

# FINANCIAL INFORMATION

2019



Including the  
Consolidated financial statements  
and  
Report of the Réviseur d' Entreprises  
for the financial year ended as at 31 December 2019

CPI FIM SA \* Société Anonyme \* 40 rue de la Vallée, L2661 Luxembourg

R. C. S. Luxembourg – B 44.996

# SUMMARY

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# Management Report as at 31 December 2019

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CPI FIM SA, société anonyme (the “Company”, former Orco Property Group, société anonyme) and its subsidiaries (together the “Group” or “CPI FIM”) is an owner of income-generating real estate primarily in Poland and in the Czech Republic as well as of land bank and development projects intended for future rent. The Company is a subsidiary of CPI Property Group (also as “CPI PG”), which holds 97.31% of the Company shares. The Company is also involved in providing of equity loans and management services to other entities within the CPI PG group.

The Company is a joint stock company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg.

The Company’s shares are listed on the regulated markets of the Luxembourg Stock Exchange and Warsaw Stock Exchange.

## MESSAGE FROM THE MANAGEMENT

In 2019 the Group expanded into the Warsaw office market and continued to improve its operational organisation and streamlining its long-term future approach.

Total assets increased by €2,051.2 million (64%) to €5,244.1 million as at 31 December 2019. The EPRA Net Asset Value per share as at 31 December 2019 was €0.66 compared to €0.56 as at 31 December 2018. At the end of 2019, the Triple NAV amounted to €0.63 per share compared to €0.53 at the end of 2018.

The Group achieved an operating profit of €19.5 million in 2019 compared to €8.1 million in 2018. Total net profit was €72.5 million in 2019 compared to €122.0 million in 2018.

Resulting from the Company's integration into CPI PROPERTY GROUP in 2016, one of its roles is to function as an intergroup financing vehicle to the entities within CPI PROPERTY GROUP. As at 31 December 2019, the outstanding balance of the provided loans amounted to approximately €3,546.5 million. The Company also started providing strategic management and advisory services to entities within the CPI PROPERTY GROUP.

In May 2019, the Group finished the development of Mayhouse office building in Prague. The property extends the Company's office portfolio by almost 8,000 sqm and offers tenants attractive spaces in the city centre. Two other major development projects in the Czech Republic, redevelopment of Bubenská 1 in Prague 7 and ZET.office of Nová Zbrojovka in Brno were ongoing at the end of 2019, both with expected completion during 2020.

During the final quarter of 2019, the Group acquired three properties in Warsaw for nearly €600 million, significantly increasing the size of the portfolio, with a total gross lettable area (GLA) exceeding 156,000 sqm. Namely Eurocentrum Office (highest LEED level of certification, i.e. PLATINUM), Warsaw Financial Center (one of Warsaw's most prestigious skyscraper - LEED Gold) and Equator IV Offices (building with a modern A-class specification - BREEAM Very Good). In 2019 the Company also acquired land in central Prague and residential units in France and Italy.

During the annual general meeting in May 2019, the Company's shareholders approved the statutory and annual accounts in addition to the allocation of financial results for the year ending 31 December 2018. The meeting resolved to appoint Anita Dubost, David Greenbaum, Edward Hughes, and Markus Kreuter to the Board of Directors of the Company. This strengthens the composition of the Board of Directors by adding another independent, non-executive Board member. David Greenbaum was also elected Managing Director (administrateur délégué) of the Company.

I am of the view that in 2019, the Company successfully completed acquisitions especially on the Warsaw office market and achieved significant progress to become more an efficient and profitable operation which will remain to be the Company's intention also in 2020.



David Greenbaum,  
Managing Director

## YEAR 2019 AND POST-CLOSING KEY EVENTS

### Renaming of the Company

The extraordinary general meeting of shareholders held on 24 April 2019 resolved to change the name of the Company from Orco Property Group to CPI FIM SA and amended the Company's articles of association.

### Annual general meeting of shareholders

The annual general meeting of shareholders of the Company was held on 29 May 2019 in Luxembourg (the "Annual Meeting"), with approximately 97.5% of the voting rights present or represented.

The Annual Meeting approved the statutory annual accounts and consolidated financial statements for the financial year ended 31 December 2018, as well as the allocation of financial results for the financial year ended 31 December 2018. The Annual Meeting further granted a discharge to the members of the Company's Board of Directors as well as to the auditors for the performance of their duties during the financial year ended 31 December 2018.

The Annual Meeting also resolved to appoint the following persons as members of the Company's Board of Directors until the annual general meeting of 2020: Anita Dubost, David Greenbaum, Edward Hughes, and Markus Kreuter. David Greenbaum was also elected Managing Director (*administrateur délégué*) of the Company.

### Change of the auditor

The Company finished a process to tender the auditor. The Annual Meeting did not approve KPMG as auditor for the year 2019. KPMG has served as auditor of the Company since 2013. The Company's Audit Committee recommended an appointment of Ernst & Young („EY“) as Group's new auditor for the financial year commencing on 1 January 2019. The general meeting of shareholders in October resolved unanimously to appoint Ernst & Young S.A., Luxembourg, as the approved auditor (*réviseur d'entreprises agréé*) of the Company with immediate effects and until the annual general meeting of shareholders of the Company to be held in 2020.

### Completion of Mayhouse office in Prague

In May 2019, the Group finished the development of Mayhouse office building in Prague 4. The property extends the Group's office portfolio by almost 8,000 sqm and offers tenants attractive spaces in the city centre.

### Project Benice sold out

The project Benice started in 2007. The project provided a luxurious and comfortable living in separate houses, semi-detached houses and apartments. The last units of this residential development were sold during the first half of 2019.

### Redevelopment of office building Bubenská 1

The extensive redevelopment of Bubenská 1 building continues.

The first and largest tenant of the administrative part of the building is the WPP group. The WPP group includes twelve world-renowned creative, media, digital, content and research agencies such as Ogilvy, GroupM, Kantar, Wunderman, Young & Rubicam and many others. Individual WPP companies, formerly operating in various Prague buildings, will find their new home under one common roof.

The office building Bubenská 1 has 26,400 sqm of lettable area. Twelve WPP agencies occupy a total of nearly two thirds of the area (16,316 sqm). The long-term lease agreement is concluded from 2020 for 18 years.

### Expansion into the Warsaw office market

In 2019, the Group significantly expanded its presence in the Warsaw office market. For the majority of 2019, CPI FIM's office portfolio in Poland consisted of one property in Warsaw city centre, along Chmielna Street. During the final quarter of 2019, the Group acquired three properties in Warsaw for nearly €600 million, significantly

increasing the size of the portfolio, with a total gross lettable area (GLA) exceeding 156,000 sqm. The properties acquired (Equator IV, Eurocentrum Office Complex and Warsaw Financial Center) benefit from high occupancy, long leases with strong tenants, attractive rental yields as well as benefitting from strong environmental certifications. The properties are located in CBD and along the Aleje Jerozolimskie (one of the most sought-after business districts close to the city centre).

#### Acquisition of land in central Prague

In December 2019, the Group acquired land plot of total area of more than 10,000 sqm located in the Holešovice district at the Nádraží Holešovice metro station.

#### Acquisition of residential units in France and Italy

During the second half of 2019, the Group acquired three residential units in France and a residential property in Rome, Italy. In France, two units are located in the city of Ramatuelle, in the district of Saint-Anne about 2 km of Saint Tropez city centre. The third unit is situated in the East side of Nice, within the Mont Boron district with an exceptional panoramic view on the Mediterranean Sea. The property in Rome is located in the historical centre of the city at a largely residential area with retail and hotel establishments.

#### ZET.office of Nová Zbrojovka development in Brno

ZET.Office, is a c.20,000 sqm office development part of the Nová Zbrojovka project in Brno. During December 2019, leases with KIWI.com (c.10,900 sqm) and Axians (c.1,700 sqm) were signed, bringing pre-let occupancy to 63%, despite opening of the building not being scheduled until summer 2020.

#### Intergroup financing

Resulting from the Company's integration into CPI PG group in 2016, one of its roles is to function as an intergroup financing vehicle to the entities within CPI PG group. In 2019, the Group continued to provide the equity loans to other entities within the CPI PG group. As at 31 December 2019, the outstanding balance of the provided loans amounted to €3,546.5 million.



## MARKET ENVIRONMENT

### *Global macro-economic conditions*

#### *Czech Republic<sup>1</sup>*

Economic growth in the Czech Republic remained healthy in 2019, with GDP growth of 1.8% (Q4 2019 year-on-year change versus Q4 2018), albeit below the level of 2.8% recorded in the previous year. The rate of growth modestly declined throughout the course of the year as quarterly GDP growth was 0.3% in Q4 compared to 0.4%-0.6% in prior quarters. Nevertheless, despite subdued export demand and reduced investment levels beginning to bite, the economy remained on a stronger footing in contrast to the bloc as a whole, where annualised GDP growth was only 1.0%.

Domestic labour data also painted a strong picture, given the very low unemployment rate of 2.0% (seasonally adjusted) at the end of 2019, the lowest of all EU states. This had compressed slightly since the end of the prior year. The tightness of the labour market supported strong nominal wage growth of around 7%, which in turn sustained relatively high consumer confidence and spending. Meanwhile, annual inflation edged up to 3.2% at the end of the year, slightly above the Czech National Bank's 1.0%–3.0% tolerance range, and despite an interest rate increase in May 2019.

In terms of industrial and manufacturing activity, exports climbed 0.8% percent from a year earlier in December 2019, however among major trade partners, exports to Germany, Slovakia, Poland and France declined. Business confidence deteriorated throughout the year across the majority of industrial sectors, with the indicator falling to 96.8 at the end of December, largely reflecting concerns about slower economic growth and external challenges facing industrial and manufacturing sectors. However, the story was more positive in services, where year-on-year sales in the retail trade increased by 4.8% in December 2019.

The Czech Republic maintains low levels of government debt relative to GDP, being the fourth lowest in the EU. The Czech National Bank remains focused on fiscal stability and manages the national currency carefully to maintain close parity with the Euro. The Czech Koruna remained relatively stable against the Euro throughout the year, despite a 25bps interest rate increase by the central bank in May and diverging inflation expectations compared to the Euro area.

#### *Poland<sup>2</sup>*

In Poland, the economy grew 4.1% in 2019, marginally down from 2018's 5.1% increase. Fixed investment growth moderated but remained robust nonetheless, increasing by 7.8% in 2019 (compared to 8.9% in 2018), underpinned by sizable inflows of EU funds. Meanwhile, household spending also eased but remained buoyant, growing 3.9% compared to 4.3% in the prior year, supported by strong wage growth (6.2% for 2019), a tight labour market (3.3% unemployment) and substantial social transfers.

Specifically in Warsaw, economic factors are stronger than the national average – unemployment stood at just 1.3% in the at the end of 2019 and wage growth was 4.8% higher than the previous year, while job growth continues apace as average employment in the enterprise sector in December 2019 was by 2.0% higher than a year before.

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<sup>1</sup> Trading Economics, Eurostat, Czech Statistical Office, Czech National Bank

<sup>2</sup> Trading Economics, Focus Economics, Statistical Office in Warszawa, Eurostat

*Selected market focus**Development in Prague and Brno*

Development properties primarily consist of land bank acquired and held by the Group for future development and assets under development. Once work on a development project is commenced, the area is presented either as a future sale (potential gross saleable area) or as a future rental (potential gross leasable area).

In 2019, the Group has continued with the development of Bubenská in Prague and Nová Zbrojovka in Brno. The remainder of our development properties are land bank, the largest segment of which is in Prague.

*Prague office market<sup>3</sup>*

New supply of almost 214k sqm in 2019 (+36% versus 2018) brought total office stock in Prague to nearly 3.67 million sqm at the end of the year. About 247k sqm of office space was under construction at the end of 2019, more than 70% of which should be completed by the end of 2020. The new development activity has been recently expanding to districts of Prague that have previously been deemed less attractive or appealing, such as Prague 9 and 10. Nevertheless, total office stock per capita still remains relatively low compared to other major financial centres in CEE and Western Europe.

Gross take-up in 2019 reached close to 445k sqm, representing a decrease of 7% compared to 2018. Net take-up slowed down more sharply, decreasing 17% since 2018 to about 274k, with the share of renegotiations remaining stable at around 40% of total take-up. IT and professional services firms continue to exhibit the strongest growth in annual take-up.

Continuing significant new supply and lower leasing activity has resulted in a slight uptick in the vacancy rate, which edged up to 5.5% at the end of 2019, having been at 5.1% at the end of 2018. However, this remains very low in a historical context given the consistent reduction in vacancy across Prague over previous years from relatively high levels. In addition, differences in vacancy rates by district are large, at one end of the scale Prague 6 and 7 both have vacancy rates above 10%, in contrast to Prague 1 and 2 (below 3%) at the other.

Despite pressures on vacancy rates, prime rents increased by 2.2% since 2018 to €23.5/sqm, continuing the steady rate of increase prevalent over the past five years, and rising faster than other CEE major cities. Office location still plays a very important role and differences in the speed of leasing of available space are large among individual office hubs. Average asking rents across districts varies, but tends to be in the €10–€17/sqm range, with the exception of Prague 1 (€17–€23.5/sqm).

Prague office investment volumes in 2019 remained very high, representing more than double the investment volume of any other sector. This contributed to positive pressure on valuations and thus prime yields falling close to 4% for the first time, the lowest level across the CEE region.

*Warsaw office market<sup>4</sup>*

Warsaw is currently the fastest growing office market in the EU. The market has continued to strengthen, with demand reaching spectacular levels, driving vacancy down and boosting the preleasing status of pipeline developments. This, in turn, resulted in increases in rents in 2019.

2019 saw an all-time-high result in terms of demand for office space in Warsaw, with close to 880,000 sqm transacted (2.3% higher than 2018). Companies from the financial sector were responsible for 23% of the total demand in Warsaw and 42% in central parts of the city. Pre-letting activity set a new record, making up almost 26% of total transactions, while close to two thirds of all transactions related to new contracts.

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<sup>3</sup> Cushman & Wakefield, [www.praguecitytourism.cz/en/our-services/statistics/guests-and-nights-revised-data-2012-2019-14836](http://www.praguecitytourism.cz/en/our-services/statistics/guests-and-nights-revised-data-2012-2019-14836)

<sup>4</sup> JLL, Colliers

The new supply in 2019 totalled 162,200 sqm across 17 projects. It was the lowest level of supply recorded in the last 10 years, exacerbating the supply shortage in the market.

Almost 5.6 million sqm of office stock was outstanding in Warsaw at the end of 2019. The total under-construction pipeline includes close to 800,000 sqm to be completed by 2022. Notably, approximately 40% of that volume is already pre-leased. Construction activity is highly focused in the city centre (57% of construction activity), while CBD accounts for 24%. Jerozolimskie corridor (where CIPG has acquired a handful of properties in recent months) represents less than 5% of construction activity, but is the third highest area in terms of demand (16%).

Given the rampant demand characteristics in the city, the vacancy rate decreased to 7.8% in Warsaw overall (5.3% in central zones and 9.4% in Non-Central zones of the city), which is a fall of 0.9 p.p. year-on-year. This is the lowest vacancy rate since the second quarter of 2012.

Prime headline rents rose in the central areas of Warsaw, due to the high demand, the low vacancy rate and increasing construction costs. One of the most dynamic areas in that respect continues to be the city centre west. Prime rents in Warsaw are currently quoted at €18.0 to €24.0/sqm/month, while prime assets in the best noncentral areas lease for €11.0 to €16.0/sqm/month.

## OPERATIONS OF THE GROUP IN 2019

The Group is engaged in financing of and rendering of services to **entitites within the CPI PG group** and also holds and operates significant property portfolio.

### Financing of CPI PG group

The Group acts as an internal financing entity within the CPI PG group and shall finance the real estate companies (SPVs) by intra-group loans. In order to fund the intra-group loans, CPI PG raises external financing and provides these funds to CPI FIM. Subsequently, CPI FIM provides the funds in a form of loans to the respective SPVs.

In 2019, the Group continued to provide the equity loans to other entities within the CPI PG group.

The Group generated interest income of €150 million in 2019 which represents an increase by €38 million, compared to 2018.

As at 31 December 2019, the Group provided loans to related parties in the amount of €3,547 million, which represents an increase by €1,179 million compared to 31 December 2018. As at 31 December 2019, the loans provided in the amount of €104 million and €3,443 million were classified as current and non-current, respectively.

### Rendering of services to CPI PG group

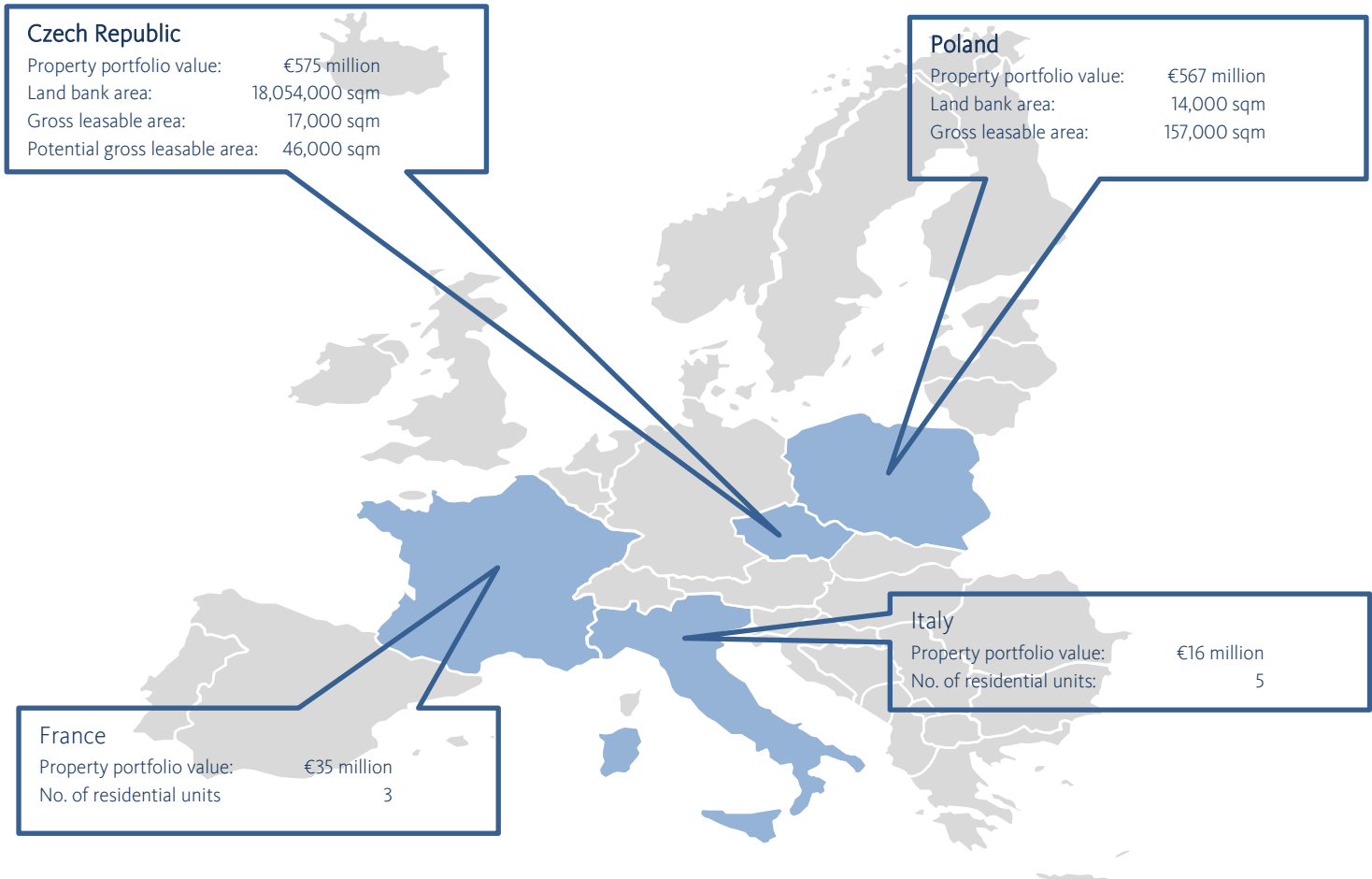
CPI FIM, as the main service company within the CPI PG group provides its affiliates with a wide range of management and key business services. Key strategic services provided by CPI FIM mainly include development of investment strategies and plans for SPVs, communication with banks and financial strategy planning, analyses of markets, negotiations and relationship with key tenants.

In 2019, the Group provided CPI PG and its subsidiaries with services for a total amount of €18 million.

## PROPERTY PORTFOLIO

### Total Property Portfolio

The Group concentrates on long-term investments and real-estate lease, primarily in the Central European region. The Group owns rental income-generating properties mainly in the office segment but is also focused on an extensive portfolio of land plots in the Czech Republic. Additionally, the Group has some development projects for future rent.



The property portfolio of the Group is reported on the balance sheet under the following positions:

- Investment property
- Property, plant and equipment
- Inventories
- Assets held for sale

“Investment property” consists of rental properties, investment property under development and land bank. Investment property under development represents projects currently in progress, which will be reclassified by the Group as rental properties after completion. Land bank represents properties held for development and/or capital appreciation.

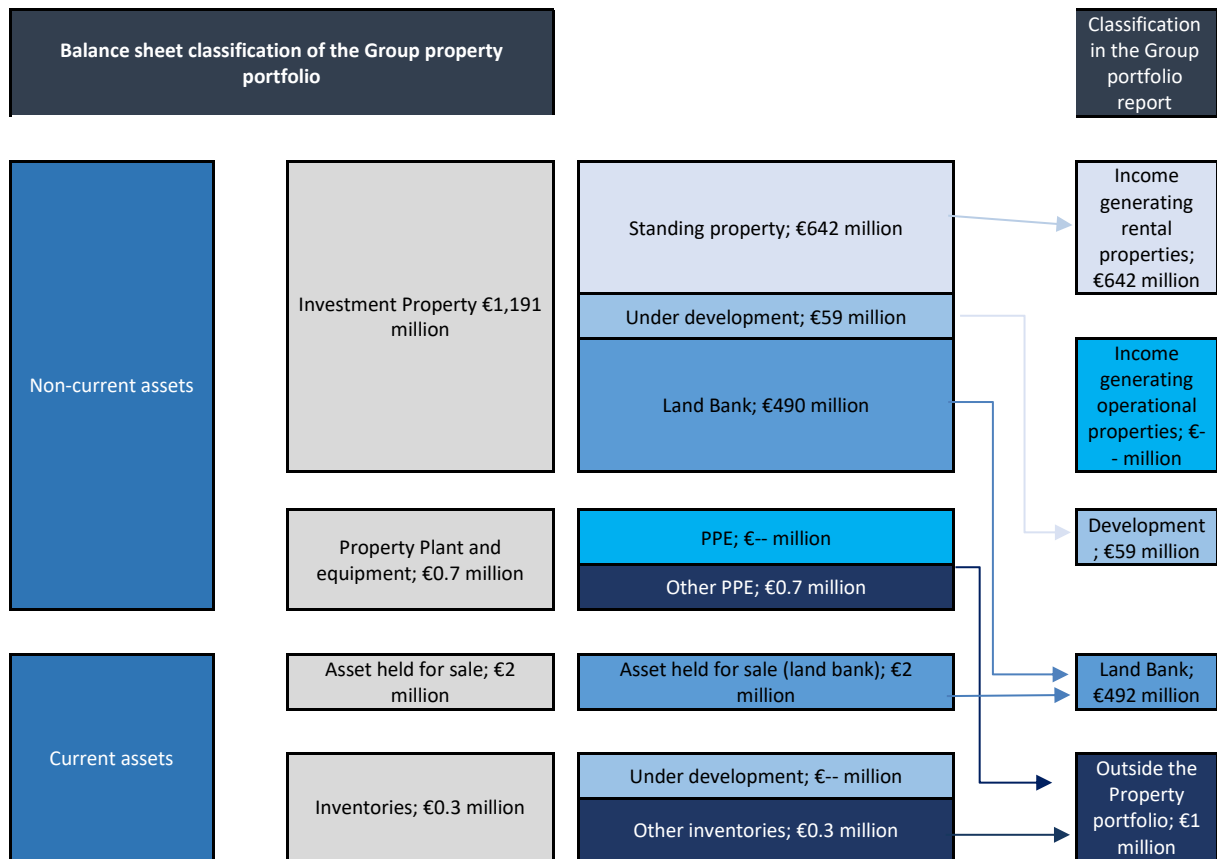
“Property, plant and equipment” consists advances paid for construction works on the projects.

“Inventories” comprise properties that are under development or have been finished and are intended for a future sale in the ordinary course of business.

“Assets held for sale” consist of properties presented in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” which are to be sold due to the intention of the management.

The property portfolio report covers all properties held by the Group, independent of the balance sheet classification. These properties are reported as income generating properties (generating rental income or income from operations), development projects (investment property projects under development and inventories) or land bank.

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 31 December 2019 with the presentation in our portfolio report:



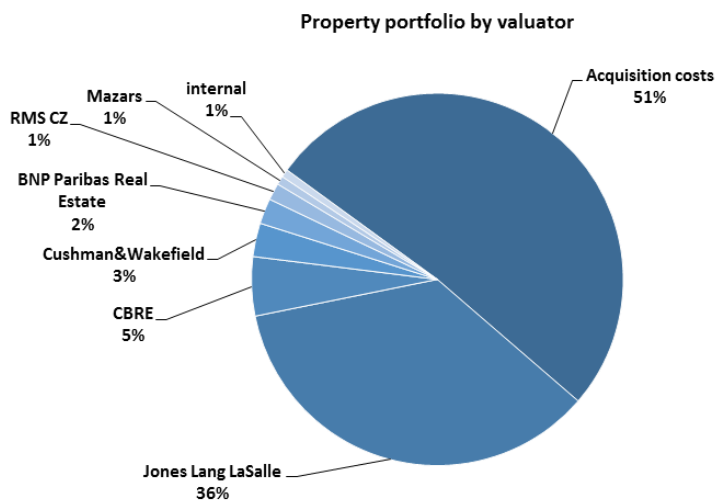
### Property Valuation

The consolidated financial statements of the Group as at 31 December 2019 were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the Investment properties owned by the Group must be stated at fair value, the regular valuation of these properties by independent experts is recommended.

The property portfolio valuation as at 31 December 2019 is based on reports issued by:

- Jones Lang LaSalle (further “JLL”). JLL is a financial and professional services firm specializing in real estate services and investment management. JLL has more than 82,000 employees across 300 corporate offices in more than 80 countries and serve the local, regional and global real estate needs of their clients.

- CBRE is a commercial real estate services and investment firm. It is the largest company of its kind in the world. It is based in Los Angeles, California and operates more than 480 offices worldwide and serves clients in more than 100 countries, employing more than 100,000 global professionals.
- Cushman&Wakefield (further "C&W"). C&W is a one of the leading commercial real estate services company, providing a full range of services to real estate occupiers, developers and investors on a local and international basis. C&W has about 400 offices in 60 countries, employing more than 53,000 professionals.
- BNP PARIBAS REAL ESTATE (further "BNP"). BNP provides a full range expertise of property assets and offers a comprehensive set of real estate services (including property development, transaction, consulting, valuation, property management, and investment management). BNP operates in 32 countries.
- RSM CZ (further "RSM"). RSM is part of the sixth largest network of professional firms RSM International. RSM International operates in 116 countries, has over 750 offices and more than 41,000 professionals. RMS provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll.
- Mazars. Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. Mazars operates in 91 countries and draws on the expertise of over 40,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development.



The following table shows the carrying value of the Group's property portfolio as at 31 December 2019 and 31 December 2018:

PROPERTY PORTFOLIO as at 31 December 2019	No of properties	No. of units	GLA thousand sqm	Office € million	Residential € million	Industry and logistics € million	Development € million	Land bank € million	PP value € million	PP value %
Czech Republic*	4	--	17	22	--	2	59	492	575	48%
Poland	4	--	157	567	--	--	--	0.4	567	48%
France	--	3	--	--	35	--	--	--	35	3%
Italy	--	5	--	--	16	--	--	--	16	1%
<b>The GROUP</b>	<b>8</b>	<b>8</b>	<b>174</b>	<b>589</b>	<b>51</b>	<b>2</b>	<b>59</b>	<b>492</b>	<b>1,193</b>	<b>100%</b>

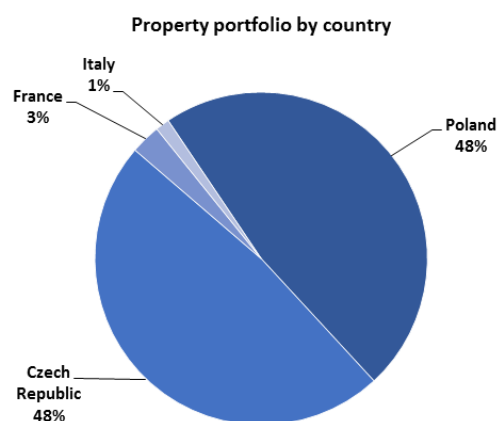
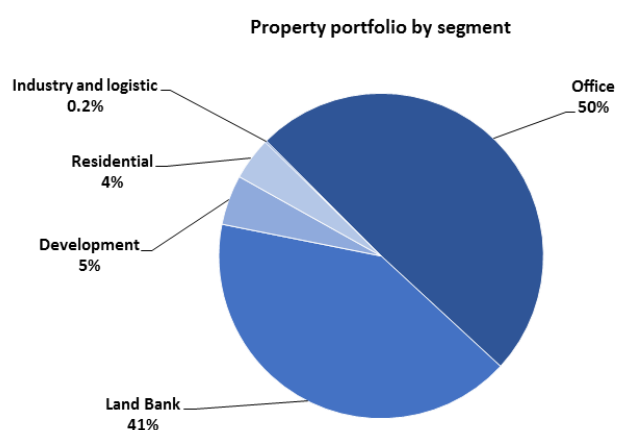
\*Asset held for sale included

PROPERTY PORTFOLIO as at 31 December 2018	No of properties	No. of units	GLA thousand sqm	Office € million	Residential € million	Industry and logistics € million	Development € million	Land bank € million	PP value € million	PP value %
Czech Republic	5	--	9**	--	--	2	41	435	478	99%
Poland*	1	--	1	5	--	--	--	0.4	5	1%
<b>The GROUP</b>	<b>6</b>	<b>--</b>	<b>10</b>	<b>5</b>	<b>--</b>	<b>2</b>	<b>41</b>	<b>435</b>	<b>483</b>	<b>100%</b>

\*Asset held for sale included

\*\*Restated

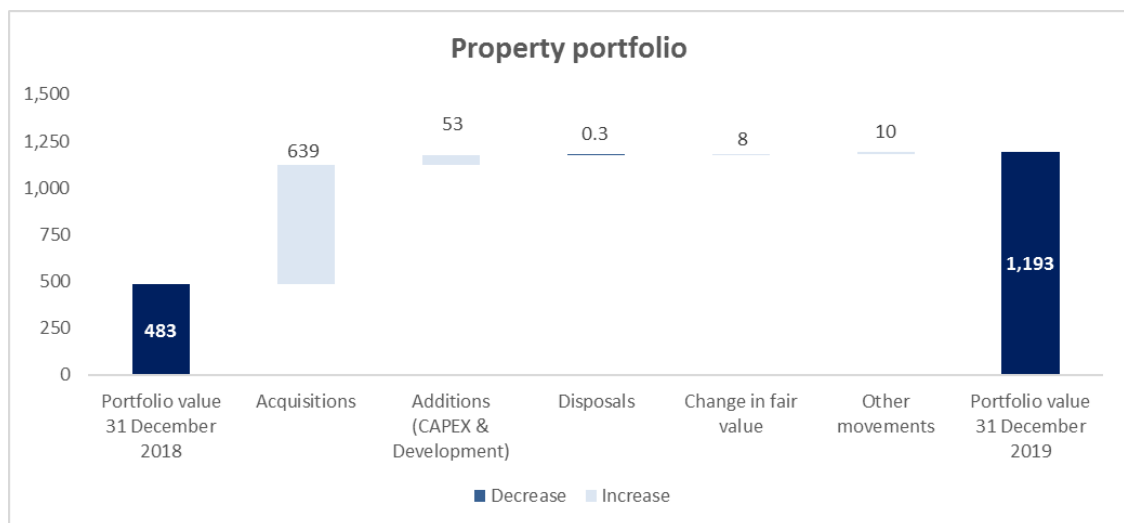
The Group property value total €1,193 million as at 31 December 2019 (31 Dec 2018: €483 million), of which 50% represent office and 41% represent land banks. The majority of the Group property portfolio is located in Czech Republic and Poland with 48% of the total value in each country, followed by France with 3% and Italy with 1%.





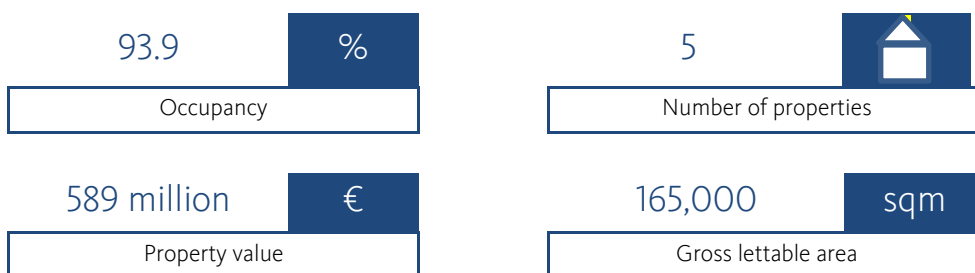
The total net change of €710 million in the portfolio value in 2019 was mainly attributable to the following:

- Acquisitions of €639 million, including three office properties in Warsaw (€560 million), residential units in France and Italy (€50 million) and land plot in the Czech Republic (€29 million);
- Additions of €53 million mainly on Investment Property within the whole Group;
- Change in fair value of €8 million;
- Other movements (translation differences) of €10 million.



## Office

## Key Figures – December 2019



Office portfolio represents an important segment of investment activities of the Group. As at 31 December 2019 the Group owns buildings in Poland and the Czech Republic.

OFFICE 31 December 2019	N° of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Poland	4	567	96%	157	96.6%	15.3	--
Czech Republic	1	22	4%	8	39.4%	13.3	--
The GROUP	5	589	100%	165	93.9%	15.3	--

OFFICE 31 December 2018	N° of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Poland	1	4	100%	1	100.0%	19.2	--
The GROUP	1	4	100%	1	100.0%	19.2	--

- Eurocentrum Office, Warsaw

Eurocentrum Office has a highest LEED level of certification, i.e. PLATINUM and offers over 85,000 sqm of lettable space. Eurocentrum Office is a modern office building with many eco-friendly solutions, for example: rainwater is used for flushing toilets and watering greenery in atrium - savings in drinking water consumption; savings in electricity consumption for general building systems; heat island effect reduction with the employment of high light reflecting roof membrane etc.



Furthermore Eurocentrum has 1,500 sqm atrium with natural vegetation, a wide range of shops and restaurants, excellent access to daylight as a result of large glazing areas, fresh air exchange process well above average, office space is not overheated in the summer and amenities dedicated to persons using alternative means transportation: parking spaces for bicycles (over 200 parking place), changing rooms and showers and 22 charging stations for electric cars. In 2016, a sky apiary was created on the roof of the Eurocentrum office building.

- Warsaw Financial Center, Warsaw

Warsaw Financial Center, one of Warsaw's most prestigious skyscraper (LEED Gold), was completed in 1998 and offers almost 50,000 sqm of grade A office space across 32 floors. It was designed by the American architects Kohn Pedersen Fox Associates in cooperation with A. Epstein & Sons International. Warsaw Financial Center has a very good location. WFC is located only 0.6 km from Warsaw's main train station, 8.3 km from international Warsaw Chopin Airport and 39.3 km from Warsaw Modlin Airport.



Warsaw Financial Center is a 32-story high skyscraper with sixteen elevators, open space offices with colorful walls, huge Marilyn Monroe prints, and comfortable sofas for creative brainstorming, or classic timeless interiors in understated hues support uniqueness of the building. At any time during the day, the first six floors of the building offer 350 parking spaces for cars and bicycles.

Currently, WFC ranks among the most prestigious high-rise buildings in Poland. Top Polish and international corporations have been attracted by its outstanding quality (Google, Bloomberg and Kompania Piwowarska).

- Equator IV Offices, Warsaw

Equator IV Offices was constructed in 2018 and is of a modern A-class specification (BREEAM Very Good). It has 16 aboveground and 4 underground levels comprising 226 parking spaces. The Property consists of stand-alone office building comprising more than 21,000 leasable sqm, situated on a site with a total area of 2,900 sqm.



Property is located in Warsaw within Ochota district, in a distance of ca. 3 km to the Palace of Culture and Science, considered as a central point of Warsaw. The office building is situated at the main east-west arterial road in Warsaw – Al. Jerozolimskie within a third largest office district in Warsaw – “Jerozolimskie corridor”. The area is a recognized office location providing direct access and reasonable distance to the city centre as well as convenient access to the Warsaw ring road.

- Diana Office, Warsaw

The property was constructed in 2004 and comprises 1,400 sqm of rentable area. The Property is located in Warsaw city centre, along Chmielna Street, which forms one of the best recognizable retail streets of the city. The building is of a reinforced concrete structure with hip roof. The property is fully let to one tenant - Goethe Institut.



- Mayhouse, Prague

The Mayhouse office building is located in the sought-after area of Pankrác, Prague 4. Mayhouse has an excellent accessibility. Only a few minutes' walk is situated metro line C Pražského povstání and tram station Vozovna Pankrác is just around the corner. By car, you can promptly reach the historic city centre as well as to the Prague ring road and D1 motorway.

The office building has six above ground floors and offers almost 8,000 sqm of leasable modern space. The interior of the premises comprises modern, 'A' grade office areas, which include air-conditioned offices with suspended ceilings, double floors, openable windows, kitchenettes and the electronic access system. Fitness, showers, bike storage and lounge are situated on the ground floor. There are also 69 parking spaces in the underground parking garage.



## Land Bank

Key Figures – December 2019

492 million	€	18,068,000	sqm
Property value		Total area	

Land bank is comprised of an extensive portfolio of land plots primarily in the Czech Republic. Plots are often in attractive locations, either separate or adjacent to existing commercial buildings or in the city centre and their value continues to increase with the growth of surrounding infrastructure. Out of the total plots area, approximately 8.4% are with zoning.

LAND BANK 31 December 2019	Total area	Area with zoning	Area without zoning	PP value	PP value	Outstanding financing
	thds. sqm	thds. sqm	thds. sqm	€ million	%	€ million
Czech Republic*	18,054	1,506	16,548	492	99.9%	--
Poland	14	14	--	0.4	0.1%	--
<b>THE GROUP</b>	<b>18,068</b>	<b>1,520</b>	<b>16,548</b>	<b>492</b>	<b>100%</b>	<b>--</b>

\*Asset held for sale included

LAND BANK 31 December 2018	Total area	Area with zoning	Area without zoning	PP value	PP value	Outstanding financing
	thds. sqm	thds. sqm	thds. sqm	€ million	%	€ million
Czech Republic	17,612	1,307	16,305	435.0	99.9%	--
Poland*	14	14	--	0.4	0.1%	--
<b>THE GROUP</b>	<b>17,626</b>	<b>1,321</b>	<b>16,305</b>	<b>436</b>	<b>100%</b>	<b>--</b>

\*Asset held for sale included

Among land bank plots, the Land Bank portfolio includes:

- Former brownfield:
  - (1) Praga in Prague amounting to circa 64,200 sqm, which are zoned, are prepared for residential development with expected start in 2020;
  - (2) Nová Zbrojovka in Brno with 217,300 sqm that will be used for mixed development (Commercial & Residential).
- Bubny located close to the city centre. Bubny remains the last brownfield plot in the centre of Prague and the Group intends to develop mixed-use area consisting of residential and commercial units, offices and shops as well as educational, medical, and cultural facilities. In addition, a modern train terminal at Vltavská metro station and large green spaces will be incorporated. The main goal for the mid-term period is to continue the process of changing the Bubny masterplan. The plot of Bubny amounting to over 200,000 sqm of land in Prague 7 is at the core of the commercial development pipeline in Central Europe. On 26 June 2018, the Group disposed of 80% stake of Bubny Development, s.r.o. In accordance with IFRS 10, through remaining 20% stake the Group retained control over this subsidiary which is why it's being consolidated by the Company.
- Land plot Holešovice (at the metro line C, station Nádraží Holešovice) of 10,000 sqm is strategically located nearby Group's existing land bank in Bubny. The land plot will be leased back to the seller and will continue to operate as a bus terminal.

In 2019, the Group extended its land bank portfolio by 461,000 sqm. On the contrary, the Group disposed 19,000 sqm of land bank representing selected projects in the Czech Republic.

## Development

Key Figures – December 2019

46,000	sqm	59 million	€
Potential gross leasable area		Development for rental	

The Group's development portfolio consists of properties that the Company has developed or is developing across the Czech Republic region and primarily plans to rent.

DEVELOPMENT 31 December 2019	N° of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental € million	Development for sale € million	Development for rental %	Development for sale %	Outstanding financing € million
Czech Republic	2	46	--	59	--	100%	--	--
THE GROUP	2	46	--	59	--	100%	--	--

DEVELOPMENT 31 December 2018	N° of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental € million	Development for sale € million	Development for rental %	Development for sale %	Outstanding financing € million
Czech Republic	4	54	0.5	41	0.5	100%	100%	--
THE GROUP	4	54	0.5	41	0.5	100%	100%	--

- Bubenská, Prague

The property was constructed during the 1930s. The building belongs to the most distinguished functionalist buildings in Prague. It undergoes an extensive reconstruction, thanks to which the tenants will get a top-quality work environment while maintaining a unique architecture.

The property will offer primarily office space as well as retail, wellness, big hall, storage and common space totaling 26,400 sqm. The first and largest tenant of the administrative part of the building became the WPP group, who signed a lease for 18 years.



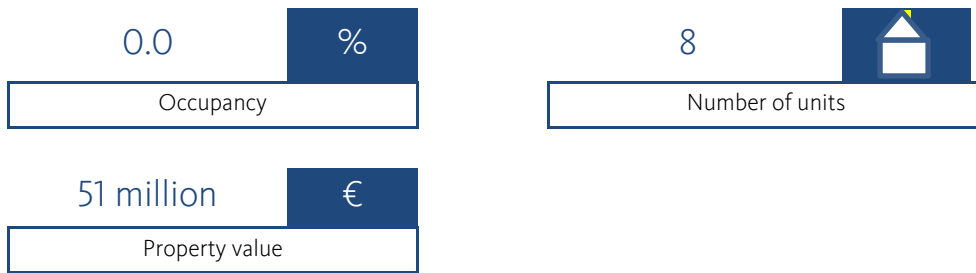
- ZET.office in Nová Zbrojovka, Brno

The ZET.office development is a 20,000 sqm modern office development in Brno, the first one in the disused area of the former Zbrojovka factory.. ZET.office will offer modern office and coworking spaces, cafes and a fitness facility. We've already signed two leases with KIWI.com and Axians, bringing pre-let occupancy to 63%. Handover to tenants is scheduled for summer 2020.



Residential

Key Figures – December 2019



The Group currently owns 8 residential units. Three of them are located in the district of Saint-Anne and Mont Boron in France. A building with five residential units is located on Piazza della Pigna in Rome, Italy.

RESIDENTIAL 31 December 2019	PP value € million	PP value %	Occupancy* %	No. of units	No. of rented units	Outstanding financing € million
France	35	68%	0.0%	3	--	--
Italy	16	32%	0.0%	5	--	--
The GROUP	51	100%	0.0%	8	--	--

\* Occupancy based on rented units

- Villa Lou Paradou

Neo provençal style villa dating from the 1970's is exposed to the South-West side and it is used as residential accommodation. It consists of walk-up basement, a ground floor with one adjoining service house (studio) below the main house and a swimming pool. There is also a horse stable at the entrance of the property.



- Villa Mas Du Figuer

The property consists of a private villa used as residential accommodation, arranged over a basement, a ground floor and first upper floor. There is also a guest house (comprised 4 bedrooms and a guard house), a gym and a garage. The outside facilities include two swimming-pools and a tennis court.



- High-end residence

Former 5\* hotel transformed into a high-end residence. Property has common areas and facilities, a large outdoor pool with sea views and spacious gardens. The property benefits from its location. It is situated on the waterfront within the city limits of Nice. There is an easy access to city centre or public beaches.



- Residential property Piazza della Pigna

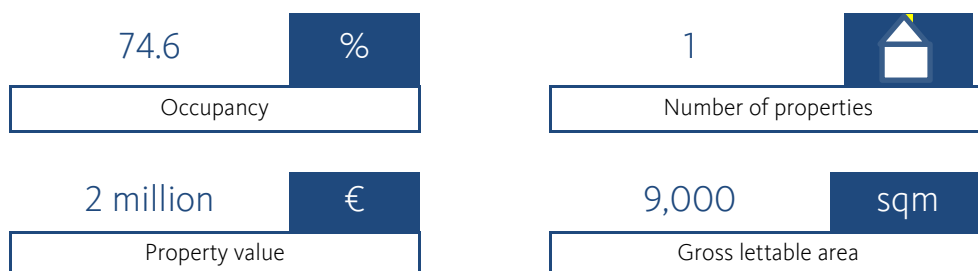
The sixteenth-century building has five above-ground floors, a warehouse and car parking on the underground level, and a winter garden on the ground floor. The rooms are built around a staircase connecting the five floors, all decorated with highend finishes and superb marble and wood inlays.





## Industry and Logistics

Key Figures – December 2019



The Group currently owns about 9,000 sqm of rental space and manages complex Industrial Park Stříbro used for light industry, located in Plzeňský region in the Czech Republic.

INDUSTRY AND LOGISTICS 31 December 2019	N° of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Czech Republic	1	2	100%	9	74.6%	1.8	--
The GROUP	1	2	100%	9	74.6%	1.8	--

INDUSTRY AND LOGISTICS 31 December 2018	N° of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Czech Republic	1	2	100%	9	74.6%	1.9	--
The GROUP	1	2	100%	9	74.6%	1.9	--

## FINANCING

### Cash and cash equivalents

As at 31 December 2019, cash and cash equivalents consist of cash at bank for €129.4 million (2018: €14.7 million) and cash on hand for €7 thousand (2018: €8 thousand).

### Financial liabilities

Financial liabilities amount to €4,139.3 million including mainly loans from CPI PG (€3,724.1 million).

Financial liabilities increased by €1,959.8 million. This variation is mainly due to additional drawdowns of long-term loans provided by CPI PG (€1,784.3 million) and new loan principal provided by Czech Property Investments, a.s. to the Group in amount of €134.1 million.

## RESULTS AND NET ASSETS

### Income statement

Income statement for the year ended 31 December 2019 is as follows:

	12 month period ended	
	31 December 2019	31 December 2018
Gross rental income	4,207	1,683
Sale of services	19,503	25,029
Cost of service charges	(1,959)	(950)
Property operating expenses	(1,949)	(1,215)
Net service and rental income	19,802	24,547
Development sales	--	10
Development operating expenses	--	(7)
Net development income	--	3
<b>Total revenues</b>	<b>23,710</b>	<b>26,722</b>
<b>Total direct business operating expenses</b>	<b>(3,908)</b>	<b>(2,172)</b>
<b>Net business income</b>	<b>19,802</b>	<b>24,550</b>
Net valuation gain on investment property	7,963	3,225
Net gain on the disposal of investment property and subsidiaries	2,522	3,069
Amortization, depreciation and impairments	3,249	(9,539)
Administrative expenses	(12,951)	(13,925)
Other operating income	122	968
Other operating expenses	(1,204)	(269)
Operating result	19,503	8,079
Interest income	150,185	111,860
Interest expense	(89,200)	(60,750)
Other net financial result	22,930	10,408
Net finance income	83,915	61,518
Share of profit of equity-accounted investees (net of tax)	(217)	(698)
<b>Profit before income tax</b>	<b>103,201</b>	<b>68,899</b>
Income tax expense	(30,753)	53,120
<b>Net profit from continuing operations</b>	<b>72,448</b>	<b>122,019</b>

### Rendering of services

Service income decreased to €17.8 million in 2019 (2018: €24.4 million). The decrease is due to providing of advisory services to entities within the Group and controlled by the ultimate shareholder of the Group.

### Net valuation gain

The net valuation gain amounts to €8.0 million (€3.2 million in 2018) comprised of valuation gain of €23.8 million, valuation loss of €6.7 million and net foreign exchange loss of €9.2 million. The most significant is valuation gain of the properties of Land Properties (€5.7 million) and Bubny Development (€5.4 million). Its gain was driven primarily by the general market conditions as well as by improved assumptions retained by the external valuation expert, for more details please refer to note 7.5.3 of the Consolidated Financial Statements as at 31 December 2019.

### Administrative expenses

Administrative expenses decreased to €13.0 million in 2019 compared to €13.9 million in 2018. During 2019 there was a slightly decrease of management services provided to CPI FIM by related parties.

### Net finance income

Total net finance income has risen from €61.5 million in 2018 to €83.9 million in 2019. The interest income increased from €111.9 million in 2018 to €150.2 million in 2019. The increase in interest income reflects the increase in loans provided by the Company to entities within the CPI PG group and other related parties. The interest expense increased from €60.8 million in 2018 to €89.2 million in 2019. The increase in interest expense reflects the increase in loans received by the Company from entities within the CPI PG group and other related parties.

The other net financial result has improved from a gain of €10.4 million in 2018 to a gain of €22.9 million in 2019. Net foreign exchange gain (€22.7 million) was driven by movement of € against CZK.

## Balance sheet

Balance sheet as at 31 December 2019 corresponds to consolidated financial statements.

	31 December 2019	31 December 2018
<b>NON-CURRENT ASSETS</b>		
Intangible assets	1,123	27
Investment property	1,191,435	474,778
Property, plant and equipment	662	398
Equity accounted investees	3,672	3,890
Other investments	188,293	125,406
Loans provided	3,442,619	2,283,819
Trade and other receivables	12	7,988
Deferred tax asset	153,126	180,021
<b>Total non-current assets</b>	<b>4,980,942</b>	<b>3,076,327</b>
<b>CURRENT ASSETS</b>		
Inventories	341	7,967
Current tax receivables	36	275
Trade receivables	7,175	5,400
Loans provided	103,908	84,474
Cash and cash equivalents	129,447	14,705
Other receivables	17,299	1,956
Other non-financial assets	3,394	1,378
Assets held for sale	1,504	384
<b>Total current assets</b>	<b>263,104</b>	<b>116,541</b>
<b>TOTAL ASSETS</b>	<b>5,244,046</b>	<b>3,192,868</b>
<b>EQUITY</b>		
Equity attributable to owners of the Company	826,356	702,413
Non-controlling interests	171,522	166,453
<b>Total equity</b>	<b>997,878</b>	<b>868,866</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial debts	3,886,792	2,091,697
Deferred tax liability	38,200	34,160
Provisions	1,594	1,574
Other financial liabilities	10,794	2,356
<b>Total non-current liabilities</b>	<b>3,937,380</b>	<b>2,129,787</b>
<b>CURRENT LIABILITIES</b>		
Financial debts	252,538	87,853
Trade payables	10,543	18,941
Income tax liabilities	747	141
Other financial liabilities	41,044	83,736
Other non-financial liabilities	3,895	3,544
Liabilities held for sale	21	--
<b>Total current liabilities</b>	<b>308,788</b>	<b>194,215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,244,046</b>	<b>3,192,868</b>

## Total assets and total liabilities

Total assets increased by €2,051.2 million (64.2%) to €5,244.0 million as at 31 December 2019. The main reason is the increase of long-term loans provided to entities within the CPI PG Group and increase of investment property due to the acquisitions of Poland entities in to the Group.

Non-current and current liabilities total €4,246.2 million as at 31 December 2019 which represents an increase by €1,922.2 million (82.7%) compared to 31 December 2018. Main driver of this increase was an additional drawdown of loan provided to the Company by CPI PG.

## EPRA Net assets value

The EPRA Net Asset Value per share as at 31 December 2019 is €0.66 compared to €0.56 as at 31 December 2018.

The EPRA Triple NAV amounts to €0.63 per share compared to €0.53 at the end of last year. The calculation is compliant with the EPRA (European Public Real Estate Associations) “Triple Net Asset Value per share” standard methodology which is described below.

	December 2019	December 2018
Consolidated equity	826,356	702,413
Deferred taxes on revaluations	38,288	33,653
EPRA Net asset value	864,644	736,066
Existing shares (in thousands)	1,314,508	1,314,508
Net asset value in € per share	0.66	0.56
EPRA Net asset value	864,644	736,066
Deferred taxes on revaluations	(38,288)	(33,653)
EPRA Triple Net asset value (*)	826,356	702,413
Fully diluted shares	1,314,508	1,314,508
Triple net asset value in € per share	0.63	0.53

(\*) EPRA Triple Net Asset Value Methodology:

The triple NAV is an EPRA recommended performance indicator.

Starting from the NAV following adjustments are taken into consideration:

- Effect of dilutive instruments: financial instruments issued by company are taken into account when they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.
- Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.
- Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.

As part of the EPRA requirements, CPI FIM discloses the calculation of EPRA NAV and EPRA NNNNAV.

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](http://www.epra.com)).

Over the year 2019 the consolidated equity increased by €123.9 million. The main driver of this increase is the profit of the year amounting to €67.4 million and increase of revaluation reserve due to the revaluation of CPI PG shares held by the Group (€26.4 million).

## CORPORATE GOVERNANCE

### Principles

Good corporate governance improves transparency and the quality of reporting, enables effective management control, safeguards shareholder interests and serves as an important tool to build corporate culture. The Company is dedicated to acting in the best interests of its shareholders and stakeholders. Towards these ends, it is recognized that sound corporate governance is critical. The Company is committed to continually and progressively implementing industry best practices with respect to corporate governance and has been adjusting and improving its internal practices in order to meet evolving standards. The Company aims to communicate regularly to its shareholders and stakeholders regarding corporate governance and to provide regular updates on its website.

Since the Company was founded in 1991, its accounts have been audited regularly each year. The Annual Meeting held on 29 May 2019 did not approve KPMG as auditor for the year 2019. KPMG has served as auditor of the Company since 2013. The Company's Audit Committee recommended an appointment of Ernst & Young („EY“) as Group's new auditor for the financial year commencing on 1 January 2019. The general meeting of shareholders in October resolved unanimously to appoint Ernst & Young S.A., Luxembourg, as the approved auditor (réviseur d'entreprises agréé) of the Company with immediate effects and until the annual general meeting of shareholders of the Company to be held in 2020.

In addition, the Company's portfolio of assets is regularly evaluated by independent experts.

In 2007, the Company's Board of Directors adopted the Director's Corporate Governance Guide and continues to communicate throughout the Group based on the values articulated by this guide. As a company incorporated in Luxembourg, the Company's primary regulator is the Commission de Surveillance du Secteur Financier (the “CSSF”). The Company's procedures are designed to comply with applicable regulations, in particular those dealing with market abuse. The Company also has a risk assessment procedure designed to identify and limit risk. In addition, the Company aims to implement corporate governance best practices inspired by the recommendations applicable in Luxembourg and Poland.

On 23 May 2012, the Board of Directors elected the Ten Principles and their Recommendations of the Luxembourg Stock Exchange as a reference for its Corporate Governance Rules (<https://www.bourse.lu/corporate-governance>).

The Company parent company CPI PG has implemented industry best practices with respect to corporate governance and external reporting. In 2019, the CPI PG Group approved the “Code of Business Ethics and Conduct of CPI Property Group” and also newly updated policies governing 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). These were adopted for the Group (*for more details regarding the application of the CSR policies across the CPI PG Group kindly refer to annual report of CPI PG*).

### Board of Directors

The Company is administered and supervised by a Board of Directors made up of at least three members.

#### *Appointment of Directors*

The Directors are appointed by the general meeting of shareholders for a period of office not exceeding six years. They are eligible for re-election and may be removed at any time by decision of the general meeting of shareholders by simple majority vote. In the event of a vacancy in the office of a Director, the remaining Directors may provisionally fill such vacancy, in which case the general meeting of shareholders will hold a final election at the time of its next meeting.

*Current Board of Directors*

As at 31 December 2019 the Board of Directors consisted of: 2 members representing the management of CPI PG group, Mr. David Greenbaum and Mrs. Anita Dubost, and 2 independent members, Mr. Edward Hughes and Mr. Markus Kreuter.

Anita Dubost, 40, Tax Manager, executive member

Anita Dubost was appointed to the Board of Directors in May 2019. Before joining the CPI PG, she worked at Tristan Capital Partners as Senior Tax Manager within Luxembourg Operations team. In her role she was in charge of overseeing the tax structuring of the Tristan-managed funds. She was also member of the Investment Committee.

Anita began her career at Atoz (member of the international Tax and network) where she was Senior Associate advising multi-national clients. Anita holds a Master's Degree in Law and in Business Administration specialized in finance and tax.

David Greenbaum, 43, Chief Financial Officer of CPI Property Group, executive member.

David Greenbaum was appointed to the Board of Directors in May 2019. Before joining the CPI PG, he worked for nearly 16 years at Deutsche Bank, where he was most recently co-head of debt capital markets for the CEEMEA region. David began his career at Alliance Capital Management in 1999. In 2000 he joined Credit Suisse First Boston before moving to Deutsche Bank in 2002. David graduated magna cum laude from Cornell University with a degree in English language and literature.

Edward Hughes, 49, independent, non-executive member.

Edward Hughes has been engaged in real estate investment, consultancy and brokerage activities in the Czech Republic and other Central European countries for more than 20 years. Through his finance and real estate background Edward is an experienced professional and has significant experience in asset acquisition, project preparation and developments. In 1996, he established Lexxus and developed it to become the leading real estate agency in Prague and Bratislava. Prior to establishing Lexxus, in 1996, Edward was Associate Director of GE Capital Europe, responsible for Central European business development and subsequently, in 1997, he became Finance Director of Multiservis, a GE consumer finance company in the Czech Republic. Edward started his career in Arthur Andersen in London in 1988, qualifying as a Chartered Accountant in 1991. In September 1991 he transferred to work for Arthur Andersen in Prague. Edward is a graduate of Trinity College, Dublin where he majored in Business and Economics with Honours (1988).

Markus Kreuter, 49, independent, non-executive member.

Markus Kreuter is a real estate specialist through his over 20 years of experience in the sector. Amongst others he worked as National Director Debt Advisory at JLL, Head of German commercial real estate lending at Deutsche Bank, Group Head of Debt Funding at CA Immo as well as Head of Accounting and Financing at Vivico Real Estate GmbH. Actually he is Head of Debt Finance and Private Equity at Luxemburg-based SIMRES Real Estate Sarl and acts as Independent Director for a M-DAX-listed real estate company. He holds a degree in real estate economics (Immobilienökonom ebs).

The current members of the Board of Directors are appointed until the annual general meeting of 2020 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2019. David Greenbaum is also elected Managing Director (*administrateur délégué*) of the Company.

The independent directors are not involved in management, are not employees or advisors with a regular salary and do not give professional services such as external audit services or legal advice. Furthermore, they are not related persons or close relatives of any management member or majority shareholder of the Company.

The Board of Directors meetings are held as often as deemed necessary or appropriate. All members, and in particular the independent and non-executive members, are guided by the interests of the Company and its business, such interests including but not limited to the interests of the Company's shareholders and employees.

#### *Powers of the Board of Directors*

The Board of Directors represents the shareholders and acts in the best interests of the Company. Each member, whatever his/her designation, represents the Company's shareholders.

The Board of Directors is empowered to carry out all and any acts deemed necessary or useful in view of the realisation of the corporate purpose; all matters that are not reserved for the general meeting by law or by the present Articles of Association shall be within its competence. In its relationship with third parties, the Company shall even be bound by acts exceeding the Company's corporate purpose, unless it can prove that the third party knew such act exceeded the Company's corporate purpose or could not ignore this taking account of circumstances.

#### *Deliberations*

The Board of Directors may only deliberate if a majority of its members are present or represented by proxy, which may be given in writing, by telegram, telex or fax. In cases of emergency the Directors may vote in writing, by telegram, telex, fax, electronic signature or by any other secured means.

The decisions of the Board of Directors must be made by majority vote; in case of a tie, the Chairman of the meeting shall have the deciding vote.

Resolutions signed unanimously by the members of the Board of Directors are as valid and enforceable as those taken at the time of a duly convened and held meeting of the Board.

The Board will regularly evaluate its performance and its relationship with the management. During 2019, the Board held six meetings, with all members being present or represented.

#### *Delegations of powers to Managing Directors*

The Board of Directors may delegate all or part of its powers regarding the daily management as well as the representation of the Company with regard to such daily management to one or more persons, who need not be Directors (a "Managing Director"). The realization and the pursuit of all transactions and operations basically approved by the Board of Directors are likewise included in the daily management of the Company. Within this scope, acts of daily management may include particularly all management and provisional operations, including the realization and the pursuit of acquisitions of real estate and securities, the establishment of financings, the taking of participating interests and the placing at disposal of loans, warranties and guarantees to group companies, without such list being limitative.

#### *Signatory powers within the Board of Directors*

The Company may be validly bound either by the joint signatures of any two Directors or by the single signature of a Managing Director.

#### *Special commitments in relation to the election of the members of the Board of Directors*

The Company is not aware of commitments that are in effect as of the date of this report by any parties relating to the election of members of the Board of Directors.

#### *Management of the Company*

The management is entrusted with the day-to-day running of the Company and among other things to:

- be responsible for preparing complete, timely, reliable and accurate financial reports in accordance with the accounting standards and policies of the Company;



- submit an objective and comprehensible assessment of the company's financial situation to the Board of Directors;
- regularly submit proposals to the Board of Directors concerning strategy definition;
- participate in the preparation of decisions to be taken by the Board of Directors;
- supply the Board of Directors with all information necessary for the discharge of its obligations in a timely fashion;
- set up internal controls (systems for the identification, assessment, management and monitoring of financial and other risks), without prejudice to the Board's monitoring role in this matter; and
- regularly account to the Board for the discharge of its responsibilities.

The members of the management meet on a regular basis to review the operating performance of the business lines and the containment of operating expenses.

As at 31 December 2019, the Company's management consisted of the following members:

Jiri Dederá, Chief Executive Officer joined the Company in January 2014. Before joining the Company, Jiri was working for CPI Group as the Investment Director and before that for Deloitte and PricewaterhouseCoopers in Czech Republic and in the United States. He graduated from the Technical University of Brno, Czech Republic.

Erik Morgenstern, Chief Financial Officer, has over 12 years of experience in various finance positions in the real estate sector, including Director of Accounting and IFRS and CFO. Prior to joining the Company Mr. Morgenstern worked for CPI PROPERTY GROUP. He graduated from the University of Economics Prague, Czech Republic.

During 2019, the Company employed several managers from CPI PG in order to reflect Company's intragroup managerial and financing function within CPI PG structure.

Committees of the Board of Directors

As at 31 December 2019 the Board of Directors has the following committees:

- Audit Committee
- Remuneration, Appointment and Related Party Transaction Committee

The implementation of decisions taken by these committees enhances the Company's transparency and corporate governance.

Independent and non-executive directors are always in majority of the members of these committees.

#### *Audit Committee*

Following the changes in the Board of Directors composition throughout in 2019 the Audit Committee is now comprised of Mr. Edward Hughes, Mr. Markus Kreuter, and Mrs. Anita Dubost. Mr. Edward Hughes is the president of the 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 Company's reporting procedures by business lines, reviews risk factors and risk control procedures, analyzes the Company's group structure, assesses the work of external auditors, examines consolidated accounts, verifies the valuations of real estate assets, and audits reports.

The Audit Committee has therefore invited persons whose collaboration is deemed to be advantageous to assist it in its work and to attend its meetings.

During 2019, the Audit Committee focused mainly on the ongoing review of the Group's financial statements. The Audit Committee also reviewed and discussed the implementation of new or amended IFRS standards and interpretations that are mandatory for the preparation of the financial statements for the 2019 financial year.

The Audit Committee focused on the valuations of the property portfolio and reviewed the outcomes of the Valuation Committee on quarterly basis. In relation to the external audit, the Audit Committee actively participated in the tender process for a new auditor. The Audit Committee recommended EY as a new auditor.

In 2019, the Audit Committee held six meetings. The average attendance was 95.5% (one absence in total).

#### *Remuneration, Appointment and Related Party Transaction Committee*

Following the changes in the Board of Directors composition in 2019 the Remuneration, Appointment and Related Party Transaction Committee (the "Remuneration Committee") is now comprised of Mr. Edward Hughes, Mr. Markus Kreuter, and Mr. David Greenbaum. Mr. Edward Hughes is the president of the Remuneration Committee.

The Remuneration Committee presents proposals to the Board of Directors about remuneration and incentive programs to be offered to the management and the Directors of the Company. The Remuneration Committee also deals with related party transactions.

The role of the Remuneration Committee is among other things to submit proposals to the Board regarding the remuneration of executive managers, to define objective performance criteria respecting the policy fixed by the Company regarding the variable part of the remuneration of top management (including bonus and share allocations, share options or any other right to acquire shares) and that the remuneration of non-executive Directors remains proportional to their responsibilities and the time devoted to their functions.

Description of internal controls relative to financial information processing.

The Company has organized the management of internal control by defining control environment, identifying the main risks to which it is exposed together with the level of control of these risks, and strengthening the reliability of the financial reporting and communication process.

#### *Control Environment*

For the annual closure, the Company's management fills an individual questionnaire so that any transactions they have carried out with the Company as "Related parties" can be identified.

The Audit Committee has a specific duty in terms of internal control; the role and activities of the Audit Committee are described in this Management Report.

Remuneration and benefits

#### *Board of Directors*

See note 1 of the Consolidated financial statements as at 31 December 2019.

Corporate Governance rules and regulations

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 the following elements:

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

The share capital of the Company is represented by only one class of shares carrying same rights.

The Company shares (ISIN LU0122624777) had been listed on the regulated market of Euronext Paris since 2000 and until their delisting as at 18 February 2016. Out of 1,314,507,629 Company shares the 314,507,629 Company shares (representing app. 23.9% of the total share capital) have been admitted to trading on the regulated market of the Luxembourg Stock Exchange on 15 October 2015. The 114,507,629 Company shares (representing app. 8.7% of the total share capital) have been admitted to trading on the regulated market of the Warsaw Stock Exchange.

(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 is no restriction on the transfer of securities of the Company as at 31 December 2019.

(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:

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as at 31 December 2018. The information collected is based on the notifications received by the Company from any shareholder crossing the thresholds of 2.5%, 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% of the aggregate voting rights in the Company.

Shareholder	Number of shares	% of capital / voting rights
CPI PROPERTY GROUP (directly and indirectly)	1,279,198,976	97.31%
Others	35,308,653	2.69%
<b>Total</b>	<b>1,314,507,629</b>	<b>100.0%</b>

In 2013, the Company transferred 1 share to Edward Hughes for free and until he holds the Board function. In 2014, the Company transferred 1 share to Jiri Dederá for free and until he holds the Board function. In 2016, the Company transferred 1 share to Erik Morgenstern for free and until he holds the Board function.

*(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.

On 8 June 2016 CPI Property Group's fully owned subsidiary Nukasso Holdings Limited directly and indirectly acquired approximately 97.31% of shares in the Company. As a consequence, Nukasso Holdings Limited from the CPI Property Group became obliged to launch a mandatory takeover bid to purchase any and all of the ordinary shares of the Company (the "Mandatory Takeover Offer"). On 22 August 2016, the Czech Office for the Protection of Competition granted the merger clearance for the acquisition of the Company by CPI Property 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 concern action with respect to the Company. 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.

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

This is not applicable. 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 is no restriction on voting rights.

*(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, no shareholder agreements have been entered by and between shareholders that are in effect as of the date of this report.

97.31% of shares in the Company are held directly and indirectly by subsidiaries of CPI PROPERTY GROUP.

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

See section Appointment of Directors of this report.

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

See section Powers of the Board of Directors of this report and section Authorized capital not issued.

*(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:*

Under the Securities Note and Summary dated 22 March 2007, with respect to the issue of the 2014 Warrants, the occurrence of a Change of Control (as described in Condition 4.1.8.1.2.1 of the Securities Note and Summary dated 22 March 2007) could result in a potential liability for the Company due to "Change of Control Compensation Amount".

On 10 June 2016 the Company received a major shareholder notification stating, that NUKASSO (CYP) and CPI PROPERTY GROUP, which are ultimately held by Mr. Radovan Vitek, hold directly and indirectly 1,279,198,976 of the Company's shares corresponding to 97.31% of voting rights as at 8 June 2016. Accordingly, the Company issued a Change of Control Notice 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.

In accordance with the judgement of the Paris Commercial Court (the "Court") pronounced on 26 October 2015 concerning the termination of the Company'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 Company's Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the Company'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 Company's Safeguard will be unenforceable against the Company.

To the knowledge of the Company, no other agreements have been entered by the Company.

*(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:*

As at 31 December 2019, there are no potential termination indemnity payments in place payable to the members of the Company's management in the event of termination of their contracts in excess of the compensation as required by the respective labour codes.

## Additional information

### *Legal form and share capital*

CPI FIM is a public limited company (“société anonyme”) incorporated and existing under Luxembourg law. Its corporate capital, subscribed and fully paid-up capital of €13,145,076.29 is represented by 1,314,507,629 shares without nominal value. The accounting par value price is €0.01 per share.

### *Date of incorporation and termination*

The Company was incorporated by deed drawn on 9 September 1993 by Maître Frank Baden, for an indeterminate period of time.

### *Jurisdiction and applicable laws*

The Company exists under the Luxembourg Act of 10 August 1915 on commercial companies, as amended.

### *Object of business*

As described in article 4 of the updated Articles of Association of the Company, its corporate purpose is the direct acquisition of real property, the holding of ownership interests and the making of loans to companies that form part of its group. Its activity may consist in carrying out investments in real estate, such as the purchase, sale, construction, valorization, management and rental of buildings, as well as in the promotion of real estate, whether on its own or through its branches.

It has as a further corporate purpose the holding of ownership interests, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign companies, whether they are part of the group or not, the acquisition of all and any securities and rights by way of ownership, contribution, subscription, underwriting or purchase options, or negotiation, and in any other way, and in particular the acquisition of patents and licenses, their management and development, the granting to undertakings in which it holds a direct or indirect stake of all kinds of assistance, loans, advances or guarantees and finally all and any activities directly or indirectly relating to its corporate purpose. It may thus play a financial role or carry out a management activity in enterprises or companies it holds or owns.

The Company may likewise carry out all and any commercial, property, real estate and financial operations likely to relate directly or indirectly to the activities defined above and susceptible to promoting their fulfillment.

### *Trade register*

RCS Luxembourg B 44 996.

### *Financial year*

The Company’s financial year begins on the first day of January and ends on the thirty-first day of December.

### *Distribution of profits and payment of dividends*

Each year, at least five per cent of the net corporate profits are set aside and allocated to a reserve. Such deduction ceases being mandatory when such reserve reaches ten per cent of the corporate capital, but will resume whenever such reserve falls below ten per cent. The general meeting of shareholders determines the allocation and distribution of the net corporate profits.

Payment of dividends:

The Board of Directors is entitled to pay advances on dividends when the legal conditions listed below are fulfilled:

- an accounting statement must be established which indicates that the available funds for the distribution are sufficient;
- the amount to be distributed may not exceed the amount of revenues since the end of the last accounting year for which the accounts have been approved, increased by the reported profits and by the deduction

made on the available reserves for this purpose and decreased by the reported losses and by the sums allocated to reserves in accordance with any legal and statutory provision;

- the Board of Directors' decision to distribute interim dividends can only be taken within two months after the date of the accounting statement described above;
- the distribution may not be determined less than six months after the closing date of the previous accounting year and before the approval of the annual accounts related to this accounting year;
- whenever a first interim dividend has been distributed, the decision to distribute a second one may only be taken at least three months after the decision to distribute the first one; and
- the statutory and independent auditor(s) in its (their) report to the Board of Directors confirm(s) the conditions listed above are fulfilled.

Under general Luxembourg law, the conditions for making advances on dividends are less stringent than the conditions listed above, however, the more restrictive provisions of the Company's Articles of Association will prevail as the recent changes under Luxembourg law have not yet been reflected in the Articles of Association of the Company.

When an advance distribution exceeds the amount of dividend subsequently approved by the general meeting of shareholders, such advance payment is considered an advance on future dividends.

#### *Exceeding a threshold*

Any shareholder who crosses a threshold limit of 2.5%, 5%, 10%, 15%, 33 1/3%, 50% or 66 2/3% of the total of the voting rights must inform the Company, which is then obliged to inform the relevant controlling authorities. Any shareholder not complying with this obligation will lose his voting rights at the next general meeting of shareholders, and until proper major shareholding notification is made.

#### *Documents on display*

Copies of the following documents may be inspected at the registered office of the Company (tel: +352 26 47 67 1), 40 rue de la Vallée, L-2661 Luxembourg, on any weekday (excluding public holidays) during normal business hours:

1. Articles of Association of the Company;
2. Audited consolidated financial statements of the Company as of and for the years ended 31 December 2019, 2018, and 2017, prepared in accordance with IFRS adopted by the European Union;

The registration document(s) and most of the information mentioned are available on the Company's website: [www.cpfimsa.com](http://www.cpfimsa.com).

The registration document(s) is available on the website of Luxembourg Stock Exchange: [www.bourse.lu](http://www.bourse.lu).

#### *External Auditors*

The appointment of KPMG expired at the end of the annual general meeting of shareholders to be convened in 2019 to approve the accounts for the financial year ended 31 December 2018. The Company's Audit Committee recommended an appointment of Ernst & Young („EY“) as Group's new auditor for the financial year commencing on 1 January 2019. The general meeting of shareholders in October resolved unanimously to appoint Ernst & Young S.A., Luxembourg, as the approved auditor (réviseur d'entreprises agréé) of the Company with immediate effects and until the annual general meeting of shareholders of the Company to be held in 2020.

#### **Reporting**

Consolidated management report and the stand-alone management report are presented under the form of a sole report.

## SHAREHOLDING

### Share capital and voting rights

The subscribed and fully paid-up capital of the Company of €13,145,076.29 is represented by 1,314,507,629 shares without nominal value. The accounting par value is €0.01 per share.

In addition to the issued and subscribed corporate capital of €13,145,076.29, the Company has also an authorized, but unissued and unsubscribed share capital set at €10,000,000.

All the shares issued by the Company are fully paid and have the same value. The shares will be either in the form of registered shares or in the form of bearer shares, as decided by the shareholder, except to the extent otherwise provided by law.

The shareholder can freely sell or transfer the shares. The shares are indivisible and the Company only recognizes one holder per share. If there are several owners per share, the Company is entitled to suspend the exercise of all rights attached to such shares until the appointment of a single person as owner of the shares. The same applies in the case of usufruct and bare ownership or security granted on the shares.

Joint owners of shares must be represented within the Company by one of them considered as sole owner or by a proxy, who in case of conflict may be legally designated by a court at the request of one of the owners.

### Shareholder holding structure

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as at 31 December 2019. The information collected is based on the notifications received by the Company from any shareholder crossing the thresholds of 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% of the aggregate voting rights in the Company.

Shareholder	Number of shares	% of capital / voting rights
CPI PROPERTY GROUP (directly and indirectly)	1,279,198,976	97.31%
Others	35,308,653	2.69%
<b>Total</b>	<b>1,314,507,629</b>	<b>100.0%</b>

### Authorized capital not issued

The Company's extraordinary general meeting of 2 May 2016 resolved to modify, renew and replace the then existing authorized share capital and to set it to an amount of twenty million euro (€20,000,000.00) for a period of five (5) years from 2 May 2016. Following the capital increase implemented in 2016, the Company now has the authorized, but unissued and unsubscribed share capital set at €10,000,000, which would authorize the issuance of up to one billion (1,000,000,000) new ordinary shares in addition to the 1,314,507,629 shares currently outstanding.

The Company's Board of Directors was thus granted an authorization to increase the Company's share capital in accordance with article 32-3 (5) of the 1915 Luxembourg company law. The Board of Directors was granted full power to proceed with the capital increases within the authorized capital under the terms and conditions it will set, with the option of eliminating or limiting the shareholders' preferential subscription rights as to the issuance of new shares within the authorized capital.

The Board of Directors was authorized, during a period of five (5) years from the date of the general meeting of shareholders held on 2 May 2016, without prejudice to any renewals, to increase the issued capital on one or more occasions within the limits of the authorized capital. The Board of Directors was authorized to determine the conditions of any capital increase including through contributions in cash or in kind, among others, the conversion of debt into equity, by offsetting receivables, by the incorporation of reserves, issue premiums or retained earnings, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible into or repayable by or exchangeable for shares (whether provided in the terms

at issue or subsequently provided), or following the issue of bonds with warrants or other rights to subscribe for shares attached, or through the issue of stand-alone warrants or any other instrument carrying an entitlement to, or the right to subscribe for, shares.



## POTENTIAL RISKS AND OTHER REPORTING REQUIREMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow interest rate risk and other risks), credit risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

Subsequent closing events including COVID-19 impact

Please refer to note 12 of the Consolidated financial statements as at 31 December 2019.

Other reporting requirements

- The Company does not have any activities in research and development.
- The Company does not have any branch.

Financial Risks exposure

For a thorough description of the principal risks and uncertainties, please refer to note 7 of the Consolidated financial statements as at 31 December 2019.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

Certain subsidiaries may be in breach of loan covenants

As of the date of this report, none of the Company's subsidiaries are in breach of financial ratios specified in their respective loan agreements and administrative covenants.

The Group's financing arrangements could give rise to additional risk

When the Group acquires a property using external financing, the Group usually gives a mortgage over the acquired property and pledges the shares of the specific subsidiary acquiring the property. There can be no assurance that the registration of mortgages and pledges has been concluded in accordance with applicable local law, and a successful challenge against such mortgages or pledges may entitle the lender to demand early repayment of its loan to the Group. The Group's financing agreements contain financial covenants that could, among other things, require the Group to maintain certain financial ratios. In addition, some of the financing agreements require the prior written consent of the lender to any merger, consolidation or corporate changes of the borrower and the other obligors. Should the Group breach any representations, warranties or covenants contained in any such loan or other financing agreement, or otherwise be unable to service interest payments or principal repayments, the Group may be required immediately to repay such borrowings in whole or in part, together with any related costs. If the Group does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the properties comprising the Group's investment portfolio, or refinance those borrowings with the risk that borrowings may not be able to be refinanced or that the terms of such refinancing may be less favorable than the existing terms of borrowing.

#### Market risk

##### Foreign currency risk

Currency risk is applicable generally to those business activities and development projects where different currencies are used for repayment of liabilities under the relevant financing to that of the revenues generated by the relevant property or project. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the CZK, but also others (see note 7.3 Market risk of the Consolidated financial statements as at 31 December 2019). Functional currency of the most Group companies is the Czech koruna and a significant portion of revenues and costs are realised primarily in the Czech koruna.

For more detail, please refer to note 7.3 - Foreign currency risk of the Consolidated financial statements as at 31 December 2019.

##### Price risk

To manage its price risk arising from investments in equity securities and such embedded derivatives, the Group diversifies its portfolio or only enters these operations if they are linked to operational investments.

For more detail, please refer to note 7.3 - Price risk of the Consolidated financial statements as at 31 December 2019.

##### Interest rate risk

The Group uses fixed rate debt financing to finance the purchase, development, construction and maintenance of its properties. When floating rate financing is used, the Group's costs increase if prevailing interest rate levels rise. While the Group generally seeks to control its exposure to interest rate risks by entering into interest rate swaps, not all financing arrangements are covered by such swaps and a significant increase in interest expenses would have an unfavorable effect on the Group's financial results and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Rising interest rates could also affect the Group's ability to make new investments and could reduce the value of the properties. Conversely, hedged interests do not allow the Company to benefit from falling interest rates.

For more detail, please refer to note 7.3 - Interest rate risk of the Consolidated financial statements as at 31 December 2019.

##### Other risks

The Group is also exposed to property price and property rentals risk but it does not pursue any speculative policy. Even though the Group's activities are focused on one geographical area (Central Europe) such activities are spread over several business lines (residences, offices) and different countries.

##### Credit risk

The Group has no significant concentrations of commercial credit risk. Rental contracts are made with customers with an appropriate credit history. Credit risk is managed by local management and by Group management.

For more detail, please refer to note 7.1 Credit risk of the Consolidated financial statements as at 31 December 2019.

##### Liquidity risk

For more detail, please refer to note 7.2 Liquidity risk of the Consolidated financial statements as at 31 December 2019.

## Capital management

For more detail, please refer to note 7.4 Capital management of the Consolidated financial statements as at 31 December 2019.

### Risks associated with real estate and financial markets

Changes in the general economic and cyclical parameters may negatively influence the Group's business activity.

The Group's core business activity is mainly based on the letting and sale of real estate property. The revenues from rents and revenues from sales of real estate property investments are key figures for the Group's value and profitability. Rents and sales prices depend on economic and cyclical parameters, which the Group cannot control.

The Group's property valuations may not reflect the real value of its portfolio, and the valuation of its assets may fluctuate from one period to the next.

The Group's investment property portfolio is valued at least once a year by an independent appraiser. The Group's property assets were valued as at 31 December 2019. The change in the appraised value of investment properties, in each period, determined on the basis of expert valuations and adjusted to account for any acquisitions and sales of buildings and capital expenditures, is recorded in the Group's income statements. For each euro of change in the fair value of the investment properties, the net income of the Group changes by one euro. Changes in the fair value of the buildings could also affect gains from sales recorded on the income statement (which are determined by reference to the value of the buildings) and the rental yield from the buildings (which is equal to the ratio of rental revenues to the fair value of the buildings). Furthermore, adverse changes in the fair value of the buildings could affect the Group's cost of debt financing, its compliance with financial covenants and its borrowing capacity.

The values determined by independent appraisers are based on numerous assumptions that may not prove correct, and also depend on trends in the relevant property markets. An example is the assumption that the Company is a "going concern", i.e., that it is not a "distressed seller" whose valuation of the property assets may not reflect potential selling prices. In addition, the figures may vary substantially between valuations. A decline in valuation may have a significant adverse impact on the Group's financial condition and results, particularly because changes in property values are reflected in the Group's consolidated net profit. Reversely, valuations may be lagging soaring market conditions, inadequately reflecting the fair property values at a later time.

The Group is also exposed to valuation risk regarding the receivables from its asset sales. Management values these receivables by assessing the credit risk attached to the counterparties for the receivables. Any change in the credit worthiness of a counterparty or in the Group's ability to collect on the receivable could have a significant adverse impact on the Group's financial position and results.

Changing residential trends or tax policies may adversely affect sales of developments.

The Group is involved in residential, commercial and retail development projects. Changing residential trends are likely to emerge within the markets in Central and Eastern Europe as they mature and, in some regions, relaxed planning policies may give rise to over-development, thereby affecting the sales potential of the Group's residential developments. Changing real estate taxes or VAT taxes may also have a notable impact on sales (such as for example a hike in sales before implementation of a tax increase followed by structurally lower sales). These factors will be considered within the investment strategy implemented by the Group but may not always be anticipated and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

## CORPORATE RESPONSIBILITY

Corporate responsibility and sustainable development is at the core of the strategy of the Company. The Group top management actively foster best practices as an opportunity to improve the cost efficiency of internal processes and the value creation of our it main activity - development of properties, providing of equity loans and management services to other entities within the CPI PG group.<sup>5</sup>

### Environmental, social and ethical matters

The Group is 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 the policy. Our environmental policy is to comply with all applicable local regulations, while pursuing energy-efficient solutions and green / LEED certification wherever possible. Ethical practice is a core component of our corporate philosophy; we have achieved top-quality standards in reporting and communications, and have invested in the best professionals. From a social perspective, we care deeply about all our stakeholders. Our corporate culture is centered around respect and professionalism, and we believe in giving back to our community.

### Environmental matters

The Group follows a pragmatic approach to environmental aspects of its business. Environmental criteria are one of the main aspects of the Group's development and construction projects.

Before each potential asset investment, the Group examines the environmental risks. Project timing, progress and budgets are carefully monitored, mostly with the support of external project monitoring advisors. Health, safety and environmental risks are monitored before and during construction.

Health and safety, as well as the technical and security installations are periodically inspected for checking of their status and the conformity with applicable legislation and local regulation.

As a priority item for apartment building renovations, the Group replaces older heating systems with natural gas systems, and seeks to improve the overall level of thermal insulation in its buildings.

### Social matters

The Group follows Corporate Social Responsibility of its parent company CPI PG.

The Group aims to promote personal development of its employees. The Group provides a work environment that is motivating, competitive and reflects the needs of the employees. The Group promotes diversity and equal opportunity in the workplace.

Employees of the Group conduct annual reviews with their managers, covering also the relationships of the employees with their work and working place, as well as the Group in general.

### Ethical matters

The Group has policies addressing conduct, including conflicts of interest, confidentiality, abuse of company property and business gifts.

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<sup>5</sup> For the CSR related statements, also applicable to the Company, please refer to the annual report of CPI PROPERTY GROUP.

## GLOSSARY & DEFINITIONS

### Alternative Performance Measures

The Company presents alternative performance measures (APMs). The APMs used in our report are commonly referred to and analysed amongst professionals participating in the Real Estate Sector to reflect the underlying business performance and to enhance comparability both between different companies in the sector and between different financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. The presentation of APMs in the Real Estate Sector is considered advantageous by various participants, including banks, analysts, bondholders and other users of financial information:

- APMs provide additional helpful and useful information in a concise and practical manner.
- APMs are commonly used by senior management and Board of Directors for their decisions and setting of mid and long-term strategy of the Group and assist in discussion with outside parties.
- APMs in some cases might better reflect key trends in the Group's performance which are specific to that sector, i.e. APMs are a way for the management to highlight the key value drivers within the business that may not be obvious in the consolidated financial statements.

For new definitions of measures or reasons for their change, see below.

### EPRA NAV

EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. For this reason, deferred taxes on property revaluations and the fair value of deferred tax liabilities are excluded as the investment property is not expected to be sold and the tax liability is not expected to materialize. In addition, the fair value of financial instruments which the company intends to hold to maturity is excluded as these will cancel out on settlement. All other assets including trading property, finance leases, and investments reported at cost are adjusted to fair value.

The objective of the EPRA NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Similarly, trading properties are adjusted to their fair value under EPRA's NAV measure.

The performance indicator has 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](http://www.epra.com)).

EPRA NAV per share

EPRA NAV divided by the diluted number of shares at the period end.

EPRA NNNAV or EPRA Triple Net Asset Value

A company's adjusted per-share NAV.

Starting from the NAV following adjustments are taken into consideration:

- Effect to dilutive instruments: financial instruments issued by company are taken into account. When they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.
- Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.

- Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.

The objective of the EPRA NNNNAV measure is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.

The performance indicator has 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](http://www.epra.com)).

#### Equity ratio

Equity ratio is a measure that provides a general assessment of financial risk undertaken and is calculated as total equity as reported divided by total assets as reported.

#### Project Loan-to-Value

With respect to a structure of financing, the Group no longer provides the calculation of this measure, since it might be confusing for the reader.

#### Other definitions

##### EPRA

European Public Real Estate Association.

##### Development for rental

Development for Rental represents carrying value of developed assets – ie. under development or finished assets – being held by the Group with the intention to rent the assets in the foreseeable future.

##### Development for sale

Development for Sale represents carrying value of developed assets – ie. under development or finished assets – being held by the Group with the intention to sell the assets in the foreseeable future.

##### Gross Asset Value (GAV) or Fair value of Property portfolio or Property portfolio value

The sum of fair value of all real estate assets held by the Group on the basis of the consolidation scope and real estate financial investments (being shares in real estate funds, loans to third parties active in real estate or shares in non-consolidated real estate companies).

##### Gross Leasable Area (GLA)

GLA is the amount of floor space available to be rented. GLA is the area for which tenants pay rent, and thus the area that produces income for the property owner.

##### Gross Saleable Area (GSA)

GSA is the amount of floor space held by the Group with the intention to be sold. GSA is the area of property to be sold with a capital gain.

##### Market value

The estimated amount determined by the Group's external valuer in accordance with the RICS Valuation Standards, for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing.

Occupancy rate

The ratio of leased premises to leasable premises

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.

**CPI FIM S.A.**  
40 rue de la Vallée  
L-2661 Luxembourg  
R.C.S. Luxembourg B 44996  
(the "Company")

**DECLARATION LETTER  
FINANCIAL REPORTS  
AS AT 31 DECEMBER 2019**

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

- Mr. David Greenbaum, acting as Managing Director of the Company, with professional address at 40 rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg, email: d.greenbaum@cpipg.com.

**1.2. Declaration by the person responsible for the Annual Financial Report**

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

- the consolidated financial statements of the Company as at 31 December 2019, 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 results of the Company and its subsidiaries included in the consolidation taken as a whole; and
- that the Management Report as at 31 December 2019 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. David Greenbaum.

Luxembourg, on 31 March 2020



Mr. David Greenbaum  
Managing Director



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CPI FIM SA

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2019**

All financial information is presented in thousands of Euros, except when otherwise indicated.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	12 month period ended	
		31 December 2019	31 December 2018
Gross rental income	5.1	4,207	1,683
Sale of services	5.2	19,503	25,029
Cost of service and other charges		(1,959)	(950)
Property operating expenses		(1,949)	(1,215)
<b>Net service and rental income</b>		<b>19,802</b>	<b>24,547</b>
Development sales		-	10
Development operating expenses		-	(7)
<b>Net development income</b>		<b>-</b>	<b>3</b>
Total revenues		23,710	26,722
Total direct business operating expenses		(3,908)	(2,172)
<b>Net business income</b>		<b>19,802</b>	<b>24,550</b>
Net valuation gain on investment property	5.3	7,963	3,225
Net gain on the disposal of investment property and subsidiaries		2,522	3,069
Amortization, depreciation and impairments	5.4	3,249	(9,539)
Administrative expenses	5.5	(12,951)	(13,925)
Other operating income		122	968
Other operating expenses		(1,204)	(269)
<b>Operating result</b>		<b>19,503</b>	<b>8,079</b>
Interest income	5.6	150,185	111,860
Interest expense	5.6	(89,200)	(60,750)
Other net financial result	5.7	22,930	10,408
<b>Net finance income</b>		<b>83,915</b>	<b>61,518</b>
Share of loss of equity-accounted investees (net of tax)	6.2	(217)	(698)
<b>Profit before income tax</b>		<b>103,201</b>	<b>68,899</b>
Income tax expense	5.8	(30,753)	53,120
<b>Net profit from continuing operations</b>		<b>72,448</b>	<b>122,019</b>
<b>Items that may or are reclassified subsequently to profit or loss</b>			
Translation difference		4,339	(2,936)
Fair value changes of financial assets		26,425	20,793
Other comprehensive income for the period, net of tax		30,764	17,857
<b>Total comprehensive income for the year</b>		<b>103,212</b>	<b>139,876</b>
<b>Profit attributable to:</b>			
Owners of the Company		67,441	123,511
Non-controlling interests		5,007	(1,492)
<b>Profit for the year</b>		<b>72,448</b>	<b>122,019</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		98,205	141,368
Non-controlling interests		5,007	(1,492)
<b>Total comprehensive income for the year</b>		<b>103,212</b>	<b>139,876</b>
<b>Earnings per share</b>			
Basic earnings in EUR per share	6.11	0.05	0.09
Diluted earnings in EUR per share	6.11	0.05	0.09

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	31 December 2019	31 December 2018
<b>Non-current assets</b>			
Intangible assets		1,123	27
Investment property	6.1	1,191,435	474,778
Property, plant and equipment		662	398
Equity accounted investees	6.2	3,672	3,890
Other investments	6.3	188,293	125,406
Loans provided	6.4	3,442,619	2,283,819
Other receivables	6.5	12	7,988
Deferred tax asset	5.8	153,126	180,021
<b>Total non-current assets</b>		<b>4,980,942</b>	<b>3,076,327</b>
<b>Current assets</b>			
Inventories	6.6	341	7,967
Income tax receivables		36	275
Trade receivables	6.7	7,175	5,400
Loans provided	6.4	103,908	84,474
Cash and cash equivalents	6.8	129,447	14,705
Other receivables	6.9	17,299	1,956
Other non-financial assets		3,394	1,378
Assets held for sale	6.10	1,504	386
<b>Total current assets</b>		<b>263,104</b>	<b>116,541</b>
<b>Total assets</b>		<b>5,244,046</b>	<b>3,192,868</b>
<b>Equity</b>			
Equity attributable to owners of the Company	6.11	826,356	702,413
Share capital		13,145	13,145
Share premium		784,670	784,670
Other reserves		112,509	56,007
Retained earnings		(83,968)	(151,409)
Non-controlling interests	6.11	171,522	166,453
<b>Total equity</b>		<b>997,878</b>	<b>868,866</b>
<b>Non-current liabilities</b>			
Financial debts	6.12	3,886,792	2,091,697
Deferred tax liability	5.8	38,200	34,160
Provisions		1,594	1,574
Other financial liabilities	6.13	10,794	2,356
<b>Total non-current liabilities</b>		<b>3,937,380</b>	<b>2,129,787</b>
<b>Current liabilities</b>			
Financial debts	6.12	252,538	87,853
Trade payables	6.14	10,543	18,941
Income tax liabilities		747	141
Other financial liabilities	6.15	41,044	83,736
Other non-financial liabilities	6.16	3,895	3,544
Liabilities held for sale	6.10	21	-
<b>Total current liabilities</b>		<b>308,788</b>	<b>194,215</b>
<b>Total equity and liabilities</b>		<b>5,244,046</b>	<b>3,192,868</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Note	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>Balance as at 1 January 2019</b>		<b>13,145</b>	<b>784,670</b>	<b>22,091</b>	<b>33,916</b>	<b>(151,409)</b>	<b>702,413</b>	<b>166,453</b>	<b>868,866</b>
Profit for the year		-	-	-	-	67,441	67,441	5,007	72,448
Total comprehensive income		-	-	4,339	26,425	-	30,764	-	30,764
<b>Total comprehensive income for the period</b>		-	-	<b>4,339</b>	<b>26,425</b>	<b>67,441</b>	<b>98,205</b>	<b>5,007</b>	<b>103,212</b>
Common control transaction	3.3	-	-	-	25,738	-	25,738	-	25,738
Disposal of non-controlling interests under common control	3.4	-	-	-	-	-	-	62	62
<b>Balance as at 31 December 2019</b>		<b>13,145</b>	<b>784,670</b>	<b>26,430</b>	<b>86,079</b>	<b>(83,968)</b>	<b>826,356</b>	<b>171,522</b>	<b>997,878</b>

	Note	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>Balance as at 1 January 2018</b>		<b>13,145</b>	<b>784,670</b>	<b>25,027</b>	<b>13,123</b>	<b>(274,935)</b>	<b>561,030</b>	<b>62,683</b>	<b>623,713</b>
Profit/ (loss) for the year		-	-	-	-	123,511	123,511	(1,492)	122,019
Total comprehensive income		-	-	(2,936)	20,793	-	17,857	-	17,857
<b>Total comprehensive income for the period</b>		-	-	<b>(2,936)</b>	<b>20,793</b>	<b>123,511</b>	<b>141,368</b>	<b>(1,492)</b>	<b>139,876</b>
Disposal of non-controlling interests under common control	3.5	-	-	-	-	15	15	105,262	105,277
<b>Balance as at 31 December 2018</b>		<b>13,145</b>	<b>784,670</b>	<b>22,091</b>	<b>33,916</b>	<b>(151,409)</b>	<b>702,413</b>	<b>166,453</b>	<b>868,866</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	12 month period ended	
		31 December 2019	31 December 2018
<b>Profit before income tax</b>		<b>103,201</b>	<b>68,899</b>
<i>Adjusted by:</i>			
Net valuation gain on investment property	5.3	(7,963)	(3,225)
Net gain on the disposal of investment property and subsidiaries		(2,522)	(3,069)
Depreciation and amortisation	5.4	10	4
Impairment/ (reversal of impairment)	5.4	(3,259)	9,535
Net interest income		(60,985)	(51,110)
Other net finance income		(250)	(5,597)
Share of loss of equity accounted investees	6.2	217	698
Unrealized exchange rate differences and other non-cash transactions		(8,093)	(21,638)
<b>Profit before changes in working capital and provisions</b>		<b>20,356</b>	<b>(5,503)</b>
Increase in inventories		(102)	(191)
Decrease/ (increase) in trade and other receivables		(8,876)	528
Increase in trade and other payables		(57,246)	13,426
Changes in provisions		33	60
Income tax paid		(204)	(677)
<b>Net cash from operating activities</b>		<b>(46,039)</b>	<b>7,643</b>
(Acquisition)/ settlement of subsidiaries, net of cash acquired/disposed	3.2	(551,568)	2,537
Purchase and expenditures on investment property	6.1	(97,177)	(21,890)
Purchase and expenditures of property, plant and equipment		-	(363)
Purchase of other investments	6.2	-	(17)
Proceeds from sale of investment property		334	1,234
Purchase of intangible assets		(1,109)	(31)
Disposal of subsidiaries, net of cash acquired		31	-
Purchase of related party bonds		-	(154,813)
Repayments of related party bonds		-	160,480
Loans provided		(1,316,273)	(1,317,037)
Loans repaid		218,950	297,080
Interest received		79,865	25,143
<b>Net cash used in investing activities</b>		<b>(1,666,947)</b>	<b>(1,007,677)</b>
Disposal of non-controlling interests under common control	3.5	63	23,272
Drawdowns of loans and borrowings	6.12	1,929,650	1,539,441
Repayments of loans and borrowings	6.12	(40,428)	(491,315)
(Repayments)/ Drawdowns of lease liabilities	6.12	20	(25)
Interest paid	6.12	(61,456)	(67,877)
<b>Net cash from financing activities</b>		<b>1,827,849</b>	<b>1,003,496</b>
<b>Net increase in cash</b>		<b>114,863</b>	<b>3,462</b>
Cash and cash equivalents at the beginning of the year		14,705	11,230
Effect of movements in exchange rates on cash held		(121)	13
<b>Cash and cash equivalents at the end of the year</b>		<b>129,447</b>	<b>14,705</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

CPI FIM SA, société anonyme (the “Company”) and its subsidiaries (together the “Group” or “CPI FIM”) is a real estate group with a major portfolio in Central and Eastern Europe. The core business of the Group is principally the development of properties for its own portfolio or intended to be sold in the ordinary course of business, managing investment property as well as providing of equity loans and management services to other entities within the CPI PG Group (as defined below).

The Company is a joint stock company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg. The trade registry number of the Company is B 44 996.

The Company’s shares registered under ISIN code LU0122624777 are listed on the regulated markets of the Luxembourg Stock Exchange and the Warsaw Stock Exchange.

### Description of the ownership structure

As at 31 December 2019, CPI PROPERTY GROUP S.A. owns 97.31% of the Company shares (97.31% voting rights).

CPI PROPERTY GROUP S.A. (hereinafter also the “CPI PG”, and together with its subsidiaries as the “CPI PG Group”) is a real estate group founded in 2004. CPI PG 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. As at 31 December 2019, Radovan Vitek, the ultimate beneficial owner of the Group, indirectly owns 90.70% of CPI PG (94.18% voting rights).

For the list of shareholders as at 31 December 2019 refer to note 6.11.

### Board of Directors

As at 31 December 2019, the Board of Directors consists of the following directors:

Mrs. Anita Dubost

Mr. David Greenbaum

Mr. Edward Hughes

Mr. Markus Kreuter

## 2 Basis of preparation and significant accounting policies

### 2.1 Basis of preparation of consolidated financial statements

#### (a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared on a going concern basis.

As at 31 December 2019, the consolidated statement of financial position shows an excess of current liabilities over current assets of EUR 45.7 million. The net current assets deficit was caused by the classification of part of loans received from related parties within the current liabilities when the associated loans provided to related parties has been classified within non-current assets. Group's management expects that the net cash inflows from financing activities will be sufficient to cover the net current assets deficit in foreseeable future.

The consolidated financial statements were authorized for issue by the Board of Directors on 30 March 2020.

#### (b) New and amended standards and interpretations

For the preparation of these consolidated financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2019.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and effect of the changes as a result of adoption of these new accounting standards and interpretations are described below.

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

- **Right-of-use assets:** The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.
- **Lease liabilities:** At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.
- **Short-term leases and leases of low-value assets:** The Group applies the short-term lease recognition exemption to its short-term leases. Short term leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The adoption of IFRS 16 had no significant impact on the Group.

IFRIC Interpretation 23, 'Uncertainty over Income Tax Treatment'. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation specifically addresses: 1) Whether an entity considers uncertain tax treatments separately. 2) The assumptions an entity makes about the examination of tax treatments by taxation authorities. 3) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. 4) How an entity considers changes in facts and circumstances. An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

## New standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

### *Amendments to IFRS 3: Definition of a Business*

The amendments help entities to determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements. The Group will not be affected by these amendments on the date of transition.

### *Amendments to IAS 1 and IAS 8: Definition of Material*

The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors were issued to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

#### (c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position, which are measured as indicated below at each reporting date:

- Inventories at lower of cost or net realisable value;
- Investment property is measured at fair value;
- Derivative instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;

#### (d) Functional and presentation currency

These consolidated financial statements are presented in Euro (EUR), which is the Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand (TEUR), except when otherwise indicated. The functional currencies of other entities within the Group are listed in note 2.2(b).

#### (e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience, internal calculations and various other factors that the management believes to be reasonable under the circumstances. The actual result might differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2.2(c) – Classification of investment property
- Note 2.2(l) – Service charges: Gross versus net revenue recognition.

Information about assumptions and estimation uncertainties that have a significant risk of a material adjustment within the next financial year are included in the following notes:

- Note 2.2(i) - Impairment test;
- Note 2.3 – Determination of fair value;
- Note 5.9 – Income tax expenses;
- Note 7 – Financial risk management.

## 2.2 Significant accounting policies

Except for the changes described above in note 2.1(b). New standards, the accounting policies used in preparing the consolidated financial statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

### (a) Basis of consolidation

#### (i) Business combinations

The Group uses the direct method of consolidation, under which the financial statements are translated directly into the presentation currency of the Group, EUR. Subsidiaries are fully consolidated from the date of the acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.



Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within the equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The interest of non-controlling shareholders at the date of the business combination is generally recorded at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, which are generally at fair value, unless Group management has any other indicators about the non-controlling interest fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are not in scope of IFRS 3. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the financial statements of the acquiree or at deemed costs if the local standards are different from IFRS adopted by EU. Components of equity of the acquired entities are added to the corresponding equity components of the Group and any gain or loss arising is recognised in equity.

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as a debt investment at fair value through OCI depending on the level of influence retained.

(iv) Equity accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Interests in associates and joint ventures are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence is obtained until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Property asset acquisition

Transaction that does not represent a business combination, because the acquired entity does not constitute a business in accordance with the IFRS 3, are accounted for as an asset acquisition.

(b) Foreign currency

(i) Functional currencies

Functional currencies of the companies in the Group are the currencies of the primary economic environment in which the entities operate, and the majority of its transactions are carried out in this currency.

The Group's consolidated financial statements are presented in EUR. The table below presents functional currencies of all Group's subsidiaries having non EUR functional currency. Each Group's subsidiary determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. For the purposes of inclusion in the consolidated financial statements, the statement of financial position of entities with non-EUR functional currencies are translated to EUR at the exchange rates prevailing at the balance sheet date and the income statements are translated at the average exchange rate for each month of the relevant year. The resulting net translation difference is recorded in OCI. When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of gain or loss on the disposal.

Group's entities in different countries that have non-EUR functional currency:

Country	Functional currency
Czech Republic	CZK
Poland	PLN

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates valid at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in OCI.

The Group translates the foreign currency operations and transactions using the foreign exchange rates declared by relevant central banks.

(c) Investment property and investment property under development

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost of investment property includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

External independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at the year end of 2019 and 2018 respectively.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Property that is being constructed or developed for future use is measured at fair value until construction or development is completed. Any gain or loss arising on the measurement is recognised in profit or loss.

The Group capitalises external borrowing costs on qualifying investment properties under development.

(d) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are accounted for as described in accounting policy 2.2 (m).

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low-value assets: The Group applies the short-term lease recognition exemption to its short-term leases. Short term leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 2.2 (i)).

Other items of property, plant and equipment are measured at the lower of cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, capitalised borrowing costs and an appropriate proportion of production overheads.

Where components of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property and remeasured to fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses the previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are ready for use.

The estimated useful lives for the current and comparative period are as follows:

Assets	2019	2018
Property	50 - 80 years	50 - 80 years
Equipment	5 - 10 years	5 - 10 years
Fittings	3 - 20 years	3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortization (see (iii) below) and accumulated impairment losses (see accounting policy 2.2 (i)).

(ii) Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortization

Except for goodwill and intangible assets with indefinite useful life, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Inventories

Inventories represent trading property and are measured at the lower of cost and net realisable value.

Cost includes expenditure that is directly attributable to the acquisition of the trading property. The cost of self-constructed trading property includes the cost of material and direct labour, any other costs directly attributable to bringing the trading property to a condition for their intended use and capitalised borrowing costs. Deemed costs of trading property reclassified from existing investment property is the fair value of such property.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

(h) Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition: as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Group measures financial assets at *amortised cost* if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is classified and measured at *fair value through OCI* if it meets both of the following conditions:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through OCI as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be classified and measured at amortised cost or at fair value through OCI, to be classified and measured at fair value through profit or loss if it eliminates or reduces an accounting mismatch that would otherwise arise.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group's financial assets at amortised cost include trade receivables, and loans provided.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

- *Financial assets designated at fair value through OCI (equity instruments)*

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Investment in an equity instrument that does not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are inappropriate are carried at cost.

- *Financial assets at fair value through profit or loss*

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

#### Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### (i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

*Loans provided*

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, provided loans are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(i)).

Finance charges, including premiums receivable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The Group classifies any part of long-term loans, that is due within one year from the reporting date, as current.

*Trade and other receivables*

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(i)).

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term cash commitments. Bank accounts and call deposits that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.

The Company treats cash deposited as a security in accordance with bank loan covenants as cash and cash equivalents for cash flow purposes.

The cash flow statement of the Group is prepared based on the indirect method from the consolidated statement of financial position, consolidated statement of profit and loss.

*(ii) Non-derivative financial liabilities*

Non-derivative financial liabilities comprise loans and borrowings, bonds issued, bank overdrafts, and trade and other payables.

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including financial liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities as the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the contractual cash flows of the financial liability.

Financial debts and bonds are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, financial debts and bonds are measured at amortised cost using the effective interest method.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which it arises.

The Group classifies any part of long-term loans or bonds, that is due within one year from the date of the consolidated statement of financial position, as current liabilities.

*Bond transaction costs*

Bonds payable are initially recognized at the amount of the proceeds from issued bonds less any attributable transaction costs.

Bond transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## (iii) Share capital

*Ordinary shares*

Incremental costs directly attributable to the issue of new shares and shares options, other than upon a business combination, are recognised as a deduction from equity, net of any tax effects.

## (i) Impairment

## (i) Impairment of non-derivative financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the discounted cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience.

The Group considers a non-derivative financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding amounts in full. A non-derivative financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determination of ECLs for loans provided to related parties is based on Group's risk assessment and estimated rating of the borrower.

## (ii) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property (see accounting policy 2.2(c)), property plant and equipment (only partially, see accounting policy 2.2(e)), inventories (see accounting policy 2.2(g)), and deferred tax assets (see accounting policy 2.2(p)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. For the purpose of impairment testing, assets are grouped together into cash generating units (CGU's) - the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

## (j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## (k) Assets held for sale and disposal groups

Non-current assets held for sale and disposal groups comprising assets and liabilities, are classified as held-for-sale when it is highly probable that they will be recovered primarily through sale rather than through continuing use. The following criteria must be met for an asset or disposal group to be classified as held for sale: the Group is committed to selling the asset or disposal group, the asset is available for immediate sale, an active plan of sale has commenced, the sale is expected to be completed within 12 months and the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.

Such assets, or disposal groups, are measured at the lower of carrying amount and fair value less costs to sell.

(l) Revenue

(i) Rental revenue

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

The term of the lease is the non-cancellable period of the lease. Any further term for which the tenant has the option to continue the lease is not considered by the Group.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Service charges and other income

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in net rental income gross of the related costs. The Group determined that it does control the services before they are transferred to tenants and therefore that the Group acts rather as a principal in these arrangements.

(iv) Sale of investment property and trading property, investment in subsidiaries and equity-accounted investees

Revenue from the sale of investment and trading property, investments in subsidiaries and equity-accounted investees is recognised in profit or loss by the Group at point of time when the control over the property is transferred to a customer, usually on the date on which the application is submitted to the Land Registry for transfer of legal ownership title. The property must be completed, and the apartments are ready for sale, including the necessary regulatory permissions.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sale arrangement.

(m) Expenses

(i) Service costs and property operating expenses

Service costs and property operating expenses are expensed as incurred. Expenditures that relate to multiple accounting periods are deferred and recognised over those accounting periods irrespective of the timing of the consideration given or liability incurred.

(n) Interest income, interest expense and other net financial result

Interest income comprises interest income on funds invested, such as bank interest, interest on provided loans, interest on bonds purchased and interest on non-current receivables.

Interest expense comprises interest expense on loans and borrowings, on leases, on bonds issued and interest charges related to leases.

Other net financial result comprises dividend income, gains on disposal of debt investments at fair value through OCI, gains on derivative instruments that are recognised in profit or loss and reclassifications of amounts (losses) previously recognised in OCI, bank charges, losses on disposal of debt investments at fair value through OCI, losses on derivative instruments that are recognised in profit or loss and reclassifications of amounts (gains) previously recognised in OCI and foreign currency gains and losses that are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements result in a net gain or net loss position.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

(o) Current income tax

Current income tax assets and liabilities recognised are the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Group operates and generates taxable income.

The estimated current income tax expense is calculated using the accounting profit for the period and an estimate of non-deductible expenses of each entity of the Group and the corresponding income tax rate applicable to the given country and accounting period.

Current and deferred income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

## (p) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss (asset acquisition);
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## (q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## (r) Entity wide disclosures

The Group has applied the criteria of IFRS 8, 'Operating Segments' to determine the number and type of operating segments. From second half of 2018, the Group reports as a single operating segment entity. Previously, the Group reported the three operating segments: Income generating rental properties, Land bank and Development. The entity wide disclosures are determined based on the nature of the business and how

the business is managed by the Board of Directors, the Group's chief operating decision maker and reflect the internal reporting structure.

Reasons supporting the change of operating segments in 2018 are:

- The chief operating decision maker no longer focuses on the differentiation based on the asset types but reviews and manages the business as a whole.
- Income generating rental properties, land bank and development, previously reported as individual operating segments, became less significant business considering the Group's financing function.

As required by IFRS 8, the Group provides information on the business activities in which, the Group engages including split of revenue and investment property per asset portfolio.

## (s) Key management personnel

The Group discloses the total remuneration of key management personnel as required by IAS 24 – Related party disclosures. The Group includes within key management personnel all individuals (and their family members, if applicable) who have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include all members of the Management Board and the senior executives of the Group.



## 2.3 Determination of fair value

Investment properties are stated at fair value as at 31 December 2019 and 2018 based on external valuations performed by professionally qualified valuers. The Group's property portfolio in the Czech Republic, Poland and France is valued mainly by Jones Lang LaSalle, Cushman & Wakefield, CBRE, RSM, BNP and Mazars. One asset in the France was valued internally. As at 31 December 2019, the Group did not revalue recent acquisitions (see note 3.2 and 3.3) and leased properties.

Independent valuations are reviewed by the Group's management and represent a basis for the management's estimate of the investment properties' fair value. Those estimates considered the results of current and prior external valuations, information from comparable selling and purchase transactions, the deferred tax impact and current market conditions.

Valuations reflect, where appropriate, the type of tenants in occupation or responsible for meeting the lease commitments and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

The following valuation methods of investment property were used:

The real estate market in Central and Eastern Europe is considered small and transactions with real estate portfolios of the size similar to that of the Group's portfolio are rare. Global volatility of the financial system is reflected also in local residential and commercial real estate markets. Therefore, in arriving at the estimates of market values of investment property as at 31 December 2019 and 31 December 2018, the reliance placed on comparable historical transactions was limited. Due to the need to use the market knowledge and professional judgements of the valuers to a greater extent, there was higher degree of uncertainty than which would exist in a more developed and active market.

### (i) Office, Industry and Logistics

Office, logistics and industry properties have been valued using predominantly income capitalization and discounted cash flow valuation techniques. Income capitalization method is based on the capitalization of the net annual income the property generates or is potentially able to generate. On lease expiry, future income flows have been capitalized into perpetuity at the estimated rental value, taking into account expiry voids and rent free periods. The net income is the total rental income reduced by the costs the landlord cannot cover from the tenants. The capitalisation yield (equivalent yield) is determined by the market transactions achieved at the sale of the property or similar properties in the market between the willing buyer and the willing seller in the arm's length transaction. A yield reflects the risks inherent in the net cash flows applicable to the net annual rentals to arrive at the property valuation. The sales comparison valuation technique has been used for smaller special retail assets in Czech Republic.

### (ii) Land and vacant buildings

Land and vacant buildings have been valued using the direct comparison method to arrive at the value of the property in its existing state. Comparison was performed with other similarly located and zoned plots of land/buildings that are currently on the market. This valuation method is most useful when several similar properties have recently been sold or are currently for sale in the subject property market. Using this approach a value indication by comparing the subject property to prices of similar properties is produced.

The sale prices of the properties that are judged to be most comparable tend to indicate a range in which the value indication for the subject property will fall. The valuer estimated the degree of similarity or difference between the subject property and the comparable sales by considering various elements of comparison. Percentage adjustments were then applied to the sale prices of the comparables because the prices of these properties are known, while the value of the subject property is not.

### (iii) Investment property under development / developments

The valuer used the Residual Value Approach for the valuation of the investment property under development. In order to assess the market value of the sites, the valuer undertook a development appraisal to assess the potential value (Gross Development Value) of the fully completed and leased development as currently proposed, and deducted hard costs, soft costs, financing costs and a developer's expected required profit (which reflects the required level of return to a developer and the risk of undertaking the project).

In assessing the Gross Development Value, the valuator adopted a market approach by estimating the market rental values for the accommodation being developed, and the appropriate capitalisation rate which a potential investor would require, to arrive at the Market Value of the completed and leased building.

For sensitivity analysis on changes in assumptions of Investment property valuation refer to note 7.5.

### 3 The Group structure

CPI FIM SA is the Group's ultimate parent company.

As at 31 December 2019, the Group comprises its parent company and 42 subsidiaries (33 subsidiaries as at 31 December 2018) controlled by the parent company and three joint ventures. For list of subsidiaries refer to Appendix I.

#### 3.1 Changes in the Group structure in 2019

In 2019, the Group acquired, founded or demerged (within the Group) the following subsidiaries:

Entity	Change	Group's share	Date
GCA Property Development Sp. z o.o. (1)	Acquisition	100.00%	5 August 2019
CT Development Sp. z o.o. (2)	Acquisition	100.00%	3 September 2019
Equator II Development Sp. z o.o. (3)	Acquisition	100.00%	3 September 2019
Equator IV Offices Sp. z o.o. (4)	Acquisition	100.00%	7 November 2019
Eurocentrum Offices Sp. z o.o. (5)	Acquisition	100.00%	27 November 2019
LES MAS DU FIGUIER	Acquisition	100.00%	29 November 2019
Pietroni, s.r.o.	Acquisition	100.00%	29 November 2019
SCP Reflets	Acquisition	100.00%	29 November 2019
Castor Investments Sp. z o.o.	Acquisition	100.00%	5 December 2019
Castor Investments Sp. z o.o. S.K.A.	Acquisition	100.00%	5 December 2019
WFC Investments Sp. z o.o.	Acquisition	100.00%	5 December 2019
Vysočany Office, a.s.	Founded	100.00%	23 April 2019
CPI Pigna S.r.l.	Founded	100.00%	18 October 2019
CPI REV Italy II S.r.l.	Founded	100.00%	18 October 2019
Moniuszki Office Sp. z o.o.	Founded	100.00%	24 October 2019

(1) Changed its name from Saint Barthelemy Sp. z o.o. to GCA Property Development Sp. z o.o. with effective date of 6 September 2019.

(2) Changed its name from San Andres Sp. z o.o. to CT Development Sp. z o.o. with effective date of 8 November 2019.

(3) Changed its name from Gimsoy Sp. z o.o. to Equator II Development Sp. z o.o. with effective date 30 September 2019.

(4) Changed its name from Cirrus Real Sp. z o.o. to Equator IV Offices Sp. z o.o. with effective date 18 December 2019.

(5) Changed its name from Dakota Investments Sp. z o.o. to Eurocentrum Offices Sp. z o.o. with effective date 18 December 2019.

In 2019, the Group disposed or liquidated the following subsidiaries:

Entity	Change	Group's share	Date
Vinohrady S.a.r.l.	Disposal	100.00%	14 November 2019
CT Development Sp. z o.o. (2)	Disposal	100.00%	14 November 2019
Moniuszki Office Sp. z o.o.	Disposal	100.00%	14 November 2019
Equator II Development Sp. z o.o. (3)	Disposal	100.00%	2 December 2019
GCA Property Development Sp. z o.o. (1)	Disposal	100.00%	18 December 2019
Brillant 1419. GmbH & Co. Verwaltungs KG	Liquidation	100.00%	13 October 2019

#### 3.2 Property asset acquisitions in 2019

##### Acquisition of offices in Warsaw, Poland

The acquisitions were recognized as a property asset acquisition as the companies do not represent a business as defined by IFRS 3.

- Equator IV Offices sp. z o.o.

On 7 November 2019, the Group acquired Equator IV Offices with more than 20,800 square metres of gross lettable area and 226 parking spaces. The property benefits from about 90% occupancy with further upside potential.

The consideration paid for the 100% stake amounted to EUR 14.6 million.

	EUR million
Investment property	56.6
Cash and cash equivalents	0.8
Other non-financial current assets	0.2
<b>Identifiable acquired assets</b>	<b>57.6</b>
Financial debts	(42.4)
Trade payables	(0.4)
Other financial current liabilities	(0.2)
<b>Identifiable acquired liabilities</b>	<b>(43.0)</b>

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 14.6 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.8 million. The net cash outflow connected with the acquisition amounted to EUR 13.8 million. As part of the acquisition, financial debts of EUR 41.5 million were also repaid by the Group.

- Eurocentrum Offices sp. z o.o.

On 27 November 2019, the Group acquired Eurocentrum office complex in Warsaw. Eurocentrum boasts over 85,100 square metres of gross lettable area in one of the most sought-after business districts close to the city center.

The consideration paid for the 100% stake amounted to EUR 105.4 million.

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

	EUR million
Investment property	242.5
Cash and cash equivalents	1.9
<b>Identifiable acquired assets</b>	<b>244.4</b>
Financial debts	(136.2)
Trade payables	(2.7)
Other non-financial current liabilities	(0.1)
<b>Identifiable acquired liabilities</b>	<b>(139.0)</b>

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 105.4 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 1.9 million. The net cash outflow connected with the acquisition amounted to EUR 103.5 million. As part of the acquisition, financial debts of EUR 136.2 million were also repaid by the Group.

- WFC Investments sp. z o.o.

On 5 December 2019, the Group acquired Warsaw Financial Center located in Central Warsaw. WFC is one of the most prestigious high-rise buildings providing 50,000 square meters of grade-A office space across 32 floors. WFC is the sole shareholder of the company Casto Investments sp. z o. o. and WFC has also 100% shares in Castor Investments sp.z o.o. S.K.A. These entities are empty.

The consideration paid for the 100% stake amounted to EUR 272.3 million.

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

	EUR million
Intangible assets	0.2
Investment property	261.2
Trade receivables	1.3
Cash and cash equivalents	15.7
<b>Identifiable acquired assets</b>	<b>278.4</b>
Financial debts	(3.6)
Other non-current liabilities	(1.7)
Trade payables	(0.8)
<b>Identifiable acquired liabilities</b>	<b>(6.1)</b>

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 272.3 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 15.7 million. The net cash outflow connected with the acquisition amounted to EUR 256.6 million.

### 3.3 Common control transaction in 2019

#### Acquisition of Pietroni, s.r.o.

On 29 November 2019, the Group acquired 100% shares in Pietroni, s.r.o. along with its subsidiaries Sasu Les Mas Du Figuer and SCP Reflects, luxury properties located in South of France, as well as CPI PG shares. The company was acquired from the Group's main shareholder Mr. Vitek for the consideration paid of EUR 1. The Group treated the transaction as common control transaction. The company does not represent a business as defined by IFRS 3.

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

	EUR million
Investment property	34.0
Property, plant and equipment	0.7
Trade receivables	0.1
Cash and cash equivalents	0.1
CPI PG shares	36.5
<b>Identifiable acquired assets</b>	<b>71.4</b>
Financial debts	(35.5)
Other financial current liabilities	(10.1)
<b>Identifiable acquired liabilities</b>	<b>(45.6)</b>

The fair value of the CPI PG shares held by Pietroni, s.r.o. was determined based on the Group's EPRA NAV per share calculated as at 30 September 2019. Value of the investment property was determined by the independent valuer as of the date of acquisition.

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 25.8 million, the amount is classified as capital contribution by the Group's majority shareholder.

Due to acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.1 million. The net cash outflow connected with the acquisition amounted to EUR -0.1 million.

### 3.4 Disposal of subsidiaries in 2019

The Group disposed the following subsidiary, since it was considered as a non-core asset:

- Vinohrady S.a.r.l. in France was sold for EUR 0.5 thousand on 14 November 2019.

The Group sold the following subsidiaries (acquired from third party in 2019) to related company CPI a.s.:

- On 14 November 2019 was sold CT Development sp. z o.o. for EUR 2 thousand,
- Moniuszki Office sp. z o.o. was sold for EUR 2 thousand on 14 November 2019,
- On 2 December 2019 was sold Equator II Development sp. z o.o. for EUR 2 thousand,
- GCA Property Development sp. z o.o. was sold for EUR 2 thousand on 18 December 2019.

On 29 July 2019, the Company completed the transfer of 80% stake in Vysočany Office, a.s., to related company GSG Europa Beteiligungs GmbH ("GSG Europa") for EUR 62.5 thousand.

### 3.5 Changes in the Group structure in 2018

#### Liquidation of Orco Project Limited

Following the liquidation of Orco Project Limited on 28 January 2018, the entity was deconsolidated.

#### Disposal of non-controlling interest

On 26 June 2018, the Company completed the transfer of 80% stake in Bubny Development, subsidiary holding the Bubny land bank in Prague, to related company GSG Europa Beteiligungs GmbH ("GSG Europa"). The Group continues to manage and therefore fully consolidates Bubny Development in the Group's consolidated financial statements as at 31 December 2019 and 2018 (refer to note 6.11 for more details in respect of the Group's non-controlling interest).

The purchase price for the 80% stake in Bubny amounted to EUR 107.3 million. An advance payment of EUR 84 million was received in 2017 and the remaining EUR 23.3 million in September 2018.

Both, the Company and GSG Europa are being consolidated by CPI PG. The disposal price was based on the IFRS NAV value.

## 4 Entity-wide disclosures

The management of the Group reviews financial information that is principally the same as that based on the accounting policies described in note 2.2. For all asset types, discrete financial information is provided to the Board of Directors, which is the chief operating decision maker, on an individual entity basis.

The group is engaged primarily in financing of CPI PG group; the Group's other business activities consist of:

- rendering of advisory and other services to CPI PG group;
- investing in land bank and development portfolio in the Czech Republic;
- renting of office portfolio in Poland;
- managing of residential portfolio in France and Italy.

### 4.1 Financing

Interest income by countries

	12 month period ended			
	31 December 2019		31 December 2018	
	Amount	In %	Amount	In %
Poland	2	-	-	-
Luxembourg	150,183	100%	111,860	100%
<b>Total</b>	<b>150,185</b>	<b>100%</b>	<b>111,860</b>	<b>100%</b>

Loans provided by country of the creditor

	31 December 2019		31 December 2018	
	Amount	In %	Amount	In %
Luxembourg	3,442,619	97%	2,283,819	96%
Non-current loans provided	3,442,619	97%	2,283,819	96%
Czech Republic	3,881	-	3,834	-
Luxembourg	100,027	3%	80,640	4%
Current loans provided	103,908	3%	84,474	4%
<b>Total</b>	<b>3,546,527</b>	<b>100%</b>	<b>2,368,293</b>	<b>100%</b>

### 4.2 Other business activities

Revenues by countries

	12 month period ended			
	31 December 2019		31 December 2018	
	Amount	In %	Amount	In %
Czech Republic	2,038	9%	1,839	7%
- Land bank	1,226	5%	1,236	5%
- Office	399	2%	-	-
- Development	1	-	129	-
- Industry and logistics	412	2%	474	2%
Luxembourg	17,873	75%	24,429	91%
- Rendering of services	17,799	75%	24,363	91%
- Other	74	-	66	-
Poland	3,799	16%	454	2%
- Office	3,799	16%	454	2%
<b>Total</b>	<b>23,710</b>	<b>100%</b>	<b>26,722</b>	<b>100%</b>

Investment property by countries

	31 December 2019		31 December 2018	
	Amount	In %	Amount	In %
Czech Republic	573,039	48%	470,103	99%
- Land bank	490,412	41%	427,896	90%
- Office	21,586	2%	-	-
- Development	59,241	5%	40,327	9%
- Industry and logistics	1,800	-	1,880	-
Poland	567,628	48%	4,675	1%
- Office	567,238	48%	4,675	1%
- Land bank	390	-	-	-
Other – residential	50,768	4%	-	-
<b>Total</b>	<b>1,191,435</b>	<b>100%</b>	<b>474,778</b>	<b>100%</b>

## 5 Consolidated statement of comprehensive income

### 5.1 Gross rental income

	12 month period ended	
	31 December 2019	31 December 2018
Gross rental income	4,207	1,683

In 2019, the gross rental income increased due to acquisitions of offices in Poland (see note 3.2).

### 5.2 Sale of services

	12 month period ended	
	31 December 2019	31 December 2018
Service revenue	18,099	24,388
Service charge income	1,114	618
Revenues from sales of utilities	290	23
<b>Total sale of services</b>	<b>19,503</b>	<b>25,029</b>

In 2019, the service revenue decreased due to advisory and management services provided to entities controlled by the ultimate shareholder of the Group. The advisory and management services amounted to EUR 17.8 million in 2019 and EUR 24.2 million in 2018, respectively.

### 5.3 Net valuation gain

	12 month period ended	
	31 December 2019	31 December 2018
Valuation gain, net of foreign exchange gain	23,836	7,856
Valuation loss, net of foreign exchange loss	(6,707)	(5,476)
Net foreign exchange gain/(loss) on investment property	(9,166)	845
<b>Net valuation gain</b>	<b>7,963</b>	<b>3,225</b>

In 2019, the valuation gain primarily relates to the Group's portfolio located in the Czech Republic (EUR 22.8 million).

In 2018, the valuation gain primarily relates to the land bank project in Špindlerův Mlýn, the Czech Republic.

For the assumptions, the independent valuers used in the property valuations as at 31 December 2019 and 2018, refer to 7.5.

### 5.4 Amortization, depreciation and impairments

	12 month period ended	
	31 December 2019	31 December 2018
Depreciation and amortization	(10)	(4)
Total impairment of assets/reversal of impairment	3,259	(9,535)
<b>Total amortization, depreciation and impairments</b>	<b>3,249</b>	<b>(9,539)</b>

In 2019, the Group released part of the impairment related to loans provided.

### 5.5 Administrative expenses

	12 month period ended	
	31 December 2019	31 December 2018
Advisory and tax services	(8,644)	(9,980)
Audit services	(288)	(283)
Personnel expenses	(1,215)	(895)
Legal services	(1,374)	(940)
Other administrative expenses	(1,430)	(1,827)
<b>Total administrative expenses</b>	<b>(12,951)</b>	<b>(13,925)</b>

In 2019 and 2018, the advisory expenses primarily include the management services received from related parties in amount of EUR 7.7 million and EUR 9.3 million, respectively.

In 2019, the audit, tax and advisory expenses also include the cost of services provided by the Group's auditor of EUR 0.4 million (0.3 million in 2018), of which EUR 0.3 million (EUR 0.3 million in 2018) related to audit services and EUR 0.1 million related to other services (primarily benchmarking for transfer pricing).

#### Personnel administrative expenses

	12 month period ended	
	31 December 2019	31 December 2018
Wages and salaries	(985)	(734)
Social and health security contributions	(224)	(156)
Other social expenses	(6)	(5)
<b>Total personnel administrative expenses</b>	<b>(1,215)</b>	<b>(895)</b>

As at 31 December 2019 and 2018, the Group had 13 and 11 employees, respectively.

## 5.6 Interest income and expense

Interest income on loans and receivables relates primarily to loans provided to related parties (see note 6.4 and 11).

Interest expense relates primarily to loans received from related parties, (see note 6.12 and 11).

## 5.7 Other net financial result

	12 month period ended	
	31 December 2019	31 December 2018
Other net financial result	409	5,630
Net foreign exchange gain	22,680	4,811
Bank charges	(159)	(33)
<b>Total other net financial result</b>	<b>22,930</b>	<b>10,408</b>

In 2019 and 2018, the foreign exchange gain was driven by retranslation of loans provided in foreign currencies.

In August and October 2018, the Company acquired total of EUR 155.4 million of bonds issued by related company CPI BYTY, a.s. and CPI a.s. from the Group's majority shareholder. The bonds were early repaid in September and November 2018. From the early repayment, the Group realized the financial income of EUR 5.6 million.

## 5.8 Income tax expense

### Tax recognized in profit or loss

	12 month period ended	
	31 December 2019	31 December 2018
<b>Income tax expense</b>		
Current income tax expense	(330)	(250)
Adjustment for prior year	(1)	(4)
<b>Total</b>	<b>(331)</b>	<b>(254)</b>
<b>Deferred income tax expense</b>		
Temporary differences	(3,889)	1,926
(Utilization)/ recognition of tax losses carried forward	(26,261)	51,396
Other effects	(272)	52
<b>Total deferred tax expense</b>	<b>(30,422)</b>	<b>53,374</b>
<b>Total income tax recognised in profit or loss</b>	<b>(30,753)</b>	<b>53,120</b>

As at 31 December 2019, the Group partially released deferred tax asset of EUR 26.3 million based on the taxable profit realized in 2019 and based on the assessment of its recoverability.

As at 31 December 2018, the Group recognized deferred tax asset of EUR 51.4 million from previously unrecognized tax losses carried forward.

### Reconciliation of effective tax rate

	12 month period ended	
	31 December 2019	31 December 2018
Profit for the period	72,448	122,019
Total income tax recognised in profit or loss	30,753	(53,120)
<b>Profit before tax</b>	<b>103,201</b>	<b>68,899</b>
Current income tax rate	24.94%	26.01%
Income tax expense using the domestic corporate income tax rate	(25,738)	(17,921)
Effect of tax rates in foreign jurisdictions	414	(2,646)
Non-deductible expense	(6,230)	(10,115)
Tax exempt income	2,056	12,008
Change in unrecognized deferred tax asset from tax losses carried forward	35	71,977
Other effects	(1,290)	(183)
<b>Tax expense</b>	<b>(30,753)</b>	<b>53,120</b>

### The main tax rules imposed on the Group companies

**Luxembourg:** The effective tax rate is 24.94% considering the combined corporate income tax rate (corporate income tax rate for companies with taxable income exceeding EUR 30 thousand is 18 %), solidarity surtax of 7% on the corporate income tax rate and municipal business tax rate of 6,75%. Tax losses incurred until 2017 may be carried forward indefinitely, losses incurred as from 2017 should be limited to 17 years.

**Czech Republic:** The corporate income tax rate is 19%. Tax losses can be carried forward for 5 years. Losses may not be carried forward on a substantial (approximately 25%) change in the ownership of a company unless certain conditions are met.

**Poland:** The corporate income tax rate is 19%. Lowered 15% is used for small size taxpayers (sales revenues including VAT below EUR 1.2 million in previous year). Tax losses may be carried forward for 5 years but the loss utilization in each year is capped at the 50% of the tax loss.

**Germany:** Business profits are basically subject to two taxes, corporate income tax and trade tax. Corporate income tax and solidarity surcharge add up to a total of 15.825% rate. Trade tax rate varies by location. For Berlin, where the business of the Group is concentrated, it is 14.35%. Therefore, the nominal overall tax burden on profits earned in Berlin is 30.175%. However, the effective overall tax burden tends to be slightly higher because the trade tax base differs from the corporate income tax base as several business expenses are not fully deductible for trade tax purposes. In contrast, companies who only manage and let their own properties and capital assets may apply for a trade tax exemption of

their property profits which is applicable on large parts of the Group's profits from German assets. Tax losses may be carried forward indefinitely and may be fully utilized against profit up to EUR 1 million and only 60% on the exceeding profits. A direct or indirect change in the ownership of corporations of more than 50% within five years result in complete forfeiture of the tax losses carried forward unless specific exemption clauses are applicable (e. g. sufficient hidden reserves in the corporation, certain share transfers within groups, continuation of unchanged business).

### Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Investment property	749	657	(39,037)	(34,310)	(38,288)	(33,653)
Tax losses carried-forward	149,890	175,366	-	-	149,890	175,366
Other	3,374	4,151	(50)	(2)	3,324	4,149
Gross deferred tax assets/(liabilities)	154,013	180,174	(39,087)	(34,312)	114,926	145,862
Deferred tax offset by subsidiaries	(887)	(153)	887	153	-	-
<b>Net deferred tax assets/(liabilities)</b>	<b>153,126</b>	<b>180,021</b>	<b>(38,200)</b>	<b>(34,159)</b>	<b>114,926</b>	<b>145,862</b>

As at 31 December 2019 and 2018, the Company recognized the deferred tax asset from tax losses carried forward in total amount of EUR 149.0 million and EUR 175.4 million, respectively. As these tax losses relate primarily to the Luxembourg entities and were generated before 2017, they can be carried forward indefinitely. Recognition of the deferred tax asset is based on the future taxable profits that are expected to be generated in next 10 years. The expected profits reflect a strategy of CPI PG in which, the Group is expected to render the financial services to all the CPI PG's subsidiaries.

### Unrecognised deferred tax assets and liabilities

	31 December 2019	31 December 2018
Investment property*	(43,432)	(9,702)
Tax losses carried-forward**	30,276	36,357

\* Deferred tax assets based on differences at initial recognition, arising from asset transactions, were not recorded in accordance with IAS 12.

\*\* Unrecognized deferred tax asset from tax losses carried-forward due to uncertainty of its realization.

Of unrecognized deferred tax liabilities of EUR 43.4 million as at 31 December 2019, EUR 38.2 million relates to acquisitions of offices in Warsaw, Poland. The related deferred tax liabilities were not recognized in accordance with IAS 12.

### Expiry of unrecognized tax losses

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
At 31 December 2019	4,937	26,483	12,296	94,103	137,819
At 31 December 2018	4,476	12,840	6,382	123,031	146,729

### Movement in deferred tax

	12 month period ended	
	31 December 2019	31 December 2018
Deferred tax as at 1 January	145,862	92,247
Recognized in profit or loss	(30,422)	53,374
Translation reserve	(514)	241
<b>Total net deferred tax liabilities</b>	<b>114,926</b>	<b>145,862</b>



## 6 Consolidated statement of financial position

### 6.1 Investment property

	Office	Land bank	Development	Residential	Industry and logistics	Total
<b>Balance as at 1 January 2018</b>	<b>16,356</b>	<b>424,255</b>	<b>8,362</b>	-	<b>1,400</b>	<b>450,373</b>
Transfers	(11,652)	(1,599)	13,251	-	-	-
Development costs and other additions	2	7,596	17,716	-	36	25,350
Disposals	(37)	(702)	-	-	-	(739)
Valuation gain, net	145	1,391	1,234	-	456	3,226
- valuation gain	145	7,897	1,796	-	456	10,294
- valuation loss	-	(6,506)	(562)	-	-	(7,068)
Translation differences	(139)	(3,045)	(236)	-	(12)	(3,432)
<b>Balance as at 31 December 2018</b>	<b>4,675</b>	<b>427,896</b>	<b>40,327</b>	-	<b>1,880</b>	<b>474,778</b>
Acquisition of subsidiaries	560,265	-	-	33,997	-	594,262
Transfers within investment property	13,886	-	(13,886)	-	-	-
Transfer from inventory	-	6,627	-	-	-	6,627
Development costs and other additions	10,764	38,437	31,433	16,118	425	97,177
Disposals	(11)	(84)	-	-	-	(95)
Valuation gain, net	(4,252)	12,085	656	-	(527)	7,962
- valuation gain	3,042	19,818	976	-	-	23,836
- valuation loss	(7,294)	(7,732)	(320)	-	(527)	(15,873)
Translation differences	3,497	5,841	711	653	22	10,724
<b>Balance as at 31 December 2019</b>	<b>588,824</b>	<b>490,802</b>	<b>59,241</b>	<b>50,768</b>	<b>1,800</b>	<b>1,191,435</b>

#### Acquisition of subsidiaries

In 2019, the Group acquired the following investment property (see note 3.2): office buildings in Warsaw, Poland in total value of EUR 560.3 million and luxury apartments and villas located in South France in value of EUR 34.0 million.

#### Development costs and other additions

In 2019, the development costs primarily related to development projects Prague's Bubenská of EUR 17.2 million and Nová Zbrojovka in Brno, Czech Republic of EUR 14.2 million. There also were significant additions of EUR 28.3 million and EUR 16.1 million related to purchase of land (10.000 sqm) in Bubny in Prague, the Czech Republic and apartments in Rome, Italy.

In 2018, there were additions to investment property of EUR 7.6 million primarily related to construction works on the project Nová Zbrojovka in Brno, the Czech Republic (EUR 5.5 million). In 2018, the development costs of EUR 17.7 million related to the construction of one office building of EUR 6.2 million and reconstruction of building Bubenská of EUR 5.6 million, both projects are located in Prague, the Czech Republic. In 2018, the Group started the construction of the Nová Zbrojovka office building in Brno, the Czech Republic of EUR 5.9 million.

#### Valuation gain

In 2019, the valuation gain related primarily to the Group's Czech office and land bank portfolio in total amount of EUR 21.8 million.

In 2018, the net valuation gain primarily related to the land bank project in Špindlerův Mlýn, the Czech Republic.

#### Translation differences

Translation differences related to investment property arise in connection with translation of amounts of subsidiaries with different functional currency than EUR.

### 6.2 Equity accounted investees

As at 31 December 2019 and 2018, the equity accounted investment in the amount of EUR 3.7 million and EUR 3.8 million represents the Group's investment in Uniborc S.A. It is a joint venture constituted in 2013 with Unibail Rodamco to develop a shopping center in the Bubny area in Prague, the Czech Republic. The Group's shareholding is 35%.

	2019	2018
<b>As at 1 January</b>	<b>3,890</b>	<b>4,571</b>
Share of loss	(217)	(698)
Other	(1)	17
<b>As at 31 December</b>	<b>3,672</b>	<b>3,890</b>

Condensed statement of comprehensive income of Uniborc S.A.

	12 month period ended	
	31 December 2019	31 December 2018
Net valuation gain on investment property	1,722	(68)
Administrative expenses	(59)	(59)
<b>Operating result</b>	<b>1,663</b>	<b>(127)</b>
Interest expenses	(1,958)	(1,758)
<b>Loss before taxes</b>	<b>(295)</b>	<b>(1,885)</b>
Income taxes	(325)	(63)
<b>Loss after income tax</b>	<b>(620)</b>	<b>(1,948)</b>

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

	31 December 2019	31 December 2018
Investment property	52,408	50,564
Cash and cash equivalents	216	140
Other current assets	2	1
<b>Total assets</b>	<b>52,626</b>	<b>50,705</b>
Non-current Financial liabilities	34,218	31,628
Deferred tax liabilities	7,643	7,714
Current Financial liabilities	246	-
Other current liabilities	35	261
<b>Total liabilities</b>	<b>42,142</b>	<b>39,603</b>
<b>Net assets</b>	<b>10,484</b>	<b>11,102</b>

### 6.3 Other investments

As at 31 December 2019 the Company holds 319,302,248 shares in CPI PG, which represents 3.69% of the CPI PG's shareholding and is valued at EUR 188.3 million (EUR 125.4 million as at 31 December 2018).

The valuation of CPI PG shares held by the Group as at 31 December 2019 and 2018 is based on an alternative valuation model because of not an active market. The management determined the use of EPRA NAV per share (net asset value per share determined based on the methodology of European Public Real Estate Association) of CPI PG as the most representative valuation model primarily due to:

- EPRA NAV is a globally recognized measure of fair value;
- EPRA NAV takes into consideration the fair value of the net assets of a company, applying known aspects of the company's business model.

For the valuation of the CPI PG shares held as at 31 December 2019 and 2018, EPRA NAV per CPI PG share as at 31 December 2019 and 2018 was used. CPI PG's EPRA NAV per share EUR 0.59 as at 31 December 2019 (EUR 0.49 as at 31 December 2018) differs from the price at the stock-exchange EUR 0.73 as at 31 December 2019 (EUR 0.68 as at 31 December 2018).

The change in the value of CPI PG shares is recognized in other comprehensive income by the Group.

The detailed calculation of CPI PG's EPRA NAV per share is presented in the CPI PG's annual report. The Group adjusted the number of shares used in the calculation for the amount of shares owned by the Group as at 31 December 2019 and 2018. As at 31 December 2019, the EPRA NAV per share of EUR 0.61 (EUR 0.51 as at 31 December 2018) disclosed by CPI PG therefore differs from value used by the Group to value the CPI PG's shares owned.

### 6.4 Loans provided

	31 December 2019	31 December 2018
Loans provided - related parties and joint ventures	3,445,987	2,299,363
Loans provided - third parties	8,137	-
Impairment to non-current loans provided to related parties	(11,505)	(15,544)
<b>Total non-current loans provided</b>	<b>3,442,619</b>	<b>2,283,819</b>
Loans provided - related parties and joint ventures	99,826	80,640
Loans provided - third parties	201	-
Bills of exchange - third parties	11,669	11,442
<b>Total current loans provided</b>	<b>111,696</b>	<b>92,082</b>
Impairment - bills of exchange	(7,788)	(7,608)
<b>Total current loans provided</b>	<b>103,908</b>	<b>84,474</b>

Loans provided substantially increased in 2019 due to new loans provided to related parties. These loans bear interest rate between 1.67% - 14.22% p.a. (determined based on the Group's risk assessment) and mature in 2020 - 2030. See note 11 for more information.

Loans provided to joint venture include loan principal and the interest granted to Uniborc S.A. (see note 6.2) in the amount of EUR 11.9 million and EUR 11.2 million as at 31 December 2019 and 2018. The joint venture is primarily financed through an equity loan by both partners in the same proportion as their respective shareholdings. The loan is repayable in 2023.

Bills of exchange in the net amount of EUR 3.9 million as at 31 December 2019 (EUR 3.8 million as at 31 December 2018) relate to Radio Free Europe deferred consideration.

### 6.5 Other non-current receivables

	31 December 2019	31 December 2018
Advances paid	12	12
Other receivables due from related parties	-	7,976
<b>Total non-current receivables</b>	<b>12</b>	<b>7,988</b>

As at 31 December 2018, the other non-current receivables of EUR 8.0 million related to assignment of CPI PG's receivables which were reclassified to other current receivables in 2019 (see note 6.9). The receivables are due on 31 July 2020 and 31 December 2020, respectively.

## 6.6 Inventories

	31 December 2019	31 December 2018
Projects and property for resale	4	7,717
Projects under development	284	250
Other inventories	53	-
<b>Total inventories</b>	<b>341</b>	<b>7,967</b>

Projects and property for resale as at 31 December 2018 related primarily to Prague's development project Benice in the Czech Republic. As the project was completed in 2019, the Company reclassified remaining land bank to investment property.

## 6.7 Trade receivables

	31 December 2019	31 December 2018
Trade receivables due from related parties	4,011	4,164
Trade receivables due from third parties	3,349	1,385
Impairment - trade receivables due from other parties	(185)	(149)
<b>Total trade and other receivables</b>	<b>7,175</b>	<b>5,400</b>

## 6.8 Cash and cash equivalents

	31 December 2019	31 December 2018
Bank balances	129,440	14,697
Cash on hand	7	8
<b>Total cash and cash equivalents</b>	<b>129,447</b>	<b>14,705</b>

## 6.9 Other current receivables

	31 December 2019	31 December 2018
Other receivables due from related parties	10,095	1,944
Other receivables due from third parties	7,230	36
Impairment - other receivables due from other parties	(26)	(24)
<b>Total other financial current assets</b>	<b>17,299</b>	<b>1,956</b>

As at 31 December 2019, the other current receivables due from related parties relate to reclassification of EUR 8.0 million of assignment of CPI PG's receivables from non-current assets (see note 6.5).

## 6.10 Assets/Liabilities linked to assets held for sale

As at 31 December 2019, the Czech land on Karviná Property Development is classified as asset held for sale (EUR 1.5 million).

## 6.11 Equity

As of 31 December 2019, the share capital of the Company amounts to EUR 13,145 thousand and is represented by 1,314,507,629 ordinary fully paid shares with a nominal value of EUR 0.01 each.

The following table sets out information regarding the ownership of the Company's shares as at 31 December 2019:

Shareholder	Number of shares	Share held	Voting rights
CPI PROPERTY GROUP S.A.	1,279,198,976	97.31%	97.31%
Other	35,308,653	2.69%	2.69%
<b>Total</b>	<b>1,314,507,629</b>	<b>100.00%</b>	<b>100.00%</b>

### Securities giving access to equity (warrants)

"2012 Warrants" issued under the ISIN code LU0234878881 with the following major terms: number of outstanding 2012 Warrants: 21,161; exercise ratio: one warrant gives the right to subscribe to 1.03 share; exercise period: 31 December 2019; exercise price: EUR 7.21; listing: Euronext Paris.

"2014 Warrants" issued under the ISIN code XS0290764728 with the following major terms: number of outstanding 2014 Warrants: 2,871,021; exercise ratio: one warrant gives the right to subscribe to 1.73 share; exercise period: 31 December 2019; exercise price: EUR 11.20; listing: Euronext Brussels and Paris.

The 2012 Warrants and the 2014 Warrants expired on 31 December 2019, without any of them being exercised by their holders.

### Mandatory takeover bid over Company shares

On 8 June 2016, CPI Property Group's fully owned subsidiary Nukasso Holdings Limited directly and indirectly acquired approximately 97.31% of shares in the Company. As a consequence, Nukasso Holdings Limited from the CPI Property Group became obliged to launch a mandatory takeover bid to purchase any and all of the ordinary shares of the Company (the "Mandatory Takeover Offer"). On 22 August 2016, the Czech Office for the Protection of Competition granted the merger clearance for the acquisition of the Company by CPI Property 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 the Company. On 15 March 2018, the CSSF published a press release informing that the decisions detailed in the above-mentioned CSSF press releases of 8 December 2017 have been challenged before the Luxembourg administrative courts.

As of the date of this report, the Company has not received any formal decision in relation to the Mandatory Takeover Offer.

### Earnings per share

	31 December 2019	31 December 2018
<b>Shares held by shareholders At the beginning of the period</b>	<b>1,314,507,629</b>	<b>1,314,507,629</b>
Weighted average movements	-	-
Weighted average outstanding shares for the purpose of calculating the basic EPS	1,314,507,629	1,314,507,629
Weighted average outstanding shares for the purpose of calculating the diluted EPS	1,314,507,629	1,314,507,629
Net profit attributable to owners of the parent	67,441	123,511
Net profit attributable to owners of the parent after assumed conversions/exercises	67,441	123,511
<b>Total Basic earnings in EUR per share</b>	<b>0.05</b>	<b>0.09</b>
<b>Diluted earnings in EUR per share</b>	<b>0.05</b>	<b>0.09</b>

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. The warrants issued by the Company were not taken into account in the diluted EPS calculation.

### Non-controlling interests (NCI)

After the sale of 80% stake in Czech subsidiaries Bubny Development, STRM Alfa, MQM Czech, Polygon BC (all with registered office at Vladislavova 1390/17, Prague 1, 110 00) and Vysočany Office (see note 3.4, registered office at Pohóelec 112/24, Prague 1, 118 00) to related company GSG Europa (in 2019, 2018 and 2017, respectively), the Group continues to manage these entities. The shareholders agreements between the Company and GSG Europa, details the governance, control and cooperation between the shareholders. Considering IFRS 10, the management concluded that the Group has control over the entities which are therefore consolidated in the Group's consolidated financial statements as at 31 December 2019 and 2018.

As at 31 December 2019

	Bubny Development	STRM Alfa	MQM Czech	Polygon BC	Vysočany Office	Total
	Land bank	Land bank	Land bank	Land bank	Land bank	
Group's interest	20%	20%	20%	20%	20%	-
<b>NCI - profit for the period</b>	<b>2,272</b>	<b>1,950</b>	<b>48</b>	<b>737</b>	<b>-</b>	<b>5,007</b>
<b>NCI - accumulated</b>	<b>106,659</b>	<b>22,245</b>	<b>9,125</b>	<b>28,424</b>	<b>62</b>	<b>166,515</b>
<b>Consensed financial information</b>						
<i>Non-current assets</i>	184,312	31,905	12,398	40,303	-	268,918
<i>Current assets</i>	6,079	162	302	56	77	6,676
Total assets	190,391	32,067	12,700	40,359	77	275,594
<i>Equity attributable to owners</i>	136,164	30,245	11,466	36,451	76	214,402
<i>Non-current liabilities and other</i>	54,227	1,822	1,234	3,908	1	61,192
Total equity and liabilities	190,391	32,067	12,700	40,359	77	275,594
Profit for the year	2,841	2,438	60	921	(2)	6,258
Net increase/(decrease) in cash and cash equivalents	8	12	15	(21)	77	91

As at 31 December 2018

	Bubny Development	STRM Alfa	MQM Czech	Polygon BC	Total
	Land bank	Land bank	Land bank	Land bank	
Proportion of ownership interests	20%	20%	20%	20%	-
<b>Profit/(loss) at the end of reporting period</b>	<b>(1,088)</b>	<b>779</b>	<b>(1,273)</b>	<b>90</b>	<b>(1,492)</b>
<b>Accumulated non-controlling interests</b>	<b>107,747</b>	<b>21,466</b>	<b>10,398</b>	<b>28,334</b>	<b>167,945</b>
<b>Condensed financial information</b>					
<i>Non-current assets</i>	150,292	28,648	12,061	38,111	229,112
<i>Current assets</i>	84	18	253	57	412
Total assets	150,376	28,666	12,314	38,168	229,524
<i>Equity attributable to owners</i>	133,324	27,806	11,406	35,530	208,066
<i>Non-current liabilities and other</i>	17,052	860	908	2,638	21,458
Total equity and liabilities	150,376	28,666	12,314	38,168	229,524
Profit for the year	(1,360)	974	(1,591)	112	(1,865)
Net increase/(decrease) in cash and cash equivalents	(34)	(23)	(6)	25	(38)

## 6.12 Financial debts

	31 December 2019	31 December 2018
Loans from related parties	3,861,692	2,091,439
Bank loans	20,525	-
Lease liabilities	4,575	258
<b>Total non-current financial debts</b>	<b>3,886,792</b>	<b>2,091,697</b>
Loans from related parties	237,260	87,835
Bank loans	15,038	-
Lease liabilities	240	18
<b>Total current financial debts</b>	<b>252,538</b>	<b>87,853</b>

As at 31 December 2019 and 2018, the balance of the loans received from the Group's parent company CPI PG was EUR 3,688.4 million and EUR 1,924.2 million, respectively. The loans from CPI PG bear interest rate between 1.14% - 5.40% p.a.

In 2019, the Group also drawn loan of EUR 134.1 million from related party Czech Property Investment, a.s. The loan bears interest rate 1.24% and has maturity on 18 December 2020.

### Maturity of financial debts

At 31 December 2019	Less than one year	1 to 5 years	More than 5 years	Total
Loans from related parties	237,260	2,351,157	1,510,535	4,098,952
Bank loans	15,038	-	20,525	35,563
Lease liabilities	240	850	3,725	4,815
<b>Total</b>	<b>252,538</b>	<b>2,352,007</b>	<b>1,534,785</b>	<b>4,139,330</b>

At 31 December 2018	Less than one year	1 to 5 years	More than 5 years	Total
Loans from related parties	87,835	1,920,004	171,435	2,179,274
Lease liabilities	18	60	198	276
<b>Total</b>	<b>87,853</b>	<b>1,920,064</b>	<b>171,633</b>	<b>2,179,550</b>

For details on the loans received from related parties, refer to note 11.

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

	Loans and borrowings	Lease liabilities	Total
<b>Balance at 1 January 2019</b>	<b>2,179,274</b>	<b>276</b>	<b>2,179,550</b>
Interest paid	(61,456)	-	(61,456)
Drawings of loans and borrowings	1,929,650	-	1,929,650
Repayments of loans and borrowings	(40,428)	-	(40,428)
Lease liabilities	-	20	20
<b>Total changes from financing cash flows</b>	<b>1,827,766</b>	<b>20</b>	<b>1,827,786</b>
Changes arising from obtaining or losing control of subsidiaries	35,563	4,519	40,082
The effect of changes in foreign exchange rates	2,712	-	2,712
Interest expense	89,200	-	89,200
<b>Balance at 31 December 2019</b>	<b>4,134,515</b>	<b>4,815</b>	<b>4,139,330</b>

	Loans and borrowings	Lease liabilities	Total
<b>Balance at 1 January 2018</b>	<b>1,168,163</b>	<b>302</b>	<b>1,168,465</b>
Interest paid	(67,877)	-	(67,877)
Drawings of loans and borrowings	1,539,441	-	1,539,441
Repayments of loans and borrowings	(491,315)	-	(491,315)
Repayments of lease liabilities	-	(25)	(25)
<b>Total changes from financing cash flows</b>	<b>980,249</b>	<b>(25)</b>	<b>980,224</b>
The effect of changes in foreign exchange rates	(29,889)	-	(29,889)
Interest expense	60,751	(1)	60,750
<b>Balance at 31 December 2018</b>	<b>2,179,274</b>	<b>276</b>	<b>2,179,550</b>

## 6.13 Other financial non-current liabilities

	31 December 2019	31 December 2018
Tenant deposits	3,671	15
Payables from retentions	3,375	618
Other payables due to third parties	3,748	1,723
<b>Total other financial non-current liabilities</b>	<b>10,794</b>	<b>2,356</b>

Increase in other financial non-current liabilities as at 31 December 2019, relates primarily to acquisitions of new offices in Poland (EUR 6.3 million).

## 6.14 Trade payables

	31 December 2019	31 December 2018
Trade payables due to related parties	1,197	8,128
Trade payables due to third parties	9,346	10,813
<b>Total trade payables</b>	<b>10,543</b>	<b>18,941</b>

As at 31 December 2019, the trade payables decreased due to repayment of trade payables against CPI GP Group (EUR 6.0 million).

## 6.15 Other financial current liabilities

	31 December 2019	31 December 2018
Other payables due to related parties	37,318	82,628
Other financial current liabilities due to third parties	3,726	1,108
<b>Total other financial current liabilities</b>	<b>41,044</b>	<b>83,736</b>

As at 31 December 2019, the other payables decreased due to partial repayment of liabilities against CPI PG Group (EUR 45.3 million).

## 6.16 Other non-financial current liabilities

	31 December 2019	31 December 2018
Value added tax payables	2,612	2,285
Provisions	1,194	1,233
Other	89	26
<b>Total other non-financial current liabilities</b>	<b>3,895</b>	<b>3,544</b>

## 6.17 Leases where the Group acts as a lessor

The commercial property leases typically have lease terms of between 5 and 10 years and include clauses to enable periodic upward revision of the rental charge according to market conditions. Some contracts contain options to terminate before the end of the lease term. The following table shows the future rental income from lease agreements where the terms are non-cancellable.

	31 December 2019
Less than one year	32,288
Between one and five years	80,236
More than five years	11,130
<b>Total operating leases</b>	<b>123,654</b>

# 7 Financial risk management

Exposure to various risks arises in the normal course of the Group's business. Financial risk comprises:

- credit risk (refer to note 7.1);
- liquidity risk (refer to note 7.2);
- market risk including currency risk, interest rate risk and price risk (refer to note 7.3).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

## 7.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk mainly from its rental activities (primarily for trade receivables) and from its financing activities, including provided loans, purchased bonds, deposits with banks and financial institutions and other financial instruments.

The Group evaluates the concentration of risk with respect to loans provided as low, as the debtors are primarily entities controlled by the ultimate shareholder of the Company.

### Aging structure of financial assets as at 31 December 2019 and 2018

31 December 2019	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Other investments	188,293	-	-	188,293
Loans provided	3,536,415	10,112	(52,385)	3,546,527
- to related parties	3,516,153	6,231	(11,505)	3,522,384
- to third parties	8,338	-	(33,092)	8,338
- to joint venture	11,924	-	-	11,924
- bills of exchange	-	3,881	(7,788)	3,881
Trade and other receivables	17,323	7,163	(212)	24,486
Cash and cash equivalents	129,447	-	-	129,447
<b>Total</b>	<b>3,871,478</b>	<b>17,275</b>	<b>(52,597)</b>	<b>3,888,753</b>

31 December 2018	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Other investments	125,406	-	-	125,406
Loans provided	2,360,060	8,233	(48,015)	2,368,293
- to related parties	2,345,075	8,233	(15,544)	2,353,308
- to third parties	-	-	(24,863)	-
- to joint venture	11,151	-	-	11,151
- bills of exchange	3,834	-	(7,608)	3,834
Trade and other receivables	12,655	4,067	(275)	16,722
Cash and cash equivalents	14,705	-	-	14,705
<b>Total</b>	<b>2,512,826</b>	<b>12,300</b>	<b>(48,290)</b>	<b>2,525,126</b>

As at 31 December 2019, impairment of EUR 11.5 million (EUR 15.5 million as at 31 December 2018) million is created against loans provided to related parties.

Impairment of bills of exchange as at 31 December 2019 and 2018 is attributable to a bill of exchange issued by Hagibor Office Building, which recoverability is doubtful due to the ongoing lawsuit (refer to note 9).

Breakdown of overdue financial assets which are not impaired:

31 December 2019	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	-	17	3,618	866	1,730	6,231
Bills of Exchange	-	-	-	3,881	-	3,881
Trade and other receivables	1,778	1,421	318	18	3,628	7,163
<b>Total</b>	<b>1,778</b>	<b>1,438</b>	<b>3,936</b>	<b>4,765</b>	<b>5,358</b>	<b>17,275</b>

31 December 2018	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	-	4,364	599	430	2,840	8,233
Trade and other receivables	97	111	8	43	3,808	4,067
<b>Total</b>	<b>97</b>	<b>4,475</b>	<b>607</b>	<b>473</b>	<b>6,648</b>	<b>12,300</b>

Cash and cash equivalents, neither past due nor impaired (Moody's ratings of respective counterparties):

	31 December 2019	31 December 2018
A1	196	232
A2	22,284	102
A3	-	14
Aa3	51,505	-
Ba2	-	136
Not rated	55,455	14,213
<b>Total cash and cash equivalents</b>	<b>129,440</b>	<b>14,697</b>

## 7.2 Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have available resources to meet its financial obligations, working capital and committed capital expenditure requirements.

The Group maintains liquidity management to ensure that funds are available to meet all cash flow needs. Concentration of risk is limited thanks to diversified maturity of the Group's liabilities and diversified portfolio of the Group's financing.

The Group manages liquidity risk by constantly monitoring forecasts and actual cash flows and by various long-term financing. The Group's liquidity position is monitored on a weekly basis by division managers and is reviewed quarterly by the Board of Directors. A summary table with maturity of liabilities is used by key management personnel to manage liquidity risks.

### Liquidity risk analysis

The following table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments including accrued interest. The table reflects the earliest settlement of Group's liabilities based on contractual maturity and includes non-derivative as well as derivative financial liabilities.

At 31 December 2019	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Financial debts	4,139,330	125,967	244,724	782,088	1,963,884	1,881,677	4,998,340
- loans from related parties	4,098,951	125,589	229,427	781,619	1,962,545	1,856,152	4,955,332
- bank loans	35,563	130	15,276	212	637	21,799	38,054
- lease liabilities	4,816	248	21	257	702	3,726	4,954
Other non-current liabilities	10,794	775	1,005	695	3,784	4,536	10,795
Other current liabilities*	51,588	49,042	1,748	399	399	-	51,588
<b>Total</b>	<b>4,201,712</b>	<b>175,784</b>	<b>247,477</b>	<b>783,182</b>	<b>1,968,067</b>	<b>1,886,213</b>	<b>5,060,723</b>

\*Other current liabilities include current trade payables, other financial current liabilities, other non-financial current liabilities and current income tax liabilities.



At 31 December 2018	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Financial debts	2,179,550	64,432	81,892	91,624	2,053,960	203,121	2,495,029
- loans from related parties	2,179,274	64,414	81,892	91,607	2,053,917	202,923	2,494,753
- loans from third parties	-	-	-	-	-	-	-
- lease liabilities	276	18	-	17	43	198	276
Other non-current liabilities	2,356	5	44	1,688	198	421	2,356
Other current liabilities*	105,129	84,609	19,089	399	798	234	105,129
<b>Total</b>	<b>2,287,035</b>	<b>149,046</b>	<b>101,025</b>	<b>93,711</b>	<b>2,054,956</b>	<b>203,776</b>	<b>2,602,514</b>

\*Other current liabilities include current trade payables, other financial current liabilities, other non-financial current liabilities and current income tax liabilities.

### 7.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's income or the value of its holdings of financial instruments or could cause future cash flows related to financial instruments to fluctuate. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group's market risk mainly arises from open positions in a) foreign currencies and b) loans provided and financial debts, to the extent that these are exposed to general and specific market movements.

Market risk exposures are measured using sensitivity analysis.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (see note 2.2(b)).

The Group is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the CZK, but also others (see note 2.2(b)).

#### Sensitivity analysis – exposure to currency risk

The table below shows the material balances held in foreign currencies that are deemed subject to currency risk and presents sensitivities of profit or loss to reasonably possible changes in foreign currency rates with all other variables held constant.

A 10% change in the foreign currency rate of foreign currencies would have the below effect to profit/(loss) or equity of the Group providing all other variables remaining constant:

31 December 2019	Original currency	In TEUR	Change in TEUR (functional currency depreciated by 10%)	Change in TEUR (functional currency appreciated by 10%)
<b>Cash and cash equivalents</b>		<b>129,447</b>		
	TEUR	108,669	-	-
	TCZK	11,271	1,127	(1,127)
	TUSD	7	1	(1)
	THUF	1,731	173	(173)
	TPLN	7,768	777	(777)
	THRK	1	-	-
<b>Loans provided</b>		<b>3,546,527</b>		
	TEUR	1,789,675	-	-
	TCZK	1,732,473	173,247	(173,247)
	TUSD	3,881	388	(388)
	TGBP	20,498	2,050	(2,050)
<b>Financial debts</b>		<b>(4,139,330)</b>		
	TEUR	(4,023,405)	-	-
	TCZK	(52,071)	(5,207)	5,207
	TCHF	(59,038)	(5,904)	5,904
	TPLN	(4,816)	(482)	482
<b>Net exposure to currency risk</b>	TCZK	1,691,673	169,167	(169,167)
	TGBP	20,498	2,050	(2,050)
	TPLN	2,952	295	(295)
	TUSD	3,888	389	(389)
	THUF	1,731	173	(173)
	THRK	1	-	-
	TCHF	(59,038)	(5,904)	5,904



31 December 2018	Original currency	In TEUR	Change in TEUR (functional currency depreciated by 10%)	Change in TEUR (functional currency appreciated by 10%)
<b>Cash and cash equivalents</b>		<b>14,705</b>		
	TEUR	3,819	-	-
	TCZK	10,420	1,042	(1,042)
	TUSD	2	-	-
	TPLN	28	3	(3)
	THUF	436	44	(44)
<b>Loans provided</b>		<b>2,368,293</b>		
	TEUR	672,627	-	-
	TCZK	1,691,766	169,176	(169,176)
	TUSD	3,834	383	(383)
	TPLN	66	7	(7)
<b>Financial debts</b>		<b>(2,179,550)</b>		
	TEUR	(2,059,109)	-	-
	TCZK	(63,454)	(6,345)	6,345
	TPLN	(276)	(28)	28
	TCHF	(56,711)	(5,671)	5,671
<b>Net exposure to currency risk</b>				
	TCZK	1,638,732	163,873	(163,873)
	TPLN	(182)	(18)	18
	TUSD	3,836	383	(383)
	THUF	436	44	(44)
	TCHF	(56,711)	(5,671)	5,671

### Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments are described under notes 6.4 for financial assets and under notes 6.12 financial liabilities respectively. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

Loans provided by the Group require instalments to be paid by the borrower according to a payment schedule, based on a fixed interest rate. The interest rates charged by the Group are usually based on Group's borrowing interest rates.

As the loans provided are based on fixed rates, and no financial debt is measured at fair value through profit and loss the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. These obligations primarily include bank loans. As at 31 December 2019, bank loans of EUR 15.0 million have flexible interest rates based on LIBOR rate for the reference period from 1 to 3 months increased by a fixed margin. As at 31 December 2018, the Group had financial liabilities with fixed interest rates only.

Trade receivables and payables are interest-free and have settlement dates within one year.

### Price risk

The Group is exposed to price risks related to investments in shares of CPI PG, which are classified as other investments.

Other components of equity would increase or decrease by EUR 9.4 million as at 31 December 2019 (EUR 6.3 million as at 31 December 2018) as a result of 5% increase or decrease of EPRA NAV per share of CPI PG.

### Other risks

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rental risk. For sensitivity analysis on changes in assumptions of investment property valuation refer to note 7.5.

## 7.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There is no real seasonality impact on its financial position but rather a volatility of financial markets might positively or negatively influence Group's consolidated financial position.

No changes were made in the objectives, policies or processes during the year ended 31 December 2019.

The Group monitors capital on the basis of the gearing ratio.

## Gearing ratio

This ratio is calculated as total debt divided by total equity. Debt is defined as all non-current and current liabilities. Equity includes all capital and reserves as shown in the consolidated statement of financial position.

	31 December 2019	31 December 2018
Debt	4,246,168	2,324,002
Equity	997,878	868,866
<b>Gearing ratio in %</b>	<b>425.52%</b>	<b>267.48%</b>

## 7.5 Fair value measurement

### Fair value of financial instruments

Fair value measurements of financial instruments reported at fair value are classified by level of the following measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the period 2019.

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.

### Accounting classification and fair values

The following tables show the carrying amounts and 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.

	31 December 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets measured at fair value</b>				
CPI Property Group shares*	188,279	188,279	125,392	125,392
Other investments	14	14	14	14
<b>Financial assets not measured at fair value</b>				
Loans provided**	3,530,722	3,713,115	2,353,433	2,716,843
Loans provided to joint venture	11,924	11,924	11,026	11,026
Radio Free Europe deferred consideration	3,881	4,085	3,834	4,036
<b>Financial liabilities not measured at fair value</b>				
Financial debt - other	4,103,767	4,145,434	2,179,550	2,179,914
Financial debt – bank loans (floating rate)	15,028	15,028	-	-
Financial debt – bank loans (fixed rate)	20,535	19,206	-	-

\* For the valuation as at 31 December 2019, the shares are valued using EPRA NAV per share of CPI PG as at 31 December 2019 (refer to note 6.3).

\*\* The fair values of the financial assets and financial liabilities included in the level 3 category have been determined in accordance with generally accepted pricing models based on the discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties, with exception of loans provided to/ received from entities controlled by the majority shareholder of the Company, which bear limited credit risk from the Group's perspective.

### Fair value measurement of investment property

The Group's investment properties were valued at 31 December 2019 in accordance with the Group's accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all these properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes.

## 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 the respective part of each class of property, which has been valued as at 31 December 2019 and as at 31 December 2018.

Class of property – Office	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Office Level 3	22	-	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€170 €35 6.5% 5.0% 60.6%	- - - - -
Complementary Assets Portfolio - Office Level 3	5	5	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€232-€232(€3) €211-€211(€3) 7.3%-7.3% (0.1%) 6.8%-6.8% (0.1%) 0%	€27 €199 7.3% 6.8% 0%
Class of property – Industry & Logistics	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Industry & Logistic Level 3	2	2	DCF	ERV per sqm NRI per sqm Equivalent yield Exit yield Vacancy rate	€27 €13 10.5% 9.5% 25.5%	€27 €13 10.5% - 25.5%
Class of property Residential	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Complementary Assets Portfolio - Residential	35	-	Comparable	Fair value per sqm	€15,992-€24,431(€21,986)	-
Class of property - Landbank & Development	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Landbank Level 3	147	143	Comparable	Fair value per sqm	€2-€2,517(€101)	€1-€2,554 (€96)
Czech Republic Prague - Landbank Level 3	148	130	Comparable	Fair value per sqm	€8 - €3,220(€524)	€8-€3,280 (€542)
Czech Republic - Landbank Level 3	5	5	Residual	Total EMRV Gross development value Development margin	€15 €2,073 25.0%	- €2,042 25.0%
Czech Republic - Development Level 3	59	40	Development Appraisal	Total EMRV Gross development value Development margin	€173-€235 (€197) €3,112-€3,352 (€3,207) 12.5%-15.0% (13.48%)	€133-€170 (€160) €1,835-€3,074 (€2,655) 7.5%-15.0% (11.3%)
Class of property - Landbank Bubny	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Landbank Bubny Level 3	157	150	Comparable	Fair value per sqm	€776	€745

The tables above are net of properties classified as assets held for sale, recent acquisitions and selected leased properties.

The amounts of classes of property as at 31 December 2019 in the table above is not fully comparable to the amounts as at 31 December 2018, primarily due to changes of valuation methods and changes in classification of assets due to their change of use.

### Appraisal for Bubny as at 31 December 2019

Bubny is a land bank with a size over 202 thousand square meters and is located near the Prague's city center. The majority of the site is currently not used. As at 31 December 2019 and 2018, a valuation of the land bank was conducted by external valuation expert Jones Lang La Salle ("JLL") using the comparable method. This Method was based on 10 (9 in 2018) recently executed land site transactions in Prague, included in below table:

	Comparative									
	1	2	3	4	5	6	7	8	9	10
Zoning plan	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use
Size (sqm) – approx.	44,000	128,000	10,000	10,000	15,000	56,000	80,000	54,000	21,000	16,000
Transacted price per sqm (EUR)	500	400	800	900	500	700	400	500	600	1,400

The fair value was determined by estimating the fair value per 1 square meter based on comparative land site transaction prices, adjusted for differences between comparative land sites and Bubny site.

The adjustments provided for the following characteristics:

Adjustment	Range used by JLL	Average multiple used	Description
Microlocation	Multiple 0.75 - 1.35	1.11	Vicinity to the city center, attractiveness of the area, public amenities.
Access	Multiple 1 - 1.15	1.05	Vehicular and pedestrian access to the property
Public transportation	Multiple 0.95 - 1.15	1.05	Metro, trams and bus stops in the vicinity
Size	Multiple 0.9 - 1	0.93	Size of land plots
Existence of Structures	Multiple 1 - 1.15	1.07	Old structures being present on the site, with potential historical protection.
Market improvement	Multiple 1.1 - 1.15	1.11	Improvement of the market since the transaction, adjustment used for optimizing dates of transactions to the date of valuation
Flooding area	Multiple 1 - 1.2	1.02	Risk of floods based on flood map issued by the Association of Insurance Companies
Liquidity of apartments	Multiple 0.9 - 1.15	1.06	Demand for flats in the location
Planning procedure	Multiple 0.55 - 1.1	0.93	Status of development (temporarily construction, ban, planning/zoning permit etc...)

### Sensitivity analysis of Bubny site

As the Bubny site was valued by comparable method, the sensitivity analysis was prepared for two key adjustments: micro location and size. For Micro location JLL used the largest range of multiples, indicating high level of judgement included in the adjustment estimate. Size adjustment is selected for sensitivity analysis because of the significance of differences in size between Bubny and comparative land sites.

Multiple size	Multiple microlocation			
	MEUR	0.95	1.00	1.05
0.95		140	148	156
1.00		148	156	164
1.05		156	164	171

### Triggering and expecting events for further development of the substantial land bank Bubny

Municipal elections were held in Prague in October 2018. The new Prague leaders are to select land plots for development of apartment buildings as the current supply is lacking. New Prague coalition included Bubny (together with Žižkov freight railway station and Smíchov railway station) in the statement as it aims to significantly speed up residential development through removing construction bans for these territories.

In August 2019, there was a draft of a new land study Holesovice-Bubny-Zátory prepared by Thomas Müller, Van Reimann Architekten and Pelčák a partner architekti was published. The study represents a basis for a change in the zoning plan which is expected to focus on the future growth of real estate in Prague through development inside the city rather than by growth outside the city's existing borders. The study divided the Bubny area in several sectors with different use and potential for future development. The study is currently subject of objections and comments. The land bank owned by the Group was split to several blocks planned for residential and for commercial development; the north part which is close to the railway line is planned for a public park. Total potential gross floor area attributable to the Group's land bank in the study is approx. 530 000 sqm.

Once the change in the zoning plan becomes legally binding, the construction ban is expected to be removed. These plans contribute to increasing public pressure on the authorities to allow development in Prague, particularly in the brownfield development areas.

### Other land banks

The other land banks valued by the comparable method with a total fair value of EUR 295 million as at 31 December 2019 and EUR 273 million as at 31 December 2018 and a size of approximately 18 million sqm.

As these land banks differ significantly in various parameters (such as current zoning, location & micro-location, existence of structures, access etc.) no further disaggregation was performed.

The sensitivity analysis for assets where the fair value was determined by comparative method was not prepared, as the potential change in inputs (such as change of multiples etc.) will result in equal or direct change in outputs.

### Sensitivity analysis on changes in assumptions of property valuation

The Group has performed a sensitivity analysis on changes in assumptions of property valuation.

The significant unobservable inputs used in fair value measurement categorized within level 3 of the fair value hierarchy of the Group portfolio are:

- equivalent yield or discount rate;
- estimated rental value (ERV) for rental asset;
- development margin/profit for development.

Change of the valuation rates would result in the following fair values – analysis of the portfolio of assets valued by discounted cash flow, income capitalization method and development appraisal:

#### As at 31 December 2019

##### Czech Republic

Development	MEUR
Developer's Profit (5.00%)	63.90
Developer's Profit (2.50%)	61.50
Developer's Profit -	59.30
Developer's Profit 2.50%	57.10
Developer's Profit 5.00%	55.00

ERV	Industrial	Yield		
	MEUR	(0.25%)	-	0.25%
	(5.00%)	1.74	1.71	1.68
	-	1.83	1.80	1.77
5.00%	1.93	1.89	1.86	

Landbank as a development	MEUR
Developer's Profit (5.00%)	6.09
Developer's Profit (2.50%)	5.67
Developer's Profit -	5.26
Developer's Profit 2.50%	4.87
Developer's Profit 5.00%	4.50

ERV	Office	Discount rate		
	MEUR	(0.25%)	-	0.25%
	(5.00%)	21.38	20.51	19.70
	-	22.51	21.59	20.74
5.00%	23.63	22.67	21.78	

##### Poland

ERV	Office	Discount rate		
	MEUR	(0.25%)	-	0.25%
	(5.00%)	4.63	4.47	4.31
	-	4.87	4.70	4.54
5.00%	5.12	4.94	4.77	

#### As at 31 December 2018

##### Czech Republic

Development	MEUR
Developer's Profit (5.00%)	45.87
Developer's Profit (2.50%)	43.18
Developer's Profit -	40.50
Developer's Profit 2.50%	38.13
Developer's Profit 5.00%	35.68

ERV	Industrial	Yield		
	MEUR	(0.25%)	-	0.25%
	(5.00%)	1.79	1.78	1.78
	-	1.88	1.88	1.87
5.00%	1.98	1.97	1.96	

Landbank as a development	MEUR
Developer's Profit (5.00%)	6.01
Developer's Profit (2.50%)	5.60
Developer's Profit -	5.20
Developer's Profit 2.50%	4.81
Developer's Profit 5.00%	4.44

##### Poland

ERV	Office	Discount rate		
	MEUR	(0.25%)	-	0.25%
	(5.00%)	4.60	4.50	4.30
	-	4.90	4.70	4.50
5.00%	5.10	4.90	4.86	

## 8 Contingencies

In June 2007 the Company issued a guarantee up to a maximum amount of EUR 5 million to secure all payment claims of IBB Holding and BTGI against inter alia Gewerbesiedlungs-Gesellschaft (Berlin), Orco Russian Retail, and MSREF V/MSREF Turtle B.V under an option agreement dated 22/23 May 2006 as amended on 24/25 April 2007 concerning the acquisition of all shares in Gewerbesiedlungs-Gesellschaft.

According to the framework agreement dated 18 August 2011 between the Company and MSREF V Turtle, the Company assumed the obligation to release the Morgan Stanley companies (MSREF V and MSREF V Turtle) from all claims under the Morgan Stanley guarantee by issuing a respective back to back guarantee of EUR 10 million.

IBB Holding and BTGI agreed to accept a top up of OPG guarantee and the release of Morgan Stanley companies from their engagement as per the option agreement. In June 2015 the Company issued the EUR 5 million top up guarantee in favor IBB Holding and BTGI and obtained a release from Morgan Stanley back to back guarantee. The aggregate guarantee of the Company to the benefit of IBB Holding and BTGI amounts to EUR 10 million.

## 9 Litigations

### Kingstown dispute

In January 2015 the Company was served with summons by Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II LP of Delaware, Ktown LP of Delaware (collectively referred to as “Kingstown”), claiming to be former shareholders of the Company. The action was filed with the “Tribunal d’ Arrondissement de et a Luxembourg” (the “Court”) and seeks condemnation of the Company, CPI PG and certain members of the Company’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 damage claimed arose inter alia from the alleged violation of the Company’s minority shareholders rights. 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 EU 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. The Court rendered a judgement on 19 February 2016, whereby each claimant has to pay a legal deposit in the total amount of EUR 90 thousand to the “Caisse de Consignation” in Luxembourg. Kingstown paid the deposit in January 2017 and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown’s legal advisors filed additional submission to increase the amount of alleged damages claimed to EUR 157 million.

The Company continues to believe the claim is without merit and intends to vigorously contest it. In June 2019, the Court issued a first instance judgement, dismissing the claim against CPI PG because the claim was not clearly pleaded (“libellé obscur”) in relation to CPI PG. In relation to the admissibility of Kingstown’s claim against the Company and other defendants, the Court is expected to rule only after it further examines positions of the remaining parties on certain procedural aspects; until then, the case will continue in a procedural stage. The merits of the case will be pleaded by any remaining defendants only if the Court declares the claim admissible. The hearings on the admissibility of the claim against the Company are expected to take place in second half of 2020.

### Hagibor Office Building dispute

In March 2016, the insolvency administrator of the Company’s subsidiary HAGIBOR OFFICE BUILDING (“HOB”), filed a lawsuit, requesting that the Company returns to HOB in aggregate USD 16.49 million, paid by HOB to the Company in 2012. The Company is of the opinion that the lawsuit has no merit given that in 2012 HOB duly repaid its loan to the Company. The Company 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 the Company 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, the Company 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.

### Disputes related to warrants issued by the Company

The Company 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 the Company for approximately EUR 1.2 million in relation to the Change of Control Notice published by the Company, 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 the Company 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.

The Company will defend itself against these lawsuits and reminds that in accordance with the judgement of the Paris Commercial Court pronounced on 26 October 2015 concerning the termination of the Company’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 Company’s Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the Company’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 Company’s Safeguard will be unenforceable against the Company. To the best of Company’s knowledge, none of the holders of the 2014 Warrants who sued the Company filed their claims 2014 Warrants-related claims in the Company’s Safeguard Plan.

## 10 Capital and other commitments

The Group has capital commitments of EUR 19.9 million in respect of capital expenditures contracted as at 31 December 2019 (EUR 48.3 million as at 31 December 2018).

## 11 Related party transactions

### Transactions with key management personnel

Total compensation given as short-term employee benefits to the top managers for the year 2019 was EUR 0.5 million (EUR 0.3 million for the year 2018).

The Board and Committees attendance compensation for 2019 was EUR 36 thousand (EUR 36 thousand).

### The remuneration of the key management personnel and members of Board of Directors

	31 December 2019	31 December 2018
Remuneration paid to the key management personnel and members of Board of Directors	540	335
<b>Total remuneration</b>	<b>540</b>	<b>335</b>

### Breakdown of balances and transactions with related of the Group

Majority shareholder of the Group	31 December 2019	31 December 2018
Trade receivables	-	634
Interest income	-	966
<b>Entities over which the majority shareholder has control</b>		
Loans provided current (refer below for the detail)	56,442	56,204
Trade receivables	44	62
Loans received non-current (refer below for the detail)	-	2,177
Loans received current (refer below for the detail)	50	30
Rental income	20	22
Advisory services	30	33
Interest income (refer below for the detail)	2,782	4,156
Interest expense (refer below for the detail)	(19)	(30)
<b>CPI PG Group</b>		
Loans provided non-current (refer below for the detail)	3,434,196	2,288,337
Other non-current receivables	-	7,976
Loans provided current (refer below for the detail)	43,251	24,310
Trade receivables	4,011	4,164
Other current receivables	10,095	1,944
Loans received non-current (refer below for the detail)	3,861,691	2,089,262
Loans received current (refer below for the detail)	237,210	87,805
Trade payables	1,197	8,128
Other current liabilities	37,318	82,628
Service revenue	17,799	24,160
Advisory services	(7,689)	(9,253)
Interest income (refer below for the detail)	145,339	105,283
Interest expense (refer below for the detail)	(90,135)	(61,564)
Other finance income	-	5,631
<b>Joint venture</b>		
Loans provided non-current (refer below for the detail)	11,791	11,026
Loans provided current (refer below for the detail)	133	126
Interest income (refer below for the detail)	772	724

### Non-current loans provided to related parties

CPI PG Group	31 December 2019	31 December 2018
1 Bishops Avenue Limited	20,291	-
Airport City Kft.	16,047	13,974
Airport City Phase B Kft.	1,870	2,168
Andrássy Hotel Zrt.	4,595	5,000
Andrássy Real Kft.	11,233	11,099
Arena Corner Kft.	37,009	37,873
Balvinder, a.s.	4,771	4,875
BARON PUGLIA S.a.r.l.	11,970	-
Baudry Beta, a.s.	11,147	11,297
Baudry, a.s.	-	13,486
BAYTON Alfa, a.s.	12,902	14,526
BC 91 Real Estate Kft.	1,548	-
BC 99 Office Park Kft.	32,944	13,500
Beroun Property Development, a.s.	9,310	9,633
Best Properties South, a.s.	57,333	67,403
Brandýs Logistic, a.s.	17,785	15,962
Brno Property Development, a.s.	28	1,229
Březiněves, a.s.	8,360	8,224
Buy-Way Dunakeszi Kft.	6,390	7,266
Buy-Way Soroksár Kft.	3,876	2,011
Byty Lehovec, s.r.o.	3,347	4
CAMPONA Shopping Center Kft.	65,953	66,074



CPI PG Group	31 December 2019	31 December 2018
Carpenter Invest, a.s.	2,165	1,977
CB Property Development, a.s.	1,464	-
Conradian, a.s.	5,268	5,217
CPI – Bor, a.s.	5,573	-
CPI - Orlová, a.s.	1,138	1,075
CPI - Real Estate, a.s.	2,796	3,116
CPI - Štupartská, a.s.	-	5,759
CPI Alfa, a.s.	-	9,562
CPI Beet, a.s.	166	150
CPI Blatiny, s.r.o.	2,810	3,331
CPI BYTY, a.s.	115,935	121,376
CPI Delta, a.s.	1,828	721
CPI East, s.r.o.	85,189	133,082
CPI Flats, a.s.	753	-
CPI Hotels Europeum Kft.	200	-
CPI Hotels Properties, a.s.	11,095	395
CPI IMMO, S.a.r.l.	3,797	3,797
CPI Jihlava Shopping, a.s.	15,546	10,281
CPI Kappa, s.r.o.	945	1,492
CPI Lambda, a.s.	-	20
CPI Meteor Centre, s.r.o.	16,456	17,128
CPI Office Prague, s.r.o.	80,439	96,185
CPI Palmovka Office, s.r.o.	3,444	19
CPI Property a Facility, s.r.o.	333	329
CPI PROPERTY GROUP S.A.	1,102,422	53,363
CPI Reality, a.s.	50,673	38,068
CPI Retail MB s.r.o.	-	8,933
CPI Retail One Kft.	9,863	9,480
CPI Retail Portfolio Holding Kft.	20,249	19,514
CPI Retail Portfolio I, a.s.	2,196	8,011
CPI Retail Portfolio II, a.s.	-	4,953
CPI Retail Portfolio IV, s.r.o.	958	6,810
CPI Retail Portfolio V, s.r.o.	4,444	4,724
CPI Retail Portfolio VI, s.r.o.	1,598	2,083
CPI Retail Portfolio VIII s.r.o.	4,281	4,373
CPI Retails ONE, a.s.	9,395	10,180
CPI Retails ROSA s.r.o.	4,472	4,491
CPI Retails THREE, a.s.	32,352	32,927
CPI Retails TWO, a.s.	7,584	9,046
CPI Services, a.s.	3,016	-
CPI Shopping MB, a.s.	33,319	33,135
CPI Shopping Teplice, a.s.	49,759	42,453
CPI Vestec, s.r.o.	5,520	6,921
Czech Property Investments, a.s.	493,036	328,609
Čadca Property Development, s.r.o.	1,280	1,334
Čáslav Investments, a.s.	2,252	2,260
Dienzenhoferovy sady 5, s.r.o.	-	7,318
EMH South, s.r.o.	8,657	10,503
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	15,346	15,346
Europeum Kft.	25,325	3,925
Farhan, a.s.	54,232	54,514
FL Property Development, a.s.	201	200
Futurum HK Shopping, s.r.o.	93,073	50,568
Gateway Office Park Kft.	14,738	16,363
GCA Property Development sp. z o.o.	331	-
HD Investment s.r.o.	64	52
Hightech Park Kft.	3,899	3,827
Hospitality Invest S.a r.l.	-	2,628
Hraničář, a.s.	13,259	14,225
IGY2 CB, a.s.	2,815	853
IS Nyír Ingatlanhasznosítóés Vagyonkezelő Kft.	1,877	2,097
IS Zala Ingatlanhasznosítóés Vagyonkezelő Kft.	8,392	8,446
Janáčkovo nábřeží 15, s.r.o.	6,958	3,809
Jeseník Investments, a.s.	2,023	1,899
Kerina, a.s.	6,573	6,802
KOENIG Shopping, s.r.o.	50,027	61,244
Komárno Property Development, a.s.	2,327	2,442
Kosmonosy Property Development, s.r.o.	7,436	-
Kravaňská zemědělská, a.s.	4,723	-
LD Praha, a.s.	5,271	5,525
Levice Property Development, a.s.	4,023	3,928



CPI PG Group	31 December 2019	31 December 2018
Liptovský Mikuláš Property Development, a.s.	4,938	4,410
Lockhart, a.s.	28,270	19,931
Lucemburská 46, a.s.	6,301	8,793
Malerba, a.s.	-	118
Marissa Gama, a.s.	40,716	40,942
Marissa Kappa, a.s.	-	4,091
Marissa Omikrón, a.s.	18,478	22,730
Marissa Tau, a.s.	6,454	6,625
Marissa Théta, a.s.	1,218	1,628
Marissa West, a.s.	37,038	34,144
Marissa Yellow, a.s.	7,388	9,268
Marissa Ypsilon, a.s.	39,029	38,682
Marissa, a.s.	-	20,911
MB Futurum HK s.r.o.	-	43,127
MB Property Development, a.s.	1,734	1,066
Michalovce Property Development, a.s.	4,826	4,717
MUXUM, a.s.	4,788	4,858
Na Poříčí, a.s.	30,911	30,388
New Age Kft.	363	567
OC Nová Zdaboř a.s.	8,988	8,916
OC Spektrum, s.r.o.	3,019	11,069
OFFICE CENTER HRADČANSKÁ, a.s.	12,374	12,347
Office Center Poštová, s.r.o.	4,576	4,657
Olomouc Building, a.s.	15,628	-
Olomouc City Center, a.s.	-	9,095
Olomouc Office, a.s.	-	6,490
Orchard Hotel a.s.	9,958	-
Outlet Arena Moravia, s.r.o.	1,900	1,973
Ozrics Kft.	1,740	2,469
Pelhřimov Property Development, a.s.	2,684	2,747
Pólus Shopping Center Zrt.	64,830	62,578
Považská Bystrica Property Development, a.s.	1,342	1,494
Prievidza Property Development, a.s.	3,600	3,493
Projekt Nisa, s.r.o.	80,034	82,944
Projekt Zlatý Anděl, s.r.o.	80,253	104,219
Prostějov Investments, a.s.	878	-
Příbor Property Development, s.r.o.	391	319
Real Estate Energy Kft.	38	-
Residence Belgická, s.r.o.	1,661	1,799
Residence Izabella, Zrt.	3,217	4,486
Rezidence Jančova, s.r.o.	32	-
Rezidence Malkovského, s.r.o.	363	-
Statek Kravaře, a.s.	3,380	-
Spišská Nová Ves Property Development, a.s.	-	3,969
Statenice Property Development, a.s.	2,184	2,057
Svitavy Property Alfa, a.s.	9,346	9,646
Telč Property Development, a.s.	420	387
Tepelné hospodářství Litvínov, s.r.o.	966	565
Trebišov Property Development, s.r.o.	117	281
Třinec Investments, s.r.o.	2,364	2,504
Třinec Property Development, a.s.	3,205	4,158
Tyršova 6, a.s.	2,297	1,966
U svatého Michala, a.s.	3,251	3,195
Vigano, a.s.	9,699	8,699
Vyškov Property Development, a.s.	-	3,293
Ždírec Property Development, a.s.	721	728
Total loans provided non-current - related parties	3,434,196	2,288,337
Joint venture		
Uniborc S.A.	11,791	11,026
<b>Total</b>	<b>3,445,987</b>	<b>2,299,363</b>

### Current loans provided to related parties

CPI PG Group	31 December 2019	31 December 2018
1 Bishops Avenue Limited	207	-
Airport City Kft.	297	129
Airport City Phase B Kft.	14	17
Andrássy Hotel Zrt.	32	29
Andrássy Real Kft.	78	-
Arena Corner Kft.	295	260
Balvinder, a.s.	57	71
BARON PUGLIA S.a.r.l.	20	-

CPI PG Group	31 December 2019	31 December 2018
Baudry Beta, a.s.	225	198
BAYTON Alfa, a.s.	189	125
BC 91 Real Estate Kft.	16	-
BC 99 Office Park Kft.	811	157
Beroun Property Development, a.s.	270	139
Best Properties South, a.s.	1,036	328
Brandýs Logistic, a.s.	136	130
Březiněves, a.s.	95	-
Buy-Way Dunakeszi Kft.	51	11
Buy-Way Soroksár Kft.	29	3
Byty Lehovec	177	-
CAMPONA Shopping Center Kft.	2,455	111
CB Property Development, a.s.	8	102
CPI – Bor, a.s.	140	-
CPI - Orlová, a.s.	17	-
CPI – Real Estate, a.s.	46	12
CPI - Štupartská, a.s.	-	34
CPI Alfa, a.s.	-	209
CPI Beet, a.s.	6	4
CPI Blatiny, s.r.o.	74	-
CPI BYTY, a.s.	1,177	1,489
CPI Delta, a.s.	38	243
CPI East, s.r.o.	1,385	205
CPI Flats, a.s.	47	-
CPI Hotels Properties, a.s.	28	12
CPI IMMO, S.a.r.l.	125	68
CPI Jihlava Shopping, a.s.	240	-
CPI Kappa, s.r.o.	12	2
CPI Meteor Centre, s.r.o.	133	136
CPI Office Prague, s.r.o.	797	71
CPI Palmovka Office, s.r.o.	55	-
CPI Property a Facility, s.r.o.	3	2
CPI PROPERTY GROUP S.A.	12,379	2,253
CPI Reality, a.s.	598	1,115
CPI Retail MB s.r.o.	-	102
CPI Retail One Kft.	517	457
CPI Retail Portfolio I, a.s.	28	37
CPI Retail Portfolio II, a.s.	-	39
CPI Retail Portfolio IV, s.r.o.	25	53
CPI Retail Portfolio V, s.r.o.	44	31
CPI Retail Portfolio VI, s.r.o.	17	16
CPI Retail Portfolio VIII s.r.o.	67	47
CPI Retails ONE, a.s.	119	29
CPI Retails Rosa s.r.o.	34	99
CPI Retails THREE, a.s.	234	327
CPI Retails TWO, a.s.	87	11
CPI Serivces, a.s.	44	-
CPI Shopping MB, a.s.	410	216
CPI Shopping Teplice, a.s.	562	227
CPI Vestec, s.r.o.	75	34
Czech Property Investments, a.s.	2,299	6,663
Čadca Property Development, s.r.o.	9	-
Čáslav Investments, a.s.	72	36
Dienzenhoferovy sady 5, s.r.o.	-	88
EMH South, s.r.o.	105	10
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	866	693
Europeum Kft.	87	31
Farhan, a.s.	685	-
FL Property Development, a.s.	3	-
Futurum HK Shopping, s.r.o.	1,055	689
Gateway Office Park Kft.	110	24
GCA Property Development sp. z o.o.	3	-
Hightech Park Kft.	130	91
Hospitality Invest S.a r.l.	974	2,758
Hraničář, a.s.	195	63
IGY2 CB, a.s.	56	32
IS Nyír Kft.	16	-
IS Zala Kft.	119	-
Janáčkovo nábřeží 15, s.r.o.	211	76
Jeseník Investments, a.s.	33	38
Kerina, a.s.	74	77

CPI PG Group	31 December 2019	31 December 2018
KOENIG Shopping s.r.o.	685	94
Komárno Property Development, a.s.	16	-
Kosmonosy Property Development, s.r.o.	183	-
Kravařská zemědělská, a.s.	164	-
LD Praha, a.s.	46	6
Levice Property Development, a.s.	34	-
Lockhart, a.s.	760	154
Lucemburská 46, a.s.	92	63
Marissa Gama, a.s.	438	432
Marissa Kappa, a.s.	-	28
Marissa Omikrón, a.s.	143	174
Marissa Tau, a.s.	97	-
Marissa Théta, a.s.	11	15
Marissa West, a.s.	699	-
Marissa Yellow, a.s.	144	-
Marissa Ypsilon, a.s.	483	398
MB Futurum HK s.r.o.	-	403
MB Property Development, a.s.	28	13
Michalovce Property Development, a.s.	45	-
MUXUM, a.s.	63	20
Na Poříčí, a.s.	511	529
New Age Kft.	9	13
OC Nová Zdobůř a.s.	113	115
OC Spektrum, s.r.o.	54	66
OFFICE CENTER HRADČANSKÁ, a.s.	159	109
Office Center Poštová, s.r.o.	37	43
Olomouc Building, a.s.	259	-
Olomouc City Center, a.s.	-	8
Olomouc Office, a.s.	-	68
Orchard Hotel a.s.	376	-
Outlet Arena Moravia, s.r.o.	22	29
Ozrics, Kft.	19	19
Pelhřimov Property Development, a.s.	35	33
Pólus Shopping Center Zrt.	1,560	103
Považská Bystrica Property Development, a.s.	9	-
Prievidza Property Development, a.s.	23	-
Projekt Nisa, s.r.o.	1,440	129
Projekt Zlatý Anděl, s.r.o.	767	154
Prostějov Investments, a.s.	55	-
Příbor Property Development, s.r.o.	6	12
Real Estate Energy Kft.	1	-
Residence Belgická, s.r.o.	24	22
Residence Izabella, Zrt.	41	28
Rezidence Jančova, s.r.o.	2	-
Rezidence Malkovského, s.r.o.	7	-
Statek Kravaře, a.s.	66	-
Statenice Property Development, a.s.	30	-
Svitavy Property Alfa, a.s.	115	60
Tepelné hospodářství Litvínov, s.r.o.	9	14
Trutnov Property Development, a.s.	-	9
Třinec Investments, s.r.o.	52	25
Třinec Property Development, a.s.	66	86
Tyršova 6, a.s.	46	26
U svatého Michala, a.s.	32	-
Vyškov Property Development, a.s.	-	46
Ždírec Property Development, a.s.	12	5
<b>Total loans provided current - related parties</b>	<b>43,251</b>	<b>24,310</b>
Entities over which the majority shareholder has control		
GAMALA LIMITED	56,442	56,204
Joint venture		
Uniborc S.A.	133	126
<b>Total</b>	<b>99,826</b>	<b>80,640</b>

**Non-current financial debts received from related parties**

CPI PG Group	31 December 2019	31 December 2018
BC 30 Property Kft.	-	11,472
BC 91 Real Estate Kft.	-	4,578
CPI – Horoměřice, a.s.	-	266
CPI Energo, a.s.	315	311
CPI PROPERTY GROUP S.A.	3,688,390	1,924,152
Jetřichovice Property, a.s.	-	278
ST Project Limited	172,987	148,205
<b>Total financial debts non-current - related parties</b>	<b>3,861,692</b>	<b>2,089,262</b>
<b>Entities over which the majority shareholder has control</b>		
Turf Praha a.s.	-	2,177
<b>Total</b>	<b>3,861,692</b>	<b>2,091,439</b>

**Current financial debts received from related parties**

CPI PG Group	31 December 2019	31 December 2018
BAYTON Gama, a.s.	865	-
BC 30 Property Kft.	511	295
BC 91 Real Estate Kft.	-	130
BPT Development, a.s.	2,574	389
BRNO INN, a.s.	1,995	-
Brno Property Development, a.s.	22,831	24,030
CPI - Bor, a.s.	-	1,917
CPI – Horoměřice, a.s.	280	2
CPI - Zbraslav, a.s.	2,619	2,899
CPI Energo, a.s.	12	3
CPI Epsilon, a.s.	-	5,449
CPI Hotels Properties, a.s.	-	1,676
CPI Hungary Kft.	786	763
CPI Národní, s.r.o.	10,998	7,483
CPI Park Mlýnec, a.s.	-	82
CPI PROPERTY GROUP S.A.	35,685	15,662
CPI Retail Portfolio II, a.s.	3,226	-
Czech Property Investments, a.s.	134,198	-
HOTEL U PARKU, s.r.o.	512	214
Janáčkovo nábřeží 15, s.r.o.	-	8,246
Jetřichovice Property, a.s.	278	2
Lucemburská 46, a.s.	-	2,474
Nymburk Property Development, a.s.	7,646	7,432
OFFICE CENTER HRADČANSKÁ, a.s.	-	5
PROJECT FIRST, a.s.	5,344	5,318
Rezidence Belgická, s.r.o.	-	199
Rezidence Jančova, s.r.o.	8	-
Rezidence Malkovského, s.r.o.	73	-
ST Project Limited	6,679	3,135
Tachov Investments, s.r.o.	90	-
<b>Total financial debts current - related parties</b>	<b>237,210</b>	<b>87,805</b>
<b>Entities over which the majority shareholder has control</b>		
Turf Praha a.s.	50	30
<b>Total</b>	<b>237,260</b>	<b>87,835</b>

**Interest income from related parties**

CPI PG Group	12 month period ended	
	31 December 2019	31 December 2018
1 Bishops Avenue Limited	206	-
AIRPORT CITY Kft.	598	392
Airport City Phase B Kft.	59	51
Andrássy Hotel Zrt.	135	108
Andrássy Real Kft.	914	153
Arena Corner Kft.	1,279	1,385
Balvinder, a.s.	311	393
BARON PUGLIA S.a.r.l.	20	-
Baudry Beta, a.s.	446	571
Baudry, a.s.	-	333
BAYTON Alfa, a.s.	1,161	799
BC 30 Property Kft.	2	-
BC 90 Office Park Kft.	-	171
BC 91 Real Estate Kft.	19	-
BC 99 Office Park Kft.	1,167	-
Beroun Property Development, a.s.	538	624
Best Properties South, a.s.	2,838	1,974

CPI PG Group	12 month period ended	
	31 December 2019	31 December 2018
BPT Development, a.s.	233	-
Brandýs Logistic, a.s.	561	731
Brno Property Development, a.s.	44	86
Březiněves, a.s.	626	1,037
Budaörs Office Park Kft.	-	29
Buy-Way Dunakeszi Kft.	215	11
Buy-Way Soroksár Kft.	116	3
Byty Lehovec, s.r.o.	176	-
CAMPONA Shopping Center Kft.	5,531	2,173
Carpenter Invest, a.s.	203	196
CB Property Development, a.s.	62	2,547
Conradian, a.s.	537	569
CPI – Bor, a.s.	164	-
CPI - Orlová, a.s.	66	63
CPI - Real Estate, a.s.	125	149
CPI - Štupartská, a.s.	-	259
CPI Alfa, a.s.	-	679
CPI Blatiny, s.r.o.	407	226
CPI Beet, a.s.	25	-
CPI BYTY, a.s.	4,717	1,489
CPI Delta, a.s.	59	272
CPI East, s.r.o.	10,285	5,153
CPI Flats, a.s.	91	-
CPI Hotels Properties, a.s.	364	104
CPI IMMO, S.a.r.l.	57	46
CPI Jihlava Shopping, a.s.	1,178	1,439
CPI Kappa, s.r.o.	74	157
CPI Meteor Centre, s.r.o.	539	711
CPI Národní, s.r.o.	-	409
CPI Office Prague, s.r.o.	5,602	3,450
CPI Palmovka Office, s.r.o.	66	1
CPI Property a Facility, s.r.o.	13	10
CPI PROPERTY GROUP S.A.	12,373	2,202
CPI Reality, a.s.	2,693	1,362
CPI Retail MB s.r.o.	-	427
CPI Retail One Kft.	1,042	890
CPI Retail Portfolio Holding Kft.	1,935	1,765
CPI Retail Portfolio I, a.s.	210	37
CPI Retail Portfolio II, a.s.	170	39
CPI Retail Portfolio III, s.r.o.	-	41
CPI Retail Portfolio IV, s.r.o.	171	53
CPI Retail Portfolio V, s.r.o.	228	175
CPI Retail Portfolio VI, s.r.o.	76	16
CPI Retail Portfolio VII, s.r.o.	-	33
CPI Retail Portfolio VIII s.r.o.	221	256
CPI Retails ONE, a.s.	623	243
CPI Retails ROSA s.r.o.	173	304
CPI Retails THREE, a.s.	1,392	1,244
CPI Retails TWO, a.s.	525	215
CPI Services, a.s.	51	-
CPI Shopping MB, a.s.	2,119	1,430
CPI Shopping Teplice, a.s.	2,228	1,945
CPI Vestec, s.r.o.	312	34
Czech Property Investments, a.s.	21,534	11,615
Čadca Property Development, s.r.o.	105	136
Čáslav Investments, a.s.	157	201
Český Těšín Property Development, a.s.	-	90
Dienzenhoferovy sady 5, s.r.o.	-	389
EMH South, s.r.o.	739	570
ENDURANCE HOSPITALITY FINANCE S. a r.l.	173	-
Europeum Kft.	175	32
Farhan, a.s.	2,884	2,765
FL Property Development, a.s.	12	12
Futurum HK Shopping, s.r.o.	4,174	2,576
Gateway Office Park Kft.	456	24
HD Investment s.r.o.	4	1
Hightech Park Kft.	172	91
Hospitality Invest S. a r.l.	19	-
Hraničář, a.s.	754	966
IGY2 CB, a.s.	140	1,167

CPI PG Group	12 month period ended	
	31 December 2019	31 December 2018
IS Nyír Ingatlanhasznosítóés Vagyonkezelő Kft.	169	65
IS Zala Ingatlanhasznosítóés Vagyonkezelő Kft.	735	309
Janáčkovo nábřeží 15, s.r.o.	516	307
Jeseník Investments, a.s.	129	169
Kerina, a.s.	300	429
KOENIG Shopping, s.r.o.	4,091	2,811
Komárno Property Development, a.s.	191	257
Kosmonosy Property Development, s.r.o.	378	-
Kravařská zemědělská, a.s.	163	-
LD Praha, a.s.	354	218
Levice Property Development, a.s.	327	384
Liptovský Mikuláš Property Development, a.s.	451	403
Lockhart, a.s.	1,565	1,182
Lucemburská 46, a.s.	213	263
Malerba, a.s.	-	8
Marissa Gama, a.s.	1,751	2,375
Marissa Kappa, a.s.	-	235
Marissa Omikrón, a.s.	956	1,376
Marissa Tau, a.s.	547	672
Marissa Théta, a.s.	50	61
Marissa West, a.s.	3,296	3,073
Marissa Yellow, a.s.	921	1,166
Marissa Ypsilon, a.s.	2,239	2,898
Marissa, a.s.	-	752
MB Futurum HK s.r.o.	-	934
MB Property Development, a.s.	48	60
Michalovce Property Development, a.s.	395	460
Modřanská Property, a.s.	-	461
MUXUM, a.s.	274	408
Na Poříčí, a.s.	2,008	2,480
New Age Kft.	22	13
OC Nová Zdaboř a.s.	442	555
OC Spektrum, s.r.o.	403	749
OFFICE CENTER HRADČANSKÁ, a.s.	777	162
Office Center Poštová, s.r.o.	188	215
Olomouc Building, a.s.	977	-
Olomouc City Center, a.s.	-	645
Olomouc Office, a.s.	-	332
Orchard Hotel a.s.	641	-
Outlet Arena Moravia, s.r.o.	90	119
Ozrics, Kft.	51	83
Pelhřimov Property Development, a.s.	153	187
Pólus Shopping Center Zrt.	4,197	1,944
Považská Bystrica Property Development, a.s.	114	252
Prievidza Property Development, a.s.	283	327
Projekt Nisa, s.r.o.	6,548	3,661
Projekt Zlatý Anděl, s.r.o.	5,014	4,101
Prostějov Investments, a.s.	54	-
Příbor Property Development, s.r.o.	26	26
Real Estate Energy Kft.	1	-
Residence Belgická, s.r.o.	80	92
Residence Izabella, Zrt.	137	98
Rezidence Jančova, s.r.o.	2	-
Rezidence Malkovského, s.r.o.	9	-
Spišská Nová Ves Property Development, a.s.	346	365
Státek Kravaře, a.s.	66	-
Statenice Property Development, a.s.	123	118
Svitavy Property Alfa, a.s.	727	557
Telč Property Development, a.s.	24	27
Tepelné hospodářství Litvínov, s.r.o.	34	90
Třebíšov Property Development, s.r.o.	19	33
Trutnov Property Development, a.s.	-	494
Třebíč Investments, s.r.o.	95	-
Třinec Investments, s.r.o.	128	159
Třinec Property Development, a.s.	249	365
Tyršova 6, a.s.	59	133
U svatého Michala, a.s.	176	184
Vigano, a.s.	900	800
Vítek Radovan, JUDr.	-	966
Vysočina Investments, a.s.	199	-

CPI PG Group	12 month period ended	
	31 December 2019	31 December 2018
Vyškov Property Development, a.s.	-	252
ZLATICO LIMITED	-	601
Ždírec Property Development, a.s.	49	63
<b>Total interest income - related parties</b>	<b>145,339</b>	<b>105,283</b>
Entities over which the majority shareholder has control		
GAMALA LIMITED	2,782	4,156
Joint venture		
Uniborc S.A.	772	724
<b>Total</b>	<b>148,893</b>	<b>110,163</b>

### Interest expense from related parties

CPI PG Group	12 month period ended	
	31 December 2019	31 December 2018
BAYTON Gama, a.s.	2	-
BC 30 Property Kft.	220	295
BC 91 Real Estate Kft.	97	130
BPT Development, a.s.	16	-
Brandýs Logistic, a.s.	1	-
BRNO INN, a.s.	27	-
Brno Property Development, a.s.	701	399
CPI - Bor, a.s.	22	63
CPI – Horoměřice, a.s.	8	8
CPI - Zbraslav, a.s.	87	82
CPI Energo, a.s.	9	3
CPI Epsilon, a.s.	-	148
CPI Hotels Properties, a.s.	48	2
CPI Hungary Kft.	23	1
CPI Národní, s.r.o.	271	90
CPI PROPERTY GROUP S.A.	84,471	30,956
CPI Reality, a.s.	-	1
CPI Retail Portfolio I, a.s.	-	43
CPI Retail Portfolio II, a.s.	9	74
CPI Retail Portfolio III, s.r.o.	-	41
CPI Retail Portfolio IV, s.r.o.	-	17
CPI Retail Portfolio VI, s.r.o.	-	11
CPI Retail Portfolio VII, s.r.o.	-	12
Czech Property Investments, a.s.	200	25,941
HOTEL U PARKU, s.r.o.	9	-
Janáčkovo nábřeží 15, s.r.o.	122	18
Jetřichovice Property, a.s.	8	8
Lucemburská 46, a.s.	44	5
MUXUM, a.s.	-	76
Nymburk Property Development, a.s.	214	202
OFFICE CENTER HRADČANSKÁ, a.s.	-	1
PROJECT FIRST a.s.	160	112
Residence Belgická, s.r.o.	2	-
ST Project Limited	3,543	2,825
Tachov Investments, s.r.o.	1	-
<b>Total interest expense - related parties</b>	<b>90,315</b>	<b>61,564</b>
Entities over which the majority shareholder has control		
Turf Praha a.s.	19	30
<b>Total</b>	<b>90,334</b>	<b>61,594</b>

### Acquisition of Pietroni, s.r.o.

On 29 November 2019, the Group acquired 100% shares in Pietroni, s.r.o. from the majority shareholder for EUR 1 (see note 3.3). Pietroni, s.r.o. owned 67,000,000 pieces of CPI PG's shares as of the acquisition date (see note 6.3). As part of the transaction, the Group acquired current financial liability of EUR 10.1 million provided by (and repaid in 2019 to) the majority shareholder.

### Sale of subsidiaries

The Group sold the following subsidiaries to related company CPI a.s.:

- On 14 November 2019 was sold CT Development sp. z o.o. for EUR 2 thousand,
- Moniuszki Office sp. z o.o. was sold for EUR 2 thousand on 14 November 2019,
- On 2 December 2019 was sold Equator II Development sp. z o.o. for EUR 2 thousand,
- GCA Property Development sp. z o.o. was sold for EUR 2 thousand on 18 December 2019.

**Disposal of non-controlling interest**

On 29 July 2019, the Company completed the transfer of 80% stake in Vysočany Office, a.s., to related company GSG Europa Beteiligungs GmbH (“GSG Europa”) for EUR 62.5 thousand.

On 26 June 2018, the Company completed the transfer of 80% stake in Bubny Development, subsidiary holding the Bubny land bank in Prague, to related company GSG Europa (see note 3.5). The purchase price for the 80% stake in Bubny amounted to EUR 107.3 million. An advance payment of EUR 84 million was received in 2017 and the remaining EUR 23.3 million in September 2018.

**Acquisition of bonds issued by CPI PG Group**

In August 2018, the Group acquired bonds issued by CPI BYTY in the amount of EUR 77.7 million from the majority shareholder. The bonds were repaid in September 2018. In October 2018, the Group acquired bonds issued by CPI, a.s. in the amount of EUR 77.7 million from the majority shareholder. The bonds were repaid in November 2018.

The related party transactions are priced on arm's length basis.

## 12 Events after the reporting period

**Admission of shares**

The Company received a decision from the Management Board of the Warsaw Stock Exchange (the “WSE”) dated 24 February 2020 confirming the admission of 200,000,000 shares of the Company to exchange trading on the Main List of the WSE as of 25 February 2020.

As of 25 February 2020, 314,507,629 Company shares registered under ISIN code LU0122624777 will be traded in parallel on the regulated markets of both the Luxembourg Stock Exchange and the WSE. The remaining 1,000,000,000 shares shall remain in registered form and non-tradeable on a stock exchange.

**Impact of COVID -19 pandemic on the Group**

The Group's main shareholder CPI PG Group currently has over EUR 1 billion of liquidity comprised of more than EUR 500 million of cash and an undrawn EUR 510 million revolving credit facility with 11 local and international banks maturing in 2022. 70% of CPI PG's assets are unencumbered. Therefore, the Group does not expect the COVID-19 pandemic to have impact on its ability to continue as a going concern.

As an effect of COVID-19 pandemic, the Group's capital expenditure and development plans are being reassessed and reprioritized. The Group is taking actions to reduce overhead and other costs.

The Group considers the impact of COVID -19 pandemic on the Group as non-adjusting event after the reporting period. Until the date, no estimate of an impact on the total value of the Group's property portfolio is available.

**Appointment of new managing directors**

The Company's board of directors appointed, with effect as of 4 March 2020, Martin Němeček as managing director.



## APPENDIX I – LIST OF GROUP ENTITIES

### Entities fully consolidated

Company	Country	31 December 2019	31 December 2018
Brillant 1419 GmbH & Co. Verwaltungs KG	Germany	-	100.00%
Bubenská 1, a.s.	Czech Republic	100.00%	100.00%
Bubny Development, s.r.o.	Czech Republic	20.00%	20.00%
BYTY PODKOVA, a.s.	Czech Republic	100.00%	100.00%
Camuzzi, a.s.	Czech Republic	100.00%	100.00%
Castor Investments sp. z o.o.	Poland	100.00%	-
Castor Investments sp. z o.o. S.K.A.	Poland	100.00%	-
CD Property s.r.o.	Czech Republic	100.00%	100.00%
CEREM S.A.	Luxembourg	100.00%	100.00%
CPI - Krásné Březno, a.s.	Czech Republic	100.00%	100.00%
CPI - Land Development, a.s.	Czech Republic	100.00%	100.00%
CPI Park Žďárek, a.s.	Czech Republic	99.98%	99.98%
CPI Pigna S.r.l.	Italy	100.00%	-
CPI REV Italy II S.r.l.	Italy	100.00%	-
CPI South, s.r.o.	Czech Republic	90.00%	90.00%
Darilia, a.s.	Czech Republic	20.00%	20.00%
Development Doupovská, s.r.o.	Czech Republic	75.00%	75.00%
Diana Property Sp. z o.o.	Poland	100.00%	100.00%
Endurance Real Estate Management Company Sàrl	Luxembourg	100.00%	100.00%
Equator IV Offices sp. z o.o.	Poland	100.00%	-
Estate Grand, s.r.o.	Czech Republic	100.00%	100.00%
Eurocentrum Offices sp. z o.o.	Poland	100.00%	-
HAGIBOR OFFICE BUILDING, a.s.	Czech Republic	100.00%	100.00%
Industrial Park Stříbro, s.r.o.	Czech Republic	100.00%	100.00%
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	100.00%	100.00%
Karviná Property Development, a.s.	Czech Republic	100.00%	100.00%
Land Properties, a.s.	Czech Republic	100.00%	100.00%
LES MAS DU FIGUER	France	100.00%	-
Marki Real Estate Sp. z o.o.	Poland	100.00%	100.00%
MQM Czech, a.s.	Czech Republic	20.00%	20.00%
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	100.00%	100.00%
Nupaky a.s.	Czech Republic	100.00%	100.00%
Pietroni, s.r.o.	Czech Republic	100.00%	-
Polygon BC, a.s.	Czech Republic	20.00%	20.00%
Rezidence Pragovka, s.r.o.	Czech Republic	100.00%	100.00%
SCP Reflets	Monaco	100.00%	-
Strakonice Property Development, a.s.	Czech Republic	100.00%	100.00%
STRM Alfa, a.s.	Czech Republic	20.00%	20.00%
STRM Beta, a.s.	Czech Republic	100.00%	100.00%
STRM Gama, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Development, a.s.	Czech Republic	100.00%	100.00%
Vinohrady s.a.r.l.	France	-	100.00%
Vysočany Office, a.s.	Czech Republic	20.00%	-
WFC Investments sp. z o.o.	Poland	100.00%	-

### Equity method investments

Company	Country	31 December 2019	31 December 2018
Beta Development, s.r.o.	Czech Republic	35.00%	35.00%
Brillant 1419. Verwaltungs GmbH	Germany	49.00%	49.00%
Uniborc S.A.	Luxembourg	35.00%	35.00%

## Independent auditor's report

To the Shareholders of  
CPI FIM S.A.  
40, rue de la Vallée  
L-2661 Luxembourg

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of CPI FIM S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

#### Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **a) Valuation of investment property**

### *Description*

The Group owns a portfolio of investment properties comprising office, land, development, retail and residential type of properties located in Europe. Investment property represents 23% of the total Group's assets as at 31 December 2019. Investment properties are valued at fair value in accordance with the Group accounting policies.

Valuation of investment property is a significant judgemental area and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the expected cash flows generated by future rentals. The Board of Directors engaged independent external valuers to externally value 51% of the Group's investment properties (hereafter the "Valuers"). Acquisitions taking place mainly during last quarter 2019 representing 49% of the Group's investment property have been valued at acquisition cost.

In determining a property's valuation, the Valuers take into account property specific characteristics and information such as the correct tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to come up with their assessment of the fair value.

Due to the above mentioned matters, we consider valuation of investment property as a key audit matter.

### *Auditors response*

Our audit procedures over the valuation of investment property included, but were not limited to, the following:

- We evaluated the competence, capabilities and objectivity of the valuers and read the terms of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.
- For a sample of the valuations across all asset classes, geographical locations and external valuers, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation.
- In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment property.
- We also involved our own real estate specialist to assist us in evaluating the reasonableness of the assumptions used in valuation models including yields and estimated market rent.
- We assessed the adequacy of the disclosures in the consolidated financial statements.

### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated annual report including the management report and the corporate governance statement but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

### **Report on other legal and regulatory requirements**

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.



We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

#### **Other matter**

The corporate governance statement includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

The consolidated financial statements of CPI FIM S.A. for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 March 2019.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Jesus Orozco

Luxembourg, 31 March 2020

**CPI FIM SA** (formerly Orco Property Group)

**Société Anonyme**

R.C.S. Luxembourg B 44.996

ANNUAL ACCOUNTS AND REPORT  
OF THE REVISEUR D'ENTREPRISES AGREE  
DECEMBER 31, 2019

40, rue de la Vallée  
L-2661 Luxembourg  
Share Capital: EUR 13,145,076  
R.C.S. Luxembourg B 44.996

CPI FIM SA (formerly Orco Property Group)  
Société Anonyme  
R.C.S. Luxembourg B 44.996

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## Independent auditor's report

To the Shareholders of  
CPI FIM S.A.  
40, rue de la Vallée  
L-2661 Luxembourg

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of CPI FIM S.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**a) Valuation of financial assets (shares in affiliated undertakings and loans to affiliated undertakings)**

*Description*

Financial assets represent 98% of the total assets of the Company as at 31 December 2019.

The assessment of the valuation of financial assets requires significant judgement applied by the management in assessing the recovery value of the financial assets and the permanent nature of the impairment.

This matter was considered to be a key matter in our audit, since the aforementioned estimates are complex and require significant judgements by management of the Company.

*Auditors response*

Our audit procedures over the valuation of financial assets included, but were not limited to, the following:

- Ensured existence, initial cost of investment and ownership of the investment through inspection of acquisition agreements and commercial registers of the underlying investees.
- Understood the process of financial assets valuation and management's impairment assessment and evaluated the appropriateness of the application of the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.
- Tested the arithmetical accuracy of the management's impairment test based on comparison with the net equity of the underlying investees and assessed the conclusions reached by the management in respect of recognized impairment and/or reversal of historical impairment.
- Tested the accuracy and completeness of the provided loan database, on a representative sample basis, by tracing the loan terms to the underlying loan agreements, the repayments of principal and interest to the bank statements and the outstanding loan and accrued interest balances to the counterparties.
- Performed recalculation of the interest on loans to affiliated undertaking based on known data.
- Reviewed and ensured the completeness of the financial statements' disclosures.

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report and the corporate governance statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

### **Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

### **Report on other legal and regulatory requirements**

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

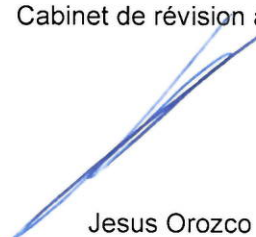
We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

#### **Other matter**

The corporate governance statement includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

The financial statements of CPI FIM S.A. for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 March 2019.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Jesus Orozco

Luxembourg, 31 March 2020



**Annual Accounts Helpdesk :**

**Tel. :** (+352) 247 88 494  
**Email :** centralebilans@statec.etat.lu

RCSL Nr. : B44996

Matricule : 1993 2209 554

eCDF entry date :

**BALANCE SHEET**

**Financial year from** <sub>01</sub> 01/01/2019 **to** <sub>02</sub> 31/12/2019 (in <sub>03</sub> EUR )

CPI FIM SA  
 40, rue de la Vallée  
 L-2661 Luxembourg

**ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
<b>B. Formation expenses</b>	1107	107	108
<b>C. Fixed assets</b>	1109	4.430.991.674,00	2.571.455.932,00
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B44996

Matricule : 1993 2209 554

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
<b>III. Financial assets</b>	1135	135	136
	Note 3	4.430.991.674,00	2.571.455.932,00
1. Shares in affiliated undertakings	1137	137	138
	Note 3.1	611.380.313,00	208.433.969,00
2. Loans to affiliated undertakings	1139	139	140
	Note 3.2	3.728.048.656,00	2.288.789.903,00
3. Participating interests	1141	141	142
	Note 3.3	619.726,00	619.726,00
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
	Note 3.4	11.790.718,00	11.025.606,00
5. Investments held as fixed assets	1145	145	146
	Note 3.5	71.042.007,00	62.586.728,00
6. Other loans	1147	147	148
	Note 3.6	8.110.254,00	0,00
<b>D. Current assets</b>	1151	151	152
		223.405.184,00	111.451.016,00
<b>I. Stocks</b>	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
<b>II. Debtors</b>	1163	163	164
		117.147.740,00	97.522.907,00
1. Trade debtors	1165	165	166
		189.934,00	179.871,00
a) becoming due and payable within one year	1167	167	168
		189.934,00	179.871,00
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171	172
	Note 4	115.967.090,00	96.784.207,00
a) becoming due and payable within one year	1173	173	174
	Note 4.1	115.967.090,00	88.932.258,00
b) becoming due and payable after more than one year	1175	175	176
		0,00	7.851.949,00
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
		185.223,00	125.824,00
a) becoming due and payable within one year	1179	179	180
	Note 4.2	185.223,00	125.824,00
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183	184
		805.493,00	433.005,00
a) becoming due and payable within one year	1185	185	186
	Note 4.3	805.493,00	433.005,00
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. : B44996

Matricule : 1993 2209 554

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 <u>106.257.444,00</u>	198 <u>13.928.109,00</u>
<b>E. Prepayments</b>	1199 _____	199 <u>468.622,00</u>	200 <u>324.867,00</u>
<b>TOTAL (ASSETS)</b>		201 <u>4.654.865.480,00</u>	202 <u>2.683.231.815,00</u>



RCSL Nr. : B44996

Matricule : 1993 2209 554

**CAPITAL, RESERVES AND LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>	1301 <u>Note 5</u>	301 <u>496.713.580,00</u>	302 <u>393.173.188,00</u>
I. Subscribed capital	1303 _____	303 <u>13.145.076,00</u>	304 <u>13.145.076,00</u>
II. Share premium account	1305 _____	305 <u>784.669.809,00</u>	306 <u>784.669.809,00</u>
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>448.131.945,00</u>	310 <u>448.131.945,00</u>
1. Legal reserve	1311 _____	311 <u>448.131.945,00</u>	312 <u>448.131.945,00</u>
2. Reserve for own shares	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves, including the fair value reserve	1429 _____	429 _____	430 _____
a) other available reserves	1431 _____	431 _____	432 _____
b) other non available reserves	1433 _____	433 _____	434 _____
V. Profit or loss brought forward	1319 _____	319 <u>-852.773.642,00</u>	320 <u>-972.320.329,00</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>103.540.392,00</u>	322 <u>119.546.687,00</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
<b>B. Provisions</b>	1331 _____	331 _____	332 _____
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 _____	338 _____
<b>C. Creditors</b>	1435 _____	435 <u>4.158.139.576,00</u>	436 <u>2.290.058.627,00</u>
1. Debenture loans	1437 _____	437 _____	438 _____
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 _____	446 _____
i) becoming due and payable within one year	1447 _____	447 _____	448 _____
ii) becoming due and payable after more than one year	1449 _____	449 _____	450 _____
2. Amounts owed to credit institutions	1355 _____	355 _____	356 _____
a) becoming due and payable within one year	1357 _____	357 _____	358 _____
b) becoming due and payable after more than one year	1359 _____	359 _____	360 _____

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B44996

Matricule : 1993 2209 554

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367 <u>1.235.078,00</u>	368 <u>2.976.952,00</u>
a) becoming due and payable within one year	1369	369 <u>1.235.078,00</u>	370 <u>2.976.952,00</u>
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	379 <u>4.156.207.912,00</u>	380 <u>2.284.849.348,00</u>
a) becoming due and payable within one year	1381	381 <u>276.290.822,00</u>	382 <u>178.261.336,00</u>
b) becoming due and payable after more than one year	1383	383 <u>3.879.917.090,00</u>	384 <u>2.106.588.012,00</u>
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1451	451 <u>696.586,00</u>	452 <u>2.232.327,00</u>
a) Tax authorities	1393	393 <u>611.450,00</u>	394 <u>0,00</u>
b) Social security authorities	1395	395 <u>34.205,00</u>	396 <u>16.947,00</u>
c) Other creditors	1397	397 <u>50.931,00</u>	398 <u>2.215.380,00</u>
i) becoming due and payable within one year	1399	399 <u>50.931,00</u>	400 <u>38.425,00</u>
ii) becoming due and payable after more than one year	1401	401 <u>0,00</u>	402 <u>2.176.955,00</u>
<b>D. Deferred income</b>	1403	403 <u>12.324,00</u>	404 <u>0,00</u>
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		405 <u>4.654.865.480,00</u>	406 <u>2.683.231.815,00</u>

**Annual Accounts Helpdesk :**

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RCSL Nr. : B44996

Matricule : 1993 2209 554

eCDF entry date :

**PROFIT AND LOSS ACCOUNT**

**Financial year from** 01 01/01/2019 **to** 02 31/12/2019 (in 03 EUR )

CPI FIM SA  
 40, rue de la Vallée  
 L-2661 Luxembourg

**PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	1701 <u>Note 8</u>	701 <u>72.660,00</u>	702 <u>66.000,00</u>
<b>2. Variation in stocks of finished goods and in work in progress</b>	1703 _____	703 _____	704 _____
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	1705 _____	705 _____	706 _____
<b>4. Other operating income</b>	1713 <u>Note 9</u>	713 <u>22.566.929,00</u>	714 <u>71.441.354,00</u>
<b>5. Raw materials and consumables and other external expenses</b>	1671 _____	671 <u>-8.907.845,00</u>	672 <u>-12.259.207,00</u>
a) Raw materials and consumables	1601 _____	601 <u>-25.092,00</u>	602 <u>-13.873,00</u>
b) Other external expenses	1603 <u>Note 10</u>	603 <u>-8.882.753,00</u>	604 <u>-12.245.334,00</u>
<b>6. Staff costs</b>	1605 <u>Note 11</u>	605 <u>-1.214.067,00</u>	606 <u>-892.117,00</u>
a) Wages and salaries	1607 _____	607 <u>-984.076,00</u>	608 <u>-734.240,00</u>
b) Social security costs	1609 _____	609 <u>-223.748,00</u>	610 <u>-152.774,00</u>
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 <u>-223.748,00</u>	656 <u>-152.774,00</u>
c) Other staff costs	1613 _____	613 <u>-6.243,00</u>	614 <u>-5.103,00</u>
<b>7. Value adjustments</b>	1657 <u>Note 12</u>	657 <u>-1.095.037,00</u>	658 <u>-22.170,00</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 <u>-1.095.037,00</u>	662 <u>-22.170,00</u>
<b>8. Other operating expenses</b>	1621 <u>Note 13</u>	621 <u>-5.414.395,00</u>	622 <u>-2.735.045,00</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B44996

Matricule : 1993 2209 554

	Reference(s)	Current year	Previous year
<b>9. Income from participating interests</b>	1715 <u>Note 14</u>	715 <u>103.260,00</u>	716 <u>0,00</u>
a) derived from affiliated undertakings	1717 _____	717 <u>103.260,00</u>	718 <u>0,00</u>
b) other income from participating interests	1719 _____	719 _____	720 _____
<b>10. Income from other investments and loans forming part of the fixed assets</b>	1721 <u>Note 15</u>	721 <u>152.306.108,00</u>	722 <u>108.060.562,00</u>
a) derived from affiliated undertakings	1723 <u>Note 15.1</u>	723 <u>151.518.247,00</u>	724 <u>107.336.684,00</u>
b) other income not included under a)	1725 <u>Note 15.2</u>	725 <u>787.861,00</u>	726 <u>723.878,00</u>
<b>11. Other interest receivable and similar income</b>	1727 <u>Note 16</u>	727 <u>18.552.370,00</u>	728 <u>33.108.665,00</u>
a) derived from affiliated undertakings	1729 <u>Note 16.1</u>	729 <u>16.925.332,00</u>	730 <u>31.315.760,00</u>
b) other interest and similar income	1731 <u>Note 16.2</u>	731 <u>1.627.038,00</u>	732 <u>1.792.905,00</u>
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	1663 _____	663 _____	664 _____
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	1665 <u>Note 17</u>	665 <u>22.121.673,00</u>	666 <u>-3.544.003,00</u>
<b>14. Interest payable and similar expenses</b>	1627 <u>Note 18</u>	627 <u>-94.814.843,00</u>	628 <u>-73.660.958,00</u>
a) concerning affiliated undertakings	1629 <u>Note 18.1</u>	629 <u>-94.437.269,00</u>	630 <u>-72.606.809,00</u>
b) other interest and similar expenses	1631 <u>Note 18.2</u>	631 <u>-377.574,00</u>	632 <u>-1.054.149,00</u>
<b>15. Tax on profit or loss</b>	1635 _____	635 <u>-1.263,00</u>	636 <u>0,00</u>
<b>16. Profit or loss after taxation</b>	1667 _____	667 <u>104.275.550,00</u>	668 <u>119.563.081,00</u>
<b>17. Other taxes not shown under items 1 to 16</b>	1637 <u>Note 19</u>	637 <u>-735.158,00</u>	638 <u>-16.394,00</u>
<b>18. Profit or loss for the financial year</b>	1669 _____	669 <u>103.540.392,00</u>	670 <u>119.546.687,00</u>

## NOTE 1 - GENERAL INFORMATION

CPI FIM SA, Société Anonyme (“the Company” and “CPI FIM”), formerly named Orco Property Group, RCS number B 44.996, was incorporated under the Luxembourg Company Law on September 9, 1993 as a limited liability company (Société Anonyme) for an unlimited period of time. The Extraordinary General Meeting of Shareholders, held on April 24, 2019, resolved to change the name of the Company from Orco Property Group to CP FIM SA.

The Company has for object the taking of participating interests, in whatsoever form in either Luxembourg or foreign companies, especially in real estate companies in the Czech Republic, Hungary, Poland and other countries of Eastern Europe and the management, control and development of such participating interests. The Company, through its subsidiaries (together “the Group”), is principally involved in providing financing and management services, and the development of properties for its own portfolio or intended to be sold in the ordinary course of business.

The registered office of the Company is established at 40, rue de la Vallée, L-2661 Luxembourg.

As at December 31, 2019 the Company’s shares were listed on the regulated markets of the Warsaw Stock Exchange and of the Luxembourg Stock Exchange. In 2016, the Board of Directors following an in-depth review of its structure, operational and financial performances and costs, related to its listing on Euronext Paris as taking the liquidity and trade volumes into account, voluntarily requested the delisting of all of its ordinary shares from Euronext Paris. The voluntary delisting request was approved by Euronext on January 7, 2016 and the all listed shares were transferred and sold to the Luxembourg Stock Exchange as from February 4, 2016.

The financial year is from January 1, 2019 to December 31, 2019.

As at December 31, 2019, the Company is directly controlled by CPI Property Group S.A. at 97.31 % (2018: 97.31%), a Luxembourg entity of which Radovan Vítek is the ultimate beneficial owner with 94.18 % of voting rights (2018: 91.61 %).

Others 35,508,653 shares grant 2.69% voting rights.

Total 1,314,507,629 shares grant 100.00% voting rights.

### Board of Directors

As at December 31, 2019 the Board of Directors consists of the following directors:

Mr. David Greenbaum  
Mr. Edward Hughes  
Mrs. Anita Dubost  
Mr. Markus Kreuter

The consolidated financial statements and separate annual accounts of the Company can be obtained at their registered office, 40, rue de la Vallée, L-2661 Luxembourg and at the following website: [www.cpifimsa.com](http://www.cpifimsa.com).

## **NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS**

### **Basis of preparation and going concern**

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of August 10, 1915, as subsequently amended (“the Commercial Company Law”), determined and applied by the Board of Directors.

The Board of Directors has concluded that it is appropriate to prepare the separate annual accounts as at December 31, 2019 on a going concern basis, despite the statement of financial position shows as at December 31, 2019 an excess of current liabilities over current assets of EUR 54.8 million. The Company’s management expects that the net cash inflows from financing activities will be sufficient to cover the net current assets deficit in foreseeable future.

### **Significant accounting policies**

#### Financial assets

Financial assets include shares in affiliated undertakings, loans to affiliated undertakings, participating interests, loans to undertakings with which the undertaking is linked by virtue of participating interests and investments held as fixed assets. Financial assets are valued individually at the lower of their acquisition price less permanent impairment or market value. Amounts owed by affiliated undertakings, amounts owed by undertakings with which the Company is linked by virtue of participating interest and other loans shown under “Financial assets” are recorded at their nominal value. A value adjustment is recorded when the recovery value is lower than the nominal value.

Where there is a durable diminution in value in the opinion of the Board of Directors, value adjustments are made in respect of financial assets so that they are valued at the lower figure to be attributed to them at the balance sheet date. The value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised in other interest and similar expenses.

#### Creditors

Creditors include amounts owed to affiliated undertakings and trade and other creditors. Creditors are valued at their nominal value.

#### Conversion of foreign currencies

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss account are expressed in this currency. All financial information presented in EUR has been rounded to the nearest thousand (KEUR), except when otherwise indicated.

CPI FIM SA (formerly Orco Property Group)

Société Anonyme

R.C.S. Luxembourg B 44.996

During the financial year, the acquisitions and sales of financial assets as well as income and charges in currencies other than EUR are converted into EUR at the exchange rate prevailing at the transaction dates.

At the balance sheet date, the acquisition price of the financial assets expressed in currency other than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are valued at the closing rate. The unrealised and realised losses, as well as the realised gains are recorded in the profit and loss account.

Net turnover

Net turnover includes income from invoicing of operating costs.

Value adjustments

Value adjustments are deducted directly from the related asset

Other operating income

Other operating income includes income from invoicing of operating costs and providing management services.

### NOTE 3 - FINANCIAL ASSETS

2019	Shares in affiliated undertakings	Loans to affiliated undertakings
	KEUR	KEUR
<u>Gross book value</u>		
Balance at January 1, 2019	298,814	2,377,085
Additions for the year	400,953	2,456,682
Disposals for the year	(1,463)	(1,029,522)
Balance at December 31, 2019	698,304	3,804,245
<u>Accumulated value adjustments</u>		
Balance at January 1, 2019	(90,380)	(88,295)
Additions for the year	(1,162)	1,034
Disposals for the year	4,618	11,065
Balance at December 31, 2019	(86,924)	(76,196)
<b>Net book value as at January 1, 2019</b>	<b>208,434</b>	<b>2,288,790</b>
<b>Net book value as at December 31, 2019</b>	<b>611,380</b>	<b>3,728,049</b>

#### 3.1 - Shares in affiliated undertakings

The Company in 2019:

- established:
  - o Vysočany Office, a.s. in the Czech Republic,
  - o CPI Pigna S.r.l. in Italy
  - o CPI REV Italy II S.r.l. in Italy,
  - o Moniuszki Offices sp. z o.o. in Poland.
- increased its investment:
  - o in CD Property s.r.o. through additional contributions outside the registered share capital.
- acquired:
  - o Pietroni, s.r.o. from Radovan Vítek,
  - o Dakota Investments sp. z o.o. in Poland
  - o WFC Investments sp. z o.o. in Poland
  - o Cirrus Real sp. z o.o. in Poland,
  - o GCA Property Development sp. z o.o. in Poland
  - o CT Development sp. z o.o. in Poland,
  - o Equator II Development sp. z o.o.
- disposed because of sale:
  - o 80 % of shares in Vysočany Office, a.s. to GSG Europe Beteiligungs GmbH. However, the Company retained the majority voting rights in the entity,
  - o Moniuszki Offices sp. z o.o. to Czech Property Investments, a.s.,
  - o GCA Property Development sp. z o.o. to Czech Property Investments, a.s.,
  - o CT Development sp. z o.o. to Czech Property Investments, a.s.,
  - o Equator II Development sp. z o.o. to Czech Property Investments, a.s.,
  - o VINOHRADY SARL.
- disposed because of liquidation:
  - o Brillant 1419. GmbH & Co Verwaltung KG.

The Company compares acquisition cost with Net Equity of undertaking and applied value adjustment, when the Net equity is lower than acquisition cost.



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Despite low or negative Net equity of newly acquired (established) entity, the Company didn't apply value adjustment, because the Company has expected positive development in next year. Pietroni, s.r.o. owns shares of CPI Property Group S.A., but the Net equity of Pietroni, s.r.o. does not take into account this asset.

The Company uses the Net Equity method for the valuation of non-tradable shares.

Undertakings in which the Company holds participation in their share capital are detailed in the following table.

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Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2019
				as at	31.12.2019	31.12.2018	in 2019	31.12.2019	31.12.2018	in 2019	31.12.2019		
KEUR													
Brillant 1419. GmbH	Germany	EUR	49.00%	23	--	23	(23)	--	(23)	--	--	--	--
Brillant 1419. GmbH & Co Verwaltungs KG*	Germany	EUR	0.00%	1,385	(1,385)	--	(1,354)	1,354	--	31	--	--	--
Bubenská 1, a.s.	Czech Republic	CZK	100.00%	24,264	--	24,264	(12,645)	105	(12,540)	11,619	11,724	11,724	(38)
Bubny Development, s.r.o.	Czech Republic	CZK	20.00%	15,847	--	15,847	--	--	--	15,847	15,847	136,959	2,819
BYTY PODKOVA, a.s.	Czech Republic	CZK	100.00%	80	--	80	--	--	--	80	80	13,114	1,363
Camuzzi, a.s.	Czech Republic	CZK	100.00%	2,232	--	2,232	(235)	(137)	(372)	1,997	1,860	1,860	(160)
CD Property s.r.o.	Czech Republic	CZK	100.00%	2,438	1,173	3,611	--	--	--	2,438	3,611	7,976	1,335
CEREM S.A.	Luxembourg	EUR	100.00%	31	--	31	(31)	--	(31)	--	--	(36,167)	(1)
Cirrus Real sp. z o.o.**	Poland	PLN	100.00%	--	15,323	15,323	--	--	--	--	15,323	13,416	(1,160)
CPI - Krásné Březno, a.s.	Czech Republic	CZK	100.00%	3,049	--	3,049	(979)	15	(964)	2,070	2,085	2,085	(10)
CPI - Land Development, a.s.	Czech Republic	CZK	100.00%	52,161	--	52,161	--	(928)	(928)	52,161	51,233	51,233	(4,117)
CPI Pigna S.r.l.	Italy	EUR	100.00%	--	10	10	--	--	--	--	10	(38)	(48)
CPI REV Italy II S.r.l.	Italy	EUR	100.00%	--	10	10	--	--	--	--	10	(56)	(66)
CPI South, s.r.o.	Czech Republic	CZK	90.00%	1,603	--	1,603	--	--	--	1,603	1,603	1,834	(15)
CT Development Sp. z o.o.****	Poland	PLN	0.00%	--	--	--	--	--	--	--	--	--	--
Dakota Investments sp. z o.o.**	Poland	PLN	100.00%	--	107,808	107,808	--	--	--	--	107,808	96,861	(10,349)
Development Doupovská, s.r.o.	Czech Republic	CZK	75.00%	3,046	--	3,046	(3,046)	--	(3,046)	--	--	(244)	73
Diana Property Sp. z o.o.	Poland	PLN	100.00%	777	--	777	--	--	--	777	777	1,722	286
Endurance Real Estate Management Company S.A.	Luxembourg	EUR	100.00%	125	--	125	--	--	--	125	125	129	--
Equator II Development Sp. z o.o.****	Poland	PLN	0.00%	--	--	--	--	--	--	--	--	--	--

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Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2019
				as at	in 2019	31.12.2019	31.12.2018	31.12.2018	31.12.2019	31.12.2018	31.12.2019		
KEUR													
Estate Grand, s.r.o.	Czech Republic	CZK	100.00%	8	--	8	--	--	--	8	8	4,181	64
Famiaco Limited	Cyprus	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	--	--
GCA Property Development Sp. z o.o.****	Poland	PLN	0.00%	--	--	--	--	--	--	--	--	(8)	(9)
HAGIBOR OFFICE BUILDING, a.s.	Czech Republic	CZK	100.00%	6,852	--	6,852	(6,852)	--	(6,852)	--	--	(6,826)	--
Industrial Park Střebro, s.r.o.	Czech Republic	CZK	100.00%	8	--	8	--	--	--	8	8	4,382	(263)
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	CZK	100.00%	41,287	--	41,287	(33,953)	916	(33,037)	7,334	8,250	8,250	86
Karviná Property Development, a.s.	Czech Republic	CZK	100.00%	750	--	750	(29)	(41)	(70)	721	680	680	(50)
Land Properties, a.s.	Czech Republic	CZK	100.00%	38,052	--	38,052	(835)	835	--	37,217	38,052	40,600	5,610
Marki Real Estate Sp. z o.o.	Poland	PLN	100.00%	22,282	--	22,282	(19,708)	199	(19,509)	2,574	2,773	2,773	169
Moniuszki Office sp. z o.o.****	Poland	PLN	0.00%	--	--	--	--	--	--	--	--	--	(1)
MQM Czech, a.s.	Czech Republic	CZK	20.00%	3,237	--	3,237	(747)	(37)	(783)	2,490	2,453	12,266	60
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	CZK	100.00%	22,465	--	22,465	--	--	--	22,465	22,465	26,321	(1,018)
Nupaky a.s.	Czech Republic	CZK	100.00%	7,338	--	7,338	(3,623)	404	(3,219)	3,715	4,119	4,119	354
ORCO Blumentálska a.s.	Slovakia	EUR	100.00%	2,980	--	2,980	(2,980)	--	(2,980)	--	--	--	--
Orco Bucharest	Cyprus	EUR	100.00%	3	--	3	(3)	--	(3)	--	--	--	--
Orco Project Sp. z o.o.	Poland	PLN	100.00%	701	--	701	(701)	--	(701)	--	--	--	--
Pietroni, s.r.o.	Czech Republic	CZK	100.00%	--	--	--	--	--	--	--	--	(10,998)	--
Polygon BC, a.s.	Czech Republic	CZK	20.00%	8,733	--	8,733	(1,279)	278	(1,000)	7,454	7,732	38,661	921
Rezidence Pragovka, s.r.o.	Czech Republic	CZK	100.00%	17,079	--	17,079	--	--	--	17,079	17,079	25,192	1,112
Strakonice Property Development, a.s.	Czech Republic	CZK	100.00%	221	--	221	(84)	5	(79)	137	142	142	4
STRM Alfa, a.s.	Czech Republic	CZK	20.00%	5,110	--	5,110	--	--	--	5,110	5,110	30,874	2,438

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Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2019
				31.12.2018	in 2019	31.12.2019	31.12.2018	in 2019	31.12.2019	31.12.2018	31.12.2019		
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
STRM Beta, a.s.	Czech Republic	CZK	100.00%	5,224	--	5,224	--	--	--	5,224	5,224	6,533	271
STRM Gama, a.s.	Czech Republic	CZK	100.00%	8,016	--	8,016	(384)	(20)	(404)	7,632	7,612	7,612	(113)
Svitavy Property Development, a.s.	Czech Republic	CZK	100.00%	1,062	--	1,062	(541)	499	(42)	521	1,020	1,020	487
Szczecin Project sp. z o.o.	Poland	PLN	100.00%	338	--	338	(338)	--	(338)	--	--	--	--
VINOHRADY SARL*	France	EUR	0.00%	8	(8)	--	(8)	8	--	--	--	--	--
Vysočany Office, a.s.**	Czech Republic	CZK	20.00%	--	16	16	--	--	--	--	16	77	(2)
WFC Investments sp. z o.o.**	Poland	PLN	100.00%	--	276,544	276,544	--	--	--	--	276,544	268,025	(12,101)
Rounding				(2)	(1)	(3)	(1)	1	(2)	(3)	(3)		
<b>Total</b>				<b>298,814</b>	<b>399,490</b>	<b>698,304</b>	<b>(90,380)</b>	<b>3,456</b>	<b>(86,924)</b>	<b>208,434</b>	<b>611,380</b>		

(\*) Company disposed or liquidated during financial year

(\*\*) Acquisition occurred during the financial year

(\*\*\*) Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU

(\*\*\*\*) Acquisition and disposal during financial year

### 3.2 - Loans to affiliated undertakings

The following amounts owed by affiliated undertakings have been considered:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Amount due	3,804,245	2,377,084
Value adjustments	(76,196)	(88,294)
<b>Net value</b>	<b>3,728,049</b>	<b>2,288,790</b>

The Company provides loans to affiliated undertakings with interest rate range 1.4-14.22% p.a. and maturity date until December 2034. The Company provides non-interest bearing loan to ENDURANCE HOSPITALITY FINANCE S.à r.l., for which the maturity date is not specified, in the amount of KEUR 12,459 (2018: KEUR 12,459). The Company acquired loan to Les Mas du Figuier from Radovan Vitek at the nominal value in the amount of KEUR 10,230.

Results of value adjustments are reported in Note 18.

### 3.3 - Participating interests

As at December 31, 2019, the Company holds participating interest as below:

Name of the undertaking	% held 31.12.2019	Cost		Cost 31.12.2019	Accumulated Impairment		Reversal of impairment / (Impairment) in 2019	Carrying Value	
		31.12.2018	in 2019		31.12.2018	31.12.2019		31.12.2018	31.12.2019
		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Uniborc S.A.	35.00%	620	--	620	--	--	--	620	620
<b>Total</b>		<b>620</b>	<b>--</b>	<b>620</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>620</b>	<b>620</b>

The Net Equity of the undertaking is higher than acquisition cost, therefore the Company did not apply value adjustments. The Company considers using Net Equity as a way, how to define "market value".

### 3.4 - Loans to undertakings with which the undertaking is linked by virtue of participating interests

As at December 31, 2019 the Company provides loans to Uniborc S.A. in the amount of KEUR 11,791 (2018: KEUR 11,026) with interest rate 3M EURIBOR + 7% p.a. and maturity date in May 2023 at the latest.

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### 3.5 - Investments held as fixed assets

As of December 31, 2019, the Company is holding investments held as fixed assets as follows:

Name of the undertaking	State	Cur.	% held	Cost	Cost change	Cost	Accumul ated Impairment	Reversal of impairment / (Impairment)	Accumul ated Impairment	Carrying Value	Carrying Value
				as at 31.12.19	31.12.2018	in 2019	31.12.19	31.12.18	in 2019	31.12.19	31.12.18
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
CPI PROPERTY GROUP S.A.	LUX	EUR	2.92%	81,104	--	81,104	(18,606)	8,385	(10,221)	62,498	70,883
SCP AILEY*	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP CAYO*	MCO	EUR	0.10%	5	--	5	--	--	--	5	5
SCP CISKEY*	MCO	EUR	0.10%	1	--	1	(1)	--	(1)	--	--
SCP KANDLER*	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP MADRID*	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP NEW BLUE BIRD*	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP PIERRE CHARRON*	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP Reflets*	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP VILLA DE TAHITI*	MCO	EUR	0.10%	7	--	7	--	--	--	7	7
<b>Total undertakings</b>				<b>81,117</b>	<b>--</b>	<b>81,117</b>	<b>(18,607)</b>	<b>8,385</b>	<b>(10,222)</b>	<b>62,510</b>	<b>70,895</b>
Deposit bank account										76	147
<b>Total</b>										<b>62,586</b>	<b>71,042</b>

\*The Company uses the Net Equity method for the valuation of non-tradable shares.

#### Investment in CPI Property Group S.A.

As at December 31, 2019, the Company owns directly 252,302,248 shares of CPI Property Group S.A., which represents approximately 2.92 % of the shareholding (2018: 2.80 %).

The shares are valued at the lower of historical cost or EPRA NAV value. As at December 31, 2019, EPRA NAV per share of CPI Property Group S.A., EUR 0.59 (2018: 0.49) differs from the price at the stock-exchange, EUR 0.73 (2018: 0.68).

After the consideration of alternative methods, the Company determined that the use of EPRA NAV is the most representative method for the valuation of the fair value of CPI Property Group S.A. shares. The detailed calculation of CPI PG's EPRA NAV per share is presented in the CPI PG's annual report, available at [www.cpipg.com](http://www.cpipg.com). The Company adjusted the number of shares used in the calculation for the amount of shares owned by the Group as at 31 December 2019 and 2018. As at 31 December 2019, the EPRA NAV per share of EUR 0.61 (EUR 0.51 as at 31 December 2018) disclosed by CPI PG therefore differs from value used by the Company to value the CPI PG's shares owned.

2018						2019				
Share balance	Historical cost	Valued per EPRA NAV	Change of adjustment	Adjustment balance	Carrying value	Historical cost	Valued per EPRA NAV	Change of adjustment	Adjustment balance	Carrying value
93,169,351	65,191	46,585	8,385	(18,606)	46,585	65,191	54,970	8,385	(10,221)	54,970
159,132,897	15,913	79,866	0	0	15,913	15,913	93,888	0	0	15,913
252,302,248	81,104	126,151	8,385	(18,606)	62,498	81,104	148,858	8,385	(10,221)	70,883

### 3.6 - Other loans

The Company provided loans as at December 31, 2019 to entity, that was sold out of Group before the end of year, therefore is recognised as other loan. The purchaser of entity deposited repayment on the escrow account. The escrow account was not paid out at the end of the year, but in January 2020.

	2019	2018
	KEUR	KEUR
Amount due	8,141	29
Value adjustments	(31)	(29)
<b>Net value</b>	<b>8,110</b>	<b>--</b>

## NOTE 4 - CURRENT ASSETS

### 4.1 - Amounts owed by affiliated undertakings becoming due and payable within one year

The amounts owed by affiliated undertakings becoming due and payable within one year contain principals, accrued interest, other receivables and trade receivables on amounts owed by affiliated undertakings.

	2019				2018			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Amount due	54,849	48,089	15,048	117,986	54,804	27,395	7,874	90,073
Value adjustments	--	(2,019)	--	(2,019)	--	(1,141)	--	(1,141)
<b>Net value</b>	<b>54,849</b>	<b>46,070</b>	<b>15,048</b>	<b>115,967</b>	<b>54,804</b>	<b>26,254</b>	<b>7,874</b>	<b>88,932</b>

As at December 31, 2018, the Company recognized consideration of Agreement of Assignment of Receivable to CPI Property Group S.A. in the amount KEUR 7,852. The maturity date of the consideration is July 31, 2020, therefore is reported as payable within one year as at December 31, 2019. Provided loans bear interest 5% p.a.

### 4.2 - Amounts owed by undertakings with which the undertaking is linked becoming due and payable within one year

In December 2019, the Company paid advance on increase of the share capital to Uniborc S.A. in the amount of KEUR 53. The increase of share capital had not been finished until December 31, 2019.

	2019				2018			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Amount due	--	132	53	185	--	126	--	126
Value adjustments	--	--	--	--	--	--	--	--
<b>Net value</b>	<b>--</b>	<b>132</b>	<b>53</b>	<b>185</b>	<b>--</b>	<b>126</b>	<b>--</b>	<b>126</b>

**4.3 - Other debtors becoming due and payable within one year**

The amounts owed by other debtors becoming due and payable within one year have been considered as follows:

	2019					2018				
	Principal	Interest	Other	Tax authorities	Total	Principal	Interest	Other	Tax authorities	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Amount due	1,953	316	851	574	3,694	--	--	828	424	1,252
Value adjustments	(1,953)	(117)	(819)	--	(2,889)	--	--	(819)	--	(819)
<b>Net value</b>	<b>--</b>	<b>199</b>	<b>32</b>	<b>574</b>	<b>805</b>	<b>--</b>	<b>--</b>	<b>9</b>	<b>424</b>	<b>433</b>

**NOTE 5 - CAPITAL AND RESERVES****Subscribed capital and share premium account**

The subscribed and fully paid-up capital of the Company of EUR 13,145,076.29 (2018: EUR 13,145,076.29) is represented by 1,314,507,629 ordinary shares (2018: 1,314,507,629). The shares of the Company have an accounting par value of EUR 0.01 per share and are fully paid. Each share is entitled to a prorate portion of the profits and share capital of the Company, as well as to a voting right and representation at the time of a general meeting, all in accordance with statutory and legal provisions.

**Securities giving access to equity (warrants)**

Within the authorized capital, the Board of Directors decided to issue Bonds with Warrants without preferential subscription rights:

“2012 Warrants” issued under the ISIN code LU0234878881 with the following major terms: number of outstanding 2012 Warrants: 21,161; exercise ratio: one warrant gives the right to subscribe to 1.03 share; exercise period: 31 December 2019; exercise price: EUR 7.21; listing: Euronext Paris.

“2014 Warrants” issued under the ISIN code XS0290764728 with the following major terms: number of outstanding 2014 Warrants: 2,871,021; exercise ratio: one warrant gives the right to subscribe to 1.73 share; exercise period: 31 December 2019; exercise price: EUR 11.20; listing: Euronext Brussels and Paris.

The 2012 Warrants and the 2014 Warrants expired on 31 December 2019, without any of them being exercised by their holders.

**Legal reserve**

In accordance with the Commercial Company Law, the Company must appropriate to the legal reserve a minimum of 5% of the annual net profit until such reserve equals 10% of the subscribed capital. Distribution by way of dividends of the legal reserve is prohibited.



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**Movements in capital and reserves**

	Subscribed capital	Share premium account	Legal reserve	Profit / loss brought forward	Profit / loss for the financial year	TOTAL
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>As at December 31, 2018</b>	<b>13,145</b>	<b>784,670</b>	<b>448,132</b>	<b>(972,320)</b>	<b>119,547</b>	<b>393,174</b>
AGM on May 29, 2019 – allocation of result of year 2018	-	-	-	119,547	(119,547)	--
Profit for the financial year	-	-	-	-	103,540	103,540
<b>As at December 31, 2019</b>	<b>13,145</b>	<b>784,670</b>	<b>448,132</b>	<b>(852,774)</b>	<b>103,540</b>	<b>496,714</b>

**NOTE 6 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS**

**6.1 - Amounts owed to affiliated undertakings, becoming due and payable within one year**

The following amounts owed to affiliated undertakings are considered:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Principal	194,301	68,369
Interest	46,904	21,160
Other	35,086	88,732
<b>Total</b>	<b>276,291</b>	<b>178,261</b>

**6.2 - Amounts owed to affiliated undertakings, becoming due and payable after more than one year**

The following amounts owed to affiliated undertakings are considered:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Principal	3,879,119	2,105,391
Other	798	1,197
<b>Total</b>	<b>3,879,917</b>	<b>2,106,588</b>

The Company other payable to GSG Europa Beteiligungs GmbH consists of two yearly instalments. The Company received loans with interest rate range 1.14-6% p.a. and maturity date December 31, 2030 at the latest.

## NOTE 7 - OTHER CREDITORS

### 7.1 - Other creditors becoming due and payable within one year

Other creditors becoming payable within one year are composed as follows:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Interest	50	30
Directors - attendance fees	--	7
Others	1	1
<b>Total</b>	<b>51</b>	<b>38</b>

### 7.2 - Other creditors becoming due and payable after more than one year

The Company repaid in 2019 loan to Turf Praha, a.s. (2018: KEUR 2,177). Unpaid interest are reported in Note 7.1.

## NOTE 8 - NET TURNOVER

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Domiciliation services	73	66
<b>Total</b>	<b>73</b>	<b>66</b>

## NOTE 9 - OTHER OPERATING INCOME

Other operating income includes mainly administrative services fees provided across the Group. The Company also received reimbursement of flights rendered to Radovan Vitek through the flight services agreement entered into in 2018 (see Note 23).

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Administrative services	18,542	24,841
Flight services	3,354	2,674
Sale of Bubny Development, s.r.o.	--	43,887
Others	671	39
<b>Total</b>	<b>22,567</b>	<b>71,441</b>

## NOTE 10 - OTHER EXTERNAL EXPENSES

External expenses are composed as follows:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Rental, maintenance and repairs	272	214
Financial services	19	21
Bank fees	132	2
Professional fees - management fee	5,906	9,107
<b>Professional fees:</b>	<b>1,940</b>	<b>1,601</b>
legal fee	1,349	893
audit fee	152	440
advisory fee	117	92
other fee	322	176
Insurance fee	374	433
Advertising, publications, public relations	21	13
Travelling costs	81	835
Other various fees	138	19
<b>Total</b>	<b>8,883</b>	<b>12,245</b>

## NOTE 11 - STAFF COSTS

The Company had 13 employees in 2019 (2018: 11).

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Wages and salaries	990	739
Social security costs	224	153
<b>Total</b>	<b>1,214</b>	<b>892</b>

## NOTE 12 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

As at December 31, 2019, the Company recorded value adjustments relating to current assets as follows:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Affiliated undertaking	(987)	(33)
Others	(108)	11
<b>Total</b>	<b>(1,095)</b>	<b>(22)</b>

### NOTE 13 - OTHER OPERATING EXPENSES

As of December 31, 2019, the other operating expenses are composed as follows:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Flights services	3,357	2,673
Liquidation of Brillant 1419. GmbH & Co Verwaltungs KG	1,355	--
Sale of VINOHRADY SARL	7	--
Directors - attendance fees	36	36
Directors fee	15	--
Liquidation of Orco Project Limited	--	4
Reimbursement from historical sale of shares	308	--
Others	336	22
<b>Total</b>	<b>5,414</b>	<b>2,735</b>

### NOTE 14 - INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

The Company received dividends in 2019 as follows:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
CD Property s.r.o.	103	--
<b>Total</b>	<b>103</b>	<b>--</b>

### NOTE 15 - INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

#### 15.1 - Derived from affiliated undertakings

The loans forming part of the fixed assets bear interest in 2019 in the amount of KEUR 151,518 (2018: KEUR 107,337).

#### 15.2 - Other income not from affiliated undertakings

The loans forming part of the fixed assets provided to interest participating and other parties bear interest in 2019 in amount of KEUR 788 (2018: KEUR 724).

## NOTE 16 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

### 16.1 - Derived from affiliated undertakings

The other interest receivable and similar income derived from affiliated undertaking is detailed as follows:

	2019	2018
	KEUR	KEUR
Interest	2,782	5,540
FX	14,143	19,594
Other	--	6,182
<b>Total</b>	<b>16,925</b>	<b>31,316</b>

### 16.2 - Other interest and similar income

The other interest receivable and similar income is detailed as follows:

	2019	2018
	KEUR	KEUR
Interest	179	--
FX	1,387	1,493
Other	61	300
<b>Total</b>	<b>1,627</b>	<b>1,793</b>

## NOTE 17 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

Value adjustments of financial assets are composed as follows:

	2019	2018
	KEUR	KEUR
<b>Shares</b>	<b>11,842</b>	<b>5,850</b>
Brillant 1419. GmbH & Co. Verwaltungs KG	1,354	(2)
Bubenská 1, a.s.	105	(30)
Camuzzi, a.s.	(137)	(235)
CPI - Krásné Březno, a.s.	15	(979)
CPI - Land Development, a.s.	(928)	--
CPI Property Group S.A.	8,385	8,385
Endurance Real Estate Management Company S.A.	--	1
JIHOVÝCHODNÍ MĚSTO, a.s.	916	1,116
Karviná Property Development, a.s.	(41)	(26)
Land Properties, a.s.	835	(835)
Marki Real Estate sp. z o.o. w likwidacji	199	100
MQM Czech, a.s.	(37)	(747)
Nupaky a.s.	404	(28)
Orco Project Limited	--	5
Polygon BC, a.s.	278	(1,279)

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	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
SCP VILLA DE TAHITI	--	2
Strakonice Property Development, a.s.	5	(4)
STRM Gama, a.s.	(20)	99
Svitavy Property Development, a.s.	499	307
VINOHRADY SARL	8	--
Others	2	--
<b>Loans</b>	<b>10,280</b>	<b>(9,394)</b>
Affiliated undertakings	10,280	(9,400)
Other	--	6
<b>Total</b>	<b>22,122</b>	<b>(3,544)</b>

## NOTE 18 - INTEREST PAYABLE AND SIMILAR EXPENSES

### 18.1 - Concerning affiliated undertakings

Interest payable and similar expenses concerning affiliated undertaking are composed as follow:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Interest	93,707	62,540
FX	730	10,067
<b>Total</b>	<b>94,437</b>	<b>72,607</b>

### 18.2 - Other interest and similar expenses

The other interest and similar expenses are detailed as follows:

	<b>2019</b>	<b>2018</b>
	KEUR	KEUR
Interest	19	30
FX	322	871
Other	37	153
<b>Total</b>	<b>378</b>	<b>1,054</b>

## NOTE 19 - TAX ON PROFIT OR LOSS

The Company is subject to Luxembourg income tax and net wealth tax. As at December 31, 2019, the Company has a payable in respect of Net wealth tax in the amount of KEUR 609 (2018: 0) and Value added tax receivable amounting to KEUR 574 (2018: KEUR 425) from the Luxembourg Tax Authorities.

	2019	2018
	KEUR	KEUR
Corporate income tax	1	--
Wealth tax	735	16
<b>Total</b>	<b>736</b>	<b>16</b>

## NOTE 20 - OFF BALANCE SHEET COMMITMENTS

In relation to the strategy of developing its financing activity, the Company signed several Credit facility agreements.

The Company has provided credit facility to following entities and upon following conditions:

Type of entity	Drawdown Limit	2019	Drawdown Limit	2018
Affiliated undertakings	5,613,200	CZK	3,010,000,000	CZK
	223,000,000	EUR	4,000,000	EUR
Affiliated undertakings – entities in CPI Group	53,404,000,000	CZK	81,333,000,000	CZK
	1,742,000,000	EUR	1,202,000,000	EUR
	27,000,000	GBP	--	--

The Company has been provided credit facility agreements from following entities and upon conditions:

Type of entity	Drawdown Limit	2019	Drawdown Limit	2018
Affiliated undertakings	65,000,000	CZK	65,000,000	CZK
Affiliated undertakings – entities in CPI Group	1,910,000,000	CZK	4,818,000,000	CZK
	4,352,000,000	EUR	3,358,000,000	EUR
	75,000,000	CHF	75,000,000	CHF
Affiliated undertakings – related party	60,000,000	CZK	60,000,000	CZK

## NOTE 21 - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Board and Audit Committee attendance compensation for the year 2019 amounts to EUR 36,000 (2018: EUR 36,000). The Annual General Meeting held on May 28, 2014 resolved to approve, with the effect as of January 1, 2014, the payment of attendance fees to all independent, non-executive Directors of the Company in the amount of EUR 3,000 per calendar month as a base fee and empowered the Board of Directors to decide at its sole discretion about the payment of additional fees up to EUR 3,000 per calendar month to independent, non-executive Directors of the Company.

**NOTE 22 - RELATED PARTY TRANSACTIONS**

The Company considers entities reported as affiliated undertakings:

- entity, that are owned by the Company (directly or indirectly),
- related party owned directly or indirectly by CPI Property Group S.A.,
- Radovan Vitek and related party owned by Radovan Vitek, the ultimate beneficial owner of the Company.
- Milan Trněný.

**Entity owned by the Company (directly or indirectly)**

Brillant 1419. GmbH & Co. Verwaltungs KG	Equator IV Offices sp. z o.o. (formerly Cirrus Real sp. z o.o.)	ORCO Blumentálska a.s.
Bubenská 1, a.s.	Estate Grand, s.r.o.	ORCO Project Limited
Bubny Development, s.r.o.	Eurocentrum Offices sp. z o.o. (formerly Dakota Investments sp. z o.o.)	ORCO PROJECT sp. z o.o.
BYTY PODKOVA, a.s.	FAMIACO ENTERPRISES COMPANY LIMITED	Rezidence Pragovka, s.r.o.
Camuzzi, a.s.	HAGIBOR OFFICE BUILDING, a.s.	Strakonice Property Development, a.s.
CD Property s.r.o.	Industrial Park Stříbro, s.r.o.	STRM Alfa, a.s.
CEREM S.A.	JIHOVÝCHODNÍ MĚSTO, a.s.	STRM Beta, a.s.
CPI - Krásné Březno, a.s.	Karviná Property Development, a.s.	STRM Gama, a.s.
CPI - Land Development, a.s.	Land Properties, a.s.	Svitavy Property Development, a.s.
CPI Park Žďárek, a.s.	Marki Real Estate sp. z o.o. w likwidacji	Szczecin Project sp. z o.o. w likwidacji
CPI Pigna S.r.l.	NOVÁ ZBROJOVKA, s.r.o.	Uniborc S.A.
CPI REV Italy II S.r.l.	Nupaky a.s.	VINOHRADY SARL
CPI South, s.r.o.		Vysočany Office, a.s.
Darília, a.s.		
Development Doupovská, s.r.o.		
Diana Property Sp. z o.o.		
Endurance Real Estate Management Company S.A.		

**Related party owned directly or indirectly by CPI Property Group S.A., with them the Company recognised transactions in 2019 and 2018**

1 Bishops Avenue Limited	BC 91 Real Estate	CAMPONA Shopping Center Kft.
AIRPORT CITY	Ingatlanbefektetési Kft.	Carpenter Invest, a.s.
INGATLANBEFEKTETÉSI Kft.	BC 99 Office Park Kft.	CB Property Development, a.s.
Airport City Phase B Kft.	Beroun Property Development, a.s.	Conradian, a.s.
Andrassy Hotel Zrt.	Best Properties South, a. s.	CPI - Bor, a.s.
Andrássy Real Kft.	BPT Development, a.s.	CPI - Horoměřice, a.s.
ARENA CORNER	Brandýs Logistic, a.s.	CPI - Orlová, a.s.
INGATLANBEFEKTETÉSI	Branch of MMR RUSSIA S.à r.l. (Luxembourg)	CPI - Real Estate, a.s.
KORLÁTOLT FELELŐSÉGŰ	Brno Development Services, s.r.o.	CPI - Štupartská, a.s. (merged with CPI Reality, a.s.)
TÁRSASÁG	BRNO INN, a.s.	CPI - Zbraslav, a.s.
Balvinder, a.s.	Brno Property Development, a.s.	CPI Alfa, a.s. (merged with CPI Reality, a.s.)
Baron Puglia S.r.l.	Březiněves, a.s.	CPI Beet, a.s.
Baudry Beta, a.s.	Buy-Way Dunakeszi Kft.	CPI BYTY, a.s. (formerly CPI Residential, a.s.)
Baudry, a.s. (merged with Czech Property Investments, a.s.)	Buy-Way Soroksár Kft.	CPI BYTY, a.s. (merged with CPI Residential, a.s.)
BAYTON Alfa, a.s.	Byty Lehovec, s.r.o.	CPI Delta, a.s.
BAYTON Gama, a.s.		
BC 30 Property Kft.		



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CPI East,s.r.o.	Data Trade s.r.o.	Marissa Théta, a.s.
CPI Energo, a.s.	Diana Development sp. z o.o.	Marissa West, a.s.
CPI Epsilon, a.s. (merged with Czech Property Investments, a.s.)	Dienzenhoferovy sady 5, s.r.o. (merged with Janáčkovo nábřeží 15, s.r.o.)	Marissa Yellow, a.s.
CPI Facility Slovakia, a.s.	EMH South, s.r.o.	Marissa Ypsilon, a.s.
CPI Finance (BVI) Limited	ENDURANCE HOSPITALITY	Marissa, a.s. (merged with Czech Property Investments, a.s.)
CPI Flats, a.s.	ASSET S.à r.l.	MB Futurum HK s.r.o. (merged with Futurum HK Shopping, s.r.o. - formerly BAYTON ONE, s.r.o.)
CPI Hotels Europeum Kft.	ENDURANCE HOSPITALITY	MB Property Development, a.s.
CPI Hotels Hungary Kft.	FINANCE S.à r.l.	Mercuda, a.s.
CPI Hotels Poland sp. z o.o.	Europeum Kft.	Michalovce Property Development, a.s.
CPI Hotels Properties, a.s.	Farhan, a.s.	MMR RUSSIA S.A R.L.
CPI Hotels Slovakia, s. r. o.	FL Property Development, a.s.	MQM Czech, a.s.
CPI Hotels, a.s.	Futurum HK Shopping, s.r.o. (formerly BAYTON ONE, s.r.o.)	MUXUM, a.s.
CPI Hungary Kft.	Gateway Office Park Kft.	Na Poříčí, a.s.
CPI IMMO	GCA Property Development sp. z o.o.	New Age Kft.
CPI Jihlava Shopping, a.s.	Gewerbesiedlungs- Gesellschaft mbH	Nymburk Property Development, a.s.
CPI Kappa, s.r.o.	GSG Europa Beteiligungs GmbH	OC Nová Zdaboř a.s.
CPI Lambda, a.s. (merged with Czech Property Investments, a.s.)	HD Investment s.r.o.	OC Spektrum, s.r.o.
CPI Management, s.r.o.	Hightech Park Kft.	OFFICE CENTER HRADČANSKÁ, a.s.
CPI Meteor Centre, s.r.o.	Hospitality Invest S.a r.l.	Office Center Poštová, s.r.o.
CPI Národní, s.r.o.	HOTEL U PARKU, s.r.o.	Olomouc Building, a.s.
CPI Office Prague, s.r.o.	Hraničář, a.s.	Olomouc City Center, a.s. (merged with Olomouc Office, a.s. into Olomouc Building, a.s.)
CPI Palmovka Office, s.r.o.	IGY2 CB, a.s.	Olomouc Office, a.s. (merged with Olomouc City Center, a.s. into Olomouc Building, a.s.)
CPI Park Mlýnec, a.s. (merged with CPI - Bor, a.s.)	IS Nyír Kft.	Orchard Hotel a.s.
CPI Poland Sp. z o.o.	IS Zala Kft.	Outlet Arena Moravia, s.r.o.
CPI Property a Facility, s.r.o.	Janáčkovo nábřeží 15, s.r.o.	Ozrics Kft.
CPI Property Group S.A.	Jeseník Investments, a.s.	Pelhřimov Property Development
CPI Reality, a.s.	Jetřichovice Property, a.s.	Polus Shopping Center Zrt.
CPI Retail MB s.r.o.	Kerina, a.s.	Polygon BC, a.s.
CPI Retail One Kft.	KOENIG Shopping, s.r.o.	Považská Bystrica Property Development, a.s.
CPI RETAIL PORTFOLIO	Komárno Property Development, a.s.	Prievidza Property Development, a.s.
HOLDING Kft.	Kosmonosy Property Development, s.r.o.	PROJECT FIRST a.s.
CPI Retail Portfolio I, a.s.	Kravařská zemědělská, a.s.	Projekt Nisa, s.r.o.
CPI Retail Portfolio II, a.s.	LD Praha, a.s.	Projekt Zlatý Anděl, s.r.o.
CPI Retail Portfolio IV, s.r.o.	Les Mas du Figuier	Prostějov Investments, a.s.
CPI Retail Portfolio V, s.r.o.	Levice Property Development, a.s.	Příbor Property Development, s.r.o.
CPI Retail Portfolio VI, s.r.o.	Liptovský Mikuláš Property Development, a.s.	Real Estate Energy Kft.
CPI Retail Portfolio VIII s.r.o.	Lockhart, a.s.	Residence Belgická, s.r.o.
CPI Retails ONE, a.s.	Lucemburská 46, a.s.	Residence Izabella Zrt.
CPI Retails Rosa s.r.o.	Malerba, a.s. (merged with Czech Property Investments, a.s.)	Rezidence Jančova, s.r.o.
CPI Retails THREE, a.s.	Marissa Gama, a.s.	Rezidence Malkovského, s.r.o.
CPI Retails TWO, a.s.	Marissa Kappa, a.s. (merged with Czech Property Investments, a.s.)	
CPI Services, a.s.	Marissa Omikrón, a.s.	
CPI Shopping MB, a.s.	Marissa Tau, a.s.	
CPI Shopping Teplice, a.s.		
CPI Vestec, s.r.o.		
CPIPG Management S.à r.l.		
Czech Property Investments, a.s.		
Čadca Property Development, s.r.o.		
Čáslav Investments, a.s.		

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ST Project Limited	Telč Property Development, a.s.	U svatého Michala, a.s
Statek Kravaře, a.s. (formerly AVENA, výrobně obchodní družstvo, zkráceně AVENA, VOD)	Tepelné hospodářství Litvínov s.r.o.	V Team Prague, s.r.o. (formerly CPI Blatiny, s.r.o.)
Statenice Property Development, a.s.	Trebišov Property Development, s.r.o.	Vigano, a.s.
Svitavy Property Alfa, a.s.	Třinec Investments, s.r.o.	Vyškov Property Development, a.s. (merged with CPI Reality, a.s.)
Tachov Investments, s.r.o.	Třinec Property Development, a.s.	ZLATICO LIMITED
	Tyršova 6, a.s.	Ždírec Property Development

## Related party owned by Radovan Vitek reported as affiliated undertakings

- GAMALA LIMITED
- Ravento S.à r.l.
- Efimacor S.à r.l.

## Other related party reported as other

- Logan Estates S.à r.l. through Ed Hughes
- POLMA 1 S.A. through Radovan Vitek
- Kotic S.à r.l. through Radovan Vitek (liquidated in 2019)
- CPIPG Holding S.à r.l. through Radovan Vitek
- WHIPLASH EQUITIES S.à r.l. through Radovan Vitek
- Turf Praha a.s. through Radovan Vitek
- Trněný Milan

## Related party balances

Receivables	2019					2018				
	Financial fixed assets	Current assets after more than one year	Current assets within one year	Trade receivable	Total	Financial fixed assets	Current assets after more than one year	Current assets within one year	Trade receivable	Total
Note	3.2. 3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--	3.2. 3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Owned by the Company (directly, indirectly) - affiliated</b>	<b>318,882</b>	--	<b>2,690</b>	--	<b>321,572</b>	<b>28,275</b>	--	<b>547</b>	--	<b>28,822</b>
Bubenská 1, a.s.	20,405	--	606	--	21,011	4,550	--	--	--	4,550
Bubny Development, s.r.o.	34,739	--	76	--	34,815	254	--	15	--	269
Camuzzi, a.s.	1,013	--	14	--	1,027	912	--	--	--	912
CD Property s.r.o.	11,717	--	174	--	11,891	6,009	--	3	--	6,012
CEREM S.A.**	--	--	--	--	--	--	--	--	--	--
CPI - Krásné Březno, a.s.	538	--	4	--	542	18	--	--	--	18
CPI - Land Development, a.s.	6,482	--	80	--	6,562	369	--	--	--	369
CPI Park Žďárek, a.s.	2,880	--	40	--	2,920	2,596	--	--	--	2,596
CPI Pigna S.r.l.	11,515	--	46	--	11,561	--	--	--	--	--
CPI REV Italy II S.r.l.	4,750	--	64	--	4,814	--	--	--	--	--
CPI South, s.r.o.	174	--	2	--	176	68	--	--	--	68
Data Trade s.r.o.**	--	--	--	--	--	--	--	--	--	--
Development Doubovská, s.r.o.*	14	--	1	--	15	--	--	--	--	--

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Receivables	2019						2018					
	Financial fixed assets		Current assets after more than one year	Current assets within one year	Trade receivable	Total	Financial fixed assets		Current assets after more than one year	Current assets within one year	Trade receivable	Total
	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--
Note	KEUR		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Diana Property Sp. z o.o.	2,884	--	--	17	--	2,901	2,887	--	--	41	--	2,928
Equator IV Offices sp. z o.o. (formerly Cirrus Real sp. z o.o.)	42,377	--	--	320	--	42,697	--	--	--	--	--	--
Estate Grand, s.r.o.	504	--	--	7	--	511	421	--	27	--	--	448
Eurocentrum Offices sp. z o.o. (formerly Dakota Investments sp. z o.o.)	136,494	--	--	419	--	136,913	--	--	--	--	--	--
FAMIACO ENTERPRISES COMPANY LIMITED**	--	--	--	--	--	--	--	--	--	--	--	--
HAGIBOR OFFICE BUILDING, a.s.**	--	--	--	--	--	--	--	--	--	--	--	--
JIHOVÝCHODNÍ MĚSTO, a.s.	270	--	--	3	--	273	273	--	--	--	--	273
Karviná Property Development, a.s.	782	--	--	11	--	793	709	--	--	--	--	709
Les Mas du Figuier	10,380	--	--	13	--	10,393	--	--	--	--	--	--
MQM Czech, a.s.	424	--	--	5	--	429	236	--	3	--	--	239
NOVÁ ZBROJOVKA, s.r.o.	27,538	--	--	486	--	28,024	7,358	--	352	--	--	7,710
Nupaky a.s.	287	--	--	4	--	291	242	--	15	--	--	257
ORCO Blumentálska a.s.**	--	--	--	--	--	--	--	--	--	--	--	--
ORCO PROJECT sp. z o.o.**	--	--	--	--	--	--	--	--	--	--	--	--
Polygon BC, a.s.	1,409	--	--	17	--	1,426	644	--	7	--	--	651
Rezidence Pragovka, s.r.o.	329	--	--	4	--	333	--	--	66	--	--	66
Strakonice Property Development, a.s.	51	--	--	1	--	52	48	--	--	--	--	48
STRM Beta, a.s.	253	--	--	3	--	256	201	--	13	--	--	214
STRM Gama, a.s.	238	--	--	3	--	241	81	--	5	--	--	86
Svitavy Property Development, a.s.	435	--	--	--	--	435	399	--	--	--	--	399
Szczecin Project sp. z o.o. w likwidacji**	--	--	--	--	--	--	--	--	--	--	--	--
VINOHRADY SARL**	--	--	--	--	--	--	--	--	--	--	--	--
WFC Investments sp. z o.o.	--	--	--	270	--	270	--	--	--	--	--	--
<b>Owned by the Company (directly, indirectly) - interest participated</b>	<b>11,791</b>	--	--	<b>185</b>	--	<b>11,976</b>	<b>11,026</b>	--	<b>126</b>	--	--	<b>11,152</b>
Uniborc S.A.	11,791	--	--	185	--	11,976	11,026	--	126	--	--	11,152
<b>CPI Group's entity</b>	<b>3,417,279</b>	--	--	<b>56,948</b>	--	<b>3,474,227</b>	<b>2,260,514</b>	<b>7,852</b>	<b>30,663</b>	--	--	<b>2,299,029</b>
1 Bishops Avenue Limited	19,500	--	--	206	--	19,706	--	--	--	--	--	--
AIRPORT CITY	16,047	--	--	297	--	16,344	13,974	--	129	--	--	14,103
INGATLANBEFEKTETÉSI Kft.	1,870	--	--	14	--	1,884	2,168	--	17	--	--	2,185
Airport City Phase B Kft.	4,595	--	--	32	--	4,627	5,000	--	29	--	--	5,029
Andrassy Hotel Zrt.	11,233	--	--	78	--	11,311	11,099	--	--	--	--	11,099
Andrassy Real Kft.	--	--	--	--	--	--	--	--	--	--	--	--
ARENA CORNER	37,009	--	--	295	--	37,304	37,873	--	260	--	--	38,133
INGATLANBEFEKTETÉSI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	--	--	--	--	--	--	--	--	--	--	--	--
Balvinder, a.s.	4,712	--	--	57	--	4,769	4,864	--	71	--	--	4,935
Baron Puglia S.r.l.	11,970	--	--	20	--	11,990	--	--	--	--	--	--
Baudry Beta, a.s.	10,885	--	--	223	--	11,108	11,168	--	198	--	--	11,366
Baudry, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	--	13,444	--	--	--	--	13,444
BAYTON Alfa, a.s.	12,693	--	--	189	--	12,882	14,464	--	125	--	--	14,589
BC 30 Property Kft.	--	--	--	--	--	--	--	--	--	--	--	--

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R.C.S. Luxembourg B 44.996

Receivables	2019					2018						
	Financial fixed assets		Current assets after more than one year	Current assets within one year	Trade receivable	Total	Financial fixed assets		Current assets after more than one year	Current assets within one year	Trade receivable	Total
	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--
Note	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
BC 91 Real Estate Ingatlanbefektetési Kft.	1,548	--	16	--	1,564	--	--	--	--	--	--	--
BC 99 Office Park Kft.	32,944	--	811	--	33,755	13,500	--	157	--	--	13,657	--
Beroun Property Development, a.s.	9,280	--	267	--	9,547	9,633	--	139	--	--	9,772	--
Best Properties South, a. s.	56,323	--	1,029	--	57,352	66,797	--	328	--	--	67,125	--
Brandýs Logistic, a.s.	17,413	--	136	--	17,549	15,788	--	130	--	--	15,918	--
Branch of MMR RUSSIA S.à r.l. (Luxembourg)	--	--	12	--	12	--	--	--	--	--	--	--
Brno Development Services, s.r.o.	27	--	--	--	27	--	--	--	--	--	--	--
Brno Property Development, a.s.	--	--	--	--	--	1,178	--	--	--	--	1,178	--
Břežiněves, a.s.	8,258	--	95	--	8,353	8,189	--	--	--	--	8,189	--
Buy-Way Dunakeszi Kft.	6,390	--	51	--	6,441	7,266	--	11	--	--	7,277	--
Buy-Way Soroksár Kft.	3,876	--	29	--	3,905	2,011	--	3	--	--	2,014	--
Byty Lehovec, s.r.o.*	3,314	--	176	--	3,490	--	--	--	--	--	--	--
CAMPONA Shopping Center Kft.	65,953	--	2,455	--	68,408	66,074	--	111	--	--	66,185	--
Carpenter Invest, a.s.	2,068	--	--	--	2,068	1,901	--	--	--	--	1,901	--
CB Property Development, a.s.	1,453	--	8	--	1,461	--	--	102	--	--	102	--
Conradian, a.s.*	5,195	--	--	--	5,195	5,120	--	--	--	--	5,120	--
CPI - Bor, a.s	5,510	--	140	--	5,650	--	--	--	--	--	--	--
CPI - Orlová, a.s.	1,124	--	17	--	1,141	1,030	--	--	--	--	1,030	--
CPI - Real Estate, a.s.	2,741	--	45	--	2,786	3,085	--	12	--	--	3,097	--
CPI - Štupartská, a.s. (merged with CPI Reality, a.s.)	--	--	--	--	--	5,686	--	34	--	--	5,720	--
CPI Alfa, a.s. (merged with CPI Reality, a.s.)	--	--	--	--	--	9,562	--	209	--	--	9,771	--
CPI Beet, a.s.	164	--	6	--	170	149	--	4	--	--	153	--
CPI BYTY, a.s. (formerly CPI Residential, a.s.)	115,284	--	3,120	--	118,404	--	--	1,943	--	--	1,943	--
CPI BYTY, a.s. (merged with CPI Residential, a.s.)	--	--	--	--	--	121,376	--	1,535	--	--	122,911	--
CPI Delta, a.s.	1,806	--	37	--	1,843	717	--	243	--	--	960	--
CPI East,s.r.o.	84,065	--	1,385	--	85,450	131,188	--	205	--	--	131,393	--
CPI Flats, a.s.	744	--	47	--	791	--	--	--	--	--	--	--
CPI Hotels Europeum Kft.	200	--	--	--	200	--	--	--	--	--	--	--
CPI Hotels Properties, a.s.	11,044	--	28	--	11,072	394	--	12	--	--	406	--
CPI IMMO*	3,136	--	125	--	3,261	3,138	--	68	--	--	3,206	--
CPI Jihlava Shopping, a.s.	15,359	--	240	--	15,599	9,941	--	--	--	--	9,941	--
CPI Kappa, s.r.o.	937	--	12	--	949	1,488	--	2	--	--	1,490	--
CPI Lambda, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	20	--	--	--	--	20	--
CPI Meteor Centre, s.r.o.	16,069	--	133	--	16,202	16,936	--	136	--	--	17,072	--
CPI Office Prague, s.r.o.	78,701	--	797	--	79,498	94,598	--	71	--	--	94,669	--
CPI Palmovka Office, s.r.o.	3,387	--	55	--	3,442	19	--	--	--	--	19	--
CPI Poland Sp. z o.o.	--	--	308	--	308	--	--	--	--	--	--	--
CPI Property a Facility, s.r.o.	328	--	3	--	331	328	--	2	--	--	330	--
CPI Property Group S.A.	1,102,426	--	20,227	--	1,122,653	53,363	7,852	2,251	--	--	63,466	--
CPI Reality, a.s.	49,724	--	598	--	50,322	37,680	--	1,114	--	--	38,794	--
CPI Retail MB s.r.o.	--	--	--	--	--	8,933	--	102	--	--	9,035	--
CPI Retail One Kft.*	9,863	--	517	--	10,380	8,624	--	457	--	--	9,081	--

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	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--
Note	KEUR		KEUR	KEUR	KEUR	KEUR	KEUR		KEUR	KEUR	KEUR	KEUR
CPI RETAIL PORTFOLIO HOLDING Kft.	20,249	--	--	--	--	20,249	19,514	--	--	--	--	19,514
CPI Retail Portfolio I, a.s.	2,158	--	--	28	--	2,186	7,972	--	--	37	--	8,009
CPI Retail Portfolio II, a.s.	--	--	--	--	--	--	4,933	--	--	39	--	4,972
CPI Retail Portfolio IV, s.r.o.	954	--	--	25	--	979	6,781	--	--	53	--	6,834
CPI Retail Portfolio V, s.r.o.*	4,082	--	--	44	--	4,126	4,218	--	--	31	--	4,249
CPI Retail Portfolio VI, s.r.o.	1,571	--	--	17	--	1,588	2,073	--	--	16	--	2,089
CPI Retail Portfolio VIII s.r.o.	4,205	--	--	67	--	4,272	4,345	--	--	47	--	4,392
CPI Retails ONE, a.s.	9,269	--	--	119	--	9,388	10,093	--	--	29	--	10,122
CPI Retails Rosa s.r.o.	4,472	--	--	34	--	4,506	4,491	--	--	99	--	4,590
CPI Retails THREE, a.s.	32,352	--	--	234	--	32,586	32,927	--	--	327	--	33,254
CPI Retails TWO, a.s.	7,482	--	--	87	--	7,569	9,008	--	--	11	--	9,019
CPI Services, a.s.	2,982	--	--	89	--	3,071	--	--	--	139	--	139
CPI Shopping MB, a.s.	32,848	--	--	410	--	33,258	32,744	--	--	216	--	32,960
CPI Shopping Teplice, a.s.	48,809	--	--	562	--	49,371	42,036	--	--	227	--	42,263
CPI Vestec, s.r.o.	5,405	--	--	75	--	5,480	6,857	--	--	34	--	6,891
CPIPG Management S.à r.l.	--	--	--	--	--	--	--	--	--	19	--	19
Czech Property Investments, a.s.	490,047	--	--	2,301	--	492,348	327,936	--	--	6,663	--	334,599
Čadca Property Development, s.r.o.	1,280	--	--	9	--	1,289	1,334	--	--	--	--	1,334
Čáslav Investments, a.s.	2,237	--	--	72	--	2,309	2,257	--	--	36	--	2,293
Dienzenhoferovy sady 5, s.r.o. (merged with Janáčkovo nábřeží 15, s.r.o.)*	--	--	--	--	--	--	6,455	--	--	88	--	6,543
EMH South, s.r.o.	8,525	--	--	105	--	8,630	10,302	--	--	10	--	10,312
ENDURANCE HOSPITALITY ASSET S.à r.l.	--	--	--	--	--	--	--	--	--	29	--	29
ENDURANCE HOSPITALITY FINANCE S.à r.l.	15,346	--	--	4,441	--	19,787	15,346	--	--	4,297	--	19,643
Europeum Kft.	25,325	--	--	87	--	25,412	3,925	--	--	31	--	3,956
Farhan, a.s.	53,538	--	--	685	--	54,223	53,891	--	--	--	--	53,891
FL Property Development, a.s.	199	--	--	3	--	202	191	--	--	--	--	191
Futurum HK Shopping, s.r.o. (formerly BAYTON ONE, s.r.o.)	92,390	--	--	1,055	--	93,445	50,563	--	--	689	--	51,252
Gateway Office Park Kft.	14,738	--	--	110	--	14,848	16,363	--	--	24	--	16,387
GCA Property Development sp. z o.o.	331	--	--	3	--	334	--	--	--	--	--	--
Gewerbesiedlungs-Gesellschaft mbH	--	--	--	225	--	225	--	--	--	546	--	546
HD Investment s.r.o.*	--	--	--	--	--	--	52	--	--	--	--	52
Hightech Park Kft.	3,899	--	--	130	--	4,029	3,827	--	--	91	--	3,918
Hospitality Invest S.a r.l.	--	--	--	--	--	--	2,628	--	--	2,760	--	5,388
Hraničář, a.s.	13,059	--	--	195	--	13,254	13,860	--	--	63	--	13,923
IGY2 CB, a.s.	2,777	--	--	56	--	2,833	853	--	--	32	--	885
IS Nyír Kft.	1,877	--	--	16	--	1,893	2,097	--	--	--	--	2,097
IS Zala Kft.	8,392	--	--	119	--	8,511	8,446	--	--	--	--	8,446
Janáčkovo nábřeží 15, s.r.o.*	6,801	--	--	210	--	7,011	3,766	--	--	76	--	3,842
Jeseník Investments, a.s.	2,003	--	--	33	--	2,036	1,899	--	--	38	--	1,937
Kerina, a.s.	6,449	--	--	74	--	6,523	6,756	--	--	77	--	6,833
KOENIG Shopping, s.r.o.	49,350	--	--	685	--	50,035	60,937	--	--	94	--	61,031
Komárno Property Development, a.s.	2,327	--	--	16	--	2,343	2,442	--	--	--	--	2,442
Kosmonosy Property Development, s.r.o.	7,385	--	--	181	--	7,566	--	--	--	--	--	--

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	3.2.	3.4. 3.6	4.1	4.1.	4.2. 4.3	--	--	3.2.	3.4. 3.6	4.1	4.1.	4.2. 4.3	--	--
Note	KEUR		KEUR	KEUR		KEUR	KEUR	KEUR		KEUR	KEUR		KEUR	KEUR
Kravařská zemědělská, a.s.	4,684	--	--	163	--	--	4,847	--	--	--	--	--	--	--
LD Praha, a.s.	5,188	--	--	49	--	--	5,237	5,449	--	--	6	--	--	5,455
Levice Property Development, a.s.	4,023	--	--	34	--	--	4,057	3,928	--	--	--	--	--	3,928
Liptovský Mikuláš Property Development, a.s.*	3,123	--	--	--	--	--	3,123	4,390	--	--	--	--	--	4,390
Lockhart, a.s.	27,825	--	--	756	--	--	28,581	19,634	--	--	154	--	--	19,788
Lucemburská 46, a.s.	6,162	--	--	92	--	--	6,254	8,693	--	--	63	--	--	8,756
Malerba, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	--	--	117	--	--	--	--	--	117
Marissa Gama, a.s.	40,583	--	--	438	--	--	41,021	40,942	--	--	432	--	--	41,374
Marissa Kappa, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	--	--	3,949	--	--	27	--	--	3,976
Marissa Omikrón, a.s.	18,415	--	--	143	--	--	18,558	22,730	--	--	174	--	--	22,904
Marissa Tau, a.s.	6,386	--	--	97	--	--	6,483	6,377	--	--	--	--	--	6,377
Marissa Théta, a.s.	1,211	--	--	11	--	--	1,222	1,628	--	--	15	--	--	1,643
Marissa West, a.s.	36,560	--	--	699	--	--	37,259	32,998	--	--	--	--	--	32,998
Marissa Yellow, a.s.	7,293	--	--	144	--	--	7,437	8,952	--	--	--	--	--	8,952
Marissa Ypsilon, a.s.	38,611	--	--	483	--	--	39,094	38,451	--	--	398	--	--	38,849
Marissa, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	--	--	20,882	--	--	--	--	--	20,882
MB Futurum HK s.r.o. (merged with Futurum HK Shopping, s.r.o. - formerly BAYTON ONE, s.r.o.)	--	--	--	--	--	--	--	43,008	--	--	403	--	--	43,411
MB Property Development, a.s.	1,713	--	--	28	--	--	1,741	1,066	--	--	13	--	--	1,079
Mercuda, a.s.	--	--	--	523	--	--	523	--	--	--	--	--	--	--
Michalovce Property Development, a.s.	4,826	--	--	45	--	--	4,871	4,717	--	--	--	--	--	4,717
MMR RUSSIA S.A R.L.	--	--	--	--	--	--	--	--	--	--	29	--	--	29
MUXUM, a.s.	4,740	--	--	63	--	--	4,803	4,826	--	--	20	--	--	4,846
Na Poříčí, a.s.	30,834	--	--	511	--	--	31,345	30,388	--	--	529	--	--	30,917
New Age Kft.	363	--	--	9	--	--	372	567	--	--	13	--	--	580
OC Nová Zdobov a.s.	8,928	--	--	113	--	--	9,041	8,916	--	--	115	--	--	9,031
OC Spektrum, s.r.o.*	2,985	--	--	54	--	--	3,039	3,874	--	--	66	--	--	3,940
OFFICE CENTER HRADČANSKÁ, a.s.	12,172	--	--	159	--	--	12,331	12,292	--	--	109	--	--	12,401
Office Center Poštová, s.r.o.	4,576	--	--	37	--	--	4,613	4,657	--	--	43	--	--	4,700
Olomouc Building, a.s.	15,414	--	--	257	--	--	15,671	--	--	--	--	--	--	--
Olomouc City Center, a.s. (merged with Olomouc Office, a.s. into Olomouc Building, a.s.)*	--	--	--	--	--	--	--	8,830	--	--	8	--	--	8,838
Olomouc Office, a.s. (merged with Olomouc City Center, a.s. into Olomouc Building, a.s.)	--	--	--	--	--	--	--	6,468	--	--	68	--	--	6,536
Orchard Hotel a.s.	9,859	--	--	373	--	--	10,232	--	--	--	--	--	--	--
Outlet Arena Moravia, s.r.o.	1,857	--	--	22	--	--	1,879	1,951	--	--	29	--	--	1,980
Ozrics Kft.	1,740	--	--	19	--	--	1,759	2,469	--	--	19	--	--	2,488
Pelhřimov Property Development	2,664	--	--	35	--	--	2,699	2,741	--	--	33	--	--	2,774
Polus Shopping Center Zrt.	64,830	--	--	1,560	--	--	66,390	62,578	--	--	103	--	--	62,681

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	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--	3.2.	3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--
Note	KEUR		KEUR	KEUR	KEUR	KEUR	KEUR		KEUR	KEUR	KEUR	KEUR
Považská Bystrica Property Development, a.s.	1,342	--	--	9	--	1,351	1,494	--	--	--	--	1,494
Prievidza Property Development, a.s.	3,600	--	--	23	--	3,623	3,493	--	--	--	--	3,493
Projekt Nisa, s.r.o.	78,755	--	--	1,440	--	80,195	81,610	--	129	--	--	81,739
Projekt Zlatý Anděl, s.r.o.	79,206	--	--	767	--	79,973	102,754	--	154	--	--	102,908
Prostějov Investments, a.s.	875	--	--	54	--	929	--	--	--	--	--	--
Příbor Property Development, s.r.o.	387	--	--	6	--	393	319	--	12	--	--	331
Real Estate Energy Kft.*	17	--	--	1	--	18	--	--	--	--	--	--
Residence Belgická, s.r.o.	1,622	--	--	24	--	1,646	1,778	--	22	--	--	1,800
Residence Izabella Zrt.	3,217	--	--	41	--	3,258	4,486	--	28	--	--	4,514
Rezidence Jančova, s.r.o.	32	--	--	1	--	33	--	--	--	--	--	--
Rezidence Malkovského, s.r.o.	359	--	--	7	--	366	--	--	--	--	--	--
Spišská Nová Ves Property Development, a.s.*	--	--	--	--	--	--	2,666	--	--	--	--	2,666
Statek Kravaře, a.s. (formerly AVENA, výrobně obchodní družstvo, zkráceně AVENA, VOD)	3,333	--	--	66	--	3,399	--	--	--	--	--	--
Statenice Property Development, a.s.	2,156	--	--	30	--	2,186	1,970	--	--	--	--	1,970
Svitavy Property Alfa, a.s.	9,206	--	--	115	--	9,321	9,429	--	60	--	--	9,489
Telč Property Development, a.s.	400	--	--	--	--	400	372	--	--	--	--	372
Tepelné hospodářství Litvínov s.r.o.*	950	--	--	9	--	959	563	--	14	--	--	577
Třebíšov Property Development, s.r.o.	117	--	--	1	--	118	281	--	--	--	--	281
Trutnov Property Development, a.s.	--	--	--	--	--	--	--	--	9	--	--	9
Třinec Investments, s.r.o.	2,343	--	--	51	--	2,394	2,504	--	25	--	--	2,529
Třinec Property Development, a.s.	3,194	--	--	66	--	3,260	4,158	--	86	--	--	4,244
Tyršova 6, a.s.	2,248	--	--	46	--	2,294	1,944	--	26	--	--	1,970
U svatého Michala, a.s.	3,209	--	--	32	--	3,241	3,061	--	--	--	--	3,061
V Team Prague, s.r.o. (formerly CPI Blatiny, s.r.o.)*	2,781	--	--	74	--	2,855	2,913	--	--	--	--	2,913
Vigano, a.s.	9,262	--	--	--	--	9,262	8,360	--	--	--	--	8,360
Vysočina Investments, a.s.	8,110	--	--	218	--	8,328	--	--	--	--	--	--
Vyškov Property Development, a.s. (merged with CPI Reality, a.s.)	--	--	--	--	--	--	3,293	--	46	--	--	3,339
Ždírec Property Development	712	--	--	12	--	724	714	--	5	--	--	719
<b>Radovan Vítek and his entity reported as affiliated</b>	--	--	--	<b>56,541</b>	--	<b>56,541</b>	--	--	<b>57,719</b>	--	--	<b>57,719</b>
Efimacor S.à r.l.	--	--	--	12	--	12	--	--	15	--	--	15
GAMALA LIMITED	--	--	--	56,251	--	56,251	--	--	56,204	--	--	56,204
Ravento S.à r.l.	--	--	--	16	--	16	--	--	18	--	--	18
Vítek Radovan	--	--	--	262	--	262	--	--	1,482	--	--	1,482
<b>Other related reported as other</b>	--	--	--	--	<b>25</b>	<b>25</b>	--	--	--	<b>31</b>	--	<b>31</b>
CPIPG Holding S.à r.l.	--	--	--	--	6	6	--	--	--	8	--	8
Kosic, s.à r.l.	--	--	--	--	--	--	--	--	--	4	--	4
Logan Estates Sarl	--	--	--	--	8	8	--	--	--	3	--	3
POLMA 1 S.A.	--	--	--	--	5	5	--	--	--	8	--	8

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Receivables	2019					2018				
	Financial fixed assets	Current assets after more than one year	Current assets within one year	Trade receivable	Total	Financial fixed assets	Current assets after more than one year	Current assets within one year	Trade receivable	Total
Note	3.2. 3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--	3.2. 3.4. 3.6	4.1	4.1. 4.2. 4.3	--	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
WHIPLASH EQUITIES S.à r.l.	--	--	--	6	6	--	--	--	8	8
<b>Total</b>	<b>3,747,952</b>	<b>--</b>	<b>116,364</b>	<b>25</b>	<b>3,864,341</b>	<b>2,299,815</b>	<b>7,852</b>	<b>89,055</b>	<b>31</b>	<b>2,396,753</b>

\*The Company recognised partial value adjustments

\*\*The Company recognised full value adjustments on principal and interest in 2019 and 2018

Payables	2019					2018				
	Owed to affiliated payable after more than one year	Owed to other payable after more than one year	Owed to affiliated payable within one year	Owed to other payable within one year	Total	Owed to affiliated payable after more than one year	Owed to other payable after more than one year	Owed to affiliated payable within one year	Owed to other payable within one year	Total
Note	6.2	7.2	6.1	7.1	--	6.2	7.2	6.1	7.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Owned by the Company (directly, indirectly) - affiliated</b>	<b>17,428</b>	<b>--</b>	<b>1,068</b>	<b>--</b>	<b>18,496</b>	<b>16,671</b>	<b>--</b>	<b>1,013</b>	<b>--</b>	<b>17,684</b>
BYTY PODKOVA, a.s.	11,249	--	680	--	11,929	10,602	--	642	--	11,244
Darilia, a.s.	--	--	32	--	32	--	--	23	--	23
Endurance Real Estate Management Company S.A.	82	--	6	--	88	103	--	7	--	110
Industrial Park Stříbro, s.r.o.	2,192	--	144	--	2,336	2,369	--	150	--	2,519
Land Properties, a.s.	--	--	200	--	200	--	--	191	--	191
Marki Real Estate sp. z o.o. w likwidacji	3,778	--	--	--	3,778	3,575	--	--	--	3,575
STRM Alfa, a.s.	127	--	6	--	133	22	--	--	--	22
<b>CPI Group's entity</b>	<b>3,862,489</b>	<b>--</b>	<b>275,222</b>	<b>--</b>	<b>4,137,711</b>	<b>2,089,917</b>	<b>--</b>	<b>177,241</b>	<b>--</b>	<b>2,267,158</b>
1 Bishops Avenue Limited	--	--	236	--	236	--	--	--	--	--
BAYTON Gama, a.s.	--	--	865	--	865	--	--	--	--	--
BC 30 Property Kft.	--	--	511	--	511	11,472	--	295	--	11,767
BC 91 Real Estate	--	--	--	--	--	4,578	--	130	--	4,708
Ingatlanbefektetési Kft.	--	--	--	--	--	--	--	--	--	--
BPT Development, a.s.	--	--	2,574	--	2,574	--	--	389	--	389
Brandýs Logistic, a.s.	--	--	561	--	561	--	--	--	--	--
BRNO INN, a.s.	--	--	1,995	--	1,995	--	--	--	--	--
Brno Property Development, a.s.	--	--	22,831	--	22,831	--	--	24,136	--	24,136
CPI - Bor, a.s.	--	--	--	--	--	--	--	1,920	--	1,920
CPI - Horoměřice, a.s.	--	--	280	--	280	--	--	270	--	270
CPI - Zbraslav, a.s.	--	--	2,619	--	2,619	--	--	2,900	--	2,900
CPI Energo, a.s.	315	--	12	--	327	312	--	3	--	315
CPI Epsilon, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	--	--	5,452	--	5,452
CPI Finance (BVI) Limited	--	--	--	--	--	--	--	25,000	--	25,000
CPI Hotels Hungary Kft.	--	--	--	--	--	--	--	--	--	--
CPI Hotels Poland sp. z o.o.	--	--	--	--	--	--	--	--	--	--



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Payables	2019					2018				
	Owed to affiliated payable after more than one year	Owed to other payable after more than one year	Owed to affiliated payable within one year	Owed to other payable within one year	Total	Owed to affiliated payable after more than one year	Owed to other payable after more than one year	Owed to affiliated payable within one year	Owed to other payable within one year	Total
Note	6.2	7.2	6.1	7.1	--	6.2	7.2	6.1	7.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
CPI Hotels Properties, a.s.	--	--	--	--	--	--	--	1,676	--	1,676
CPI Hotels, a.s.	--	--	--	--	--	--	--	17,936	--	17,936
CPI Hungary Kft.	--	--	786	--	786	--	--	763	--	763
CPI Management, s.r.o.	--	--	(155)	--	(155)	--	--	513	--	513
CPI Národní, s.r.o.	--	--	11,003	--	11,003	--	--	7,527	--	7,527
CPI Palmovka Office, s.r.o.	--	--	--	--	--	--	--	394	--	394
CPI Park Mlýnec, a.s. (merged with CPI - Bor, a.s.)	--	--	--	--	--	--	--	82	--	82
CPI Poland Sp. z o.o.	--	--	785	--	785	--	--	--	--	--
CPI Property Group S.A.	3,688,389	--	50,866	--	3,739,255	1,924,153	--	31,747	--	1,955,900
CPI Retail Portfolio II, a.s.	--	--	3,226	--	3,226	--	--	--	--	--
CPI Services, a.s.	--	--	(1,452)	--	(1,452)	--	--	2,094	--	2,094
Czech Property Investments, a.s.	--	--	156,160	--	156,160	--	--	21,962	--	21,962
GSG Europa Beteiligungs GmbH	798	--	798	--	1,596	1,197	--	798	--	1,995
HOTEL U PARKU, s.r.o.	--	--	512	--	512	--	--	214	--	214
Janáčkovo nábřeží 15, s.r.o.	--	--	--	--	--	--	--	8,247	--	8,247
Jetřichovice Property, a.s.	--	--	279	--	279	--	--	281	--	281
Lucemburská 46, a.s.	--	--	--	--	--	--	--	2,474	--	2,474
Nymburk Property Development, a.s.	--	--	7,646	--	7,646	--	--	7,432	--	7,432
OFFICE CENTER HRADČANSKÁ, a.s.	--	--	--	--	--	--	--	5	--	5
PROJECT FIRST a.s.	--	--	5,344	--	5,344	--	--	5,352	--	5,352
Residence Belgická, s.r.o.	--	--	--	--	--	--	--	199	--	199
Rezidence Jančova, s.r.o.	--	--	8	--	8	--	--	--	--	--
Rezidence Malkovského, s.r.o.	--	--	73	--	73	--	--	--	--	--
ST Project Limited	172,987	--	6,751	--	179,738	148,205	--	7,050	--	155,255
Tachov Investments, s.r.o.	--	--	90	--	90	--	--	--	--	--
Ždírec Property Development	--	--	18	--	18	--	--	--	--	--
<b>Radovan Vitek and his entity reported as affiliated</b>	--	--	--	--	--	--	--	<b>3</b>	--	<b>3</b>
Vitek Radovan	--	--	--	--	--	--	--	3	--	3
<b>Other related reported as other</b>	--	--	--	<b>50</b>	<b>50</b>	--	<b>2,177</b>	<b>3</b>	<b>30</b>	<b>2,210</b>
Trněný Milan	--	--	--	--	--	--	--	3	--	3
Turf Praha a.s.	--	--	--	50	50	--	2,177	--	30	2,207
<b>Total</b>	<b>3,879,917</b>	--	<b>276,290</b>	<b>50</b>	<b>4,156,257</b>	<b>2,106,588</b>	<b>2,177</b>	<b>178,260</b>	<b>30</b>	<b>2,287,055</b>

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## Related party transactions

	2019						2018					
Income	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total
Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Owned by the Company (directly, indirectly) - affiliated</b>	--	<b>270</b>	<b>134</b>	<b>6,075</b>	<b>501</b>	<b>6,980</b>	--	<b>39</b>	--	<b>3,641</b>	<b>927</b>	<b>4,607</b>
Brillant 1419. GmbH & Co. Verwaltungs KG	--	--	31	--	--	31	--	--	--	--	--	--
Bubenská 1, a.s.	--	--	--	1,504	7	1,511	--	--	--	701	99	800
Bubny Development, s.r.o.	--	--	--	89	4	93	--	--	--	15	1	16
BYTY PODKOVA, a.s.	--	--	--	--	2	2	--	--	--	--	75	75
Camuzzi, a.s.	--	--	--	57	27	84	--	--	--	53	--	53
CD Property s.r.o.	--	--	103	696	104	903	--	--	--	377	10	387
CPI - Krásné Březno, a.s.	--	--	--	5	--	5	--	--	--	74	55	129
CPI - Land Development, a.s.	--	--	--	101	12	113	--	--	--	31	11	42
CPI Park Žďárek, a.s.	--	--	--	164	113	277	--	--	--	155	--	155
CPI Pigna S.r.l.	--	--	--	46	--	46	--	--	--	--	--	--
CPI REV Italy II S.r.l.	--	--	--	64	--	64	--	--	--	--	--	--
CPI South, s.r.o.	--	--	--	9	--	9	--	--	--	2	--	2
Data Trade s.r.o. Development	--	--	--	24	--	24	--	--	--	23	1	24
Doupovská, s.r.o.	--	--	--	1	--	1	--	--	--	1	--	1
Diana Property Sp. z o.o.	--	--	--	166	2	168	--	--	--	172	--	172
Equator IV Offices sp. z o.o. (formerly Cirrus Real sp. z o.o.)	--	--	--	320	--	320	--	--	--	--	--	--
Estate Grand, s.r.o.	--	--	--	29	19	48	--	--	--	27	1	28
Eurocentrum Offices sp. z o.o. (formerly Dakota Investments sp. z o.o.)	--	--	--	419	--	419	--	--	--	--	--	--
FAMIACO ENTERPRISES COMPANY LIMITED	--	--	--	210	--	210	--	--	--	197	--	197
Industrial Park Stříbro, s.r.o.	--	--	--	--	--	--	--	--	--	--	18	18
JIHOVÝCHODNÍ MĚSTO, a.s.	--	--	--	16	--	16	--	--	--	313	260	573
Karviná Property Development, a.s.	--	--	--	45	31	76	--	--	--	42	--	42
Land Properties, a.s.	--	--	--	--	--	--	--	--	--	--	1	1
Les Mas du Figuier	--	--	--	13	--	13	--	--	--	--	--	--
Marki Real Estate sp. z o.o. w likwidacji	--	--	--	--	--	--	--	--	--	--	94	94
MQM Czech, a.s.	--	--	--	16	--	16	--	--	--	8	--	8
NOVÁ ZBROJOVKA, s.r.o.	--	--	--	1,065	29	1,094	--	--	--	352	44	396
Nupaky a.s.	--	--	--	16	11	27	--	--	--	15	--	15
Polygon BC, a.s.	--	--	--	57	--	57	--	--	--	13	--	13
Rezidence Pragovka, s.r.o.	--	--	--	11	--	11	--	39	--	259	206	504

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	2019						2018					
Income	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total
Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Strakonice Property Development, a.s.	--	--	--	3	2	5	--	--	--	3	--	3
STRM Alfa, a.s.	--	--	--	--	--	--	--	--	--	1	2	3
STRM Beta, a.s.	--	--	--	14	6	20	--	--	--	13	1	14
STRM Gama, a.s.	--	--	--	11	2	13	--	--	--	5	--	5
Svitavy Property Development, a.s.	--	--	--	28	--	28	--	--	--	16	46	62
Szczecin Project sp. z o.o. w likwidacji	--	--	--	876	130	1,006	--	--	--	773	2	775
WFC Investments sp. z o.o.	--	270	--	--	--	270	--	--	--	--	--	--
<b>Owned by the Company (directly, indirectly) - interest participated</b>	--	--	--	<b>772</b>	--	<b>772</b>	--	--	--	<b>724</b>	--	<b>724</b>
Uniborc S.A.	--	--	--	772	--	772	--	--	--	724	--	724
<b>CPI Group's entity</b>	<b>32</b>	<b>18,881</b>	--	<b>145,461</b>	<b>16,396</b>	<b>180,770</b>	<b>32</b>	<b>24,789</b>	--	<b>103,661</b>	<b>25,191</b>	<b>153,673</b>
1 Bishops Avenue Limited	--	--	--	206	--	206	--	--	--	--	--	--
AIRPORT CITY INGATLANBEFEKTETÉ SI Kft.	--	--	--	598	--	598	--	--	--	386	--	386
Airport City Phase B Kft.	--	--	--	59	--	59	--	--	--	50	--	50
Andrassy Hotel Zrt.	--	--	--	135	--	135	--	--	--	105	--	105
Andrássy Real Kft.	--	--	--	914	--	914	--	--	--	153	--	153
ARENA CORNER INGATLANBEFEKTETÉ SI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	--	--	--	1,279	--	1,279	--	--	--	1,385	--	1,385
Balvinder, a.s.	--	--	--	311	13	324	--	--	--	386	59	445
Baron Puglia S.r.l.	--	--	--	20	--	20	--	--	--	--	--	--
Baudry Beta, a.s.	--	--	--	446	4	450	--	--	--	548	54	602
Baudry, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	28	28	--	--	--	333	--	333
BAYTON Alfa, a.s.	--	--	--	1,161	24	1,185	--	--	--	799	13	812
BC 30 Property Kft.	--	400	--	2	--	402	--	--	--	--	--	--
BC 91 Real Estate Ingatlanbefektetési Kft.	--	--	--	19	--	19	--	--	--	--	--	--
BC 99 Office Park Kft.	--	--	--	1,167	--	1,167	--	--	--	171	--	171
Beroun Property Development, a.s.	--	--	--	538	82	620	--	--	--	614	2	616
Best Properties South, a.s.	--	--	--	2,838	404	3,242	--	--	--	1,974	162	2,136
BPT Development, a.s.	--	--	--	233	2	235	--	--	--	--	--	--
Brandýs Logistic, a.s.	--	--	--	561	12	573	--	--	--	720	171	891
Branch of MMR RUSSIA S.à r.l. (Luxembourg)	--	49	--	--	--	49	--	63	--	--	--	63
Brno Property Development, a.s.	--	--	--	44	75	119	--	--	--	86	13	99
Březiněves, a.s.	--	--	--	626	41	667	--	--	--	1,037	299	1,336

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Income	2019						2018					
	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total
Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Buy-Way Dunakeszi Kft.	--	--	--	215	--	215	--	--	--	11	--	11
Buy-Way Soroksár Kft.	--	--	--	116	--	116	--	--	--	3	--	3
Byty Lehovec, s.r.o.	--	--	--	176	--	176	--	--	--	--	--	--
CAMPONA Shopping Center Kft.	--	--	--	5,531	--	5,531	--	--	--	2,173	--	2,173
Carpenter Invest, a.s.	--	--	--	203	2	205	--	--	--	196	8	204
CB Property Development, a.s.	--	--	--	62	--	62	--	--	--	2,516	321	2,837
Conradian, a.s.	--	--	--	537	77	614	--	--	--	569	91	660
CPI - Bor, a.s.	--	--	--	164	4	168	--	--	--	--	17	17
CPI - Orlová, a.s.	--	--	--	66	44	110	--	--	--	63	12	75
CPI - Real Estate, a.s.	--	--	--	125	9	134	--	--	--	149	35	184
CPI - Štupartská, a.s. (merged with CPI Reality, a.s.)	--	--	--	68	2	70	--	--	--	257	22	279
CPI - Zbraslav, a.s.	--	--	--	--	--	--	--	--	--	--	19	19
CPI Alfa, a.s. (merged with CPI Reality, a.s.)	--	--	--	275	2	277	--	--	--	655	76	731
CPI Beet, a.s.	--	--	--	25	--	25	--	--	--	4	--	4
CPI BYTY, a.s. (formerly CPI Residential, a.s.)	--	40	--	3,539	44	3,623	--	--	--	--	79	79
CPI BYTY, a.s. (merged with CPI Residential, a.s.)	--	--	--	1,178	793	1,971	--	46	--	1,489	2,449	3,984
CPI Delta, a.s.	--	--	--	59	1	60	--	--	--	270	100	370
CPI East,s.r.o.	--	--	--	10,285	2,209	12,494	--	--	--	5,153	--	5,153
CPI Epsilon, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	48	48	--	--	--	--	35	35
CPI Facility Slovakia, a.s.	--	765	--	--	--	765	--	1,238	--	--	--	1,238
CPI Flats, a.s.	--	--	--	91	8	99	--	--	--	--	--	--
CPI Hotels Properties, a.s.	--	--	--	364	76	440	--	--	--	104	43	147
CPI Hotels, a.s.	--	--	--	--	--	--	--	--	--	--	133	133
CPI Hungary Kft.	--	2,089	--	--	--	2,089	--	2,561	--	--	--	2,561
CPI IMMO	--	--	--	57	--	57	--	--	--	56	--	56
CPI Jihlava Shopping, a.s.	--	--	--	1,178	349	1,527	--	--	--	1,439	170	1,609
CPI Kappa, s.r.o.	--	--	--	74	4	78	--	--	--	157	1	158
CPI Lambda, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	2	--	2	--	--	--	--	--	--
CPI Meteor Centre, s.r.o.	--	--	--	539	9	548	--	--	--	703	67	770
CPI Národní, s.r.o.	--	--	--	--	1	1	--	--	--	1	1,880	1,881
CPI Office Prague, s.r.o.	--	--	--	5,602	841	6,443	--	--	--	3,450	5	3,455
CPI Palmovka Office, s.r.o.	--	--	--	66	2	68	--	--	--	1	--	1
CPI Poland Sp. z o.o.	--	1,135	--	--	--	1,135	--	1,654	--	--	--	1,654
CPI Property a Facility, s.r.o.	--	--	--	13	--	13	--	--	--	10	--	10

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Income	2019						2018					
	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total
Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
CPI Property Group S.A.	12	12	--	12,373	3	12,400	12	12	--	2,202	--	2,226
CPI Reality, a.s.	--	--	--	2,262	165	2,427	--	--	--	1,362	--	1,362
CPI Retail MB s.r.o.	--	--	--	--	37	37	--	--	--	415	4	419
CPI Retail One Kft.	--	--	--	1,042	--	1,042	--	--	--	890	--	890
CPI RETAIL PORTFOLIO HOLDING Kft.	--	--	--	1,935	--	1,935	--	--	--	1,763	--	1,763
CPI Retail Portfolio I, a.s.	--	--	--	210	22	232	--	--	--	37	21	58
CPI Retail Portfolio II, a.s.	--	--	--	170	57	227	--	--	--	39	36	75
CPI Retail Portfolio IV, s.r.o.	--	--	--	171	13	184	--	--	--	53	9	62
CPI Retail Portfolio V, s.r.o.	--	--	--	228	2	230	--	--	--	175	13	188
CPI Retail Portfolio VI, s.r.o.	--	--	--	76	3	79	--	--	--	16	5	21
CPI Retail Portfolio VIII s.r.o.	--	--	--	221	4	225	--	--	--	249	42	291
CPI Retails ONE, a.s.	--	--	--	623	74	697	--	--	--	202	--	202
CPI Retails Rosa s.r.o.	--	--	--	173	--	173	--	--	--	304	--	304
CPI Retails THREE, a.s.	--	--	--	1,392	--	1,392	--	--	--	1,242	--	1,242
CPI Retails TWO, a.s.	--	--	--	525	31	556	--	--	--	215	--	215
CPI Services, a.s.	--	12,797	--	51	--	12,848	--	18,135	--	--	--	18,135
CPI Shopping MB, a.s.	--	--	--	2,119	322	2,441	--	--	--	1,430	216	1,646
CPI Shopping Teplice, a.s.	--	--	--	2,228	84	2,312	--	--	--	1,926	344	2,270
CPI Vestec, s.r.o.	--	--	--	312	17	329	--	--	--	34	--	34
CPIPG Management S.à r.l.	4	6	--	--	--	10	4	6	--	--	--	10
Czech Property Investments, a.s.	--	--	--	21,532	1,273	22,805	--	--	--	11,613	15,222	26,835
Čadca Property Development, s.r.o.	--	--	--	105	--	105	--	--	--	136	--	136
Čáslav Investments, a.s.	--	--	--	157	16	173	--	--	--	198	25	223
Český Těšín Property Development, a.s.	--	--	--	--	--	--	--	--	--	82	11	93
Dienzenhoferovy sady 5, s.r.o. (merged with Janáčkovo nábřeží 15, s.r.o.)	--	--	--	179	--	179	--	--	--	349	1	350
EMH South, s.r.o.	--	--	--	739	183	922	--	--	--	570	7	577
ENDURANCE HOSPITALITY ASSET S.à r.l.	4	6	--	--	--	10	4	6	--	--	--	10
ENDURANCE HOSPITALITY FINANCE S.à r.l.	4	6	--	173	--	183	4	6	--	--	--	10
Europeum Kft.	--	--	--	175	--	175	--	--	--	32	--	32
Farhan, a.s.	--	--	--	2,884	631	3,515	--	--	--	2,765	370	3,135
FL Property Development, a.s.	--	--	--	12	8	20	--	--	--	12	--	12
Futurum HK Shopping, s.r.o. (formerly BAYTON ONE, s.r.o.)	--	--	--	4,174	592	4,766	--	--	--	2,576	11	2,587

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Income	2019						2018					
	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total	Net turnover	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total
Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Gateway Office Park Kft.	--	--	--	456	--	456	--	--	--	24	--	24
GCA Property Development sp. z o.o.	--	--	--	3	--	3	--	--	--	--	--	--
Gewerbesiedlungs-Gesellschaft mbH GSG Europa Beteiligungs GmbH	--	1,041	--	--	--	1,041	--	1,050	--	--	--	1,050
HD Investment s.r.o.	--	--	--	4	--	4	--	--	--	1	--	1
Hightech Park Kft.	--	--	--	172	--	172	--	--	--	91	--	91
Hospitality Invest S.a r.l.	4	6	--	19	--	29	4	6	--	--	--	10
Hraničář, a.s.	--	--	--	754	342	1,096	--	--	--	962	282	1,244
IGY2 CB, a.s.	--	--	--	140	6	146	--	--	--	1,163	175	1,338
IS Nyír Kft.	--	--	--	169	--	169	--	--	--	65	--	65
IS Zala Kft.	--	--	--	735	--	735	--	--	--	309	--	309
Janáčkovo nábřeží 15, s.r.o.	--	--	--	337	69	406	--	--	--	299	1	300
Jeseník Investments, a.s.	--	--	--	129	--	129	--	--	--	167	20	187
Kerina, a.s.	--	--	--	300	6	306	--	--	--	405	105	510
KOENIG Shopping, s.r.o.	--	--	--	4,091	281	4,372	--	--	--	2,811	8	2,819
Komárno Property Development, a.s.	--	--	--	191	--	191	--	--	--	257	--	257
Kosmonosy Property Development, s.r.o.	--	--	--	378	--	378	--	--	--	--	--	--
Kravařská zemědělská, a.s.	--	--	--	163	--	163	--	--	--	--	--	--
LD Praha, a.s.	--	--	--	354	62	416	--	--	--	218	--	218
Levice Property Development, a.s.	--	--	--	327	--	327	--	--	--	384	--	384
Liptovský Mikuláš Property Development, a.s.	--	--	--	451	--	451	--	--	--	403	--	403
Lockhart, a.s.	--	--	--	1,565	229	1,794	--	--	--	1,174	234	1,408
Lucemburská 46, a.s.	--	--	--	213	37	250	--	--	--	253	4	257
Malerba, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	--	--	--	--	8	7	15
Marissa Gama, a.s.	--	--	--	1,751	367	2,118	--	--	--	2,345	349	2,694
Marissa Kappa, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	1	1	--	--	--	235	3	238
Marissa Omikrón, a.s.	--	--	--	956	204	1,160	--	--	--	1,370	3	1,373
Marissa Tau, a.s.	--	--	--	547	256	803	--	--	--	648	26	674
Marissa Théta, a.s.	--	--	--	50	10	60	--	--	--	61	1	62
Marissa West, a.s.	--	--	--	3,296	1,135	4,431	--	--	--	3,073	38	3,111
Marissa Yellow, a.s.	--	--	--	921	322	1,243	--	--	--	1,166	91	1,257
Marissa Ypsilon, a.s.	--	--	--	2,239	301	2,540	--	--	--	2,856	362	3,218
Marissa, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	26	26	--	--	--	752	--	752
MB Futurum HK s.r.o. (merged with	--	--	--	--	7	7	--	--	--	934	6	940

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Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Futurum HK Shopping, s.r.o. - formerly BAYTON ONE, s.r.o.)												
MB Property Development, a.s.	--	--	--	48	--	48	--	--	--	59	--	59
Mercuda, a.s.	--	523	--	--	--	523	--	--	--	--	--	--
Michalovce Property Development, a.s.	--	--	--	395	--	395	--	--	--	460	--	460
MMR RUSSIA S.A R.L.	4	6	--	--	--	10	4	6	--	--	--	10
Modřanská Property, a.s.	--	--	--	--	--	--	--	--	--	461	--	461
MUXUM, a.s.	--	--	--	274	43	317	--	--	--	408	99	507
Na Poříčí, a.s.	--	--	--	2,008	305	2,313	--	--	--	2,455	50	2,505
New Age Kft.	--	--	--	22	--	22	--	--	--	13	--	13
OC Nová Zdaboř a.s.	--	--	--	442	48	490	--	--	--	528	4	532
OC Spektrum, s.r.o.	--	--	--	403	89	492	--	--	--	746	13	759
OFFICE CENTER HRADČANSKÁ, a.s.	--	--	--	777	9	786	--	--	--	162	2	164
Office Center Poštová, s.r.o.	--	--	--	188	--	188	--	--	--	213	--	213
Olomouc Building, a.s.	--	--	--	567	236	803	--	--	--	--	--	--
Olomouc City Center, a.s. (merged with Olomouc Office, a.s. into Olomouc Building, a.s.)	--	--	--	173	29	202	--	--	--	645	302	947
Olomouc Office, a.s. (merged with Olomouc City Center, a.s. into Olomouc Building, a.s.)	--	--	--	237	7	244	--	--	--	332	67	399
Orchard Hotel a.s.	--	--	--	641	1	642	--	--	--	--	--	--
Outlet Arena Moravia, s.r.o.	--	--	--	90	2	92	--	--	--	118	7	125
Ozrics Kft.	--	--	--	51	--	51	--	--	--	80	--	80
Pelhřimov Property Development	--	--	--	153	21	174	--	--	--	182	42	224
Polus Shopping Center Zrt.	--	--	--	4,197	--	4,197	--	--	--	1,943	--	1,943
Považská Bystrica Property Development, a.s.	--	--	--	114	--	114	--	--	--	252	--	252
Prievidza Property Development, a.s.	--	--	--	283	--	283	--	--	--	327	--	327
PROJECT FIRST a.s.	--	--	--	--	2	2	--	--	--	--	--	--
Projekt Nisa, s.r.o.	--	--	--	6,551	1,219	7,770	--	--	--	3,661	--	3,661
Projekt Zlatý Anděl, s.r.o.	--	--	--	5,014	1,454	6,468	--	--	--	4,101	46	4,147
Prostějov Investments, a.s.	--	--	--	54	--	54	--	--	--	--	--	--
Příbor Property Development, s.r.o.	--	--	--	26	--	26	--	--	--	25	--	25
Real Estate Energy Kft.	--	--	--	1	--	1	--	--	--	--	--	--
Residence Belgická, s.r.o.	--	--	--	80	2	82	--	--	--	88	1	89
Residence Izabella Zrt.	--	--	--	137	--	137	--	--	--	95	--	95

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Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Retail Park Chrastava s.r.o. (formerly CPI Retail Portfolio III, s.r.o.)	--	--	--	--	--	--	--	--	--	41	37	78
Retail Park Litoměřice s.r.o. (formerly CPI Retail Portfolio VII, s.r.o.)	--	--	--	--	--	--	--	--	--	33	23	56
Rezidence Jančova, s.r.o.	--	--	--	2	--	2	--	--	--	--	--	--
Rezidence Malkovského, s.r.o.	--	--	--	9	--	9	--	--	--	--	--	--
Spišská Nová Ves Property Development, a.s.	--	--	--	346	--	346	--	--	--	365	--	365
Statek Kravaře, a.s. (formerly AVENA, výrobné obchodní družstvo, zkráceně AVENA, VOD)	--	--	--	66	--	66	--	--	--	--	--	--
Statenice Property Development, a.s.	--	--	--	123	86	209	--	--	--	118	--	118
Svitavy Property Alfa, a.s.	--	--	--	727	191	918	--	--	--	557	26	583
Telč Property Development, a.s.	--	--	--	24	--	24	--	--	--	27	6	33
Tepelné hospodářství Litvínov s.r.o.	--	--	--	34	(2)	32	--	--	--	88	4	92
Třebíšov Property Development, s.r.o.	--	--	--	19	--	19	--	--	--	33	--	33
Trutnov Property Development, a.s.	--	--	--	--	--	--	--	--	--	485	6	491
Třebíč Investments, s.r.o.	--	--	--	95	--	95	--	--	--	--	--	--
Třinec Investments, s.r.o.	--	--	--	128	1	129	--	--	--	156	--	156
Třinec Property Development, a.s.	--	--	--	249	39	288	--	--	--	360	1	361
Tyršova 6, a.s.	--	--	--	59	--	59	--	--	--	127	13	140
U svatého Michala, a.s.	--	--	--	176	133	309	--	--	--	184	3	187
V Team Prague, s.r.o. (formerly CPI Blatiny, s.r.o.)	--	--	--	407	45	452	--	--	--	226	--	226
Vigano, a.s.	--	--	--	900	4	904	--	--	--	800	5	805
VINOHRADY SARL	--	--	--	116	--	116	--	--	--	305	--	305
Vysočina Investments, a.s.	--	--	--	199	--	199	--	--	--	--	--	--
Vyškov Property Development, a.s. (merged with CPI Reality, a.s.)	--	--	--	88	11	99	--	--	--	242	36	278
ZLATICO LIMITED	--	--	--	--	--	--	--	--	--	600	--	600
Ždírec Property Development	--	--	--	49	13	62	--	--	--	63	10	73
<b>Radovan Vitek and his entity reported as affiliated</b>	<b>8</b>	<b>3,366</b>	--	--	<b>2,862</b>	<b>6,236</b>	<b>8</b>	<b>2,686</b>	--	--	<b>5,278</b>	<b>7,972</b>
Efimacor S.à r.l.	4	6	--	--	--	10	4	6	--	--	3	13
GAMALA LIMITED	--	--	--	--	2,833	2,833	--	--	--	--	4,161	4,161



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Note	8	9	15.1	16.1	16.2	--	8	9	15.1	16.1	16.2	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Ravento S.à r.l.	4	6	--	--	--	10	4	6	--	--	--	10
Vítek Radovan	--	3,354	--	--	29	3,383	--	2,674	--	--	1,114	3,788
<b>Other related reported as other</b>	<b>20</b>	<b>30</b>	<b>--</b>	<b>--</b>	<b>3</b>	<b>53</b>	<b>18</b>	<b>28</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>46</b>
CPIPG Holding S.à r.l.	4	6	--	--	--	10	3	5	--	--	--	8
Kosic, s.à r.l.	4	6	--	--	--	10	4	6	--	--	--	10
Logan Estates Sarl	4	6	--	--	--	10	4	6	--	--	--	10
POLMA 1 S.A.	4	6	--	--	--	10	4	6	--	--	--	10
Turf Praha a.s.	--	--	--	--	3	3	--	--	--	--	--	--
WHIPLASH EQUITIES S.à r.l.	4	6	--	--	--	10	3	5	--	--	--	8
<b>Total</b>	<b>60</b>	<b>22,547</b>	<b>134</b>	<b>152,308</b>	<b>19,762</b>	<b>194,811</b>	<b>58</b>	<b>27,542</b>	<b>--</b>	<b>108,026</b>	<b>31,396</b>	<b>167,022</b>

	2019				2018			
Expenses	Other external expenses	Financial expenses affiliated	Financial expenses other	Total	Other external expenses	Financial expenses affiliated	Financial expenses other	Total
Note	8	15.1	16.1	--	8	9	9	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Owned by the Company (directly, indirectly) - affiliated</b>	<b>--</b>	<b>1,247</b>	<b>--</b>	<b>1,247</b>	<b>--</b>	<b>1,241</b>	<b>--</b>	<b>1,241</b>
Bubenská 1, a.s.	--	(9)	--	(9)	--	52	--	52
BYTY PODKOVA, a.s.	--	814	--	814	--	642	--	642
CD Property s.r.o.	--	2	--	2	--	35	--	35
CPI - Krásné Březno, a.s.	--	--	--	--	--	3	--	3
CPI - Land Development, a.s.	--	1	--	1	--	1	--	1
CPI Park Žďárek, a.s.	--	--	--	--	--	1	--	1
CPI South, s.r.o.	--	1	--	1	--	--	--	--
Darilia, a.s.	--	1	--	1	--	--	--	--
Endurance Real Estate Management Company S.A.	--	6	--	6	--	7	--	7
Industrial Park Stříbro, s.r.o.	--	170	--	170	--	150	--	150
JIHOVÝCHODNÍ MĚSTO, a.s.	--	--	--	--	--	11	--	11
Land Properties, a.s.	--	8	--	8	--	5	--	5
Marki Real Estate sp. z o.o. w likwidacji	--	248	--	248	--	204	--	204
MQM Czech, a.s.	--	(2)	--	(2)	--	2	--	2
NOVÁ ZBROJOVKA, s.r.o.	--	--	--	--	--	29	--	29
ORCO PROJECT sp. z o.o.	--	--	--	--	--	23	--	23
Polygon BC, a.s.	--	(1)	--	(1)	--	2	--	2
Rezidence Pragovka, s.r.o.	--	1	--	1	--	11	--	11
STRM Alfa, a.s.	--	7	--	7	--	--	--	--
STRM Gama, a.s.	--	1	--	1	--	--	--	--

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	2019				2018			
Expenses	Other external expenses	Financial expenses affiliated	Financial expenses other	Total	Other external expenses	Financial expenses affiliated	Financial expenses other	Total
Note	8	15.1	16.1	--	8	9	9	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Svitavy Property Development, a.s.	--	(1)	--	(1)	--	1	--	1
Szczecin Project sp. z o.o. w likwidacji	--	--	--	--	--	62	--	62
<b>CPI Group's entity</b>	<b>5,924</b>	<b>96,015</b>	<b>--</b>	<b>101,939</b>	<b>9,150</b>	<b>70,442</b>	<b>5,362</b>	<b>84,954</b>
1 Bishops Avenue Limited	236	--	--	236	--	--	--	--
Balvinder, a.s.	--	1	--	1	--	2	--	2
Baudry Beta, a.s.	--	1	--	1	--	4	--	4
Baudry, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	21	--	21
BAYTON Alfa, a.s.	--	(1)	--	(1)	--	36	--	36
BAYTON Gama, a.s.	--	5	--	5	--	--	--	--
BC 30 Property Kft.	--	220	--	220	--	295	--	295
BC 91 Real Estate Ingatlanbefektetési Kft.	--	97	--	97	--	130	--	130
Beroun Property Development, a.s.	--	--	--	--	--	90	--	90
Best Properties South, a.s.	--	7	--	7	--	29	--	29
BPT Development, a.s.	--	62	--	62	--	1	--	1
Brandýs Logistic, a.s.	--	3	--	3	--	7	--	7
BRNO INN, a.s.	--	40	--	40	--	--	--	--
Brno Property Development, a.s.	--	903	--	903	--	399	--	399
Březiněves, a.s.	--	18	--	18	--	25	--	25
Carpenter Invest, a.s.	--	(1)	--	(1)	--	1	--	1
CB Property Development, a.s.	--	--	--	--	--	98	--	98
Conradian, a.s.	--	--	--	--	--	16	--	16
CPI - Bor, a.s.	--	22	--	22	--	64	--	64
CPI - Horoměřice, a.s.	--	10	--	10	--	8	--	8
CPI - Orlová, a.s.	--	--	--	--	--	1	--	1
CPI - Real Estate, a.s.	--	1	--	1	--	1	--	1
CPI - Štupartská, a.s. (merged with CPI Reality, a.s.)	--	(6)	--	(6)	--	7	--	7
CPI - Zbraslav, a.s.	--	119	--	119	--	83	--	83
CPI Alfa, a.s. (merged with CPI Reality, a.s.)	--	1	--	1	--	4	--	4
CPI BYTY, a.s. (formerly CPI Residential, a.s.)	--	19	--	19	--	14	--	14
CPI BYTY, a.s. (merged with CPI Residential, a.s.)	--	--	--	--	--	798	--	798
CPI Delta, a.s.	--	--	--	--	--	3	--	3
CPI East,s.r.o.	--	8	--	8	--	47	--	47
CPI Energo, a.s.	--	12	--	12	--	3	--	3
CPI Epsilon, a.s. (merged with Czech Property Investments, a.s.)	--	120	--	120	--	152	--	152
CPI Hotels Poland sp. z o.o.	1	--	--	1	--	--	--	--
CPI Hotels Properties, a.s.	--	61	--	61	--	12	--	12
CPI Hotels, a.s.	2	108	--	110	1	--	--	1
CPI Hungary Kft.	--	23	--	23	--	1	--	1
CPI Jihlava Shopping, a.s.	--	12	--	12	--	10	--	10

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	Other external expenses	Financial expenses affiliated	Financial expenses other	Total	Other external expenses	Financial expenses affiliated	Financial expenses other	Total
	Note	8	15.1	16.1	--	8	9	9
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
CPI Kappa, s.r.o.	--	(1)	--	(1)	--	1	--	1
CPI Management, s.r.o.	1,552	--	--	1,552	1,092	--	--	1,092
CPI Meteor Centre, s.r.o.	--	1	--	1	--	6	--	6
CPI Národní, s.r.o.	--	361	--	361	--	109	--	109
CPI Office Prague, s.r.o.	--	(3)	--	(3)	--	20	--	20
CPI Palmovka Office, s.r.o.	--	--	--	--	--	1	--	1
CPI Park Mlýnec, a.s. (merged with CPI - Bor, a.s.)	--	1	--	1	--	1	--	1
CPI Property a Facility, s.r.o.	--	--	--	--	--	9	--	9
CPI Property Group S.A.	582	88,990	--	89,572	533	31,401	--	31,934
CPI Reality, a.s.	--	33	--	33	--	128	--	128
CPI Retail MB s.r.o.	--	--	--	--	--	54	--	54
CPI Retail Portfolio I, a.s.	--	1	--	1	--	43	--	43
CPI Retail Portfolio II, a.s.	--	25	--	25	--	74	--	74
CPI Retail Portfolio IV, s.r.o.	--	10	--	10	--	17	--	17
CPI Retail Portfolio V, s.r.o.	--	2	--	2	--	9	--	9
CPI Retail Portfolio VI, s.r.o.	--	--	--	--	--	11	--	11
CPI Retail Portfolio VIII s.r.o.	--	(1)	--	(1)	--	3	--	3
CPI Retails ONE, a.s.	--	1	--	1	--	1	--	1
CPI Retails TWO, a.s.	--	7	--	7	--	19	--	19
CPI Services, a.s.	926	--	--	926	2,084	--	--	2,084
CPI Shopping MB, a.s.	--	7	--	7	--	11	--	11
CPI Shopping Teplice, a.s.	--	33	--	33	--	16	--	16
CPI Vestec, s.r.o.	--	1	--	1	--	--	--	--
Czech Property Investments, a.s.	--	203	--	203	--	29,804	--	29,804
Čáslav Investments, a.s.	--	--	--	--	--	13	--	13
Český Těšín Property Development, a.s.	--	--	--	--	--	1	--	1
EMH South, s.r.o.	--	1	--	1	--	4	--	4
Farhan, a.s.	--	26	--	26	--	134	--	134
Futurum HK Shopping, s.r.o. (formerly BAYTON ONE, s.r.o.)	--	2	--	2	--	1,105	--	1,105
HOTEL U PARKU, s.r.o.	--	14	--	14	--	1	--	1
Hraničář, a.s.	--	2	--	2	--	5	--	5
IGY2 CB, a.s.	--	(1)	--	(1)	--	43	--	43
Janáčkovo nábřeží 15, s.r.o.	--	157	--	157	--	70	--	70
Jeseník Investments, a.s.	--	(5)	--	(5)	--	8	--	8
Jetřichovice Property, a.s.	--	10	--	10	--	8	--	8
Kerina, a.s.	--	1	--	1	--	3	--	3
KOENIG Shopping, s.r.o.	--	10	--	10	--	--	--	--
Kosmonosy Property Development, s.r.o.	--	1	--	1	--	--	--	--
LD Praha, a.s.	--	1	--	1	--	2	--	2
Lockhart, a.s.	--	25	--	25	--	8	--	8
Lucemburská 46, a.s.	--	45	--	45	--	21	--	21

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	Other external expenses	Financial expenses affiliated	Financial expenses other	Total	Other external expenses	Financial expenses affiliated	Financial expenses other	Total
Note	8	15.1	16.1	--	8	9	9	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Malerba, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	--	--	--
Marissa Gama, a.s.	--	2	--	2	--	315	--	315
Marissa Kappa, a.s. (merged with Czech Property Investments, a.s.)	--	(7)	--	(7)	--	6	--	6
Marissa Omikrón, a.s.	--	--	--	--	--	202	--	202
Marissa Tau, a.s.	--	1	--	1	--	4	--	4
Marissa Théta, a.s.	--	--	--	--	--	12	--	12
Marissa West, a.s.	--	6	--	6	--	36	--	36
Marissa Yellow, a.s.	--	1	--	1	--	6	--	6
Marissa Ypsilon, a.s.	--	2	--	2	--	84	--	84
Marissa, a.s. (merged with Czech Property Investments, a.s.)	--	--	--	--	--	30	--	30
MB Futurum HK s.r.o. (merged with Futurum HK Shopping, s.r.o. - formerly BAYTON ONE, s.r.o.)	--	1	--	1	--	7	--	7
MB Property Development, a.s.	--	(4)	--	(4)	--	10	--	10
Modřanská Property, a.s.	--	--	--	--	--	16	--	16
MUXUM, a.s.	--	1	--	1	--	91	--	91
Na Poříčí, a.s.	--	--	--	--	--	524	--	524
Nymburk Property Development, a.s.	--	214	--	214	--	202	--	202
OC Nová Zdaboř a.s.	--	--	--	--	--	55	--	55
OC Spektrum, s.r.o.	--	9	--	9	--	5	--	5
OFFICE CENTER HRADČANSKÁ, a.s.	--	1	--	1	--	2	--	2
Olomouc Building, a.s.	--	10	--	10	--	--	--	--
Olomouc City Center, a.s. (merged with Olomouc Office, a.s. into Olomouc Building, a.s.)	--	(4)	--	(4)	--	4	--	4
Olomouc Office, a.s. (merged with Olomouc City Center, a.s. into Olomouc Building, a.s.)	--	(2)	--	(2)	--	3	--	3
Orchard Hotel a.s.	--	1	--	1	--	--	--	--
Pelhřimov Property Development	--	--	--	--	--	14	--	14
PROJECT FIRST a.s.	--	193	--	193	--	113	--	113
Projekt Nisa, s.r.o.	--	207	--	207	--	41	--	41
Projekt Zlatý Anděl, s.r.o.	--	11	--	11	--	30	--	30
Příbor Property Development, s.r.o.	--	(1)	--	(1)	--	1	--	1
Residence Belgická, s.r.o.	--	2	--	2	--	2	--	2
Retail Park Chrastava s.r.o. (formerly CPI Retail Portfolio III, s.r.o.)	--	--	--	--	--	41	--	41
Retail Park Litoměřice s.r.o. (formerly CPI Retail Portfolio VII, s.r.o.)	--	--	--	--	--	12	--	12

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Expenses	2019				2018			
	Other external expenses	Financial expenses affiliated	Financial expenses other	Total	Other external expenses	Financial expenses affiliated	Financial expenses other	Total
Note	8	15.1	16.1	--	8	9	9	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Rezidence Malkovského, s.r.o.	--	1	--	1	--	--	--	--
ST Project Limited	2,625	3,544	--	6,169	5,440	2,825	--	8,265
Statenice Property Development, a.s.	--	--	--	--	--	1	--	1
Svitavy Property Alfa, a.s.	--	2	--	2	--	3	--	3
Tachov Investments, s.r.o.	--	3	--	3	--	--	--	--
Tepelné hospodářství Litvínov s.r.o.	--	--	--	--	--	1	5,362	5,363
Trutnov Property Development, a.s.	--	--	--	--	--	145	--	145
Třinec Investments, s.r.o.	--	(7)	--	(7)	--	9	--	9
Třinec Property Development, a.s.	--	--	--	--	--	37	--	37
U svatého Michala, a.s.	--	--	--	--	--	2	--	2
V Team Prague, s.r.o. (formerly CPI Blatiny, s.r.o.)	--	8	--	8	--	8	--	8
Vigano, a.s.	--	(5)	--	(5)	--	5	--	5
Vyškov Property Development, a.s. (merged with CPI Reality, a.s.)	--	--	--	--	--	12	--	12
<b>Radovan Vítek and his entity reported as affiliated</b>	--	<b>18</b>	--	<b>18</b>	--	<b>925</b>	--	<b>925</b>
GAMALA LIMITED	--	--	--	--	--	62	--	62
Vítek Radovan	--	18	--	18	--	863	--	863
<b>Other related reported as other</b>	--	--	<b>34</b>	<b>34</b>	--	--	<b>34</b>	<b>34</b>
Turf Praha a.s.	--	--	34	34	--	--	34	34
<b>Total</b>	<b>5,924</b>	<b>97,280</b>	<b>34</b>	<b>103,238</b>	<b>9,150</b>	<b>72,608</b>	<b>5,396</b>	<b>87,154</b>

Value adjustments	2019			2018		
	Value adjustments of current assets	Value adjustments of fixed assets	Total	Value adjustments of current assets	Value adjustments of fixed assets	Total
Note	8	15.1	--	8	9	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
<b>Owned by the Company (directly, indirectly) - affiliated</b>	<b>13</b>	<b>(1,505)</b>	<b>(1,492)</b>	<b>(1)</b>	<b>1,380</b>	<b>1,379</b>
CEREM S.A.	--	1	1	--	1	1
Data Trade s.r.o.	2	23	25	2	23	25
Development Doupovská, s.r.o.	(1)	(10)	(11)	--	4	4
FAMIACO ENTERPRISES COMPANY LIMITED	12	203	215	12	194	206
ORCO PROJECT sp. z o.o.	--	--	--	(15)	(8)	(23)
Szczecin Project sp. z o.o. w likwidacji	--	(1,722)	(1,722)	--	1,166	1,166
<b>CPI Group's entity</b>	<b>1,114</b>	<b>(8,776)</b>	<b>(7,662)</b>	<b>19</b>	<b>8,013</b>	<b>8,032</b>
Byty Lehovec, s.r.o.	--	(4)	(4)	--	4	4

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Conradian, a.s.	--	--	--	--	(524)	(524)
CPI IMMO	--	2	2	--	336	336
CPI Retail One Kft.	--	(856)	(856)	--	812	812
CPI Retail Portfolio V, s.r.o.	--	(194)	(194)	--	(634)	(634)
CPI Retails Rosa s.r.o.	--	--	--	--	(29)	(29)
Dienzenhoferovy sady 5, s.r.o. (merged with Janáčkovo nábřeží 15, s.r.o.)	--	--	--	--	119	119
HD Investment s.r.o.	--	64	64	--	--	--
Hospitality Invest S.a r.l.	974	--	974	--	--	--
Janáčkovo nábřeží 15, s.r.o.	--	(783)	(783)	--	--	--
Liptovský Mikuláš Property Development, a.s.	--	1,795	1,795	--	20	20
OC Spektrum, s.r.o.	--	(7,111)	(7,111)	--	7,111	7,111
Olomouc City Center, a.s. (merged with Olomouc Office, a.s. into Olomouc Building, a.s.)	--	--	--	--	(371)	(371)
Outlet Arena Moravia, s.r.o.	--	--	--	--	(12)	(12)
Real Estate Energy Kft.	--	21	21	--	--	--
Spišská Nová Ves Property Development, a.s.	--	(1,304)	(1,304)	--	1,107	1,107
Tepelné hospodářství Litvínov s.r.o.	--	(3)	(3)	--	(345)	(345)
V Team Prague, s.r.o. (formerly CPI Blatiny, s.r.o.)	--	(403)	(403)	--	110	110
VINOHRADY SARL	140	--	140	19	309	328
<b>Total</b>	<b>1,127</b>	<b>(10,281)</b>	<b>(9,154)</b>	<b>18</b>	<b>9,393</b>	<b>9,411</b>

The positive value is increase of value adjustments, the negative value is decrease of value adjustments.

## NOTE 23 - GUARANTEES AND OTHER CONTINGENCIES

### Eclair Aviation commitment

On March 2, 2018, the Company entered into a contract with Eclair Aviation under the terms of which the Company commit to a minimum usage of flight services representing a maximum amount of KUSD 4,200 per year.

### Guarantee

In June 2007 the Company issued a guarantee up to a maximum amount of EUR 5 million to secure all payment claims of IBB Holding and BTGI against inter alia Gewerbesiedlungs-Gesellschaft (Berlin), Orco Russian Retail, and MSREF V/MSREF Turtle B.V under an option agreement dated 22/23 May 2006 as amended on 24/25 April 2007 concerning the acquisition of all shares in Gewerbesiedlungs-Gesellschaft.

According to the framework agreement dated 18 August 2011 between the Company and MSREF V Turtle, the Company assumed the obligation to release the Morgan Stanley companies (MSREF V and MSREF V Turtle) from all claims under the Morgan Stanley guarantee by issuing a respective back to back guarantee of EUR 10 million.

IBB Holding and BTGI agreed to accept a top up of OPG guarantee and the release of Morgan Stanley companies from their engagement as per the option agreement. In June 2015 the Company issued the EUR 5 million top up guarantee in favour IBB Holding and BTGI and obtained a release from Morgan Stanley back to back guarantee. The aggregate guarantee of the Company to the benefit of IBB Holding and BTGI amounts to EUR 10 million.

As at the date of the publication of the financial statements, the Company has no litigation that would lead to any material contingent liability except as disclosed in Note 24.

## **NOTE 24 - LITIGATIONS**

### **Kingstown dispute**

In January 2015 the Company was served with summons by Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II LP of Delaware, Ktown LP of Delaware (collectively referred to as "Kingstown"), claiming to be former shareholders of the Company. The action was filed with the "Tribunal d'Arrondissement de et a Luxembourg" (the "Court") and seeks condemnation of the Company, CPI PG and certain members of the Company'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 damage claimed arose inter alia from the alleged violation of the Company's minority shareholders rights. 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 EU 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. The Luxembourg District Court rendered a judgement on 19 February 2016, whereby each claimant has to pay a legal deposit in the total amount of EUR 90 thousand to the "Caisse de Consignation" in Luxembourg. Kingstown paid the deposit in January 2017 and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisors filed additional submission to increase the amount of alleged damages claimed to EUR 157 million.

The Company continues to believe the claim is without merit and intends to vigorously contest it. In June 2019, the Court issued a first instance judgement, dismissing the claim against CPI PG because the claim was not clearly pleaded ("libellé obscur") in relation to CPI PG. In relation to the admissibility of Kingstown's claim against the Company and other defendants, the Court is expected to rule only after it further examines positions of the remaining parties on certain procedural aspects; until then, the case will continue in a procedural stage. The merits of the case will be pleaded by any remaining defendants only if the Court declares the claim admissible. The hearings on the admissibility of the claim against the Company are expected to take place in second half of 2020.

### **Hagibor Office Building dispute**

In March 2016, the insolvency administrator of the Company's subsidiary HAGIBOR OFFICE BUILDING ("HOB"), filed a lawsuit, requesting that the Company returns to HOB in aggregate USD 16.49 million, paid by HOB to the Company in 2012. The Company is of the opinion that the lawsuit has no merit given that in 2012 HOB duly repaid its loan to the Company. The Company 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 the Company 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, the Company 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 is subject to a number of conditions precedent - in particular the approval of the settlement by the insolvency courts for HOB and L88. These are expected to be obtained in the six months ended 30 June 2020.

### **Disputes related to warrants issued by the Company**

The Company 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 the Company for approximately EUR 1.2 million in relation to the Change of Control Notice published by the Company, 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 the Company 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.

The Company will defend itself against these lawsuits and reminds that in accordance with the judgement of the Paris Commercial Court pronounced on 26 October 2015 concerning the termination of the Company’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 Company’s Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the Company’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 Company’s Safeguard will be unenforceable against the Company. To the best of Company’s knowledge, none of the holders of the 2014 Warrants who sued the Company filed their claims 2014 Warrants-related claims in the Company’s Safeguard Plan.

### **NOTE 25 - POST BALANCE SHEET EVENTS**

#### **Admission of 200 million shares**

Subsequent to year end, the Company applied to Warsaw Stock Exchange for admission of 200 million shares, which are in addition to 114 million shares already traded on Warsaw Stock Exchange which was approved by the board of Warsaw Stock Exchange on February 24, 2020.

#### **Appointment of New Managing Directors**

The Company’s board of directors appointed, with effect as of 4 March 2020, Martin Němeček as managing director.

#### **COVID-19 disclosure**

The Company’s main shareholder CPI PG Group currently has over EUR 1 billion of liquidity comprised of more than EUR 500 million of cash and an undrawn EUR 510 million revolving credit facility with 11 local and international banks maturing in 2022. 70% of CPI PG’s assets are unencumbered. Therefore, the Group does not expect the COVID-19 pandemic to have impact on its ability to continue as a going concern.

As an effect of COVID-19 pandemic, the Group’s capital expenditure and development plans are being reassessed and reprioritized. The Group is taking actions to reduce overhead and other costs.

The Group considers the impact of COVID -19 pandemic on the Group as non-adjusting event after the reporting period. Until the date, no estimate of an impact on the total value of the Group’s property portfolio is available.