CPI
Property
Group

2021
Half-year Management Report

On the cover:
Aqua Höfe, Berlin, Germany photo: GSG Berlin © CHL
Quadrio, Prague, Czech Republic
Central Tower (left), Chalubinskiego 8 (right), Warsaw, Poland

Zossener Straße 55–58, Berlin, Germany
photo: GSG Berlin © CHL

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The CEO's message

CPIPG is proud to be **the leading owner of Central European real estate.** We are growing and see **exciting opportunities ahead.**

Martin Němeček, CEO

Quadrio, Prague, Czech Republic

Dear stakeholders,

CPIPG clearly passed the ultimate stress test of COVID-19. While the start of 2021 resembled the toughest parts of 2020, CPIPG's local knowledge was a major advantage as our teams focused on the needs of our tenants. Once again, the Group proved the resilience of our diversified portfolio and reported **record levels of income, a strong capital structure and several important investments for the future.**

The Group's property portfolio reached a record of €11.2 billion as of 30 June 2021, an increase of nearly €900 million, driven by higher market prices (in office, residential, and landbank) and strategic acquisitions. EPRA NRV (NAV) rose to €5.3 billion, reflecting our healthy capital structure. While the Group's acquisitions in 2019 and 2020 focused primarily on expanding our office platform in Warsaw and the CEE region, acquisitions in H1 2021 focused on specific growth assets for our UK, Italy and Berlin portfolios. **The Group continues to prioritise good pricing and long-term value.**

All of the Group's income measures increased during H1 2021, including FFO (+10%), net rental income (+7%) and EBITDA (+5%). These figures reflect the important contributions of office acquisitions in 2019 and 2020, while demonstrating that COVID-19 had a limited impact on CPIPG.

CPIPG collected about 95% of rent due during H1 2021, continuing the trend of 2020. Office and residential collections were just below 100% with no significant discounts provided. CPIPG is proud of our office platforms in Berlin, Prague, and Warsaw; we believe that offices are strategically important to companies as centres of collaboration, communication, and teamwork. Office occupancy for H1 2021 was steady in Berlin, rose slightly in Prague, and declined slightly in Poland and Hungary due to individual large tenant move-outs. **Leasing activity remains strong across CPIPG's core markets, and most of the vacant space has already been filled.** Like-for-like rental growth was 1.9% for H1 2021, reflecting the strength of our markets and the efforts of our asset management teams. **Berlin exceeded expectations once again, with like-for-like growth of 6.7%; we expect strong rental growth in Berlin offices to continue.**

The Group's retail portfolio performance exceeded expectations. CPIPG's shopping centres and retail parks in the Czech Republic are part of people's daily lives. We were fortunate that supermarkets, drugstores, pet shops and other categories were deemed essential during the COVID-19 pandemic. As a result, **about 50% of our Czech retail portfolio remained open at all times.** Rent discounts were limited and agreed on a highly selective basis (without changes to headline rents), and our retail rent collections exceeded 88% before discounts. **Maintaining high occupancy in retail (96.5%) ensured the right mix of tenants** when shoppers returned; we were pleased that post-lockdown, sales have exceeded 2020 (and even 2019) totals and footfall has increased steadily towards pre-pandemic levels.

CPIPG's residential segment has been solid during the COVID-19 pandemic. Residential real estate rents and prices in the Czech Republic continue to rise; the Group's properties are extremely well-positioned and run as an efficient platform. CPIPG's residential investments in London have also proven successful, and our timing has been excellent.

Hotels were mostly closed during H1 2021, but CPIPG's in-house operating structure and cost control minimised the impact. With the advent of vaccinations and COVID passports, our hotels have seen rising occupancy throughout the summer months; our Hvar, Croatia resorts have enjoyed a superb summer season. The Group believes that pent-up savings will drive more leisure travel in the future; we also see positive signs that conferences and general business travel are resuming.

Following our actions during 2020, in H1 2021 CPIPG strengthened our liquidity position and extended our debt maturities. In January, the Group issued €650 million of 10-year bonds and €400 million of hybrid bonds callable in 2028. Proceeds were used to repay more than €750 million of bonds maturing or callable between 2022 and 2024. As a result, the Group's weighted average debt maturity increased to 5.3 years at the end of H1 2021. **With more than €1.1 billion of liquidity (cash and our €700 million revolving credit facility), CPIPG is extremely well positioned to capture opportunities in H2 2021 and beyond.**

The Group's long-term focus is also reflected in our ESG strategy. In H1 2021, CPIPG announced our commitment to reduce greenhouse gas emissions intensity by 30% by 2030 across all emission scopes 1-3 (up from the previous target of 20%) and also to **transition all electricity purchased by the Group to 100% renewable sources by 2024.**

CPIPG remains strongly committed to financial policy. Net LTV of 41.9% at H1 2021 is within our financial policy, but slightly higher versus year-end 2020 due to acquisitions. **CPIPG will take actions immediately and in the future to preserve and recharge our financial strength after periods of acquisition activity.** First, the Group is fortunate to have a supportive majority shareholder in Radovan Vítek, who believes strongly in the long-term value of CPIPG's portfolio. Mr. Vítek has agreed to participate in an intended issuance of new ordinary shares by CPIPG for up to €500 million, with the first €100 million expected in September. Second, **the Group has received offers well above book value** for certain high-quality properties. Considering CPIPG's strategic vision and long-term priorities, the board of directors recently approved an intention by CPIPG to complete **up to €1 billion of disposals in the next 6 to 12 months,** subject to pricing. Sale proceeds would be redeployed via new strategic acquisitions and debt repayment. Finally, in August, the Group announced a plan to **raise up to €1 billion through a primary offering by Nova RE,** our listed Italian subsidiary, in partnership with DeA Capital, a leading Italian asset manager. **All of these measures will support our credit ratings and long-term financial strength.**

What's next for CPIPG? **Berlin, Prague, and Warsaw offices are the core of CPIPG's business, but we intend to continue investing across our platforms.** The Group sees upside in real estate rents and prices, driven by strong investor demand, modest supply, and low interest rates. Our teams and properties have proven their value and resilience during the pandemic. Office workers are returning, shoppers are shopping, and travel is resuming. **CPIPG is excited to move on from COVID-19 and sees a bright future ahead.**

Many thanks to our employees, tenants, and other stakeholders for your support of CPIPG.

Sincerely,

Martin Němeček

Key figures


Moniuszki 1A, Warsaw, Poland

95%
H1 rent collections before discounts

Mild impact from COVID-19

More than
€1.1 bn
of liquidity

TOTAL ASSETS	PROPERTY PORTFOLIO	NET LTV
€12.6 bn	€11.2 bn	41.9%
+7% versus end of 2020	+9% versus end of 2020	+1.2 p.p. versus end of 2020 -0.6 p.p. versus H1 2020

NET RENTAL INCOME	CONSOLIDATED ADJUSTED EBITDA	FUNDS FROM OPERATIONS (FFO)
€175 m	€172 m	€127 m
+7% versus H1 2020	+5% versus H1 2020	+10% versus H1 2020

OCCUPANCY	LIKE-FOR-LIKE RENTAL GROWTH	WAULT
92.6%	1.9%	3.6 years
-1.1 p.p. versus end of 2020	versus 0.8% in 2020 *(excl. one-time rent discounts)*	stable versus end of 2020

UNENCUMBERED ASSETS	NET ICR	EPRA NRV (NAV)
69%	4.8×	€5.3 bn
-1.0 p.p. versus end of 2020	-0.6× versus 2020	+3% versus end of 2020

CREDIT RATINGS

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

CPIPG's H1 results reflect some temporary effects of COVID-19, but clearly demonstrate that our business is growing while maintaining conservative financial ratios.

David Greenbaum, CFO

ZET.office, Brno, Czech Republic

Performance

		30 June 2021	30 June 2020	Change
Gross rental income (GRI)	€ million	188	173	8.8%
Net rental income (NRI)	€ million	175	164	6.9%
Net hotel income	€ million	(4)	(5)	17.5%
Total revenues	€ million	300	291	3.2%
Net business income (NBI)	€ million	178	168	5.8%
Consolidated adjusted EBITDA	€ million	172	164	4.8%
Funds from operations (FFO)	€ million	127	115	10.5%
Net profit for the period	€ million	253	2	11,381%

Assets

		30 June 2021	31 December 2020	Change
Total assets	€ million	12,586	11,801	6.7%
Property portfolio	€ million	11,246	10,316	9.0%
Gross leasable area	m²	3,725,000	3,636,000	2.4%
Occupancy	%	92.6%	93.7%	(1.1 p.p.)
Like-for-like rental growth*	%	1.9%	0.8%	1.1 p.p.
Total number of properties**	#	352	343	2.6%
Total number of residential units	#	11,930	11,929	0.0%
Total number of hotel rooms***	#	6,850	6,753	1.4%

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

Financing structure

		30 June 2021	31 December 2020	Change
Total equity	€ million	6,044	5,787	4.4%
EPRA NRV (NAV)	€ million	5,265	5,118	2.9%
Net debt	€ million	4,716	4,194	12.4%
Net loan-to-value (Net LTV)	%	41.9%	40.7%	1.2 p.p.
Net debt to EBITDA	×	13.7×	12.4×	1.3×
Secured consolidated leverage	%	12.3%	12.0%	0.3 p.p.
Secured debt to total debt	%	28.9%	29.0%	(0.1 p.p.)
Unencumbered assets to total assets	%	69.0%	70.0%	(1.0 p.p.)
Net interest coverage (Net ICR)	×	4.8×	5.4×	(0.6×)

Group overview

CPIPG has a 30-year track record of owning superb income-generating real estate.

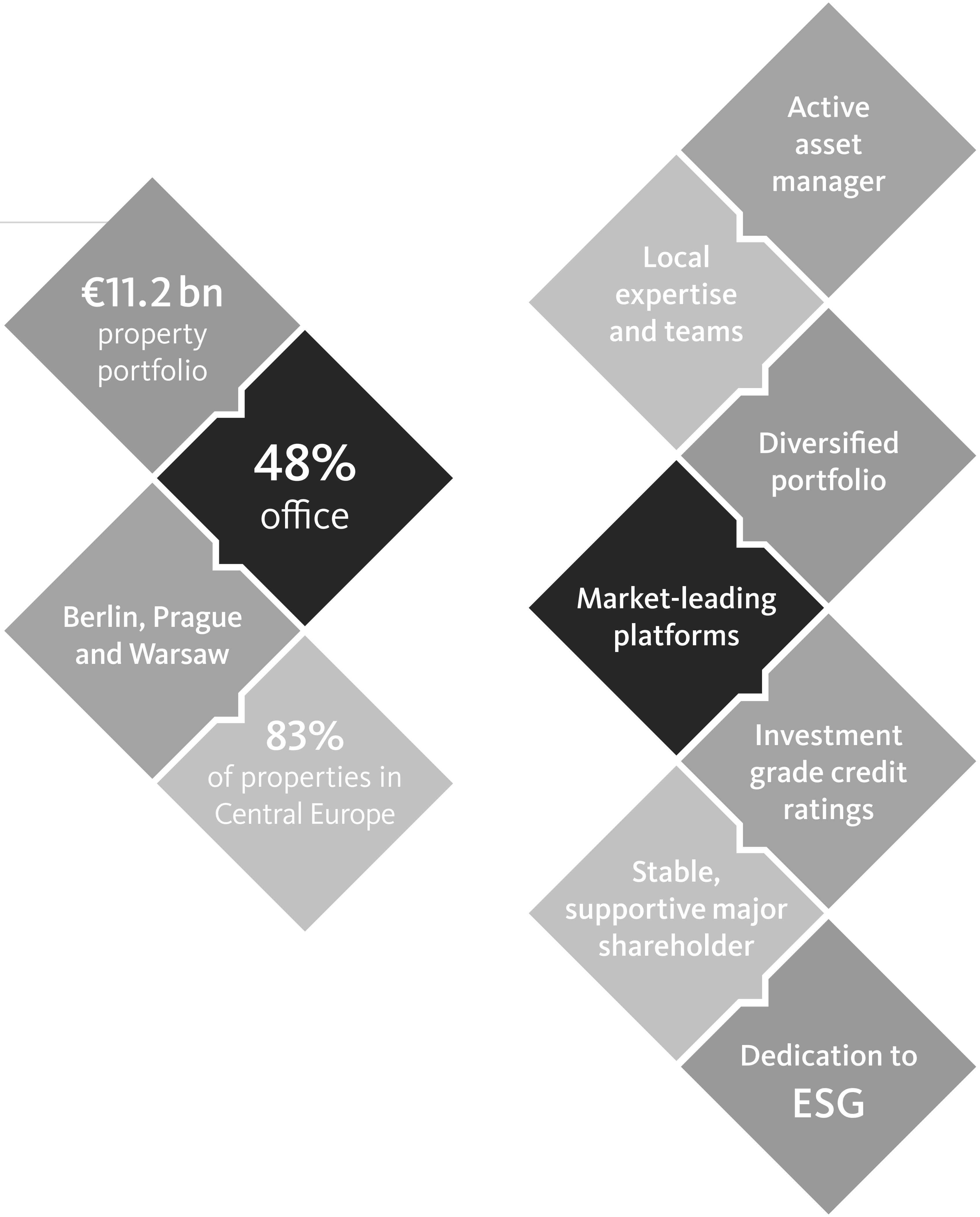
CPIPG is focused on the Czech Republic, Berlin, Poland and the Central European region. 48% of the Group's €11.2 billion property portfolio consists of offices located in key central **European capital cities of Berlin, Prague, and Warsaw** and **83% of the Group's overall portfolio is located in Central Europe.**

The Group's portfolio is well-diversified. With 352 commercial properties and **more than 4,000 international and local tenants,** no individual asset or tenant represents more than 3% of CPIPG's portfolio or rental income.

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

CPIPG's property portfolio is supported by a **conservative capital structure, investment grade credit ratings, a steadfast focus on ESG matters** and **superb access to the international bond and bank markets.**

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



Property portfolio and capital structure

The Group's property portfolio **reached €11.2 billion** as at 30 June 2021, up from €10.3 billion at the end of 2020, primarily due to **€580 million of acquisitions** and **€317 million of positive asset revaluations**.

CPIPG is fully committed to financial policy and our credit ratings. Net LTV of 41.9% at H1 2021 is within our financial policy, but slightly higher versus year-end 2020 due to acquisitions.

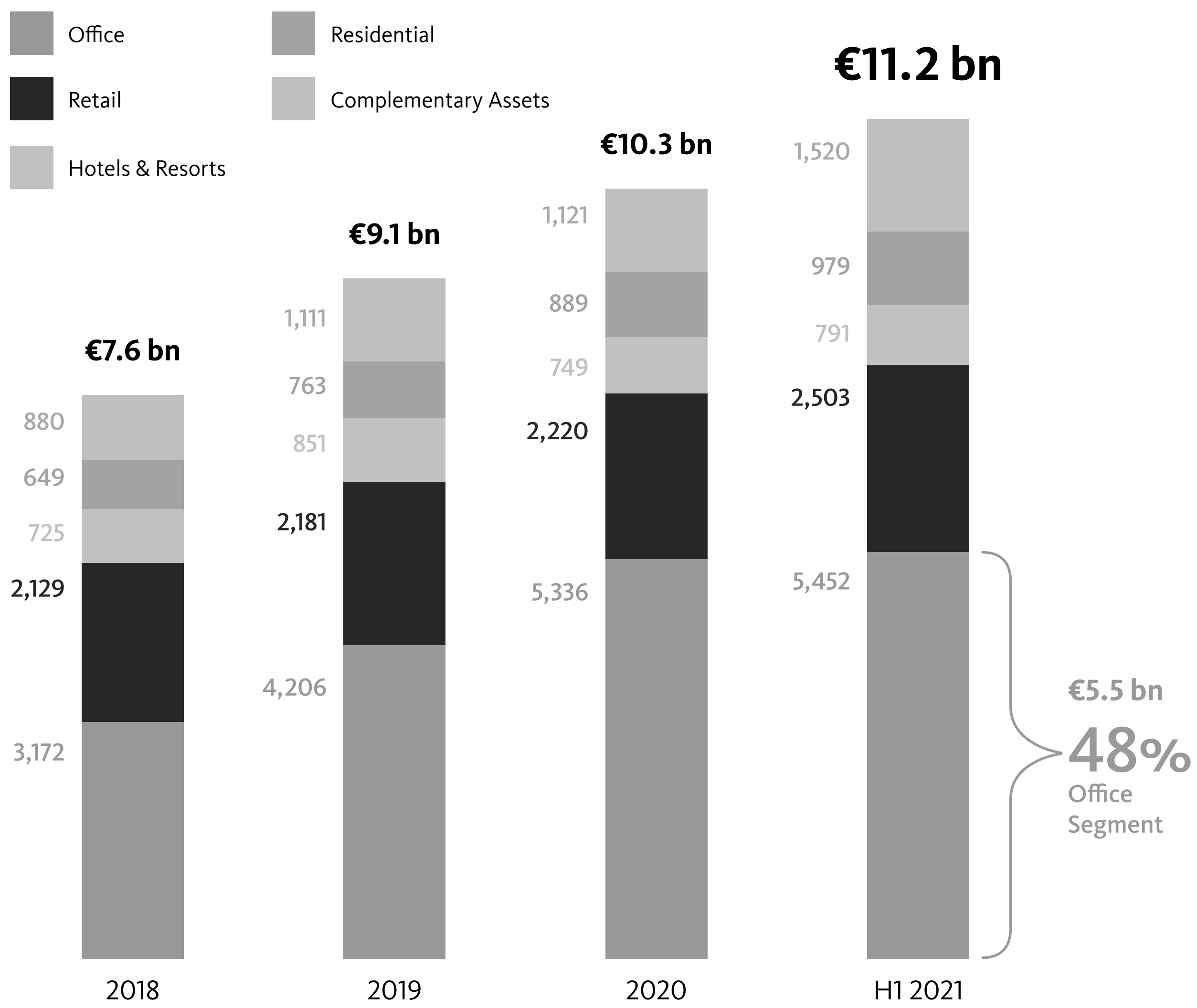
CPIPG will take actions immediately and in the future to preserve and recharge our financial strength after periods of acquisition activity. Near-term actions include:

- Radovan Vítek, the Group's majority shareholder, has agreed to participate in an intended **issuance of new ordinary shares by CPIPG for up to €500 million,** with the first €100 million expected in September.
- The Group has received **offers well above book value** for certain high-quality properties. Considering CPIPG's strategic vision and long-term priorities, the board of directors recently approved an intention by CPIPG to complete **up to €1 billion of disposals** in the next 6 to 12 months, subject to pricing. Sale proceeds would be redeployed via new strategic acquisitions and debt repayment.
- In Q4 2021 or early 2022, CPIPG intends to complete **a primary offering of €1 billion by Nova RE,** our listed Italian subsidiary, in partnership with DeA Capital, a leading Italian asset manager.

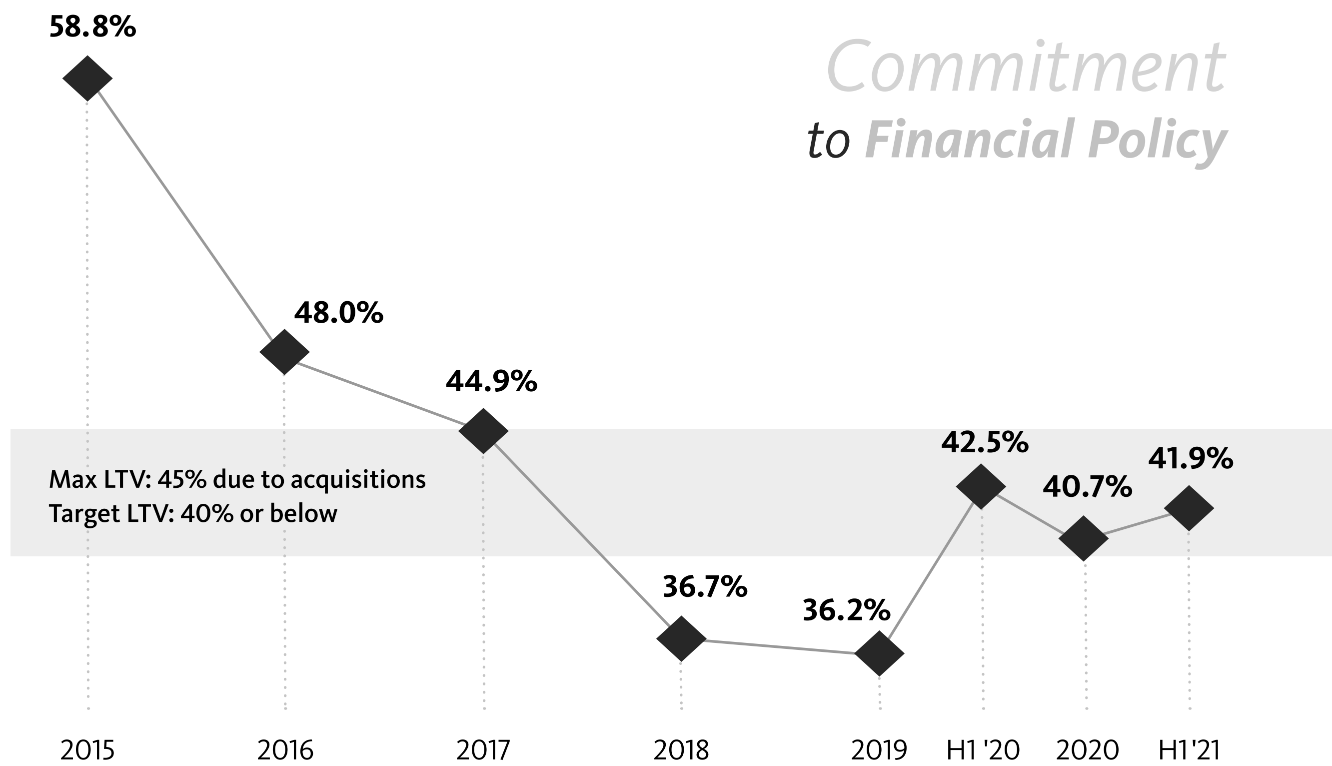
CPIPG recognises that improving our "BBB" credit ratings requires the Group to execute these actions while continuing to deliver strong business performance. At the appropriate times, CPIPG will also continue to support our capital structure and debt maturity profile through debt refinancing and utilisation of hybrid capital.

Hibiscus office, Rome, Italy

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



LTV evolution (%)



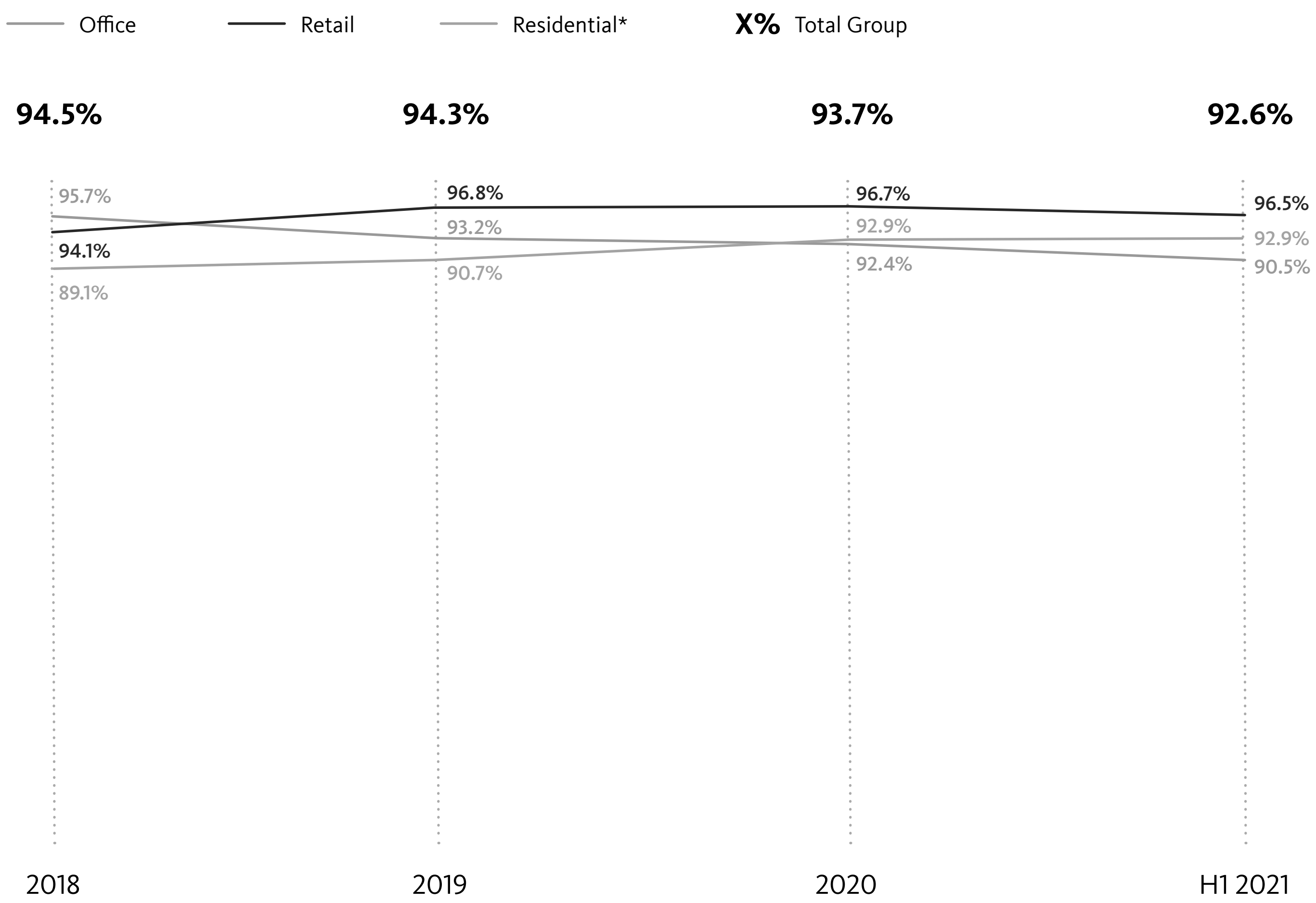
Growing rental income, stable occupancy

The resilience of the Group's portfolio and the merits of our acquisition strategy have been clearly demonstrated by continued increases in rental income, EBITDA and net business income. A combination of factors should support future income generation, including recently-completed developments and improving hotel income.

EPRA occupancy was relatively stable in the first half of 2021, standing at 92.6%. The Group registered a decrease in retail occupancy of only 0.2% across all platforms, an excellent result considering the widespread closure of non-essential retail across much of Europe due to COVID-19, which extended until May in the Czech Republic.

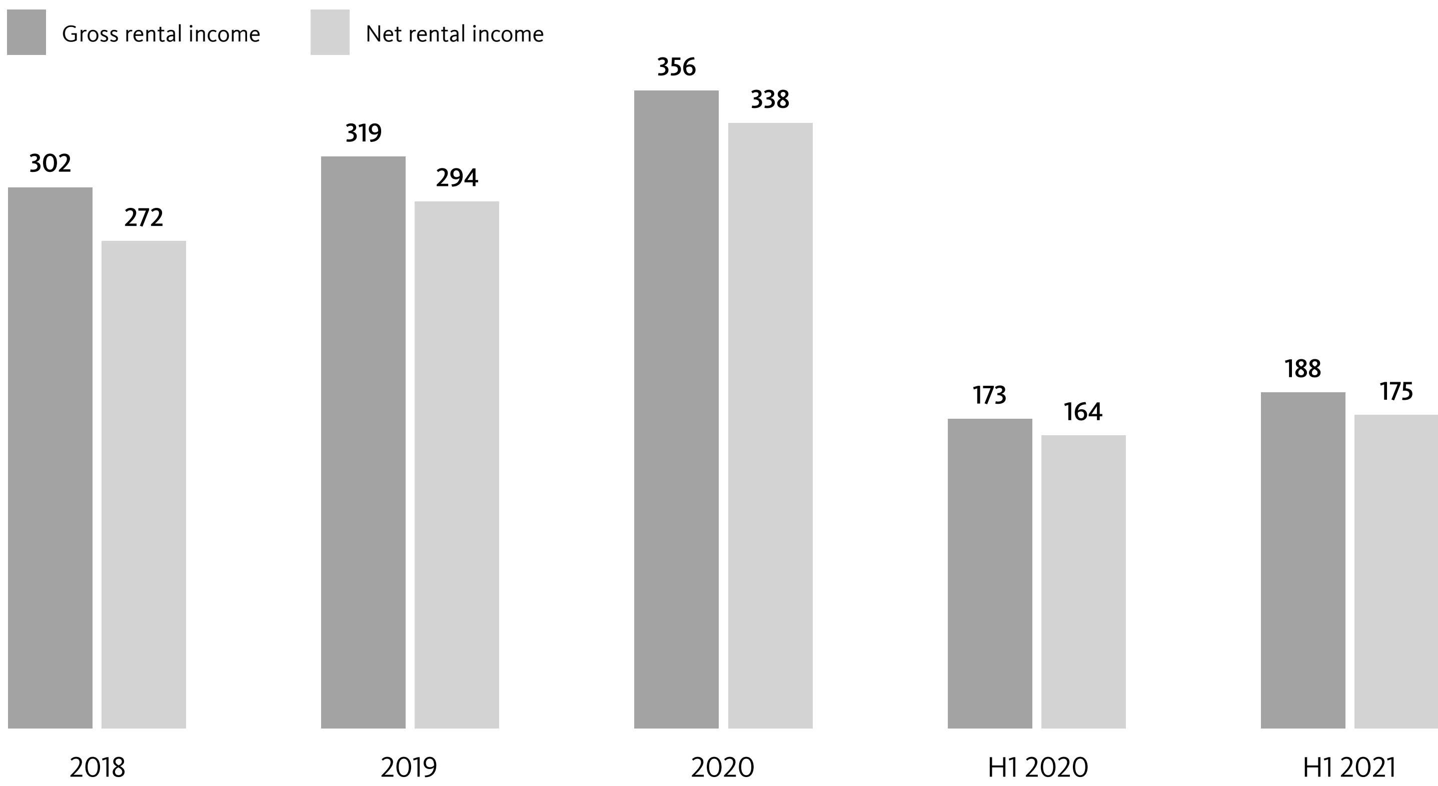
There was a temporary decline in occupancy in the Group's office platforms due to a handful of lease expiries, primarily in Warsaw and Budapest. In both countries, the Group has already signed leases with tenants which will come into effect in the coming months and will fill a significant part of the vacated space. Occupancy remained stable in Berlin, while an increase was registered in Prague due to positive leasing activity.

Occupancy rate (%)

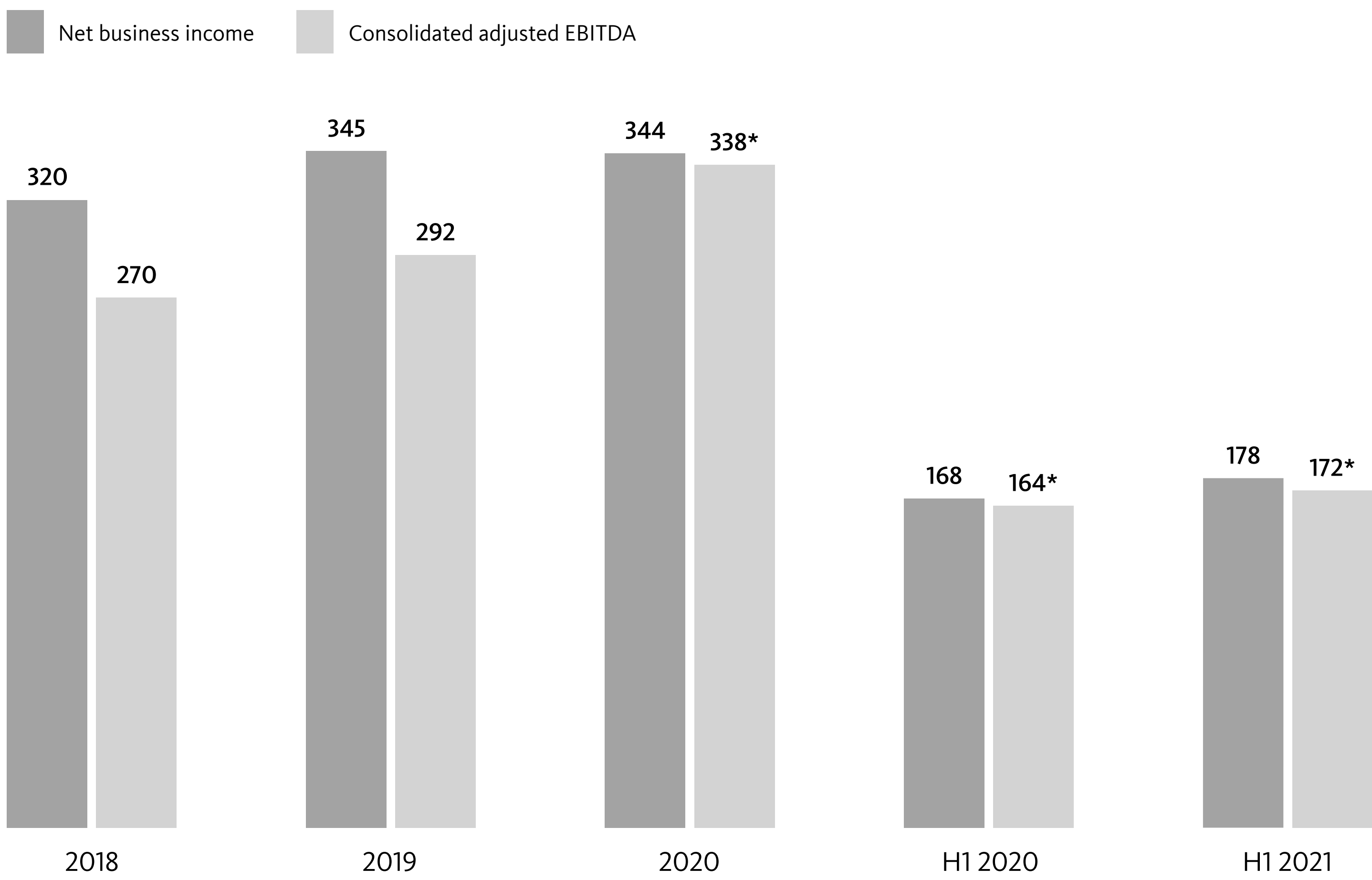


** Occupancy based on rented units.*

Gross and net rental income (€ million)



Net business income and EBITDA (€ million)



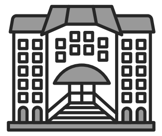
** Includes pro-rata EBITDA of equity accounted investees.*

The Group operates in five key segments

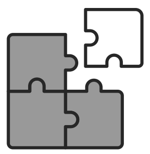
Office
Czech Republic, Germany, Poland, Hungary and other European countries including Italy

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



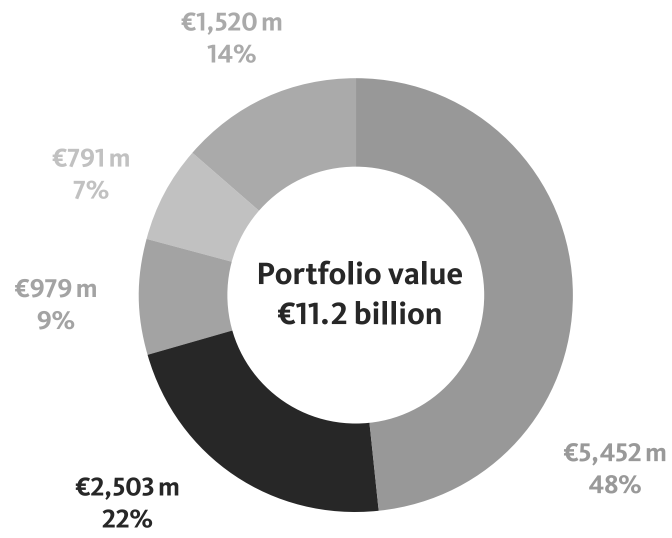
Hotels & Resorts
Congress and convention hotels, city hotels and mountain resorts primarily in the Czech Republic, with platforms across Europe

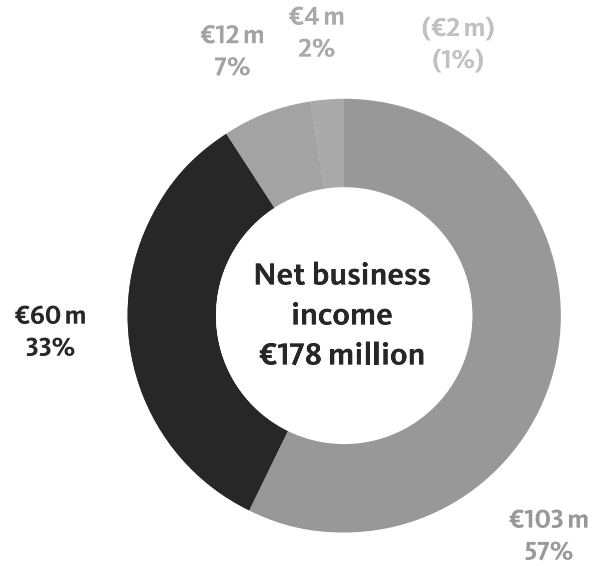


Complementary Assets
Landbank, development and other assets

Property portfolio by segment (as at 30 June 2021)

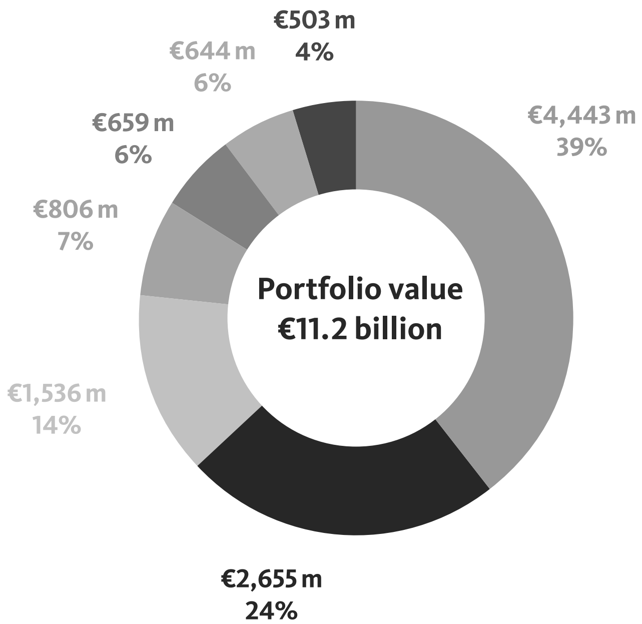
Office | Retail | Residential | Hotels & Resorts | Complementary Assets

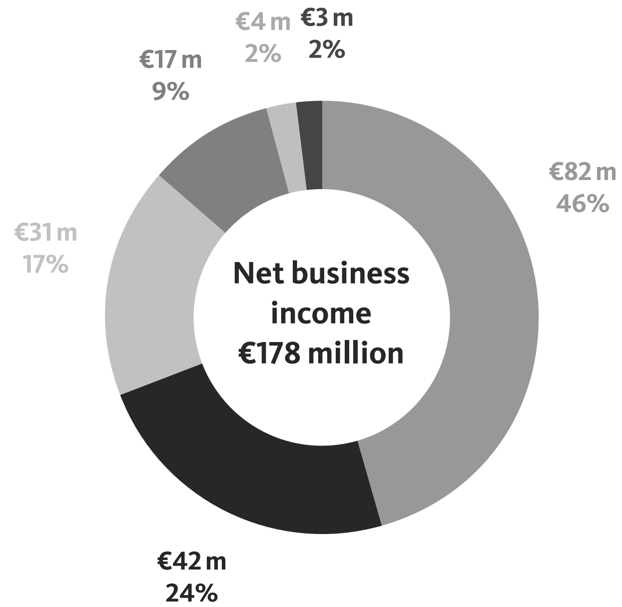




Property portfolio by geography (as at 30 June 2021)

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 29.6% stake in Globalworth as at 30 June 2021 according to the geographic split percentages of Globalworth's portfolio

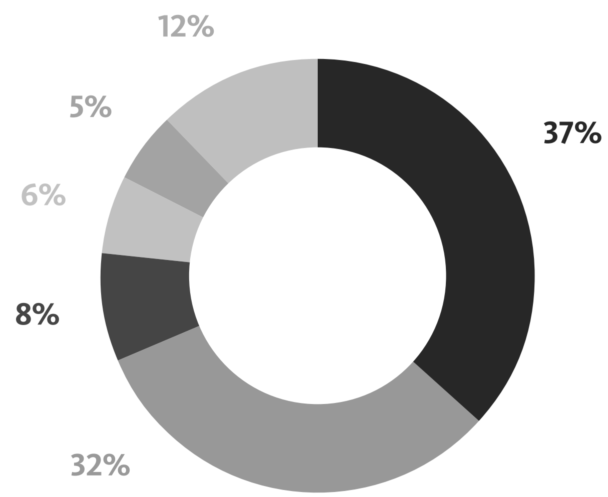
Segment	Country	€ million	Share of total
Office		**5,452**	**48.5%**
	Germany	2,531	22.5%
	Poland	1,002	8.9%
	Czech Republic	934	8.3%
	Globalworth	571	5.1%
	Hungary	306	2.7%
	Italy	108	1.0%
Retail		**2,503**	**22.3%**
	Czech Republic	1,601	14.2%
	Italy	349	3.1%
	Hungary	219	1.9%
	Poland	162	1.4%
	Slovakia	113	1.0%
	Romania	30	0.3%
	Globalworth	29	0.3%
Residential		**979**	**8.7%**
	Czech Republic	606	5.4%
	United Kingdom	231	2.1%
	France	116	1.0%
	Globalworth	15	0.1%
	Italy	12	0.1%
Hotels & Resorts		**791**	**7.0%**
	Czech Republic	380	3.4%
	Croatia	164	1.5%
	Switzerland	73	0.7%
	Italy	68	0.6%
	Hungary	65	0.6%
	Poland	25	0.2%
	Russia	17	0.1%
Complementary Assets		**1,520**	**13.5%**
Landbank		1,118	9.9%
	Czech Republic	721	6.4%
	Italy	236	2.1%
	Germany	117	1.0%
	Hungary	23	0.2%
	Slovakia	14	0.1%
	Romania	6	0.1%
Industry & Logistics		151	1.3%
Agriculture		115	1.0%
Development		107	1.0%
Other		30	0.3%
Total		**11,246**	**100.0%**

Zdeněk Havelka, Executive Director

Chalubinskiego 8, Warsaw, Poland

CAPEX was reduced but CPIPG continued to invest

Additions by country



Additions by type (€ million)

	Total H1 2021	Total H1 2020
Maintenance-related CAPEX	35	38
Refurbishment and redevelopment	23	31
New development / additional leasable area	26	38
Total	**84**	**107**

Changes to the property portfolio in H1 2021

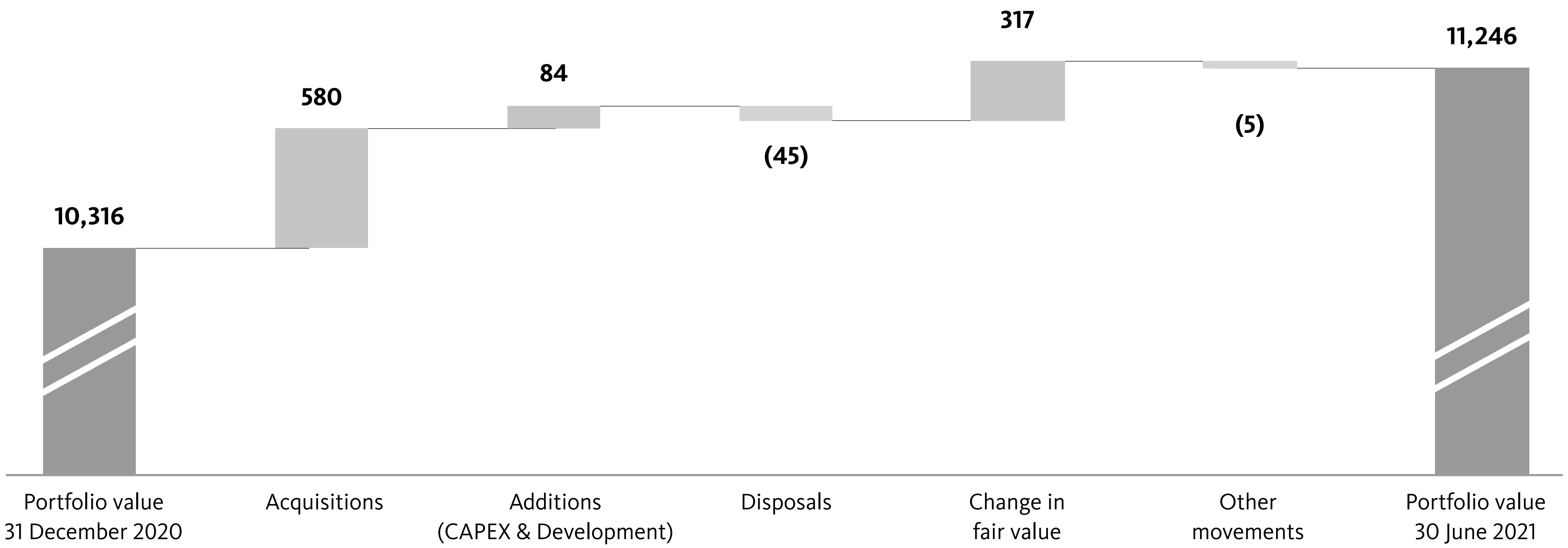
- Acquisitions of **€580 million**, primarily relating to the properties in Italy of €466 million, 27 Savile Row in London for €62 million and the acquisition of landbank in Berlin (€19 million) and Slovakia (€14 million);
- Capital expenditure and development of **€84 million**
- Disposals of **€45 million**, including the sale of apartments in the Czech Republic and the sale of landbank in Romania and Poland;
- Other movements include other transfers and the change in value of equity accounted investees;
- Increase in fair value of **€317 million** (3.1% versus 2020). The majority of the increase (€138 million) relates to recent acquisitions in Italy which were purchased at large discounts to fair value and subsequently revalued. In addition, the residential portfolio increased in value by €71 million, mainly due to the strong market in the Czech Republic.

Change in portfolio fair value (€ million)

Investment property revaluation	222
Hotels / PP&E revaluation and depreciation	(2)
Total valuation impact	**220**
FX impact	**97**
Total	**317**

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

Property portfolio growth in H1 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 the Czech Republic host international tenants' regional headquarters such as ČEZ, Generali, Siemens, and others. CPIPG's largest tenant (Ahold Delhaize) accounts for just 2% of gross rental income, while our top 10 tenants represent only 11% 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 3.6 years (unchanged since the end of 2020) and less than 20% of leases due to expire each year until 2026. While the Group typically prefers longer lease terms across the portfolio, maintaining a slightly shorter WAULT in Berlin has historically allowed us to capture **consistent increases in rents**. Throughout the COVID-19 pandemic, the Group has been able to offset one-time discounts provided mostly to retail tenants through **lease extensions as well as settlement of rent receivables**, which has supported a stable WAULT.

Top 10 tenants by rental income

	€ million	Rent as % of GRI*	WAULT** (years)
Ahold Delhaize	8.1	1.9%	6.0
TESCO	6.7	1.6%	6.7
GENERALI ČESKÁ POJIŠŤOVNA	6.2	1.4%	2.5
CEZ GROUP	4.8	1.1%	5.8
OVS	4.3	1.0%	5.1
SIEMENS	3.8	0.9%	6.0
BILLA	3.7	0.9%	3.3
PENNY.	3.7	0.9%	3.0
dm	3.4	0.8%	3.5
Continental	3.2	0.7%	13.8
Total	**47.9**	**11.0%**	**5.4**

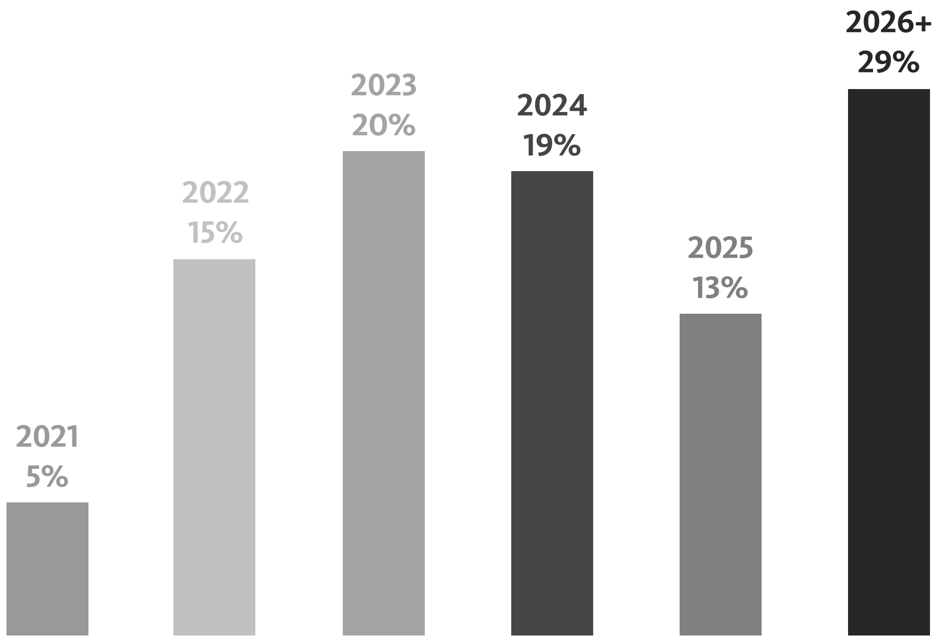
* *Based on annualised headline rent.*
** *WAULT reflecting the first break option.*

WAULT by country and segment

Segment	Country	WAULT (years) H1 2021	WAULT (years) 2020
Office	Germany	3.4	3.5
	Poland	2.9	2.9
	Czech Republic	4.6	4.9
	Hungary	3.3	2.8
	Italy	3.2	3.9
Total Office		3.5	3.5
Retail	Czech Republic	3.6	3.6
	Italy	4.9	4.8
	Hungary	3.1	3.0
	Poland	4.2	3.9
	Slovakia	5.9	6.3
Total Retail		3.9	3.7
Total Group		**3.6**	**3.6**

Olympia Plzeň Shopping Centre, Czech Republic

Maturity profile of fixed rental agreements



Excluding residential properties and reflecting the first break option.

Key milestones

Updated environmental strategy
CPIPG tightened our emissions target and commitments to renewable energy

2021

Green bond champion
Four green bonds issued in three currencies

2020

Equator IV, Warsaw, Poland

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

2019–2020

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

2018–2019

Nisa, Liberec, Czech Republic

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

2018

Acquisition of CBRE retail portfolio

2017

Investment-grade rating and inaugural bond issues

2017

Local bond leader
Active issuance in local bond markets

2016

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

2014

CPI BYTY, Letňany, Prague

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

2013

Residential portfolio expansion
Purchase of Czech residential assets

2003

Issuance of bonds in the Czech Republic

2002

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

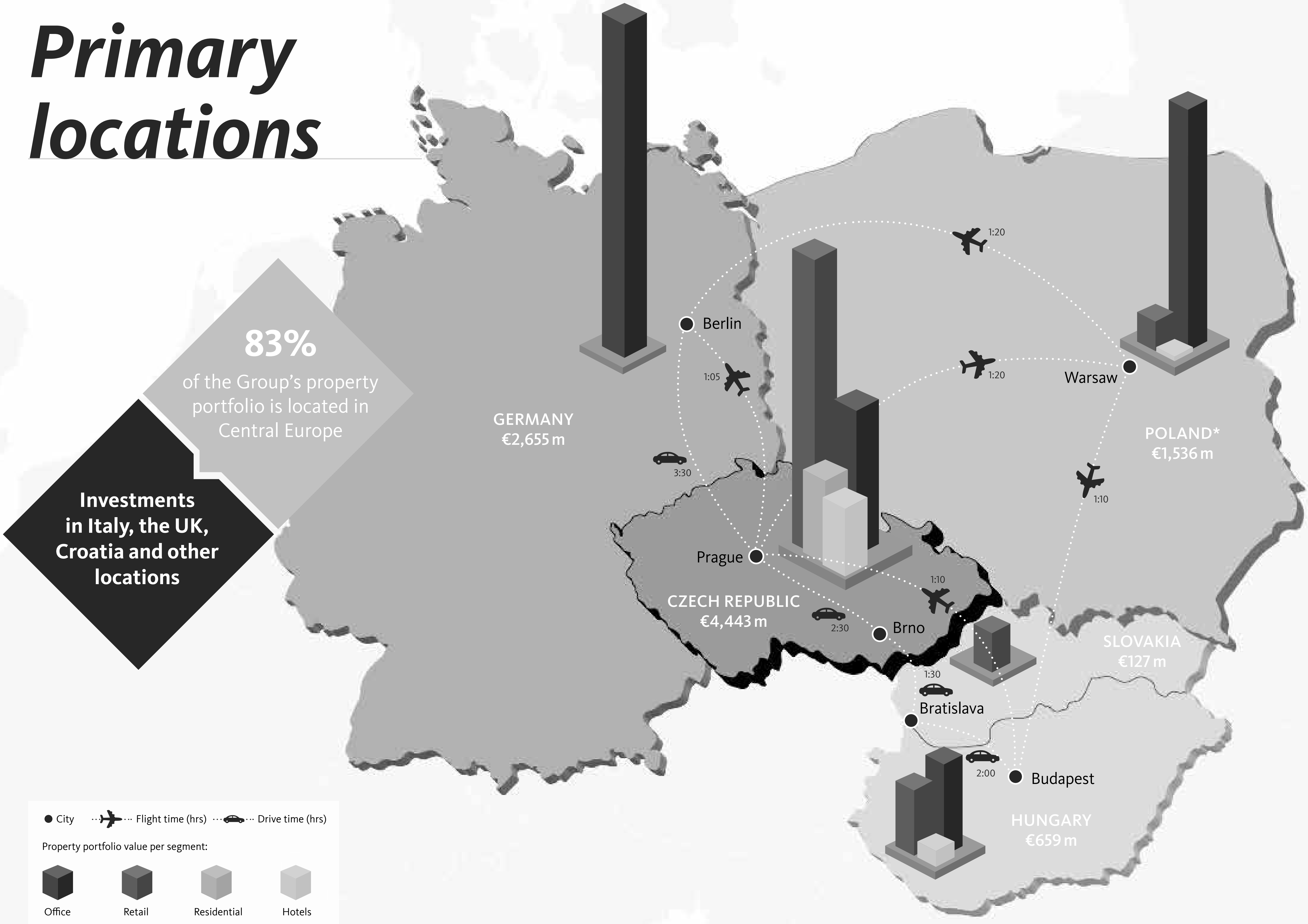
1991

Foundation of GSG by the city of Berlin

1965

GSG BERLIN

Primary locations



** Poland includes €347 million of Globalworth.*

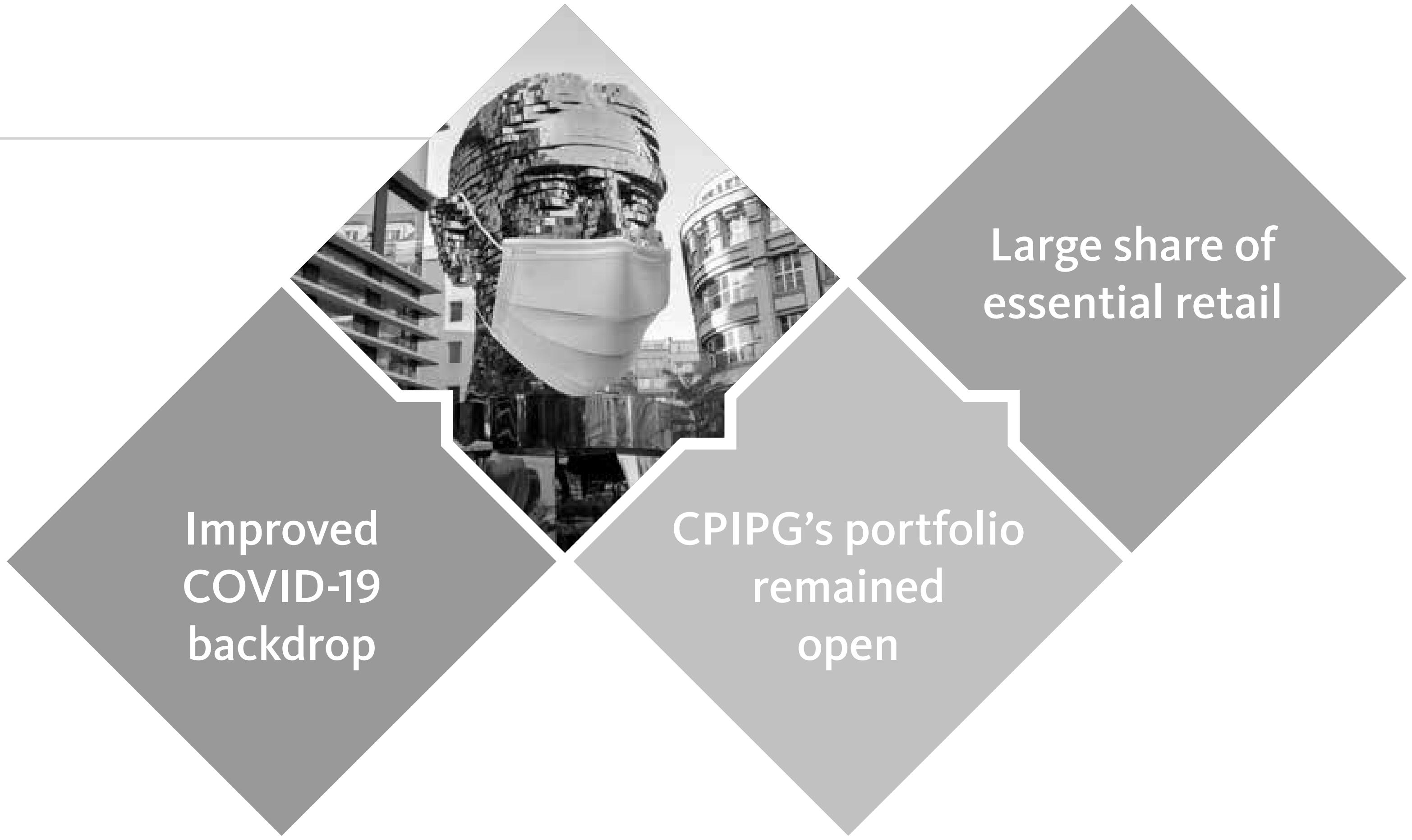
COVID-19 update

In Central Europe, all COVID-19 indicators improved significantly from March/April onwards.

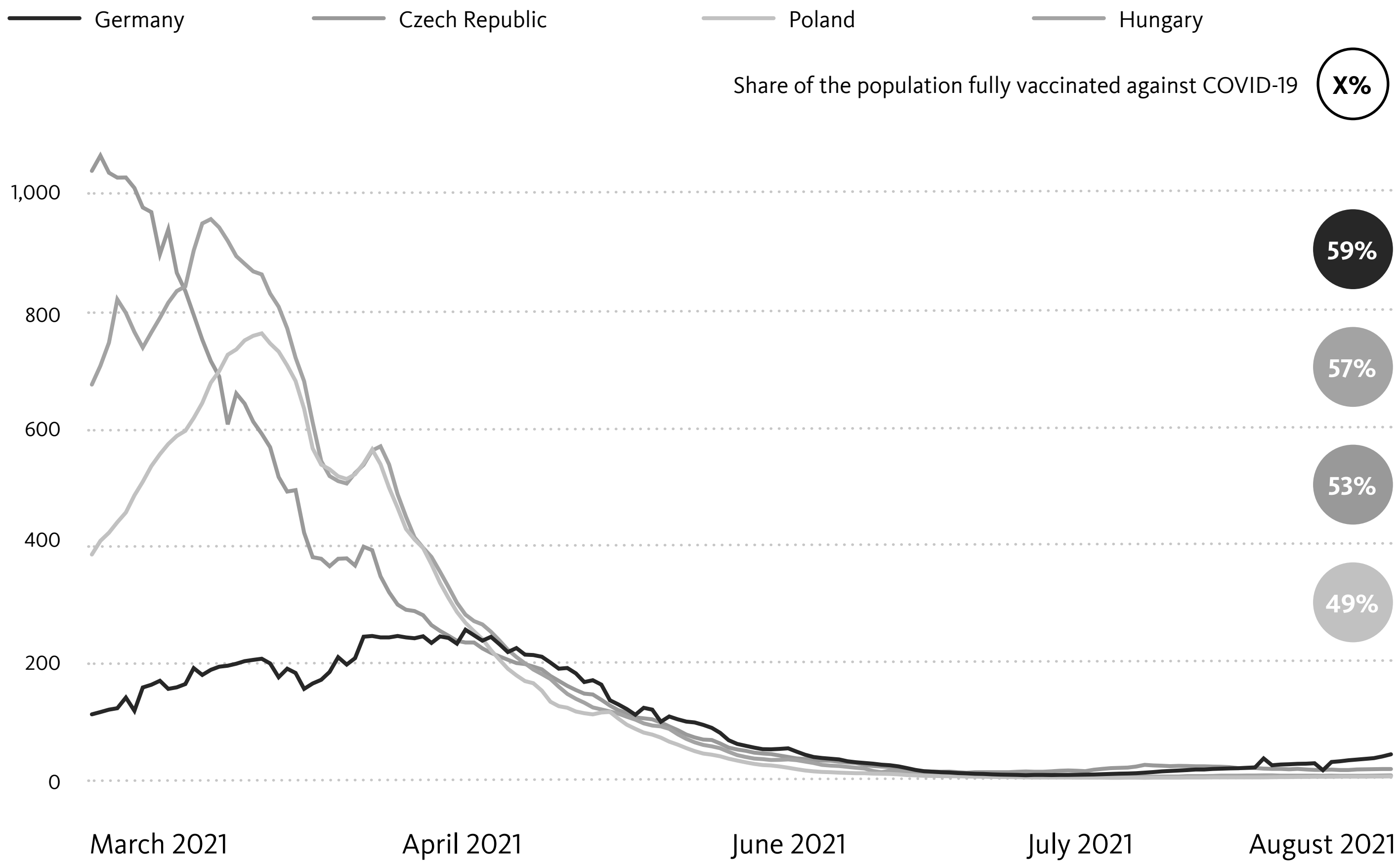
Governments across Central Europe implemented lockdowns following a resurgence in COVID-19 infections during the winter months, which led to closures of non-essential retail and hospitality from December 2020 until April 2021. From April onwards, all countries across the Group's portfolio demonstrated strong reductions in COVID-19 cases, hospitalisations and deaths, supported by steadily improving vaccination rates. This allowed activity in the retail and hospitality sectors to rebound swiftly from April/May onwards, and workers began returning to the office.

Throughout the pandemic, around 80% of CPIPG's portfolio (excluding hotels) and 50% of retail remained open at all times. Many of CPIPG's retail tenants in our shopping centres, retail parks, supermarkets and hypermarkets were considered "essential" and were permitted to remain open throughout the pandemic. Furthermore, the reopening of non-essential retail following lockdowns has been swift. By mid-May 2021 approximately 95% of the Group's portfolio was open.

Food retailers and pharmacies represent five out of CPIPG's top ten tenants by rental income across the Group, and in general, these tenants have achieved strong sales during the outbreak.

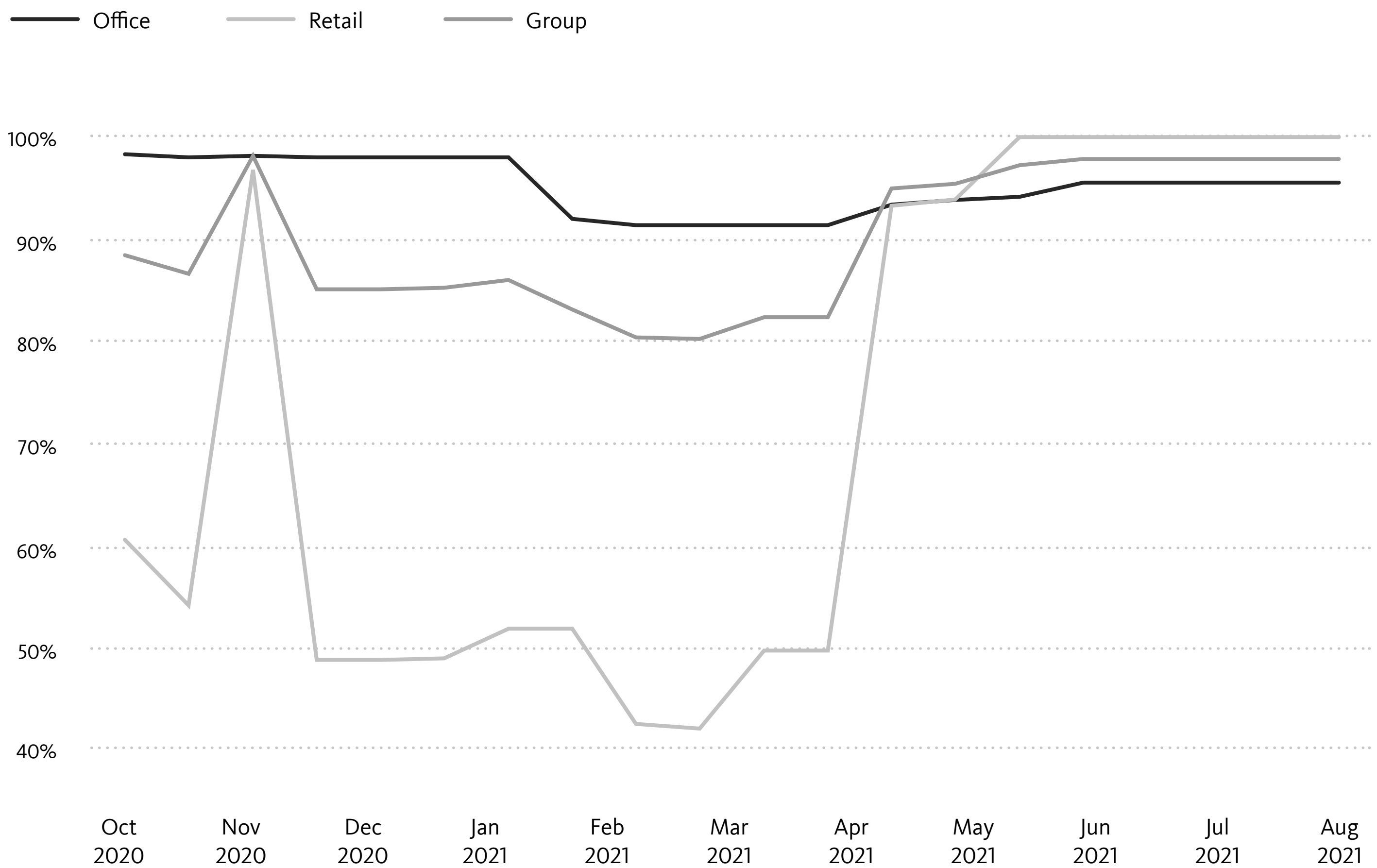


Daily new confirmed COVID-19 cases and vaccination rates (per million people)



Sources: Johns Hopkins University CSSE COVID-19 Data, Official data collated by Our World in Data

Opening status of CPIPG properties as % of GLA



High rent collections and stable occupancy during COVID-19

Shopping centres in the Czech Republic, which faced the greatest challenge throughout the pandemic, **were 96% occupied at the end of H1 2021**, broadly in line with the level recorded at the end of 2020.

The quality of our tenants and the support provided by CPIPG, **plus strong and consistent support by the Czech government** since the beginning of the pandemic, has been instrumental to the stability of our retail occupancy. **Occupancy of the Group's retail parks, supermarkets, hypermarkets and hobby markets stood at 100% at the end of the first half of 2021.**

The Group's rent collection rate for H1 2021 remained high at 95% before one-time COVID-19 discounts and 99% after discounts.

Office rent collections were solid once again, with a collection rate of 98% in H1 2021 before discounts. Excluding retail units (such as cafes and canteens), the office collection rate would be almost 100%.

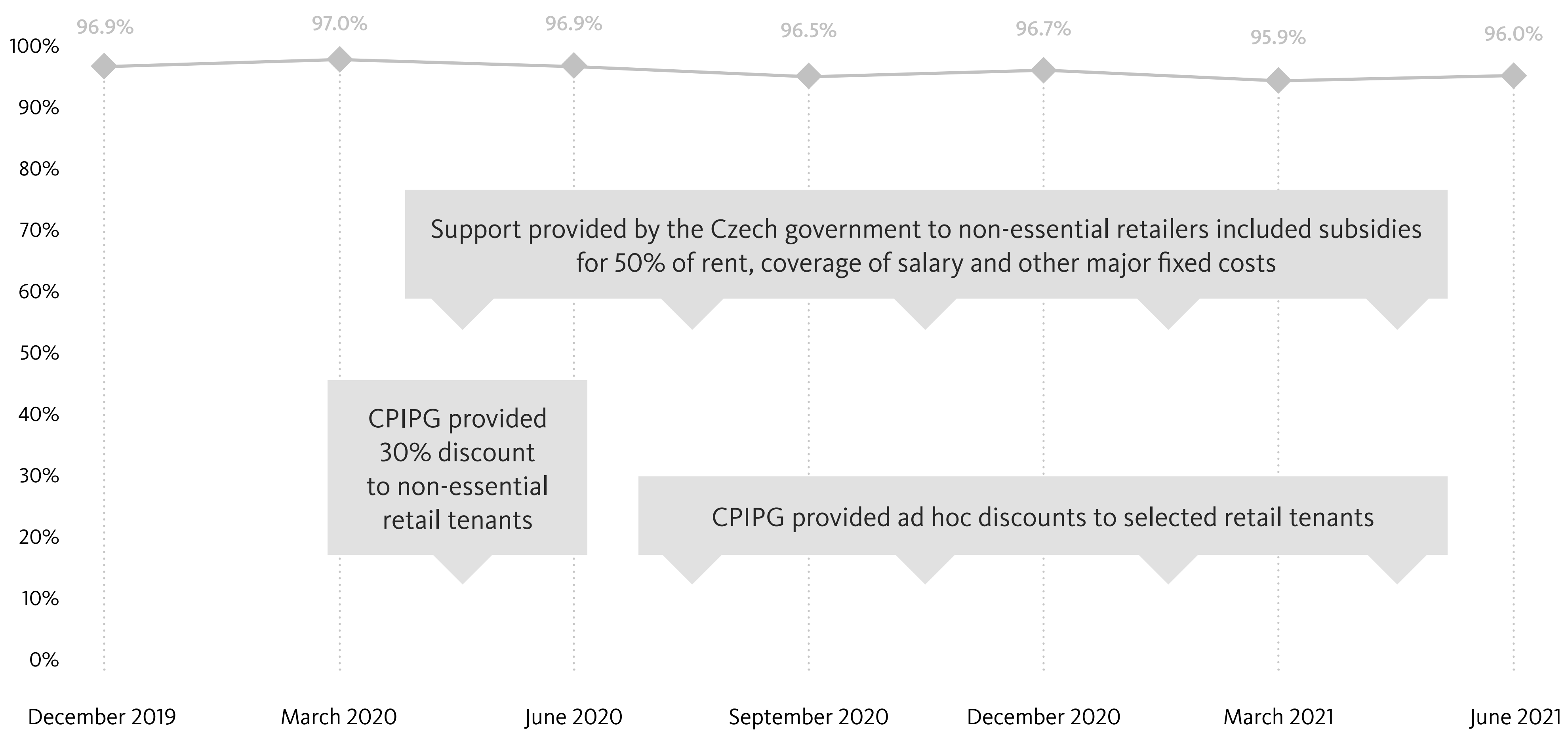
Retail collections at 88% before one-time discounts and 98% after discounts demonstrate the positive two-pronged support from the Czech government and CPIPG. Many of our tenants, such as supermarkets, pharmacies and other retail park tenants, enjoyed higher sales throughout the pandemic, while those that faced more significant challenges received the support they needed from the government and from the Group.

Czech Republic residential remains a stable part of our portfolio. Collection rates have been **around 99%** throughout the pandemic, validating the strength of the Group's residential segment.

Group rent collection rates – H1 2021 summary

% of rent collected	H1 2021 before discounts	H1 2021 after discounts
Group	**94.8%**	**98.6%**
Office	98.4%	98.9%
Retail	87.5%	97.8%
Residential	99.3%	99.3%
Industry & logistics	99.9%	99.9%

Czech retail occupancy



The strong support provided to our tenants by CPIPG and the government is clearly reflected in our high collection rates and occupancy.

Tomáš Salajka, Director of Acquisitions, Asset Management & Sales

Europeum, Budapest, Hungary

Solid tenant credit quality

Discounts 4.1%
of H1 2021 gross rent

Discounts offset by settlement of receivables

CPIPG provided small additional discounts to tenants in H1 2021

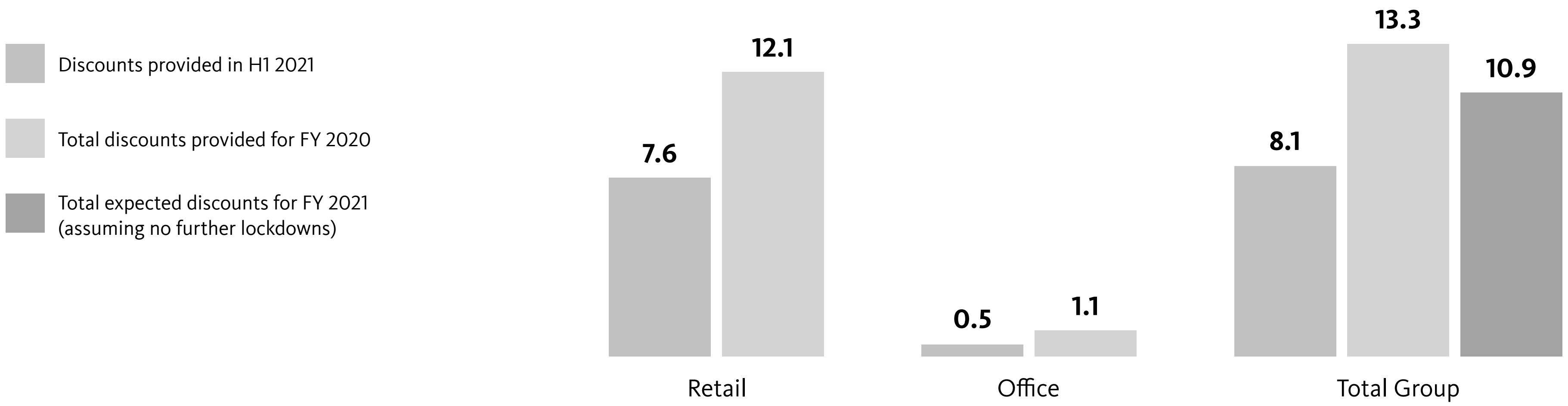
CPIPG provided targeted discounts on a temporary basis to retail tenants that needed additional support, in exchange for the settlement of unpaid rent receivables.

Total retail discounts provided in H1 2021 amounted to €7.6 million, representing **less than 4% of the Group's gross rental income.** In total, €10.1 million of discounts for the retail segment have been agreed for the entire year. Discounts awarded in the office sector continued to be minimal and relate to retail elements in office buildings.

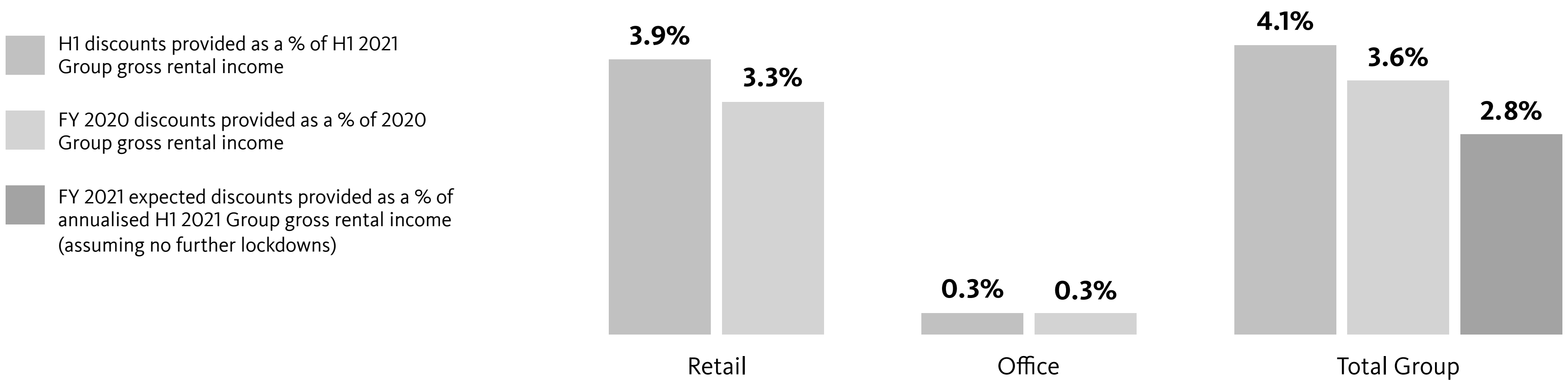
Total discounts for FY21 for the Group are expected to be €10.9 million based on the latest operating status of the portfolio, €2.4 million lower than 2020.

Credit quality in CPIPG's retail portfolio remained solid. During H1 2021, the Group terminated lease contracts with fashion retailer C2H, though this only impacted a very small portion of the Group's shopping centre portfolio, amounting to 2,250 m². No other shopping centre or retail park tenants encountered financial difficulty in H1 2021.

Summary of discounts (€ million)



Discounts relative to Group rent



Zlatý Anděl, Prague, Czech Republic

Strong leasing activity across office platforms

Solid leasing activity further demonstrates that office demand remains healthy in our key markets and for our particular assets. Our tenants have proven resilient and reliable throughout the COVID-19 outbreak, with a rental **collection rate of 98% in 2020 and again in H1 2021**. The Group's office leasing activity has remained strong throughout the pandemic. In the last three quarters of 2020, the Group signed over 150,000 m² of office leases with a weighted average headline rent increase of 25% and in H1 2021, **the Group signed a further 115,000 m² of leases with an increase again of 25%**, driven by Berlin in particular.

Employees have increasingly begun to return to offices in our properties across the portfolio as physical occupancy began to normalise from Q2 onwards, even while utilisation remains below pre-COVID-19 levels.

Our retail portfolio remains well-positioned

Shopping trends have recovered since the retail portfolio fully reopened. 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:** by June 2021, while footfall remained around 24% below pre-COVID levels (versus June 2019) and flat against June 2020, **tenant sales were up approximately 4% against June 2019 and 15% higher than June 2020.**

This reinforces the pattern that emerged when non-essential reopened following the first lockdown in spring 2020, that **physical retail shopping habits evolved during the pandemic towards less frequent visits, but larger average basket sizes.**

Retail parks in the Czech Republic were a safe haven following the first lockdown in the Czech Republic, partly because the store formats could enact social distancing measures more easily than shopping centres. In 2020, almost all retail park tenants reported higher year-to-date turnovers compared to 2019, and strong demand from tenants led to occupancy reaching 100% for the first time in November 2020. In H1 2021, retail parks were more impacted than in 2020, being subject to similar restrictions as shopping centres, though following the strong previous year, occupancy remained 100%, and tenants remained in fundamentally sound shape.

The Group's hotel portfolio is poised to capture a resurgence in the hospitality industry

Operating our own hotels allowed for careful management of costs during the pandemic, preserving profitability. Nearly all of the Group's hotels were fully closed due to lockdown measures implemented beginning in March 2020. CPIPG acted quickly to reduce headcount and operating costs by around 50%, thanks to our operational flexibility and high share of variable costs. The cost base has continued to be carefully managed as the hotels portfolio has periodically and gradually reopened. Even since the portfolio began to reopen in the Czech Republic since April 2021, many of the cost savings previously implemented remained in force.

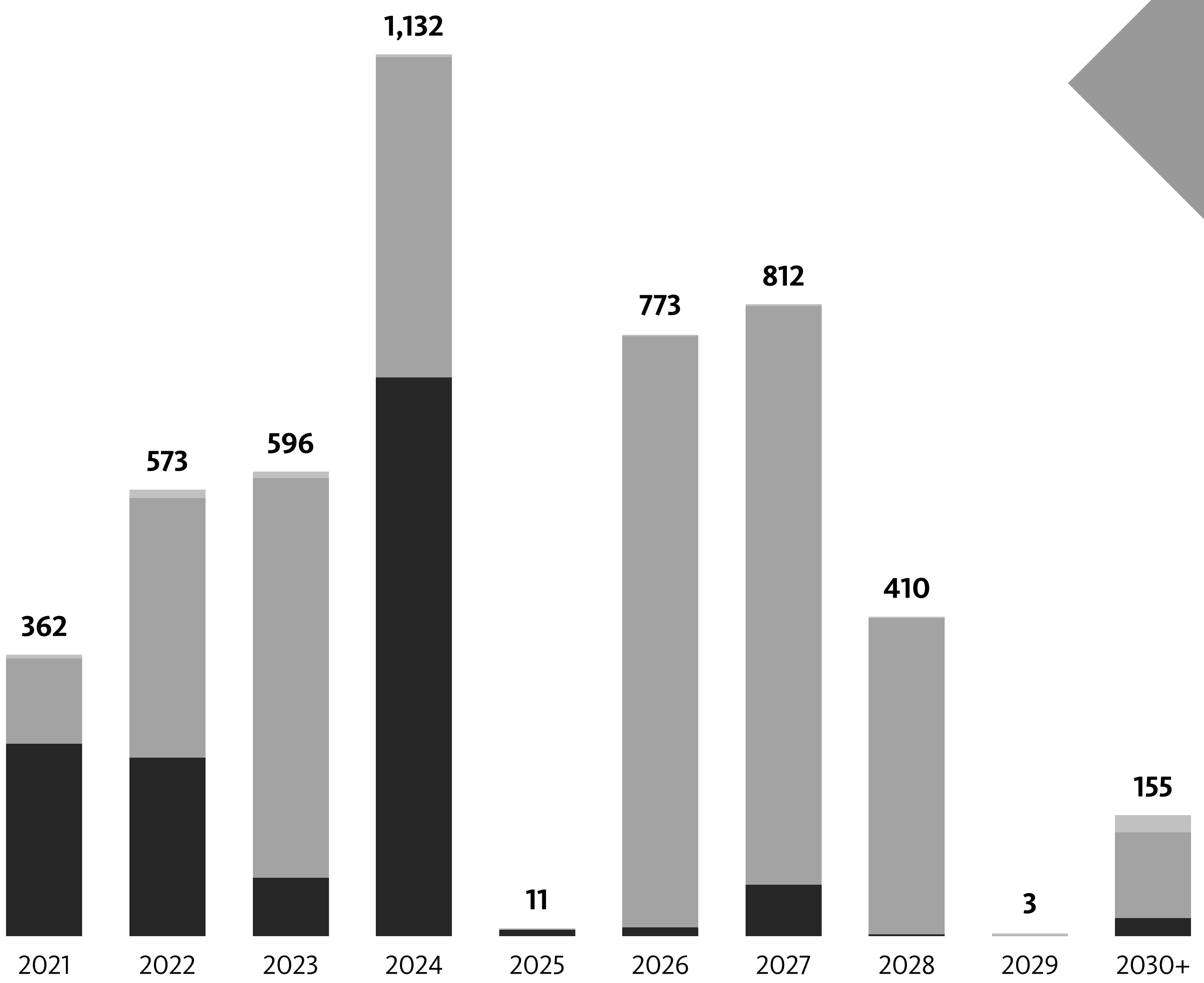
Now that the COVID-19 situation is improving, hotels are reopening and booking activity has recovered. The second quarter of 2021 saw significantly stronger performance than the same period in 2020, with revenues up 268%. This was despite the fact that most hotels were closed at the beginning of the quarter and only began to reopen gradually, with full reopening by the end of the first half. The forward picture for the remainder of the year has improved dramatically, as we've seen a consistent increase in forward bookings and enquiries, including for larger conference events.

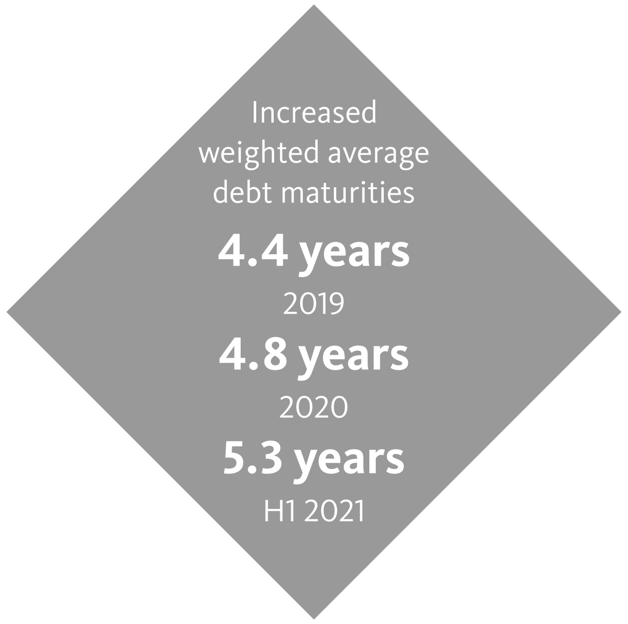
CPIPG is proactive about managing our modest debt maturities

CPIPG took proactive measures in 2020 to strengthen our robust capital structure through debt maturity extension and refinancing of a large portion of the Group's debt maturing in the coming years.

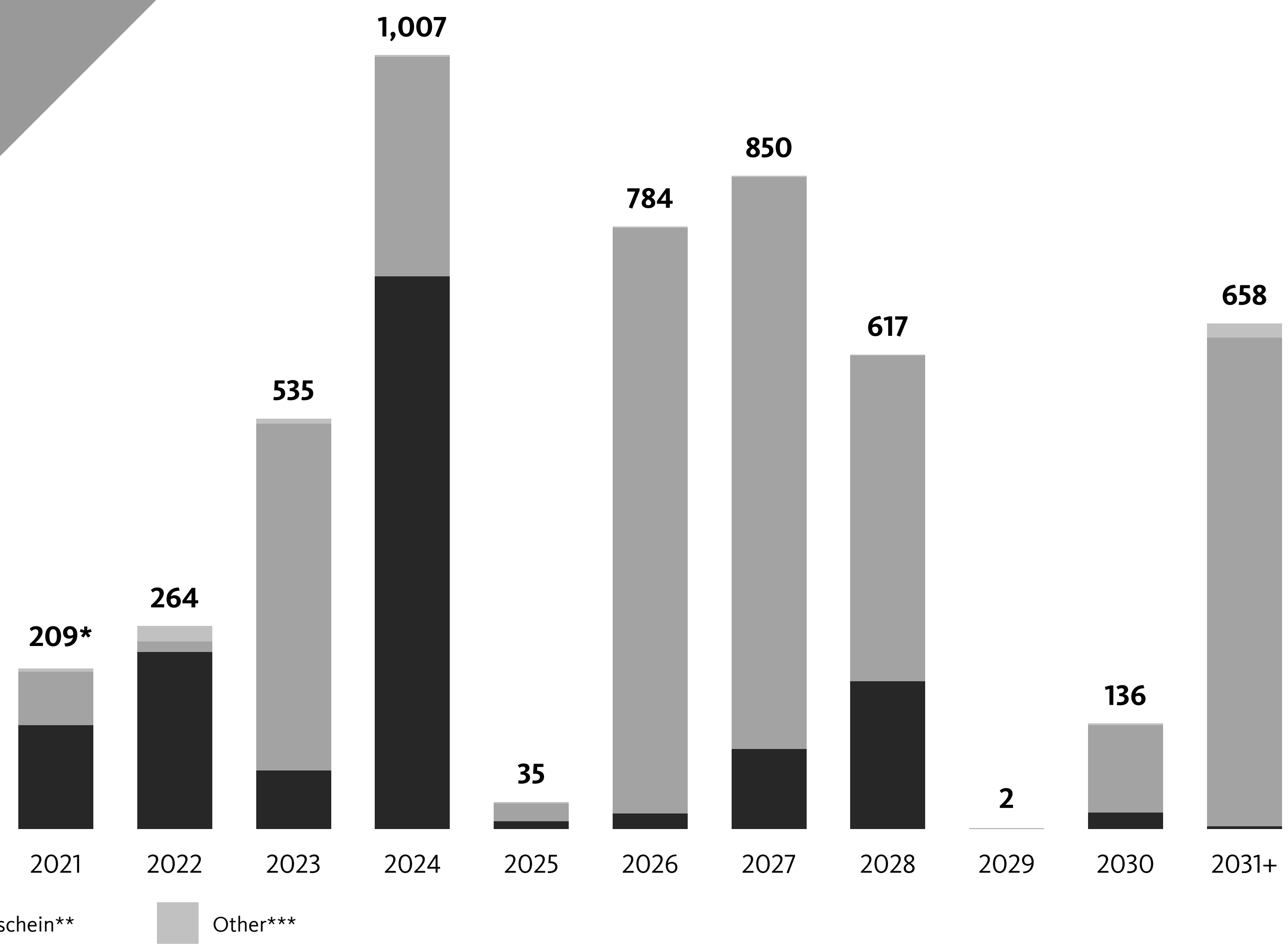
In January 2021, **the Group took additional steps to improve our debt maturities** through the issuance of €650 million of 10-year senior unsecured bonds and €400 million of hybrid bonds callable in 2028. Proceeds were used primarily to repay more than €750 million of senior unsecured and undated subordinated bonds which were callable or scheduled to mature between 2022–2024. **Following the transactions, only about 20% of the Group's total financing is due or callable within the next three years and about 40% within the next five years.**

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





Debt maturity profile as of 30 June 2021 (€ million)



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

** Excluding €200 million drawn under the revolving credit facility in connection with the Globalworth mandatory tender offer that was repaid after the end of the period once the transaction concluded.*
*** Bonds/Schuldschein 2021 and 2022 include also accrued interest payable in 2021 and 2022.*
**** Other debt comprises non-bank loans from third parties and financial leases.*

Corporate news & portfolio highlights

Annual general meeting 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).

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 ("EGM") of the shareholders held on 31 March 2021. The EGM resolved to decrease the corporate capital of the Company.

Partnership with Czech Olympic team

CPI Property Group | CZECH 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.

New York defamation lawsuit dismissed

In June 2020, a defamation claim was filed by Kingstown Capital Management L.P. and Investhold LTD against CPIPG and Radovan Vítek in New York State Court, alleging defamation based on press releases and other statements made by CPIPG in relation to Kingstown's first-filed U.S. lawsuit made against CPIPG, Radovan Vítek and other parties in April 2019.

On 6 April 2021, the defamation claim was dismissed in its entirety by the New York State Court. In May, Kingstown filed notice of appeal to the Appellate Division of Supreme Court of the State of New York on the dismissal of the Defamation claim. CPIPG is confident that the appeal lacks merit.

The pre-existing SDNY Court Lawsuit was also dismissed in September 2020. The plaintiffs appealed that decision to the United States Court of Appeals for the Second Circuit, with a briefing scheduled to be completed during 2021. CPIPG is confident that the appeal lacks merit and that the SDNY Court's decision is on sound footing.

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.

The offer closed on 23 July 2021, at which point Zakiono had received valid acceptances in respect of approximately 9.24% of Globalworth. Therefore, upon conclusion of the offer, 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 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 near-term primary offering of up to €1 billion. 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.

Italian acquisitions

For many years, Italian banks have struggled under the burden of nonperforming loans ("NPLs") and thin capital buffers. Opportunities therefore exist to acquire good-quality real estate assets at steep discounts to fair value, normally through the restructuring of NPLs and the associated purchase of equity from former owners, in many cases a founder or family patriarch.

Key assets acquired in H1 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 59,514 m² location along Via Laurentina in the South of Rome and includes the first Primark in the city. The acquisition originated from the restructuring of loans from UniCredit to an Italian family company.

Hibiscus, Rome

Hibiscus is an office in Rome which was purchased from the Armellini Family in April 2021. The property is currently about 86% occupied with in-place rent of around €4 million. 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.

The property is located near major transport and infrastructure hubs, including a nearby expressway to the city and Fiumicino Airport.

Hibiscus office, Rome

Maximo shopping centre, Rome

Berlin landbank

The Group invested in landbank plots in Berlin in the first half of 2021 through 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 developments in central Berlin locations.

27 Savile Row, London

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.

Financing activities

Senior unsecured and hybrid issuance and refinancing

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 €335.062 million;
- Tender offer for €213.205 million of the 4.375% hybrid callable in 2023, with the remaining €8.603 million repaid in March, after which the instrument was fully redeemed;
- Tender offer for €128.922 million of the 2024 senior unsecured notes
- In March, repayment of €71.5 million of Schuldschein maturing in 2023

In addition, in February 2021, CPIPG also issued a private placement of ¥3 billion (approximately €24 million).

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.

Consent solicitation process

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

Nova RE capital increase and mandatory tender offer

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

CPI Hotels team: Jan Kratina, Barbora Veselá, Grazyna Gorniak, Kateřina Zelená, Marcela Tvarochová

Team spotlight: CPI Hotels

The CPI Hotels team, led by Jan Kratina, successfully navigated the challenges faced by the hospitality sector due to COVID-19.

The majority of the Group's hotels in the Czech Republic and the CEE region were forced to close at the outset of the pandemic in March 2020 and during subsequent government lockdowns. The CPI Hotels team has been able to adapt and react rapidly and effectively each time.

Operating our hotels allowed the team to quickly implement sharp cost control measures. In March 2020, headcount was reduced by more than 50% and hotel operating costs were reduced by 50% compared to 2019. These initial measures acted as a blueprint for subsequent lockdowns in autumn 2020 and during the initial months of 2021 when similar measures were introduced. Even when hotels have reopened, the team has carefully moderated available hotel capacity while retaining a lean cost structure. Thanks to these efforts, CPIPG's hotels business has been able to achieve broadly neutral profitability in much of 2020 and H1 2021.

Employees are the backbone of CPI Hotels and have done a tremendous job going above and beyond expectations during these challenging times for the hospitality industry. Employees are empowered and encouraged to develop in different areas, which in turn promotes high-quality service delivery.

The team has also supported local communities; at the outset of the pandemic, CPI Hotels offered hotel capacity to the Czech government as hospital beds if required, fed key workers through Food4Heroes and provided food supplies to children's homes in and around Prague (in partnership with charity Chance for Children).

As the COVID-19 situation continues to improve across the Czech Republic and the CEE region, and as leisure and business travel increase, CPI Hotels looks forward to welcoming our guests once again!

Economic review

Key macro figures for group core economies

	Annual GDP growth (%)	Annual inflation rate (%)	Unemployment rate (%)	Gross public debt (% of GDP)
Czech Republic	7.8	2.8	3.7	44.1
Germany	9.2	2.3	3.7	71.1
Poland	10.9	4.4	5.9	59.1
Hungary	17.9	5.3	4.1	81.0
EU average	**13.2**	**2.2**	**7.1**	**92.9**

Sources: Trading Economics, Eurostat

The table uses June 2021 GDP growth, inflation rates and unemployment rates. Q1 2021 data on Gross public debt as a percentage of GDP were used due to data limitations.

City West, Prague, Czech Republic

Eurozone

The Euro Area economy shrank 0.3% quarter-on-quarter in the first three months of 2021, as activity and demand were hit by fresh distancing and lockdown measures aimed to curb the spread of the coronavirus pandemic. A sharp decline in household consumption was partially offset by an increase in fixed investment and positive contributions from net trade and inventories.

However, the Euro Area economy rebounded sharply in the second quarter as businesses reopened following the lifting of lockdowns across the bloc. GDP output increased 2%, beating economists' estimates and reversing the impact of restrictions that crippled business activity during the winter months. Italy and Spain posted the strongest rebound, while Germany surprised to the downside with output expanding only 1.5%, below analyst expectations.

Strong momentum has been carried into the third quarter, though persistent supply bottlenecks or a resurgence in infections continue to pose a threat to a sustained recovery.

The historic drop in GDP in 2020 has had a limited impact on employment levels, with the Euro Area seasonally-adjusted unemployment rate, in fact, dropping to 7.7% in June 2021, the lowest level since May 2020. 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. The consumer price inflation rate in the Euro Area was confirmed at 2.0% year-on-year in May 2021, the highest level since October 2018.

The IHS Markit Eurozone Manufacturing PMI remained at a record high of 63.1 in June 2021. Output increased for the twelfth month, with the rate of expansion picking up again. Production growth was sharpest in Germany, while France lagged the rest of the region.

The IHS Markit Eurozone Services PMI rose to 58.0 in June 2021. The latest reading signalled the steepest pace of expansion in the service sector since July 2007, led notably by hospitality. In addition, services exports increased the most since at least September 2014, when data were first collected.

Following its policy-setting meeting in late July, the ECB decided to maintain its bond purchase programme and interest rates at current levels in an effort to spur the Eurozone economy. ECB President Christine Lagarde also communicated that the ECB is prepared to tolerate moderately and temporarily higher inflation levels.

Sources: Markit Economics, Trading Economics, Bloomberg

Czech Republic

The first half of 2021 was heavily affected by COVID-19 as the Czech government enforced a lockdown that lasted until April. However, even in the period with the strictest lockdown, the government decided to prioritise comprehensive testing over widespread industry closure, limiting the quarter-on-quarter GDP decrease to only 0.3% in Q1 2021, matching initial estimates. In the second quarter, GDP rebounded 0.6% thanks to the easing of restrictions (though below market expectations of around 2%), representing a 7.8% hike on a year-on-year basis.

As the country emerged from almost five months of lockdown in April, employment levels and consumer activity increased significantly. The Czech unemployment rate dropped to 3.7% in June, boasting one of the lowest unemployment rates in the Euro Area, having declined steadily since January when a rate of 4.3% was recorded and representing the lowest jobless rate since October 2020. Employment was boosted by the hospitality and services sectors in particular. In addition, the consumer confidence indicator rose to 105.5 in June, marking the highest reading since December 2019.

The IHS Markit Manufacturing PMI also climbed to a record high of 62.7 in June, as both domestic and foreign demand drove the fastest increase in new business in three and a half years. However, supply constraints saw the largest increase in backlogs of work in over a decade and unprecedented supplier delays linked to raw material shortages. Workforces were expanded in response, although some firms noted difficulties in hiring adequate candidates. On the price front, both input and output inflation hit record highs. Despite these challenges, the annual inflation rate in the Czech Republic remained at 2.8% in June 2021, having edged down from a peak of 3.1% in April.

In light of the inflation outlook and rebound in economic activity, in June 2021, the Czech central bank raised the benchmark two-week repo rate for the first time since the first half of 2020, when it was cut to 0.25%. The Czech Koruna has remained relatively stable since the beginning of 2021, with EURCZK remaining rangebound between 25-26, versus over 27 in spring and autumn 2020.

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

KöpenickerStraße, Berlin, Germany

photo: GSG Berlin © CHLietzmann

Germany and Berlin

Europe's largest economy slipped back into contraction in Q1 2021 due to restrictions imposed to contain the coronavirus pandemic, as GDP shrank 2.1% quarter-on-quarter. In the second quarter of 2021 GDP recovered, expanding by 1.5% but missing market expectations of a 2.0% rebound.

The seasonally adjusted unemployment rate in Germany inched down to 3.7% in June 2021, having declined consistently since the November 2020 peak of 4.1%, also representing the lowest jobless rate since April 2020.

Business sentiment in Germany also significantly improved over the course of the first half of 2021, with the IFO Business Climate Index rising to 101.8 points in June, hitting its highest level during the coronavirus pandemic. The IHS Markit Manufacturing PMI increased to 64.9 in June based on strong growth in factory activity, while the IHS Markit Services PMI jumped to 58.1 in June 2021, the steepest pace of expansion in the service sector since March 2011. On the price front, input costs and average prices charged also rose at record rates.

The economic growth achieved by Berlin specifically has outstripped nationwide growth for many years. In the five years preceding COVID-19, Berlin's real GDP increased by almost 20%, and growth in employee compensation was nearly 40%.

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 an important role in this, with average growth rates of around 9% per annum until 2020.

Although Berlin's unemployment rate has risen to around 10% in 2021, 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 58% of all VC funding in 2020. It is also the leading city in Europe for fintech companies – well ahead of Paris, Amsterdam and Dublin. More than 80,000 young people between the ages of 18 and 30 relocate to the German capital every year. Compared to other German cities, the increased availability of trained specialists and managers is one of the most critical factors for companies choosing to establish themselves in Berlin. The opening of the new Berlin Brandenburg Airport in October 2020 with improved transport links should further support the city's attractiveness in future.

Sources: Markit Economics, Trading Economics

CEE

In recent years, CEE countries have generally benefitted from solid fundamentals, including young and well-educated labour forces, low levels of unemployment, increasing domestic consumption and strong levels of local business activity and foreign investment. 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 into the first half of 2021, albeit to varying degrees across the region.

While the negative impact on GDP in Poland at the peak of the pandemic (-8.9% in Q2 2020) was less extreme than other countries such as Hungary (-14.5%) and Romania (-11.8%), so too has the rebound that followed in the second half of 2020 and the first half of 2021. In Q1 2021, Poland's quarter-on-quarter GDP growth was 1.3%, compared to 2.0% in Hungary and 2.5% in Romania. In Q2, the resurgence was even stronger in Poland and Hungary, as Poland's quarter-on-quarter GDP growth was 1.9%, compared to 2.7% in Hungary. However, Romania's posted a slightly weaker rate of quarterly growth of 1.8%. The economic stimulus packages of the EU Recovery Fund promise to provide additional momentum to the ongoing upswing by significantly boosting growth, especially from 2022 onwards.

In Poland, the impact of the pandemic was felt on the unemployment rate, which had increased to 6.5% in January 2021, though it declined steadily to 5.9% as of June 2021. In Romania, a similar trend was witnessed, with the unemployment rate peaking at 5.9% in January 2021, before steadily falling to 5.2% as at the end of June. Meanwhile, the unemployment rate in Hungary has remained lower, rising to 4.5% in Q1 2021 before receding to 4.1% in June.

In June 2021, year-on-year consumer price inflation increased in 10 out of the 11 EU member countries in the CEE region, notably in Hungary (5.3%, above the Central Bank's 3.0% target) and Romania (5.4%, well over the 3% +/- 1 p.p. target range for six months in a row). In Poland, inflation rose to 5.0% in July from June's 4.4%, making it the highest level since May 2011. Rising price pressures forced an end to the very loose monetary policy stance in the region, as the Hungarian National Bank (MNB) has raised rates twice, most recently at the end of July, while central bank across other CEE countries may make policy changes in the second half of 2021.

Sources: Euler Hermes, Trading Economics, Erstegroup.com

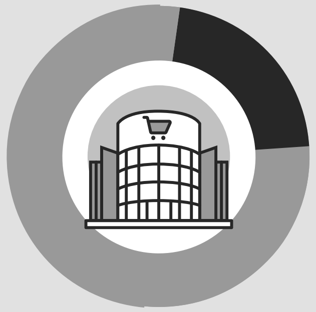
Business segments

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 investment in Globalworth

48%
of portfolio



22%
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

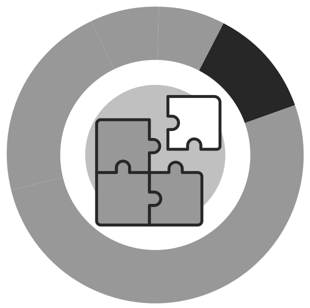
7%
of portfolio

Hotels & Resorts

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

Complementary Assets

- Strategic landbank plots, development, logistics and other assets



14%
of portfolio

Office

CPIPG is a leading office landlord in Europe, with robust platforms centred around our leading positions in Berlin, Prague and Warsaw.

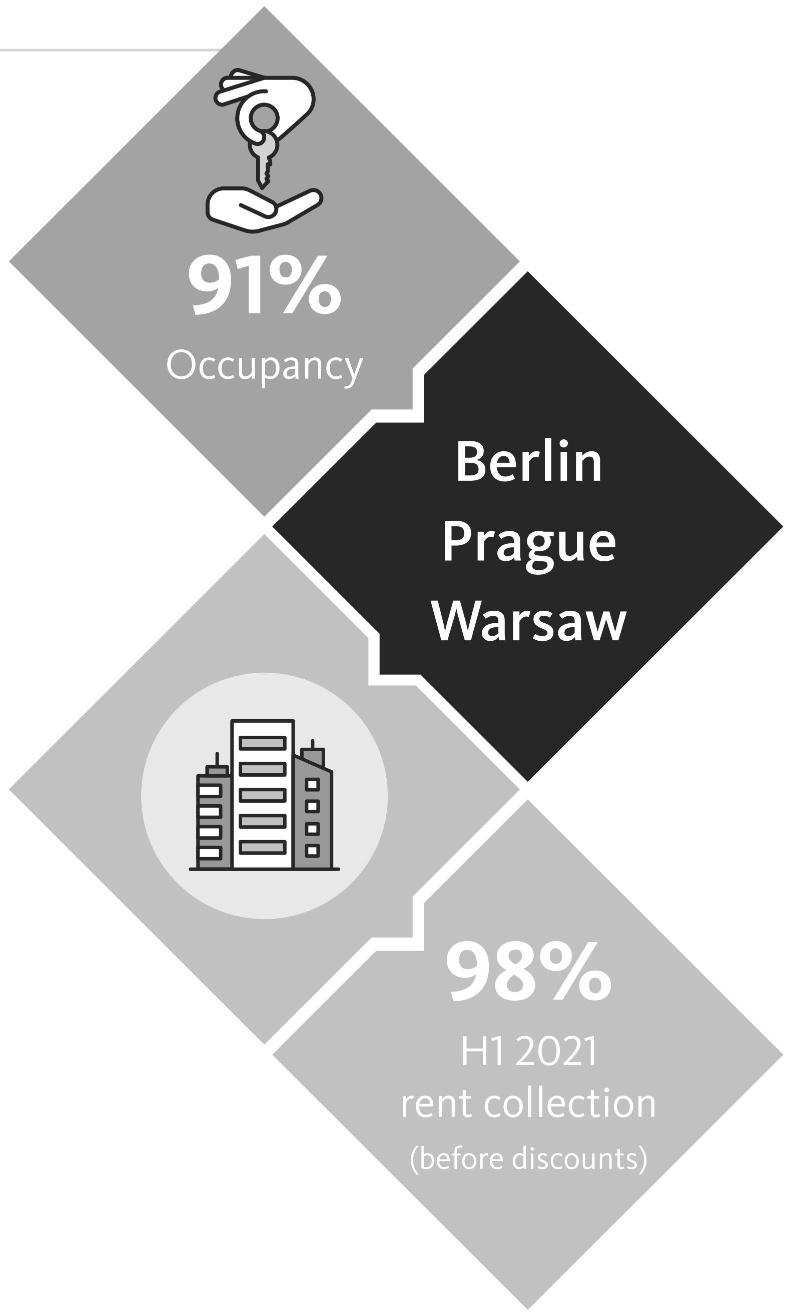
The Group's presence in the Czech Republic dates back to the Group's founding in the early 1990s. CPIPG is focused on Prague, where we hold a #1 market position. Our portfolio is modern, stable and includes the headquarters of prominent multinational companies.

The Group expanded its footprint into Berlin through the acquisition of Gewerbesiedlungs Gesellschaft mbH ("GSG") in 2014. GSG is a leader in the dynamic Berlin market, with an extensive and unique portfolio catering to 1,800 tenants, and has delivered consistently improving performance in recent years.

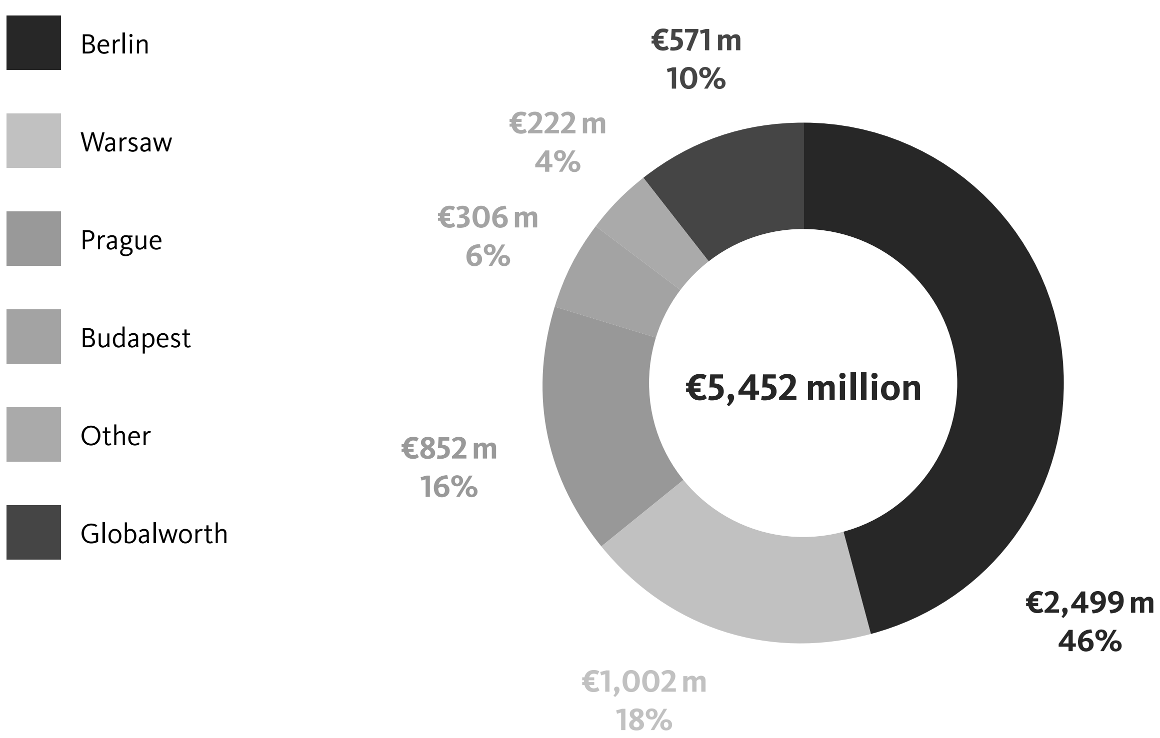
CPIPG is also the #1 landlord in Warsaw. Since late 2019, CPIPG significantly expanded its presence in the market through a series of acquisitions of high-quality, well-occupied assets.

The Group's solid office platforms across other select markets in Europe provide additional diversification. In Budapest, Hungary we own a modern, award-winning platform, while in Italy CPIPG has recently expanded our footprint.

- 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 (as at 30 June 2021)



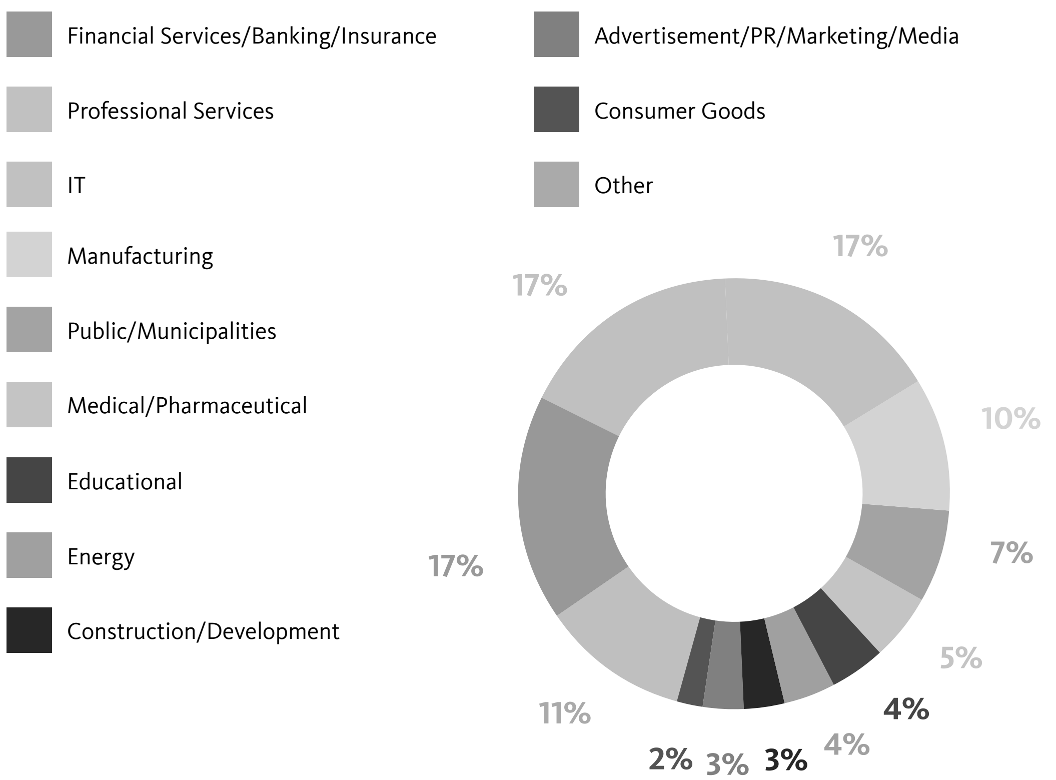
Office segment summary

The Office segment stood at €5.5 billion at the end of H1 2021, comprising about half of the Group's total portfolio. The majority of the increase compared to the end of 2020 relates to the acquisition of an office in Rome, Italy (Hibiscus), combined with positive FX movements.

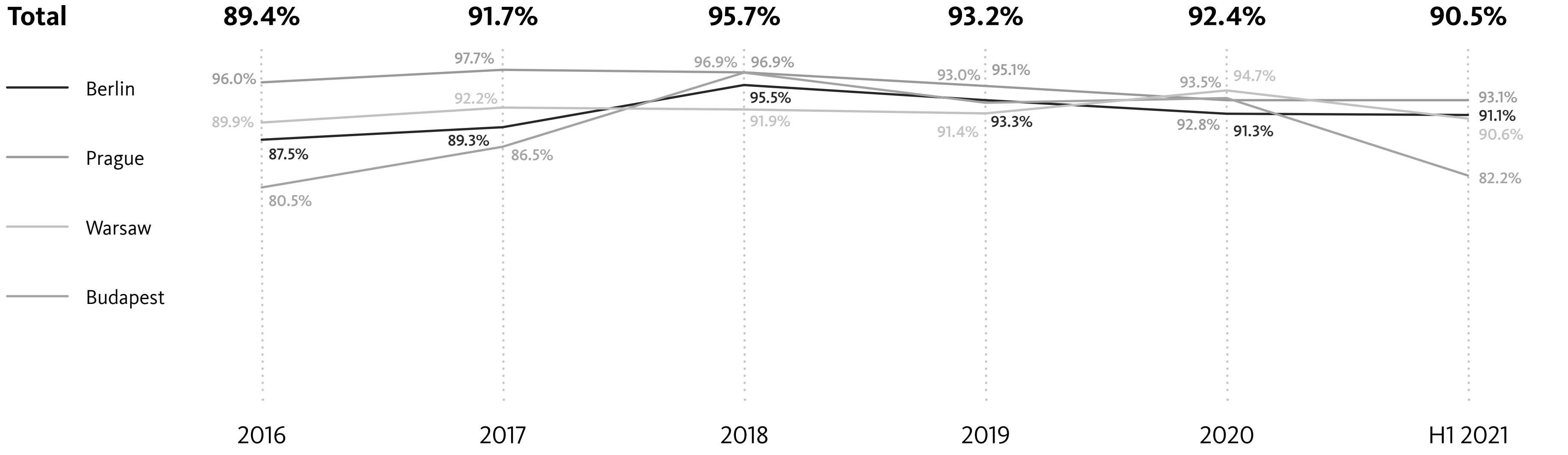
Net rental income increased by 10.3% to €103 million in H1 2021, primarily due to the higher contribution from Warsaw offices acquired during H1 2020, continued improvements in like-for-like rents mainly in Berlin, and the contribution from developments in Prague, Berlin and Budapest completed during 2020. Increases in net rental income were registered across all platforms.

Occupancy fell slightly across the office portfolio in H1 2021 to 90.5%, primarily due to temporary declines in Warsaw and Budapest owing to lease expiries for a handful of tenants. In both locations, the Group has already signed leases due to commence in the coming months which will offset the majority of the drop in occupancy. On the other hand, the Group achieved a slight uptick in occupancy in Prague, while Berlin remained stable. The Group's outperformance is reflected in the fact that average market vacancy rates increased in each of the Group's key office geographies in H1 2021, particularly in Warsaw which was impacted by high level of supply in certain districts which CPIPG purposefully avoided during our Warsaw expansion in 2019 and 2020.

Office tenants by type (according to headline rent)

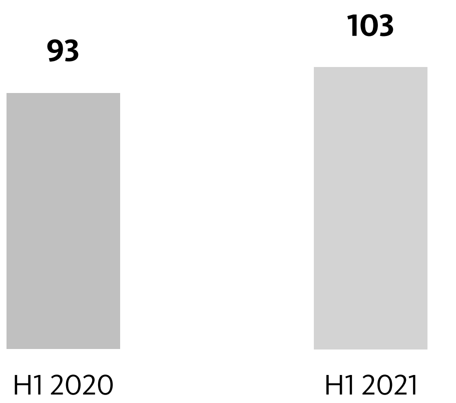


Office occupancy rate by city (%)



Office net rental income

(€ million)



Strong and diverse tenant base

10% increase in rental income

Robust leasing activity

Office segment summary in figures

	Office H1 2021				Office 2020			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Berlin	2,499	91.1%	896,000	46	2,471	91.3%	896,000	46
Warsaw	1,002	90.6%	316,000	14	998	94.7%	316,000	14
Prague	852	93.1%	295,000	20	834	92.8%	295,000	20
Budapest	306	82.2%	130,000	8	303	93.5%	130,000	8
Other	222	87.0%	127,000	11	168	87.4%	100,000	10
Globalworth	571				562			
Total	**5,452**	**90.5%**	**1,764,000**	**99**	**5,336**	**92.4%**	**1,737,000**	**98**

Berlin

The value of the Berlin portfolio stood at €2.5 billion at the end of H1 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.**

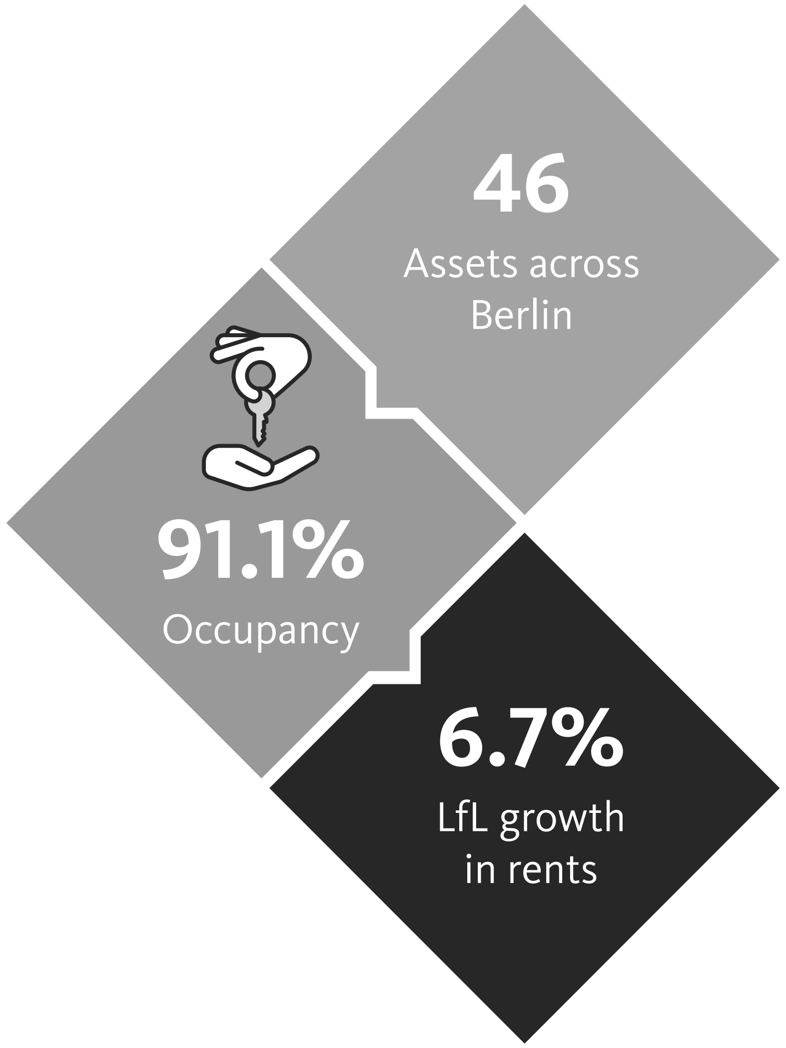
Occupancy remained broadly stable at the end of H1 2021 compared to the end of 2020, standing at 91.1%. Part of the vacancy in the portfolio relates to space strategically vacated for refurbishment in order to support GSG's ability to secure higher rents in the future. Since the end of 2020, occupancy climbed slightly in GSG's Rest-West portfolio, offset by minor decreases in Kreuzberg and econoparks.

Leasing activity has generally slowed across the portfolio since the COVID-19 pandemic began in 2020. However, GSG has still been able to sign a large number of leases at materially higher rent levels during this period. In the first half of 2021, GSG **signed new leases, extensions and prolongations across around 40,000 m² of leasable area, where headline rents increased by nearly 59% on average.**

While the pace abated slightly in 2020, like-for-like rents continued to exhibit substantial growth with a **6.7% increase for the total portfolio** and growth was delivered across all clusters.

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 2.6% overall vacancy

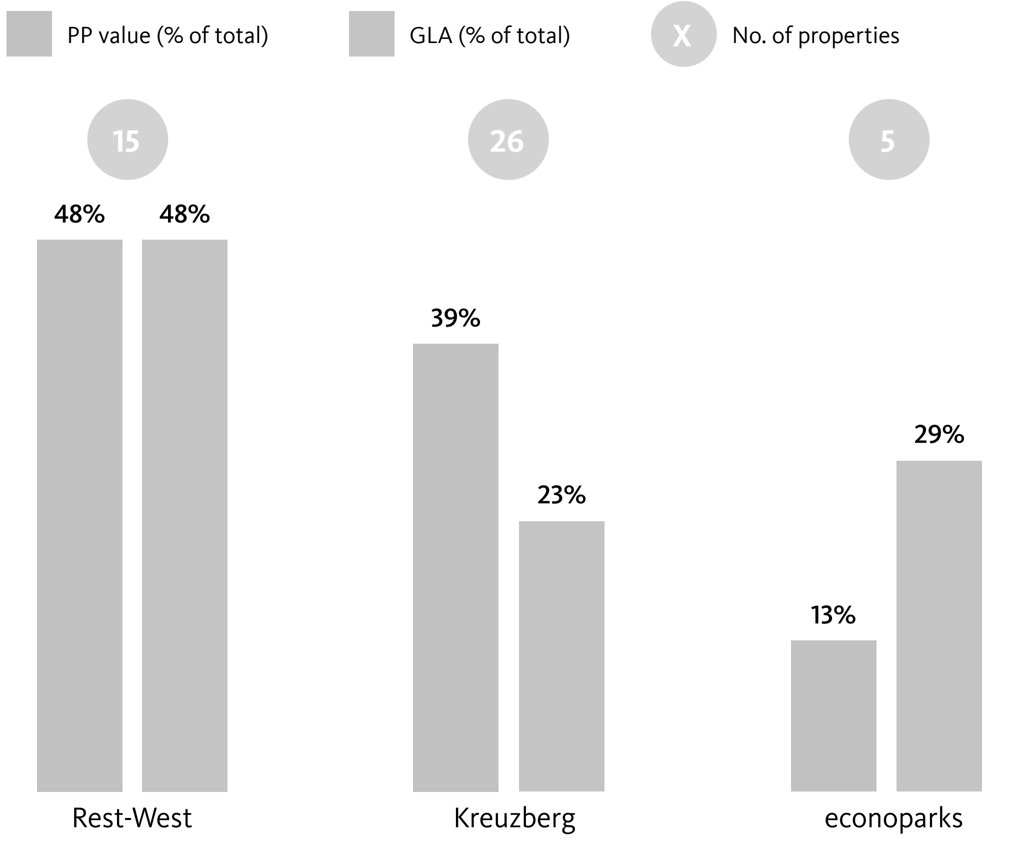


GSG has come through the pandemic in excellent form and we still see strong potential to continue growing rents.

Oliver Schlink, CFO, GSG Berlin

photo: GSG Berlin © Marc-Steffen Unger

GSG Berlin portfolio



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

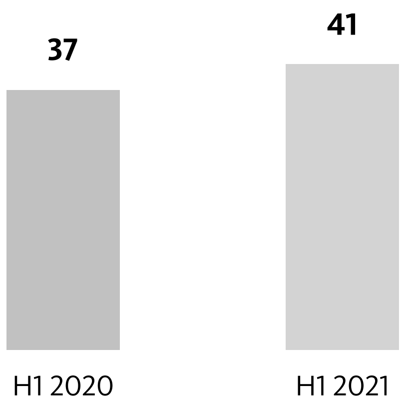

GSG-Hof Alexandrinenstraße, Kreuzberg


econopark Pankstraße


Sebastian Blecke, COO, GSG Berlin

photos: GSG Berlin © Marc-Steffen Unger

Berlin office net rental income (€ million)



Net rental income increased by 10.3% to €41 million in H1 2021 compared to the prior period, driven mostly by organic growth in like-for-like rents combined with the contribution of developments completed towards the end of 2020 (The Benjamin and Prinzessinnenstraße).

Berlin office segment summary in figures

	Berlin office H1 2021				Berlin office 2020			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties
Rest-West	1,207	92.2%	428,000	15	1,185	90.9%	428,000	15
Kreuzberg	967	89.6%	210,000	26	961	91.6%	210,000	26
econoparks	326	90.9%	259,000	5	325	91.7%	259,000	5
Total	**2,499**	**91.1%**	**896,000**	**46**	**2,471**	**91.3%**	**896,000**	**46**

Key office properties in Berlin

Gustav-Meyer-Allee 25
PP value: €137 million
GLA: 76,000 m²

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

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

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

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

Helmholtzstraße 2–9
PP value: €141 million
GLA: 37,000 m²

Plauener Straße 163–165
PP value: €87 million
GLA: 82,000 m²

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

Franklinstraße 9–15a
PP value: €185 million
GLA: 36,000 m²

Geneststraße 5
PP value: €109 million
GLA: 33,000 m²

Zossener Straße 55–58
PP value: €75 million
GLA: 17,000 m²

Aqua Höfe
PP value: €108 million
GLA: 19,000 m²

photos: GSG Berlin © CHL

Glasower Straße, Berlin, Germany

photo: GSG Berlin © CHL

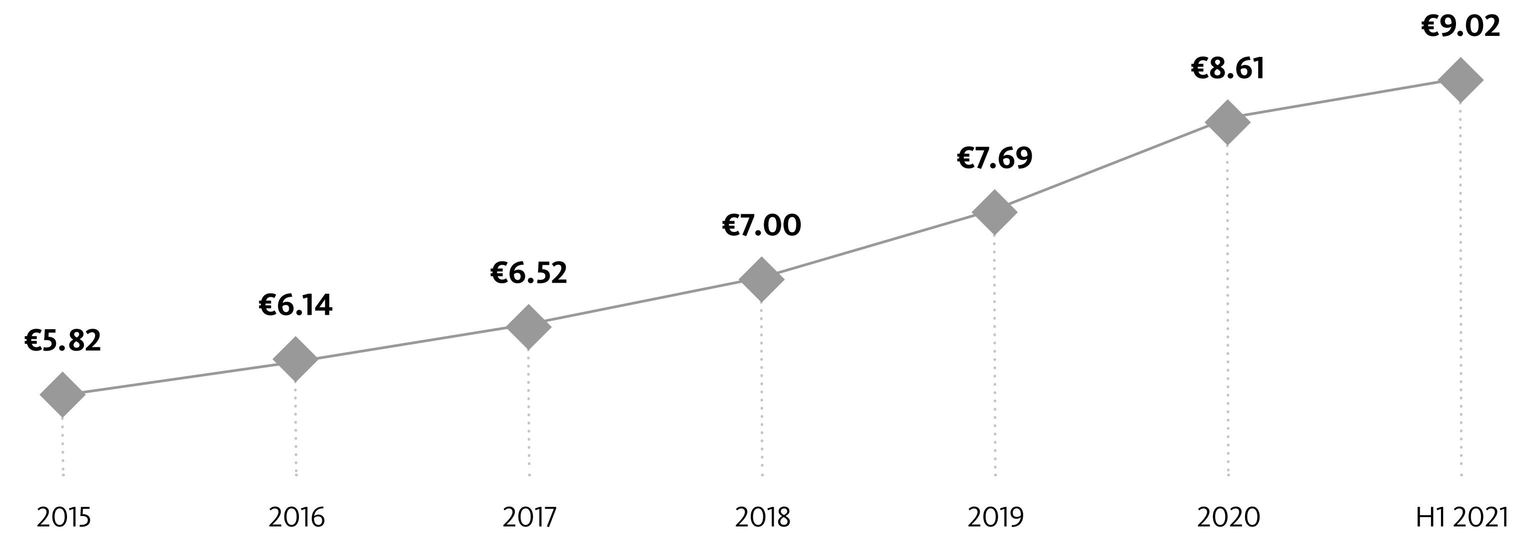
Significant upside potential in GSG's rents

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 has decelerated slightly in 2020. **GSG's average rents increased a further 5%** compared to the end of 2020, rising to €9.02 per m² (versus €8.61 per m²).

Recent analysis by Savills suggests that average rents for the portfolio could potentially be €14/m², in contrast to the overall market average rent of around €27/m² and the average rent for the portfolio of €9.02/m² at the end of H1 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 also new developments which are 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)

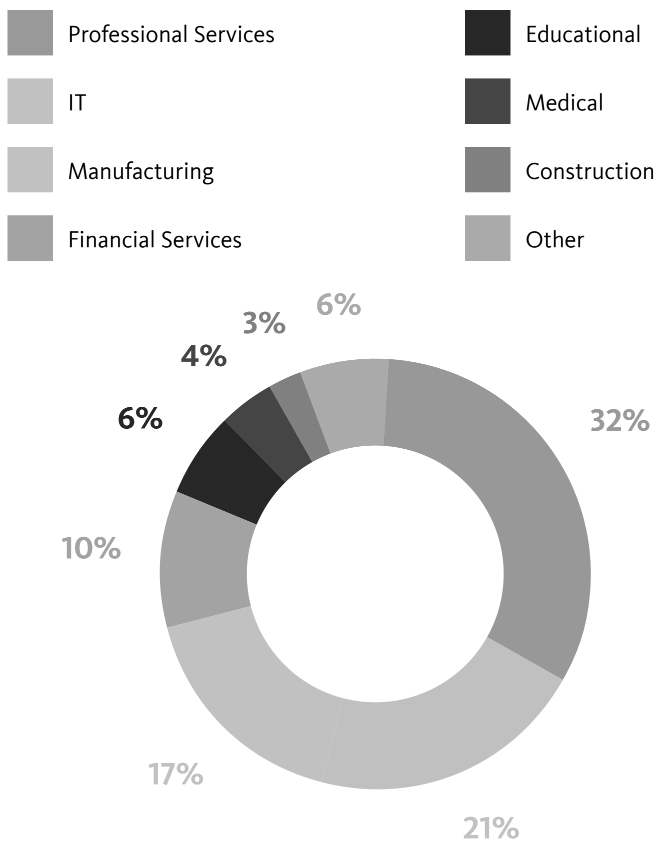
	2015	2016	2017	2018	2019	2020	H1 2021
Rest-West	5.95	6.30	6.62	6.80	7.43	8.34	8.72
Kreuzberg	7.22	8.00	9.00	10.44	11.98	14.00	14.81
econoparks	4.41	4.44	4.48	4.56	4.78	5.06	5.24
Total	**5.82**	**6.14**	**6.52**	**7.00**	**7.69**	**8.61**	**9.02**

Our tenants

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 are rising across the portfolio. However, naturally, an element of “churn” occurs as we can increase rents, particularly in West Berlin, where existing tenants are occasionally relocated to more affordable locations in our portfolio in East Berlin.

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

GSG tenants by type (according to headline rent)



The Briq, Berlin, Germany

photo: GSG Berlin © Linie Creutzfeldt

Berlin office market

The Berlin office market carried strong momentum into 2021. Total office take-up in H1 2021 amounted to 374,800 m², representing a 22% increase versus H1 2020, though 3% below the 5-year average. Take-up was heavily driven by a bumper first quarter dominated by sizeable transactions up to 10,000 m² which comprised close to half of total take-up. However, the level of activity in Q2 was less active than Q1, take-up coming in at 176,300 m², partly driven by less space being taken up by owner-occupiers.

Of the take-up, 46% was driven by leases in development projects. Also, all nine transactions of 10,000m² or more took place in developments or in recently completed buildings. Completions in new construction and core refurbishment developments totalled 200,600m² in the first half of 2021, of which 78% was pre-let at completion. A further 477,200m² is expected to be completed by the end of the year, including 189,000m² that is still to be let.

The vacancy rate in Berlin, including space available for sub-letting rose slightly to 2.6% at the end of H1 2021. 662,500m² was available for immediate occupancy, 287,900m² or 77% more than at the same time last year. In addition to the high level of completions and increase in volume of sublease space, the rise in vacancy has also been driven by tenants relocating to new premises.

The combination of a lack of highly-priced lettings and the increase in the number of low-priced transactions resulted in a slight fall in the weighted average rent from €26.47/m²/month to €26.26/m²/month. The prime rent, however remained stable at €38.00/m²/month.

The strength of the Berlin office market in recent years is partly attributed to the consistent growth of dynamic industries and start-ups in the city, from IT, fintech and creative sectors. Based on 2020 data, despite only representing 4.4% of the German population and 4.3% of national GDP, close to 60% of all investment in German start-ups was invested in Berlin-based companies in 2020. Of the largest cities in Germany, Berlin was the top-ranked in all start-up industries and especially dominant in e-commerce (88% market share) and Fintech (62%). According to the economic report by the Chamber of Industry and Commerce from early summer, the business situation in some of the office-relevant sectors is already back at pre-crisis levels, such as in IT and business-related service providers.

In terms of the investment market, Berlin attracted €4.7 billion of commercial real estate investment across all uses in H1 2021, 6% higher than the prior year but still quieter than pre-pandemic levels. However, the demand for top properties remains unaffected, demonstrated by the prime yield for office properties which compressed to 2.6% at the end of June 2021, approximately five basis points lower than at the end of 2020, and 30 basis points lower than the previous year.

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

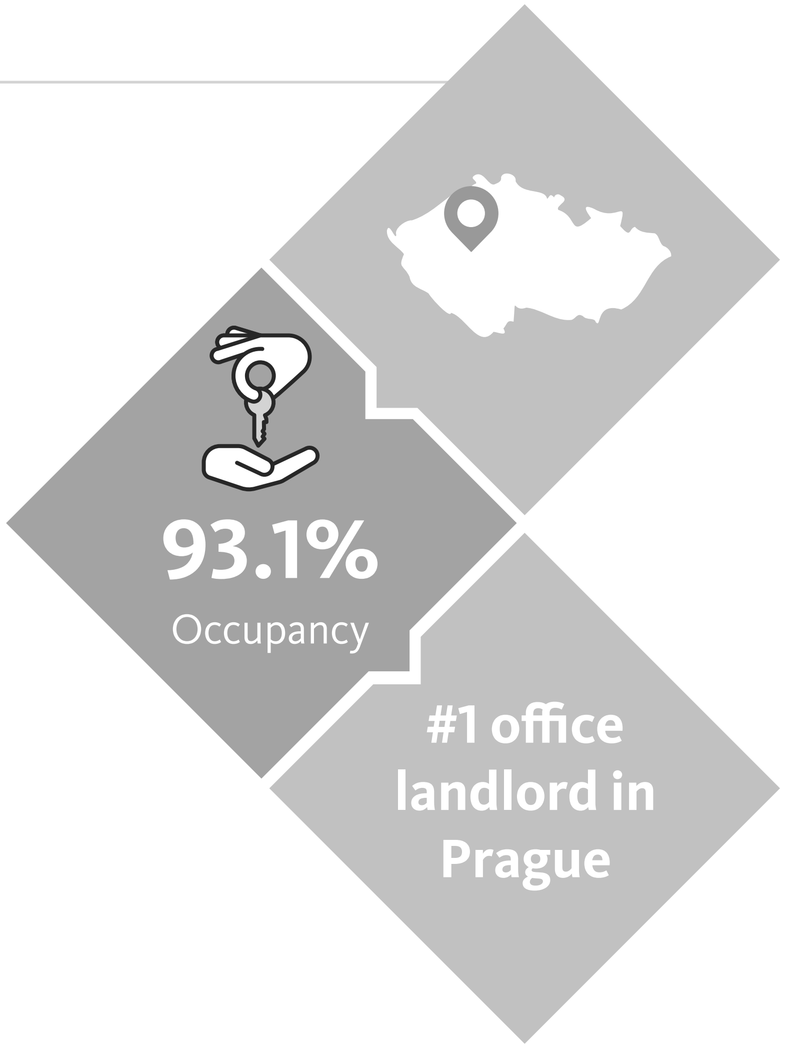
Prague

The value of our office portfolio in Prague stood at €852 million at the end of H1 2021, comprising 16% of the Group's office segment. Occupancy in the portfolio **increased in H1 2021 by 0.3 p.p. since the end of 2020 to 93.1%.** The majority of the increase was attributed to the major refurbishment project Bubenská 1 in Prague, which was 65% occupied when it was completed in late 2020. Subsequently, leases were signed with WOLT and Kantar bringing occupancy in the office part of the building to 85% as at 30 June, and full occupancy is due to be reached in the second half of 2021. CPIPG also leased a significant portion of the remaining space in the MAYHOUSE building.

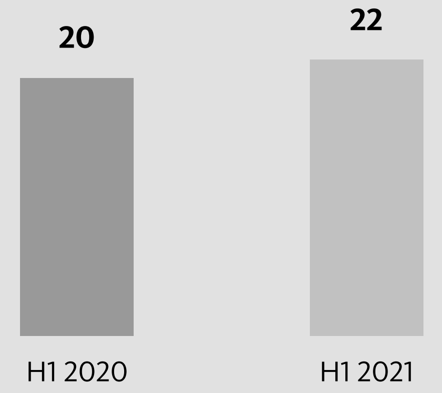
Net rental income increased by 7% to €22 million, due mainly to the contribution from Bubenská 1, combined with resilient occupancy and like-for-like rents across the rest of the portfolio.

Due to COVID-19, physical occupancy of the properties by our tenants was estimated to be below 30% during periods of lockdown. Thanks to the easing of restrictions during Q2 many tenants reverted to pre-COVID arrangements and increased physical occupancy, estimated at approximately 60% by the end of the first half.

Despite the impact of COVID-19, the Group has not observed a significant shift in the approach of our office tenants in Prague – in many cases, tenants prefer to prolong leases for 3-5 years on like-for-like terms to avoid relocation costs, and we have not observed a significant rise in requests for space reductions or higher lease incentives. In fact, solid leasing has continued in H1 2021. **Over 25,000 m² of new leases, extensions and prolongations were signed with an average increase in headline rents of nearly 4%.**



Prague office net rental income
(€ million)

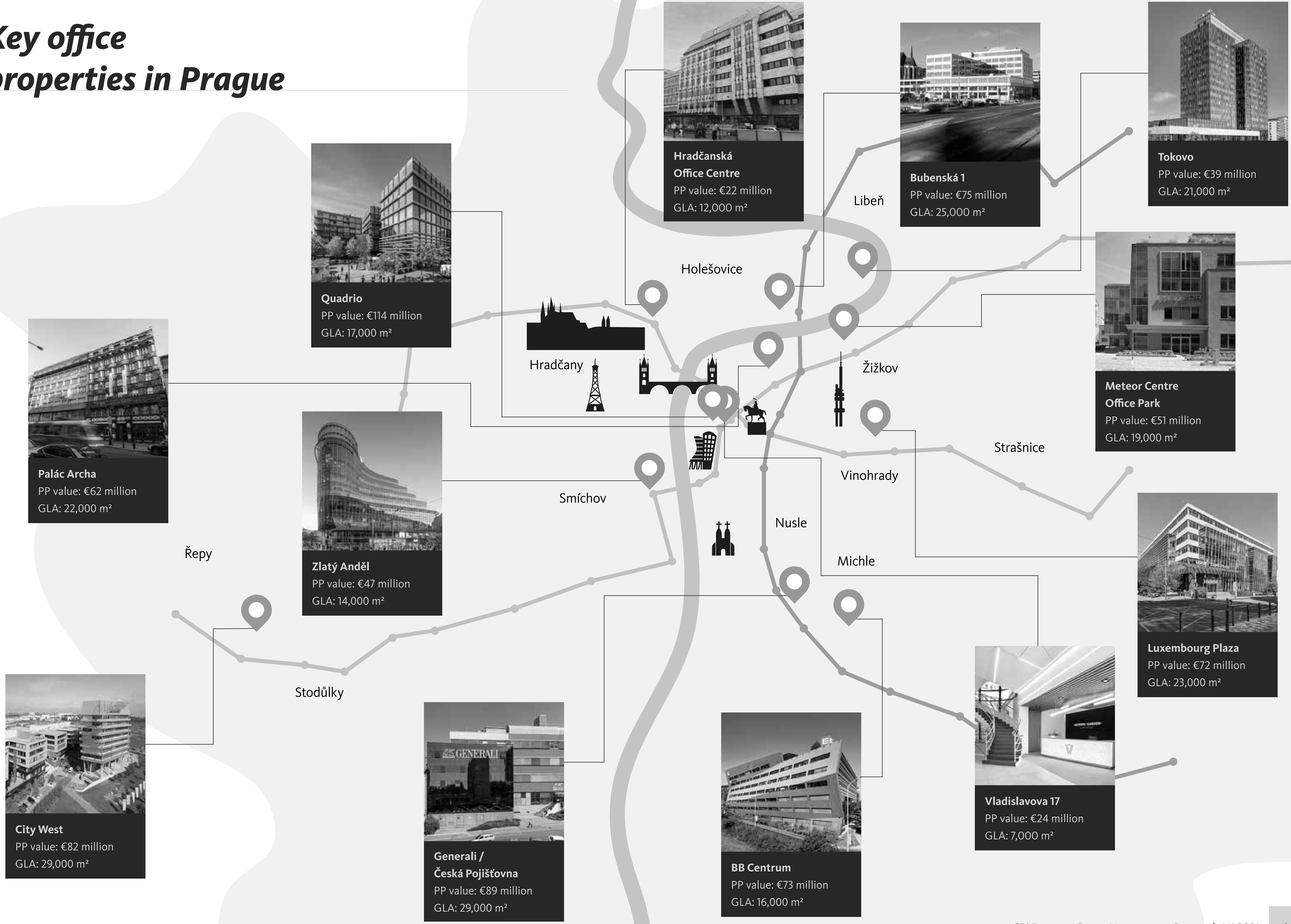



Bubenská 1, Prague, Czech Republic

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


David Votřel, Head of Office Asset Management CZ

Key office properties in Prague



Zlatý Anděl, Prague, Czech Republic

Prague office market

At the end of June 2021, the total Prague modern office stock reached 3.73 million m², following very limited completions in the first half (only 3,500 m² in Q1 and 49,500 m² in Q2). The total amount of space under construction was circa 147,300 m² at the end of Q2 2021, as completions of several projects had been postponed since 2020. However, the total new supply in 2021 is expected to be the lowest volume since 2016, with approximately 14,600 m² due in the second half of 2021 and the remaining 132,700 m² scheduled between 2022-2023. Consequently, only 10% of the space under construction has been pre-leased. During Q2 2021, no new developments or refurbishment projects commenced construction.

In general, the office sector does not reflect any significant structural changes in the occupational market, with several signs of expansion plans of corporate companies in Prague. Gross take-up reached 48,800 m² in Q1, 0.4% more than Q4 2020, but up 30% year-on-year. In Q2 2021, take-up reached 49,600 m², slightly above the previous quarter, and a year-on-year increase of 6%.

In terms of leasing activity in Q2 2021, renegotiations accounted for a significant portion at 46% in Q1 and 37% in Q2. In Q2, net demand (new leases, expansions and pre-leases) accounted for 55% of the total gross take-up, and the share of subleases accounted for the remaining 8%.

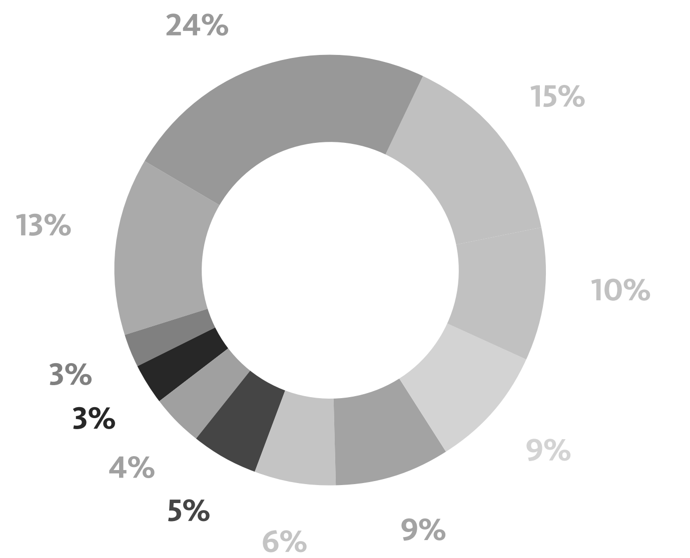
The overall vacancy rate in the Prague office market rose slightly by 20 basis points to 7.8% in the first half of 2021 as new office supply exceeded net absorption (which was positive at 38,100 m² in Q2 2021). This was up slightly from 7.0% at the end of 2020 and reached the highest level since Q2 2017. However, the volume of office space offered for sublease began to decrease in Q2, equating to 65,000 m², a 14% decrease compared to Q1. Prague 2 and Prague 3 registered the lowest vacancy levels in the city, while Prague 4 and Prague 5 registered the highest vacancy.

Despite the rising vacancy rate, at the end of H1 2021, headline rents remained broadly stable in prime locations such as the city centre, standing between €22.00 and €22.50/m²/month. Inner-city prime rents ranged from €15.50 to €17.00/m²/month and €13.50 to €15.00/m²/month in the outer city.

Sources: C&W, CBRE, Savills, Prague Research Forum

Prague office tenants by type (according to headline rent)

Financial Services/Banking/Insurance
Energy
Advertisement/PR/Marketing/Media
Manufacturing
Petrochemicals
Medical/Pharmaceutical
Professional Services
IT
Educational
Public/Municipalities
Other



Warsaw

Following a series of acquisitions beginning in late 2019, CPIPG became 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 18% of the Group's office segment.

Net rental income increased in H1 2021 by 13% to €28 million compared to the prior period, driven primarily by the higher contribution from properties that were acquired during and after H1 2020. In addition, like-for-like rents have remained robust across the portfolio.

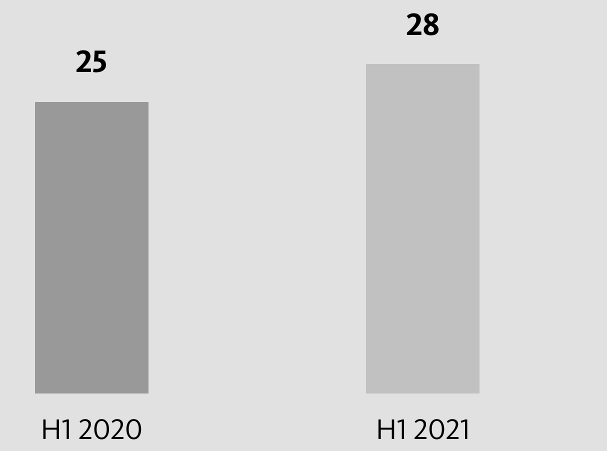
Despite the lingering impact of COVID-19, CPIPG's team in Poland has continued to see positive leasing activity with increases recorded in headline rents. During H1 2021, **almost 24,000 m² of new leases, extensions and prolongations were signed with an average increase in headline rents of close to 10%. In addition, like-for-like rents increased by 0.5% for the entire portfolio.**

Across the market generally, tenants are expecting greater concessions from landlords on incentives and rent-free periods, though this has not played a significant part in recent discussions with CPIPG's tenants. Similarly, the level of enquiries from tenants regarding space reductions has increased compared to the prior year, but not to a significant degree.

Occupancy temporarily fell in H1 2021 by 4.1 p.p. to 90.6%. A combination of factors drove the decrease, primarily driven by tenants conducting temporary fit-out works, though more competitive market conditions also contributed. The team in Warsaw has already signed leases due to commence in the coming months which will offset most of the drop in occupancy. In addition, the vacancy in the portfolio remains well below the Warsaw market average.

Overall tenant activity and enquiries increased significantly from May onwards considering the improving COVID-19 situation. We also observed the level of physical occupancy in our offices increasing significantly, which is expected to rise sharply again after the summer. Consequently, CPIPG is optimistic in terms of the leasing outlook for the remainder of the year.

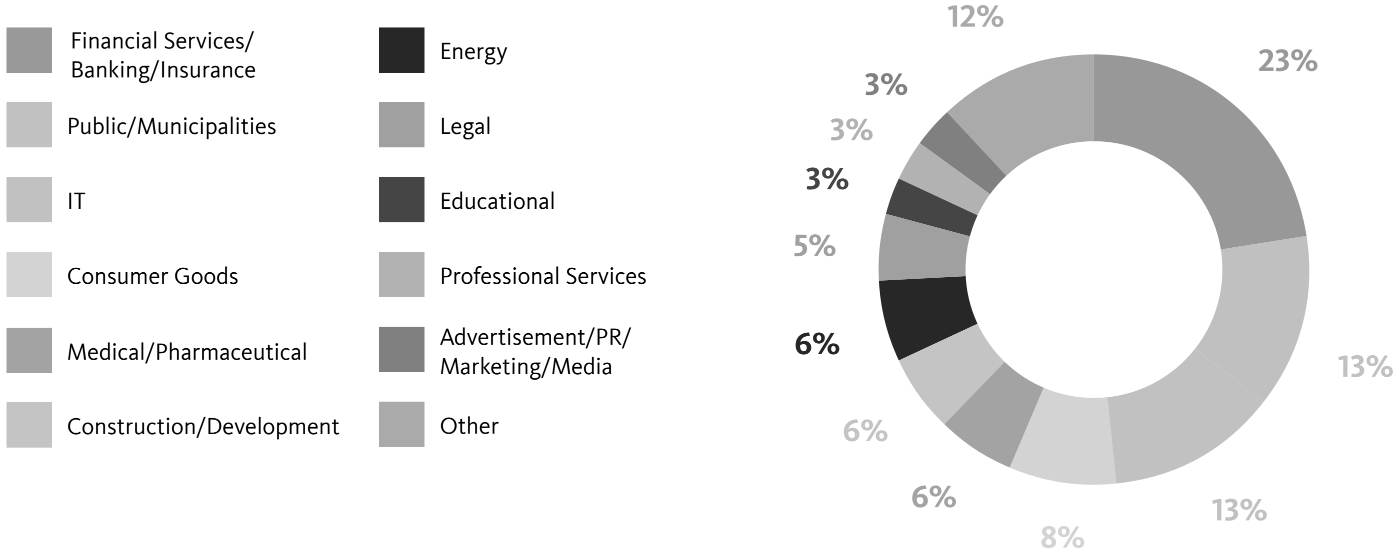
Warsaw office net rental income
(€ million)



Despite a slightly softer market backdrop, due to the strength of our portfolio and local team we are optimistic about the outlook for occupancy and rents.

Barbara Topolska, Country Manager, Poland

Warsaw tenants by type (according to headline rent)




Moniuszki 1A, Warsaw, Poland

Warsaw office market

The office market in Warsaw saw total take up of approximately 250,000 m² in H1 2021, characterised by a weak Q1 which amounted to around 109,000 m², while Q2 saw a pick-up to around 140,000 m². Nevertheless, despite the higher take-up level achieved in Q2, this was still around 25% lower than the same period in 2020 and 45% below Q2 2019 before the COVID-19 pandemic.

Demand for new office space reduced in H1 2021, as lease renegotiations and renewals accounted for an increasing proportion of gross demand, constituting a 48% share in Q2, up from 31% in Q1. The largest transaction concluded in Q2 was also a renewal at over 20,000 m².

The total new supply introduced to the Warsaw office market in H1 2021 amounted to 226,000 m², primarily driven by Q1, as eight buildings comprising 167,100 m² were delivered to the market, representing the second-highest level of quarterly supply since 2016. The largest new developments included Warsaw Unit (59,300 m², Ghelamco Poland), Skyliner (48,500 m², Karimpol) and Generation Park Y – the tower (44,000 m², Skanska Property Poland). Q2 saw a slowdown in completions, relating to two projects comprising approximately 60,000 m² primarily in the city centre.

The combination of high supply brought to the Warsaw market combined with the lower demand for new office space translated into lower absorption and rising average vacancy rate, which climbed to 12.4% at the end of the first half. Besides the heavy level of new supply, the vacancy rate was also directly impacted by an increase in space for subleases as a result of tenants' attempts to reduce their office size. The rate of growth of sublease space, however, decelerated as the year has progressed. At the end of H1, there was over 120,000 m² available for sublease in Warsaw – 10,000 m² less than at the end of 2020.

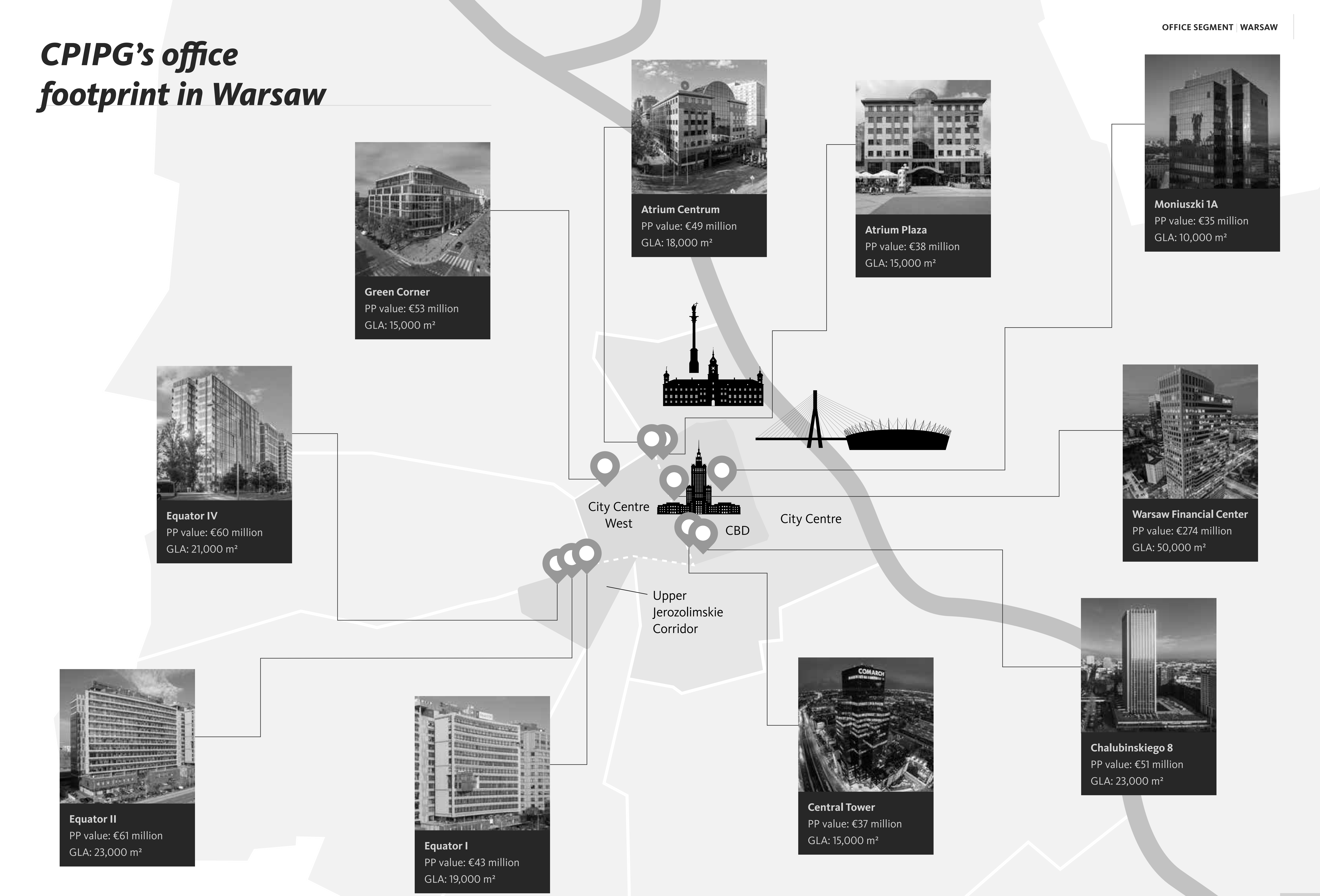
After several years of constantly increasing developer activity, the volume of space under construction has significantly decreased in Warsaw, which stood at only 370,000 m² at the end of H1 2021 – the lowest level since 2010. Despite the near-term pressure on vacancy rates, there is potential for a supply shortage in the market by 2023, which may especially have an impact outside the city centre.

There was no observable decline in market rents in the first half of 2021 despite the muted demand levels and high level of supply. The highest transaction rents for prime properties remained stable at €18 to €24/ m²/ month in the city centre and €16/ m²/ month outside of the area.

Despite the widespread nature of remote working, investor interest in Warsaw and Poland office buildings remained very high. During H1 2021, total turnover in Poland for offices was approximately €800 million, down 40% on H1 2020 but still 4% above the 10-year average. Transactions concluded in Warsaw accounted for 53% of the turnover and included the sale of four office buildings by Immofinanz in April.

Sources: JLL, Knight Frank, PINK

CPIPG's office footprint in Warsaw



Budapest

CPIPG owns a modern and high-quality office portfolio in Budapest valued at €306 million as of H1 2021, representing 6% of the Group's office segment.

Occupancy of the portfolio decreased from 93.5% at the end of 2020 to 82.2% as of H1 2021, mainly due to two isolated cases in April/May where tenants leases expired – 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, while in Arena Corner we expect to fill the vacant space in the coming months based on promising tenant discussions.

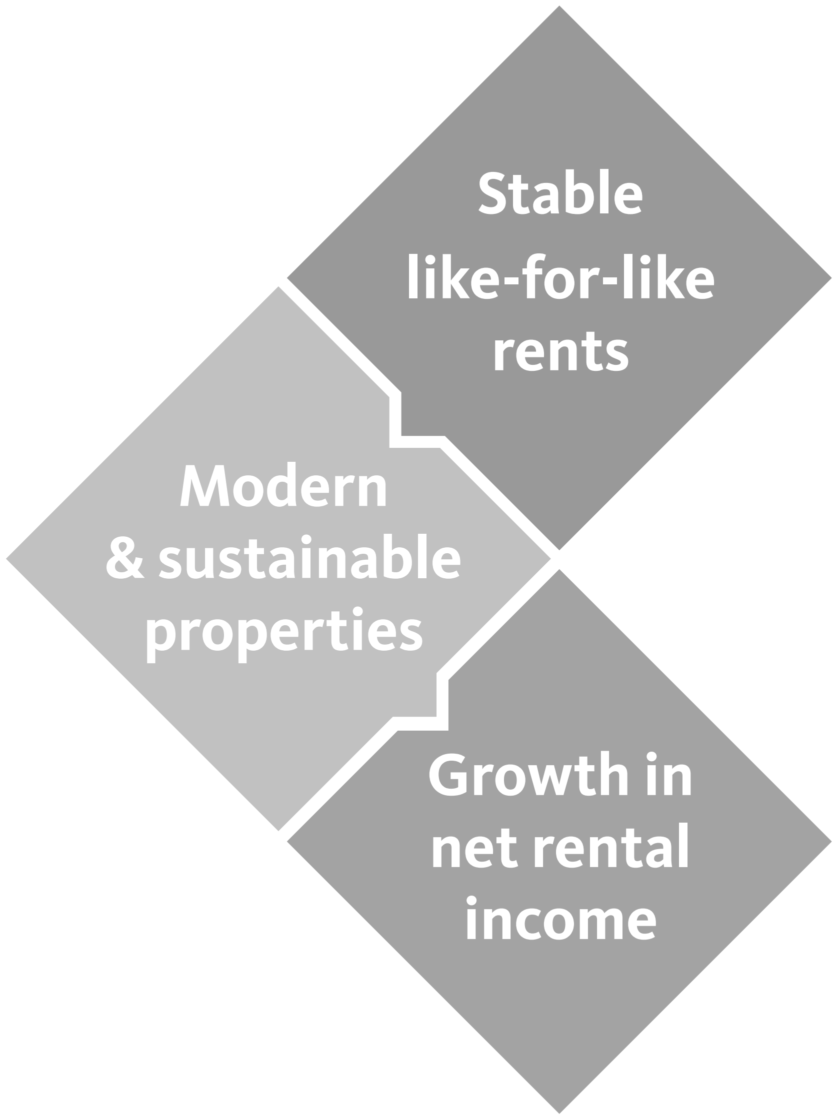
Net rental income in the portfolio increased by around 1% in H1 2021 compared to the prior period to €10 million. Like-for-like rents were effectively stable, and higher headline rents from leases signed in 2020 and H1 2021 compensated for the drop in occupancy in Q2 2021.

Apart from the isolated and temporary falls in occupancy, leasing activity was positive across the rest of the portfolio. CPIPG's team in Budapest **signed almost 26,000 m² of new leases, extensions and prolongations in H1 2021 with an average increase in headline rents of 9%.** Of the leases signed, around 8,000 m² related to new leases, with the remainder being renewals.

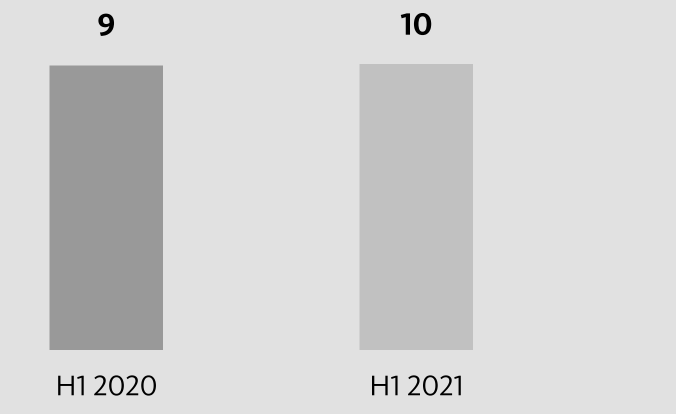
Lease incentives and rent-free periods are generally more prevalent in discussions with tenants in 2021 compared to the prior year. Space reduction requests have increased but not meaningfully and are limited particularly to smaller tenants typically occupying 500-1,000 m² of leasable space. Nevertheless, tenant optimism increased towards the end of the first half as the COVID-19 pandemic situation improved, driving more activity on the market and in CPI Hungary's leasing activity.

As we emerge from the pandemic with optimism, CPI Hungary's modern portfolio is well-positioned to cater to the increasing demands of tenants.

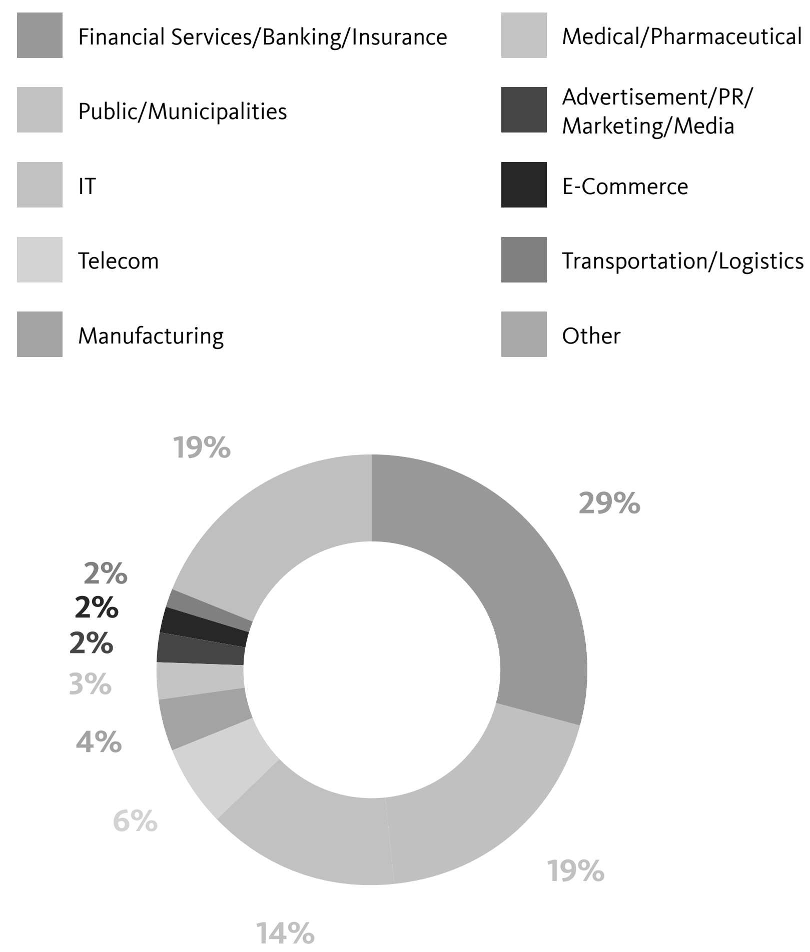
Mátyás Gereben, Country Manager, Hungary



Budapest office net rental income
(€ million)



Budapest office tenants by type
(according to headline rent)



Quadra, Budapest, Hungary

Budapest office market

The office market in Budapest demonstrated signs of recovery towards the end of the first half of 2021, as Q2 leasing activity was more buoyant, although lingering COVID-19 restrictions and uncertainty prevented a stronger recovery.

Total modern office stock in Budapest stood at 3.96 million m² at the end of H1 2021, consisting of 3.32 million m² of 'A' and 'B' category speculative office space as well as 0.64 million m² of owner-occupied space. Supply of new office space remained muted, with only 24,700 m² delivered in Q1 2021 and 19,760 m² in Q2.

Total demand amounted to 74,900 m² in Q1 2021, representing a 13% decrease quarter-on-quarter and a 6% decrease year-on-year. However, a 31% quarter-on-quarter increase was registered in Q2 2021, as take-up reached 97,990 m², crucially 11% higher on a year-on-year basis.

Renewals continued to make up the largest proportion of total leasing activity, with a 48% share in Q1 and a 40% share in Q2, followed by new leases in the existing stock which made up 40% in Q1 and 35% in Q2. The strongest occupational activity was recorded in the Váci Corridor submarket (30% of total demand in Q2), followed by Central Pest (27%) and the CBD (14%).

Net absorption rebounded into positive figures during the first quarter of 2021, as the total occupied stock increased by 5,240 m² adjusted for size revisions. However, the trend reversed in the second quarter with net absorption falling into negative territory as the total occupied stock decreased by 16,720 m².

In Q1 2021 the office vacancy rate slightly decreased versus the end of Q4 2020 by 10 basis points to 9.0%, although the trend reversed in Q2, as the vacancy rate ended the first half of 2021 at 9.8%, representing a 0.8 p.p. uptick quarter-on-quarter. North Buda remains the submarket with the lowest vacancy rate at 4.4% in contrast to the highest vacancy rate in the Periphery at 28%.

Sources: The Budapest Research Forum, JLL

Globalworth

Globalworth owns an income-generating property portfolio valued at €3.1 billion consisting of high-quality properties in Poland and Romania.

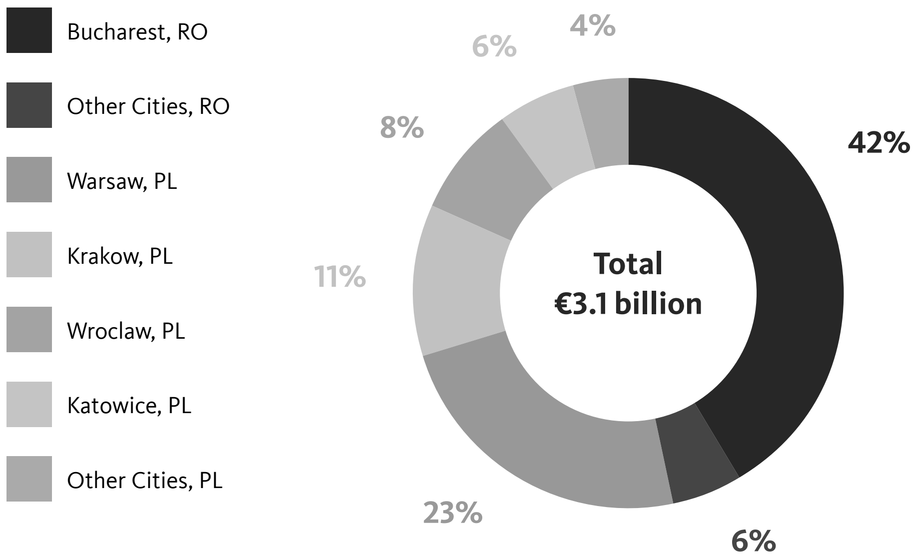
In early 2020, CPIPG became the largest shareholder in Globalworth with a stake of 29.5%. The Group also acquired special founders rights and appointed one member to Globalworth's board of directors.

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.

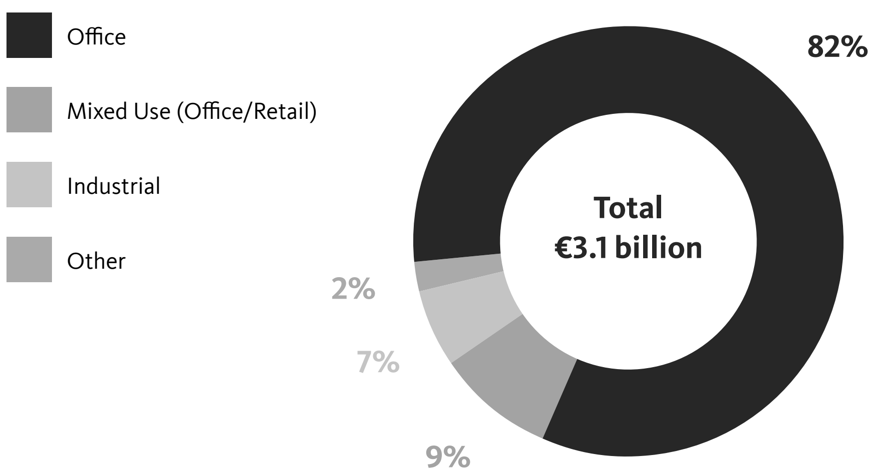
In the coming months, CPIPG and Aroundtown expect to begin exercising our rights as majority shareholders and will implement changes to the board and a strategic plan that will benefit all of Globalworth's stakeholders including employees, tenants, bondholders, banks and shareholders.

- Joint-majority shareholder with Aroundtown SA
- A leading platform in the CEE region
- Top-quality, modern and green office assets
- 98.7% rent collection rate in H1 2021

Globalworth assets by location (as at 30 June 2021)



Globalworth assets by type (as at 30 June 2021)



Globalworth at a glance (as at 30 June 2021)

Portfolio value (GAV)	€3.1 billion
EPRA NRV	€1.9 billion
Net LTV	39.2%
Standing properties	66
Annualised contracted rent	€185.2 million
Standing commercial occupancy	88.7%
Standing GLA	1,303k m²
H1 2021 rent collection rate*	98.7%
GLA prioritised for development*	99.7k m²
Credit ratings (Moody's / S&P / Fitch)	Baa3/BBB-/BBB-

* *Collection rate data as of 20 August 2021*
** *Includes projects under construction and at early stages of development*

Globalworth Tower, Bucharest GLA: 54,700 m²

David Greenbaum, CFO

CPIPG's office developments will contribute significant income in the future

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

Our developments prioritise sustainability and strong green certifications where possible.

Bubenská 1, Prague

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

ZET.office, Nová Zbrojovka, Brno

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

Prinzessinnenstraße, Berlin

photo: GSG Berlin © Thomas Hillig Architekten

- **Prinzessinnenstraße** comprises the refurbishment and modernisation of an office building
- Desirable location in the Kreuzberg district
- Over 8,800 m² of GLA, of which 2,400 m² was newly built
- Fully let
- Attractive rent in line with the market
- Handed over to tenants in Q4 2020

The Benjamin, Berlin

photo: GSG Berlin © Stefan Müller

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

Retail

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

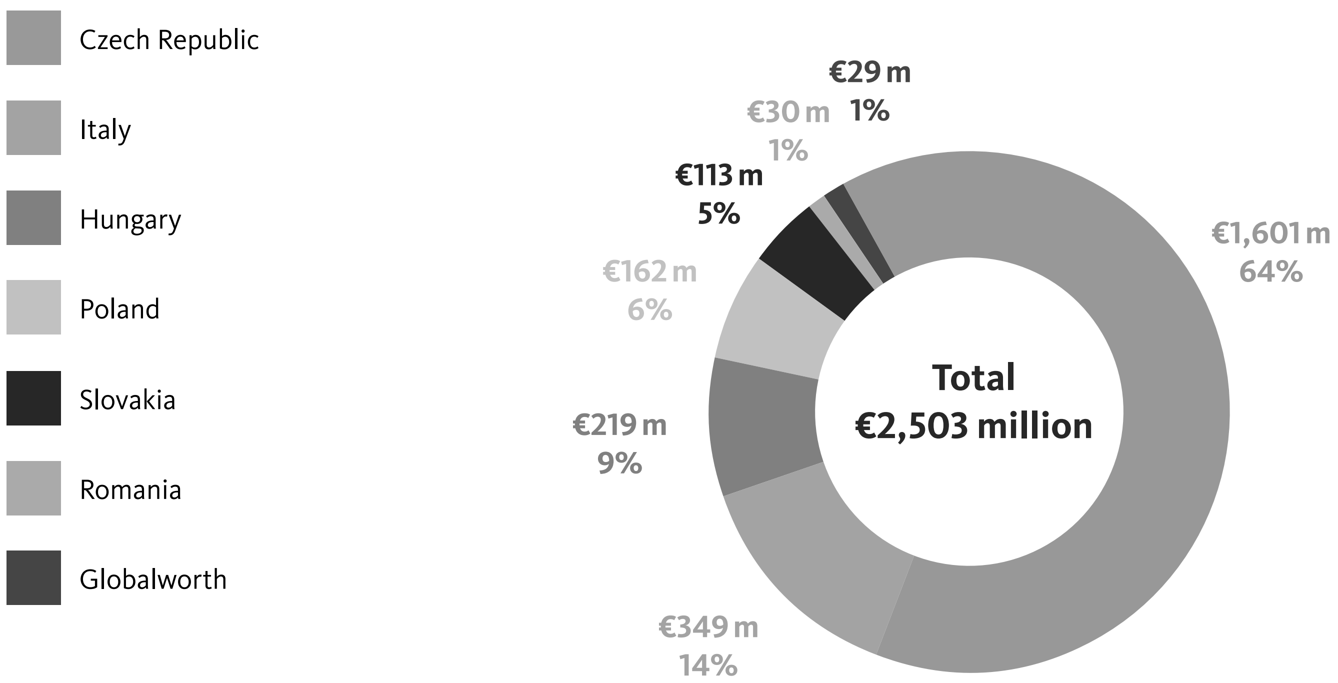
CPIPG has a long track record as a retail landlord in the Czech Republic since the founding of the Group in the early 1990s. In early 2017, CPIPG's footprint significantly expanded by acquiring a retail portfolio from CBRE Global Investors, which solidified the Group's position in the local market and 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 64% of the Group's retail segment; we have a leading market share nationally. The portfolio is comprised of **15 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 **19 resilient and well-located retail parks** spread across the country, which have performed exceptionally well during the COVID-19 pandemic. In addition, this segment includes a portfolio of **stable hypermarkets and supermarkets**, many of which are adjacent to our shopping centres and retail parks.

#1
Retail landlord in the Czech Republic

Diversified, resilient portfolio

Retail property portfolio by country (as at 30 June 2021)



The recovery in footfall and sales in our portfolio since reopening has confirmed our long-held belief in the strength of Czech retail.

Petr Brabec, Asset and Property Management Director CZ/SK

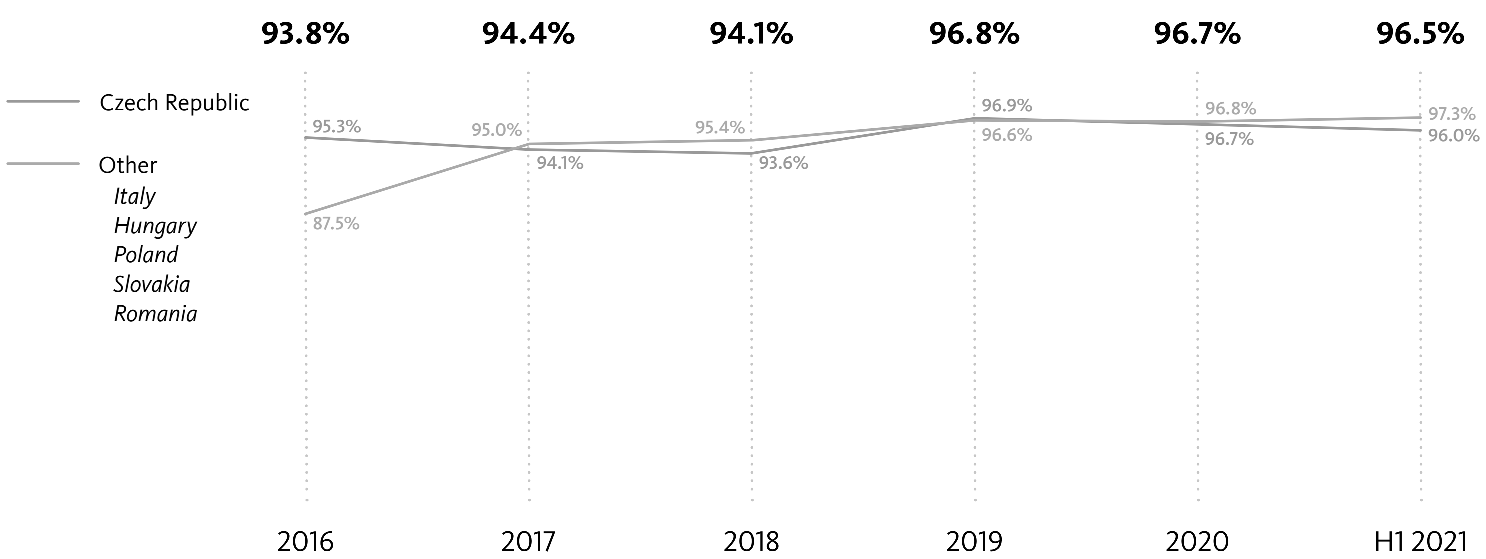
Retail segment summary

The total value of the retail segment stood at €2.5 billion at the end of H1 2021, increasing by €283 million mostly due to the acquisition of Maximo shopping centre in Rome, Italy.

Net rental income **increased by 5.0%** in the first half of 2021, increasing from €57.4 million to €60.3 million, primarily due to **stable occupancy and limited discounts** provided to tenants, **positive like-for-like rents** and a small positive contribution from Italy. An increase in net rental income was recorded across all of the Group's retail platforms apart from Slovakia.

Occupancy has been remarkably stable throughout the pandemic despite multiple lockdowns and closure of non-essential retail for extended periods. In the Czech Republic, unprecedented government support provided to tenants throughout the pandemic to subsidise rents and support wages, combined with targeted support from CPIPG, has underpinned tenant 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.

Occupancy rate (%)



OCCUPANCY

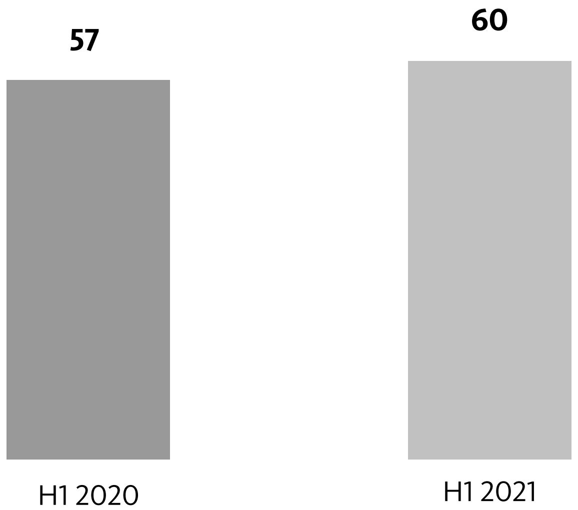
96.5%

Higher net rental income

Close to 90% collection rate in H1 2021

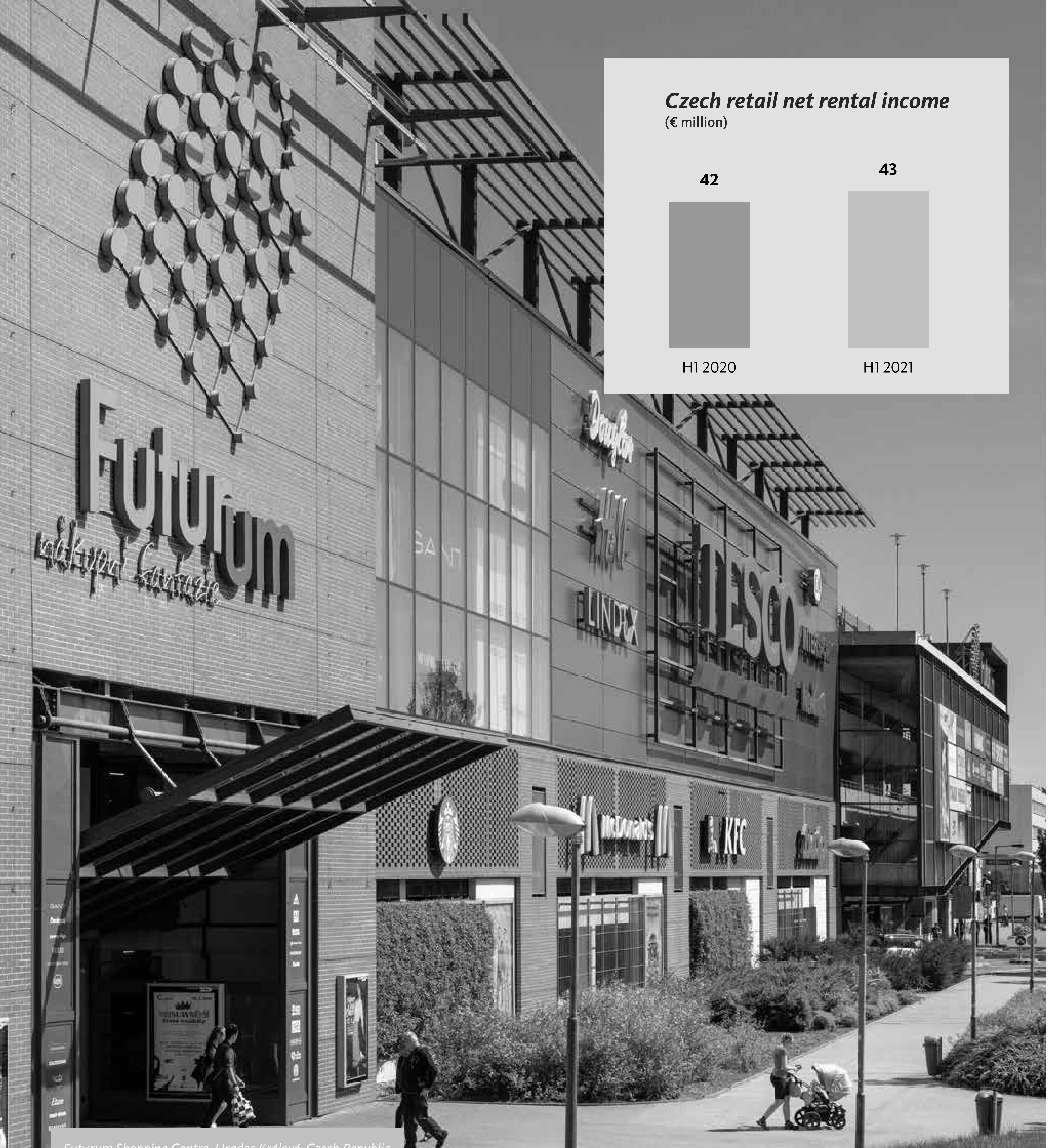
Stable occupancy

Net rental income (€ million)



Retail segment summary in figures

	Retail H1 2021				Retail 2020			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties
Czech Republic	1,601	96.0%	636,000	122	1,586	96.7%	636,000	122
Italy	349	100.0%	74,000	4	81	100.0%	12,000	3
Hungary	219	94.3%	139,000	7	219	95.5%	139,000	7
Poland	162	94.9%	68,000	8	162	95.4%	68,000	8
Slovakia	113	100.0%	77,000	15	113	98.0%	77,000	15
Romania	30	100.0%	11,000	1	30	100.0%	11,000	1
Globalworth	29	–	–	–	29	–	–	–
Total	**2,503**	**96.5%**	**1,005,000**	**157**	**2,220**	**96.7%**	**943,000**	**156**

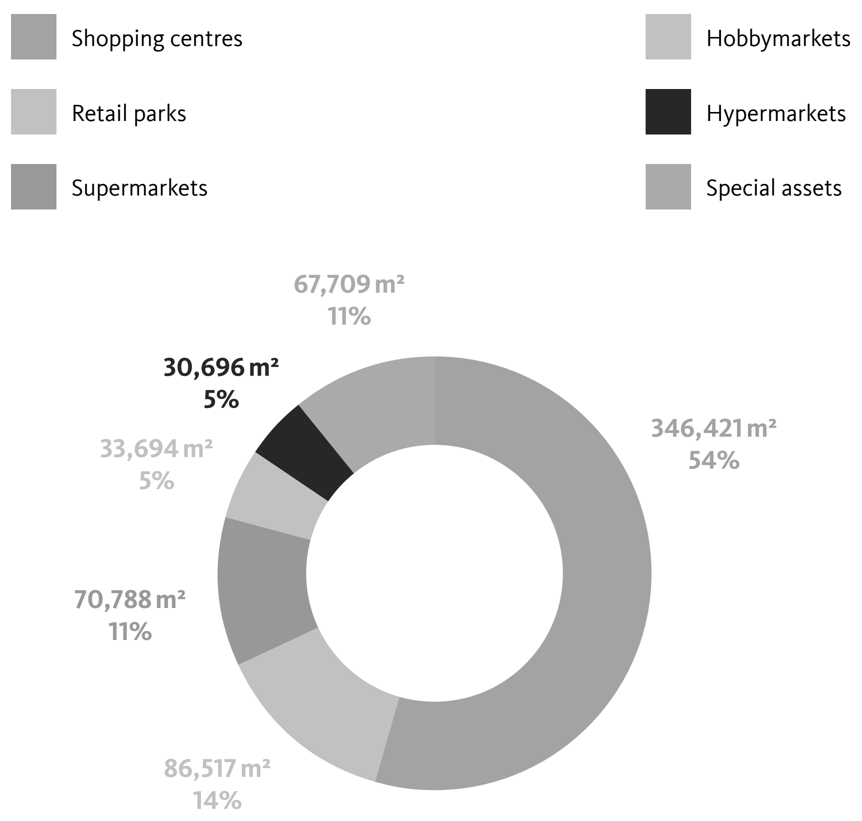


Futurum Shopping Centre, Hradec Králové, Czech Republic

Czech Retail summary

Czech retail net rental income **increased slightly in H1 2021** compared to the prior period, rising from €42.0 million to €43.0 million **(+2.5%)**, primarily reflecting stable occupancy and rents, plus a slightly reduced level of discounts provided to tenants. **Like-for-like rents have continued to hold up,** 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. In most cases, discounts provided to shopping centre tenants during the pandemic were offset by lease extensions to improve WAULTs, and in the case of discounts provided specifically in H1 2021, also the settlement of rent receivables as a precondition. Occupancy rates in the Czech retail portfolio decreased slightly at the end of H1 2021 but remained at a **very high level of 96.0%,** including in shopping centres where occupancy remained at 96.0% (96.3% excluding recently-opened Spektrum shopping centre), 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 H1 2021. Similar to the prior year, the main impact on net rental income in the first half related to selective one-time discounts provided to tenants. Total discounts provided to shopping centre tenants in H1 2021 amounted to €3.5 million, compared to €3.7 million in the prior period. However, leasing activity remained constructive despite the closure of non-essential retail until May – of the leases agreed in H1 2021, which comprised over 13,000 m² of total leasable area (around 7% of total), an **increase in headline rents of almost 2%** was achieved.

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 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. At the outset of the pandemic, it was mandatory for landlords to provide an additional 30% discount on top of the subsidy provided by the government for Q2 2020; however, this was not required for future periods. 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. In addition, for discounts provided to tenants in H1 2021, tenants were also required to settle outstanding rent receivables.

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 in our Czech shopping centres for May 2021 was 25% ahead of May 2020 (when shopping centres were mostly open following the initial lockdown in spring 2020), while tenant sales were almost 50% above the prior year level and even 10% above pre-COVID levels (versus May 2019). This performance is exceptional considering that indoor dining and certain other services only reopened at the end of May, while facemasks were mandatory inside shopping centres following the reopening. The rate of improvement continued into June, as footfall increased 6% and tenant sales by 2% versus May. **Although footfall in June remained around 24% below pre-COVID levels (versus June 2019) and flat against June 2020, tenant sales were up approximately 4% against June 2019 and 15% higher than June 2020.**

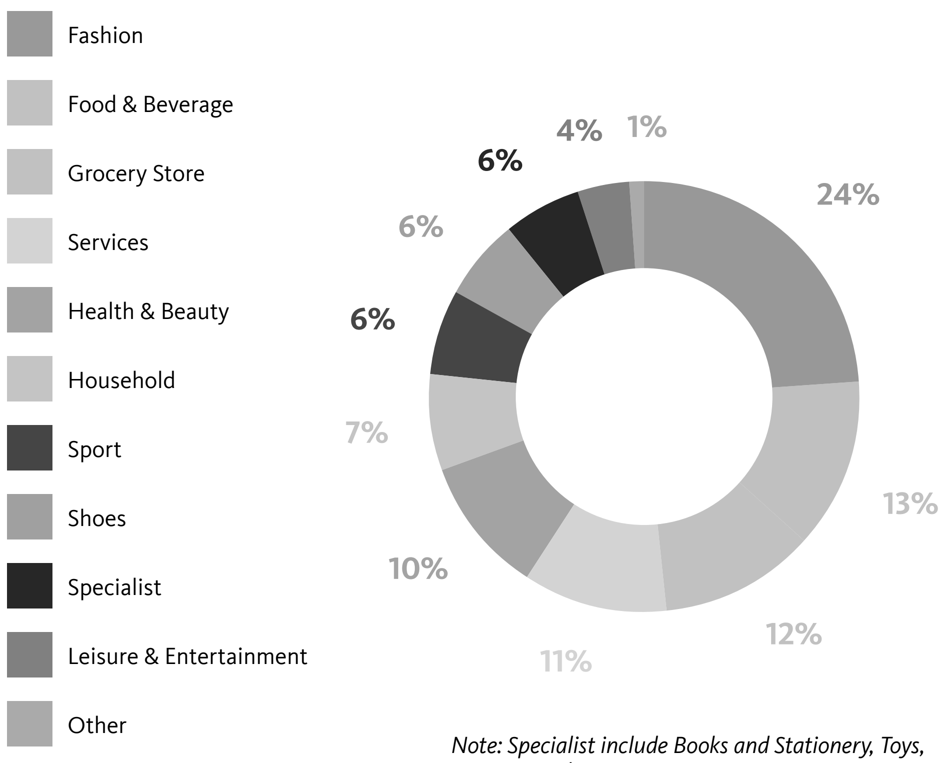
Despite the extent of closures which affected much of the first half of 2021, **occupancy in the shopping centre portfolio remained very solid, falling only 0.2% on a like-for-like basis to 96.3%** excluding the Group's recently-opened development Spektrum.

Tenant quality is solid – in 2020, there were a few exceptional cases of retailer bankruptcies (X-Bags, TOUS and M2C Shoes) and departures (Camaieu and Promod), though in general these tenants were already facing significant challenges or had decided to exit the Czech market prior to COVID-19. Furthermore, in 2021 so far, the Group terminated lease contracts with fashion retailer C2H, though this only impacted a very small portion of the Group's shopping centre portfolio, amounting to 2,250 m². No other shopping centre tenant entered bankruptcy in H1 2021.

Olympia, Mlada Boleslav, Czech Republic

Czech Shopping Centre tenants by type

(according to headline rent)



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

Regional shopping centre footprint in the Czech Republic

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

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

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

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

Bondy
City: Mladá Boleslav
PP value: €62 million
GLA: 21,000 m²

Olympia Plzeň
City: Plzeň
PP value: €153 million
GLA: 41,000 m²

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

Spektrum
City: Čestlice
PP value: €19 million
GLA: 7,000 m²

Géčko
City: České Budějovice
PP value: €34 million
GLA: 12,000 m²

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

Citypark
City: Jihlava
PP value: €113 million
GLA: 28,000 m²

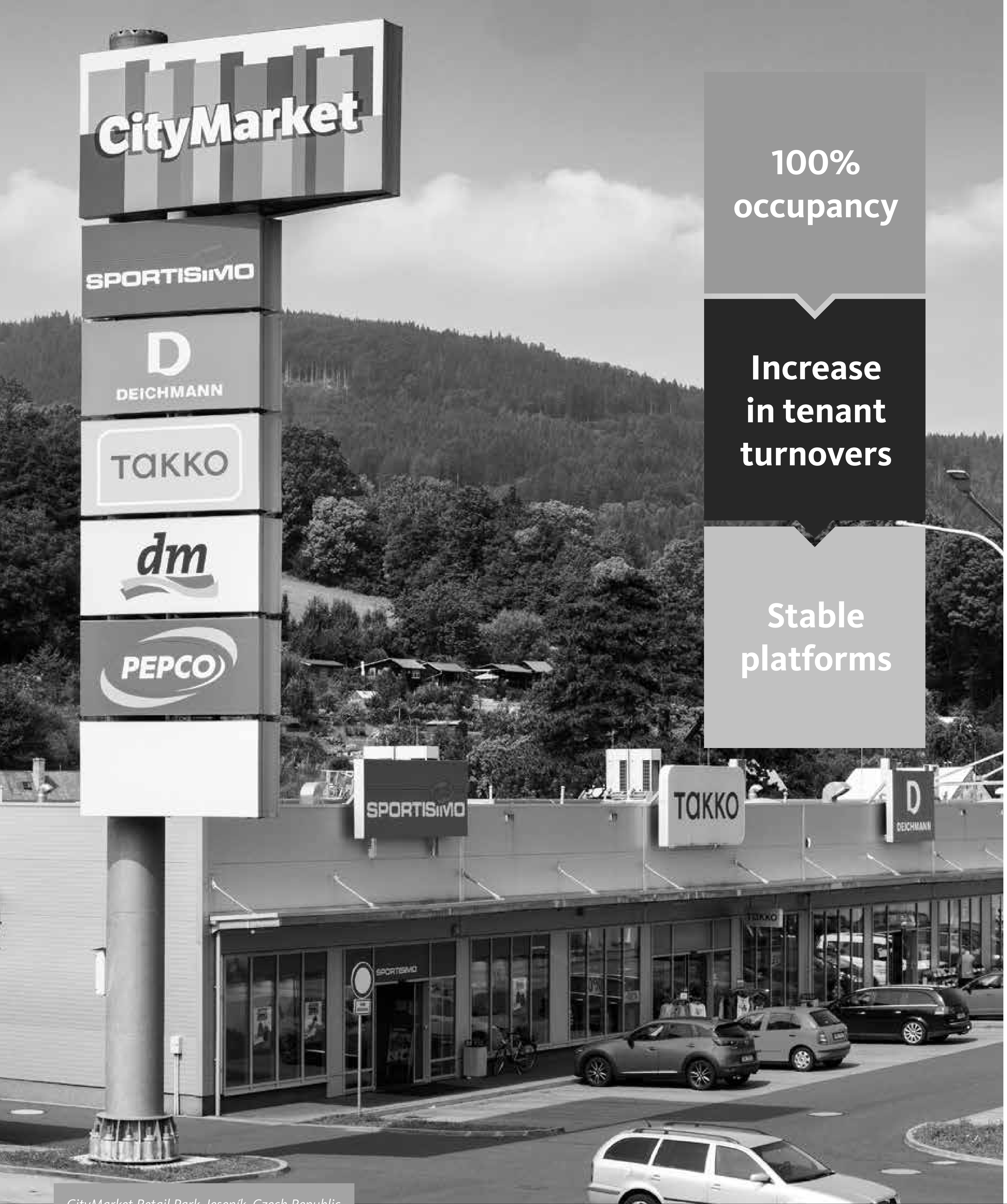
Královo Pole
City: Brno
PP value: €66 million
GLA: 27,000 m²

Catchment of regional shopping centres in the Czech Republic

Martin Rozhoň, Head of Shopping Centres Asset Management CZ

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

*GfK for CPIPG, 2021



CityMarket Retail Park, Jeseník, Czech Republic

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 H1 2021. In H1 2021, retail parks faced similar measures and restrictions as shopping centres, with non-essential stores remaining closed until May. However, given the relative success of 2020, negotiations with tenants regarding rents and lease terms have been relatively positive, with only approximately €0.5 million of discounts provided in H1 2021, mainly to tenants in food and fashion segments, where lease prolongations were secured in most cases.

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 certain periods of the year punctuated by heightened activity due to panic buying.

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

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

Retail parks and stand alone retail in the Czech Republic

Retail parks

Stand-alone supermarkets, hypermarkets and hobby markets

Growth through selective development

Spektrum shopping centre in Čestlice, Czech Republic, opened its doors to the public towards the end of March 2021, and represents one of of only two shopping centres in the Czech retail market completed during the first half of 2021. Spektrum is a brand-new, modern strip mall comprising over 20 units and 6,700 m², which boasts tenants such as BILLA grocery store, Costa Coffee, Bageterie Boulevard, dm-drogerie markt, an EquiZoo pet shop spread over two floors and a Sparky's toyshop.

At the end of H1 2021, 16 out of 20 units were open, with the remainder due to open from Autumn 2021. Despite the recent opening of the property amidst challenging conditions for retail in the Czech Republic, and some units not opening until the second half of the year, Spektrum's footfall and tenant sales for May 2021 were within 10-20% of normal levels.

Spektrum, Čestlice, Czech Republic

Before reconstruction

Fénix Shopping Centre, Prague, Czech Republic

Czech retail market overview

The worsening of the pandemic over the course of the winter led to the reintroduction of measures that also affected retail. Throughout Q1 2021, all non-essential stores had to remain closed, and overall footfall in the Czech retail market fell 40% compared to Q1 2020. The tight pandemic restrictions were lifted by the end of spring, and restaurants and shops with non-essential goods reopened. Some stores (e.g. children's clothing and shoes and stationery) or farmers' markets opened on 12th April, while all remaining retail stores and restaurants (gardens) opened after the 10th and 17th May, respectively.

Similar to other countries, pent-up savings and deferred consumption led to a strong rebound in footfall and sales when shops eventually reopened. Year-on-year footfall increased by 40% in April, grew again by 16% y-o-y in May and slightly decreased by 4% y-o-y in June, possibly a result of some preventive COVID-19 measures remaining in place in shops.

According to the Czech Statistical Office, retail sales increased by 7.2% y-o-y in June 2021, following an upwardly revised 9.7% jump in May and a 7.3% rise in April. Oxford Economics expects retail sales for the entire year of 2021 to recover by 1.8% on a y-o-y basis.

At the same time, the sharp growth of e-commerce began to slow. In addition, despite the continued rise of online shopping, a significant proportion of customers preferring "traditional" shopping was evident in some sectors, especially in fashion, where retail sales fell by 62% y-o-y in Q1 2021.

With the delivery of two new developments in H1 2021, Spektrum in Čestlice owned by CPIPG completed in Q1 and Bořislavka in Prague in Q2, the Czech shopping centre market grew by only 16,200 m² and stood at 2.48 million m² at the end of June. Future supply will remain limited in the near term, with only one shopping centre under development in Prague comprising 14,500 m².

However, developers completed a total of 23 new retail parks in the Czech Republic, adding more than 55,000 m² GLA to the retail stock in the Czech Republic. Developers have increasingly focused on retail park schemes 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.

Prime rents remained flat in Q2 2021 q-o-q, after having slightly decreased in Q1 by approximately 5% q-o-q on the high street and by approximately 3% q-o-q in shopping centres. At the end of the first half, prime rents stood at €217.5m²/month for the high street and €140 m²/month for shopping centres, respectively. Nevertheless, pressure on rents, higher discounts and contributions, and flexibility in the length of leasing are all expected to persist until the pandemic subsides more permanently.

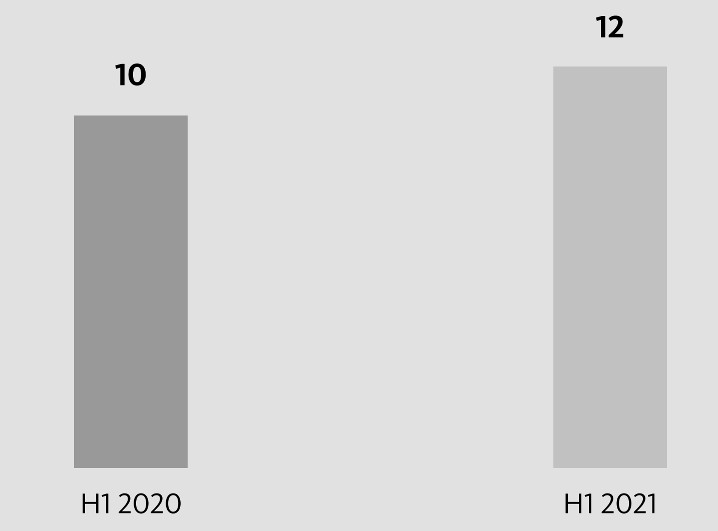
The retail sector has a fairly consistent domestic buyer base in the Czech Republic, and values for non-prime assets held up well in 2021 – prime shopping centre yields held steady at 5.75% at the end of H1 2021, compared to 4.5% for high street retail. Investment activity in the Czech retail sector picked up over the course of the first half of 2021 but remained muted due to the uncertainties related to the pandemic. Besides a handful of retail transactions during the first half, a shopping centre sale was concluded, as Conseq Investment Management acquired the Korso Karviná shopping centre in the Moravia-Silesia region from private equity company Bluehouse.

Sources: C&W, CBRE, Savills

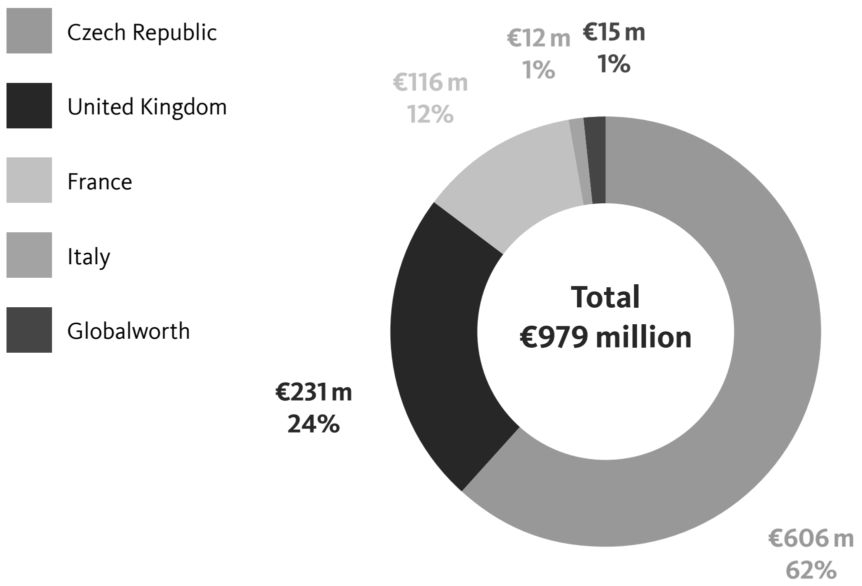
Residential

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

Group residential net rental income
(€ million)



Residential property portfolio by country



Czech Republic

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

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

Given the positive market backdrop for residential properties in the Czech Republic and the historically improving occupancy and rent of the Group's properties, CPIPG revalued the portfolio as at the end of H1 2021. Consequently, **the value of the portfolio increased by €91 million to €606 million.**

Net rental income grew significantly in H1 2021 compared to the prior period, **increasing by 23.5% to €11.2 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 remained stable at the end of H1 2021 compared to 2020 at 92.9%. Improvements in occupancy continue to be driven by significant investments made to improve the overall quality of the assets before being re-let. Since 2020, 351 units have been refurbished, and a further 244 units are planned between the remainder of 2021 and 2022. In addition, CPI BYTY has been making selective disposals of dilapidated or vacant units.

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 resilience of the portfolio.

UK

The value of the UK residential portfolio stood at €231 million as of H1 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 large discounts to fair value.

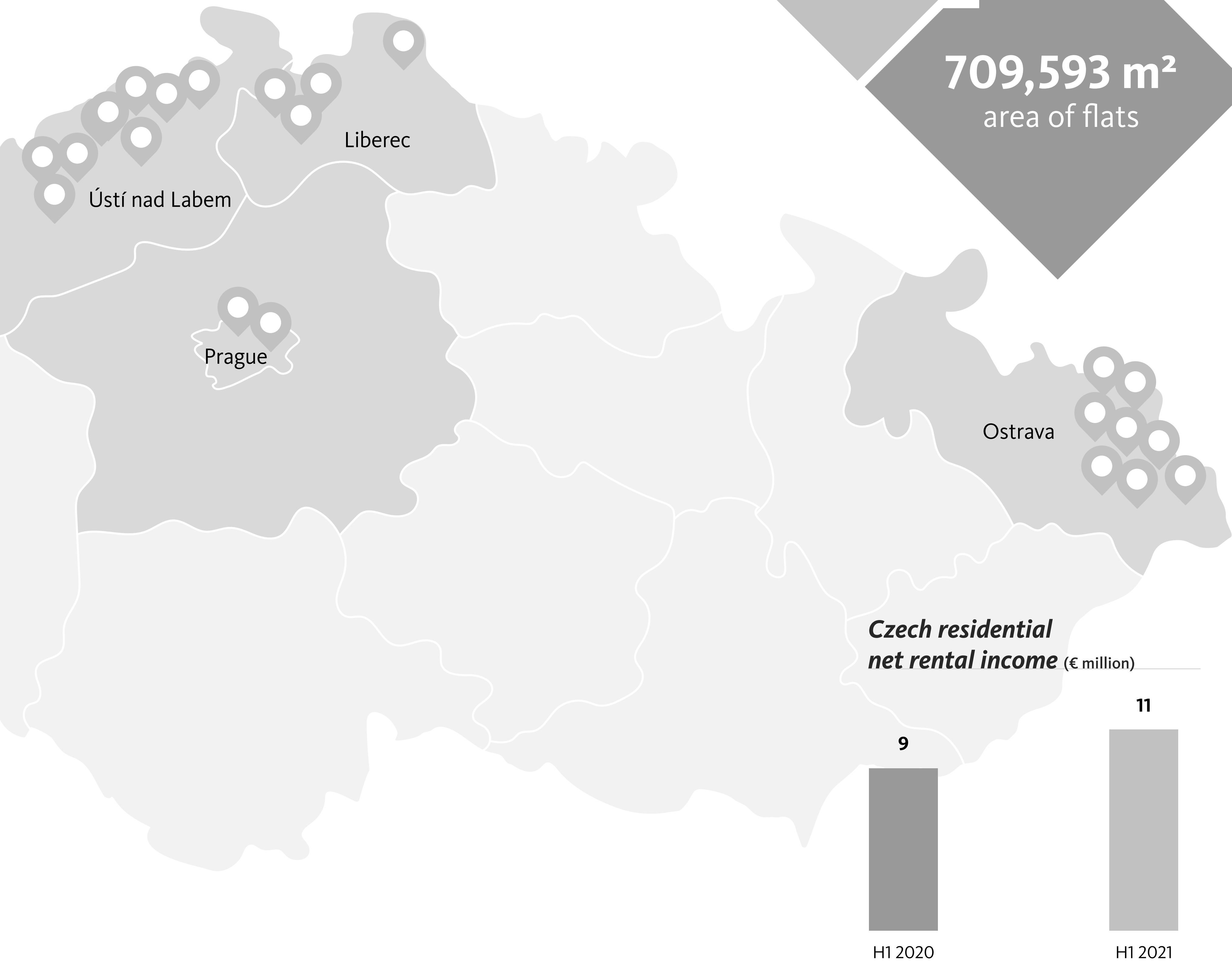
The Group added to the portfolio through further selective acquisitions in late 2020 – St. Mark's Court, comprising 24 apartments situated in St. John's Wood, and Metrogate House, three terraced properties located in South Kensington, both acquired below £1,000 per square foot, representing exceptional value for these locations.

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**

11,867 units in **14** cities

709,593 m² area of flats




Český Těšín, Ostrava


Neštěmice, Ústí nad Labem


Letňany, Prague

Czech residential net rental income (€ million)

Czech residential summary in figures

Region	Czech residential H1 2021				Czech residential 2020			
	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units
Prague	88	96.7%	461	446	77	97.6%	461	450
Ostrava region	195	88.6%	4,322	3,831	180	88.7%	4,322	3,834
Ústí region	203	94.0%	4,989	4,690	157	93.4%	4,988	4,660
Liberec region	112	98.1%	2,018	1,979	95	99.0%	2,018	1,997
Central Bohemia	8	100.0%	77	77	6	100.0%	77	77
Total	**606**	**92.9%**	**11,867**	**11,023**	**515**	**92.9%**	**11,866**	**11,018**

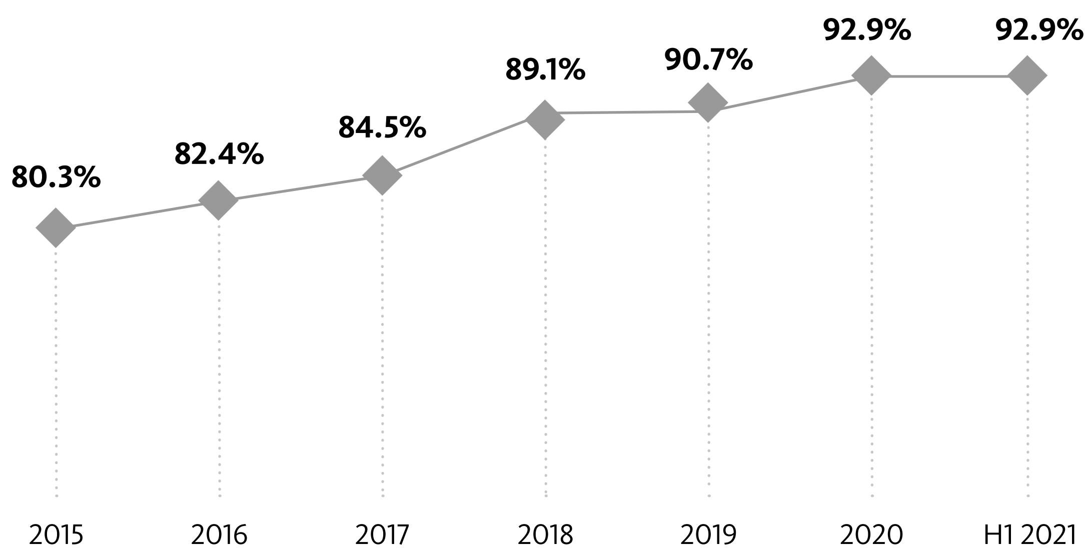
** Occupancy based on rented units.*

CPI BYTY continues to shine as a source of growth and stability for the Group.

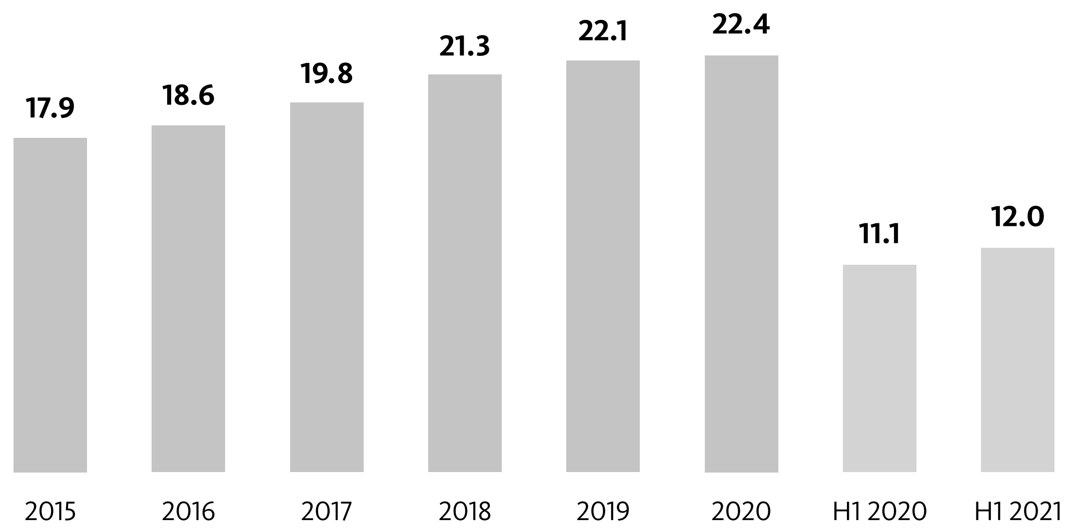
Petr Mácha, Director of CPI BYTY, Czech Republic

Letňany Apartments, Prague, Czech Republic

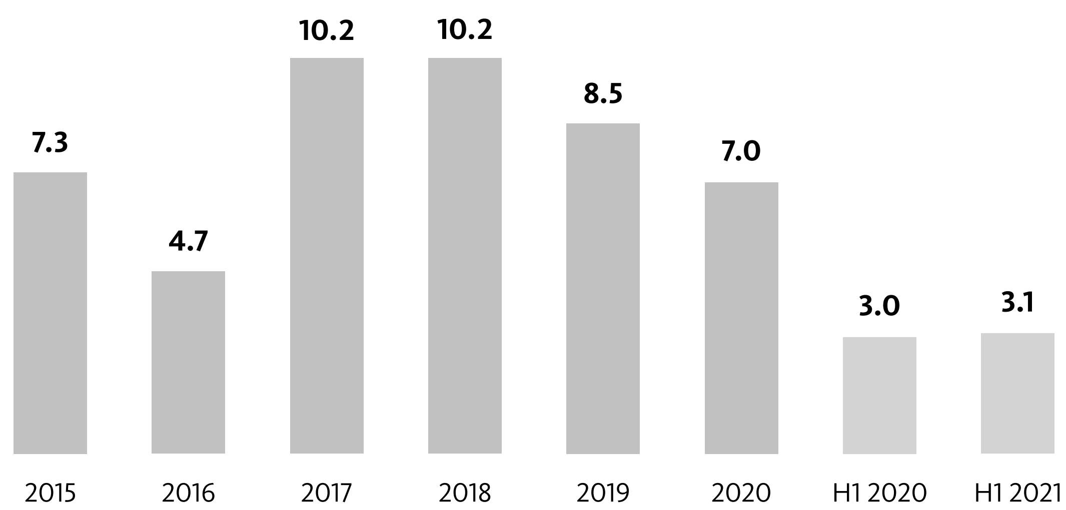
CPI BYTY portfolio occupancy (based on rented units)



Increases in gross rental income (€ million)



Declining refurbishment and maintenance costs since 2018
(€ million)



CPI BYTY Apartments, Prague, Czech Republic

Czech market overview

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

Czech residential property values have also grown consistently since 2014, with realised sales prices increasing 203% during that period. Growth continued in 2020 despite the COVID-19 pandemic, with the average selling price of Czech apartments increasing by 5.1% to CZK 73,800 per/m² in the fourth quarter. The upward growth trajectory continued into 2021 also: in the first quarter of 2021, the price of apartments in Prague and regional capitals grew by a further 5.3% on average to CZK 77,800 per/m². The most significant price increases in Q1 2021 was recorded in České Budějovice (17.8%), Jihlava (11%) and Zlín (10.2%). The most expensive apartments remain those in Prague, with an average price of CZK 100,000 per/m².

The Czech residential rental market is underpinned by the lack of affordable housing in the country. In 2020, 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.

In terms of rents, among major cities in central European countries, Prague (€11.5/m²) is only second behind Warsaw (€15.1/m²/month) in terms of price level. Brno followed by Bratislava (€10.7/m²). 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 due to 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 and the abolition of a long-debated real estate acquisition tax also contributed to the recent increase in demand for real estate. Investment demand remained high in 2021, as various deals closed, and prime yields stood at around 4%, the lowest of all asset classes. Most deals completed 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.

Sources: CBRE, Deloitte

UK market overview

Prime central London residential property values returned to growth in Q1 2021, rising 0.6%. Q2 2021 was even stronger, rising by 0.9% q-o-q. but remain almost 21% below their 2014 peak. The absence of overseas buyers held back the recovery of parts of the prime London market, particularly in the highest value central areas, where prices remain around 20% below peak levels.

Houses have remained the top performers as buyers look to upsize but the flat market continues to lag behind while international travel remains restricted. Modest price growth continued in prime central London, with Notting Hill, Holland Park and Bayswater the top performers at between +3.2% and +4.1% annually. Value growth was especially strong during H1 2021 at the super prime level – this segment achieved its strongest performance in volume and value terms in seven years with the volume of transactions 59% higher than the same period in 2020 and 61% higher than the same period in 2019, before the COVID-19 pandemic.

In Q2 2021, rents of prime properties in London increased by 1.0%, demonstrating a return to growth following weaker preceding quarters (0.4% growth in Q1). Rents for prime houses heavily supported the growth. However, prime flats rental values also increased by 0.4% in Q2, marking the first positive quarterly growth since before the pandemic, and reversing the negative trend in Q1 (-1.7%).

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 and Holiday Inn brands, these hotels are primarily designed for conferences and corporate events.

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

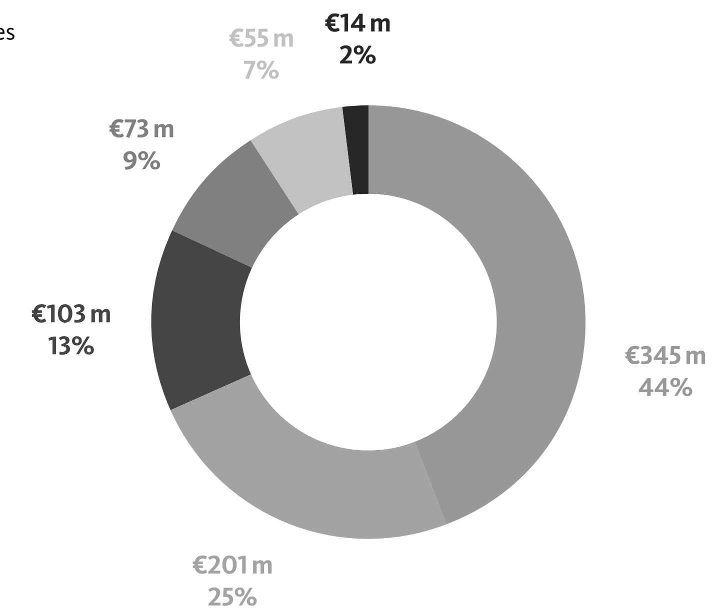
Boutique Hotels & Residences: hotels operating under renowned brands Mamaison Hotels & Residences and Buddha-Bar Hotel, located in the heart of European capitals. Focused on premium quality accommodation and service.

Residential Hotels: hotels primarily located in Prague catering for long-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 recently established 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)



We are a long-term investor in hotels, have an experienced operational and management team and are well-positioned to capture upside from a recovery in travel.

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: €88 million
Hotel rooms: 559

Clarion Congress Hotel Ostrava
Ostrava, CZ
PP value: €21 million
Hotel rooms: 169

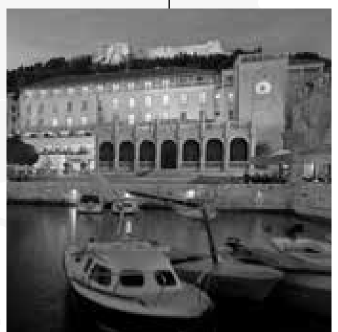
Clarion Congress Hotel České Budějovice
České Budějovice, CZ
PP value: €22 million
Hotel rooms: 205

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

Crans-Montana Ski Resort
Crans-Montana, CH
PP value: €73 million

Holiday Inn Rome Eur Parco Dei Medici
Rome, IT
PP value: €24 million
Hotel rooms: 317

Amfora Grand Beach Resort
Hvar, HR
PP value: €82 million
Hotel rooms: 330



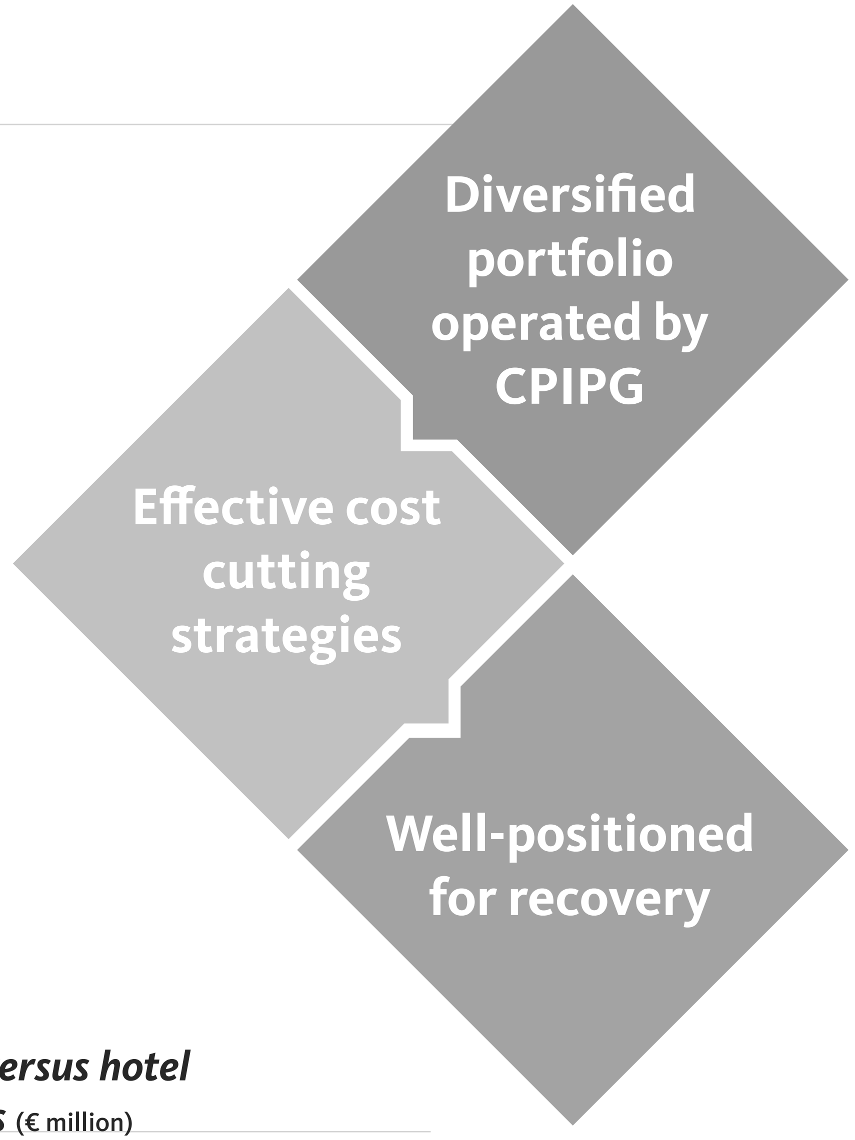
Palace Elisabeth Hotel
Hvar, HR
PP value: €13 million
Hotel rooms: 45

Adriana Hotel
Hvar, HR
PP value: €21 million
Hotel rooms: 62

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

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



Our hotel brands and partnerships

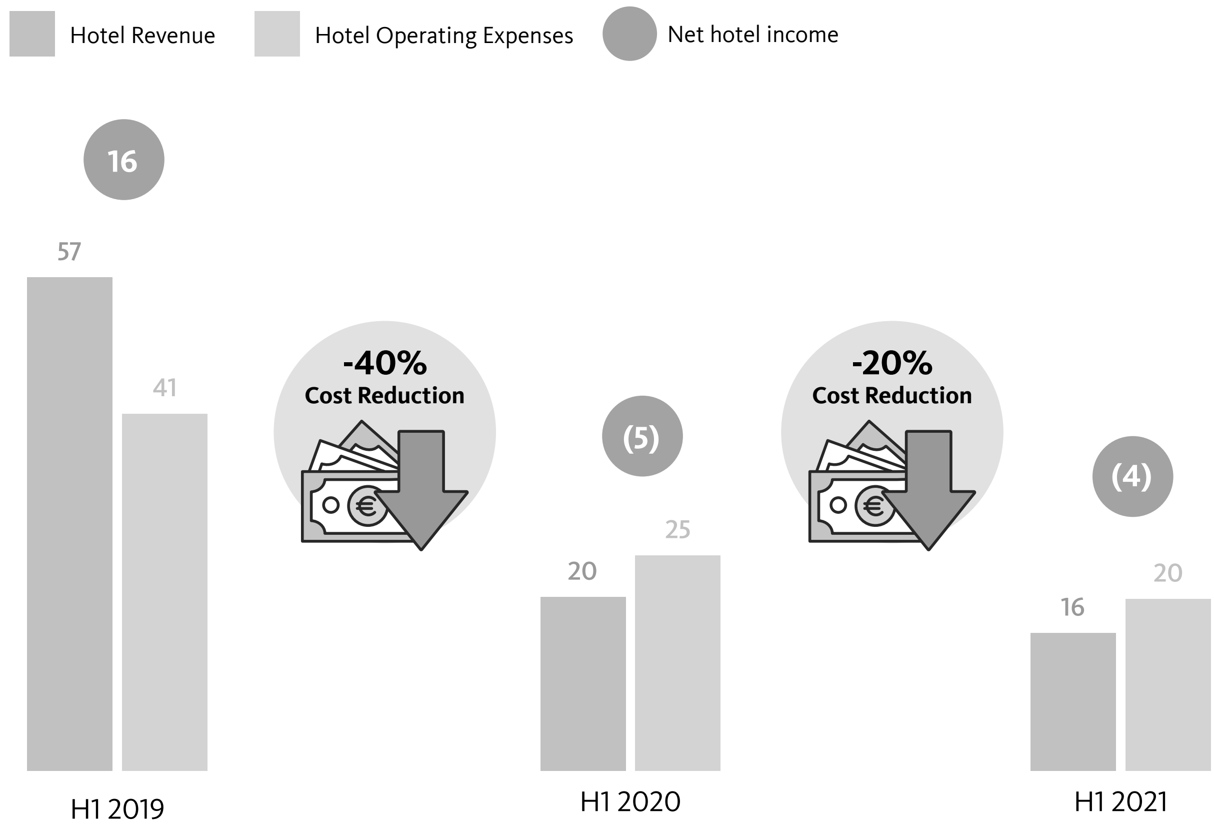
sunčani hvar hotels
mamaison Hotels & Residences
buddha-bar hotel PRAGUE
SPA & KUR HOTELS
Holiday Inn
COURTYARD BY MARRIOTT
PRIVATE LABEL HOTELS
FORTUNA HOTELS
CLARION
Quality
Comfort

Hotels & Resorts segment summary in figures

	Hotels & Resorts H1 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	(56)	(10)	370	4,476	23	(76)	(20)
Croatia	164	1,153	7	196	312	164	1,153	7	(48)	(18)
Hungary	65	394	4	(48)	(0)	63	394	4	(73)	(1)
Italy	68	590	5	(83)	(5)	46	493	4	(85)	(1)
Poland	25	107	2	(70)	(29)	24	107	2	(79)	(23)
Russia	17	83	1	12	(20)	14	83	1	(44)	(6)
Switzerland	73	–	1	–	–	67	–	1	–	–
Slovakia	–	47	–	(17)	(13)	–	47	–	(56)	(9)
Total	**791**	**6,850**	**43**	**(40)**	**6**	**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).

Net hotel income versus hotel operating expenses (€ million)



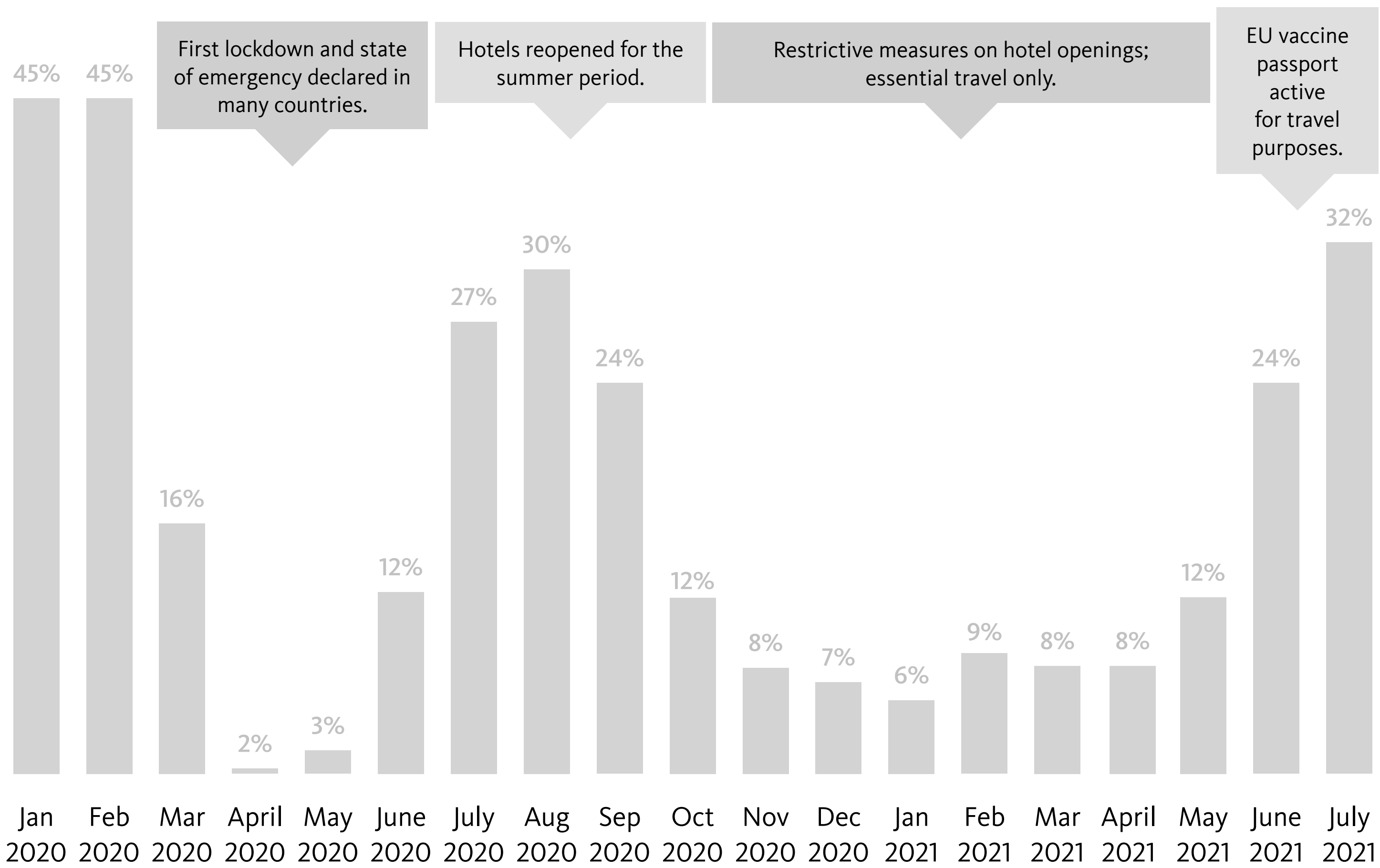
Hotel performance

Hotel revenues in the first half of 2021 amounted to €16 million vs. €20 million for the same period in 2020, a 21% decline. In 2020, the disruption as a result of COVID-19 to the hospitality sector in Europe only began from mid-March. It resumed after a strong summer period from the end of October 2020, following a resurgence in COVID-19. These restrictions on accommodation providers persisted through the first half of 2021 and only began to gradually relax in May. Management 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 was lower at 11% in H1 2021 versus 19% in H1 2020, due to the extended period of restrictive measures. Although occupancy remains low due to government and travel restrictions, 2021 monthly occupancies show signs of recovery compared to 2020. **Q2 2021 occupancy improved 9 p.p.** versus Q2 2020, while **total revenues more than doubled** for the same period. As Europe relaxed travel restrictions with the introduction of the vaccine passport on 1 July, we experienced higher **occupancy in July 2021 (32%) than in July 2020 (27%),** and ADR increased by +13% YoY. Furthermore, in Hvar, occupancy improved significantly in July 2021 to 71% vs. 43% in July 2020, and ADR increased by +30% YoY.

Hotels have seen an **increasing pickup in business** and enquiries for groups and events for the second half of the year. With our **centralised sales teams and solid regional relationships,** CPIPG's hotels are **well-positioned to capture resurgent demand** for conferences and events as people return to experiencing life in person.

Hotel portfolio average occupancy percentage*



* *Excluding Hvar resorts that are seasonally operated.*

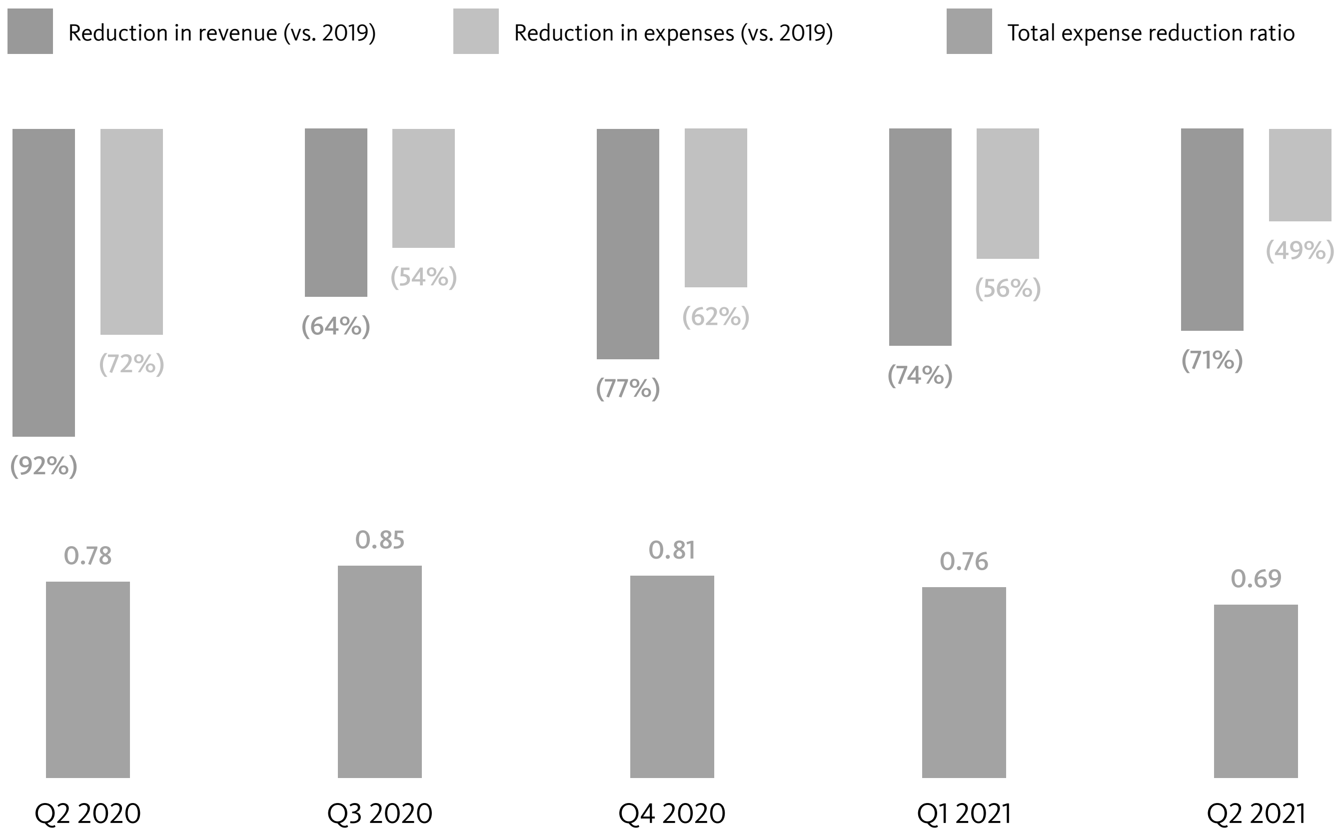
Hotel operating excellence

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.** In 2020, our hotels achieved a total expense reduction ratio of 0.8 on average between Q2 and Q4 2020, as significant cost-cutting initiatives were taken early on.

Reduction in revenue versus 2019 **is experiencing an improving trend in H1 2021** compared to 2020. As revenue recovers in Q2 2021 with improving demand and the hotels reopening, the total expense reduction ratio gradually declines as variable costs increase with higher occupancy. We expect this ratio to stabilise around 0.70 for the remainder of 2021.

Furthermore, our hotels achieved a **positive gross operating profit margin of 8% in H1 2021** compared to -11% in H1 2020. Hotels were also able to benefit from various government subsidies and schemes. Thus, despite the lower occupancy and revenues combined with a lean cost structure for the first half of this year, **net hotel income recorded a lower loss impact of -€4 m** (versus -€5 m in the first half of 2020). The projected breakeven point is approx. 25% occupancy, assuming no further government restrictions and support measures.

Reduction in revenue & expense and total expense reduction ratio



Note: Total revenue and expense comparison for the total portfolio, including Hvar resorts. Total expense reduction ratio represents the reduction in expenses compared to the same period in 2019 relative to the decline in revenue for the same period.

Clarion Congress Hotel Prague, Czech Republic

Market overview

The hospitality market in the first half of 2021 was heavily impacted by strict lockdown measures imposed by governments as the number of cases remained elevated prior to a vaccine rollout program. As a result, hotels in many European countries were forced to close and were restricted to essential business travellers only. Measures were gradually relaxed from May 2021 as case numbers decline and vaccinations progressed significantly.

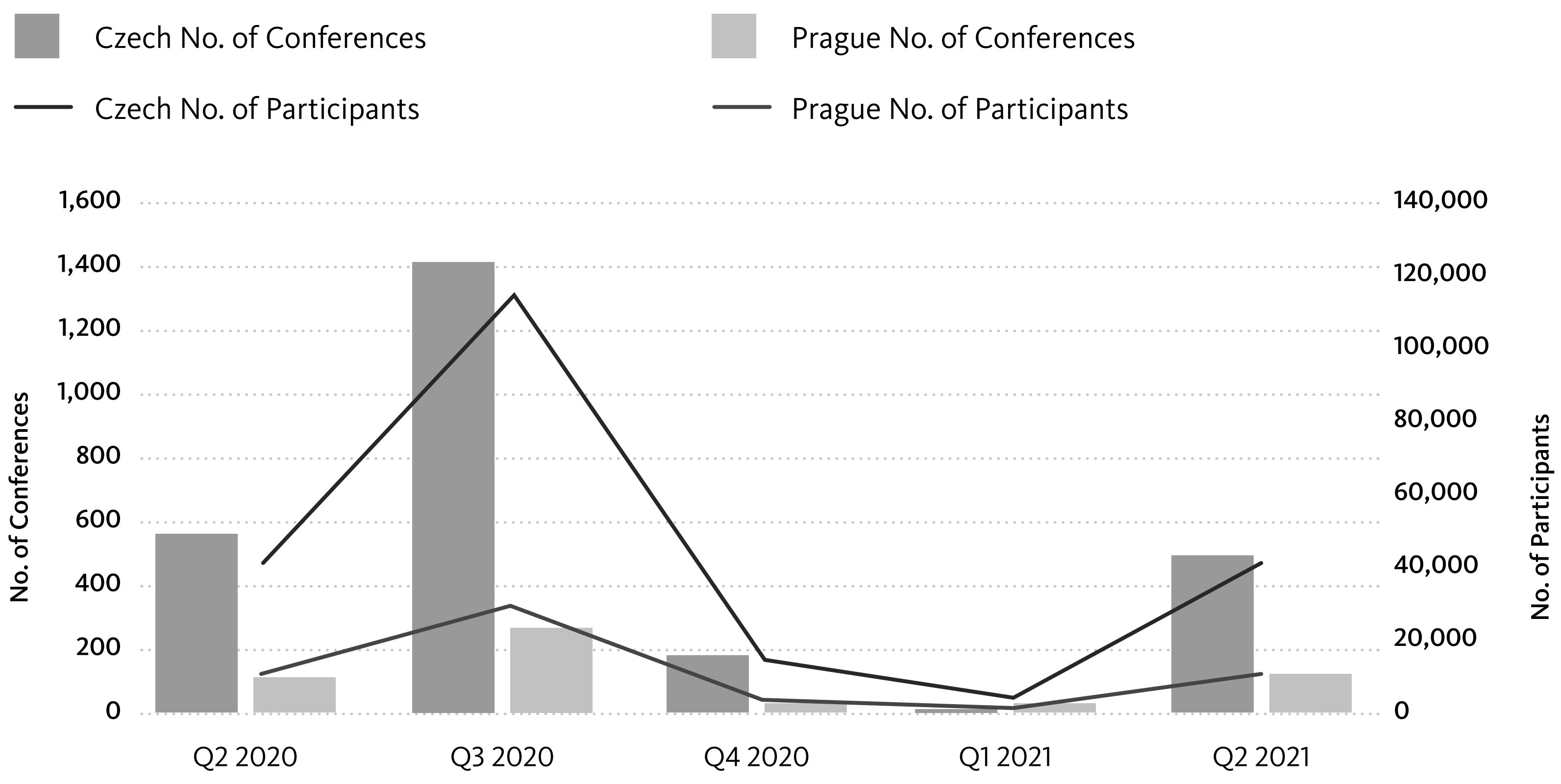
In the Czech Republic, a total of 1.9 million guests stayed in collective accommodation establishments in H1 2021, a decline of 55% from the 4.1 million guests in the same period for H1 2020 (with Jan to mid-Mar 2020 largely opened to tourism). However, Q2 2021 saw significant growth in guests by 59% compared to Q2 2020.

Historically, the Czech Republic saw a 50:50 split between domestic and foreign guests. However, since the pandemic, the proportion has shifted towards an 85:15 split. Foreign tourists and overnight stay increased 81% and 110%, respectively, in Q2 2021 versus the previous year. The top three largest markets in H1 2021 were from Slovakia, Germany and Poland.

With respect to Prague hotel demand, it follows a similar trend as the Czech Republic. Occupancy in Prague, as reported by STR, was 6.2% for H1 2021, slightly behind the occupancy for the country at 7.2%. However, Prague's ADR of €54.97 was marginally ahead that of the Czech Republic of €54.13.

The recovery outlook for the second half of the year is more optimistic, especially with July and August being two of Europe's most important hotel performance months of the year. Conferences and events are expected to pick up in H2 2021 as governments relax limits on participant capacity.

Confererences in the Czech Republic and Prague



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

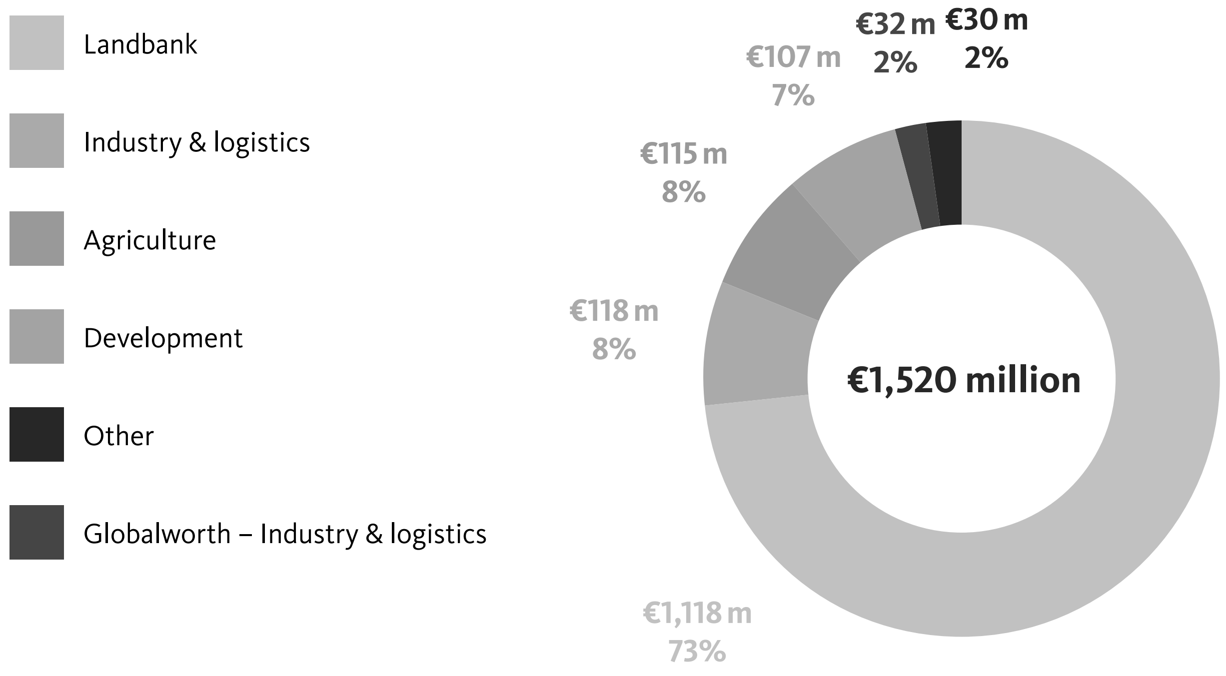
Complementary Assets

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 are complementary 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 central Rome at exceptional discounts to fair value.

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

Complementary assets property portfolio (as at 30 June 2021)



Complementary segment summary in figures

	Complementary Assets H1 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
Agriculture	115	–	–	–	–	230,454,000	–	111	–	–	–	–	232 469 000*	–
Industry & logistics	118	90.3%	198,000	–	–	–	20	117	93.7%	198,000	–	–	–	20
Development	107	–	–	–	34,000	–	11	44	–	–	–	18,000	–	7
Landbank	1,118	–	–	–	–	24,474,000	–	813	–	–	–	–	21,425,000	–
Other	30	–	–	–	–	–	2	4	–	–	–	–	–	–
Globalworth – Industry & logistics	32	–	–	–	–	–	–	31	–	–	–	–	–	–
Total	**1,520**	**90.3%**	**198,000**	**–**	**34,000**	**254,928,000**	**33**	**1,121**	**93.7%**	**198,000**	**–**	**18,000**	**253,894,000**	**27**

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

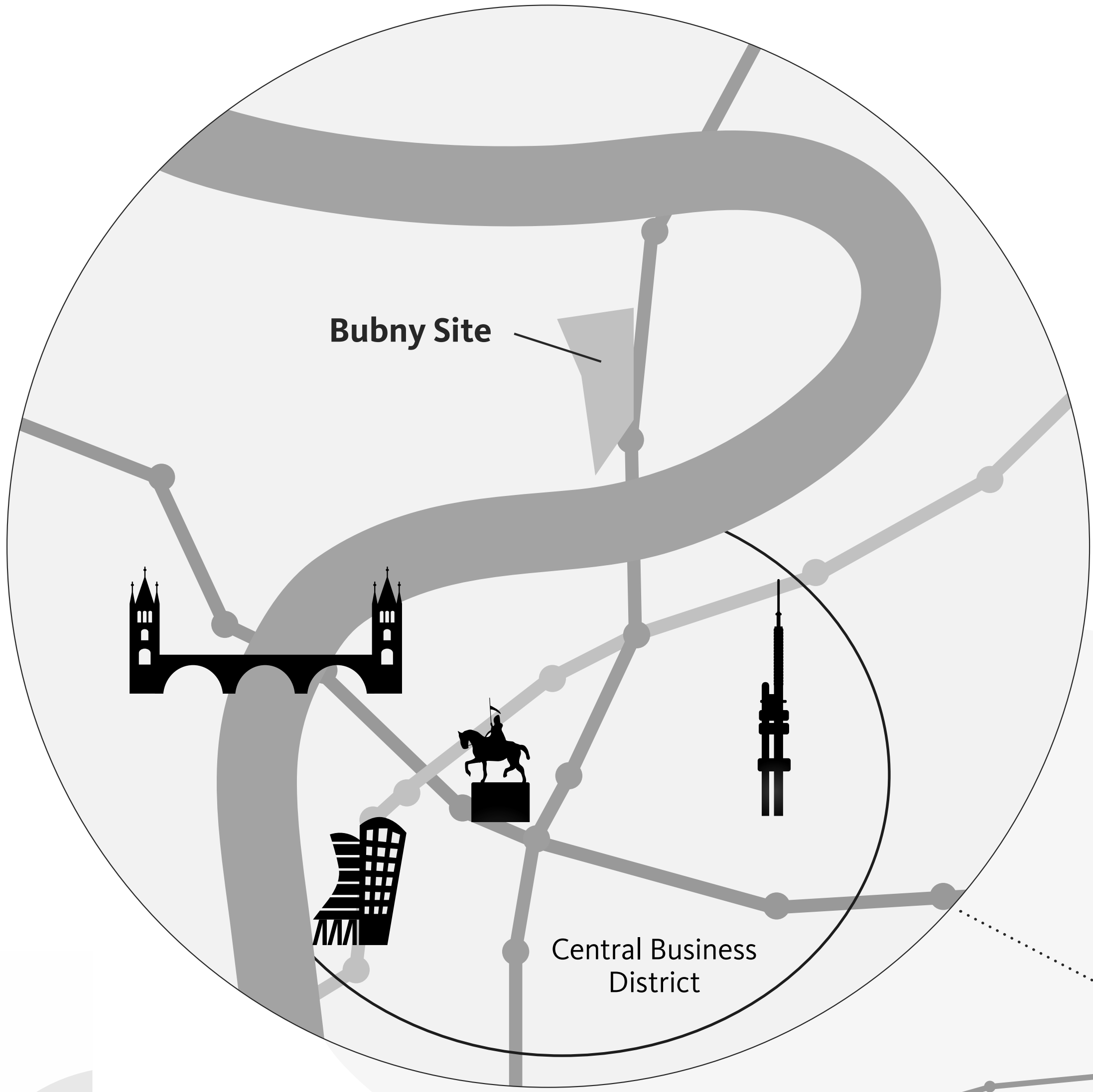
Landbank in the Czech Republic

In the Czech Republic, **landbank holdings amount to more than €700 million.**

The majority of the Czech landbank (almost €400 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.**

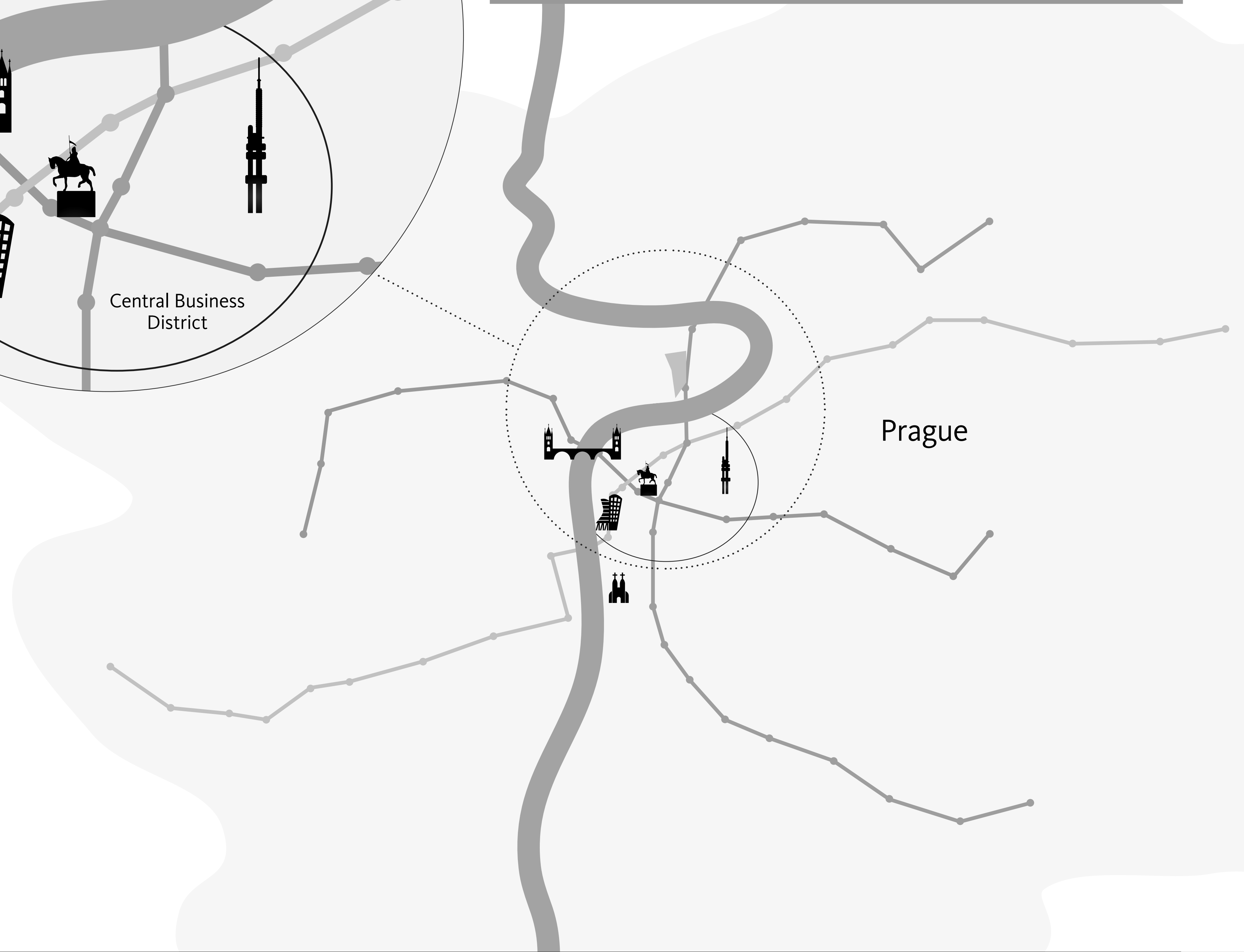
The majority of the remainder of the Czech Republic landbank relates to Nová Zbrojovka, Brno – where the Group is completing the **regeneration and redevelopment of one of the largest brownfields in Brno** and in 2020, the Group completed the development of our first office property in the new neighbourhood, 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 H1 2021		Landbank 2020	
	PP value (€ million)	Land area (m²)	PP value (€ million)	Land area (m²)
Prague	399	1,447,000	393	1,447,000
Berlin	117	104,000	95	22,000
Other	601	22,924,000	325	19,956,000
Total	1,118	24,474,000	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 €117 million, located in attractive areas. This provides opportunities for low-risk extensions and developments.

In recent years, CPIPG's subsidiary GSG has completed several office developments in Berlin. **Each of these developments has proven highly successful in terms of 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.** Prinzessinnenstraße and The Benjamin, completed in late 2020, are shining examples. **GSG always applies for BREEAM certification for significant new-build developments,** which helps support the Group's ESG objectives.

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

The value of the landbank in Berlin increased in the first half of 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 developments in central Berlin locations.

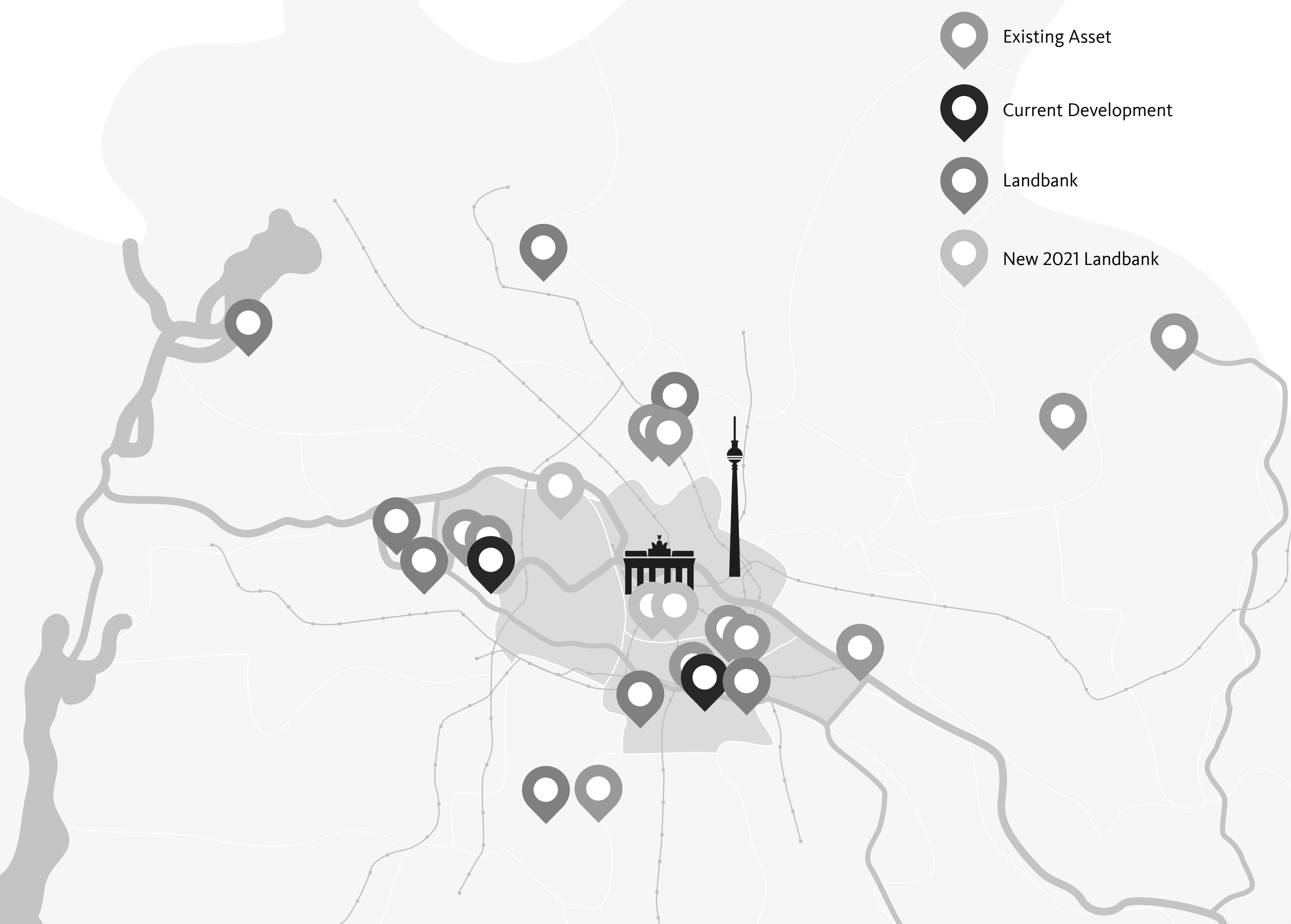


image: GSG Berlin © Visualisierung

Zossener Straße (in development pipeline)

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

image: GSG Berlin ©KarstenGrootArchitektur

TorHaus² (in development)

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

EPRA performance

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

Petr Mizera, Head of External Reporting

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

EPRA earnings

A rationale for using EPRA Earnings is that 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	H1 2021	H1 2020
Earnings per IFRS income statement	253	**2**
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	222	(11)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	0	1
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	2	1
Tax on profits or losses on disposals	0	0
Negative goodwill / goodwill impairment	0	0
Changes in fair value of financial instruments and associated close-out costs	1	2
Acquisition costs on share deals and non-controlling joint venture interests	0	0
Deferred tax in respect of EPRA adjustments	(60)	0
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	3	(15)
Non-controlling interests in respect of the above	0	0
EPRA Earnings	84	**25**
Weighted average number of shares	8,065,673,005	8,332,414,083
EPRA Earnings per Share (EPS) (in €)	0.010	**0.003**
Company specific adjustments:		
Impairments	7	(36)
Amortisation, depreciation	(18)	(19)
Net foreign exchange gain – unrealised	39	171
Net foreign exchange loss – unrealised	(49)	(159)
Deferred tax in respect of Company specific adjustments	8	0
Company specific Adjusted Earnings	97	**67**
Company specific Adjusted EPS	0.012	**0.008**

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	
	H1 2021	2020	H1 2021	2020	H1 2021	2020
IFRS Equity attributable to owners	**4,416**	**4,321**	**4,416**	**4,321**	**4,416**	**4,321**
Include/Exclude:						
Hybrid instruments	0	0	0	0	0	0
Diluted NAV	**4,416**	**4,321**	**4,416**	**4,321**	**4,416**	**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	2	2	2	2	2	2
Diluted NAV at Fair Value	**4,418**	**4,323**	**4,418**	**4,323**	**4,418**	**4,323**
Exclude:						
Deferred tax in relation to fair value gains of IP	(889)	(837)	(889)*	(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			53	51	53	51
Intangibles as per the IFRS balance sheet			13	13		
Include:						
Fair value of fixed interest rate debt					(33)	(29)
Revaluation of intangibles to fair value	0	0				
Real estate transfer tax	0	0	0	0		
NAV	**5,265**	**5,118**	**5,199**	**5,053**	**4,290**	**4,200**
Fully diluted number of shares	7,943,058,155	8,332,414,083	7,943,058,155	8,332,414,083	7,943,058,155	8,332,414,083
NAV per share (in €)	**0.663**	**0.614**	**0.654**	**0.606**	**0.540**	**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 through share deals and disposals of Inventories through asset deals. (3.) The Company considers local tax legislation and incorporation of the "Directive on the Common System of Taxation Applicable in the Case of Parent Companies and Subsidiaries of Different Member States". (4.) The Company considers disposals of companies with material properties (AHFS) or disposals of material properties (Inventories).*

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)	H1 2021	2020
Estimated rental value of vacant space	37	29
Estimated rental value of the whole portfolio	492	469
EPRA Vacancy Rate	**7.4%**	**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)	H1 2021	2020
Investment property – wholly owned	9,715	8,793
Investment property – share of JVs/Funds	0	0
Trading property (including share of JVs)	0	0
Less: developments	**1,321**	**914**
Completed property portfolio	8,394	7,878
Allowance for estimated purchasers' costs	0	0
Gross up completed property portfolio valuation	**8,394**	**7,878**
Annualised cash passing rental income	413	384
Property outgoings	28	29
Annualised net rents	**385**	**355**
Add: notional rent expiration of rent free periods or other lease incentives	**21**	**19**
Topped-up net annualised rent	**406**	**374**
EPRA NIY	**4.58%**	**4.51%**
EPRA "topped-up" NIY	**4.83%**	**4.75%**

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)	H1 2021	H1 2020
Include:		
Administrative/operating expense line per IFRS income statement	51	50
Net service charge costs/fees	(14)	(16)
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	2	1
Service charge costs recovered through rents but not separately invoiced	0	0
EPRA Costs (including direct vacancy costs)	**36**	**33**
Direct vacancy costs	2	1
EPRA Costs (excluding direct vacancy costs)	**34**	**32**
Gross Rental Income less ground rents – per IFRS	**186**	**172**
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	**186**	**172**
EPRA Cost Ratio (including direct vacancy costs)*	**0.19**	**0.19**
EPRA Cost Ratio (excluding direct vacancy costs)*	**0.18**	**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

Property valuation

The consolidated financial statements for the six months ended 30 June 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.

CPIPG's management has carefully analysed which parts of the portfolio have demonstrated exceptional performance and should therefore be revalued as at 30 June 2021. This analysis has taken into account a wide range of factors to assess the potential for a significant change in fair value such as discount rates and other factors applied to 2020 valuations by external appraisers, prevailing market yields, recent market transactions, the overall performance and rental income generation of the various segments and countries within the Group's portfolio, collection rates, changes in occupancy in our properties, and development of ERVs based on relevant leasing transactions during the period. As a result of this detailed analysis, the Group revalued recent acquisitions in Italy which were purchased at large discounts to fair value. In addition, the residential portfolio increased in value by €71 million, mainly due to the strong market in the Czech Republic.

The property portfolio valuation as of 30 June 2021 is based on reports issued by:

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

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

Split by appraisers and segments (as at 30 June 2021)

Appraisers	Segments	No. of properties / No. of units*	Valuation (€ m)	% of total PP value
Jones Lang Lasalle	Office	36	1,359	12%
	Retail	90	1,832	16%
	Hotels & Resorts	2	104	1%
	Complementary Assets	20	815	7%
Savills	Office	46	2,494	22%
	Residential	11	95	1%
	Complementary Assets	1	101	1%
Knight Frank	Office	9	852	8%
	Retail	8	162	1%
Cushman & Wakefield	Retail	49	100	1%
	Residential	43	208	2%
	Hotels & Resorts	26	507	5%
	Complementary Assets	2	56	0%
RSM	Office	2	9	0%
	Retail	1	8	0%
	Hotels & Resorts	9	87	1%
	Complementary Assets	0	18	0%
CBRE	Office	1	22	0%
	Complementary Assets	0	82	1%
Other	Office	5	146	1%
	Retail	8	113	1%
	Residential	11,875	639	6%
	Hotels & Resorts	4	69	1%
	Complementary Assets	3	219	2%
Acquisition	Retail	1	258	2%
	Residential	1	23	0%
	Hotels & Resorts	2	25	0%
	Complementary Assets	7	198	2%
	Globalworth	0	647	6%
Total			**11,246**	**100%**

** Number of units provided for residential properties.*

Portfolio net yields

	EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Net Equivalent Yield	Prime Yield
Office	**4.1%**	**4.4%**	**5.0%**	
Berlin	3.4%	3.5%	3.9%	2.7%
Czech Republic	4.7%	5.2%	5.7%	4.3%
Poland	5.0%	5.9%	6.3%	4.5%
Hungary	4.8%	5.1%	7.5%	5.4%
Retail	**6.1%**	**6.3%**	**5.9%**	
Czech Republic	5.7%	5.9%	5.6%	5.3%
Other	7.2%	7.5%	6.7%	5.8%
Residential	**3.6%**	**3.6%**	**3.9%**	
Czech Republic	3.6%	3.6%	3.9%	
Total	**4.6%**	**4.8%**	**5.2%**	

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 impacted by one-time rent discounts.

On a Group basis, the EPRA Net Initial Yield of our portfolio slightly increased to 4.6% from 4.5% at the end of 2020.

Atrium Complex, Warsaw, Poland

Finance review

Maximo Shopping Centre, Rome, Italy

The Group maintained strong financial metrics as strategic growth continued

During H1 2021, CPIPG proactively managed our debt maturity profile through the issuance of €1.1 billion of senior unsecured and hybrid bonds (including the Group's first 10-year bond). Proceeds were primarily used to repay more than €750 million of senior unsecured and hybrid bonds with scheduled maturities or call dates between 2022-2024. Following these transactions, only about 20% of the Group's total financing is due or callable within the next three years and about 40% within the next five years.

The Group's credit metrics remain within our financial policy, but CPIPG is prepared to take further actions to achieve our steady-state LTV target of below 40%. Options available to the Group include fresh equity raising at the level of CPIPG or our subsidiaries, disposals, and selective hybrid issuance to repay debt.

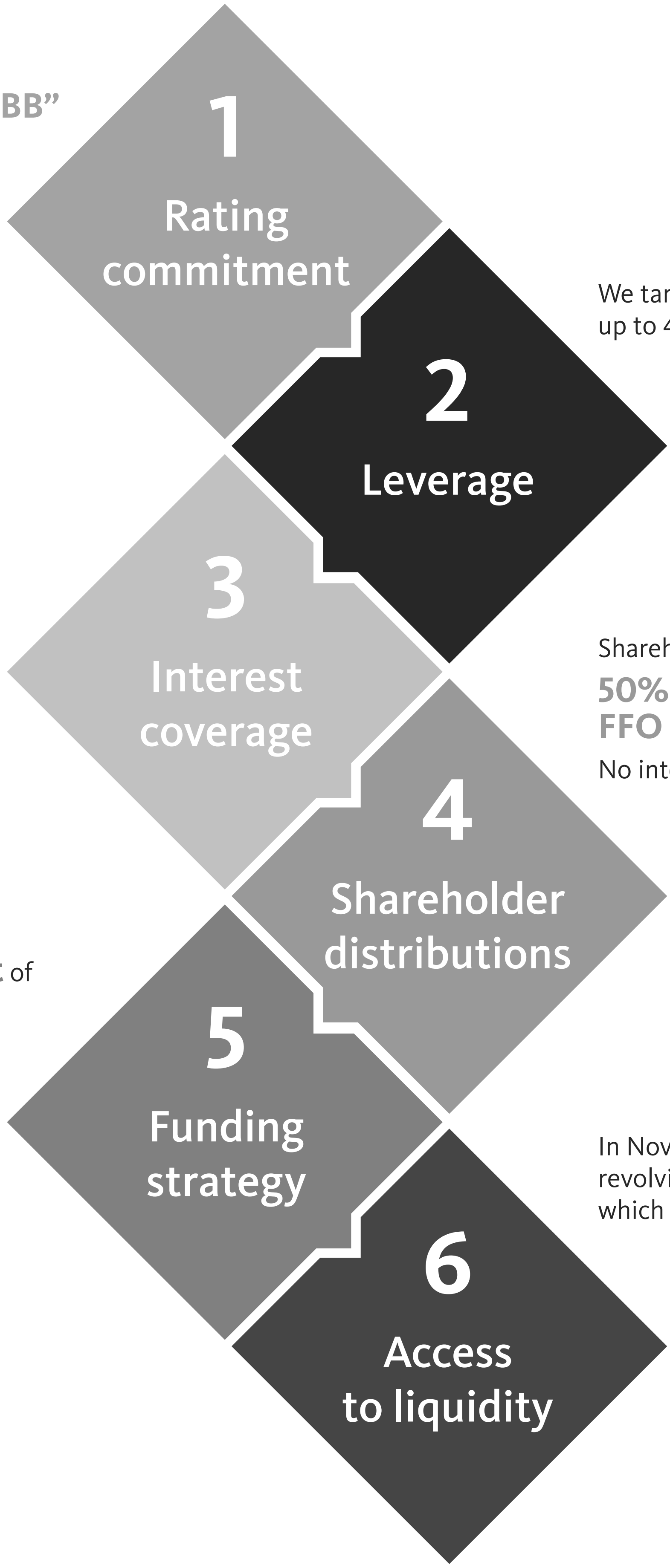
CPIPG views all acquisitions through the lens of financial policy and focuses on strategies to reduce risk. In April 2021, the Group launched a joint venture with Aroundtown SA ("Aroundtown") to take control of Globalworth. Working together with a strong partner like Aroundtown, our JV was able to achieve clear majority control of Globalworth and a 61% shareholding for a fairly small investment.

In Italy, the Group has been highly disciplined on pricing and focuses only on properties at steep discounts to fair value. For instance, Maximo Shopping Centre is the first brand-new shopping centre in Rome for more than 15 years. It was completed in October 2020 and was purchased through the restructuring of non-performing loans for an extremely attractive price. Many of the Group's UK and Italian acquisitions have successfully followed this model.

Overall, we are confident that the Group's capital structure strength and track record will serve us well for the remainder of 2021.

> *CPIPG is commited to financial reporting integrity and transparency for the benefit of our stakeholders.*
>
> *Pavel Měchura, Group Finance Director*

CPIPG's financial policy



Absolute commitment to strong investment-grade ratings

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

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

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

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

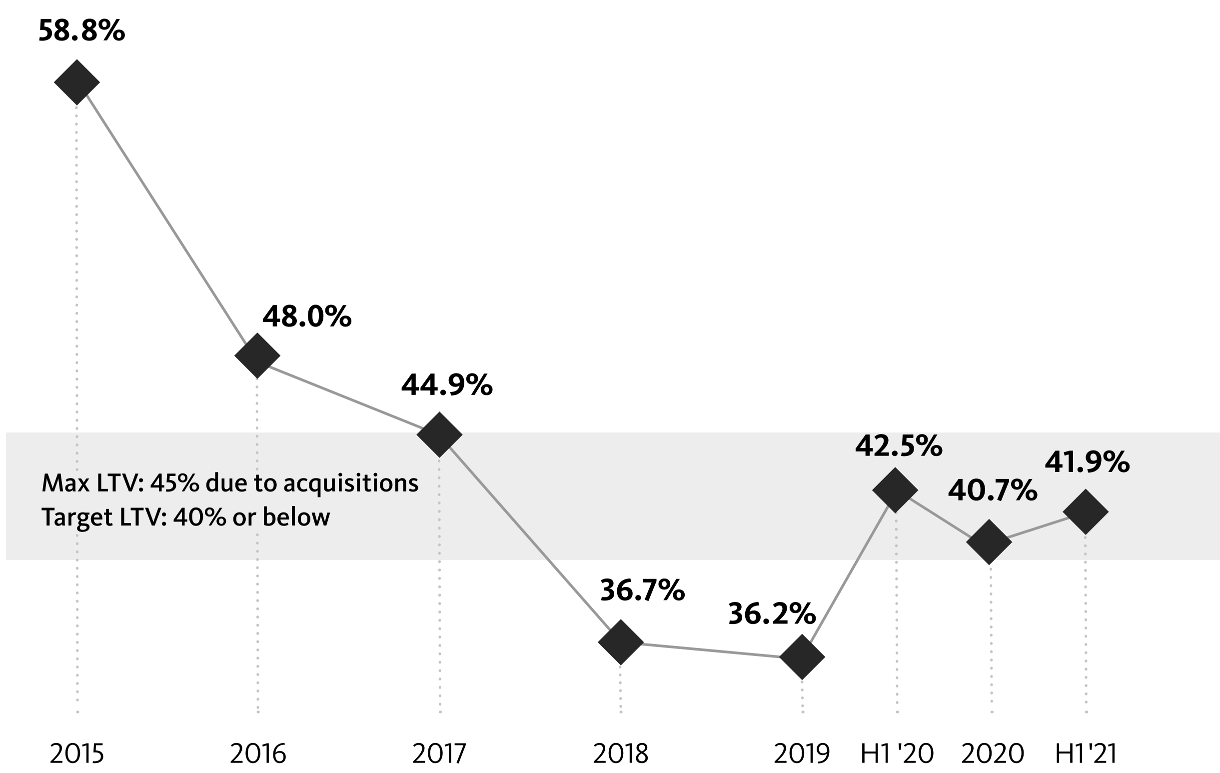
No intention to institute dividend distributions

Maintain a high level of unencumbered assets

Proactive management of our maturity profile

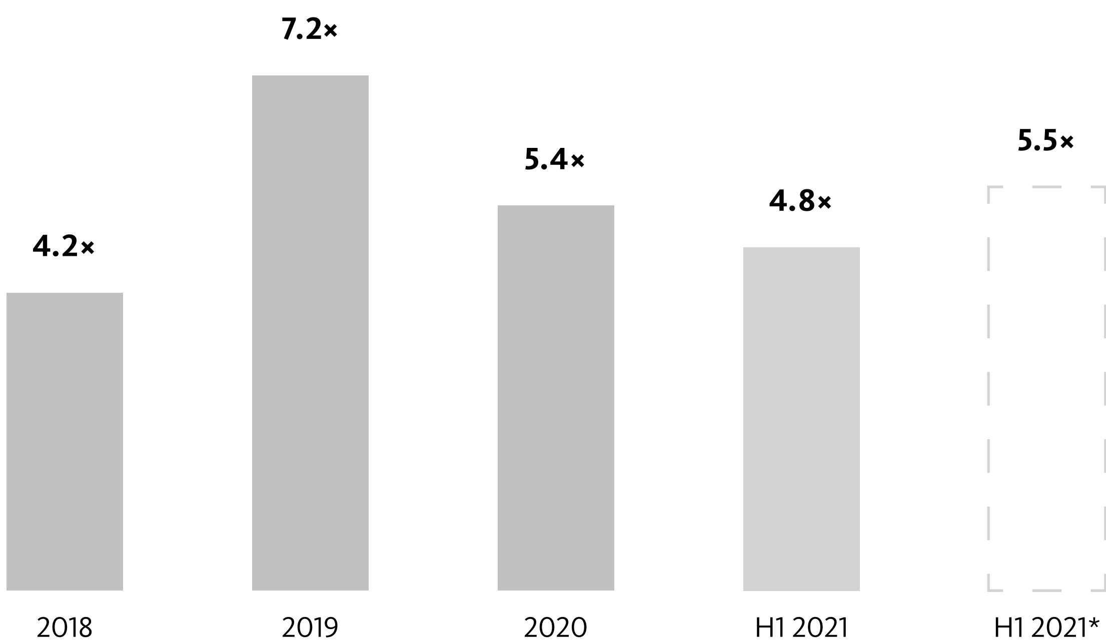
In November 2020, we signed a new revolving credit facility of **€700 million**, which expires in 2026

Net LTV



Net ICR

Net ICR remained strong and well within the Group's financial policy at 4.8× in H1 2021. **If hotels had performed normally and no discounts were provided, Net ICR would have been 6.3× in 2020 and 5.5× in H1 2021.**



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

Senior unsecured and hybrid activity

In the first half of 2021, CPIPG issued €1,074 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 small private placement in Japanese Yen of 3 billion (approximately €24 million)

The Group used proceeds raised from these issuances to repay more than €750 million of senior unsecured and undated subordinated bonds, which were callable or maturing in 2022, 2023, and 2024 as follows:

- Tender offer 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 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

Following these transactions, **only about 20% of the Group's total financing is due or callable within the next three years and about 40% within the next five years.**

A leader in green financing

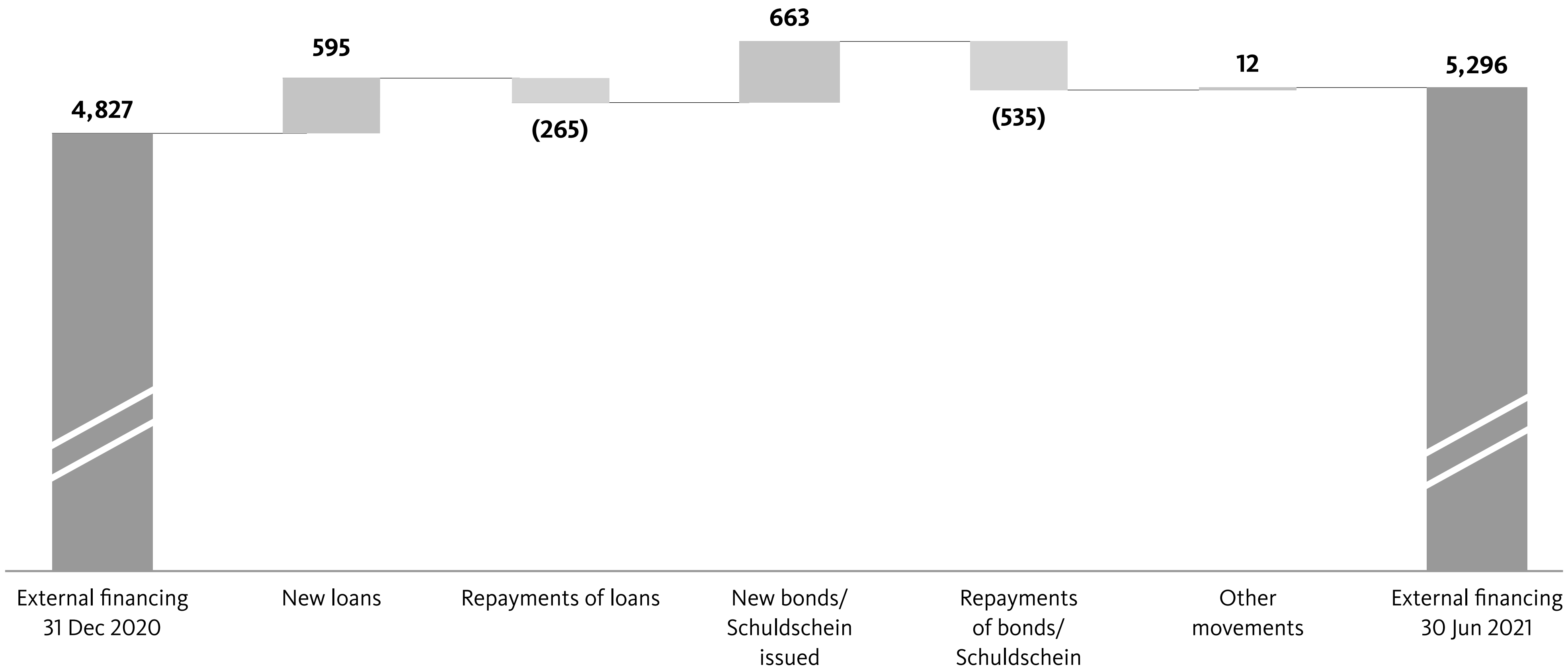
CPIPG has established itself as a leader in green bond financing, having issued four green bonds in three currencies: Euros, Sterling and Hungarian Forint. The Group believes that sustainable financing is a useful tool to highlight our focus and progress on ESG matters, and also intends to access the sustainability-linked bond market in the near future.

Selective secured bank financing

In line with our financial policy, the Group commits to maintain a high level of unencumbered assets at all times, which provides a significant source of liquidity and financial flexibility for the Group. The unencumbered assets ratio stood at 69% at the end of the first half of 2021. Unencumbered assets primarily consist of retail and office properties in the Czech Republic, along with high-quality landbank, residential assets and selected assets in Germany and other geographies of the Group.

At the same time, CPIPG benefits from having access to a diverse range of financing sources, including selective use of attractively-priced secured loans.

Changes in external financing during H1 2021 (€ million)



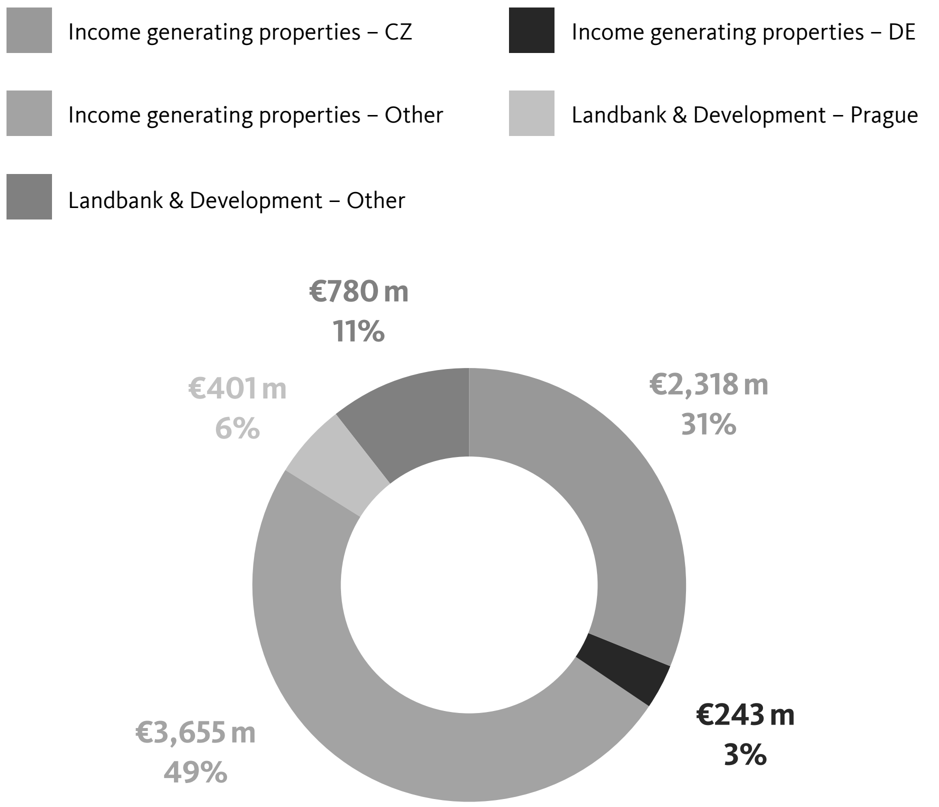
Issue Date	Currency	Outstanding amount (million)	€ equivalent (million)	Coupon (%)	Maturity Date	Format	% swapped to €
Feb 2021	JPY	3,000	24	0.7	Feb 2025	EMTN	100%
Jan 2021	EUR	400	400	3.8	Perpetual	EMTN (hybrid)	–
Jan 2021/Feb 2021	EUR	650	650	1.5	Jan 2031	EMTN	–
Sep 2020	EUR	525	525	4.9	Perpetual	EMTN (hybrid)	–
Aug 2020	HUF	30,000	86	2.3	Aug 2030	Local bond (green)	100%
May 2020	EUR	750	750	2.8	May 2026	EMTN (green)	–
Feb 2020	HKD	250	29	3.0	Feb 2030	EMTN	100%
Jan 2020	SGD	150	99	5.8	Perpetual	EMTN (hybrid)	100%
Jan 2020	GBP	350	411	2.8	Jan 2028	EMTN (green)	100%
Oct 2019	EUR	750	750	1.6	Apr 2027	EMTN (green)	–
Jun 2019	HKD	283	32	4.5	Jun 2026	EMTN	100%
Apr 2019	EUR	550	550	4.9	Perpetual	EMTN (hybrid)	–
Mar 2019	EUR	10	10	2.7	Mar 2027	SSD	–
Mar 2019/Jul 2019	USD	377	317	4.8	Mar 2023	EMTN	100%
Feb 2019	HKD	450	50	4.5	Feb 2024	EMTN	100%
Dec 2018	JPY	8,000	62	1.4	Dec 2021	EMTN	100%
Dec 2018	JPY	3,000	23	2.0	Dec 2028	EMTN	100%
Oct 2018	CHF	151	137	1.6	Oct 2023	EMTN	61%
Oct 2017/Dec 2017	EUR	239	239	2.1	Oct 2024	EMTN	–

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

Prinzessinnen-Höfe, Berlin, Germany

photo: GSG Berlin © Thomas Hillig Architekten

Composition of unencumbered asset portfolio

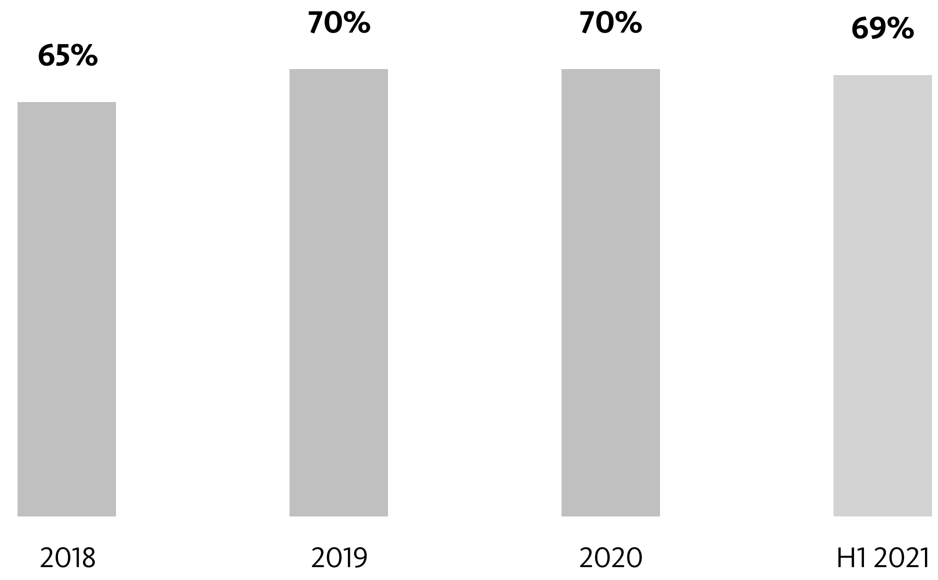


CPIPG has strong internal audit controls in place and the inhouse expertise to ensure a robust reporting process.

Miroslav Bednář, Head of IFRS & Consolidation

High level of unencumbered assets

The Group's unencumbered assets ratio remained stable at 69% compared to 2020. Unencumbered assets primarily consist of retail and office properties in the Czech Republic, along with high-quality landbank, residential assets and selected assets in Germany and other geographies of the Group. CPIPG intends to maintain a high level of unencumbered assets at all times and believes it to provide a significant source of liquidity and flexibility for the Group.



Strong liquidity (€ million)

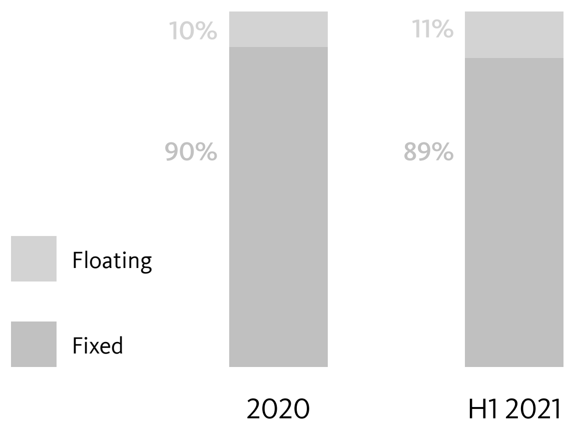
Cash as at 30 June 2021	580
(+) RCF – undrawn amount	500
(+) Other undrawn lines	21
Total liquidity as at 30 June 2021	1,101

At the end of H1 2021, the Group had **€1.1 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 strong liquidity maintained by the Group at all times meant that at the peak of the COVID-19 pandemic, the facility remained undrawn.

During H1 2021, €200 million of the RCF was temporarily drawn by the Group. UK Takeover Panel 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. CPIPG replenished the drawings under the RCF once the offer closed and surplus funds in escrow were returned to the Group. **As at the date of publication of the Group's H1 2021 results, the RCF was fully undrawn.**

Fixed versus floating rate debt

Fixed-rate debt comprised approximately 89% of the Group's debt as at 30 June 2021 versus 90% at the end of 2020. CPIPG targets a minimum of 80% fixed-rate debt in order to have a high degree of protection against interest rate volatility. If interest rates on all of the Group's variable-rate debt increased by 3 p.p., the cost of the Group's external debt would rise only by 0.3 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 fixed to floating-rate debt mix.



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

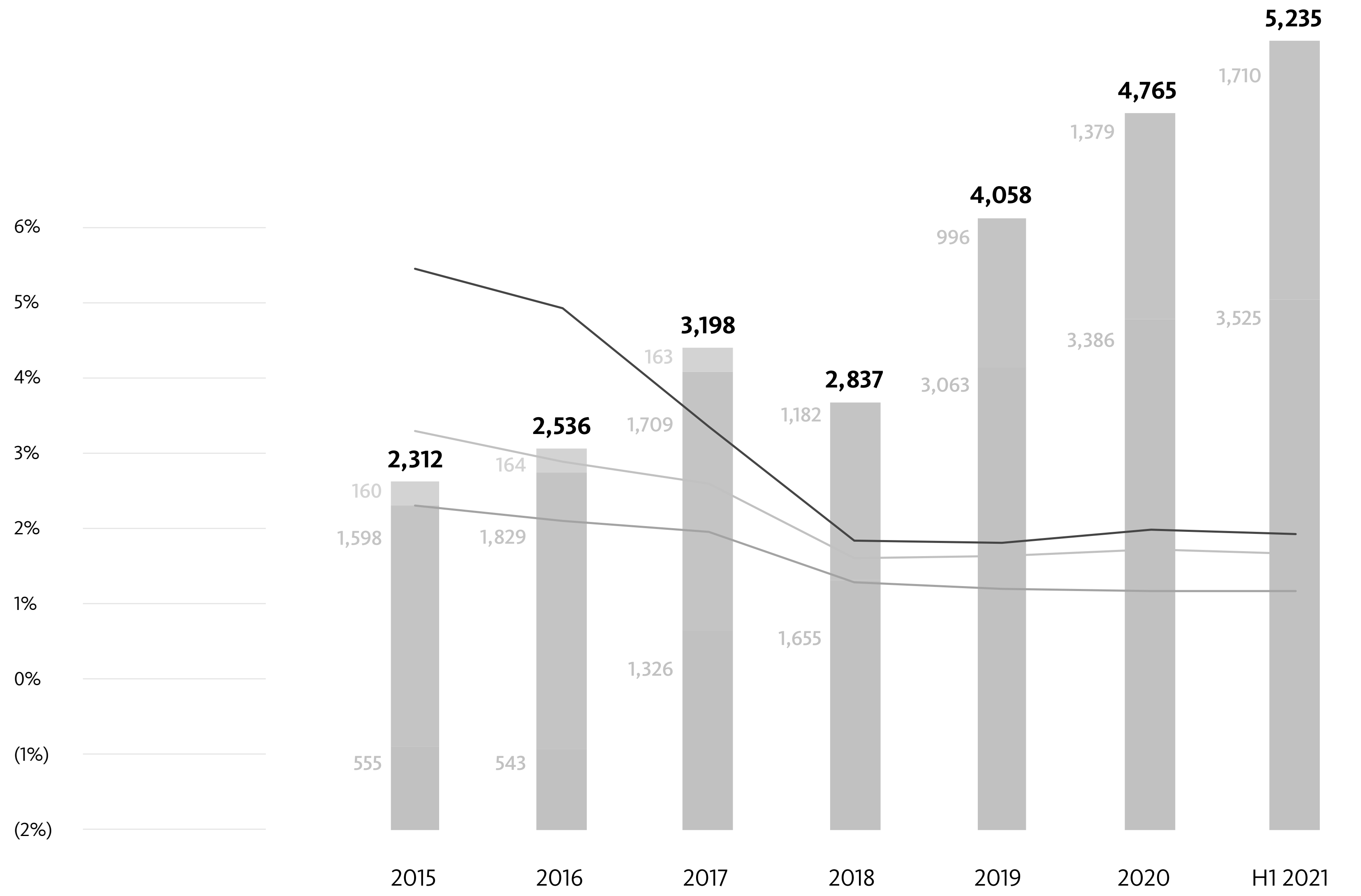
Type of liability	Share of external debt	Average interest rate as at 30 June 2021	if market interest rate +1 p.p.	if market interest rate +2 p.p.	if market interest rate +3 p.p.
Bonds/Schuldschein	67%	1.9%	2.0%	2.0%	2.0%
Bank loan	32%	1.2%	1.4%	1.7%	2.0%
Leasing	1%	0.3%	0.4%	0.5%	0.6%
Non bank loan	0%	1.8%	1.8%	1.8%	1.9%
Total	**100%**	**1.7%**	**1.7%**	**1.9%**	**2.0%**

* *Includes impact of contracted interest rate swaps.*

Quadra, Budapest, Hungary

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

At the end of H1 2021, the Group's average cost of debt stood at 1.68%, slightly lower than 1.73% at the end of 2020. Since 2020, the Group's objective has been to issue longer-dated unsecured bonds in order to improve our debt maturity profile, which had slightly higher coupons on average compared to shorter-dated bonds issued in prior years.



	2015	2016	2017	2018	2019	2020	H1 2021
Project bonds	160	164	163	0	0	0	0
Bank loans	1,598	1,829	1,709	1,182	996	1,379	1,710
Corporate bonds/Schuldschein	555	543	1,326	1,655	3,063	3,386	3,525
Avg. bank loan interest rate	2.32%	2.10%	1.96%	1.29%	1.19%	1.16%	1.17%
Avg. bond/Schuldschein interest rate	5.46%	4.93%	3.34%	1.84%	1.81%	1.98%	1.94%
Total average interest rate	**3.29%**	**2.89%**	**2.60%**	**1.61%**	**1.65%**	**1.73%**	**1.68%**

Reuchlinstraße, Berlin, Germany

photo: GSG Berlin © CHL

Senior unsecured debt remains a majority of funding

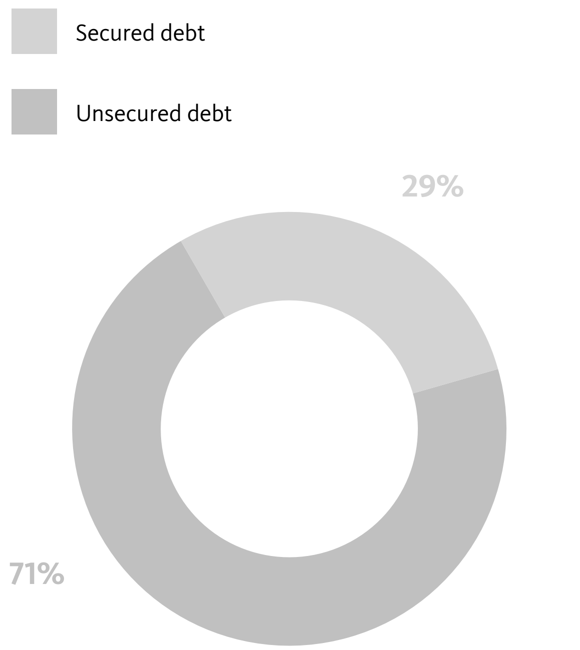
The proportion of secured debt to total debt increased slightly at the end of H1 2021 to 29% versus 21% at the end of 2020, mainly due to selective utilisation of new secured loans during the period.

The Group has secured loans from 15 banks that are active in the CEE region, Germany and Italy. The largest portion of the Group's secured loans (54%) relate to Berlin, mainly due in 2024.

CPIPG intends to pursue a simple, flexible capital structure focused primarily on senior unsecured financing. Nevertheless, we also believe retaining access to secured bank financing is an essential element of liquidity, financial flexibility and low cost funding for the Group.

Split of secured versus unsecured debt

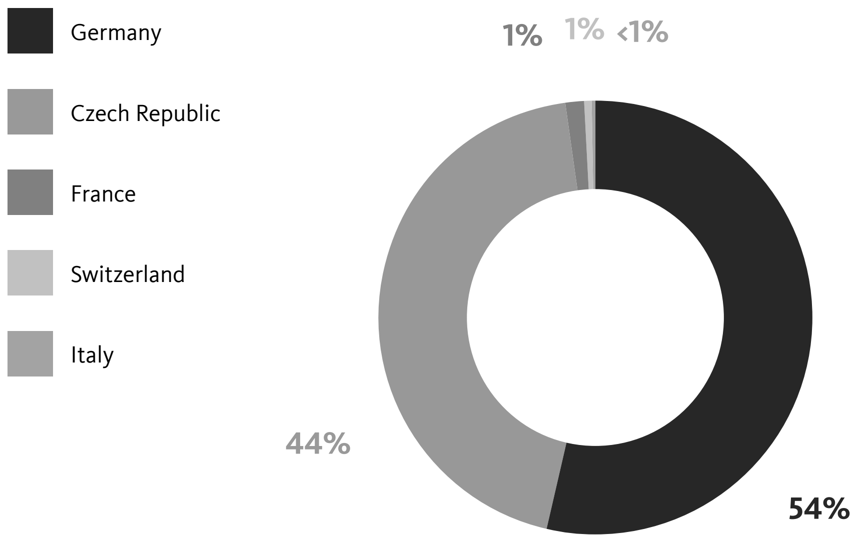
as at 30 June 2021



Breakdown of secured bank debt by principal

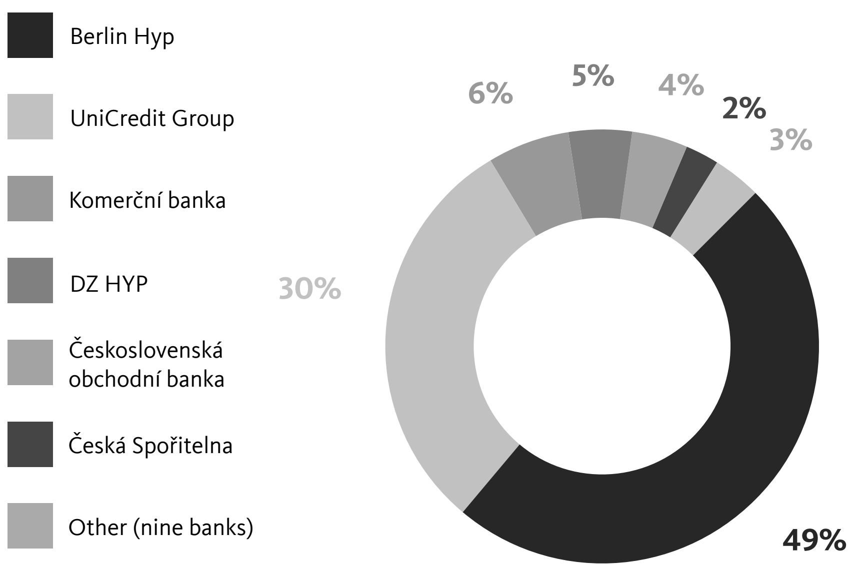
Secured bank debt by geography

as at 30 June 2021



Secured bank debt by bank

as at 30 June 2021



Concept Tower, Warsaw, Poland

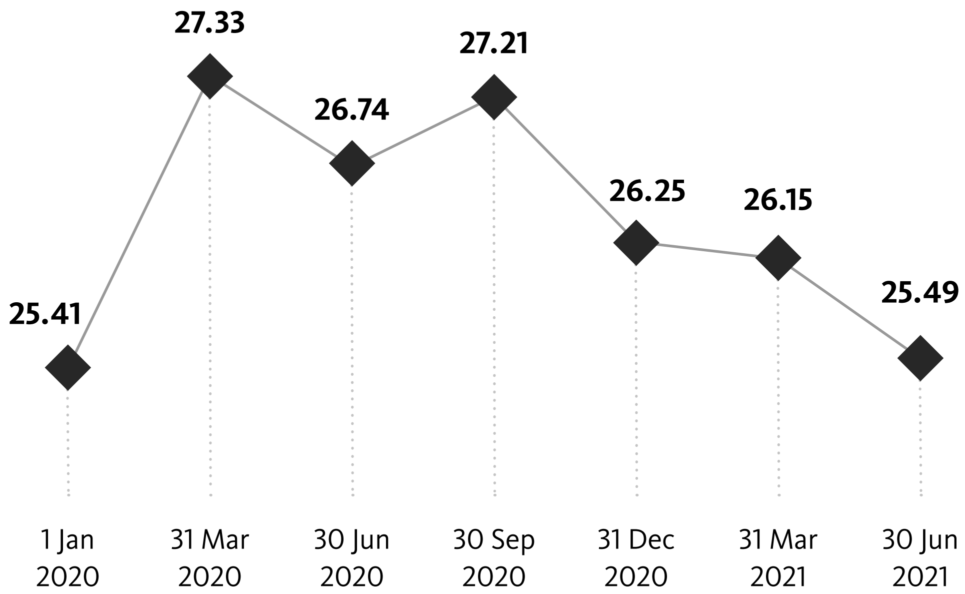
Foreign exchange risk

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. 25% of the property portfolio is valued in CZK and consolidated through sub-holdings into CPIPG, a Euro functional currency company. To a lesser extent, there is also an effect related to intra-group loans. In addition to the non-cash effects, the Group is exposed to foreign currencies (primarily CZK) through rental income and expenses. In H1 2021, 23% of the Group's gross rental income was received in CZK. However, 41% of the Group's property operating expenses and 38% of administrative expenses were also denominated in CZK. As a result, the remaining net exposure to CZK is limited. In H1 2021, CZK appreciated 2.9% relative to EUR, which had a positive effect on property values for assets denominated in CZK. In 2020, CZK depreciated approximately 3.3% relative to the Euro, which impacted the Group's Net LTV by an estimated 0.3 p.p. – this was consistent with previous FX sensitivity analysis performed by the Group.

FX sensitivity (CZK depreciation against EUR)

	5%	10%	15%	20%	25%
Net LTV	+0.5 p.p.	+1.0 p.p.	+1.5 p.p.	+1.9 p.p.	+2.3 p.p.
Net ICR	(0.04×)	(0.08×)	(0.11×)	(0.15×)	(0.18×)
EBITDA	(€2.5 m)	(€4.9 m)	(€7.0 m)	(€8.9 m)	(€10.7 m)

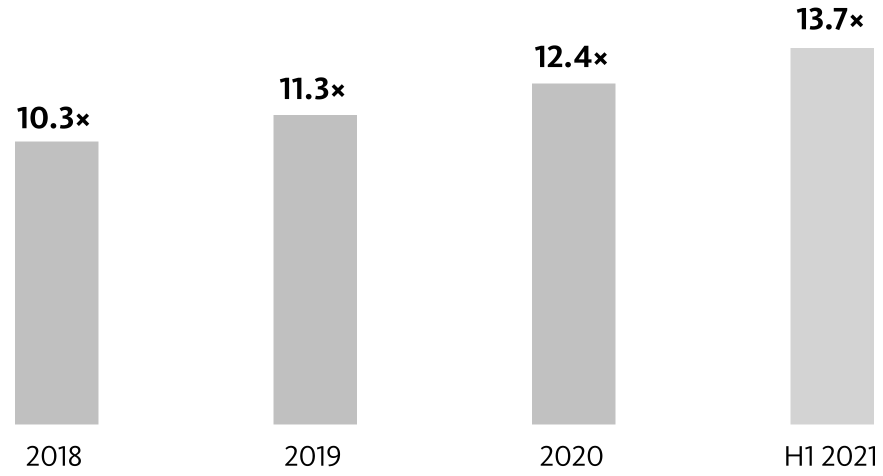
Development of CZK vs EUR since 1.1.2020



Note: The Group's exposure to other currencies is limited since almost 99% of the Group's annualised headline rent at the end of H1 2021 was denominated in EUR or CZK.

EBITDA and Net debt/EBITDA measurements

The level of Net debt/EBITDA increased slightly from 12.4× in 2020 to 13.7× in H1 2021. The increase was largely due to an increase in net debt relating to acquisitions in Italy and the UK. EBITDA increased compared to H1 2020 – despite hotels and a significant portion of retail being closed until April, EBITDA benefitted from continued like-for-like growth in rents combined with the enhanced contribution from recent acquisitions and completed developments. If hotels had performed normally and no discounts were provided, Net debt/EBITDA would have been 12.7×. 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.



Commitment to retain FFO

The Group's financial policy currently stipulates that CPIPG will retain at least 50% of FFO.

Since the Group did not conduct any share repurchases in 2020 and the improving COVID-19 backdrop in 2021, the Group announced the repurchase of 641,658,176 shares in February 2021, at a price of €0.616 per share, for an aggregate amount of €395.3 million. The 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 February 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.

Results & net assets

Net rental income grew by 7% to €175 million, versus €164 million in the first half of 2020.

The positive development in net rental income was predominantly driven by an increase in our gross rental income and stable property operating expenses.

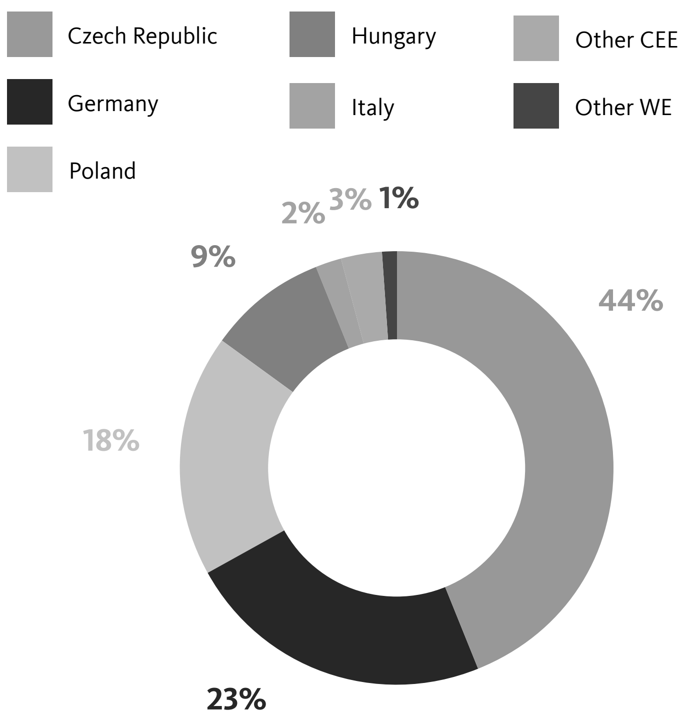
Net hotel income was -€4 million, versus -€5 million in the first half of 2020, reflecting the continuing impact of COVID-19 on the hospitality sector.

Income statement (part 1)

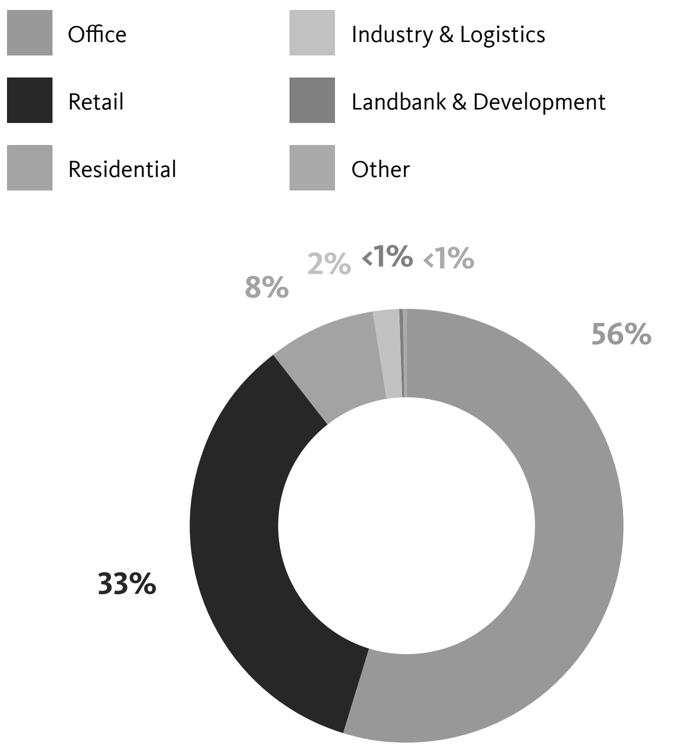
€ million	H1 2021	H1 2020
Gross rental income	188	173
Service charge and other income	62	61
Cost of service and other charges	(49)	(44)
Property operating expenses	(26)	(25)
Net rental income	**175**	**164**
Development sales	12	9
Development operating expenses	(10)	(8)
Net development income	**2**	**1**
Hotel revenue	16	20
Hotel operating expenses	(20)	(25)
Net hotel income	**(4)**	**(5)**
Other business revenue	22	29
Other business operating expenses	(18)	(21)
Net other business income	**4**	**8**
Total revenues	**300**	**291**
Total direct business operating expenses	**(123)**	**(123)**
Net business income	**178**	**168**
Administrative expenses	(24)	(25)
Consolidated adjusted EBITDA (excl. other effects)	**153**	**143**

In the first half of 2021, the Group generated gross rental income of €188 million, representing a y-o-y increase of 9% compared to €173 million in the first half of 2020, reflecting the impact of properties acquired in 2020 and in the first half of 2021, redevelopments completed in the same period, 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 1.9% 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 by 2.0%.

The greatest increase was realised in our German portfolio (6.7% in the solely Berlin offices where our rents remain below market levels).

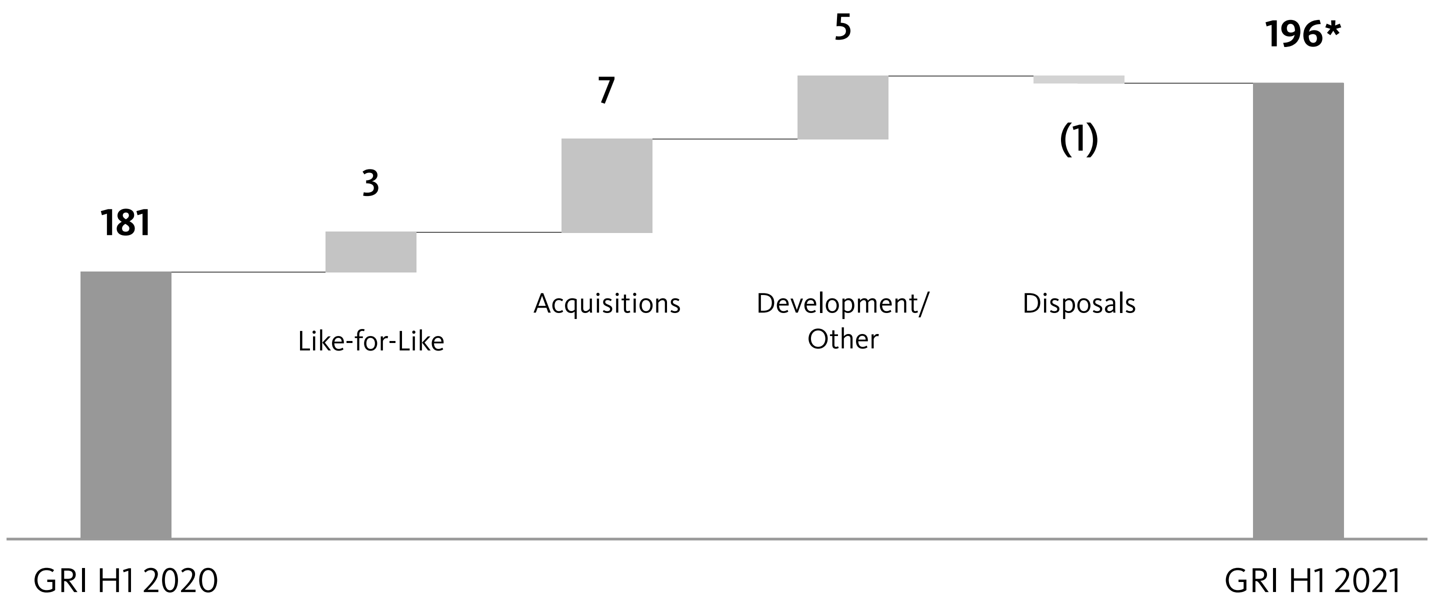
The like-for-like growth was fully driven by an increase of rents, while occupancy decreased on a like-for-like basis.

Like-for-like gross rental income	H1 2021 € m	H1 2020 € m	Increase/ (decrease)
Czech Republic	82.8	81.2	1.9%
Germany	41.1	39.0	5.4%
Hungary	18.6	18.6	0.2%
Poland	25.8	26.2	(1.3%)
Slovakia	4.0	4.0	(0.3%)
Other	1.6	1.7	(7.4%)
Total like-for-like gross rental income (excl. impact of COVID-19 rent discounts)	173.9	170.7	1.9%
Not like-for-like gross rental income			
Acquisitions/Transfers	14.8	7.5	
Disposals	0.6	1.1	
Development	6.2	1.7	
Other	0.6	0.1	
Total gross rental income	196.2	181.1	8.3%

In-place-rent Like-for-Like **3.9%**

Total Like-for-Like 1.9%

Occupancy Like-for-Like **(2.0 p.p.)**



** Includes one-time rent discounts.*

Income Statement (part 2)

€ million	H1 2021	H1 2020
Consolidated adjusted EBITDA (excl. other effects)	**153**	**143**
Net valuation gain	222	(11)
Net gain or loss on the disposal of investment property and subsidiaries	0	1
Amortisation, depreciation and impairments	(11)	(55)
Other operating income	3	4
Other operating expenses	(3)	(2)
Operating result	365	**80**
Interest income	11	9
Interest expense	(47)	(39)
Other net financial result	(22)	(6)
Net finance income / (costs)	(58)	**(36)**
Share of profit of equity-accounted investees (net of tax)	3	(15)
Profit / (Loss) before income tax	**310**	**29**
Income tax expense	(57)	(26)
Net profit / (Loss) from continuing operations	253	3

The decrease of impairment costs reflects stable valuations of the hotel portfolio at the end of the first half of 2021.

Net valuation gain of €222 million primarily relates to recent acquisitions in Italy which were purchased at large discounts to fair value and subsequently revalued. Also the residential portfolio increased in value by €71 million, mainly attributed to the strong market in the Czech Republic.

Interest expense was €47 million in H1 2021 compared to €39 million in H1 2020.

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

Interest expense (€ million)	H1 2021	H1 2020
Interest expense from bank and other loans	(9.9)	(9.1)
Interest expense on bonds issued	(37.3)	(29.0)
Interest expense related to leases	(0.1)	(0.7)
Total interest expense	**(47.3)**	**(38.8)**

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 H1 2021 by country and segment.

Valuation gain by country (€ million)

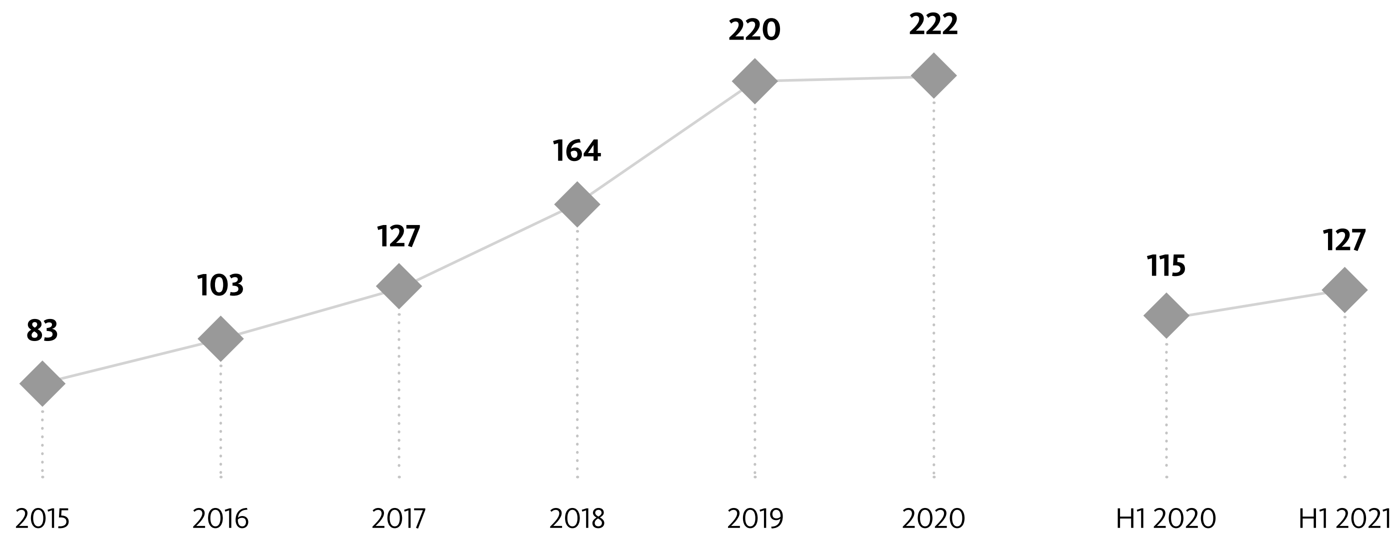
Italy	139
Czech Republic	82
Other	2
Total	**222**

Valuation gain by segment (€ million)

Landbank	127
Residential	71
Office	24
Other	0
Total	**222**

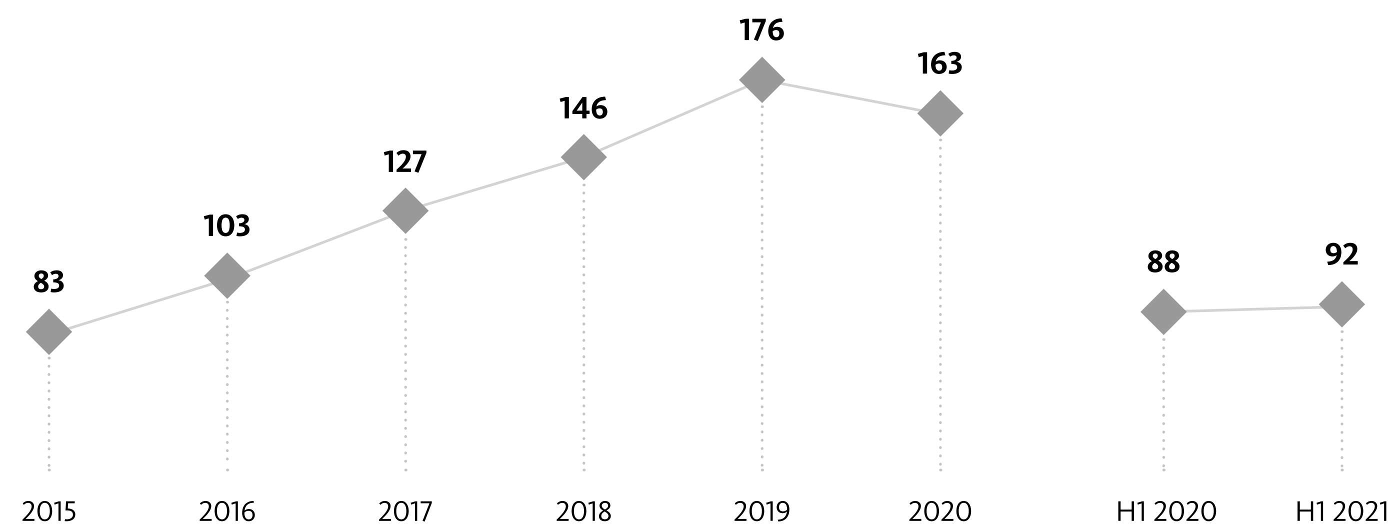
Funds from Operations – FFO (€ million)

Funds from operations (FFO) increased to EUR 127 million in H1 2021, up 10% relative to H1 2020.



Funds from Operations – FFO II (€ million)

FFO II, which includes the effect of coupon payments on hybrid bonds, increased by 5% to €92 million in H1 2021 relative to H1 2020.



Balance Sheet

€ million	30 Jun 2021	31 Dec 2020
Non-current assets		
Intangible assets and goodwill	**109**	107
Investment property	**9,715**	8,793
Property, plant and equipment	**826**	779
Equity accounted investees	**657**	658
Deferred tax asset	**153**	156
Other non-current assets	**215**	331
Total non-current assets	**11,675**	10,824
Current assets		
Inventories	**29**	39
Trade receivables	**115**	85
Cash and cash equivalents	**242**	632
Cash escrow deposit	**339**	–
Assets held for sale	**34**	38
Other current assets	**152**	183
Total current assets	**911**	978
Total assets	**12,586**	**11,801**
Equity		
Equity attributable to owners of the company	**4,416**	4,321
Perpetual notes	**1,554**	1,370
Non controlling interests	**74**	96
Total equity	**6,044**	5,787
Current liabilities		
Bonds issued	**3,430**	3,195
Financial debts	**1,414**	1,270
Deferred tax liabilities	**903**	842
Other non-current liabilities	**103**	117
Total non-current liabilities	**5,850**	5,424
Current liabilities		
Bonds issued	**84**	109
Financial debts	**368**	253
Trade payables	**70**	71
Other current liabilities	**170**	159
Total current liabilities	**692**	591
Total equity and liabilities	**12,586**	**11,801**

Property Portfolio (IP, PPE, INV, AHFS)
Change in PP by €930 million primarily due to:

- Acquisitions of €580 million, mainly relating to properties in Italy for €466 million, one property in London and the acquisition of land bank in Berlin and Slovakia;
- Increase in fair value of €317 million;
- CAPEX and development of €84 million;
- Disposals of €45 million.

Total Assets
Total assets increased by €785 million (7%) to €12,586 million as of 30 June 2021, primarily driven by higher investment property (€922 million) and reduced by a decrease in loans provided (€150 million).

Equity

- + €212 million profit for the period attributable to the owners of the Group;
- + €391 million hybrid bonds issued;
- + €81 million hedging and translation reserves;
- – €237 million hybrid bonds repaid;
- – €240 million share repurchase.

Financial Debts
Financial debts increased due to:

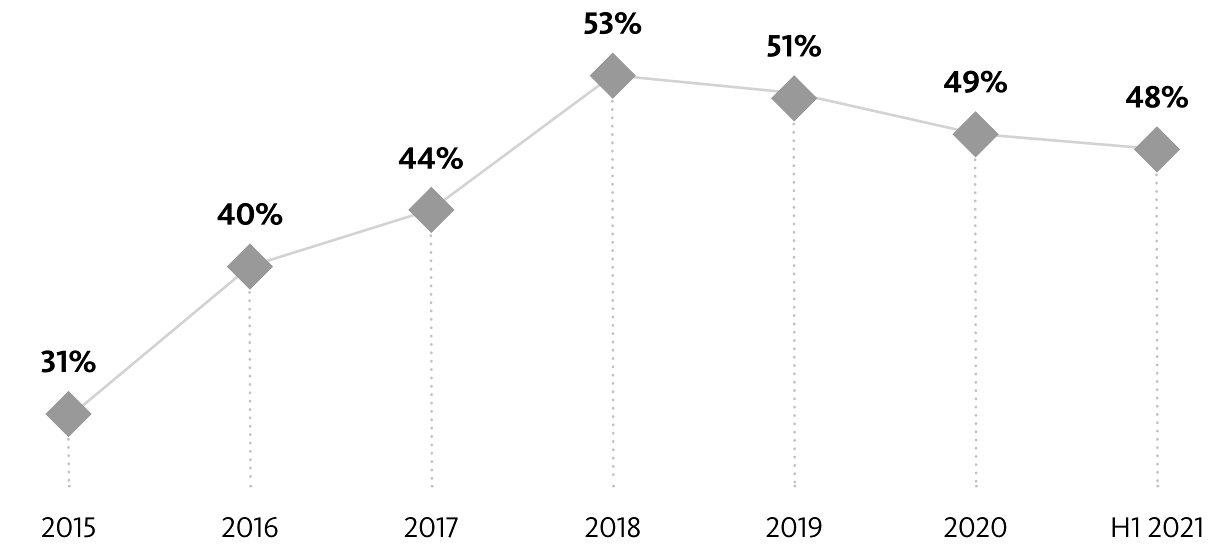
- + €595 million of new bank loans;
- – €265 million of bank loans repaid;
- – €71 million of Schuldschein repaid.

Bonds Issued
Bonds issued increased due to:

- + €640 million of EUR bonds issued;
- + €23 million of JPY bonds issued;
- – €464 million of EUR bonds repaid.

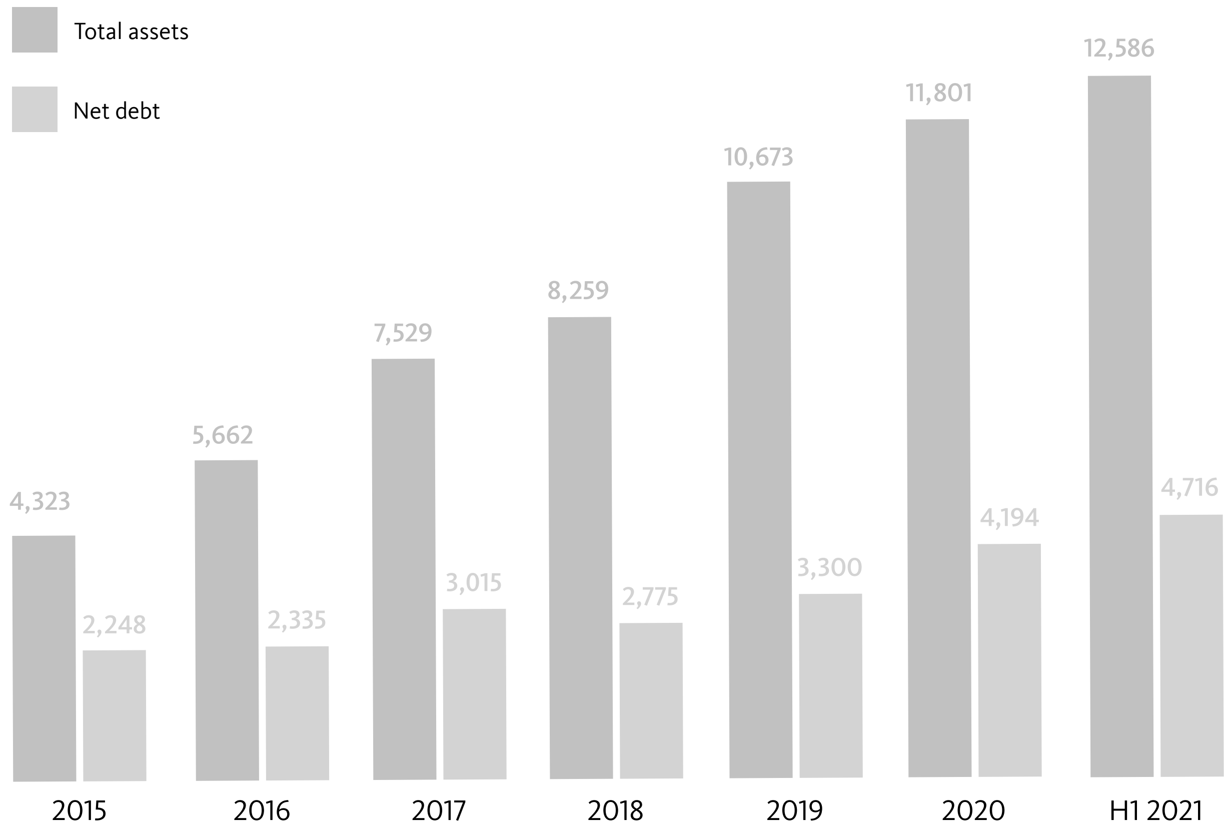
Equity ratio

The Group's equity ratio slightly decreased at the end of June 2021 compared to the end of 2020, especially due to share repurchase of €240 million which was conducted in Q1 2021 as an equivalent to 50% of FFO for 2020 and 2021.



Total assets and Net debt

During the first half of 2021, the Group continued increasing total assets through acquisitions, while also increasing total debt via new bank loans and senior unsecured bonds issues with proceeds partially used for repurchase of senior unsecured bonds due in 2022, 2023 and 2024.



Group management

Quadrio Offices lobby, Prague, Czech Republic

Martin Němeček

Chief Executive Officer

Martin Němeček was appointed CEO of CPI Property Group in March 2014. Martin is responsible for the Group's corporate strategy, business development and legal matters. He led the integration of CPI and GSG into CPIPG in 2014 and has overseen the foreign expansion of the Group in recent years. Martin has well over 20 years of real estate experience and previously spent 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), in September 1991 he transferred to the Prague office. Since this time, he has been almost exclusively focused on Central Europe including during his employment as an Associate Director of GE Capital Europe. Edward is a graduate of Trinity College, Dublin where he majored in Business and Economics with Honours (1988).

Jonathan Lewis

Independent, non-executive member

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

Philippe Magistretti

Non-executive member

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

Martin Němeček

Executive member

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

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.

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.

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

Martin Matula, General Counsel

Governance & sustainability

Governance principles

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

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

Sustainability principles

CPIPG's key sustainability principles are:

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

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

CPIPG's approach to corporate governance

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

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

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

The X Principles

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

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

I. Corporate Governance Framework

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

II. The Board of Directors' Remit

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

The Board takes into account the Group's corporate social responsibility and the interests of all stakeholders in its deliberations. The Board of Directors' conduct, operation and relations with management are evaluated twice a year. The 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. As at 30 June 2021, the Board of Directors was composed of three executive directors, one non-executive director, and three independent non-executive directors.

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

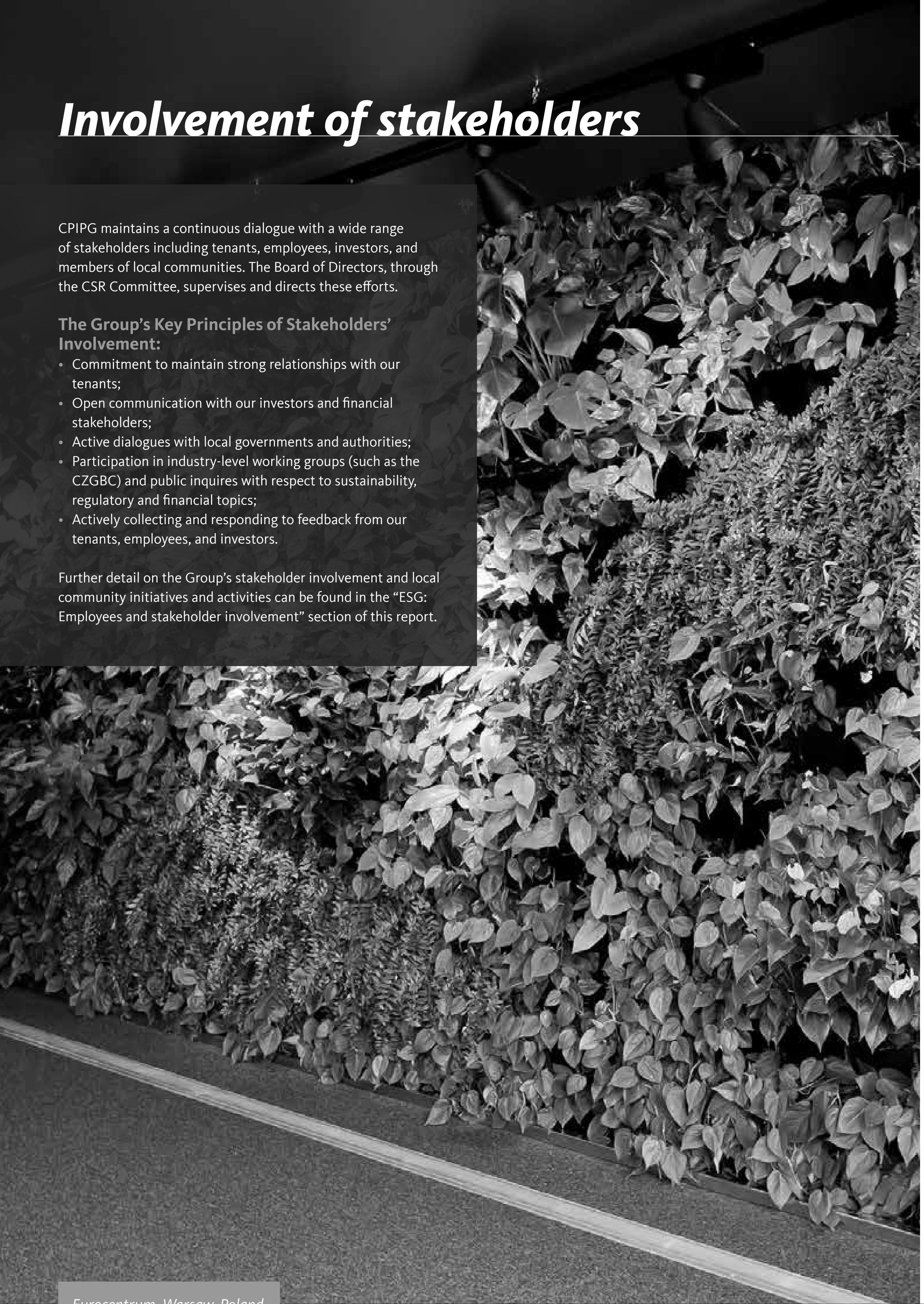
Involvement of stakeholders

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.

Eurocentrum, Warsaw, Poland

Omar Sattar, Chairman of the CSR Committee

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 30 June 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 H1 2021, the CSR Committee held two meetings. Within mandate given by the Board of Directors, the CSR Committee approved that 5% of any discretionary annual bonus compensation of the Group top management will be linked to the CSR Committee's judgement of whether management is meeting the Group's environmental targets.

Luxembourg Plaza, Prague, Czech Republic

Responsible procurement policy

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

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

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

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

Ensuring business ethics

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

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

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

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

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

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

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

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

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

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

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

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

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

Conflicts of Interest

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

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

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

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

Whistle-blowing

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

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

Reports can be made to the e-mail whistleblowing@cpipg.com.

All reports made in good faith shall be kept confidential and no person making a report will be subject to discrimination or adverse treatment by virtue of making that report.

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

CPIPG is working on amended policy to fully implement the new EU Whistleblower Directive.

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 benefit given or offered. Our Representatives may neither give to, nor accept from, anyone who conducts or seeks to conduct business with the Group, any gift, service or special treatment of any kind, unless:

- It is provided with good intentions and for legitimate business purposes;
- It is consistent with good business practices and ethical standards;
- It is permitted by applicable laws and the Group's internal rules;
- It is permitted by the counterparty's own business policies;
- It is of value not exceeding normal business practices, not in the form of cash payment and cannot be interpreted as a bribe or reward;
- There is no expectation that such special treatment will follow;
- It does not create an appearance of impropriety;
- Potential 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.

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.

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

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.

I joined CPIPG in 2021 and look forward to contributing to the Group's impressive progress with regards to both strategic growth and corporate governance.

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 and 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 30 June 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.

Board of Directors meetings in H1 2021

During H1 2021 the Board of Directors held a total of seven meetings, out of which two were quarterly meetings, and five 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 98%, of which 86% represents personal attendance and 12% representation by another director pursuant to a proxy. During H1 2021 one absence 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.

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.

Green Corner terrace, Warsaw, Poland

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 30 June 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 H1 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 H1 2021, the Audit Committee held five meetings with five absences.

Remuneration, Nomination, and Related Party Transaction Committee

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

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

As at 30 June 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 H1 2021, the Remuneration Committee held X 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 30 June 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.

Shareholding of Board members and senior management in CPIPG

As at 30 June 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

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 percentaget of total share capital that it represents:*

The share capital of the Company is represented by 8,010,058,155 ordinary shares of one class, out of which 112,135,971 shares (approximately 1.4% 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 7,897,922,184 Company shares (approximately 98.6% of the total number of shares) are currently not listed and are non-tradeable on a regulated market. The Extraordinary General Meeting of the shareholders of the Company held on 26 June 2017 decided to introduce the possibility to create and issue up to ten billion (10,000,000,000) non-voting shares, having a par value of ten eurocents (€0.10) each, and also the possibility to create and issue up to ten billion (10,000,000,000) beneficiary shares without any voting rights and being under registered form only. None of these non-voting shares have been issued by the Company yet.

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

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

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

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

Radovan Vítek (directly or indirectly)	7,497,002,824	93.59%
Others	446,055,331	5.57%
Treasury shares held by the Company's indirect subsidiary CPI FIM SA (directly or indirectly)	67,000,000	0.84%
Total	**8,010,058,155**	**100%**

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

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

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

The Company has no employee share scheme.

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

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

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

To the knowledge of the Company, there are no shareholders or similar agreements entered into by and between shareholders that are in effect as at 30 June 2021 with similar effects.

(h) *The rules governing the appointment and replacement of board members and the amendment of the articles of association:*

The Company is managed by a Board of Directors appointed as a collegiate body by the general meeting of shareholders. The Board of Directors shall be composed of the number of members determined by the general meeting of the shareholders and shall amount to at least three members. The Directors are elected by the general meeting of shareholders for a period of maximum six years. The directors are eligible for re-election and may be removed with or without cause at any time by decision of the general meeting of shareholders by simple majority vote. In the event of a vacancy in the Board of Directors, the remaining members may co-opt a new member. The Directors may be either natural persons or legal entities. The articles of association may be modified by an extraordinary general meeting of the shareholders, deliberating with a quorum of at least half of the corporate capital and deciding by a vote of at least a two-thirds majority of the votes cast.

(i) *The powers of board members, and in particular the power to issue or buy back shares:*

The Board of Directors is empowered to perform any acts necessary or useful in achieving the Company's objectives. All matters not expressly reserved to the general meeting by law or by Company's articles of association are within the competence of the Board of Directors. In particular, the Board of Directors has the following tasks and competencies, without such list being exhaustive:

- Setting the objectives and management policies of the Company;
- Preparing the annual operating and financing plans;
- Managing the Company's business affairs and performing all the acts and operations relating to the corporate purpose that do not fall within the duties attributed to other bodies of the Company;
- Representing the Company in or out of court;
- Acquiring or selling real estate;
- Incorporating companies;
- Adopting resolutions regarding the issuance of bonds, or borrowings;
- Approving issuance of new shares pursuant to the authorized share capital.

As at 30 June 2021, the authorized share capital of the Company amounts to €4,975,000,000, which would authorize the Board of Directors to issue up to 39,750,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding. As at 30 June 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 6.10 of the Consolidated financial statements as of 30 June 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 30 June 2021.

ESG update

-30%
GHG ntensity by 2030

-10%
Water intensity by 2030

100%
renewable energy purchases by 2024

Increase the proportion of green buildings

Continued improvement in ESG ratings

In 2021, **Sustainalytics improved CPIPG's ESG rating to 13.2 / 100** from 15.2 / 100, placing CPIPG in the **top 13% of the real estate industry and top 5% of the global universe of over 13,500 rated issuers**. The Group continues to make great strides in its handling of sustainability and ESG matters and is pleased that these efforts are being recognised externally.

SUSTAINALYTICS

Low Risk: 13.2 / 100 (2021) from 15.2 / 100 (2020)

Top 13% in diversified real estate (2021)

*"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**"*

Environmental strategy update

CPIPG tightened its environmental targets for the future – in March 2021, the Group **announced its commitment to reduce greenhouse gas ("GHG") emissions intensity by 30% by 2030 across all emissions scopes 1-3** (up from the previous target of 20%) and also to **transition all electricity purchased by the Group to 100% renewable sources by 2024**. Switching electricity purchases to 100% renewable sources is expected to have a marked impact on reducing our overall GHG emissions and intensity in the future since this comprises a significant portion of the Group's energy mix and today is mostly derived from fossil fuel sources. The switch will also contribute materially to our revised 2030 GHG reduction target.

With support from our external consultants CI2 and UCEEB, the Group is now working with the Science Based Targets initiative ("SBTi") to verify that the Group's new GHG reduction target aligns the Group to Paris Agreement climate goals to limit the global temperature increase versus pre-industrial levels to well below 2 degrees centigrade.

Continued reporting journey with CDP

CPIPG reported on climate disclosures via CDP for the second time in July 2021. The Group's initial CDP submission in August 2020 received a 'C' score, in line with the European regional average and in line with the Land & property ownership & development sector average. CPIPG hopes to improve our CDP score over time and is optimistic that recent improvements to our environmental performance and strategy should support this.

Multiple memberships, partnerships and initiatives

SUSTAINABLE DEVELOPMENT GOALS

CZECH GREEN BUILDING COUNCIL CZGBC

BREEAM® delivered by bre

LEED

Green Key

ČVUT UCEEB

CDP DISCLOSURE INSIGHT ACTION

Environmental initiatives

The Group is constantly involved in initiatives across our portfolio to enhance the sustainability credentials of our properties and operations. In the first half of 2021, CPIPG engaged in the following key environmental initiatives:

- The Group **became a member of the Polish Green Building Council,** which will enable CPIPG to participate and contribute to environmental initiatives in the local market. The Council is a sister organisation of the Czech Green Building Council, of which CPIPG became a member more than two years ago.

PLGBC
Polish Green Building Council

- In the Czech Republic, CPIPG has set a **target to replace our corporate vehicle fleet with 240 ŠKODA AUTO a.s. plug-in hybrids by 2024,** with the first 50 arriving in 2021.

- Thanks to a long-standing and successful partnership with Parkstrom GmbH, CPIPG's subsidiary GSG Berlin is making a significant contribution to Berlin's e-charging infrastructure. **By 2022, GSG plans to have 141 charging points installed at its properties.** Our colleagues in Berlin also began a partnership with TIER Mobility, the first micro-mobility company in Berlin to be fully climate neutral.

- CPIPG's shopping centre Jihlava in the Czech Republic won the prestigious national Green Roof of the Year competition for 2021 in a public vote.

Partnering with tenants

In recent years, CPIPG has explored ways of partnering with tenants to improve the efficient operation of our properties through cooperation and mutual understanding. In particular, the Group has employed the use of memorandums of understanding ("MOU") and also leases with embedded green features. During the first half of 2021, the Group's anchor retail tenants (including Tesco, Ahold, Norma, BILLA, Penny Market, OBI, Bauhaus, and Kaufland) representing approximately 10% of CPIPG's portfolio in terms of gross leasable area were approached regarding the possibility of signing green MOUs. Several tenants such as Albert, Ahold and Norma have already signed Green MOUs as of June 2021. As an example, the MOU signed with Albert covers 24 stores across CPIPG's portfolio and focuses on establishing measures that govern the cooperation between landlord and tenant on green measures for the properties.

Partnering with local communities

The Group is committed to all elements of ESG, and **social factors play an important role in determining how we build, operate and refurbish our properties.** Examples of new social projects undertaken in the first half of 2021 include:

- CPIPG committed to transform one of our properties in Prague into the city quarter's **new cultural and community centre**. Comprising around 400 m², it will include a theatre, cinema and a café. The premises will go through a complete reconstruction and the cooperation with the local council will last for at least 15 years.

- The Group has **frequently consulted with local communities** during the construction of our 22 hectare Nová Zbrojovka redevelopment project in Brno. During the fourth edition of the Open House Brno festival, in which buildings and premises that are normally off-limits open their doors and gates to the public for free, around one thousand members of the public visited the Nová Zbrojovka complex, where they were able to provide feedback on the project. As part of the Nová Zbrojovka redevelopment project, the Group has also committed to **build a new community centre** which will include a rooftop cafe, co-working zone, brewery, food court, and features a seating and gallery space with use for various events and exhibitions.

Increasing share of green buildings with strong certifications

CPIPG is committed to increasing the share of certified green buildings in our property portfolio and obtaining the highest certifications where possible. At the end of 2020, the Group had **30 certified buildings comprising 25.8% of total value and 22.9% of total leasable area. Over 93% of our green-certified buildings are certified BREEAM "Very Good" and above and LEED "Gold" and above.**

In the first half of 2021, the Group marked a further milestone – ZET.office in Brno, the Czech Republic, a newly developed office building completed in 2019 **received a BREEAM Excellent certification, and became the first building in the Czech Republic to achieve a BREEAM In-Use version 6 rating.**

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 (like net gain/loss on disposals etc.). Calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
FFO II	It is calculated as Funds from operations (FFO) deducted by interest on perpetual notes as reported.	
Net debt/EBITDA	It is calculated as Net debt divided by Consolidated adjusted EBITDA.	A measure of a company's ability to pay its debt. This ratio measures the amount of income generated and available to pay down debt before covering interest, taxes, depreciation and amortisation expenses.
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm's ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Net Loan-to-value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Net Loan-to-value provides a general assessment of financing risk undertaken.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm's liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realised in the event of default.

Non-financial definitions	Definition
Company	CPI Property Group S.A.
Property Portfolio value or PP value	The sum of value of Property Portfolio owned by the Group
Gross Leasable Area or GLA	Gross leasable area is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.
Group	CPI Property Group S.A. together with its subsidiaries
Net debt	Net debt is borrowings plus bank overdraft less cash and cash equivalents; 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 and investees held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.
Potential Gross Leasable Area	Potential Gross Leasable Area is the total amount of floor space and land area being developed which the Group is planning to rent after the development is complete.
Potential Gross Saleable Area	Potential Gross Saleable area is the total amount of floor space and land area being developed which the Group is planning to sell after the development is complete.

Key ratio reconciliations

Equator II, Warsaw, Poland

Property portfolio reconciliation (€ million)

	30 Jun 2021	31 Dec 2020
Investment property – Office	4,837	4,716
Investment property – Retail	2,473	2,184
Investment property – Landbank	1,107	798
Investment property – Residential	959	855
Investment property – Industry & Logistics	118	117
Investment property – Agriculture	102	99
Investment property – Development	82	13
Investment property – Other	29	4
Investment property – Hospitality	7	6
Property, plant and equipment – Hospitality	711	676
Property, plant and equipment – Mountain Resorts	73	67
Property, plant and equipment – Agriculture	12	12
Property, plant and equipment – Office	12	9
Property, plant and equipment – Residential	6	6
Property, plant and equipment – Retail	1	1
Property, plant and equipment – Other	1	–
Equity accounted investees	657	658
Other financial assets	–	26
Inventories – Development	23	31
Assets held for sale	34	38
Total	**11,246**	**10,316**

Net LTV reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 2021	31 Dec 2020
A	Financial debts	1,782	1,523
B	Bonds issued	3,515	3,304
C	Net debt linked to AHFS	0	0
D	Cash and cash equivalents	242	632
E	Cash escrow deposit	339	0
F	Property portfolio	11,246	10,316
(A+B+C-D-E)/F	**Net LTV**	**41.9%**	**40.7%**

Unencumbered assets to total assets reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 21	31 Dec 20
A	Bonds collateral	0	0
B	Bank loans collateral	3,899	3,541
	Investment property	3,718	3,367
	Property, plant and equipment	131	124
	Trade receivables	29	27
	Bank accounts	21	23
C	Total assets	12,586	11,801
(C-A-B)/C	Unencumbered assets ratio	69.0%	70.0%

Secured consolidated leverage ratio reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 21	31 Dec 20
A	Secured bonds	0	0
B	Secured financial debts	1,529	1,400
C	Consolidated adjusted total assets	12,478	11,694
	Total assets	12,586	11,801
	Intangible assets and goodwill	109	107
(A+B)/C	Secured consolidated leverage ratio	12.3%	12.0%

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

Item per Consolidated financial statements		H1 2021	H1 2020
A	Net profit/(Loss) for the period	254	2
B	Deferred income tax	(52)	(21)
C	Net valuation gain or loss on investment property	222	(11)
D	Net valuation gain or loss on revaluation of derivatives	1	2
E	Net gain or loss on disposal of investment property and subsidiaries	0	1
F	Net gain or loss on disposal of inventory	2	1
G	Net gain or loss on disposal of PPE/other assets	0	0
H	Impairment/Reversal of impairment	7	(36)
I	Amortization/Depreciation	(18)	(19)
J	Other non-cash items	(10)	6
K	GW/Bargain purchase	0	0
L	Other non-recurring items	(19)	(8)
	Non-recurring FX losses incurred	0	(7)
	Non-recurring financial and other charges	(19)	(1)
M	Share on profit of equity accounted investees/JV adjustments	3	(15)
N	Other effects	11	13
(A-B-C-D-E-F-G-H-I-J-K-L-M+N)	Funds from operations	127	115

** Includes pro-rata FFO for H1 2021 of Equity accounted investees.t*

Consolidated adjusted EBITDA reconciliation (€ million)*

Item per Consolidated financial statements		H1 2021	H1 2020
A	Net business income	178	168
B	Administrative expenses	(24)	(25)
C	Other effects	19	21
A+B+C	Consolidated adjusted EBITDA	172	164

** Includes pro-rata EBITDA for H1 2021 of Equity accounted investees.*

Net interest coverage ratio reconciliation (€ million)

Item per Consolidated financial statements		H1 2021	2020
A	Interest income	11	18
B	Interest expense	(47)	(81)
C	Consolidated adjusted EBITDA	172	338
C/-(A+B)	Net ICR	4.8	5.4

Net debt/EBITDA reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 21	31 Dec 20
A	Net debt	4,716	4,194
B	Net business income*	356	344
C	Administrative expenses*	(49)	(47)
D	Other effects*	37	41
A/(B+C+D)	Net debt/EBITDA	13.7	12.4

** Annualised.*

Secured debt to Total debt reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 21	31 Dec 20
A	Secured bonds	0	0
B	Secured financial debts	1,529	1,400
C	Total debts	5,296	4,827
	Bonds issued	3,515	3,304
	Financial debts	1,782	1,523
(A+B)/C	Secured debt as of Total debt	28.9%	29.0%

EPRA NTA deferred tax reconciliation (€ million)

Inventories	Residual tax value of properties	Tax Rate	Fair value of properties	Tax
Total as at 30 Jun 2021	23	19%–33.3%	23	–
Total as at 31 Dec 2020	31	19%–33.3%	31	–

AHFS resold/acquired in last 12 months	Tax acquisition price of share	Share applicable	Tax Rate	IFRS NAV	Tax
Total as at 30 Jun 2021	–	–	–	–	–
Total as at 31 Dec 2020	–	–	–	–	–

Equity ratio reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 21	31 Dec 20
A	Total assets	12,586	11,801
B	Total equity	6,044	5,787
B/A	Equity Ratio	48%	49%

FFO II reconciliation (€ million)

Item per Consolidated financial statements		H1 2021	H1 2020
A	Funds from operations	127	115
B	Interest on perpetual notes	(35)	(27)
A+B	Funds from operations II	92	88

DECLARATION LETTER

INTERIM FINANCIAL REPORT

AS AT 30 JUNE 2021

1.1. **Person responsible for the Semi - 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 Semi - Annual Financial Report**

The undersigned hereby declares that, to the best of its knowledge:

- the condensed consolidated interim financial statements of the Company as at 30 June 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 30 June 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 August 2021

Mr. Martin Němeček

CEO & Managing Director

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Société anonyme
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Space means opportunity

CPI PROPERTY GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Condensed consolidated interim statement of comprehensive income

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

	Note	Six-month period ended 30 June 2021	30 June 2020
Gross rental income	5.1	188.1	172.8
Service charges and other income	5.2	62.4	60.5
Cost of service and other charges	5.2	(48.8)	(44.1)
Property operating expenses	5.3	(26.5)	(25.2)
Net rental income		**175.2**	**164.0**
Development sales		12.0	8.8
Development operating expenses		(9.8)	(8.1)
Net development income		**2.2**	**0.7**
Hotel revenue	5.4	15.7	19.8
Hotel operating expenses	5.4	(19.6)	(24.6)
Net hotel income		**(3.9)**	**(4.8)**
Other business revenue		22.2	29.3
Other business operating expenses		(17.9)	(21.1)
Net other business income		**4.3**	**8.2**
Total revenues	4.1, 4.2	300.4	291.2
Total direct business operating expenses	4.1	(122.6)	(123.1)
Net business income	4.1	**177.8**	**168.1**
Net valuation gain (loss)	5.5	222.0	(11.0)
Net gain on disposal of investment property and subsidiaries	5.6	0.5	0.6
Amortization, depreciation and impairment	5.7	(10.6)	(54.9)
Administrative expenses	5.8	(24.5)	(24.9)
Other operating income		2.9	3.9
Other operating expenses		(3.1)	(2.3)
Operating result		**365.0**	**79.5**
Interest income		11.3	8.9
Interest expense	5.9	(47.3)	(38.8)
Other net financial result	5.10	(22.1)	(6.0)
Net finance costs		**(58.1)**	**(35.9)**
Share of gain (loss) of equity-accounted investees (net of tax)		3.3	(14.9)
Profit before income tax		**310.2**	**28.7**
Income tax expense	5.11	(56.8)	(26.5)
Net profit from continuing operations		**253.4**	**2.2**
Items that may or are reclassified subsequently to profit or loss			
Translation difference	6.12	83.3	(148.9)
Cash flow hedges		(3.4)	16.2
Income tax on other comprehensive income items		0.8	(4.2)
Items that will not be reclassified subsequently to profit or loss			
Revaluation of hotel property	6.3	4.8	(50.7)
Income tax on other comprehensive income items		(0.8)	8.3
Other comprehensive income for the period, net of tax		**84.7**	**(179.3)**
Total comprehensive income for the period		**338.1**	**(177.1)**
Profit attributable to:			
Owners of the parent		212.0	(24.5)
Non-controlling interests		6.3	(0.5)
Perpetual notes holders		35.1	27.2
Profit for the period		**253.4**	**2.2**
Total comprehensive income attributable to:			
Owners of the parent		296.7	(203.8)
Non-controlling interests		6.3	(0.5)
Perpetual notes holders		35.1	27.2
Total comprehensive income for the period		**338.1**	**(177.1)**
Earnings per share			
Basic earnings in EUR per share	6.12	**0.026**	**(0.003)**
Diluted earnings in EUR per share		0.026	(0.003)

Condensed consolidated interim statement of financial position

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

	Note	30 June 2021	31 December 2020
Non-current assets			
Intangible assets and goodwill	6.1	108.5	107.1
Investment property	6.2	9,714.8	8,792.6
Property, plant and equipment	6.3	826.4	779.4
Hotels	6.3	*700.8*	*665.2*
Other property, plant and equipment		*125.6*	*114.2*
Biological assets		5.2	5.0
Equity accounted investees	6.5	656.9	658.1
Other financial assets		6.6	34.4
Loans provided	6.4	203.3	291.5
Deferred tax assets	5.11	153.4	155.6
Total non-current assets		**11,675.1**	**10,823.7**
Current assets			
Inventories	6.6	29.4	38.8
Biological assets		3.6	2.7
Income tax receivables		7.3	5.1
Trade receivables	6.7	115.1	85.4
Loans provided	6.4	16.1	77.5
Cash and cash equivalents	6.8	241.7	632.3
Cash escrow deposit	6.9, 6.5.2	338.6	-
Other financial current assets		41.7	47.4
Other non-financial assets	6.10	83.4	50.8
Assets linked to assets held for sale	6.11	34.4	37.7
Total current assets		**911.3**	**977.7**
Total assets		**12,586.4**	**11,801.4**
Equity			
Equity attributable to owners of the parent	6.12	4,416.4	4,320.8
Share capital	6.12	*794.3*	*833.2*
Share premium	6.12	*710.1*	*911.1*
Other reserves	6.12	*316.2*	*231.5*
Retained earnings	6.12	*2,595.8*	*2,345.0*
Non-controlling interests		73.9	96.1
Perpetual notes	6.12	1,553.8	1,369.6
Total equity		**6,044.1**	**5,786.5**
Non-current liabilities			
Bonds issued	6.13	3,430.5	3,195.2
Financial debts	6.15	1,413.9	1,269.6
Deferred tax liability		903.1	842.2
Provisions		7.2	7.0
Other financial liabilities	6.16	95.6	109.9
Total non-current liabilities		**5,850.3**	**5,423.9**
Current liabilities			
Bonds issued	6.13	84.2	108.8
Financial debts	6.15	367.9	253.0
Trade payables		70.2	70.6
Income tax liabilities		19.6	12.4
Other financial liabilities	6.17	121.7	120.5
Other non-financial liabilities		23.7	21.0
Liabilities linked to assets held for sale		4.7	4.7
Total current liabilities		**692.0**	**591.0**
Total equity and liabilities		**12,586.4**	**11,801.4**

Condensed consolidated interim 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	Other reserves	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to perpetual notes investors	Non-controlling interests	Total equity
Balance 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		**-**	**-**	**-**	**-**	**-**	**-**	**212.0**	**212.0**	**35.1**	**6.3**	**253.4**
Translation difference		-	-	83.3	-	-	-	-	83.3	-	-	83.3
Cash flow hedges		-	-	-	-	(3.4)	-	-	(3.4)	-	-	(3.4)
Revaluation of property, plant and equipment		-	-	-	-	-	4.8	-	4.8	-	-	4.8
Income tax on other comprehensive income items		-	-	-	-	0.8	(0.8)	-	-	-	-	-
Total other comprehensive income for the period		**-**	**-**	**83.3**	**-**	**(2.6)**	**4.0**	**-**	**84.7**	**-**	**-**	**84.7**
Total comprehensive income for the period		**-**	**-**	**83.3**	**-**	**(2.6)**	**4.0**	**212.0**	**296.7**	**35.1**	**6.3**	**338.1**
Issuance of perpetual notes	6.12	-	-	-	-	-	-	-	-	390.7	-	390.7
Repayment of previously issued perpetual notes		-	-	-	-	-	-	-	-	(236.7)	-	(236.7)
Amount paid to perpetual note holders		-	-	-	-	-	-	-	-	(4.9)	--	(4.9)
Share buyback	6.12	(38.9)	(201.0)	-	-	-	-	-	(239.9)	-	-	(239.9)
Acquisition of NCI		-	-	-	-	-	-	36.2	36.2	-	(36.2)	-
Derecognition of unexercised liability	6.12	-	-	-	-	-	-	3.9	3.9	-	-	3.9
Sale of NCI	6.12	-	-	-	-	-	-	(1.3)	(1.3)	-	4.5	3.2
Acquisition of subsidiaries with NCI		-	-	-	-	-	-	-	-	-	3.2	3.2
Balance at 30 June 2021		**794.3**	**710.1**	**1.7**	**5.8**	**9.1**	**299.6**	**2,595.8**	**4,416.4**	**1,553.8**	**73.9**	**6,044.1**

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other reserves	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to perpetual notes investors	Non-controlling interests	Total equity
Balance 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		**-**	**-**	**-**	**-**	**-**	**-**	**(24.5)**	**(24.5)**	**27.2**	**(0.5)**	**2.2**
Translation difference		-	-	(148.9)	-	-	-	-	(148.9)	-	-	(148.9)
Cash flow hedges		-	-	-	-	16.2	-	-	16.2	-	-	16.2
Revaluation of property, plant and equipment		-	-	-	-	-	(50.7)	-	(50.7)	-	-	(50.7)
Income tax on other comprehensive income items		-	-	-	-	(4.2)	8.3	-	4.1	-	-	4.1
Total other comprehensive income for the period		**-**	**-**	**(148.9)**	**-**	**12.0**	**(42.4)**	**-**	**(179.3)**	**-**	**-**	**(179.3)**
Total comprehensive income for the period		**-**	**-**	**(148.9)**	**-**	**12.0**	**(42.4)**	**(24.5)**	**(203.8)**	**27.2**	**(0.5)**	**(177.1)**
Issuance of perpetual notes	6.12	-	-	-	-	-	-	-	-	99.3	-	99.3
Balance at 30 June 2020		**833.2**	**911.1**	**(99.9)**	**5.8**	**24.7**	**290.1**	**2,165.4**	**4,130.4**	**1,212.0**	**49.3**	**5,391.7**

Consolidated cash flow statement

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

	Note	Six-month period ended 30 June 2021	30 June 2020
Profit before income tax		**310.2**	**28.7**
Adjusted by:			
Net valuation (gain)/loss	5.5	(222.0)	11.0
Net gain on the disposal of investment property and subsidiaries	5.6	(0.5)	(0.6)
Amortization, depreciation and impairment	5.7	10.6	54.9
Gain on the disposal of property, plant and equipment		-	(0.1)
Interest expense, net		36.0	29.9
Net finance costs		18.1	9.6
Share of loss of equity accounted investees	6.5	(3.3)	14.9
Unrealized exchange rate differences and other non-cash adjustments		10.4	9.5
Profit before changes in working capital and provisions		**159.5**	**157.8**
(Increase)/decrease in inventories		10.9	(3.5)
Increase in trade and other receivables		(16.0)	(6.5)
Decrease in trade and other payables		(52.8)	(27.1)
Change in provisions		0.2	(0.8)
Income tax paid		(4.0)	(4.8)
Net cash from operating activities		**98.7**	**115.1**
Acquisition of subsidiaries, net of cash acquired	3.2, 3.3	(166.4)	(14.4)
Repayment of loan acquired		(227.2)	-
Acquisition of associates	3.1, 6.5	(3.2)	(686.5)
Acquisition of non-controlling interest		3.2	-
Proceeds from disposals of subsidiaries, net of cash disposed		-	3.4
Purchase and expenditures on investment property	6.2	(206.0)	(302.9)
Purchase and expenditures on property, plant and equipment		(31.0)	(8.3)
Purchase of intangible assets		-	(3.6)
Proceeds from sale of investment property		4.1	1.1
Proceeds from sale of property, plant and equipment		2.6	3.0
Proceeds from sale of other investments		27.6	-
Proceeds from sale of inventories		-	8.8
Loans provided	6.4	(486.4)	(162.5)
Loans repaid	6.4	609.0	129.3
Interest received		26.1	(0.7)
Dividends received	6.5	7.8	9.1
Escrow cash deposit	6.9	(338.6)	-
Net cash used in investing activities		**(778.4)**	**(1,024.2)**
Share buy-back	6.12	(239.9)	-
Proceeds from perpetual notes	6.12	390.7	99.3
Repayment of previously issued perpetual notes	6.12	(236.7)	-
Payment to perpetual notes investors	6.12	(4.9)	-
Proceeds from bonds issued	6.13	662.7	1,140.2
Repayment of bonds issued	6.13	(464.0)	(800.8)
Interest paid		(69.9)	(38.6)
Drawings of loans and borrowings	6.15	595.4	116.7
Repayments of loans and borrowings	6.15	(334.7)	(80.6)
Repayment of lease liabilities	6.15	(8.8)	(2.5)
Net cash from financing activities		**289.9**	**433.7**
Net decrease in cash		**(390.7)**	**(475.4)**
Cash and cash equivalents at the beginning of the year	6.8	632.4	804.5
Cash and cash equivalents reclassified (to)/ from asset held for sale		-	0.2
Cash and cash equivalents at the end of the six-month period ended		**241.7**	**329.3**

Notes to the consolidated interim 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 30 June 2021, Radovan Vítek was the primary shareholder of the Company holding indirectly 93.6% of the Company shares.

For the list of shareholders as at 30 June 2021 refer to note 6.11.

Board of Directors

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

2. Basis of preparation and significant accounting policies

2.1. Basis of preparation of consolidated financial statements

(a) Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 26 August 2021.

The interim condensed consolidated financial statements have not been audited.

All the figures in this report are presented in millions of Euros, except if explicitly indicated otherwise.

The Group's operations are not subject to any significant seasonal fluctuations.

(b) New and amended standards and interpretations adopted in the six-month period ended 30 June 2021

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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.

3. The Group structure

As at 30 June 2021 the Group comprises its parent company and 392 subsidiaries controlled by the parent company (368 subsidiaries as at 31 December 2020) and 5 joint ventures.

3.1. Changes in the Group in the six-month period ended 30 June 2021

Entities acquired or founded

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. (new investment vehicle of the Group)	Founded	100.00%	12 March 2021
Uchaux Limited	Acquisition	100.00%	20 April 2021
CPI Lambrate S.r.l.	Founded	100.00%	28 April 2021
CPI ACAYA S.r.l.	Acquisition	100.00%	21 May 2021
MARRETIM s.r.o.	Acquisition	100.00%	30 April 2021
GSG BER Waßmannsdorf Eins GmbH	Acquisition	89.90%	26 May 2021
GSG BER Waßmannsdorf Zwei GmbH	Acquisition	89.90%	26 May 2021
Brno Property Invest XV., s.r.o.	Acquisition	100.00%	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.rl.	Acquisition	100.00%	25 June 2021
CPI Tor di Valle S.rl.	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. (new investment vehicle of the Group)	Founded	100.00%	30 June 2021

Entities either disposed or liquidated

Entity	Change	Share owned by the Group in %	Date of liquidation
CPI Finance Netherland 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

3.2. Property asset acquisitions in the six-month period ended 30 June 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 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).

CPI ACAYA S.r.l.

To support operations of newly acquired hotel building in Italy, the Group acquired an Italian based company CPI ACAYA S.r.l.

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.

MARETTIM s.r.o.

On 30 April 2021, the Group acquired MARETTIM 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 89.9% 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 11.5 million (EUR 1.4 million remains payable as at 30 June 2021).

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 0.4 million, remaining EUR 1.8 million is payable as at 30 June 2021.

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.

3.3. Common control transactions in the six-month period ended 30 June 2021

Uchaux Limited

The Group acquired a newly founded special purpose entity in Great Britain, Uchaux Limited, for the purpose of future acquisition and development of investment property. The company was acquired from the Group's majority shareholder for GBP 4 thousand.

Polma 1 S.A. group

On 25 June 2021, the Group acquired Polma 1 SA ("Polma"). 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 Maximo shopping centre in Rome, Italy), Parco delle Acacie Due S.p.A (owner of a land plot in Rome, Italy), Vicovaro R.E. S.r.l. (owner of a landbank in Vicovaro, Italy), Samar - S.P.A. (owner of a 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 a 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 building in Switzerland).

The transaction was initiated by Polma, fully owned by the Group's majority shareholder, acquiring 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 141.1 million (including EUR 24.5 million paid by the Group for purchase of the bank loans). The fair values of the acquired investment property were determined by independent external valuers for the purpose of determination of the total consideration (refer to note 7.).

The Group treated the transaction as a common control transaction.

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

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

Since 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 subsidiary acquired at the date of acquisition amounted to EUR 118.4 million and EUR 116.6 million net of non-controlling interest. The net cash outflow connected with the acquisition amounted to EUR 102.2 million and 77.7 million (including EUR 24.5 million paid by the Group to settle the bank loans). A remaining EUR 2.1 million remains payable as at 30 June 2021.

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

Non-current financial debts of EUR 227.2 million represent pre-acquisition loans provided to Polma by entities owned by the Group's majority shareholder. As at 30 June 2021, the loans had been repaid by the Group.

4. Segment reporting

The Board of Directors, which is the main corporate body and decision maker, also reviews the Segment adjusted EBITDA. Segment adjusted EBITDA is segment net business income reduced by administrative expenses. Segment adjusted EBITDA is one of the key metrics used by the Group to evaluate and manage operating segments as it is an important economic indicator of profitability and 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, Poland, Hotels & Resorts (including those in the Czech Republic, Croatia and CEE countries) and Complementary Assets (in CEE countries).

The Group engages in the following business activities:

- The Group owns retail, office, residential office and landbank portfolio and operates agricultural farms in the Czech Republic;
- The Group is a leading office provider in Berlin, Germany and Warsaw, Poland;
- The Group operates primarily congress and convention hotels in the Czech Republic, in major CEE region cities, Moscow, Rome, Croatian island Hvar and ski mountain resorts in Switzerland;
- Group's complementary assets portfolio primarily consists of the office and retail portfolios in Hungary, Slovakia and Italy. The Group also operates residential portfolio in western Europe (primarily London, Monaco and France).

4.1. Income statement per operating segments

Six-month period ended 30 June 2021

	Czech Republic	Berlin	Poland	Hotels & Resorts	Complementary Assets	Corporate and not attributable	Total
Gross rental income	83.5	43.3	33.0	-	28.3	-	188.1
Service charge and other income	25.5	16.3	11.4	-	9.2	-	62.4
Cost of service and other charges	(18.5)	(9.4)	(12.4)	-	(8.5)	-	(48.8)
Property operating expenses	(11.8)	(8.4)	(1.0)	-	(5.3)	-	(26.5)
Net rental income	**78.7**	**41.8**	**31.0**	**-**	**23.7**	**-**	**175.2**
- Office portfolio	*22.9*	*41.2*	*26.9*	-	*9.6*	-	*100.6*
- Retail portfolio	*42.9*	-	*4.1*	-	*12.1*	-	*59.1*
- Residential portfolio	*11.2*	-	-	-	*0.7*	-	*11.9*
- Other	*1.7*	*0.6*	-	-	*1.3*	-	*3.6*
Development sales	11.9	-	-	-	0.1	-	12.0
Development operating expenses	(9.6)	-	-	-	(0.2)	-	(9.8)
Net development income	**2.3**	**-**	-	**-**	**(0.1)**	**-**	**2.2**
Hotel revenue	-	-	-	15.7	-	-	15.7
Hotel operating expenses	-	-	-	(19.6)	-	-	(19.6)
Net hotel income	**-**	**-**	-	**(3.9)**	**-**	**-**	**(3.9)**
Other business revenue	7.4	-	-	14.8	-	-	22.2
Other business operating expenses	(5.4)	-	-	(12.5)	-	-	(17.9)
Net other business income	**2.0**	**-**	-	**2.3**	**-**	**-**	**4.3**
Total revenues	128.3	59.6	44.4	30.5	37.6	-	300.4
Total direct business operating expenses	(45.3)	(17.8)	(13.4)	(32.1)	(14.0)	-	(122.6)
Net business income	**83.0**	**41.8**	**31.0**	**(1.6)**	**23.6**	**-**	**177.8**
Administrative expenses	-	-	-	**-**	-	(24.5)	(24.5)
Segment adjusted EBITDA	**83.0**	**41.8**	**31.0**	**(1.6)**	**23.6**	**(24.5)**	**153.3**
Valuation gain	87.3	2.8	-	-	138.7	-	228.8
Valuation loss	(5.7)	-	-	-	(1.1)	-	(6.8)
Net gain/(loss) on disposal of investment property and subsidiaries	(0.1)	0.3	-	-	0.3	-	0.5
Amortization, depreciation and impairments	(1.1)	(1.1)	(0.6)	(5.9)	(0.9)	(1.0)	(10.6)
Segment operating result	**163.4**	**43.8**	**30.4**	**(7.5)**	**160.6**	**(25.5)**	**365.2**
Other operating income						2.9	2.9
Other operating expenses						(3.1)	(3.1)
Operating result							**365.0**
Interest income						11.3	11.3
Interest expense						(47.3)	(47.3)
Other net financial result						(22.1)	(22.1)
Net finance costs						**(58.1)**	**(58.1)**
Share of profit of equity-accounted investees (net of tax)						3.3	3.3
Profit before income tax							**310.2**
Income tax expense						(56.8)	(56.8)
Net profit from continuing operations							**253.4**

Six-month period ended 30 June 2020

	Czech Republic	Berlin	Poland	Hotels & Resorts	Complementary Assets	Corporate and not attributable	Total
Gross rental income	79.1	39.0	25.4	-	29.3	-	172.8
Service charge and other income	25.0	16.1	9.3	-	10.1	-	60.5
Cost of service and other charges	(17.7)	(7.9)	(10.4)	-	(8.1)	-	(44.1)
Property operating expenses	(12.2)	(9.2)	(1.2)	-	(2.6)	-	(25.2)
Net rental income	**74.2**	**38.0**	**23.1**	**-**	**28.7**	**-**	**164.0**
- *Office portfolio*	*21.6*	*37.5*	*19.6*	-	*15.1*	-	*93.8*
- *Retail portfolio*	*42.0*	-	*3.9*	-	*12.3*	-	*58.2*
- *Residential portfolio*	*9.1*	-	-	-	*1.3*	-	*10.4*
- *Other*	*1.5*	*0.5*	(0.4)	-	-	-	*1.6*
Development sales	4.1	-	-	-	4.7	-	8.8
Development operating expenses	(2.7)	-	-	-	(5.4)	-	(8.1)
Net development income	**1.4**	**-**	**-**	**-**	**(0.7)**	**-**	**0.7**
Hotel revenue	-	-	-	19.8	-	-	19.8
Hotel operating expenses	-	-	-	(24.6)	-	-	(24.6)
Net hotel income	**-**	**-**	**-**	**(4.8)**	**-**	**-**	**(4.8)**
Other business revenue	6.8	-	-	22.5	-	-	29.3
Other business operating expenses	(4.6)	-	-	(16.5)	-	-	(21.1)
Net other business income	**2.2**	**-**	**-**	**6.0**	**-**	**-**	**8.2**
Total revenues	115.0	55.1	34.7	42.3	44.1	-	291.2
Total direct business operating expenses	(37.2)	(17.1)	(11.6)	(41.1)	(16.1)	-	(123.1)
Net business income	**77.8**	**38.0**	**23.1**	**1.2**	**28.0**	**-**	**168.1**
Administrative expenses	-	-	-	-	-	(24.9)	(24.9)
Segment adjusted EBITDA	**77.8**	**38.0**	**23.1**	**1.2**	**28.0**	**(16.6)**	**143.2**
Valuation gain	0.2	-	0.4	-	0.2	-	0.8
Valuation loss	(0.2)	-	(1.2)	-	(10.4)	-	(11.8)
Net gain on disposal of investment property and subsidiaries	-	-	-	-	0.6	-	0.6
Amortization, depreciation and impairments	(4.0)	(1.8)	-	(48.4)	-	(0.7)	(54.9)
Segment operating result	**73.8**	**36.2**	**22.3**	**(47.2)**	**18.4**	**(25.6)**	**77.9**
Other operating income						3.9	3.9
Other operating expenses						(2.3)	(2.3)
Operating result							**79.5**
Interest income						8.9	8.9
Interest expense						(38.8)	(38.8)
Other net financial result						(6.0)	(6.0)
Net finance costs						**(35.9)**	**(35.9)**
Share of loss of equity-accounted investees (net of tax)						(14.9)	(14.9)
Profit before income tax							**28.7**
Income tax expense						(26.5)	(26.5)
Net profit from continuing operations	79.1	39.0		-	54.7	-	**2.2**

4.2. Revenues generated by countries

The following table presents revenues by countries:

	Six-month period ended 30 June 2021 Amount	In %	30 June 2020 Amount	In %
Czech Republic	139.3	46%	129.2	44%
Germany	59.6	20%	55.1	19%
Hungary	26.0	9%	28.0	10%
Poland	44.7	15%	39.9	14%
Switzerland	14.8	5%	28.0	10%
Other	16.0	5%	11.0	3%
Total revenues generated by the Group	**300.4**	**100%**	**291.2**	**100%**

4.3. Non-current assets by operating segments and countries

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

	30 June 2021 Amount	In %	31 December 2020 Amount	In %
By operating segments				
Czech Republic	4,033.9	41.5%	3,859.0	44%
- *Office portfolio*	*933.6*	*23%*	*911.6*	*24%*
- *Retail portfolio*	*1,600.3*	*40%*	*1,580.6*	*41%*
- *Residential portfolio*	*599.9*	*15%*	*509.2*	*13%*
- *Land bank and development*	*713.1*	*18%*	*679.2*	*18%*
- *Other*	*187.0*	*4%*	*178.4*	*4%*
Berlin	2,607.8	26.9%	2,559.2	29%
- *Office portfolio*	*2,487.9*	*95%*	*2,461.8*	*95%*
- *Land bank and development*	*117.3*	*5%*	*94.8*	*4%*
- *Other*	*2.6*	-	*2.6*	*1%*
Poland	1,164.8	12.0%	1,160.2	13%
- *Office portfolio*	*1,002.2*	*86%*	*998.3*	*86%*
- *Retail portfolio*	*162.2*	*14%*	*161.5*	*14%*
- *Landbank and development*	*0.4*	-	*0.4*	-
Complementary assets in Europe	1,908.3	19.6%	1,214.2	14%
- *Office portfolio*	*413.5*	*22%*	*344.2*	*28%*
- *Retail portfolio*	*710.5*	*37%*	*442.3*	*36%*
- *Land bank and development*	*352.5*	*18%*	*36.0*	*3%*
- *Residential portfolio*	*358.8*	*19%*	*345.2*	*29%*
- *Other*	*73.0*	*4%*	*46.5*	*4%*
Total	**9,714.8**	**100%**	**8,792.6**	**100%**
By countries				
Czech Republic	4,033.9	42%	3,859.0	44%
Germany	2,607.8	27%	2,559.2	29%
Hungary	593.8	6%	591.0	7%
Poland	1,164.8	12%	1160.2	13%
Other	1,314.5	13%	623.2	7%
Total	**9,714.8**	**100%**	**8,792.6**	**100%**

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

	30 June 2021 Amount	In %	31 December 2020 Amount	In %
By operating segments				
Hotels and Resorts	785.7	95%	743.7	95%
Czech Republic	22.0	3%	19.8	3%
Berlin	16.5	2%	15.8	2%
Complementary Assets	2.2	-	0.1	-
Total	**826.4**	**100%**	**779.4**	**100%**
By countries				
Czech Republic	401.9	49%	390.2	50%
Croatia	164.2	20%	163.5	21%
Switzerland	73.6	9%	66.9	9%
Hungary	65.5	8%	63.3	8%
Other	121.2	14%	95.5	12%
Total	**826.4**	**100%**	**779.4**	**100%**

The following table presents goodwill by operating segments and countries:

	30 June 2021 Amount	31 December 2020 Amount
Berlin	42.6	42.6
Hotels and Resorts	51.0	49.5
Complementary Assets	1.9	1.9
Total	**95.5**	**94.0**

5. Condensed consolidated interim statement of comprehensive income

5.1. Gross rental income

	Six-month period ended 30 June 2021	30 June 2020
Gross rental income	188.1	172.8

Increase of gross rental income in the six-month period ended 30 June 2021 was driven by the growth of rental income generated by the office portfolios in Berlin (EUR 4.3 million) and Warsaw (EUR 3.5 million) and acquisitions in Italy (EUR 3.8 million).

5.2. Net service charge and other income

	Six-month period ended 30 June 2021	30 June 2020
Service revenue	1.8	1.2
Service charge income	52.3	53.1
Revenues from sales of utilities	8.3	6.2
Service charges and other income	**62.4**	**60.5**
Service charge expenses	(42.8)	(40.0)
Cost of utilities	(6.0)	(4.1)
Cost of service and other charges	**(48.8)**	**(44.1)**
Total	**13.6**	**16.4**

5.3. Property operating expenses

	Six-month period ended 30 June 2021	30 June 2020
Building Maintenance	(11.4)	(11.0)
Personnel expenses (5.3.1)	(2.3)	(4.4)
Real estate tax	(1.0)	(2.0)
Other property related expenses	(11.8)	(7.8)
Total	**(26.5)**	**(25.2)**

5.3.1. Personnel expenses

	Six-month period ended 30 June 2021	30 June 2020
Wages and salaries	(1.8)	(3.3)
Social and health security contributions	(0.3)	(1.0)
Other social expenses	(0.2)	(0.1)
Total personnel operating expenses	**(2.3)**	**(4.4)**
Wages and salaries	(9.0)	(9.9)
Social and health security contributions	(2.9)	(2.3)
Other social expenses	(0.4)	(0.3)
Total personnel administrative expenses (note 5.8)	**(12.3)**	**(12.5)**
Wages and salaries	(5.7)	(9.0)
Social and health security contributions	(1.9)	(2.5)
Other social expenses	(0.1)	(0.2)
Total personnel expenses – hotel operations	**(7.7)**	**(11.7)**
Wages and salaries	(8.6)	(9.8)
Social and health security contributions	(1.4)	(1.6)
Other social expenses	-	(0.2)
Total personnel expenses – other business operations	**(10.0)**	**(11.6)**
Total	**(32.3)**	**(40.2)**

The Group had 2,747 employees as at 30 June 2021 (3,115 employees as at 30 June 2020).

The reduction of personnel expenses and headcount was primarily connected with the Group's hotel and mountain resort operations in light of COVID-19 lockdowns.

5.4. Net hotel income

	Six-month period ended 30 June 2021	30 June 2020
Hotel revenue	15.7	19.8
Personnel expenses (5.3.1)	(7.7)	(11.8)
Hotel other operating expenses	(11.9)	(12.8)
Total	**(3.9)**	**(4.8)**

The Covid-19 pandemic had a negative impact primarily on the Group's congress, convention and resort hotels operations. In 2020, hotels were mostly closed between mid-March and the end of May during lockdown. However, in the six-month period ended 30 June 2021 the Group's hotels were mostly closed for a longer period, from the beginning of the year until May onwards. As a result, hotel revenue further decreased by EUR 4.1 million (from EUR 19.8 million to EUR 15.7 million) in the six-month period ended 30 June 2021. On the other hand, because the Group operates nearly all the hotels, it further reduced hotel operating expenses by EUR 5.0 million (from EUR 24.6 million to EUR 19.6 million) in the six-month period ended 30 June 2021.

5.5. Net valuation gain/(loss)

	Six-month period ended 30 June 2021	30 June 2020
Fair value change, net of foreign exchange gain/(loss)	222.0	(11.0)

Valuation gains and losses per operating segments

	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
Six-month period ended 30 June 2021					
Valuation gain	87.3	2.8	-	138.7	228.8
Valuation loss	(5.7)	-	-	(1.1)	(6.8)
Net valuation gain	**81.6**	**2.8**	**-**	**137.6**	**222.0**
Six-month period ended 30 June 2020			-		
Valuation gain	0.2	-	0.4	0.2	0.8
Valuation loss	(0.2)	-	(1.2)	(10.4)	(11.8)
Net valuation loss	**-**	**-**	**(0.8)**	**(10.2)**	**(11.0)**

In the six-month period ended 30 June 2021, the valuation gain reflected primarily an increase of the fair value of newly acquired Collina Muratella Complex in Rome, Italy (EUR 87.5 million) and one office building (EUR 22.4 million) and landbank (EUR 25.2 million), both in Rome, Italy and the residential portfolio in the Czech Republic (EUR 71.5 million).

In the six-month period ended 30 June 2021, the valuation loss reflected decrease of the fair value of one retail and office building in Prague, the Czech Republic.

In the six-month period ended 30 June 2020, the valuation loss reflected decrease of the fair value of the two shopping centres in Budapest, Hungary.

5.6. Net gain on the disposal of investment property and subsidiaries

	Six-month period ended 30 June 2021	30 June 2020
Proceeds from disposal of investment property and subsidiaries	5.9	5.0
Carrying value of investment property and subsidiaries disposed of and related cost	(5.4)	(4.4)
Total	**0.5**	**0.6**

Proceeds from disposal of investment property and subsidiaries and the related carrying value in the six-month period ended 30 June 2021 was primarily related to sale of landbank in Bucharest, Romania.

Proceeds from disposal of investment property and subsidiaries and the related carrying value in the six-month period ended 30 June 2020 was primarily related to sale of SCP Cayo, a villa located in France.

5.7. Amortization, depreciation and impairment

	Six-month period ended 30 June 2021	30 June 2020
Depreciation and amortization	**(17.6)**	**(18.7)**
Impairment of assets	**7.0**	**(36.2)**
Reversal of impairment/ (Impairment) of property, plant and equipment	8.5	(34.4)
Impairment of other receivables	-	(1.0)
Impairment of trade receivables	(1.4)	(2.0)
Reversal of impairment/ (Impairment) of provided loans	(0.1)	1.2
Total	**(10.6)**	**(54.9)**

In the six-month period ended 30 June 2021, the reversal of impairment related to CMA mountain resort (EUR 4.8 million) and one hotel in Russia (EUR 2.2 million).

In the six-month period ended 30 June 2020, the impairment of property, plant and equipment represents the revaluation of the hotels portfolio in light of the impact of the COVID-19 pandemic on the hospitality sector.

5.8. Administrative expenses

	Six-month period ended 30 June 2021	30 June 2020
Personnel expenses (5.3.1)	(12.3)	(12.5)
Other administrative expenses	(12.2)	(12.4)
Total	**(24.5)**	**(24.9)**

5.9. Interest expense

	Six-month period ended 30 June 2021	30 June 2020
Interest expense from bank and other loans	(9.9)	(9.1)
Interest expense on bonds issued	(37.3)	(29.0)
Interest expense related to leases	(0.1)	(0.7)
Total	**(47.3)**	**(38.8)**

In the six-month period ended 30 June 2021, the increase of interest expense on bonds issued related to the overall increase of bonds outstanding (refer to note 6.13 for more details).

5.10. Other net financial result

	Six-month period ended 30 June 2021	30 June 2020
Change in fair value and realized result on derivative instruments not used for hedging	0.8	1.8
Bank charges	(1.2)	(1.9)
Net foreign exchange gain / (loss) on investment property	(75.7)	164.7
Other net foreign exchange gain / (loss)	72.9	(161.2)
Other net financial result	(18.9)	(9.4)
Total	**(22.1)**	**(6.0)**

The net foreign exchange loss on investment property of EUR 75.7 million in the six-month period ended 30 June 2021 (and the net foreign exchange gain on investment property of EUR 164.7 million in the six-month period ended 30 June 2020) reflects foreign retranslation of investment property valued in EUR and recognized by the Group's subsidiaries which use non-EUR functional currencies.

In the six-month period ended 30 June 2021, the other net foreign exchange gain relates primarily to the retranslation of intra-group loans denominated in non-EUR currencies of EUR 60.1 million (loss of EUR 105.2 million in the six-month period ended 30 June 2020) and retranslation of intra-group loans denominated in EUR but received by entities using non-EUR functional currencies of EUR 7.9 million (loss of EUR 52.8 million in the six-month period ended 30 June 2020).

In the six-month period ended 30 June 2021, the other net financial result represented primarily bonds transaction costs and a discount in the total amount of EUR 18.1 million related to repurchase and cancellation of certain bonds issued (refer to note 6.13).

5.11. Income tax expense

	Six-month period ended 30 June 2021	30 June 2020
Current income tax expense	(5.8)	(4.6)
Adjustment for prior years	0.6	(1.0)
Total current income tax expense	**(5.2)**	**(5.6)**
Origination and reversal of temporary differences	(51.6)	(20.9)
Deferred income tax expense	**(51.6)**	**(20.9)**
Total	**(56.8)**	**(26.5)**

Tax expense for the six-month period ended 30 June 2021 is recognized based on management's best estimate of the effective tax rate for the full financial year of 2021. The Group's effective tax rate in respect of continuing operations for the six-month period ended 30 June 2021 and 30 June 2020 was 18.5% and 16.0%, respectively.

The Group recognized a deferred tax asset of EUR 153.4 million as at 30 June 2021 (EUR 155.6 million as at 31 December 2020) of which EUR 134.7 million related to tax losses carried forward by CPI FIM as at 30 June 2021 and 31 December 2020, respectively. The Group's perspective of tax losses utilization is based on the 10 years budget of CPI FIM's taxable profits.

6. Condensed consolidated interim statement of financial position

6.1. Intangible assets and goodwill

The Group has tested goodwill for impairment as at 31 December 2020. As at 30 June 2021, the Group did not identify any indications of impairment. The key assumptions used to determine the recoverable amount were disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

6.2. Investment property

	Note	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
Balance at 1 January 2021		**3,859.0**	**2,559.2**	**1,160.2**	**1,214.2**	**8,792.6**
Acquisition of subsidiaries		3.9	19.3	-	387.9	411.1
Investment property acquisitions		-	-	-	146.6	146.6
Other transfers		0.5	-	-	-	0.5
Development costs and other additions		17.3	26.6	4.8	10.7	59.4
Disposals		(0.3)	(0.1)	(0.4)	(0.2)	(1.0)
Valuation gain	5.5	81.6	2.8	-	137.6	222.0
Net foreign exchange loss	6.12	(43.5)	-	(10.5)	(21.7)	(75.7)
Translation differences	6.12	115.4	-	10.7	33.2	159.3
Balance at 30 June 2021		**4,033.9**	**2,607.8**	**1,164.8**	**1,908.3**	**9,714.8**

	Note	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
Balance at 1 January 2020		**3,703.0**	**2,462.1**	**874.7**	**1,117.0**	**8,156.8**
Acquisition of subsidiaries		-	-	38.5	-	38.5
Investment property acquisitions		-	-	199.3	-	199.3
Transfers from assets held for sale		5.6	-	-	-	5.6
Other transfers		-	-	-	1.1	1.1
Development costs and other additions		40.7	32.0	22.5	8.3	103.5
Disposals		(0.5)	-	(3.0)	(21.6)	(25.1)
Valuation loss	5.5	-	-	(0.7)	(10.3)	(11.0)
Net foreign exchange gain	6.12	73.3	-	45.4	46.0	164.7
Translation differences	6.12	(186.3)	-	(40.5)	(57.9)	(284.7)
Balance at 30 June 2020		**3,635.8**	**2,494.1**	**1,136.2**	**1,082.6**	**8,348.7**

Acquisition of subsidiaries

In the six-month period ended 30 June 2021, the Group acquired subsidiaries with investment property of EUR 411.1 million (refer to note 3.2 and 3.3, primarily related to acquisition of:

- the three-floor shopping centre Maximo located in Rome, Italy (EUR 262.1 million);
- landbank plots for the purpose of future development in Italy, primarily in Rome, Catania and Vicovaro (in total of EUR 58.9 million);
- one building in Switzerland and Italy (EUR 17.7 million);
- landbank of Collina Muratella Complex (EUR 35.3 million) in Rome, Italy;
- two landbanks in Berlin, Germany (EUR 19.3 million);
- one landbank in Slovakia (EUR 14.0 million);

In the six-month period ended 30 June 2020, the Group acquired subsidiaries with investment property of EUR 38.5 million, fully related to the acquisition of the Equator Real sp. z o.o.

Investment property acquisition

In the six-month period ended 30 June 2021, the Group acquired primarily a new office building (EUR 43.7 million) and landbank (EUR 26.3 million) in Rome, Italy and a new office in London (EUR 62.2 million).

In the six-month period ended 30 June 2020, the Group acquired the new office buildings in Warsaw, Poland in the total amount of EUR 199.3 million.

Development costs and other additions

In the six-month period ended 30 June 2021, the development costs primarily related to the Group's portfolio in the Czech Republic (EUR 17.3 million) and office portfolio in Berlin, Germany (EUR 26.6 million) and investment property additions in Italy (EUR 10.7 million).

In the six-month period ended 30 June 2020, the development costs primarily related to the Group's portfolio in the Czech Republic (EUR 40.7 million) and office portfolio in Berlin, Germany (EUR 32.0 million).

Net foreign exchange loss

The net foreign exchange loss of EUR 75.7 million in the six-month period ended 30 June 2021 (net foreign exchange gain of EUR 164.7 million in the six-month period ended 30 June 2020) reflects foreign retranslation of investment property valued in EUR and recognized by the Group's subsidiaries which use non-EUR functional currencies.

Translation reserve

The increase of translation reserve of EUR 159.3 million in the six-month period ended 30 June 2021 (the decrease of translation reserve of EUR 284.7 million in the six-month period ended 30 June 2020) relates to investment property (valued either in EUR or non-EUR currencies) recognized by the Group's subsidiaries which use non-EUR functional currencies.

6.3. Property, plant and equipment

a) Hotels

	2021	2020
Gross carrying amounts		
Balance at 1 January	**801.4**	**837.8**
Hotel acquisition	18.7	-
Other additions	6.0	3.3
Other disposals	(1.8)	(0.7)
Transfer from investment property	-	1.3
Transfer from other property, plant and equipment	0.8	-
Effect of movements in exchange rates	12.1	(27.2)
Valuation gain/(loss) through other comprehensive income	4.8	(48.9)
Balance at 30 June	**842.0**	**765.6**
Accumulated depreciation and impairment losses		
Balance at 1 January	**(136.2)**	**(76.2)**
Depreciation for the period	(8.5)	(10.8)
Impairment gain/(loss)	3.9	(37.6)
Effect of movements in exchange rates	(0.4)	1.1
Balance at 30 June	**(141.2)**	**(123.5)**
Net carrying amounts		
As at 1 January	**665.2**	**761.6**
As at 30 June	**700.8**	**642.1**

In the six-moth period ended 30 June 2021, the Group acquired a hotel in Italy with the intention for development for total consideration of EUR 18.7 million.

In the six-month period ended 30 June 2020, both the valuation loss through other comprehensive income and the impairment loss reflects the Group's revaluation of the hotels portfolio (of EUR 48.9 million and 37.6 million, respectively) which was based on the external appraisals. The overall decrease in the fair value in the six-month period ended 30 June 2020 was driven primarily by the negative effect of the COVID-19 pandemic on the hospitality sector (for more details, refer to note 5.4 and 7.1.2).

b) Other property, plant and equipment

In the six-month period ended 30 June 2021, the Group invested in CMA mountain resorts in the amount of EUR 6.3 million.

6.4. Loans provided

Non-current

	30 June 2021	31 December 2020
Loans provided - related parties and joint ventures	200.3	291.5
Loans provided - third parties	3.1	0.1
Impairment to non-current loans provided to related parties	(0.1)	(0.1)
Total	**203.3**	**291.5**

Current

	30 June 2021	31 December 2020
Loans provided - related parties and joint ventures	10.8	56.1
Loans provided - third parties	5.3	21.4
Total	**16.1**	**77.5**

Group provides loans to related parties from Luxembourg (refer to note 10).

6.5. Equity accounted investees

6.5.1. Investment in Uniborc

The equity accounted investment in the amount of EUR 6.6 million as at 30 June 2021 (EUR 7.0 million as at 31 December 2020) represents the Group's investment in Uniborc S.A. A joint venture founded in 2013 with Unibail Rodamco Westfield, with aim to develop a shopping centre in the Bubny area of Prague, the Czech Republic. The Group's shareholding is 34%.

	30 June 2021	31 December 2020
At 1 January	7.0	3.7
Share of loss	(0.4)	3.3
Total	**6.6**	**7.0**

Condensed interim statement of financial position of Uniborc S.A.

	30 June 2021	31 December 2020
Investment property	67.6	67.4
Cash and cash equivalents	0.2	0.1
Total assets	**67.8**	**67.5**
Non-current financial liabilities	(37.5)	(36.6)
Deferred tax liabilities	(11.0)	(10.5)
Current financial liabilities	(0.3)	(0.3)
Total liabilities	**(48.8)**	**(47.4)**
Net assets	**19.0**	**20.1**

Condensed interim statement of comprehensive income of Uniborc S.A.

	Six-month period ended	
	30 June 2021	30 June 2020
Administrative expenses	(0.1)	(0.1)
Operating result	**(0.1)**	**(0.1)**
Interest expenses	(1.0)	(1.0)
Loss before taxes	**(1.1)**	**(1.0)**
Loss for the period	**(1.1)**	**(1.1)**

6.5.2. Investment in Globalworth

As at 30 June 2021, CPIPG held 65,250,000 shares (representing 29.5% of outstanding shares) of Globalworth Real Estate Investments Limited ("Globalworth").

	30 June 2021	31 December 2020
Opening balance	651.1	-
The initial recognition	-	686.5
Dividends received	(7.8)	(19.8)
Share of profit/ (loss)	3.7	(15.6)
Closing balance	**647.0**	**65 .1**

Condensed consolidated interim statement of financial position of Globalworth

	30 June 2021	31 December 2020
Investment property	3,049.5	3,013.0
Other non-current assets	62.7	58.7
Cash and cash equivalents	459.9	527.8
Other current assets	34.0	30.6
Total assets	**3,606.1**	**3,630.1**
Non-current financial debts	1,284.7	1,603.0
Deferred tax liabilities	149.7	144.8
Other non-current liabilities	33.8	34.8
Current liabilities	402.4	92.1
Total liabilities	**1,870.6**	**1,874.7**
Net assets	**1,735.5**	**1,755.4**

Condensed consolidated interim statement of comprehensive income of Globalworth

	Six-month period ended	
	30 June 2021	30 June 2020
Net business income	72.1	79.6
Net valuation loss on investment property	(14.7)	(95.8)
Administrative and other expenses	(10.6)	(8.8)
Operating result	**46.8**	**(25.0)**
Net finance costs	(26.7)	(22.3)
Share of profit / (loss) of equity-accounted investees	(1.3)	1.2
Profit / (loss) before taxes	**18.8**	**(46.1)**
Income taxes	(6.3)	(2.5)
Profit / (loss) for the period	**12.5**	**(48.6)**

Globalworth's EPRA NAV per share, indicating the fair value of the ordinary share, was EUR 8.52 as at 30 June 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 30 June 2021.

On 14 April 2021, the Company together with Aroundtown SA (together with the Company, the "Consortium") announced the joint cash offer pursuant to which Zakiono Enterprises Limited offered to acquire the entire share capital of Globalworth for EUR 7.00 in cash per share. The offer valued the entire share capital of Globalworth at EUR 1,571 million (or EUR 774 million in respect of the share capital not held by the Consortium).
As at 30 June 2021, the Consortium holds 113,879,464 Globalworth Shares representing 51.39%.

Zakiono is a Cyprus incorporated company, wholly owned by Tevat Limited, a Cyprus incorporated company currently wholly owned by the Group. Upon or prior to the Offer becoming unconditional, Aroundtown shall exchange its Globalworth shares for shares in Tevat, such that the Company and Aroundtown will each hold 50% of the voting rights in Tevat. The Company's and Aroundtown's shares will respectively decrease and increase pro rata depending on the number of Globalworth Shares acquired in the tender until both the Company and Aroundtown hold 50% of shares. Irrespective of their shares in Tevat, upon or prior to the offer becoming unconditional, the Company and Aroundtown shall each hold 50% of the voting rights in Tevat, and will benefit from equal board appointment, senior management appointment and management and operational rights with respect to Tevat and Zakiono.

By 30 June 2021, Zakiono received acceptances in respect of 5,828,358 Globalworth shares, representing approximately 2.64% of the issued share capital of Globalworth. The acquisition of these shares were to be fully funded by Aroundtown. The closing of the offer was extended to be open for acceptance until 8 July 2021.

For the purpose of the offer, the Group deposited cash of EUR 338.6 million representing its maximum cash consideration under the offer on the escrow account. As at 30 June 2021, the Group classifies the deposit as cash escrow deposit, separately from cash and cash equivalents.

6.6. Inventories

	30 June 2021	31 December 2020
Projects and property for resale	0.1	-
Projects under development	24.5	33.4
Other inventories	4.8	5.4
Total	**29.4**	**38.8**

6.7. Current trade receivables

	30 June 2021	31 December 2020
Trade receivables due from related parties	1.9	2.9
Trade receivables due from third parties	129.8	97.7
Impairment to trade receivables due from third parties	(16.6)	(15.2)
Total	**115.1**	**85.4**

Increase in the trade receivables of EUR 32.1 million primarily related to trade receivables of newly acquired Polma group entities of EUR 8.7 million.

6.8. Cash and cash equivalents

	30 June 2021	31 December 2020
Bank balances	240.5	631.6
Cash on hand	1.2	0.7
Total	**241.7**	**632.3**

Total restricted cash in bank accounts amounted to EUR 21.0 million as at 30 June 2021 (EUR 23.3 million as at 31 December 2020). Use of these accounts is subject to the respective bank approval. These accounts are held for special purposes under the loan agreements.

6.9. Cash escrow deposit

Cash escrow deposit of EUR 338.6 million as at 30 June 2021 represents the Company's cash deposit at Barclays bank. The cash was deposited and blocked in respect of the mandatory tender offer for Globalworth shares (see note 6.5.2 and 11).

6.10. Other non-financial current assets

	30 June 2021	31 December 2020
Other advances paid to third parties	10.1	8.7
Value added tax receivables	32.3	12.0
Other tax receivables (excl. CIT and VAT)	2.5	2.3
Agricultural subsidies	8.8	5.8
Prepaid expenses	29.7	22.0
Total	**83.4**	**50.8**

Value added tax receivables as of 30 June 2021 represented primarily the value added tax receivables from acquisitions in Italy (EUR 22.7 million).

6.11. Assets linked to assets held for sale

The following subsidiaries are classified as assets held for sale as at 30 June 2021:

- one project in Berlin, Germany in the amount of EUR 32.3 million; and
- landbank plot in Bucharest, Romania in total amount of EUR 2.1 million.

In the six-month period ended 30 June 2021, the Group sold landbank plot in Romania and Poland for at EUR 4.6 million and EUR 1.4 million, respectively.

The following subsidiaries are classified as assets held for sale as at 31 December 2020:

- one 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 Poland of EUR 1.4 million.

6.12. 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 a total of EUR 395.3 million (EUR 0.616 per share). About 94% of the shares were tendered by the Group's primary shareholder (350,500,000 shares) and the Group's subsidiary CPI FIM SA (252,302,248 shares). The rest of the tenders were from management and third parties. The extraordinary general meeting of shareholders held on 31 March 2021 resolved to decrease the share capital by EUR 64,165,817.60 by cancellation of 641,658,176 shares acquired during the share buy-back.

As at 30 June 2021, the share capital of the Company was EUR 801.0 million (EUR 865.1 million as at 31 December 2020) and is represented by 8,010,058,155 (8,651,716,331 as at 31 December 2020) ordinary fully paid shares with a nominal value of EUR 0.10. The Group holds 67,000,000 (319,302,248 as at 31 December 2020) shares which represent treasury shares.

The following table presents information regarding the ownership of the Company's shares as at 30 June 2021:

Shareholder	Number of shares	Share held	Voting rights
Mr. Vítek and entities controlled by Mr. Vítek	7,497,002,824	93.59%	94.38%
Others	446,055,331	5.57%	5.62%
Total except treasury shares	**7,943,058,155**		
Treasury shares held by the Group	67,000,000	0.84%	-
Total shares	**8,010,058,155**	**100.00%**	**100.00%**

The share premium comprises the amount received in excess of the nominal value of the shares issued:

	Number of shares	Share Capital	Share premium
As at 1 January 2021	**8,651,716,331**	**833.2**	**911.1**
Share buyback on 26 February 2021	-	(38.9)	(201.0)
Cancellation of treasury shares on 31 March 2021	(641,658,176)	-	-
As at 30 June 2021	**8,010,058,155**	**794.3**	**710.1**

Share buy-back programme

The annual general meeting of the shareholders of the Company held on 26 April 2021 (the "2021 AGM") approved the terms and conditions of a buyback programme of the Company. The buyback programme enables the Company to repurchase its own shares and authorises the Company to redeem/repurchase its own shares under the terms and conditions set forth therein. In particular, the 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 30 June 2021, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buyback programme.

Translation reserve

The following table shows the movement of the translation reserve per related counter accounts in the period:

	30 June 2021	30 June 2020
Opening balance as of 1 January	**(81.6)**	**49.0**
Translation differences related to retranslation of investment property	159.3	(284.7)
- Valued in EUR (and recognized by subsidiaries with non-EUR functional currency)	*75.7*	*(164.7)*
- Valued in non-EUR currencies (and recognized by subsidiaries with non-EUR functional currency)	*83.6*	*(120.0)*
Translation differences related to retranslation of property, plant and equipment	12.1	(26.4)
Translation differences related to retranslation of intra-group loans and other items	(88.1)	162.2
Closing balance	**1.7**	**(99.9)**

Perpetual notes

On 27 January 2021, the Group issued undated 3.75% fixed rate resettable subordinated notes (perpetual 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. In January and February 2021, the Group used a portion of the proceeds issued to repay perpetual notes of EUR 213.2 million callable in 2023 (ISIN XS1819537132). In March, the remaining perpetual notes callable in 2023 (ISIN XS1819537132) were repaid.

On 23 January 2020, the Company issued 600 undated 5.80% fixed rate resettable subordinated notes (perpetual notes) 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.

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 Company 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 an equity instrument.

Movement of the perpetual notes

	30 June 2021	30 June 2020
Opening balance as of 1 January	1,369.6	1,085.5
Issuance of the perpetual notes	390.7	99.3
Repayment of the perpetual notes	(236.7)	-
Repayment of interests	(4.9)	-
Interest to perpetual notes holders	35.1	27.2
Closing balance	**1,553.8**	**1,212.0**

Acquisition of Nova RE

On 4 November 2020, the mandatory public tender offer for remaining stake of 49.9% stake in Nova RE was announced by the Group. On 22 January 2021, the tender offer was closed and, as a result, the Group acquired additional Nova RE 9,348,018 shares for total a of EUR 22.1 million. The Group's share increased from 50.1% to 92.4% (representing 20,360,573 shares).

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. 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.

Subsequently, 1,186,000 shares were sold by the Group for total of EUR 3.2 million. The loss of EUR 1.3 million from the transaction was recognized against retained earnings. As at 30 June 2021, the Group holds 19,174,573 shares of Nova RE, equal to approximately 87.1%.

The registered office of Nova RE is Via del Tritone 132, Rome, Italy.

Movement in the NCI of Nova RE in the period ended:

	30 June 2021	31 December 2020
Opening balance	42.7	-
Initially recognized in the period	-	43.6
Share acquired in the period	(36.2)	-
Share sold in the period	4.5	-
Profit for the period	0.3	(0.9)
Closing balance	**11.3**	**42.7**
Group's interest	87.1%	50.1%

Condensed consolidated interim financial information of Nova RE for the periods ended:

	30 June 2021	31 December 2020
Non-current assets	*141.1*	*123.7*
Current assets	*15.9*	*31.6*
Total assets	157.0	155.3
Equity attributable to owners	*87.1*	*85.4*
Non-current liabilities	*67.3*	*12.2*
Current liabilities	*2.6*	*57.7*
Total equity and liabilities	157.0	155.3
Profit for the period	2.0	(1.8)
Net decrease in cash and cash equivalents	(22.9)	(3.3)

Mandatory takeover bid for CPI FIM SA (formerly 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

	30 June 2021	30 June 2020
At the beginning of the period	8,332,414,083	8,332,414,083
Share buyback	(389,355,928)	-
At the end of the period	7,943,058,155	8,332,414,083
Weighted average movements	(266,741,078)	
Weighted average outstanding shares for the purpose of calculating the basic EPS	8,065,673,005	8,332,414,083
Weighted average outstanding shares for the purpose of calculating the diluted EPS	8,065,673,005	8,332,414,083
Net profit/ (loss) attributable to the Equity holders of the parent	212.0	(24.5)
Net profit/ (loss) attributable to the Equity holders of the parent after assumed conversions/exercises	212.0	(24.5)
Total Basic earnings in EUR per share	0.026	(0.003)
Diluted earnings in EUR per share	0.026	(0.003)

Basic earnings per share (EPS) are calculated by dividing the profit attributable to the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

6.13. Bonds issued

	30 June 2021		31 December 2020	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds (ISIN CH0441186472)	30,140	137.2	30,140	139.5
Proceeds from issued bonds (ISIN XS1894558102)	-	-	3,351	334.3
Proceeds from issued bonds (ISIN XS1917855337)	30	22.8	30	23.7
Proceeds from issued bonds (ISIN XS1693959931)	2,394	238.7	3,683	367.0
Proceeds from issued bonds (ISIN XS1955030280)	1,884	317.2	1,884	306.5
Proceeds from issued bonds (ISIN XS1950499639)	450	48.8	450	47.3
Proceeds from issued bonds (ISIN XS2008905155)	283	30.7	283	29.7
Proceeds from issued bonds (ISIN XS2069407786)	7,500	739.0	7,500	738.1
Proceeds from issued bonds (ISIN XS2106589471)	3,500	403.4	3,500	384.4
Proceeds from issued bonds (ISIN XS2117757182)	250	27.1	250	26.3
Proceeds from issued bonds (ISIN XS2171875839)	7,500	735.9	7,500	734.4
Proceeds from issued bonds (ISIN XS2290544068)	6,500	639.9	-	-
Proceeds from issued bonds (ISIN XS2307032644)	30	22.8	-	-
Proceeds from issued bonds (ISIN HU0000359898)	600	86.7	600	83.5
Less: transaction costs		(19.7)		(19.5)
Total non-current bonds issued		**3,430.5**		**3,195.2**
Accrued interest on bonds		22.5	-	43.9
ISIN XS1917880012	80	60.9	80	63.2
ISIN XS1955030280		0.8	-	1.7
Total current bonds issued		**84.2**		**108.8**
Total bonds issued		**3,514.7**		**3,304.0**

CPI PROPERTY GROUP S.A. bonds issued in the six-month period ended 30 June 2021

- On 27 January 2021, the Group issued 1.5% fixed rate senior unsecured bonds of EUR 650.0 million maturing 27 January 2031. The bonds are listed on the regulated market of Euronext Dublin (ISIN XS2290544068).
- On 25 February 2021 the Group issued 0.71% JPY 3 billion (EUR 23.5 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 XS2307032644).

CPI PROPERTY GROUP S.A. bonds repurchased and cancelled in the six-month period ended 30 June 2021

- In January and February 2021, the Group used a portion of the proceeds to repay a portion of EUR 128.9 million of the senior bonds (ISIN XS1693959931) due in 2024 and to repay senior bonds (ISIN XS1894558102) of EUR 335.1 million due in 2022. The Group recognized related transaction costs and a discount in the total amount of EUR 18.1 million as part of the other financial result in the six-month period ended 30 June 2021.

Covenants

Bonds issued by CPI PROPERTY GROUP S.A. are subject to covenants. The covenant ratios were met as at 30 June 2021.

Structure of bond financing

As at 30 June 2021, the total value of unsecured bonds amounts to EUR 3,514.7 million (EUR 3,304.0 million as at 31 December 2020). Unsecured bonds are bonds that are not collateralized by any assets.

6.14. Derivative instruments

The fair value of the open derivative instruments is summarized in the following table:

	30 June 2021		31 December 2020	
Type of derivative	Assets	Liabilities	Assets	Liabilities
Cross currency swap contracts used for hedging	5.2	(31.6)	6.8	(53.2)
Other interest rate swaps	0.8	(4.0)	1.0	(6.8)
Total	**6.0**	**(35.6)**	**7.8**	**(60.0)**
Classification				
Current	1.7	(2.0)	3.4	(2.0)
Non-current	4.3	(33.6)	4.4	(58.0)
Total	**6.0**	**(35.6)**	**7.8**	**(60.0)**

Cross currency swaps designated as hedging instruments

As at 30 June 2021, the cross currency swap contracts with the total net fair value of EUR -26.4 million related to HKD denominated bonds (EUR -3.2 million), GBP denominated bonds (EUR -1.2 million), CHF denominated bonds (EUR 2.7 million), JYP denominated bonds (EUR -4.2 million), SGD denominated bonds (EUR -8.4 million), HUF denominated bonds (EUR -12.2 million) and USD denominated bonds (EUR 0.1 million).

The bonds and cross currency swaps have the same critical terms. The Group applies hedge accounting, the derivative instruments are considered as highly effective.

6.15. Financial debts

Non-current financial debts

	30 June 2021	31 December 2020
Loans from related parties	11.3	0.8
Loans from third parties	7.7	9.6
Bank loans	1,356.9	1,213.4
Lease liabilities	38.0	45.8
Total	**1,413.9**	**1,269.6**

Current financial debts

	30 June 2021	31 December 2020
Loans from related parties	0.1	0.1
Loans from third parties	2.1	2.2
Bank loans	363.5	247.5
Lease liabilities	2.2	3.2
Total	**367.9**	**253.0**

The Group has an unsecured revolving credit facility of EUR 700 million. As at 30 June 2021, the Group had drawn EUR 200 million (not drawn as at 31 December 2020) in connection with the Globalworth offer. The amounts drawn were subsequently fully repaid.

In the six-month period ended 30 June 2021, the Group repaid secured debts of EUR 115 million and additionally drawn secured debts of EUR 245 million. On 21 March 2021, the Group repaid EUR 71.5 million of the Schuldschein loans maturing 2023.

As at 30 June 2021, the total unsecured financial debts amounted to EUR 252.5 million (EUR 123.1 million as at 31 December 2020).

As at 30 June 2021, the total secured financial debts amounted to EUR 1,529.2 million (EUR 1,399.5 million as at 31 December 2020), the majority of which relates to the Berlin portfolio.

Reconciliation of movements of liabilities to cash flows arising from financing activities

As at 30 June 2021

	Loans and borrowings	Lease liabilities	Bonds issued	Total
Balance at 1 January 2021	**1,473.6**	**49.0**	**3,304.0**	**4,826.6**
Proceeds from bonds issued	-	-	662.7	662.7
Repayment of bonds issued	-	-	(464.0)	(464.0)
Interest paid	(11.3)	(0.1)	(58.5)	(69.9)
Drawings of loans and borrowings	595.4	-	-	595.4
Repayments of loans and borrowings	(334.7)	-	-	(334.7)
Repayment of lease liabilities	-	(8.8)	-	(8.8)
Total changes from financing cash flows	**249.4**	**(8.9)**	**140.2**	**380.7**
Changes arising from obtaining or losing control of subsidiaries or other businesses	9.7	-	-	9.7
The effect of changes in foreign exchange rates	(1.1)	-	33.3	32.2
Interest expense	10.0	0.1	37.4	47.5
Other net financial result			(0.2)	(0.2)
Balance at 30 June 2021	**1,741.6**	**40.2**	**3,514.7**	**5,296.5**

As at 30 June 2020

	Loans and borrowings	Lease liabilities	Bonds issued	Total
Balance at 1 January 2020	**1,180.0**	**33.0**	**2,891.7**	**4,104.7**
Proceeds from bonds issued	-	-	1,140.2	1,140.2
Repayment of bonds issued	-	-	(800.8)	(800.8)
Interest paid	(8.3)	(0.9)	(29.4)	(38.6)
Drawings of loans and borrowings	116.7	-	-	116.7
Repayments of loans and borrowings	(80.6)	-	-	(80.6)
Repayment of lease liabilities	-	(2.5)	-	(2.5)
Total changes from financing cash flows	**27.8**	**(3.4)**	**310.0**	**334.4**
The effect of changes in foreign exchange rates	(0.3)	-	18.0	17.7
Interest expense	9.1	0.7	29.0	38.8
Other net financial result	-	-	(5.4)	(5.4)
New lease contracts	-	12.9	-	12.9
Balance at 30 June 2020	**1,216.6**	**43.2**	**3,243.3**	**4,503.1**

6.16. Other financial non-current liabilities

	30 June 2021	31 December 2020
Tenant deposits	38.0	35.7
Advances received	5.4	3.6
Payables from retentions	5.6	6.3
Trade and other payables due to third parties	13.0	6.3
Derivative instruments	33.6	58.0
Total	**95.6**	**109.9**

6.17. Other financial current liabilities

	30 June 2021	31 December 2020
Advances received from third parties	28.6	37.1
Tenant deposits	26.0	17.6
Derivative instruments	2.0	2.0
Deferred income and accrued liabilities	19.8	18.9
Other payables due to related parties	0.8	0.8
Financial liability related to mandatory public tender offer (see note 6.12)	-	26.0
Other payables due to third parties	44.5	18.1
Total	**121.7**	**120.5**

7. Fair value measurement

7.1.1 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 six-month period ended 30 June 2021.

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 financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30 June 2021		31 December 2020	
Financial assets measured at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivative instruments	6.0	6.0	7.8	7.8
Financial assets not measured at fair value				
Loans provided	219.4	230.9	369.0	383.8
Financial liabilities measured at fair value				
Derivative instruments	35.6	35.6	60.0	60.0
Financial liabilities not measured at fair value				
Bonds	3,514.7	3,560.1	3,304.0	3,348.4
Financial debt – bank loans (floating rate)	1,186.8	1,186.8	920.0	920.0
Financial debt – bank loans (fixed rate)	533.6	522.9	540.9	527.8
Financial debt – loans received	21.2	19.3	12.7	10.7

The Group classifies derivative instruments as Level 2 in the fair value measurement hierarchy.

7.1.2 Fair value measurement of investment property, hotels and biological assets

The Group's investment properties, hotels and biological assets were valued at 31 December 2020 in accordance with the Group's accounting policies. In cases where there have been indicators of significant changes identified, the value of the asset has been updated based on the external or internal appraisal as of 30 June 2021.

The Group hired external appraisals to determine the fair values of almost entire hotels portfolio, newly acquired investment property in Italy and selected office, retail and residential property in primarily in the Czech Republic.

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 30 June 2021 and 31 December 2020, respectively. Consequently, a higher degree of caution should be applied in analysing and interpretation of the valuation results then would normally be the case. The inclusion of the material estimation uncertainty clause does not mean that valuations would not be reliable. It should rather highlight the extraordinary circumstances caused by COVID-19 pandemic lockdowns and the fact that less certainty can be attached to the valuations results than it would normally be the case.

Given the material uncertainty, the future development and impacts of COVID-19 pandemic on the real estate market should be monitored regularly in the upcoming months.

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 in the six-month period ended 30 June 2021.

7.1.3 Main observable and unobservable inputs

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at 30 June 2021.

Investment property

Retail	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Prague, the Czech Republic Shopping Centres and Galleries	187	186	DCF	ERV per sqm	€24 -€629(€516)	€235-€63 (€517)
				NRI per sqm	€25 -€590 (€491)	€241-€602 (€499)
				Discount Rate	4.0%-6.5% (4.7%)	4.0%-6.5% (4.7%)
				Exit Yield	3.8%-6.1% (4.4%)	3.8%-6.1% (4.4%)
				Vacancy rate	3.3%-3.3% (3.3%)	3.7%-4.6% (4.3%)
Czech Republic - Shopping Centres and Galleries	153	152	DCF	ERV per sqm	€210-€210 (€210)	€215-€215 (€215)
				NRI per sqm	€210-€210 (€210)	€211-€211 (€211)
				Discount Rate	6.0%-6.0% (6.0%)	6.0%-6.0% (6.0%)
				Exit Yield	5.6%-5.6% (5.6%)	5.6%-5.6% (5.6%)
				Vacancy rate	0.4%-0.4% (0.4%)	0.8%-0.8% (0.8%)
Complementary Assets Shopping Centres and Galleries*	508	236	DCF	ERV per sqm	€150-€1,126 (€366)	€149-€1,400 (€418)
				NRI per sqm	€99-€643(€259)	€50-€591 (€205)
				Discount Rate	5.1%-8.8% (6.8%)	5.3%-8.8% (7.5%)
				Exit Yield	4.1%-8.0% (6.3%)	3.8%-8.0% (6.5%)
				Vacancy rate	0%-7.7% (1.8%)	1.6%-40.4% (14.7%)
Office	**Fair Value 2021**	**Fair Value 2020**	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted avg) 2021**	**Range (weighted avg) 2020**
Czech Republic	113	110	DCF	ERV per sqm	€274-€274 (€274)	€263-€263 (€263)
				NRI per sqm	€257-€257 (€257)	€263-€263 (€263)
				Discount rate	4.7%-4.7% (4.7%)	4.7%-4.7% (4.7%)
				Exit Yield	4.4%-4.4% (4.4%)	4.4%-4.4% (4.4%)
				Vacancy rate	7.2%-7.2% (7.2%)	3.2%-3.2% (3.2%)
Complementary Assets**	108	35	DCF	ERV per sqm	€110-€424 (€224)	€110-€239 (€176)
				NRI per sqm	€6 -€16 (€138)	€43-€140 (€92)
				Discount rate	4.5%-7.6% (6.0%)	5.6%-6.6% (5.9%)
				Exit Yield	4.3%-6.6% (5.7%)	4.8%-5.9% (5.4%)
				Vacancy rate	0%-66.9% (14.4%)	28.0%-36.4% (30.6%)
Residential	**Fair Value 2021**	**Fair Value 2020**	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted avg) 2021**	**Range (weighted avg) 2020**
Czech Republic	515	433	Comparable	Fair value per sqm	€233-€1,662(€729)	€161-€1,252 (€629)
Prague, the Czech Republic	84	75	Comparable	Fair value per sqm	€2,396-€2,858 (€2,855)	€2,324-€2,577 (€2,575)
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	69	52	Comparable	Fair value per sqm	€2-€30 (€10)	€2-€19 (€11)
Prague, the Czech Republic	5	5	Comparable	Fair value per sqm	€67-€3,251(€1,187)	€6 -€3,157 (€1,153)
Complementary Assets - Landbank	5	-	Comparable	Fair value per sqm	€25-€25(€25)	-
Complementary Assets - Landbank ***	176	-	Comparable	Fair value per sqm	€3,158-€7,907(€4,380)	-

* Compared to 31 December 2020, newly acquired shopping centre MAXIMO in Rome, Italy of EUR 262.1 million from the Groups majority shareholder. Range of ERV per sqm used in the valuation of this shopping centre was EUR 333 per sqm. Range of NRI per sqm used in the valuation of this shopping centre was EUR 266 per sqm.

** Compared to 31 December 2020, newly acquired office in Rome, Italy of EUR 66.1 million. Range of ERV per sqm used in the valuation of this office was EUR 220 per sqm. Range of NRI per sqm used in the valuation of this office was EUR 153 per sqm.

*** Compared to 31 December 2020, newly acquired landbank for Collina Muratella Complex in Rome, Italy of EUR 122.8 million (refer to notes 3.2 and 5.5) and newly acquired several landbanks in Italy, primarily in Rome, Catania and Vicovaro in the total fair value of EUR 58.9 million (refer to note 3.3).

Hotels & Resorts

	Fair Value 2021	Fair Value 2020	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2021	Range (weighted avg) 2020
Czech Republic	372	363	DCF	Rate per key	€10,540-€417,315 (€89,013)	€10,899-€416,151 (€86,976)
				Exit yield	5.7%-8.5% (7.1%)	4.7%-8.5% (7.0%)
				Discount rate	4.7%-10.5% (8.0%)	5.7%-10.5% (8.1%)
Complementary Assets	146	139	DCF	Rate per key	€58,036-€238,361 (€137,074)	€58,929-€23 ,721(€131,100)
				Exit yield	5.0%-8.0% (7.4%)	5.3%-8.0% (7.4%)
				Discount rate	6.4%-11.5% (9.0%)	7.0%-10.5% (9.2%)
Croatia	163	162	DCF	Rate per key	€6,135-€341,613 (€109,713)	€6,871-€338,065 (€109,215)
				Exit yield	7.8%-10.3% (8.2%)	7.8%-10.3% (8.2%)
				Discount rate	9.3%-11.8% (9.7%)	9.4%-12.3% (10.2%)

Sensitivity analysis on changes in assumptions of property valuation

As at 30 June 2021

Czech Republic - Retail - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	340	323	308
	-	358	340	324
	5.00%	376	357	340

Complementary Retail - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	494	477	462
	-	525	508	492
	5.00%	558	539	522

Czech Republic - Office - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	114	108	102
	-	120	113	107
	5.00%	126	119	113

Complementary – Office - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	104	103	102
	-	109	108	107
	5.00%	114	113	112

Croatia – Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	159	154	149
	-	169	163	158
	5.00%	178	172	166

Czech Republic – Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	370	350	332
	-	393	372	353
	5.00%	417	392	374

Complementary – Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	143	138	134
	-	150	146	141
	5.00%	158	153	149

Residual Value in MEUR	Complementary – Land Residual
Developer‘s Profit (5.00%)	182
Developer‘s Profit (2.50%)	179
Developer‘s Profit as set	176
Developer‘s Profit 2.50%	174
Developer‘s Profit 5.00%	171

As at 31 December 2020

Czech Republic - Retail - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	338	321	306
	-	35	338	322
	5.00%	374	355	338

Complementary Retail - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	227	219	213
	-	244	236	229
	5.00%	262	254	246

Czech Republic - Office - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	110	104	99
	-	116	110	104
	5.00%	122	115	109

Complementary – Office - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	34	34	33
	-	36	35	34
	5.00%	37	36	35

Croatia – Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	15	153	14
	-	168	16	157
	5.00%	177	171	166

Czech Republic – Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	361	340	322
	-	386	363	344
	5.00%	410	386	366

Complementary – Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	136	132	128
	-	144	139	135
	5.00%	152	147	143

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.

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 briefing is expected to occur in 2H 2021 and the decision on the appeal may take between a few months to over a year. CPIPG believes that our position on appeal is strong given the high level of deference that the Second Circuit must give the District Court's decision by law.

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

On 18 September 2020 CPIPG moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law. On 6 April 2021, the defamation claim filed in June 2020 by Kingstown was dismissed in its entirety. Kingstown appealed the dismissal.

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, currently being in a procedural stage, are pending. CPI FIM SA will defend itself against these lawsuits.

It is reminded that in accordance with the judgement of the Paris Commercial Court pronounced on 26 October 2015 concerning the termination of 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.

Hagibor Office Building dispute

In March 2016, the insolvency administrator of the CPI FIM SA's subsidiary HAGIBOR OFFICE BUILDING ("HOB"), filed a lawsuit, requesting that the CPI FIM SA returns to HOB in aggregate USD 16.49 million, paid by HOB to CPI FIM SA in 2012. CPI FIM SA is of the opinion that the lawsuit has no merit given that in 2012 HOB duly repaid its loan to CPI FIM SA. CPI FIM SA will defend itself against this lawsuit. In August 2016, the litigation has been stayed until litigation concerning the ownership of the Radio Free Europe building is resolved. In December 2016 CPI FIM SA filed a lawsuit claiming the non-existence of pledges registered on the Radio Free Europe building in favor of the financing bank. A hearing on the matter of the non-existence of pledges took place in November 2018. After the lawsuit was dismissed, CPI FIM SA filed a new claim in the matter of non-existence of pledges.

In November 2019, a global settlement agreement was agreed in relation to the above disputes relating to HOB and Radio Free Europe building. The settlement agreement was concluded along with extensive ancillary documentation, which included, inter alia, termination of all court proceedings and confirmations that concerned parties no claims against each other. The settlement became effective on 20 March 2020.

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 Company appointed a counsel and is prepared to defense itself in front of the Berlin Court. The first instance court fully rejected the lawsuit and ruled in favor of CPIPG. The plaintiff filed an appeal against the decision.

9. Capital and other commitments

Capital commitments

The Group has capital commitments in the total amount of EUR 43.3 million in respect of capital expenditures contracted as at 30 June 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 Board of Directors (current and former) and executive management (key management personnel), shareholder and companies in which these parties held controlling or significant influence or are joint ventures.

The remuneration of the key management personnel and members of Board of Directors are summarized in following table:

	Six-month period ended	
	30 June 2021	30 June 2020
Remuneration paid to the key management personnel and members of Board of Directors	0.8	0.9
Total remuneration	**0.8**	**0.9**

Breakdown of balances and transactions with the key management personnel and members of Board of Directors and the Group:

	30 June 2021	31 December 2020
Loans provided	0.1	0.1
Trade receivables	0.6	1.1
Perpetual notes	0.2	0.2
Transactions		
Interest income and other revenues	-	0.2
Other costs	-	(0.5)

Breakdown of balances and transactions with the majority shareholder of the Group:

	30 June 2021	31 December 2020
Trade receivables	1.0	1.6
Other receivables	5.4	5.4
Transactions		
Interest income	-	0.1
Other revenues	0.1	0.1

Breakdown of balances and transactions with other related parties:

Entities over which the majority shareholder has control	30 June 2021	31 December 2020
Loans provided	186.1	334.8
Trade receivables	0.1	0.2
Loans received	10.8	0.4
Transactions		
Other revenues	-	0.1
Interest income	9.3	14.9
Other costs	(0.1)	-
Lease and rental	-	(0.1)
Close family members/entities controlled by close family members of the majority shareholders	30 June 2021	31 December 2020
Trade receivables	0.2	-
Other payables	0.8	0.8
Transactions		
Other revenues	0.2	0.4
Entities controlled by members of Board of Directors	30 June 2021	31 December 2020
Loans provided	0.1	0.1
Other receivables	0.1	1.2
Loans received	0.6	0.4
Trade payables	0.1	-
Transactions		
Other revenues	0.1	0.3
Lease and rental expenses	-	(0.1)
Joint ventures	30 June 2021	31 December 2020
Loans provided	24.8	12.7
Transactions		
Interest income	0.4	0.8

Main transactions with related parties in the six-month period ended 30 June 2021

Perpetual notes

The Group's management held the perpetual notes in the amount of EUR 0.2 million as at 30 June 2021.

Loans provided by the Group to the majority shareholder and related parties

As at 30 June 2021, the outstanding balance of loans provided by the Group to Gamala Limited, a company closely related to the majority shareholder, amounts to EUR 180.1 million (EUR 305.8 million as at 31 December 2019). The majority of these loans bear a fixed interest at a rate of 5% p.a and are repayable in 2021 and 2023.

Acquisitions

In the six-month period ended 30 June 2021, the Group acquired Polma group for consideration of EUR 141.1 million and Uchaux Limited for GBP 4 thousands (refer to note 3.3 for more details) from the Group's majority shareholder.

11. Events after the reporting period

Acquisitions

On 7 July 2021, the Group paid an advance payment of EUR 38.8 million relating to the acquisition of landbank in Rome, Italy.

Disposals

On 31 August 2021, the Group sold one project in Berlin, Germany for EUR 32.3 million. The project was classified as assets held for sale as at 30 June 2021 by the Group.

Mandatory tender offer for Globalworth shares

On 8 July 2021, Zakiono received acceptances in respect of 5,930,903 Globalworth shares, representing approximately 2.68% of the issued share capital of Globalworth. As of the same date, Zakiono waived down the percentage required to satisfy the acceptance condition from more than 90% to more than 50% of the voting rights and accordingly the offer was declared unconditional as to acceptances. Zakiono also extended the offer for acceptance until 23 July 2021.

On 23 July 2021, Zakiono received acceptances in respect of a total of 20,467,759 Globalworth shares, representing 9.24% of the issued share capital of Globalworth. As a result of the tender offer, the Consortium owns or received valid acceptances in respect of 134,347,223 (representing 60.63%) Globalworth shares. The Company funded the purchase of 1,923,611 shares for total of EUR 13.5 million (which were paid from the escrow deposit – see note 6.5.2).

Impact of the COVID-19 pandemic on the Group

COVID-19 situation significantly improved in all countries across the Group's portfolio from April or May 2021 also due to steadily improving vaccination rates. By mid-May 2021, approximately 95% of the Group's portfolio had reopened, with further increases in the weeks that followed.

The Group's rent collection rate in the six-month period ended 30 June 2021 was 95% before the discounts provided primarily to retail sector and 99% after the discounts. Total retail discounts provided in the six-month period ended 30 June 2021 amounted to EUR 7.6 million. There has been no significant impact of COVID-19 pandemic on the Group's credit risk.

The Group does not expect the COVID-19 pandemic to have impact on its ability to continue as going concern.

Appendix I - Changes to group entities

A.M.A. Brno spol. s.r.o. changed its name to Brno Property Invest XV., s.r.o. on 2 June 2021.