0.02% (-0.65% as at 31 December 2020) and have floating interest rate at Euribor. The Group does not designate these derivative instruments as hedging instruments.

Provisions

	2021	2020
Balance at 1 January	7.0	10.1
Provisions created	1.6	1.2
Provisions utilized	(0.2)	(4.3)
31 December	**8.4**	**7.0**

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:

	2021	2020
As at 1 January	4.3	3.9
Interest cost	0.1	0.4
As at 31 December	**4.4**	**4.3**

As at 31 December 2021 and 2020, 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%.

Other financial non-current liabilities

Non-current trade and other payables	31 December 2021	31 December 2020
Tenant deposits	39.7	35.7
Advances received	5.5	3.6
Payables from retentions	4.2	6.3
Trade and other payables due to third parties	9.9	6.3
Derivative instruments (see note 6.16)	28.5	58.0
Total	**87.8**	**109.9**

As at 31 December 2021 and 2020, the deposits from tenants represent Group's payables from received rental related deposits. Their classification corresponds with terms of related rental contracts.

Current trade payables

The increase of current trade payables from EUR 70.6 million as at 31 December 2020 to EUR 116.2 million as at 31 December 2021 relates primarily to acquisitions in Italy (EUR 15.5 million), part of the fees related to capital increase (EUR 9.1 million) and overall growth of the business of the Group compared to 31 December 2020.

There are no significant overdue balances as at 31 December 2021 and 2020, respectively.

Other financial current liabilities

	31 December 2021	31 December 2020
Advances received from third parties	47.1	37.1
Tenant deposits	20.2	17.6
Derivative instruments	1.1	2.0
Deferred income and accrued liabilities	18.5	18.9
Other payables due to related parties	0.9	0.8
Financial liability related to mandatory public tender offer (see note 6.13)	-	26.0
Other payables due to third parties	26.5	18.1
Total	**114.3**	**120.5**

Advances received from tenants as at 31 December 2021 and 2020 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.

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 2021	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	41.1	1,580.0	2,113.7	3,734.8
Financial debts	235.6	791.0	371.2	1,397.8
Bank loans	230.6	776.3	339.0	1,345.9
Bank loans fixed rate	*8.8*	*490.4*	*42.5*	*541.7*
Bank loans floating rate	*221.8*	*285.9*	*296.5*	*804.2*
Loans from related parties	-	0.3	-	0.3
Loans from third parties	2.4	3.0	7.2	12.6
Other borrowings	2.6	11.4	25.0	39.0
Total	**276.7**	**2,371.0**	**2,484.9**	**5,132.6**

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**

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 2021	31 December 2020
Less than one year	452.9	409.2
Between one and five years	889.7	788.4
More than five years	337.8	252.1
Total	**1,680.4**	**1,449.7**

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.

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 2021 and 2020, 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 2021 and 2020 is as follows:

At 31 December 2021	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	117.3	4.1	(0.1)	121.4
Derivatives	27.9	-	-	27.9
Trade and other receivables	91.3	17.6	(18.7)	108.9
Trade receivables presented as other financial assets – non current	*3.0*	*0.2*	*(2.7)*	*3.2*
Trade and other receivables – current	*88.3*	*17.4*	*(16.0)*	*105.7*
Other financial current assets	46.9	3.1	(9.8)	50.0
Cash and cash equivalents	501.8	-	-	501.8
Assets held for sale (excluding non-financial assets)	-	-	-	0.0
Total	**785.2**	**24.8**	**(28.6)**	**810.0**

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**

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 2021	6.0	6.5	3.8	1.2	0.1	17.6
Trade and other receivables as at 31 December 2020	9.8	4.2	2.5	0.9	-	17.4

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. 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 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 2021	31 December 2020
A1	305.2	325.2
A2	7.9	8.5
A3	12.8	21.6
Aa2	15.0	9.0
Aa3	-	75.7
B1	0.3	-
Baa1	39.2	41.3
Baa2	-	2.1
Baa3	6.3	4.8
Not rated	115.1	144.1
Total	**501.8**	**632.3**

As at 31 December 2021 and 2020, the unrated counterparties were primarily represented by Czech bank J&T BANKA, a.s. (EUR 98.9 million and EUR 134.6 million, respectively).

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.

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 2021	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	3,734.8	31.4	41.2	550.7	1,269.3	2,172.2	4,064.8
Financial debts	1,397.8	13.6	234.1	42.4	797.8	398.2	1,486.1
- Loans from related parties	*0.4*	-	-	*0.4*	-	-	*0.4*
- Loans from third parties	*12.6*	*1.8*	*0.7*	*0.9*	*2.2*	*7.9*	*13.5*
- Bank loans	*1,345.9*	*10.3*	*231.9*	*37.9*	*785.8*	*351.1*	*1,417.0*
- Lease liabilities	*38.9*	*1.5*	*1.5*	*3.2*	*9.8*	*39.2*	*55.2*
Derivative instruments	29.6	-	1.1	-	0.2	28.3	29.6
Other non-current liabilities	59.3	-	-	13.1	34.9	11.3	59.3
Other current liabilities	229.4	150.8	78.6	-	-	-	229.4
Liabilities from assets held for sale	86.1	86.1	-	-	-	-	86.1
Total	**5,537.0**	**281.9**	**355.0**	**606.2**	**2,102.2**	**2,610.0**	**5,955.3**

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**

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.

As at 31 December 2021, only bonds issued of EUR 623.3 million and financial debts of EUR 290.1 million of total bonds and financial debts of EUR 5,550.9 million mature within the next 2 years.

As at 31 December 2021, 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.

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.

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 2021	Functional currency depreciated by 10%	Functional currency appreciated by 10%	31 December 2020	Functional currency depreciated by 10%	Functional currency appreciated by 10%
Cash and cash equivalents		**501.8**			**632.3**		
	EUR	427.8	-	-	499.0	-	-
	CZK	35.8	3.6	(3.6)	87.7	8.8	(8.8)
	GBP	0.6	0.1	(0.1)	0.9	0.1	(0.1)
	HRK	0.6	0.1	(0.1)	0.3	-	-
	HUF	12.7	1.3	(1.3)	19.0	1.9	(1.9)
	CHF	2.2	0.2	(0.2)	1.1	0.1	(0.1)
	PLN	21.5	2.2	(2.2)	22.5	2.3	(2.3)
	RON	0.5	0.1	(0.1)	1.8	0.2	(0.2)
	SGD	0.1	-	-	-	-	-
Loans provided		**121.4**			**369.0**		
	EUR	114.7	-	-	367.5	-	-
	CZK	0.9	0.1	(0.1)	1.5	0.1	(0.1)
	CHF	5.6	0.6	(0.6)	-	-	-
	PLN	0.2	0.0	(0.0)	-	-	-
Financial debts		**(1,397.8)**			**(1,522.6)**		
	EUR	(1,336.0)	-	-	(1,468.6)	-	-
	CZK	(7.4)	(0.7)	0.7	(8.4)	(0.8)	0.8
	CHF	(30.9)	(3.1)	3.1	(22.3)	(2.2)	2.2
	HRK	-	-	-	(0.2)	-	-
	PLN	(23.5)	(2.4)	2.4	(23.1)	(2.3)	2.3
Bonds issued		**(3,734.8)**			**(3,304.0)**		
	EUR	(2,566.3)	-	-	(2,187.9)	-	-
	JPY	(66.3)	(6.6)	6.6	(87.0)	(8.7)	8.7
	GBP	(421.6)	(42.2)	42.2	(391.2)	(39.1)	39.1
	HUF	(82.9)	(8.3)	8.3	(84.2)	(8.4)	8.4
	USD	(338.2)	(33.8)	33.8	(309.2)	(30.9)	30.9
	CHF	(146.4)	(14.6)	14.6	(139.6)	(14.0)	14.0
	HKD	(113.1)	(11.3)	11.3	(104.9)	(10.5)	10.5
Net exposure	**CZK**	**29.3**	**2.9**	**(2.9)**	**80.8**	**8.1**	**(8.1)**
	CHF	**(169.5)**	**(17.0)**	**17.0**	**(160.8)**	**(16.1)**	**16.1**
	PLN	**(1.8)**	**(0.2)**	**0.2**	**(0.6)**	**(0.1)**	**0.1**
	HKD	**(113.1)**	**(11.3)**	**11.3**	**(104.9)**	**(10.5)**	**10.5**
	USD	**(338.2)**	**(33.8)**	**33.8**	**(309.2)**	**(30.9)**	**30.9**
	JPY	**(66.3)**	**(6.6)**	**6.6**	**(87.0)**	**(8.7)**	**8.7**
	HRK	**0.6**	**0.1**	**(0.1)**	**0.1**	**-**	**-**
	RON	**0.5**	**0.1**	**(0.1)**	**1.8**	**0.2**	**(0.2)**
	HUF	**(70.2)**	**(7.0)**	**7.0**	**(65.2)**	**(6.5)**	**6.5**
	GBP	**(421.0)**	**(42.1)**	**42.1**	**(390.3)**	**(39.0)**	**39.0**
	SGD	**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 1,090.8 million as at 31 December 2021 (in original currency CHF 85.7 million, JPY 8,600 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 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).

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 2021	Effective interest rate	Liability with variable interest rate	Interest calculated
Loans & lease liabilities	1.20%	795.6	9.5
31 December 2020			
Loans & lease liabilities	0.97%	916.9	8.9

31 December 2021	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	2.20%	17.5	(8.0)	0.20%	1.6	8.0
31 December 2020						
Loans & lease liabilities	1.97%	18.0	(9.2)	(0.03%)	(0.3)	9.2

Effective interest rate and repricing analysis

The following tables indicate effective interest rates of financial debts and periods of their repricing.

31 December 2021	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	2.34%	3,734.8	-	-	3,734.8
Financial debts		1,397.8	807.4	2.0	588.4
- loans from related parties	*5.76%*	*0.3*	*0.3*	-	-
*- loans from third parties***	*1.00%*	*12.7*	-	-	*12.7*
- bank loans	*1.03%*	*1,345.9*	*801.9*	*2.0*	*542.0*
- lease liabilities	*1.16%*	*38.9*	*5.2*	-	*33.7*
Total		**5,132.6**	**807.4**	**2.0**	**4,323.2**

*Including unpaid interest of EUR 42.4 million.
**Including unpaid interest of EUR 0.4 million (fixed interest rate).

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).

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.

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 2021	31 December 2020
Debt	6,674.4	6,014.9
Equity	7,694.6	5,786.5
Gearing ratio in %	**87%**	**104 %**

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, equity accounted investees and part of other PPE, part of AHFS and part of other financial assets.

	31 December 2021	31 December 2020
Bonds issued	3,734.8	3,304.0
Financial debts*	1,451.6	1,522.6
Cash and cash equivalents	503.9	632.3
Net debt	**4,682.5**	**4,194.3**
Property portfolio	**13,119.3**	**10,315.6**
Loan to value ratio in %	**35.7%**	**40.7%**

*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.

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 2021.

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 2021		31 December 2020	
Financial assets measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Derivative instruments	27.9	27.9	7.8	7.8
Financial assets not measured at fair value				
Loans provided	121.4	126.4	369.0	383.8
Financial liabilities measured at fair value				
Derivative instruments	30.6	30.6	60.0	60.0
Financial liabilities not measured at fair value				
Bonds	3,734.8	3,766.5	3,304.0	3,348.4
Financial debt – bank loans (floating rate)	803.9	803.9	920.0	920.0
Financial debt – bank loans (fixed rate)	542.0	535.4	540.9	527.8
Financial debt – loans received	12.9	11.0	12.7	10.7

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 2021 and 2020 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 in March 2020. The measures to slow the spread of COVID-19 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 restrictions on international and domestic travel for a significant portion of 2020 and 2021. There was less impact on the Group's retail portfolio and a limited impact on the Group's office and residential portfolio. 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 2021 and 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 is monitored regularly. The Group performs 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 2021 and 2020 respectively. The fair value hierarchy of the valuations is Level 3.

Investment property

Retail	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic	56	47	Income	ERV per sqm	€63-€128(€109)	€59-€121(€104)
retail warehouse			capitalisation	NRI per sqm	€55-€195 (€122)	€50-€185 (€118)
				Equivalent yield	6.3%-7.6% (6.6%)	6.7%-7.6% (7.0%)
Czech Republic	295	285	DCF	ERV per sqm	€71-€175 (€113)	€44-€3,680 (€117)
retail warehouse				NRI per sqm	€45-€164 (€114)	€41-€3,826 (€121)
				Discount Rate	5.6%-8.0% (7.0%)	6.9%-8.6% (7.4%)
				Exit Yield	5.5%-7.5% (6.8%)	6.6%-7.9% (7.2%)
				Vacancy rate	0%-13.3% (0.9%)	0%-44.8% (1.8%)
Czech Republic, Prague	282	278	DCF	ERV per sqm	€269-€649(€537)	€235-€630(€526)
shopping				NRI per sqm	€270-€557 (€494)	€241-€602 (€512)
centres and galleries				Discount Rate	4.0%-6.5% (4.7%)	4.0%-6.5% (4.6%)
				Exit Yield	3.8%-6.1% (4.4%)	3.8%-6.1% (4.4%)
				Vacancy rate	0%-4.1% (2.8%)	0.5%-4.6% (3.1%)
Czech Republic - Shopping	-	9	Income	ERV per sqm	-	€197-€197 (€197)
Centres and Galleries			capitalisation	NRI per sqm	-	€62-€62(€62)
				Equivalent yield	-	4.1%-4.1% (4.1%)
Czech Republic - shopping	686	920	DCF	ERV per sqm	€140-€220(€191)	€137-€234 (€189)
centres and galleries***				NRI per sqm	€127-€210 (€173)	€124-€237 (€178)
				Discount Rate	6.0%-7.3% (6.6%)	6.0%-7.4% (6.6%)
				Exit Yield	5.6%-6.6% (6.2%)	5.6%-7.7% (6.2%)
				Vacancy rate	0.4%-17.3% (3.6%)	0.2%-11.0% (3.4%)
Czech Republic - other retail	50	41	Income	ERV per sqm	€22-€208 (€124)	€21-€163 (€98)
Properties			capitalisation	NRI per sqm	€1-€176 (€86)	€1-€164 (€86)
				Equivalent yield	4.1%-9.5% (6.9%)	6.5%-9.5% (7.7%)
				Vacancy rate	0%-100% (11.0%)	0%-100% (13.4%)
Czech Republic - other retail	29	-	DCF	ERV per sqm	€48-€234 (€106)	-
properties				NRI per sqm	€44-€240 (€102)	-
				Discount Rate	5.5%-8.0% (7.5%)	-
				Exit Yield	5.5%-7.3% (7.1%)	-
				Vacancy rate	0%-22.1% (6.8%)	-
Poland – shopping	130	133	Income	ERV per sqm	€173-€175 (€173)	€168-€182 (€180)
centres and galleries			capitalisation	NRI per sqm	€162-€166(€166)	€146-€148(€147)
				Equivalent yield	6.5%-7.0% (6.6%)	6.5%-7.3% (6.6%)
				Vacancy rate	0%-4.1% (3.5%)	3.2%-9.0% (4.0%)
Poland	29	28	Income	ERV per sqm	€112-€135(€126)	€112-€139(€127)
retail warehouse			capitalisation	NRI per sqm	€95-€135 (€113)	€106-€128 (€118)
				Equivalent yield	7.0%-7.8% (7.4%)	7.0%-7.8% (7.6%)
				Vacancy rate	0%-3.1% (1.5%)	0.0%-5.5% (2.5%)
Italy – shopping	422	81	DCF	ERV per sqm	€183-€794(€368)	€360-€1,400 (€893)
centres and galleries*				NRI per sqm	€54-€410 (€271)	€50-€591 (€345)
				Discount Rate	5.2%-9.5% (6.2%)	5.3%-6.0% (5.6%)
				Exit Yield	3.7%-8.0% (5.3%)	3.8%-4.8% (4.1%)
				Vacancy rate	0%-0.3% (0.2%)	36.6%-40.4% (37.9%)
Complementary Assets	208	206	Income	ERV per sqm	€149-€287 (€195)	€149-€277 (€190)
shopping centres			capitalisation	NRI per sqm	€101-€252(€164)	€92-€248(€155)
and galleries				Equivalent yield	6.5%-8.9% (8.2%)	6.8%-9.5% (7.9%)
				Vacancy rate	1.0%-25.7% (6.5%)	0%-4.1% (2.1%)
Complementary Assets	163	-	Income	ERV per sqm	€61-€132 (€99)	-
retail warehouse**			capitalisation	NRI per sqm	€46-€153(€104)	-
				Equivalent yield	6.0%-9.4% (7.4%)	-
				Vacancy rate	0%-11.4% (0.6%)	-
Complementary Assets	-	156	DCF	ERV per sqm	-	€54-€117 (€97)
retail warehouse**				NRI per sqm	-	€20-€147 (€94)
				Discount Rate	-	7.8%-9.0% (8.1%)
				Exit Yield	-	7.3%-8.4% (7.6%)
				Vacancy rate	-	0%-11.4% (0.7%)
Total	**2,350**	**2,184**				

* Increased as at 31 December 2021 compared to 31 December 2020 due to acquisition of shopping centre Maximo and assets of DeA generation fund.

** Valuation method changed from DCF as at 31 December 2020 to Income Capitalization as at 31 December 2021.

*** Decreased as at 31 December 2021 compared to 31 December 2020 due to disposals.

Office	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic**	272	21	Income capitalisation	ERV per sqm	€96-€226 (€163)	€143-€143 (€143)
				NRI per sqm	€93-€195 (€144)	€124-€124 (€124)
				Equivalent yield	4.1%-7.1% (5.4%)	7.5%-7.5% (7.5%)
				Vacancy rate	0%-17.5% (6.5%)	-
Czech Republic**	543	890	DCF	ERV per sqm	€86-€284 (€198)	€86-€263 (€181)
				NRI per sqm	€62-€280 (€173)	€38-€304 (€154)
				Discount rate	4.5%-8.5% (5.8%)	4.7%-8.5% (6.1%)
				Exit Yield	4.3%-8.0% (5.5%)	4.4%-8.5% (6.1%)
				Vacancy rate	0%-31.3% (5.5%)	0%-61.9% (8.5%)
Berlin	2,803	2,460	DCF	ERV per sqm	€67-€328 (€204)	€66-€310 (€195)
				NRI per sqm	€51-€329 (€129)	€47-€284 (€114)
				Discount rate	3.0%-5.5% (4.4%)	3.0%-5.8% (4.8%)
				Exit Yield	3.0%-5.5% (4.3%)	3.3%-5.5% (4.7%)
				Vacancy rate	0%-50.2% (15.4%)	0%-29.4% (12.2%)
Poland**	1,046	836	Income capitalisation	ERV per sqm	€159-€304 (€232)	€168-€305 (€232)
				NRI per sqm	€106-€277 (€191)	€146-€278 (€212)
				Equivalent yield	4.7%-7.3% (5.7%)	5.0%-7.6% (5.8%)
				Vacancy rate	0%-24.1% (6.0%)	0.3%-12.4% (3.7%)
Poland*	-	145	DCF	ERV per sqm	-	€156-€232 (€216)
				NRI per sqm	-	€95-€252 (€145)
				Discount rate	-	7.3%-9.0% (7.9%)
				Exit Yield	-	7.0%-8.5% (7.9%)
				Vacancy rate	-	0%-20.8% (11.5%)
Italy**	184	35	DCF	ERV per sqm	€60-€327 (€213)	€110-€239 (€176)
				NRI per sqm	€-14-€161 (€101)	€43-€140 (€92)
				Discount rate	4.6%-9.0% (6.6%)	5.6%-6.6% (5.9%)
				Exit Yield	3.4%-7.3% (5.6%)	4.8%-5.9% (5.4%)
				Vacancy rate	0%-100% (21.3%)	28.0%-36.4% (30.6%)
Complementary Assets*	301	-	Income capitalisation	ERV per sqm	€96-€196 (€166)	-
				NRI per sqm	€51-€170 (€126)	-
				Equivalent yield	6.1%-9.8% (6.6%)	-
				Vacancy rate	0%-87.8% (16.4%)	-
Complementary Assets*	-	303	DCF	ERV per sqm	-	€96-€189 (€162)
				NRI per sqm	-	€87-€198 (€139)
				Discount rate	-	6.0%-9.0% (6.7%)
				Exit Yield	-	6.5%-9.0% (7.1%)
				Vacancy rate	-	0%-43.3% (8.4%)
Total	**5,149**	**4,690**				

* Valuation method changed from DCF as at 31 December 2020 to Income Capitalization as at 31 December 2021.
** Valuation method of part of the portfolio changed from DCF as at 31 December 2020 to Income Capitalization as at 31 December 2021.

Industry and Logistics	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic*	13	74	DCF	ERV per sqm	€46	€27-€102(€57)
				NRI per sqm	€54	€6-€63 (€45)
				Discount rate	11.0%	6.0%-12.0% (6.8%)
				Exit yield	10.0%	6.0%-11.5% (6.6%)
				Vacancy rate	20.9%	0%-100.0% (6.8%)
Hungay	-	40	DCF	ERV per sqm	-	€42-€63(€59)
				NRI per sqm	-	€44-€65 (€55)
				Discount rate	-	7.3%-7.5% (7.4%)
				Exit yield	-	7.0%
				Vacancy rate	-	0%-5.2% (3.3%)
Czech Republic	7	-	Residual	Total EMRV	-	-
				Gross development value	€1,142	-
				Development margin	5.0%	-
Germany	2	3	DCF	ERV per sqm	€26	€19
				NRI per sqm	€20	€19
				Discount rate	2.5%	2.5%
				Exit yield	5.0%	5.0%
				Discount rate	0%	0%
Total	**22**	**117**				

* Decreased due to disposals as at 31 December 2021 compared to 31 December 2020.

Residential	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic	627	433	Comparable	Fair value per sqm	€257-€1,796(€928)	€161-€1,252(€629)
Czech Republic, Prague	100	77	Comparable	Fair value per sqm	€2,969-€8,347 (€3,361)	€2,324-€6,665 (€2,607)
Complementary Assets	322	310	Comparable	Fair value per sqm	€5,018-€32,895 (€18,570)	€4,070-€31,927 (€15,684)
Complementary Assets*	24	-	DCF	ERV per sqm	€951	-
				NRI per sqm	€384	-
				Discount rate	4.6%	-
				Exit Yield	3.8%	-
				Vacancy rate	0%	-
Italy	25	12	Comparable	Fair value per sqm	€24,899-€24,899 (€24,899)	€11,840-€11,840 (€11,840)
Italy*	27	-	DCF	ERV per sqm	€264-€264 (€264)	-
				NRI per sqm	€250-€250 (€250)	-
				Discount rate	6.1%	-
				Exit Yield	5.0%	-
				Vacancy rate	0%	-
Total	**1,125**	**832**				

* Represent acquisitions in 2021.

Complementary assets other	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Italy - development	3	-	Development Appraisal	Development value per sqm	€21,526	-
				Development margin	10.0%	-
Hungary - development	5	-	Residual	Development value per sqm	€4,582	-
				Development margin	7.0%	-
Slovakia – landbank*	14	-	Residual	Development value per sqm	€2,012	-
				Development margin	17,5%	-
UK - office development*	67	-	Development Appraisal	Gross development value per sqm	€29,219	-
				Development margin	20.0%	-
Landbank	21	26	Comparable	Fair value per sqm	€2-€1,077 (€101)	€2-€1,077 (€74)
Total	**110**	**26**				

* Represent acquisitions in 2021.

Agriculture Land	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic	109	99	Comparable	Fair value per sqm	€0-€1 (€1)	€0-€1 (€1)

Other complementary assets (PPE)	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Switzerland - other	13	-	Comparable	Fair value per sqm	€17,925	-

Landbank and Development	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic - landbank	356	282	Comparable	Fair value per sqm	€1-€2,373 (€18)	€1-€2,419 (€15)
Prague - landbank	527	380	Comparable	Fair value per sqm	€5-€4,049 (€405)	€5-€3,632 (€269)
Czech Republic - landbank	29	5	Residual	Total EMRV per sqm	-	€15
				Gross development value per sqm	€2,995-€4,862 (€4,243)	€2,073
				Development margin	15.0%-25.0% (18.3%)	25%
Czech Republic - development	3	3	Development	Total EMRV per sqm	-	€238
				Gross development value per sqm	€4,180	€3,959
				Development margin	16.0%	16.6%
Berlin - landbank*	12	96	Comparable	Fair value per sqm	€150	€2,586-€8,364 (€4,341)
Berlin - landbank**	145	-	Residual	Total EMRV per sqm	€324-€348 (€331)	-
				Gross development value per sqm	€6,137-€9,744 (€7,579)	-
				Development margin	12.0%-15.0% (14.81%)	-
Italy - landbank	3	-	Comparable	Fair value per sqm	€3	-
Italy - landbank	269	-	Residual	Development value per sqm	€1,921-€4,075 (€2,576)	-
				Development margin	10.0%-13.8% (10.5%)	-
Total	**1,344**	**766**				

* Valuation method changed from Residual as at 31 December 2020 to Comparable as at 31 December 2021.
* Valuation method changed from Residual as at 31 December 2020 to Comparable as at 31 December 2021. Further, EUR 31.3 million represents addition in 2021.

	Fair value 2021	Fair value 2020
Investment property total	**10,222**	**8,714**

Property, plant and equipment

Hotels	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic	374	363	DCF	Rate per key	€10,7129-€439,480 (€89,616)	€10,899-€416,151 (€86,976)
				Exit yield	4.7%-8.5% (6.9%)	4.7%-8.5% (7.0%)
				Discount rate	5.7%-10.7% (8.0%)	5.7%-10.5% (8.1%)
Complementary Assets	195	139	DCF	Rate per key	€54,464-€578,571 (€166,090)	€72,417-€298,333(€192,948)
				Exit yield	5.0%-7.8% (6.9%)	5.3%-8.0% (7.4%)
				Discount rate	5.0%-11.5% (8.9%)	7.0%-10.5% (9.3%)
Croatia	165	162	DCF	Rate per key	€6,135-€347,903 (€115,029)	€6,871-€338,065 (€109,215)
				Exit yield	7.8%-10.3% (8.2%)	7.8%-10.3% (8.2%)
				Discount rate	9.5%-12.0% (9.9%)	9.4%-12.3% (10.2%)
Total	**734**	**664**				

Primarily due to the partial recovery from COVID-19 lockdowns, the hotels rate per key across the Groups hotel portfolio significantly increased as at 31 December 2021 compared to 31 December 2020.

Mountain resorts	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Hotel development	30	37	Development	Gross development value per sqm	€ 5,764	€ 4,751
				Development margin	20%	20%
Mountain Resort	20	30	DCF	Discount rate	6.5%	6.2%
				Terminal growth	1.6%	1.5%
Total	**50**	**67**				

	Fair value 2021	Fair value 2020
Property, plant and equipment total	**784**	**731**

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 2021 in the table above is not fully comparable to the amounts as at 31 December 2020, primarily due to changes of valuation methods and changes in classification of assets due to their change of use.

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, maintenance 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 2021

Berlin office

ERV	Discount rate (0.25%)	-	0.25%
(5.00%)	2,716	2,659	2,602
-	2,864	2,803	2,744
5.00%	3,011	2,947	2,885

Czech Republic - Retail - Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	105	101	98
-	110	106	102
5.00%	115	110	106

Czech Republic - Retail - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	1,279	1,228	1,180
-	1,347	1,292	1,242
5.00%	1,414	1,357	1,304

Poland – Retail – Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	158	152	147
-	165	159	153
5.00%	172	165	159

Italy - Retail - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	428	418	408
-	432	422	412
5.00%	436	426	416

Complementary – Retail – Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	369	357	346
-	384	371	360
5.00%	399	386	373

Czech Republic – Office – Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	275	261	249
-	287	272	259
5.00%	298	283	269

Czech Republic - Office – DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	539	516	495
-	567	543	521
5.00%	596	571	547

Poland – Office – Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	1,050	998	951
-	1,100	1,046	996
5.00%	1,151	1,093	1,041

Italy – Office – DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	180	175	171
-	189	184	179
5.00%	198	193	188

Complementary -Office – Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	304	298	292
-	306	301	295
5.00%	209	303	297

Germany – Industry - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	2	2	2
-	2	2	2
5.00%	2	2	2

Czech Republic - Industry - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	13	12	12
-	13	13	12
5.00%	14	13	13

Italy – Residential - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	25	25	24
-	27	27	26
5.00%	29	28	27

Complementary - Residential - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	24	23	22
-	25	24	23
5.00%	26	25	24

Croatia - Hotels - DCF

Growth	Discount rate (0.25%)	-	0.25%
(5.00%)	162	156	151
-	171	165	160
5.00%	180	174	168

Czech Republic – Hotels - DCF

Growth	Discount rate (0.25%)	-	0.25%
(5.00%)	367	350	334
-	392	374	357
5.00%	418	398	380

Complementary – Hotels - DCF

Growth	Discount rate (0.25%)	-	0.25%
(5.00%)	197	191	185
-	201	195	189
5.00%	205	199	193

CMA Mountain resort

Terminal growth	Discount rate (0.25%)	-	0.25%
(5.00%)	19	16	14
-	23	20	17
5.00%	29	25	21

Development, land banks and industry & logistic

	Development					Industry & Logistic	Land bank			
Residual Value in MEUR	Czech Republic	Italy	Complementary	Hotels & Resorts	Mountain resorts	Czech Republic	Italy	Complementary	Czech Republic	Germany
Developer's Profit (5.00%)	3	3	72	6	39	8	283	22	33	177
Developer's Profit (2.50%)	3	3	69	5	34	7	276	18	31	161
Developer's Profit as set	3	3	67	5	30	7	269	14	29	145
Developer's Profit 2.50%	3	3	64	5	25	7	262	11	27	129
Developer's Profit 5.00%	3	3	62	4	21	7	255	7	24	114

As at 31 December 2020

Berlin office

ERV	Discount rate (0.25%)	-	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%)	-	0.25%
(5.00%)	93	93	93
-	97	97	97
5.00%	101	101	101

Poland - Office - Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	838	798	762
-	878	836	797
5.00%	917	873	833

Czech Republic - Retail - DCF

ERV	Yield (0.25%)	-	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%)	-	0.25%
(5.00%)	438	424	411
-	457	442	429
5.00%	476	461	447

Czech Republic - Office - Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	21	21	20
-	22	21	21
5.00%	23	22	22

Poland - Retail - Income capitalisation

ERV	Yield (0.25%)	-	0.25%
(5.00%)	161	155	149
-	167	161	155
5.00%	174	167	161

Poland - Office - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	142	138	134
-	149	145	141
5.00%	157	152	148

Complementary Office - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	339	333	327
-	345	338	332
5.00%	350	343	337

Czech Republic - Office - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	881	846	814
-	927	890	856
5.00%	973	935	899

Complementary Industry - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	41	41	42
-	40	40	41
5.00%	39	40	40

Czech Republic - Industry - DCF

ERV	Yield (0.25%)	-	0.25%
(5.00%)	74	71	68
-	77	74	72
5.00%	81	78	75

Croatia - Hotels - DCF

Growth	Discount rate (0.25%)	-	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%)	-	0.25%
(5.00%)	361	340	322
-	386	363	344
5.00%	410	386	366

Complementary Hotels - DCF

Growth	Discount rate (0.25%)	-	0.25%
(5.00%)	136	132	128
-	144	139	135
5.00%	152	147	143

CMA Mountain resort

Terminal Growth	Discount rate (0.25%)	-	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

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. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA. A judgment on the appeal is not expected to occur before second quarter of 2022.

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 hearing on the appeal took place on 10 December 2021 and the decision on the appeal is expected within several months. 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. On 6 April 2021, the defamation claim filed in June 2020 by Kingstown was dismissed in its entirety. Kingstown appealed the dismissal. The oral argument on the appeal is scheduled for 14 April 2022 and the decision on the appeal may take between a few months to a year.

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. CPI FIM SA is defending 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 the 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 the CPI FIM SA's Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the 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 the 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 the CPI FIM SA's Safeguard Plan.

Vitericon

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 first instance court fully rejected the lawsuit and ruled in favor of CPIPG. The plaintiff filed an appeal against the decision. Exchange of written briefs regarding the appeal are ongoing, a court hearing has not been set yet.

Next RE (formerly Nova RE)

On 30 October 2020, Sorgente Group Italia S.r.l. ("SGI") notified to Next 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 Next 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 9 March 2021 the judge granted the parties terms for the filing defense briefs and the Proceeding has been postponed to the hearing of 12 October 2021 to assess the admissibility and relevance of the requests formulated by the parties with the defensive briefs. On the last hearing held on 12 October 2021 the Judge, having seen the request of both parties, has adjourned the case to the hearing for the clarification of the conclusions, set for 20 September 2022.

CPI Tor di Valle and the Municipality of Rome

On 8 July 2021, CPI TOR DI VALLE S.p.A., an indirectly held and fully consolidated subsidiary of the Company ("CPI Tor di Valle"), purchased an urban area (the "Area") from Eurnova S.p.A. (Eurnova) to be developed as the new stadium of the Italian football club, AS Roma in Rome, Italy as well as a business park, in accordance with the Council of the Municipality of Rome town planning public procedures. Following the statement of AS Roma that it was no longer interested in the stadium on the Area, on 21 July 2021, the Council of the Municipality of Rome revoked the status of public interest to the stadium project on the Area (the "Revocation Resolution") and terminated the town planning public procedure and therefore prevented the development project from progressing.

On 27 October 2021, CPI Tor di Valle filed a claim against the Municipality of Rome before the competent administrative court. In such claim, CPI Tor di Valle asked the court to: (i) declare the annulment of the Revocation Resolution; and (ii) determine the right of CPI Tor di Valle to be compensated for damages in connection with the Revocation Resolution (in terms of emerging damages and loss of profit in a range between EUR 235 million and EUR 260 million). According to CPI Tor di Valle's external legal advisors, CPI Tor di Valle's claim is founded since the Revocation Resolution breached the legitimate expectations of CPI Tor di Valle. On 20 December 2021, the Municipality of Rome challenged the claim filed by CPI Tor di Valle and in addition filed a counterclaim for damages against Eurnova, AS Roma and CPI Tor di Valle, jointly and severally, or, subordinately on a pro rata basis, and claimed that the amount of damages suffered by it were EUR 311 million (such damages claims included damage to image, damage for waste of administrative activity and damages arising from failure of carrying out public works connected with the development project).

According to CPI Tor di Valle's external legal advisors, the legal claim filed by the Municipality of Rome against CPI Tor di Valle: (i) did not identify any conduct legally attributable to CPI Tor di Valle, in connection with the claimed damages by the Municipality of Rome; (ii) did not consider that possible damaging events (if any) occurred before the acquisition of the Area from CPI Tor di Valle; and (iii) did not consider that CPI Tor di

Valle never assumed the formal status of proponent (and therefore did not manage the town planning public procedure). Therefore, according to CPI Tor di Valle's external legal advisors, the action filed by the Municipality of Rome is groundless against CPI Tor di Valle.

9 Capital and other commitments

The Group has capital commitments in the total amount of EUR 42.8 million in respect of capital expenditures contracted as at 31 December 2021 (EUR 52.4 million as at 31 December 2020).

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.

In 2021 and 2020, the remuneration of the key management personnel and members of Board of Directors was EUR 2.9 million and EUR 2.7 mi llion, respectively.

Balances and transactions with the key management personnel and members of Board of Directors and the Group:

	31 December 2021	31 December 2020
Loans provided	0.2	0.1
Trade receivables	0.7	1.1
Perpetual notes	0.2	0.2
Transactions		
Interest income and other revenues	0.1	0.2
Other costs	(0.9)	(0.5)

Balances and transactions with the majority shareholder of the Group:

	31 December 2021	31 December 2020
Trade receivables	1.7	1.6
Other receivables	5.4	5.4
Transactions		
Other revenues	0.2	0.2

Balances and transactions with other related parties:

Entities over which the majority shareholder has control	31 December 2021	31 December 2020
Loans provided	84.9	334.8
Trade receivables	0.1	0.2
Other receivables	0.3	-
Loans received	-	0.4
Other payables	0.1	-
Transactions		
Other revenues	0.1	0.1
Interest income	14.8	14.9
Other costs	(2.7)	(0.1)
Close family members/entities controlled by close family members of the majority shareholder	**31 December 2021**	**31 December 2020**
Other payables	0.8	0.8
Transactions		
Other revenues	0.6	0.4
Entities controlled by members of Board of Directors	**31 December 2021**	**31 December 2020**
Loans provided	0.1	0.1
Other receivables	1.3	1.2
Loans received	0.3	0.4
Trade payables	0.2	-
Transactions		
Other revenues	0.2	0.3
Other costs	(0.1)	(0.1)
Joint ventures	**31 December 2021**	**31 December 2020**
Loans provided	26.7	12.7
Interest income	1.2	0.8

Main transactions with related parties

As at 31 December 2021 and 2020, the outstanding balance of a loan provided by the Group to Gamala Limited, a company closely related to the majority shareholder, amounts to EUR 84.0 million and EUR 334.7 million, respectively. The loan bears a fixed interest at a rate of 5% p.a and is repayable in 2023.

In 2021, the Group acquired Polma group for total consideration of EUR 368.3 million and Uchaux Limited for GBP 4 thousands (refer to note 3.3 for more details) from the Group's majority shareholder.

The related party transactions are priced on arm's length basis.

11 Events after the reporting period

Financing

On 17 January 2022, the Group issued sustainability-linked bonds in the amount of EUR 700 million, with an 1.75% coupon and a maturity date of 14 January 2030. Proceeds from the bonds were used primarily to fund the full repayment of 4.75% notes due 8 March 2023 (ISIN XS1955030280) and 2.125% notes due 4 October 2024 (ISIN XS1693959931).

On 25 February 2022, the Company concluded EUR 1,250 million bridge facility agreement with eight international banks.

Acquisition of IMMOFINANZ AG

On 12 January 2022, the Company published the offer document in relation to the anticipatory mandatory takeover offer for holders of IMMOFINANZ shares and convertible bonds (refer to note 6.4.3), approved by the Austrian Takeover Commission. The initial acceptance period ran from 12 January 2022 until 23 February 2022. The offer was made to holders of all outstanding ordinary shares and 2024 convertible bonds of IMMOFINANZ. The Offer price was EUR 23.00 per share (increased from EUR 21.20), and EUR 102,7 thousand (102.747 %) for each nominal amount of EUR 100 thousand of convertible bonds.

On 26 January 2022 CPIPG and Petrus Advisers Investments Fund L.P. signed a share purchase agreement regarding the acquisition of 9,413,253 IMMOFINANZ shares, corresponding to 6.81% share of IMMOFINANZ. The purchase price per share was EUR 23 (in total EUR 216.5 million).

On 31 January 2022, the Group and CEE Immobilien GmbH, a wholly owned subsidiary of Austrian real estate group S IMMO AG, signed an agreement concerning the Group's acquisition of 17,543,937 IMMOFINANZ shares for total of EUR 403.5 million (EUR 23.0 per share), corresponding to 12.69% of IMMOFINANZ. The agreement also covered the acquisition by CPIPG of additional 2,144,280 shares tendered for total of EUR 49.3 million (EUR 23.0 per share) in the voluntary partial tender offer for shares of IMMOFINANZ by CEE Immobilien GmbH.

Until the end of the acceptance period on 23 February 2022, 7,125,335 IMMOFINANZ shares (representing 5.15% stake in IMMOFINANZ) have been tendered for total of EUR 163.9 million (EUR 23 per share). In addition, the offer was accepted by holders of the 2024 convertible bonds amounting to a total of EUR 5.5 million. As of the date of this document, the Group holds in total 73,732,710 IMMOFINANZ shares representing 55.26 % share on the IMMOFINANZ's registered share capital and total outstanding voting rights (included effect of the bonds conversion).

On 3 March 2022, based on result of the mandatory takeover offer, the Group gained control in IMMOFINANZ. The acquisition of the IMMOFINANZ represents a business combination under IFRS 3 with the Group being an acquirer. The acquisition date is 3 March 2022, since that date the Group will fully consolidate IMMOFINANZ. For the purpose of business combination accounting, the Group will allocate the total purchase price of EUR 1,672.3 million to individual identifiable assets and liabilities acquired. Preliminarily, the Group did not identify significant differences between carrying and fair values of identifiable assets and liabilities of IMMOFINANZ as at the date of acquisition. The IFRS 3 accounting may however lead to changes of deferred taxes.

Disposals

The Group sold the following subsidiaries:

- Airport City Kft. and Airport City Phase B Kft. which held land plots in Hungary for total of EUR 56.3 million on 27 January 2022.
- MH Bucharest Properties s.r.l. which held land in the Romania for total of EUR 1.1 million on 1 February 2022.
- IGY2 CB, a.s. and CB Property Development, a.s. which held one Czech shopping centre for total of EUR 47.1 million on 17 February 2022.
- BC 91 Kft and Leriegos Kft which hold office building in Hungary for total of EUR 9.5 million on 23 February 2022.
- CPI Kvarta, s.r.o. which held one office property in the Czech Republic for EUR 30.9 million on 2 March 2022.
- CPI Vestec, s.r.o and Brandýs Logistic, a.s. which held logistic parks in the Czech Republic for EUR 103.3 million on 9 March 2022.

Sanctions against certain Russian entities

In February 2022, EU and other countries imposed sanctions against certain entities and individuals in Russia as a reaction of military operations initiated by Russia against the Ukraine. Due to the growing geopolitical tensions, there has been a significant increase in volatility on the securities and currency markets. It is expected that these events may affect the activities of Russian enterprises in various sectors of the economy. The Group only owns and operates one hotel in Moscow, Russia valued at EUR 16.9 million as at 31 December 2021. Net hotel loss incurred by the hotel was EUR 0.4 million in 2021. The Company regards these events as non-adjusting events after the reporting period.

Impact of COVID -19 pandemic on the Group

COVID-19, an infectious disease caused by a new virus, was declared a world-wide pandemic in March 2020. The outbreak of the pandemic heavily impacted global financial markets, economies including the real estate sector. The office portfolios were however effectively operating normally, with stable occupancy, rents and collection rates close to 100%. The Group was able to invoice and regularly collect rent across its portfolio, even at the peak of the COVID-19 outbreak.

As at 31 December 2021, the Group has EUR 1.2 billion of liquidity including EUR 700 million of undrawn revolving credit facility due in 2026.

In the Group's next five years budget, the management plans continuous growth of the gross rental income, significant but flexible property development expenses and overall positive cash flows.

Overall, Covid-19 pandemic lockdowns had no significant impact on the CPI PG Group's business and 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

Fully consolidated subsidiaries	Country	31 December 2021	31 December 2020
"Diana Development" Sp. z o.o.	Poland	100.00%	100.00%
"Equator Real" sp. z o.o.	Poland	100.00%	100.00%
1 BISHOPS AVENUE LIMITED (9)	United Kingdom	100.00%	100.00%
7 St James's Square Limited (9)	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%
ALIZÉ PROPERTY a.s.	Slovak Republic	100.00%	-
Andrássy Hotel Zrt.	Hungary	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%	100.00%
Apulia Investments 2 S.r.l.	Italy	100.00%	100.00%
Apulia Investments 3 S.r.l.	Italy	100.00%	100.00%
Apulia Investments 4 S.r.l.	Italy	100.00%	100.00%
Arena Corner Kft.	Hungary	100.00%	100.00%
Armo Verwaltungsgesellschaft mbH	Germany	94.90%	94.66%
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%	91.17%
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%	91.17%
Brno Property Invest XV., s.r.o. (1)	Czech Republic	97.31%	-
Březiněves, a.s.	Czech Republic	100.00%	100.00%
Bubenská 1, a.s. (4)	Czech Republic	-	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%	100.00%
BWK Offices sp. z o.o.	Poland	100.00%	100.00%
BWV Offices sp. z o.o.	Poland	100.00%	100.00%
Byty Lehovec, s.r.o.	Czech Republic	100.00%	100.00%
BYTY PODKOVA, a.s.	Czech Republic	97.31%	97.31%
C.E.Co.S. Completamento Edilizio Corso Sicilia - Societa' Per Azioni	Italy	100.00%	-
CAMPONA Shopping Center Kft.	Hungary	100.00%	100.00%
Camuzzi, a.s.	Czech Republic	97.31%	97.31%
Capital Dev S.p.A.	Italy	100.00%	-
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%
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%	91.17%
CPI - Krásné Březno, a.s.	Czech Republic	97.31%	97.31%
CPI - Land Development, a.s.	Czech Republic	97.31%	97.31%

Fully consolidated subsidiaries	Country	31 December 2021	31 December 2020
CPI - Orlová, a.s.	Czech Republic	91.17%	91.17%
CPI - Real Estate, a.s.	Czech Republic	100.00%	100.00%
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI ACAYA S.r.l.	Italy	97.31%	-
CPI AIR ITALY S.R.L.	Italy	100.00%	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 Bologna S.p.A.	Italy	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%
CPI Flats, a.s.	Czech Republic	100.00%	100.00%
CPI France, aSASU	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.	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 Italy 130 SPV S.r.l.	Italy	97.31%	-
CPI Italy S.r.l.	Italy	100.00%	-
CPI Jihlava Shopping, a.s.	Czech Republic	-	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 Lambrate S.r.l.	Italy	100.00%	-
CPI Management, s.r.o.	Czech Republic	100.00%	100.00%
CPI Medici S.r.l.	Italy	100.00%	-
CPI Národní, s.r.o.	Czech Republic	100.00%	100.00%
CPI Next Level Ventures GmbH	Germany	100.00%	100.00%
CPI North, s.r.o.	Czech Republic	100.00%	100.00%
CPI Office Business Center, s.r.o. (4)	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%
CPI Palmovka Office, s.r.o. (4)	Czech Republic	-	100.00%
CPI Park Žďárek, a.s.	Czech Republic	97.25%	97.25%
CPI Parking S.r.l.	Italy	100.00%	-
CPI PG Management, S.á r.l (6)	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. (3)	Czech Republic	-	100.00%
CPI Property Development Sp. z o.o.	Poland	100.00%	100.00%
CPI Real Estate Italy S.r.l.	Italy	100.00%	-
CPI Reality, a.s.	Czech Republic	100.00%	100.00%
CPI Retail MB, s.r.o. (2)	Czech Republic	-	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%

Fully consolidated subsidiaries	Country	31 December 2021	31 December 2020
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. (3)	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 Sicilia S.r.l.	Italy	100.00%	-
CPI South, s.r.o.	Czech Republic	97.58%	97.58%
CPI Tercie, s.r.o.	Czech Republic	100.00%	100.00%
CPI Torrenova S.P.A.	Italy	100.00%	-
CPI Théta, a.s.	Czech Republic	100.00%	100.00%
CPI Tor di Valle S.r.l.	Italy	100.00%	-
CPI Vestec, s.r.o.	Czech Republic	100.00%	100.00%
CPI Žabotova, a.s. (8)	Slovak Republic	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%	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%
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%
Eurocraft Cantieri Navali S.rl.	Italy	49.00%	-
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%
FL Property Development, a.s.	Czech Republic	91.17%	91.17%
Freccia Alata 2 S.r.l.	Italy	100.00%	-
Futurum HK Shopping, s.r.o.	Czech Republic	100.00%	100.00%
GADWALL, Sp. z o.o.	Poland	100.00%	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%
Generation Fund Managed By DeA Capital Sgr S.p.A.	Italy	99.50%	-
GSG Energiemanagement	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 Asset Management GmbH (7)	Germany	99.75%	99.75%
GSG BER Waßmannsdorf Eins GmbH	Germany	89.67%	-

Fully consolidated subsidiaries	Country	31 December 2021	31 December 2020
GSG BER Waßmannsdorf Zwei GmbH	Germany	89.67%	-
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%
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 Lucemburská, s.r.o.	Czech Republic	100.00%	100.00%
Hotel Pokrovka, org. unit	Russia	100.00%	100.00%
HOTEL U PARKU, s.r.o.	Czech Republic	91.17%	91.17%
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%
ISTITUTO IMMOBILIARE DI CATANIA S.P.A.	Italy	93.00%	-
ISTITUTO PER L'EDILIZIA POP. DI SAN BERILLO S.R.L.	Italy	99.99%	-
IVRAVODA LIMITED	Cyprus	100.00%	100.00%
Jagapa Limited	Cyprus	-	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%	91.17%
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%
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. (2)	Czech Republic	-	100.00%
Kunratická farma, s.r.o.	Czech Republic	100.00%	-
Labská Property, s.r.o.	Czech Republic	100.00%	100.00%
Land Properties, a.s.	Czech Republic	97.31%	97.31%
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%	99.90%
Levice Property Development, a.s.	Slovak Republic	100.00%	100.00%
Limagro, s.r.o.	Czech Republic	100.00%	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%	100.00%
Marissa Gama, a.s.	Czech Republic	-	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%
Marissa Ypsilon, a.s.	Czech Republic	100.00%	100.00%
Marki Real Estate Sp. z o.o.	Poland	97.31%	97.31%
MARRETIM s.r.o.	Czech Republic	100.00%	-
Mařenická farma, a.s.	Czech Republic	100.00%	100.00%
MB Property Development, a.s. (2)	Czech Republic	-	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%

Fully consolidated subsidiaries	Country	31 December 2021	31 December 2020
Michalovce Property Development, a.s.	Slovak Republic	100.00%	100.00%
Millennium S.r.l.	Italy	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%
NEXT RE Siiq S.p.A. (5)	Italy	77.24%	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. (2)	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. (4)	Czech Republic	-	100.00%
Olomouc Building, a.s.	Czech Republic	100.00%	100.00%
One Crans-Montana SA	Switzerland	99.70%	99.70%
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%
PAC Italy 130 SPV S.r.l.	Italy	97.31%	-
Parco delle Acacie Due S.p.A	Italy	100.00%	-
Parco delle Case Bianche SRL	Italy	100.00%	100.00%
Parsec 6 S.p.A.	Italy	100.00%	-
Pastviny, a.s.	Czech Republic	100.00%	100.00%
Peabody Lamaro Roma S.r.l.	Italy	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%
Pokrovka Management o.o.o.	Russia	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%	91.17%
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%
Ranchmatti SA	Switzerland	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%	83.42%
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 Real Estate Development S.R.L.	Romania	100.00%	100.00%
S. MARIA DELLA GUARDIA S.R.L.	Italy	51.00%	-
Samar S.p.A.	Italy	100.00%	-
SASHKA LIMITED	Cyprus	100.00%	100.00%
SAVILE ROW 1 LIMITED (9)	France	100.00%	100.00%
SCI MAS CANTAGRELI	France	100.00%	100.00%
SCP AILEY	Monaco	100.00%	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%

Fully consolidated subsidiaries	Country	31 December 2021	31 December 2020
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.	Czech Republic	100.00%	100.00%
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.	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%	91.17%
Tepelné hospodářství Litvínov s.r.o.	Czech Republic	100.00%	100.00%
Tower-Service sp.z o.o.	Poland	50.30%	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%
Uchaux Limited	United Kingdom	100.00%	-
V Team Prague, s.r.o.	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%
Vicovaro R.E. S.r.l.	Italy	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%
WFC Investments Sp. z o.o.	Poland	97.31%	97.31%
WFC Offices Sp. z o.o.	Poland	100.00%	100.00%
WXZ1 a.s.	Czech Republic	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%	99.70%
ZET.office, a.s.	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	Country	31 December 2021	31 December 2020
Beta Development, s.r.o.	Czech Republic	34.06%	34.06%
Moritzstraße 23 GmbH	Germany	50.00%	-
Rathenower Straße 63-64 GmbH	Germany	50.00%	-
Ritterstraße 120 GmbH	Germany	50.00%	-
Tevat Limited	Cyprus	50.00%	-
Uniborc S.A.	Luxembourg	34.06%	34.06%
Zakiono Enterprises Limited	Cyprus	50.00%	-

(1) On 2 June 2021 A.M.A. Brno, s.r.o. changed its name to Brno Property Invest XV., s.r.o.
(2) On 1 August 2021 Kosmonosy Property Development, s.r.o., CPI Retail MB, s.r.o. and MB Property Development, a.s. have merged with Nymburk Property Development, a.s. – the "successor company". All assets and liabilities passed to the successor company.
(3) On 1 September 2021 CPI Property a Facility, s.r.o. has merged with CPI Services, a.s. – the "successor company".
(4) On 1 October 2021 Bubenská 1, a.s., CPI Palmovka Office, s.r.o. and OFFICE CENTER HRADČANSKÁ, a.s. have merged with CPI Meteor Centre, s.r.o. – the "successor company". The successor company changed its name to CPI Office Business Center, s.r.o.
(5) On 22 November 2021 Nova RE Siig S.p.A. changed its name to NEXT RE Siiq S.p.A.
(6) On 27 December 2021 Polma 1 S.A. has merged with CPI PG Management, S.á r.l.
(7) On 28 December 2021 Wertpunkt Real Estate Experts GmbH changed its name to GSG Asset Management GmbH
(8) On 30 December 2021 Invesco Bratislava Hotel Investment a.s. changed its name to CPI Žabotova, a.s.
(9) Exempt from statutory audit in UK (7 St James's Square Limited – registration number: 11909387 and Bishops Avenue Limited – registration number: 11675713).

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 2021, 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 2021, 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 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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 consolidated statement of financial position, representing 72% of the total assets of the Group as at 31 December 2021. In addition, the Group operates hotels classified within property, plant and equipment representing 5% of the total assets of the Group as at 31 December 2021. Investment properties are valued at fair value and hotels, representing major part of the property, plant and equipment are stated at revalued amounts, 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 99% 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 limit 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 a sample of hotel properties, we traced the key inputs used in the valuation models including capex investments and EBITDA.

- 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.

- 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.

The Board of Directors is also responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

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.

- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

- 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.

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, related safeguards.

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 3 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 have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

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In our opinion, the consolidated financial statements of the Group as at 31 December 2021, identified as CPI_PROPERTY_GROUP_20220331.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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 2022

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CPI Property Group

Société Anonyme

R.C.S. Luxembourg B 102.254

ANNUAL ACCOUNTS AND REPORT

OF THE REVISEUR D'ENTREPRISES AGREE

31 DECEMBER 2021

40, rue de la Vallée
L-2661 Luxembourg
Share capital: EUR 890,291,530
R.C.S. Luxembourg B 102.254

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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 2021, 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 2021, 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 Nº 537/2014, the Law of 23 July 2016 and ISAs 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

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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 response obtained to our confirmation letter 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 93% of the total assets of the Company as at 31 December 2021.

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 a 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 annual 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.

The Board of Directors is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended (“ESEF Regulation”).

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.

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.

- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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, related safeguards.

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.

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 3 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 have checked the compliance of the financial statements of the Company as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2021, identified as CPIPG_31_12_2021_AFR, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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 2022

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.

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 2021 to 31 December 2021.

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 2021, CPI PG is indirectly controlled by Mr. Radovan Vítek, ultimate beneficial owner, at 88.77% (2020: 90.70%) through his investment vehicles (Voting rights 2021: 89.44 %; 2020: 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 2021 on a going concern basis.

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 recoverable value. Amounts owed by affiliated undertakings and other loans, shown under "Financial assets" are recorded at their nominal value. A Value adjustment 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. A Value adjustments is recorded when the recoverable value is lower than the nominal value. Other investments listed on active stock exchange, if there are not steps to became shares in affiliated undertakings or participating interest, 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 value is partially of fully compromised. These Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

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 term 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). All financial information presented in EUR has been rounded to the nearest thousands, 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 or historical rate under the prudence concept. 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, respectively 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

2021	Shares in affiliated undertakings	Loans to affiliated undertakings
Gross book value		
Balance at 1 January 2021	2,623,940	5,462,211
Additions for the year	1,048,243	1,552,584
Disposals for the year	(11,743)	(1,451,537)
Balance at 31 December 2021	3,660,440	5,563,258
Accumulated value adjustments		
Balance at 1 January 2021	(146,675)	(120,581)
Allocations for the year	(12,646)	(6,713)
Reversals for the year	14,804	9,351
Balance at 31 December 2021	(144,517)	(117,943)
Net book value as at 1 January 2021	**2,477,265**	**5,341,630**
Net book value as at 31 December 2021	**3,515,923**	**5,445,315**

3.1 - Shares in affiliated undertakings

The Company compared carrying amounts with net equity of respective affiliated undertakings and applied value adjustments. Results of value adjustments are reported in Note 21 and 26.

Affiliated undertakings in which the Company holds participation in their share capital are detailed in the following table:

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

Name of the undertaking	Country	Ccy	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2021
			31.12.2021	31.12.2020	in 2021	31.12.2021	31.12.2020	in 2021	31.12.2021	31.12.2020	31.12.2021		
1 Bishops Avenue Limited	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	36,753	(1,770)
7 ST JAMES'S SQUARE LIMITED	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	26,279	1,672
Airport City Phase B Kft.	Hungary	HUF	100.00%	718	--	718	--	--	--	718	718	6,784	2,153
APULIA INVESTMENTS 1 S.R.L.**	Italy	EUR	100.00%	--	21	21	--	(11)	(11)	--	11	11	(9)
APULIA INVESTMENTS 2 S.R.L.**	Italy	EUR	100.00%	--	21	21	--	(21)	(21)	--	--	(18)	(38)
APULIA INVESTMENTS 3 S.R.L.**	Italy	EUR	100.00%	--	21	21	--	(3)	(3)	--	19	19	(1)
APULIA INVESTMENTS 4 S.R.L.**	Italy	EUR	100.00%	--	21	21	--	(3)	(3)	--	19	19	(1)
Baron Puglia S.r.l.	Italy	EUR	100.00%	10	751	761	(10)	10	--	--	761	4,383	(1,063)
CM Hotels SA	Switzerland	CHF	100.00%	92	--	92	(92)	--	(92)	--	--	(2,380)	(100)
CPI Air Italy S.r.l.	Italy	EUR	100.00%	10	--	10	--	--	--	10	10	28,929	28,919
CPI Alberghi HI Roma S.r.l.	Italy	EUR	100.00%	30,157	--	30,157	(6,813)	6,813	--	23,344	30,157	34,384	10,566
CPI Bologna S.P.A.**	Italy	EUR	100.00%	--	50	50	--	--	--	--	50	1,083	(33)
CPI FIM SA	Luxembourg	EUR	97.31%	358,186	--	358,186	--	--	--	358,186	358,186	1,074,274	392,411
CPI Finance CEE, a.s.	Czech Republic	CZK	100.00%	75	--	75	(5)	3	(2)	71	74	74	(1)
CPI Hotels Italy S.à r.l.*	Italy	EUR	0.00%	3,726	(3,726)	--	(3,726)	3,726	--	--	--	(4,399)	(724)
CPI Italy - S.r.l.**	Italy	EUR	100.00%	--	10	10	--	(10)	(10)	--	--	(271)	(281)
CPI Lambrate S.r.l.**	Italy	EUR	100.00%	--	10	10	--	--	--	--	10	17,963	17,953
CPI Medici S.r.l.**	Italy	EUR	100.00%	--	10	10	--	--	--	--	10	20,292	20,282
CPI Next Level Ventures GmbH	Germany	EUR	100.00%	12,906	--	12,906	(12,906)	--	(12,906)	--	--	(52,226)	(992)
CPI North, s.r.o.	Czech Republic	CZK	100.00%	4	--	4	--	--	--	4	4	751	99
CPI PARKING S.r.l.**	Italy	EUR	100.00%	--	10	10	--	(10)	(10)	--	--	(99)	(109)

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Name of the undertaking	Country	Ccy	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2021
			31.12.2021	31.12.2020	in 2021	31.12.2021	31.12.2020	in 2021	31.12.2021	31.12.2020	31.12.2021		
CPI Sicilia -S.r.l.**	Italy	EUR	100.00%	--	10	10	--	(5)	(5)	--	5	5	(5)
Czech Property Investments, a.s.	Czech Republic	CZK	100.00%	1,674,069	234,616	1,908,685	--	--	--	1,674,069	1,908,685	2,843,705	116,003
Duca Puglia S.r.l.	Italy	EUR	100.00%	21	--	21	(21)	21	--	--	21	1,269	660
Freccia Alata 2 S.r.l.**	Italy	EUR	100.00%	--	5,334	5,334	--	(5,334)	(5,334)	--	--	(9,840)	(12,880)
Gewerbesiedlungs-Gesellschaft mbH	Germany	EUR	94.99%	74,768	--	74,768	--	--	--	74,768	74,768	3,410,112	(32,393)
GSG Holding 2 GmbH	Germany	EUR	100.00%	198	--	198	(175)	--	(175)	22	22	22	--
IMMOFINANZ AG****	Austria	EUR	0.00%	--	95	95	--	--	--	--	95	--	--
Isalotta GP GmbH & Co. Verwaltungs KG	Germany	EUR	94.99%	3,765	--	3,765	--	--	--	3,765	3,765	192,335	(2)
IVRAVODA LIMITED	Cyprus	EUR	100.00%	640	--	640	(640)	--	(640)	--	--	--	--
Mercuda, a.s.	Czech Republic	CZK	100.00%	37,186	--	37,186	--	--	--	37,186	37,186	83,021	7,885
Millennium S.r.l. Unipersonale*	Italy	EUR	100.00%	--	59	59	--	--	--	--	59	3,893	2,853
Moritzstr. 23 GmbH**#	Germany	EUR	50.00%	--	357	357	--	(357)	(357)	--	--	40	(13)
Nova Re SIIQ S.p.A.	Italy	EUR	50.00%	26,009	14,152	40,161	--	--	--	26,009	40,161	85,936	1,348
Parco delle Case Bianche S.r.l.	Italy	EUR	100.00%	5,282	1,768	7,050	--	(4,202)	(4,202)	5,282	2,848	2,848	2,838
Peabody Lamaro Roma S.r.l.**	Italy	EUR	100.00%	--	1,806	1,806	--	--	--	--	1,806	7,618	6,805
PTR PRIME TOURIST RESORTS (CYPRUS) LIMITED	Cyprus	EUR	100.00%	1	--	1	--	(1)	(1)	1	--	--	--
Rathenower Str. 63-64 GmbH**#	Germany	EUR	50.00%	--	1,310	1,310	--	(1,068)	(1,068)	--	241	483	8
Remontées Mécaniques Crans Montana Aminoma (CMA) SA	Switzerland	CHF	83.42%	97,889	--	97,889	(81,946)	4,231	(77,715)	15,944	20,175	24,208	4,095

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Name of the undertaking	Country	Ccy	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2021
			31.12.2021	31.12.2020	in 2021	31.12.2021	31.12.2020	in 2021	31.12.2021	31.12.2020	31.12.2021		
Ritterstr. 120 GmbH**#	Germany	EUR	50.00%	--	1,621	1,621	--	(1,621)	(1,621)	--	--	(85)	(74)
Savile Row 1 Limited	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	79	(6,975)
SCI MAS CANTAGRELI	France	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	(4,995)	(195)
SCP AILEY	Monaco	EUR	99.90%	1	--	1	(1)	--	(1)	--	--	(770)	(19)
SCP CISKEY	Monaco	EUR	99.90%	116	--	116	(116)	--	(116)	--	--	(16,622)	(1,353)
SCP KANDLER	Monaco	EUR	99.90%	14	--	14	(14)	--	(14)	--	--	(5,150)	374
SCP MADRID	Monaco	EUR	99.90%	1	--	1	--	--	--	1	1	386	(39)
SCP NEW BLUE BIRD	Monaco	EUR	99.90%	--	--	--	--	--	--	--	--	(6,069)	(311)
SCP PIERRE CHARRON	Monaco	EUR	99.90%	19	--	19	--	--	--	19	19	2,337	6
SCP VILLA DE TAHITI	Monaco	EUR	99.90%	3,348	--	3,348	--	--	--	3,348	3,348	4,971	346
Sunčani Hvar d.d.	Croatia	HRK	100.00%	2,156	--	2,156	--	--	--	2,156	2,156	10,201	(35,659)
Sunčani Hvar Nekretnine d.o.o.	Croatia	HRK	100.00%	97,031	--	97,031	--	--	--	97,031	97,031	125,736	(36,796)
TEVAT LIMITED**	Cyprus	EUR	50.00%	--	672,303	672,303	--	--	--	--	672,303	1,643,639	24,573
Uchaux Limited*	Great Britain	GBP	100.00%	--	4	4	--	--	--	--	4	1,371	(161)
Vitericon Projektentwicklung GmbH	Germany	EUR	100.00%	40,210	--	40,210	(40,210)	--	(40,210)	--	--	--	--
WXZ1 a.s.**	Czech Republic	CZK	100.00%	--	261,195	261,195	--	--	--	--	261,195	265,619	1,002
Zakiono Enterprises Limited*	Cyprus	EUR	100.00%	155,330	(155,330)	--	--	--	--	155,330	--	1,210,220	(587)
ZLATICO LIMITED	Cyprus	EUR	0.10%	--	--	--	--	--	--	--	--	932	(16)
Rounding	--	--	--	1	1	2	1	--	1	1	--	--	--
Total				**2,623,940**	**1,036,500**	**3,660,440**	**(146,675)**	**2,158**	**(144,517)**	**2,477,265**	**3,515,923**		

(*) Company disposed or liquidated during financial year
(**) Acquisition occurred during the financial year
(***) Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU
(****) Cost of anticipatory mandatory takeover offer for IMMOFINANZ AG shares
(#) Net equity calculation is based on local Financial Statements

3.2 - Loans to affiliated undertakings

	2021	2020
Amount due	5,563,258	5,462,211
Value adjustments	(117,944)	(120,581)
Net value	**5,445,314**	**5,341,630**

The Company provided loans to affiliated undertakings with interest rate range of 0.65%-10.4% p.a. and maturity dates until January 2031. Further, the Company provides non-interest loans to its affiliated undertakings WXZ1, CPI Bologna and British affiliated undertakings with maturity dates until 20 April 2071.

Results of value adjustments are reported in Note 21 and 26.

3.3 - Securities held as fixed assets

As of 31 December 2021, the Company holds the following securities classified as fixed assets:

2021	Securities lower of cost or market value	Securities Fair value based	Total
Acquisition cost			
Balance at 1 January 2021	--	25,995	25,995
Additions for the year	511,331	14,357	525,688
Disposals for the year	--	(40,345)	(40,345)
Balance at 31 December 2021	511,331	7	511,338
Accumulated value adjustments			
Balance at 1 January 2021	--	1,662	1,662
Fair value adjustments for the year	--	(1,662)	(1,662)
Balance at 31 December 2021	--	--	--
Net book/Fair value as at 1 January 2021	**--**	**27,657**	**27,657**
Net book/Fair value as at 31 December 2021	**511,331**	**7**	**511,338**

Securities – lower of cost or recoverable value

Generation Fund Managed By DeA Capital Sgr S.p.A.

The Company subscribed 623 units of Generation Fund managed By DeA Capital Sgr S.p.A. ("Generation Fund"), the Company's investment vehicle , in the nominal value of 62,300,000 EUR, that represents 94.11% of all units. The value of the Generation Fund as at 31 December 2021 was 91,561,493 EUR.

IMMOFINANZ AG shares

In the period from 13 July 2021 to 2 December 2021, the Company acquired 12,369,047 shares of IMMOFINANZ AG on the market in the total amount of EUR 255,670 thousand.

On 1 December 2021, the Company purchase 150,800 shares of IMMOFINANZ AG from Mountfort Investments S.à r.l. in the total amount of EUR 3,474 thousand.

The Company acquired indirectly 14,071,483 shares of IMMOFINANZ AG by purchase WXZ1 a.s. from Mountfort Invetments S.à r.l. on 1 December 2021. The ultimate beneficial owner of Mountfort Investments S.à r.l. was Patrick Vítek (eldest, adult and not dependant son of the Company main shareholder).

The Company owned (directly and indirectly) a total of 26,621,030 shares of IMMOFINANZ AG on 3 December 2021 (approx. 21.6%), with additional 13,029,155 shares (10.6%), conditionally contracted.

On 3 December 2021, The Company announced an anticipatory mandatory takeover offer for all outstanding shares of IMMOFINANZ AG and 2024 convertible bonds (ISIN XS1551932046) of IMMOFINANZ AG.

This mandatory takeover offer and completion of the share purchase agreements were subject to merger clearance in Austria, Germany, the Czech Republic, Hungary, Poland, Romania, Serbia and Slovakia. Merger control clearance was not obtained by 31 December 2021. For the result of the mandatory takeover please look at the Note 27.

S IMMO AG shares

In 2021, the Company acquired 9,160,240 shares of S IMMO AG, corresponding to a participation of 12.44%. As at 31 December 2021, S IMMO AG owned 14.2% of IMMOFINANZ AG.

Securities – Fair value based

The Company values listed shares at fair value. The shares are quoted an active stock exchange and consequently the stock price on these markets is considered as fair value. Results of fair value adjustments are reported in Note 21.

Investments	Cost	Cost change	Cost	Accumulated adjustments	Fair value adjustment/value adjustments	Accumulated adjustments	Carrying Value	Carrying Value
	31.12.2020	in 2021	31.12.2021	31.12.2020	in 2021	31.12.2021	31.12.2020	31.12.2021
Lower of cost/recoverable value	--	511,331	511,331	--	--	--	--	511,331
Fair value based	25,995	(25,988)	7	1,661	(1,661)	--	27,657	7
Total undertakings	**25,995**	**485,343**	**511,338**	**1,661**	**(1,661)**	**--**	**27,657**	**511,338**

NOTE 4 - CURRENT ASSETS

4.1 - Amounts owed by affiliated undertakings becoming due and payable within one year

	2021				2020			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	227,313	119,895	107,656	454,864	62,010	112,796	13,690	188,496
Value adjustments	--	(1,865)	(257)	(2,122)	--	(829)	(257)	(1086)
Net value	**227,313**	**118,030**	**107,399**	**452,742**	**62,010**	**111,967**	**13,433**	**187,410**

4.2 - Amounts owed by affiliated undertakings becoming due and payable after more than one year

	2021				2020			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	69,728	3,646	1	73,375	278,734	1,738	--	280,472
Value adjustments	--	--	--	--	--	--	--	--
Net value	**69,728**	**3,646**	**1**	**73,375**	**278,734**	**1,738**	**--**	**280,472**

The amounts owed by affiliated undertakings are subject of interest at a rate of 5% p.a. in 2021 and 2020 and have maturity dates until 31 December 2023.

4.3 - Other debtors becoming due and payable within one year

	2021				2020			
	Interest	Other	Tax authorities	Total	Interest	Other	Tax authorities	Total
Amount due	732	388	203	1,323	741	26,287	372	27,400
Value adjustments	--	(388)	--	(388)	--	(388)	--	(388)
Net value	732	--	203	935	741	25,899	372	27,012

From CPI Hungary Investments, the Company borrowed more than 30 billion Hungarian Forints (see Note 10.2) and converted this amount into Euro through a cross-currency interest rate swap (see Note 7.21). The Company recognizes interest receivable from this cross-currency interest rate swap in the amount of EUR 732 thousand (2020: EUR 741 thousand), see Note 11.1.

NOTE 5 - PREPAYMENTS

Prepayments are mainly composed of transaction cost and discounts relating to the issuance of non-convertible loans ("Notes" - see Note 7). 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 7). Transaction costs and discounts related to Notes, which were cancelled in 2021, were expensed in 2021.

	2021				2020			
	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 issuing costs	19,203	61,389	13,907	94,499	19,166	55,523	9,589	84,278
Credit institution loans costs	9,685	2,283	1	11,969	769	2,822	63	3,654
Other	116	--	--	116	137	--	--	137
Total prepayments	**29,004**	**63,672**	**13,908**	**106,584**	**20,072**	**58,345**	**9,652**	**88,069**

NOTE 6 - CAPITAL AND RESERVES

6.1 - Subscribed capital and share premium account

As of 31 December 2021, the share capital amounts to EUR 890,291,530 (2020: EUR 865,171,633) and is represented by 8,902,915,298 ordinary shares (2020: 8,651,716,331) with par value of EUR 0.10 each fully paid in.

On 26 February 2021, the Company completed the repurchase of 641,658,176 of its own shares under the share buy-back programme for total of EUR 395.3 million (EUR 0.616 per share). About 94% of the shares were tendered by 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.

On 31 March 2021, the extraordinary general meeting of the shareholders resolved to cancel 641,658,176 shares of the Company.

On 1 September 2021, the Company issued 162,337,662 new ordinary shares for EUR 100 million, at subscription price of EUR 0.616 per share (par value of EUR 0.10). The shares were subscribed by entities owned by Mr. Radovan Vítek.

On 22 November 2021, the Company issued 243,506,494 new ordinary shares for EUR 150 million, at subscription price of EUR 0.616 per share (par value of EUR 0.10). The shares were subscribed by entities owned by Mr. Radovan Vítek.

On 30 November 2021, the Company issued 487,012,987 new ordinary shares for EUR 300 million, at subscription price of EUR 0.616 per share (par value of EUR 0.10). The shares were subscribed by Clerius Properties S.à r.l., funds managed by affiliates of Apollo Global Management, Inc. on 22 November 2021.

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Share buy-back programme

The annual general meeting of the shareholders of the Company held on 28 May 2021 (the "2021 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 2021 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 2021 AGM. The 2021 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 2021, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buy-back programme approved by the 2021 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.

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 2021, the authorized share capital of the Company amounts to EUR 3,975 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 2020	**865,172**	**647,907**	**57,142**	**7,86**	**16,134**	**1,594,223**
Allocation of previous year's profit	-	-	807	15,327	(16,134)	--
Share buy-back programme	(64,166)	(331,096)	--	--	--	(395,262)
Share issuance of 1 September 2021	16,234	83,766	--	--	--	100,000
Share issuance of 22 November 2021	24,351	125,649	--	--	--	150,000
Share issuance of 30 November 2021	48,701	251,299	--	--	--	300,000
Profit/ loss for the financial year	-	-	-	-	29,837	29,837
As at 31 December 2021	**890,292**	**777,525**	**57,949**	**23,196**	**29,837**	**1,778,799**

NOTE 7 - NON CONVERTIBLE LOANS/NOTES

The Company issued 23 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
XS2290544068	600,000,000	EUR	6,000	98.374	27 January 2031	1.50%	Euronext Dublin
XS2290544068	50,000,000	EUR	500	98.467	27 January 2031	1.50%	Euronext Dublin
XS2290544068	100,000,000	EUR	1,000	97.150	27 January 2031	1.50%	Euronext Dublin
XS2290544068	100,000,000	EUR	1,000	95.326	27 January 2031	1.50%	Euronext Dublin
XS2290533020	400,000,000	EUR	4,000	98.356	Undated*****	3.750%	Euronext Dublin
XS2290533020	75,000,000	EUR	4,000	97.250	Undated*****	3.750%	Euronext Dublin
XS2307032644	3,000,000,000	JPY	30	100.000	25 February 2025	0.710%	Tokyo Pro-Bonds market
XS2394029685	2,600,000,000	JPY	26	100.000	7 April 2025	0.350%	Tokyo Pro-Bonds market

(*) subordinated, no fixed maturity date and are callable by the Company from 11 August 2023
(**) subordinated, no fixed maturity date and are callable by the Company from 18 July 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
(*****) subordinated, no fixed maturity date and are callable by the Company from 27 July 2028

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	Within one year	Within 5 years	After more than 5 years	2021 Total	Within one year	Within 5 years	After more than 5 years	2020 Total
Issue value	--	2,773,444	2,544,443	5,317,887	738,246	2,126,054	1,826,131	4,690,431
Interest	78,621	--	--	78,621	59,811	--	--	59,811
Total non-convertible loans (Nominal value)	**78,621**	**2,773,444**	**2,544,443**	**5,317,887**	**798,057**	**2,126,054**	**1,826,131**	**4,750,242**
Prepayment	(19,203)	(61,389)	(13,907)	(94,499)	(21,036)	(53,653)	(9,589)	(84,278)
Deferred income	824	186	--	1,010	885	1,010	--	1,895
Total	**79,413**	**2,717,683**	**2,505,923**	**5,303,019**	**777,906**	**2,073,411**	**1,816,542**	**4,667,859**

7.1 - 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).

In 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.

The Company purchased in January 2021 part of issuance in the nominal value of EUR 128,922,000 through tender offer. Repurchased Notes were cancelled. Outstanding amount of the Notes is EUR 239,405,000 as at 31 December 2021.

7.2 - 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.

On 28 January 2021, the Company gave notice to the Noteholders that a Substantial Repurchase Event was occurred and intended to redeem all of the Notes outstanding on 1 March 2021 in the amount of EUR 221,808,000. The Notes were fully cancelled on 1 March 2021.

7.3 - 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.

On 20 May 2020, the Company repurchased EUR 40,000,000 and next day were cancelled.

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.

On 19 January 2021, the Company gave notice to the Noteholders of its intention to redeem all of the Notes outstanding on 4 February 2021 in the amount of EUR 335,062,000. The Notes were fully cancelled on 4 February 2021.

7.4 - 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 7.21).

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.

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7.5 - 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 7.21).

The Company repaid fully the Notes on their maturity date.

7.6 - 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 7.21).

7.7 - 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 7.21).

7.8 - 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 7.21).

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.

7.9 - 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.

7.10 - 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 7.21).

7.11 - 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).

7.12 - 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 7.21).

7.13 - 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 7.21).

7.14 - 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 7.21).

7.15 - 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).

7.16 - 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.

7.17 - ISIN XS2290544068

On 27 January 2021, the Company issued EUR 600 million of senior unsecured bonds due 27 January 2031 at as an issue price 98.374%. On 2 February 2021, the Company issued second tranche in the amount of EUR 50 million, with issue price 98.467%. Proceeds from the issuance were used to repay unsecured and undated subordinated bonds which were callable or mature in 2022, 2023 and 2014 with proceeds from new issuance of undated subordinated notes callable in 2028 (see Note 7.1, 7.2, 7.3 and 7.18) and for general corporate purposes.

On 8 September 2021, the Company issued third tranche in the amount of EUR 100 million, with issue price 97.50%. The latest issuance occurred on 30 December 2021 in the amount of EUR 100 million, with issue price 95.326%.

As at 31 December 2021, total amount of issuance was EUR 850 million. The corresponding discounts have been recorded under the caption “Prepayments” (see Note 5).

7.18 - ISIN 2290533020

On 27 January 2021, the Company issued EUR 400 million of undated subordinated Notes callable in 2028 at as an issue price 98.356%. Proceeds from the issuance were used to repay unsecured and undated subordinated bonds which were callable or mature in 2022, 2023 and 2014 with proceeds from new issuance of senior unsecured Notes (see Note 7.1, 7.2, 7.3 and 7.17) and for general corporate purposes.

The second tranche of EUR 75 million was issued on 8 September 2021, at an issue price of 97.250%.

As at 31 December 2021, total amount of issuance was EUR 475 million. The corresponding discounts have been recorded under the caption “Prepayments” (see Note 5).

7.19 - ISIN XS237032644

On 25 February 2021, the Company issued JPY 3 billion of 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 7.21)

7.20 - ISIN XS2394029685

On 25 February 2021, the Company issued JPY 2,600 million of 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 7.21)

7.21 - 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 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:

2021	Within one year			Within 5 years			After more than 5 years		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	thousand EUR		million	thousand EUR		million	thousand EUR	
GBP	--	--	--	--	--	--	150	178,512	1,739
HUF*	--	--	--	--	--	--	30,000	81,259	(25,524)
HKD	--	--	--	733	82,981	2,521	250	28,302	(1,226)
CHF	--	--	--	86	82,954	7,708	--	--	--
JPY	--	--	--	5,600	42,951	(575)	3,000	23,010	(1,772)
USD	--	--	--	377	332,768	7,094	--	--	--
SGD	--	--	--	150	98,174	(117)	--	--	--
Total		**--**	**--**		**639,828**	**16,631**		**311,083**	**(26,783)**

2020	Within one year			Within 5 years			After more than 5 years		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	thousand EUR		million	thousand EUR		million	thousand EUR	
GBP	--	--	--	--	--	--	150	166,846	(7,035)
HUF*	--	--	--	--	--	--	30,000	82,442	(11,420)
HKD	--	--	--	450	47,298	(457)	533	56,022	(5,334)
CHF	--	--	--	86	79,337	3,844	--	--	--
JPY	8,000	63,246	1,220	--	--	--	3,000	23,717	(1,734)
USD	--	--	--	377	307,141	(12,952)	--	--	--
SGD	--	--	--	150	92,490	(5,329)	--	--	--
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.

7.22 - 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 2021 and 2020, all covenants were met.

7.23 - Consent Solicitation

On 15 January 2021 the company announced result 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 (IK) Limited was approved and appointed.

NOTE 8 - AMOUNTS OWED TO CREDIT INSTITUTIONS

Credit facilities are summarized in the following table:

				2021				2020
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	--	--	10,000	10,000	--	71,500	10,000	81,500
Interest	394	--	--	394	693	--	--	693
Total amounts woed to credit institution	**394**	**--**	**10,000**	**10,394**	**693**	**71,500**	**10,000**	**82,193**
Prepayment	(9,685)	(2,283)	(1)	(11,969)	(769)	(2,822)	(63)	(3,654)
Deferred income	--	--	--	--	--	--	--	--
Total	**(9,291)**	**(2,283)**	**9,999**	**(1,575)**	**(76)**	**68,678**	**9,937**	**78,539**

8.1 - 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. The Company borrowed and repaid EUR 350 thousand (2020: nil).

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.

8.2 - 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.

The open loan is in total amount of EUR 10 million of 2.696% Fix Rate, due 21 March 2027.

On 22 March 2021 the Company repaid the Schuldschein loan in the amount of EUR 71,500 thousand, bearing floating-rate, 6M-EURIBOR + margin 150 bp, due 21 March 2023.

8.3 - EUR 2,500 million bridge facility agreement

On 30 November 2021, the Company signed a new EUR 2,500 million bridge facility agreement with ten international banks to finance anticipatory mandatory takeover offer for IMMOFINANZ AG shares (see Note 3.3, 27). The Company did not draw any amount of this credit facility in 2021.

8.4 - Costs linked to Amounts owed to credit institutions

In 2021, the credit facilities, unsecured term loans and Schuldschein generated expenses in the amount of EUR 3,939 thousand (2020: EUR 4,318 thousand).

8.5 - Covenants on bank loans

Bank loans are subject to a number of covenants, none of these covenants were breached as at 31 December 2021 and 2020. The bank loans covenants are fully aligned with the Company's EMTN programme.

NOTE 9 - TRADE CREDITORS

Trade creditors are mainly composed of fees related to new EUR 2,500 million bridge facility agreement in the amount of EUR 9,133 thousand.

NOTE 10 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

10.1 - Amounts owed to affiliated undertakings, becoming due and payable within one year

	2021	2020
Principal	54	2,431
Interest	98,338	47,909
Other	11,866	20,383
Total	**110,258**	**70,723**

The Company concluded Cash pooling framework agreement with CPI FIM SA (Sub-pool leader) in February 2020. The principal in the amount of EUR 614 thousand (2020: EUR 3,176 thousand) and nil interest (2020: EUR 3 thousand) are reported as Other

10.2 - Amounts owed to affiliated undertakings, becoming due and payable after more than one year

	2021	2020
Principal	2,820,098	2,029,463
Interest	771	804
Total	**2,820,869**	**2,030,268**

The Company received loans with interest range 1.5% - 6% p.a. (2020:1.5% - 6%) with maturity until at 6 August 2030.

NOTE 11 - OTHER CREDITORS

11.1 - Other creditors becoming payable within one year are composed as follow:

	2021	2020
Audit Committee - attendance fees	--	1
Interest	425	425
Others	1,571	1,172
Total	**1,996**	**1,598**

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 7.21). 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 received advance for sale of Airport City Phase B Kft. in the amount of EUR 574 thousand, and commitments for shares of S IMMO AG in the amount of EUR 648 thousand.

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NOTE 12 - DEFERRED INCOME

Deferred income consists of premium that arose from the issuance of notes under EMTN programme (see Note 7.1 and 7.8).

				2021				2020
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
Deferred income on Notes	823	186	--	1,009	839	1,056	--	1,895
Total	**823**	**186**	**--**	**1,009**	**839**	**1,056**	**--**	**1,895**

NOTE 13 - OTHER OPERATING INCOME

The other operating income includes remuneration for providing comprehensive and professional services in expert and in an efficient manner.

	2021	2020
CPI FIM SA – remuneration for services	401	379
Others	177	892
Total	**578**	**1,271**

NOTE 14 - OTHER EXTERNAL EXPENSES

Other external expenses are compose as follows:

	2021	2020
Rental, maintenance and repairs	12	12
Financial services	269	118
Bank fees	213	45
Professional fees:	**4,232**	**2,522**
legal fee	1,568	1,678
audit fee	248	312
advisory fee	59	72
other fee	89	460
share capital increase fee	2,268	--
Advertising, publications, public relations	291	161
Travelling costs	32	17
Other various fees	56	53
Total	**5,105**	**2,928**

NOTE 15 - STAFF COSTS

The Company had five employees in 2021 (2020: three).

	2021	2020
Wages and salaries	306	162
Social security cost	39	17
Total	**345**	**179**

NOTE 16 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

	2021	2020
Affiliated undertakings	(1,036)	575
Others	--	--
Total	**(1,036)**	**575**

The positive value represents partial release of value adjustments.

NOTE 17 - OTHER OPERATING EXPENSES

	2021	2020
Usage of provision for Khan litigation	4	823
Shareholder cost on behalf affiliated undertakings	3,949	--
Directors - attendance fees	125	72
Audit Committee - attendance fees	7	6
Others	709	35
Total	**4,794**	**936**

NOTE 18 - INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

	2021	2020
Dividend	115,806	89,492
Gain from sale of affiliated undertakings – CPI Hotels Italy S.r.l. to CPI Facility Slovakia, a.s.	2,885	--
Gain from sale of affiliated undertakings – SCP CAYO to third party	--	680
Total	**118,691**	**90,172**

NOTE 19 - INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

In 2021, the loans provided generated interest income of EUR 168,155 thousand (2020: EUR 147,538 thousand).

In 2021, the Company received dividends from other shares in the amount EUR 231 thousand (2020: EUR 1,995 thousand) and recognized gain from disposal of other shares in the amount of EUR 3,065 thousand (2020: nil).

NOTE 20 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

20.1 - Derived from affiliated undertakings

	2021	2020
Interest	14,438	12,239
Foreign currency exchange gains	862	4,964
Other	1	1
Total	**15,301**	**17,204**

20.2 - Other interest and similar income

Other interest and similar income includes primarily interest from cross-currency interest rate swaps.

	2021	2020
Interest	34,762	34,457
Foreign currency exchange gains	1,619	10,864
Other	1,328	11,386
Total	**37,709**	**56,707**

NOTE 21 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS

Value adjustments of financial assets are composed as follows:

	2021	2020
Shares	**496**	**(12,284)**
APULIA INVESTMENTS 1 S.R.L.	(11)	--
APULIA INVESTMENTS 2 S.R.L.	(21)	--
APULIA INVESTMENTS 3 S.R.L.	(3)	--
APULIA INVESTMENTS 4 S.R.L.	(3)	
Baron Puglia S.r.l.	10	(10)
CPI Alberghi HI Roma S.r.l.	6,813	(6,813)
CPI Finance CEE, a.s.	3	--
CPI Hotels Italy S.r.l.	3,726	(2,712)
CPI Italy - S.r.l.	(10)	--
CPI PARKING S.r.l.	(10)	--
CPI Sicilia -S.r.l.	(5)	--
Duca Puglia S.r.l.	21	(21)
Freccia Alata 2 S.r.l.	(5,334)	--
GSG Holding 2 GmbH	--	1
IVRAVODA LIMITED	--	(101)
Moritzstr. 23 GmbH	(357)	--
Parco delle Case Bianche, S.r.l.	(4,202)	--
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED	(1)	--
Rathenower Str. 63-64 GmbH	(1,068)	--
Remontées Mécaniques Crans Montana Aminona (CMA) SA	4,231	(4,290)
Ritterstr. 120 GmbH	(1,621)	--
Investments held as fixed assets	**(1,662)**	**1,662**
Fair value adjustments	(1,662)	1,662
Loans	**2,636**	**(13,633)**
Affiliated undertakings	2,636	(13,634)
Other	--	1
Total	**3,132**	**(25,917)**

Positive value represents partial release of value adjustments.

NOTE 22 - INTEREST PAYABLE AND SIMILAR EXPENSES

22.1 - Concerning affiliated undertakings

	2021	2020
Interest	68,212	48,151
Foreign currency exchange losses (reversal of FX losses of previous year)	(11,592)	15,202
Other – loss of sale of affiliated undertakings	3,726	1
Total	**60,346**	**63,354**

22.2 - Other interest and similar expenses

Other interest and similar expenses includes primarily interest from notes and cross-currency interest rate swaps.

	2021	2020
Interest	**177,768**	**159,226**
linked to Notes	176,405	157,250
linked to credit institutions	1,336	1,975
other	27	1
Foreign currency exchange losses	7,613	5,733
Other	**59,950**	**41,049**
costs linked to Notes	54,508	25,930
costs linked to credit institutions	2,603	2,344
other	2,839	12,775
Total	**245,331**	**206,008**

NOTE 23 - TAX ON PROFIT OR LOSS

The Company is subject to Luxembourg income and net wealth taxes. As at 31 December 2021, the Company reported payables against the Luxembourg Tax Administration in the amount of EUR 15 thousand (2020: nil).

	2021	2020
Net wealth tax	5	5
Total	**5**	**5**

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 2022:

- Wattstrasse, limited to EUR 76,001
- Geneststrasse, limited to EUR 72,000
- Zossener Strasse, limited to EUR 76,600
- Adalbertstrasse, limited to EUR 30,803
- Waldemarstrasse, limited to EUR 71,197
- Gneisenaustrasse, limited to EUR 68,800
- Lübarser Strasse, limited to EUR 34,000

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 affiliated entity 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.

Credit Facility Agreements

As at balance sheet date, the Company has contracted below the credit facility agreements with its undertakings affiliated:

Undertakings	2021 Drawdown Limit (MEUR)	2020 Drawdown Limit (MEUR)
1 Bishops Avenue Limited	16	15
7 St James's Square Limited	71	67
APULIA INVESTMENTS 2 S.R.L.	2	--
Baron Puglia S.r.l.	35	35
CPI Alberghi HI Roma S.r.l.	5	5
CPI Air Italy S.r.l.	21	--
CPI FIM SA	6,089	6,089
CPI Hotels Italy	--	8
CPI Italy - S.r.l.	1	--
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	57	57
CPIPG Management S.à r.l.	230	--
Czech Property Investments a.s.	--	225
Duca Puglia S.r.l.	8	8
Freccia Alata 2 S.r.l.	2	--
GAMALA LIMITED	500	300
GSG Energiemanagement GmbH	5	--
Millennium S.r.l. Unipersonale	2	--
Moritzstr. 23 GmbH	3	--
Next RE Siiq S.p.A	58	--
Parco Delle Case Bianche, S.R.L	30	30
Peabody Lamaro Roma S.r.l.	2	--
Rathenower Str. 63-64 GmbH	2	--
Ritterstr. 120 GmbH	7	--
Savile Row 1 Limited	7	7
SCI MAS Cantagreli	20	20
SCP AILEY	20	20
SCP CISKEY	47	47
SCP KANDLER	23	23
SCP MADRID	20	20
SCP NEW BLU BIRD	20	20
SCP PIERRE CHARRON	20	20
SCP VILLADETAHITI	20	20
Spojené farmy, a.s.	4	4
TEVAT LIMITED	1	--
WXZ1 a.s.	1	--
Zakiono Enterprises Limited	--	550

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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. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA. A judgment on the appeal is not expected to occur before second quarter of 2022.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, 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 hearing on the appeal took place on 10 December 2021 and the decision on the appeal is expected within several months. CPIPG believes that CPI 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. On 6 April 2021, the defamation claim filed in June 2020 by Kingstown was dismissed in its entirety. Kingstown appealed the dismissal. The oral argument on the appeal is scheduled for 14 April 2022 and the decision on the appeal may take between a few months to a year.

The Company did not account for any provision in respect of the Kingstown 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 first instance court fully rejected the lawsuit and ruled in favour of CPIPG. The plaintiff filed an appeal against the decision. Exchange of written briefs regarding the appeal are ongoing, a court hearing has not been set yet.

NOTE 25 - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors attendance compensation for the year 2021 amounts to EUR 125,000 (2020: EUR 72,000 - 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 2021 and 2020. 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
APULIA INVESTMENTS 2 S.R.L.
Baron Puglia S.r.l.
CM Hotels SA
CMA Immobilier SA
CODIAZELLA LTD
CPI Air Italy S.r.l.
CPI Alberghi HI Roma S.r.l.
CPI Bologna S.P.A.
CPI Facility Slovakia, a.s.
CPI FIM SA
CPI Finance (BVI) Limited
CPI Hotels Italy S.r.l.
CPI Hotels Poland sp. z o.o.
CPI Hotels, a.s.
CPI Hungary Investments Kft.
CPI Italy - S.r.l.
CPI Lambrate S.r.l.
CPI Medici S.r.l.
CPI Next Level Ventures GmbH
CPI PARKING S.r.l.
CPI Services, a.s.
CPI Sicilia -S.r.l.
CPI Torrenova S.p.A. (formerly Galotti S.p.A.)
CPIPG Management S.à r.l.
Czech Property Investments, a.s.
Duca Puglia S.r.l.
Freccia Alata 2 S.r.l.
Gewerbesiedlungs-Gessellschaft mbH
Globalworth Real Estate Investments Limited
GSG Armo Holding GmbH
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
Isalotta GP GmbH & Co.Verwaltungs KG
Mercuda, a.s.
Millennium S.r.l. Unipersonale
Moritzstr. 23 GmbH
Nova Re SIIQ S.p.A. (formerly Next RE Siiq S.p.A)
Parco delle Case Bianche, S.r.l.
Peabody Lamaro Roma S.r.l.
Rathenower Str. 63-64 GmbH
Remontées Mécaniques Crans Montana Aminona (CMA) SA
Ritterstr. 120 GmbH
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.
TEVAT LIMITED
Uchaux Limited
WXZ1 a.s.
Zakiono Enterprises Limited
ZLATICO LIMITED

Related party owned by Mr. Radovan Vítek reported as affiliated undertaking

- GAMALA LIMITED

Related party balances

	2021				2020			
Receivable Financial fixed assets	Financial fixed assets	Current assets within one year	Current assets after more than one year	Total	Financial fixed assets	Current assets within one year	Current assets after more than one year	Total
Note	3.2	4.1	4.2	--	3.2	4.1	4.2	--
Owned by the Company (directly, indirectly) - affiliated	**5,445,314**	**438,305**	**3,646**	**5,887,265**	**5,341,630**	**166,534**	**1,738**	**5,509,902**
1 Bishops Avenue Limited	13,712	--	--	13,712	13,411	--	--	13,411
7 ST JAMES'S SQUARE LIMITED	58,021	--	2,946	60,967	54,655	--	1,738	56,393
APULIA INVESTMENTS 2 S.R.L.	40	2	--	42	--	--	--	--
Baron Puglia S.r.l.	19,373	--	700	20,773	--	--	--	--
CM Hotels SA****	--	--	--	--	--	--	--	--
CMA Immobilier SA***	35,980	385	--	36,365	39,604	183	--	39,787
CPI Air Italy S.r.l.	42,330	921	--	43,251	--	--	--	--
CPI Alberghi HI Roma S.r.l.***	155	11	--	166	320	23	--	343
CPI Bologna S.P.A.	8,719	--	--	8,719	--	--	--	--
CPI FIM SA	5,069,148	97,728	--	6,166,876	4,530,198	158,091	--	4,688,289
CPI Hotels Italy S.r.l.*****	--	--	--	--	346	366	--	712
CPI Italy - S.r.l.**	--	--	--	--	--	--	--	--
CPI Lambrate S.r.l.	18,905	302	--	19,207	--	--	--	--
CPI Medici S.r.l.	5,137	39	--	5,176	--	--	--	--
CPI Next Level Ventures GmbH**	--	--	--	--	--	--	--	--
CPI PARKING S.r.l.***	889	5	--	894	--	--	--	--
CPI Services, a.s.	--	--	--	--	--	2,238	--	2,238
CPI Sicilia -S.r.l.	5	--	--	5	--	--	--	--
CPI Torrenova S.p.A. (formerly Galotti S.p.A.)	--	500	--	500	--	--	--	--
CPIPG Management S.à r.l.	--	226,770	--	226,770	--	--	--	--
Czech Property Investments, a.s.	--	107,356	--	107,356	93,279	371	--	93,650
Duca Puglia S.r.l.*****	7,373	258	--	7,631	--	--	--	--
Freccia Alata 2 S.r.l.**	--	--	--	--	--	--	--	--
GSG Energiemanagement GmbH****	3,804	77	--	3,881	3,683	16	--	3,699
Mercuda, a.s.	--	54	--	54	--	52	--	52
Millennium S.r.l. Unipersonale	400	11	--	411	--	--	--	--
Moritzstr. 23 GmbH***	3,244	83	--	3,327	--	--	--	--
Nova Re SIIQ S.p.A. (formerly Next RE Siiq S.p.A)	57,971	1,105	--	59,076	--	--	--	--
Parco delle Case Bianche, S.r.l.	19,918	2,442	--	22,360	20,149	5,074	--	25,223
Peabody Lamaro Roma S.r.l.	200	6	--	206	--	--	--	--
Rathenower Str. 63-64 GmbH	2,348	60	--	2,408	--	--	--	--
Ritterstr. 120 GmbH***	6,719	174	--	6,893	--	--	--	--
Savile Row 1 Limited	7,061	--	--	7,061	614	--	--	614
SCI MAS CANTAGRELI****	3,036	--	--	3,036	4,797	--	--	4,797
SCP AILEY**	2,495	--	--	2,495	2,411	--	--	2,411
SCP CISKEY**	18,248	--	--	18,248	16,551	--	--	16,551
SCP KANDLER	6,312	--	--	6,312	5,723	--	--	5,723
SCP MADRID	3,011	--	--	3,011	2,928	--	--	2,928
SCP NEW BLUE BIRD**	--	--	--	--	9,138	--	--	9,138
SCP PIERRE CHARRON	13,659	--	--	13,659	13,585	--	--	13,585
SCP VILLA DE TAHITI	14,245	--	--	14,245	14,085	--	--	14,085
Spojené farmy a.s.	984	14	--	998	3,697	120	--	3,817
TEVAT LIMITED	339	2	--	341	--	--	--	--
Uchaux Limited	1,488	--	--	1,488	--	--	--	--
WXZ1 a.s.	45	--	--	45	--	--	--	--
Zakiono Enterprises Limited	--	--	--	--	512,456	--	--	512,456
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**14,437**	**69,728**	**84,165**	**--**	**20,876**	**278,734**	**299,610**
GAMALA LIMITED	--	14,437	69,728	84,165	--	20,876	278,734	299,610
Total	**5,445,314**	**452,742**	**73,374**	**5,941,430**	**5,341,630**	**187,410**	**280,472**	**5,809,512**

* The Company recognised value adjustments on principal and interest in 2021

**The Company recognised value adjustments on principal and interest in 2021 and 2020

***The Company recognised partial value adjustments on principal and interest in 2021

****The Company recognised partial value adjustments on principal in 2021 and 2020

*****The Company recognised value adjustment on principal and interest in 2020

	2021				2020			
Payables	Owed to affilitated payable within one year	Owed to affilitated payable after more than one year	Owed to affilitated payable within one year	Total	Owed to affilitated payable within one year	Owed to affilitated payable after more than one year	Owed to affilitated payable within one year	Total
Note	10.1	10.2	11.1	--	10.1	10.2	11.1	--
Owned by the Company (directly, indirectly) - affiliated	**110,259**	**2,820,869**	**--**	**2,931,128**	**70,724**	**2,030,269**	**--**	**2,100,993**
CODIAZELLA LTD	9,161	--	--	9,161	9,180	--	--	9,180
CPI FIM SA	91,752	2,488,310	--	2,580,062	43,567	1,634,505	--	1,678,072
CPI Finance (BVI) Limited	2,083	--	--	2,083	2,083	--	--	2,083
CPI Hungary Investments Kft.	773	88,447	--	89,220	756	88,447	--	89,203
Czech Property Investments, a.s.	5,983	184,553	--	190,536	14,656	249,336	--	263,992
Gewerbesiedlungs-Gessellschaft mbH	--	51,130	--	51,130	--	50,029	--	50,029
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	78	1,298	--	1,376	74	1,224	--	1,298
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	96	1,598	--	1,694	91	1,508	--	1,599
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	91	1,517	--	1,608	86	1,431	--	1,517
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	121	2,013	--	2,134	114	1,899	--	2,013
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	120	2,003	--	2,123	114	1,890	--	2,004
Sunčani Hvar d.d.	--	--	--	--	3	--	--	3
TEVAT LIMITED	1	--	--	1	--	--	--	--
Total	**110,259**	**2,820,869**	**--**	**2,931,128**	**70,724**	**2,030,269**	**--**	**2,100,993**

Related party transactions

Income	Other operating income	Financial income from affiliated undertakings	Income from Financial fixed assets	Financial income	2021 Total	Other operating income	Financial income from affiliated undertakings	Income from Financial fixed assets	Financial income	2020 Total
Note	13	18	19	20	--	13	18	19	20	--
Owned by the Company (directly, indirectly) - affiliated	**401**	**115,806**	**168,156**	**854**	**285,217**	**411**	**89,492**	**149,535**	**4,964**	**244,402**
1 Bishops Avenue Limited	--	--	--	--	--	--	--	222	4,246	4,468
7 ST JAMES'S SQUARE LIMITED	--	--	1,184	--	1,184	--	--	1,100	--	1,100
APULIA INVESTMENTS 2 S.R.L.	--	--	2	--	2	--	--	--	--	--
Baron Puglia S.r.l.	--	--	700	--	700	--	--	--	--	--
CM Hotels SA	--	--	23	--	23	--	--	23	1	24
CMA Immobilier SA	--	--	385	394	779	--	--	184	2	186
CPI Air Italy S.r.l.	--	--	1,771	--	1,771	--	--	--	--	--
CPI Alberghi HI Roma S.r.l.	--	--	7	--	7	--	--	8	--	8
CPI FIM SA	401	--	157,429	112	157,942	379	--	137,522	4	137,905
CPI Hotels Italy S.r.l.	--	--	60	--	60	--	--	158	--	158
CPI Hotels, a.s.	--	--	--	--	--	--	--	877	96	973
CPI Hungary Investments Kft.	--	--	--	--	--	32	--	--	--	32
CPI Lambrate S.r.l.	--	--	302	--	302	--	--	--	--	--
CPI Medici S.r.l.	--	--	39	--	39	--	--	--	--	--
CPI Next Level Ventures GmbH	--	--	819	--	819	--	--	806	--	806
CPI PARKING S.r.l.	--	--	5	--	5	--	--	--	--	--
CPI Services, a.s.	--	--	--	69	69	--	--	--	83	83
Czech Property Investments, a.s.	--	107,356	479	71	107,906	--	--	2,960	499	3,459
Duca Puglia S.r.l.	--	--	268	--	268	--	--	--	--	--
Freccia Alata 2 S.r.l.	--	--	7	--	7	--	--	--	--	--
Gewerbesiedlungs-Gesellschaft mbH	--	--	--	--	--	--	85,491	--	--	85,491
Globalworth Real Estate Investments Limited	--	--	1	--	1	--	--	1,995	--	1,995
GSG Armo Holding GmbH	--	--	--	--	--	--	--	303	--	303
GSG Energiemanagement GmbH	--	--	77	--	77	--	--	16	--	16
GSG Europa Beteiligungs GmbH	--	--	--	--	--	--	--	89	--	89
Isalotta GP GmbH & Co.Verwaltungs KG	--	--	--	--	--	--	3,990	2	--	3,992
Mercuda, a.s.	--	--	2	--	2	--	--	2	--	2
Millennium S.r.l. Unipersonale	--	--	11	--	11	--	--	--	--	--
Moritzstr. 23 GmbH	--	--	83	--	83	--	--	--	--	--
Nova Re SIIQ S.p.A. (formerly Next RE Siiq S.p.A)	--	--	1,105	--	1,105	--	--	--	--	--
Parco delle Case Bianche, S.r.l.	--	--	1,597	--	1,597	--	--	1,690	--	1,690
Peabody Lamaro Roma S.r.l.	--	--	6	--	6	--	--	--	--	--
Rathenower Str. 63-64 GmbH	--	--	60	--	60	--	--	--	--	--
Ritterstr. 120 GmbH	--	--	174	--	174	--	--	--	--	--
SCI MAS CANTAGRELI	--	--	135	--	135	--	--	133	--	133

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

Income	Other operating income	Financial income from affiliated undertakings	Income from Financial fixed assets	Financial income	2021 Total	Other operating income	Financial income from affiliated undertakings	Income from Financial fixed assets	Financial income	2020 Total
Note	13	18	19	20	--	13	18	19	20	--
SCP AILEY	--	--	45	--	45	--	--	44	--	44
SCP CAYO	--	--	--	--	--	--	--	47	--	47
SCP CISKEY	--	--	486	--	486	--	--	476	--	476
SCP KANDLER	--	--	160	--	160	--	--	157	--	157
SCP MADRID	--	--	42	--	42	--	--	41	--	41
SCP NEW BLUE BIRD	--	--	202	--	202	--	--	208	--	208
SCP PIERRE CHARRON	--	--	194	--	194	--	--	190	--	190
SCP VILLA DE TAHITI	--	--	200	--	200	--	--	199	--	199
Spojené farmy a.s.	--	--	94	208	302	--	--	83	33	116
TEVAT LIMITED	--	8,450	2	--	8,452	--	--	--	--	--
ZLATICO LIMITED	--	--	--	--	--	--	11	--	--	11
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**--**	**--**	**14,445**	**14,445**	**--**	**--**	**--**	**12,239**	**12,239**
GAMALA LIMITED	--	--	--	14,437	14,437	--	--	--	12,239	12,239
Vítek Radovan	--	--	--	8	8	--	--	--	--	--
Total	**401**	**115,806**	**168,156**	**15,299**	**299,662**	**411**	**89,492**	**149,535**	**17,203**	**256,641**

Expenses	Other external expenses	Financial expenses affiliated	Financial expenses other	2021 Total	Other external expenses	Financial expenses affiliated	Financial expenses other	2020 Total
Note	14	22.1	22.2	--	14	22.1	22.2	--
Owned by the Company (directly, indirectly) - affiliated	**30**	**56,621**	**--**	**56,651**	**28**	**82,065**	**(402,878)**	**(320,785)**
1 Bishops Avenue Limited	--	(72)	--	(72)	--	68	--	68
7 ST JAMES'S SQUARE LIMITED	--	(961)	--	(961)	--	961	--	961
CMA Immobilier SA	--	(45)	--	(45)	--	45	--	45
CPI FIM SA	24	42,760	--	42,784	24	49,809	(14,773)	35,060
CPI Hotels, a.s.	--	--	--	--	--	153	--	153
CPI Hungary Investments Kft.	--	1,975	--	1,975	--	756	--	756
CPI Services, a.s.	6	--	--	6	4	4	--	8
Czech Property Investments, a.s.	--	11,034	--	11,034	--	10,153	--	10,153
Gewerbesiedlungs-Gessellschaft mbH	--	771	--	771	--	804	--	804
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	--	78	--	78	--	74	--	74
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	--	96	--	96	--	91	--	91
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	--	91	--	91	--	86	--	86
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	--	121	--	121	--	114	--	114
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	--	120	--	120	--	114	--	114
Remontées Mécaniques Crans Montana Aminona (CMA) SA	--	656	--	656	--	15	--	15

Expenses	Other external expenses	Financial expenses affiliated	Financial expenses other	2021 Total	Other external expenses	Financial expenses affiliated	Financial expenses other	2020 Total
Note	14	22.1	22.2	--	14	22.1	22.2	--
SCP CAYO	--	--	--	--	--	18,712	--	18,712
Spojené farmy a.s.	--	(3)	--	(3)	--	106	--	106
Zakiono Enterprises Limited	--	--	--	--	--	--	(388,105)	(388,105)
Total	30	56,621	--	56,651	28	82,065	(402,878)	(320,785)

Value adjustments	Value adjustments of current assets	Value adjustments of fixed assets	2021 Total	Value adjustments of current assets	Value adjustments of fixed assets	2020 Total
Note	16	21	--	16	21	--
Owned by the Company (directly, indirectly) – affiliated	(1,037)	2,636	1,599	575	(13,634)	(13,059)
CM Hotels SA	(1)	(353)	(354)	32	(58)	(26)
CMA Immobilier SA	--	(765)	(765)	--	--	--
CPI Alberghi HI Roma S.r.l.	(10)	--	(10)	--	--	--
CPI Hotels Italy S.r.l.	--	5,448	5,448	208	(622)	(414)
CPI Italy - S.r.l.	--	(18)	(18)	--	--	--
CPI Next Level Ventures GmbH	(13)	(1,676)	(1,689)	335	(1,110)	(775)
CPI PARKING S.r.l.	--	(99)	(99)	--	--	--
Duca Puglia S.r.l.	(10)	--	(10)	--	--	--
Freccia Alata 2 S.r.l.	(7)	(745)	(752)	--	--	--
GSG Energiemanagement GmbH	--	105	105	--	(1,417)	(1,417)
Moritzstr. 23 GmbH	--	(13)	(13)	--	--	--
Parco delle Case Bianche, S.r.l.	(996)	--	(996)	--	--	--
Ritterstr. 120 GmbH	--	(85)	(85)	--	--	--
SCI MAS CANTAGRELI	--	(195)	(195)	--	(885)	(885)
SCP AILEY	--	(19)	(19)	--	32	32
SCP CISKEY	--	916	916	--	(7,840)	(7,840)
SCP KANDLER	--	374	374	--	(1,315)	(1,315)
SCP NEW BLUE BIRD	--	(239)	(239)	--	(419)	(419)
Total	(1,037)	2,636	1,599	575	(13,634)	(13,059)

The positive value is decrease of value adjustments, the negative value is increase of value adjustments.

NOTE 27 - POST BALANCE SHEET EVENTS

Anticipatory Mandatory Takeover Offer for IMMOFINANZ AG

On 13 January 2022 the Austrian Takeover commission approved the anticipatory mandatory takeover offer. The initial acceptance periods run from 12 January 2022 until 23 February 2022. The offer was for outstanding ordinary shares of IMMOFINANZ AG (AT0000A21KS2), the offer price EUR 21.20 per share (cum dividend for the financial year 2021), and the 2024 convertible bonds (XS1551932046), the offer price 102,746.53 EUR for each nominal amount of EUR 100,000 per bond (102.757 %).

On 26 January 2022 the Company signed a conditional share purchase agreement on the acquisition of 9,413,253 IMMOFINANZ AG shares with Petrus Advisers Investments Fund L.P., purchase price EUR 22.70 (subsequently increased to EUR 23.00) per share (cum dividend).

On 31 January 2022 the Company signed an agreement concerning the acquisition of 14,543,937 IMMOFINANZ AG shares with CEE Immobilien GmbH, purchase price EUR 23.00 per share (cum dividend).

On 24 February 2022 the Company announced result of the anticipatory mandatory takeover offer for IMMOFINANZ AG shares. As a result of the offer, 7,125,335 shares of IMMOFINANZ AG were been tendered, price EUR 23.00 per share, and 54 2024 Convertible Bonds, price EUR 111,470.29 for each nominal amount of EUR 100,000.

The additional acceptance period started on 23 February 2022 and lasts until (and including) 28 May 2022, offer price EUR 23.00 EUR per share and EUR 111,470.29 for each nominal amount of EUR 100,000 of 2024 convertible bonds.

On 1 March 2022, the Company executed conditional share purchase agreement with Petrus Advisers Investments Fund L.P., RPRK and CEE Immobilien GmbH.

As at 4 March 2022, the Company owned directly or indirectly 75,876,990 shares of IMMOFINANZ AG and 54 2024 convertible bonds, this represented a participation of approximately 55.1% in IMMOFINANZ AG in the registered nominal share capital and total outstanding voting rights.

ISIN XS2432162654

On 17 January 2022 the Company issued total EUR 700 million sustainability-linked notes with an annual coupon of 1.75% and a maturity date of 14 January 2030 under the Company's Euro Medium Term Note (EMTN) programme. The proceeds were used primarily to fund the full repayment of USD notes (XS1955030280), with about USD 239 million outstanding, and EUR notes (XS1693959931), with EUR 239 million outstanding.

ISIN XS1693959931, XS1955030280

On 14 January 2022, the Company gave notice to Noteholders, of its intention to redeem all of the Notes outstanding at the Optional Redemption Amount of 31 January 2022. The Company used proceeds from new issuances in 2022.

ISIN XS2106589471

On 21 January 2022, the Company issued 2nd tranche of GBP issuance in total amount of GBP 50 million at issue price 98.065%.

Bridge facility agreement EUR 1,250 million

The Company concluded EUR 1,250 million bridge facility agreement in February 2022 with ten international banks.

Sale of Airport City Phase B Kft.

The Company finished sale of its affiliated undertaking Airport City Phase B Kft. in January 2022 to third party.

Sanctions against certain Russian entities

In February 2022, EU and other countries imposed sanctions against certain entities and individuals in Russia as a reaction of military operations initiated by Russia against the Ukraine. Due to the growing geopolitical tensions, there has been a significant increase in volatility on the securities and currency markets. It is expected that these events may affect the activities of Russian enterprises in various sectors of the economy. The Company only owns and operates through its affiliated one hotel in Moscow, Russia valued at EUR 16.9 million as at 31 December 2021. Net hotel loss incurred by the hotel was EUR 0.4 million in 2021. The Company regards these events as non-adjusting events after the reporting period.