

FINANCIAL INFORMATION

2020



Including the
Condensed consolidated interim financial statements
for the six-month period ended 30 June 2020
(Unaudited)

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 30 June 2020

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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 “**CPIPG**”), 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 CPIPG group.

The Company is a joint stock company (*société anonyme*) 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 registered under ISIN code LU0122624777 are listed on the regulated markets of the Luxembourg Stock Exchange and Warsaw Stock Exchange.

MESSAGE FROM THE MANAGEMENT

Despite the COVID-19 outbreak in the first half of 2020 which negatively impacted the global economy, the Group demonstrated very resilient performance in the period. This was largely due to the Group's high exposure to office properties and land bank, swift actions taken by governments in our region, the resilience of our tenants and careful cost management.

Total assets increased by €642.7 million (12%) to €5,886.8 million as at 30 June 2020. The EPRA Net Reinstatement Value (former EPRA NAV) per share as at 30 June 2020 was €0.59 compared to €0.66 as at 31 December 2019. At the end of June 2020, the EPRA Net Disposal Value (former EPRA NNNAV) amounted to €0.56 per share compared to €0.63 at the end of 2019.

The Group achieved an operating profit of €18.9 million in H1 2020 compared to €13.3 million in H1 2019. Total net loss was €36.6 million in H1 2020 compared to profit of €69.7 million in H1 2019.

Resulting from the Company's integration into CPI PROPERTY GROUP ("CPIPG") in 2016, one of its roles is to serve as an intergroup financing vehicle to the entities within CPIPG. As at 30 June 2020, the outstanding balance of the provided loans to CPIPG group amounted to approximately €4,166.2 million. The Company also continues in providing strategic management and advisory services to entities within CPIPG group.

Later in 2020, our portfolio will benefit from the completion of ZET.Office, (a 20,000 sqm office development which is part of the Nová Zbrojovka project in Brno), together with Bubenska (a 26,400 sqm development in Prague 7), which will be the future Prague headquarters of WPP.

During the annual general meeting in May 2020, the Company's shareholders approved the statutory and annual accounts in addition to the allocation of financial results for the year ending 31 December 2019. The meeting resolved to appoint Anita Dubost, David Greenbaum, Edward Hughes, and Scot Wardlaw to the Board of Directors of the Company. David Greenbaum and Martin Němeček were also elected Managing Director (*administrateur délégué*) of the Company.

Given the uncertainties due to the coronavirus pandemic, the Group will consistently monitor the situation, with a focus on business continuity and the well-being of our employees and tenants.



David Greenbaum,
Managing Director

FIRST HALF 2020 AND POST-CLOSING KEY EVENTS

Managerial Changes

On 4 March 2020, the Company's board of directors appointed Martin Němeček and Jiri Dederá as managing directors (administrateurs délégués).

Later in March, the Company mutually agreed to terminate the collaboration with Jiri Dederá. Mr. Dederá had worked for the Company on various senior positions since 2013. Mr. Dederá's positions of the CEO and Managing Director terminated as of 31 March 2020. The senior executive duties have been taken over by David Greenbaum, Managing Director.

Admission of 200 million shares on the regulated market of the Warsaw Stock Exchange

The Management Board of the Warsaw Stock Exchange (the "WSE") decided to admit 200,000,000 shares of the Company to exchange trading on the Main List of the WSE as of 25 February 2020.

Since 25 February 2020, 314,507,629 Company shares registered under ISIN code LU0122624777 are 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.

Annual general meeting of shareholders

The annual general meeting of shareholders of the Company was held on 28 May 2020 in Luxembourg (the "Annual Meeting"), with approximately 97.3% of the voting rights present or represented.

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

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 ending 31 December 2019.

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 2021: Anita Dubost, David Greenbaum, Edward Hughes, and Scot Wardlaw. The Annual Meeting also approved Ernst & Young S.A., Luxembourg as an auditor of the Company until the annual general meeting of 2021.

The Company's Board of Directors acknowledged the results of the Annual Meeting and elected David Greenbaum and Martin Němeček to serve as Managing Directors (administrateurs délégués) of the Company.

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.

New tenants move into ZET.office in Nová Zbrojovka, Brno

In late 2019, the Company signed a lease with Kiwi.com, the prominent travel company, to take up close to 11,000 sqm of office space spread over five floors at the new ZET.Office development in Brno, part of the Nová Zbrojovka

regeneration project. The lease with Kiwi.com represented the largest recent deal concluded on the Brno property market.

Another prominent company based in Brno took the decision to move its headquarters to ZET.Office. Axians redtoo s.r.o., a member of the VINCI group, will occupy more than 1,700 sqm of office space on the third and fourth floors of the ZET.office building.

Intergroup financing

Resulting from the Company's integration into CPIPG in 2016, one of its roles is to function as an intergroup financing vehicle to the entities within CPIPG group. In 2020, the Group continued to provide the equity loans to other entities within the CPIPG group. As at 30 June 2020, the outstanding balance of the provided loans to CPIPG group amounted to €4,166.2 million.

COVID-19 impact

Despite the COVID-19 outbreak in the first half of 2020 and the negative impact of the pandemic on the global economy, the Group demonstrated very resilient performance in the period. This was largely attributed to the Group's high exposure to office properties and land bank, swift actions taken by governments in our region, the resilience of our tenants and careful cost management. The Group is consistently monitoring the situation, with a focus on business continuity and the well-being of our employees and tenants.

MARKET ENVIRONMENT

Global macro-economic conditions

The COVID-19 pandemic in the first half of 2020 had a dramatic and unprecedented impact on the global economy. This has exacerbated the lingering weak economic landscape across the Euro Area, which was facing issues in 2019 from global trade tensions, a slowdown in Germany and political uncertainty.

Czech Republic¹

The Czech economy shrank by 3.3% quarter-on-quarter in the first three months of 2020, and by 8.4% in the three months to June 2020. Although the Q2 decline beat market expectations of a 12.9% slump, it was nevertheless the sharpest contraction on record, with the country entering a technical recession as the coronavirus pandemic hit the economy in terms of external demand, lower household consumption and investment activity. April saw the weakest point in data, with year-on-year declines in construction output of 4.6%, industrial production of 33.7% and retail sales of 10.6%. The Czech government has pledged more than 1 trillion crowns to help offset the economic damage from the pandemic, mainly loan guarantees and direct aid for affected workers and firms.

However, economic conditions began to exhibit a more positive trend towards the end of the first half of 2020, supported by the relatively rapid reopening of the Czech economy and its main trading neighbours. Consumer confidence increased to 93.3 in June (from 91.9 in May), the business confidence indicator rose to 73.8 in June 2020 from an over 21-year low of 71.6 in May, retail sales increased by 11.6% in May compared to April, and the manufacturing PMI recovered to 44.9 in June (increasing again in July to 47.0, closer to growth territory). In addition, unemployment remains very low in a historical context and compared to much of Europe, increasing to 2.6% at the end of June 2020, still among the lowest of all EU states.

Average real monthly wages in the Czech Republic continued to increase by 1.4% year-on-year in the first quarter of 2020, although this was the smallest gain since 2013. Nominal wages rose by 5% and prices went up 3.6%. Consequently, the inflation rate edged stood at 3.3% in June, slightly above the Czech National Bank's 1.0%–3.0% tolerance range.

The Czech National Bank remains focused on fiscal stability and manages the national currency carefully to maintain close parity with the Euro. Through a series of cuts, the two-week repo rate has decreased a total of 200 basis points since mid-March to 0.25%. This led to a moderate weakening in the Czech Koruna versus the Euro since February, which partially reversed in June.

Poland²

In general, CEE countries have been so far less impacted by the pandemic in terms of numbers of cases and deaths compared to much of Western and Southern Europe. This has enabled their economies to reopen relatively quickly, though the picture differs from country to country.

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

In Poland, quarter-on-quarter GDP declined by 0.4% in Q1 2020. However, significantly higher falls in GDP were recorded in Q2, with Poland seeing a fall of 8.9% compared to Q1. The manufacturing PMI in Poland rose to 47.2

¹ Trading Economics, Reuters

² Trading Economics, Focus Economics

in June from 40.6 in May as business confidence began to recuperate. At the end of June, annual inflation stood at 3.3% in Poland. Wage growth in Poland tapered in May compared to the prior year (+3.6% and +2.2% respectively).

Poland recorded a relatively smaller decline in retail sales in April (-7.7%). Unemployment rates increased across the board, with Poland's rate rising to 6.1% in June 2020. However, for now these level remain relatively low in a historical context.

Towards the end of the first half, following weakening at the outset of the pandemic, many CEE currencies regained ground against the euro, including the Polish zloty and Hungarian Forint, though except for the Romanian Leu which remained relatively stable following weakening in February–March. During the period, the National Bank of Poland cut rates close to zero and reaffirmed its quantitative easing program. Meanwhile, the Central Bank of Romania slashed rates twice during the period and confirmed liquidity measures, while Hungary's Central Bank cut rates for the first time in 4 years in June.

Towards the end of the first half, following weakening at the outset of the pandemic, the Polish currency (zloty) regained ground against the euro. During the period, the National Bank of Poland cut rates close to zero and reaffirmed its quantitative easing program.

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 2020, 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 market³

The volume of modern office stock in Prague stood at around 3.7 million sqm at the end of the first half of 2020. New supply remains limited, with just 21,000 sqm of new developments completed in the first quarter of 2020, and 88,000 m² in the second quarter, with the majority pre-let.

Overall market vacancy rate only dropped by 10 basis points to 5.4% at the end of the first quarter, though the impact of COVID-19 became more apparent during Q2, as the vacancy rate increased slightly to 6.1%.

Gross take-up in Q1 of 69,600 sqm represented a significant 37% decrease y-o-y. Net take-up of 53,500 sqm represented a similar decrease on a y-o-y and q-o-q basis. However, in Q2 gross take-up increased to 79,000 sqm. Although this was higher than Q1, net demand has continued declining. Furthermore, all deals closed in Q2 were arranged before the COVID pandemic.

In terms of net absorption, the market remained positive at 9,600 sqm in Q1. This was mostly possible through a strong level of new deals and fewer new completions. In Q2, net absorption decreased to 2,446 sqm due to the combined effect of reduced leasing activity in the light of COVID-19, combined with the completion of 88,000 sqm of new office space.

³ Colliers, Cushman & Wakefield

Rents remained stable in the first quarter compared to the end of 2019 with prime office rents in the City Centre of Prague ranging between €22.50 and €23.50 per sqm per month, with inner city prime rents at €15.00–€17.00 and outer city prime rents at €13.50–€15.00. In Q2, rents and yields remained relatively unchanged versus Q1.

Warsaw office market ⁴

At the end of Q2 2020, Warsaw's modern office stock amounted to 5.69 million sqm. In Q2 2020 four projects were delivered (among others: Varso II at 40,000 sqm and Chmielna 89 at 25,500 sqm) and the market grew by 100,081 sqm. At the end of Q2 2020 there were 28 projects under construction with a total office area of ca. 702,500 sqm, of which 625,500 sqm, i.e. 89% of space, is located in the Warsaw central zones.

The total volume of lease transactions registered in the first half was 334,800 sqm, 17% lower than the same period in 2019. In Q2, where 195,900 sqm of transactions were signed alone, new leases accounted for almost 29.2% of all transactions by area, pre-leases reached 38% whilst renewals made up 29.1% of total take-up and expansion accounted for 3.7%. Furthermore, tenant activity in the April-June period was nearly 30% higher than the first 2 months of the year, despite being in the midst of the pandemic.

Despite a decline in leasing activity and material supply, rents in fact remained unchanged in the first half of the year and stable at €25/sqm/month for the best centrally located buildings and €15.50/sqm/month in the best buildings outside the city centre, supported by the fact that most transactions were closed based on prepandemic terms.

At the end of Q2 2020 the vacancy rate in Warsaw ticked up to 7.9%, representing a 0.40 p.p. increase q-o-q and a decrease of 0.65 p.p. y-o-y. The vacancy rate in central locations amounted to 5.0% while in non-central locations it reached 9.8%. Historically, the majority of vacant space was available in older, B Class schemes. Although the supply of A Class office space is substantial, the absorption rate for A Class office space is significant as more and more tenants are relocating from B Class to A Class.

The total volume of transactions registered in Q2 2020 reached 195,900 sqm, compared to 265,500 sqm in the same period of 2019. The highest take-up levels in Q2 2020 were recorded in the City Center West zone (73,400 sqm) and Sluzewiec zone (67,300 sqm).

⁴ Cushman&Wakefield, CBRE

OPERATIONS OF THE GROUP IN H1 2020

The Group is engaged in financing of and rendering of services to entities within the CPIPG group and also holds and operates significant property portfolio.

Financing of CPIPG group

The Group acts as an internal financing entity within the CPIPG group and finances the real estate companies (SPVs) through intra-group loans. In order to fund the intra-group loans, CPIPG 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 H1 2020, the Group continued to provide the equity loans to other entities within the CPIPG group.

The Group generated interest income of €76.9 million in H1 2020 which represents an increase by €4.6 million, compared to H1 2019.

As at 30 June 2020, the Group provided loans to related parties in the amount of €4,166.2 million, which represents an increase by €700.2 million compared to 31 December 2019. As at 30 June 2020, the loans provided in the amount of €70.4 million and €4,095.8 million were classified as current and non-current, respectively.

Rendering of services to CPIPG group

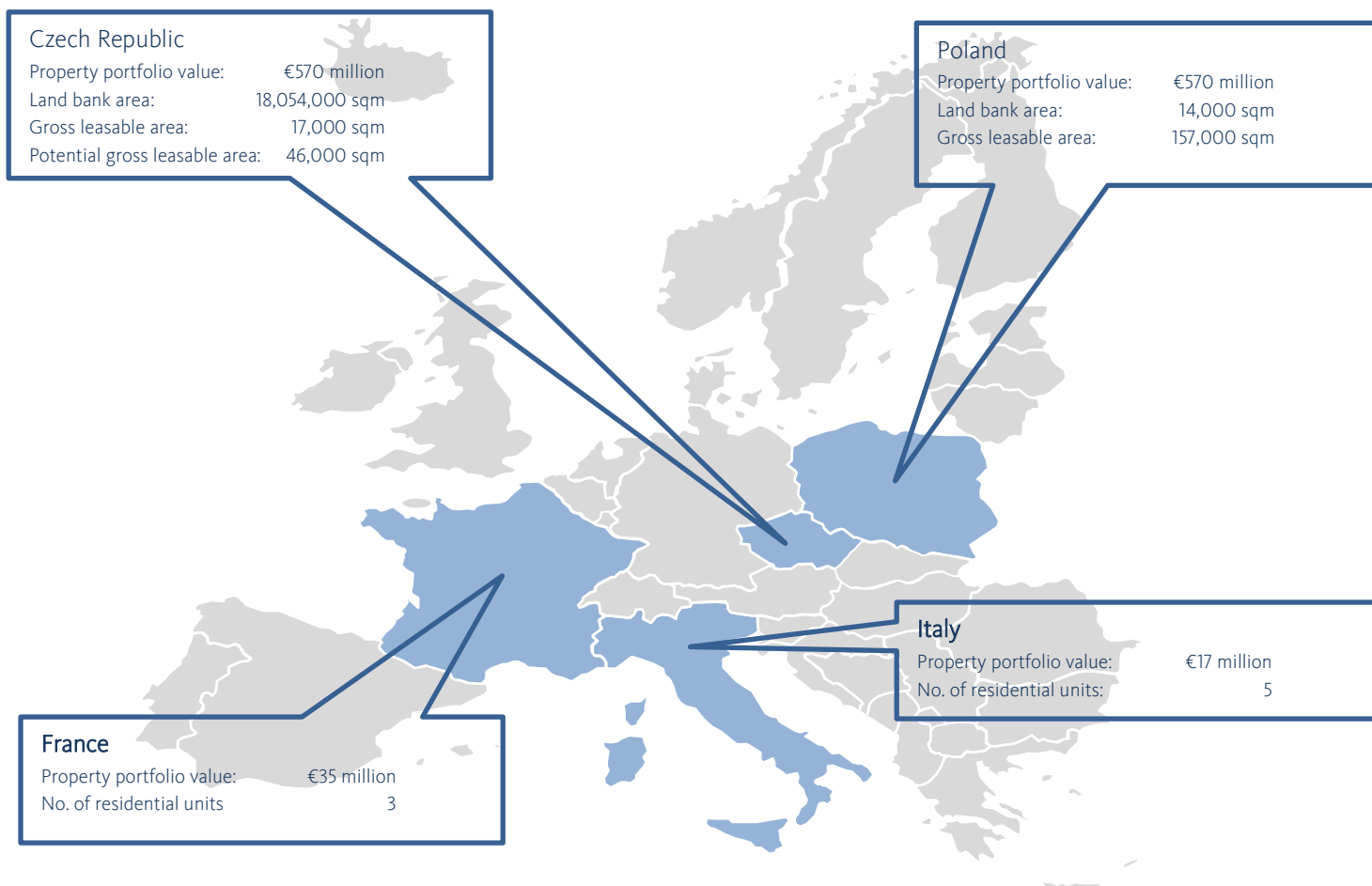
CPI FIM, as the main service company within the CPIPG group provides its affiliates with a wide range of management and key business services. Key strategic services provided by CPI FIM mainly include development of investment strategies and plans for SPVs, communication with banks and financial strategy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

In H1 2020, the Group provided CPIPG and its subsidiaries with services for a total amount of €7.9 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.

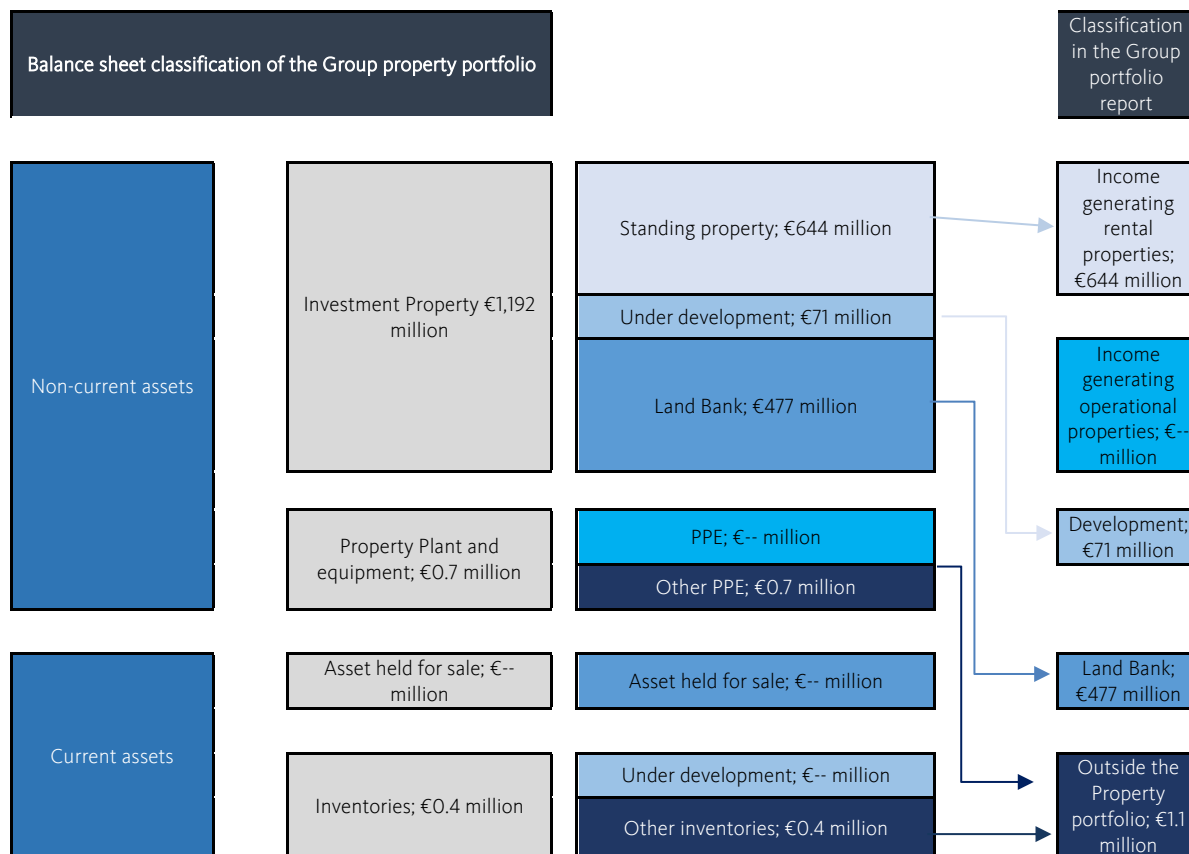
“Property, plant and equipment” consists advances paid for construction works on the projects.

“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 30 June 2020 with the presentation in our portfolio report:



Property Valuation

The consolidated financial statements for the six months ended 30 June 2020 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 property portfolio owned by the Group must be stated at fair value, the regular valuation of these properties by independent experts is recommended.

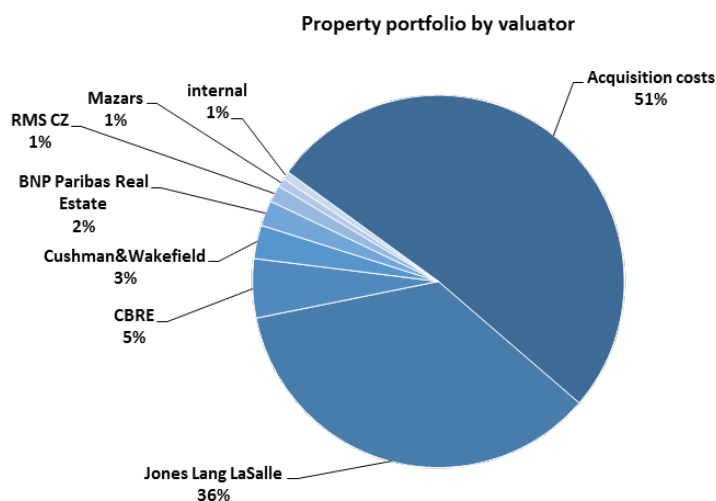
The Group revalues the entire property portfolio on an annual basis; for the semi-annual period, CPI FIM only revalues properties where the performance has been exceptional, either positively or negatively.

The Group’s management analysed the situation on the real estate market at the time together with current yields and then applied discount rates and other factors used by independent valuers in their appraisals as of 31 December 2019. As a result, the fair value of the property portfolio as of 30 June 2020 was determined based on

the management's analysis described above and it does not significantly differ from the fair value as of 31 December 2019.

The property portfolio valuation as at 30 June 2020 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 40,400 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development.



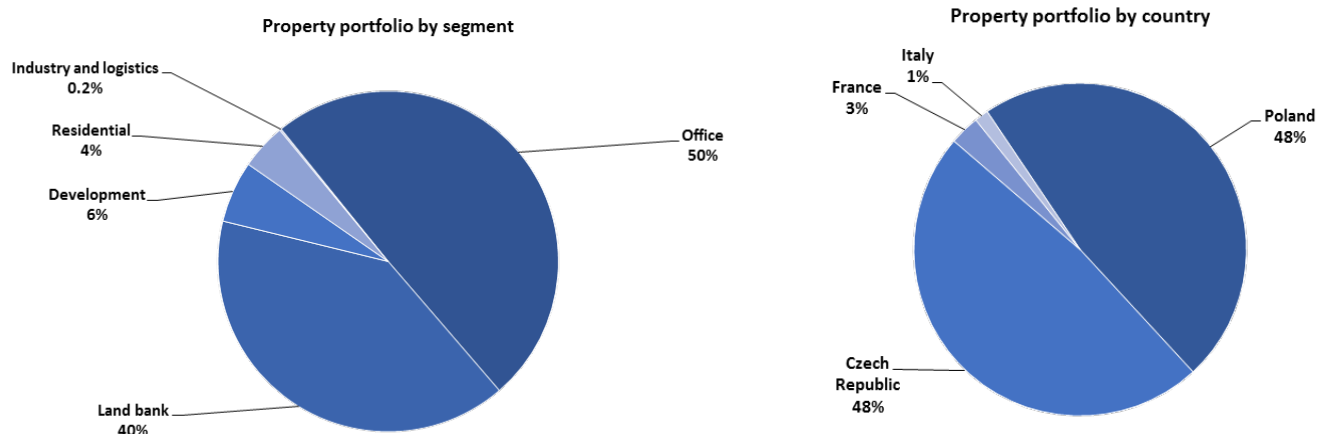
The following table shows the carrying value of the Group's property portfolio as at 30 June 2020 and 31 December 2019:

| PROPERTY PORTFOLIO as at 30 June 2020 | 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 | 20 | -- | 2 | 71 | 477 | 570 | 48% |
| Poland | 4 | -- | 157 | 570 | -- | -- | -- | 0.4 | 570 | 48% |
| France | -- | 3 | -- | -- | 35 | -- | -- | -- | 35 | 3% |
| Italy | -- | 5 | -- | -- | 17 | -- | -- | -- | 17 | 1% |
| The GROUP | 8 | 8 | 174 | 590 | 52 | 2 | 71 | 477 | 1,192 | 100% |

| 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% |
| The GROUP | 8 | 8 | 174 | 589 | 51 | 2 | 59 | 492 | 1,193 | 100% |

*Asset held for sale included

The Group property value total €1,192 million as at 30 June 2020 (31 Dec 2019: €1,193 million), of which 50% represent office and 40% 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%.



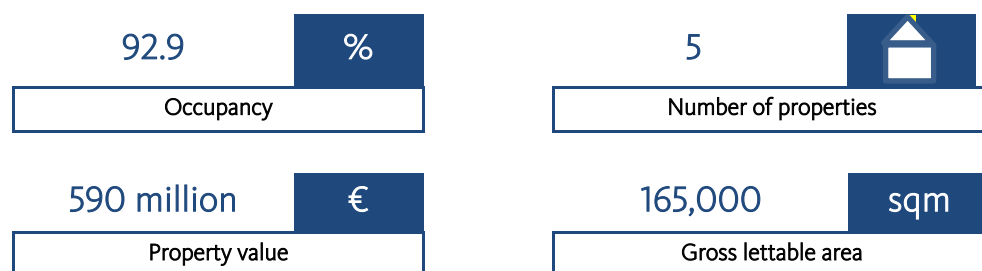
The total net change of €1 million in the portfolio value in H1 2020 was mainly attributable to the following:

- Additions of €19 million mainly spent on Investment Property within the whole Group;
- Decrease in fair value of €21 million due to FX changes, where CZK weakening against the Euro impacted assets in the Czech Republic valued in local currency.



Office

Key Figures – June 2020



Office portfolio represents an important segment of investment activities of the Group. As at 30 June 2020 the Group owns buildings in Poland and the Czech Republic.

| OFFICE 30 June 2020 | N° of properties | PP value € million | PP value % | GLA thds. sqm | Occupancy % | Rent per sqm € | Outstanding financing € million |
|------------------------|---------------------|-----------------------|---------------|------------------|----------------|-------------------|------------------------------------|
| Poland | 4 | 570 | 97% | 157 | 95.6% | 17.3 | -- |
| Czech Republic | 1 | 20 | 3% | 8 | 39.4% | 13.4 | -- |
| The GROUP | 5 | 590 | 100% | 165 | 92.9% | 17.3 | -- |

| 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 | -- |

- 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 places), 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.

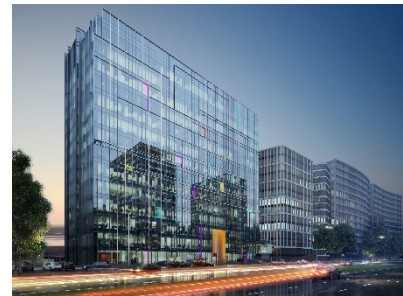


Warsaw Financial Center is a 32-story high skyscraper with sixteen elevators, open space offices with colorful walls, huge Marilyn Monroe prints, and comfortable sofas for creative brainstorming, or classic timeless interiors in understated hues support uniqueness of the building. At any time during 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 – June 2020

| | | | |
|----------------|---|------------|-----|
| 477 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 30 June 2020 | 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 | 477 | 99.9% | -- |
| Poland | 14 | 14 | -- | 0.4 | 0.1% | -- |
| THE GROUP | 18,068 | 1,520 | 16,548 | 477 | 100% | -- |

| 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% | -- |
| THE GROUP | 18,068 | 1,520 | 16,548 | 492 | 100% | -- |

*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 and are prepared for residential development;
 - (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.

Development

Key Figures – June 2020

| | | | |
|-------------------------------|------------|------------------------|----------|
| 46,000 | sqm | 71 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 30 June 2020 | 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 | -- | 71 | -- | 100% | -- | -- |
| THE GROUP | 2 | 46 | -- | 71 | -- | 100% | -- | -- |

| 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% | -- | -- |

- **Bubenská, Prague**

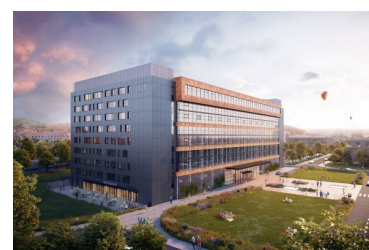
The property was constructed during the 1930s. The building belongs to the most distinguished functionalist buildings in Prague. It undergoes an extensive reconstruction, thanks to which the tenants will get a top-quality work environment while maintaining a unique architecture.

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.



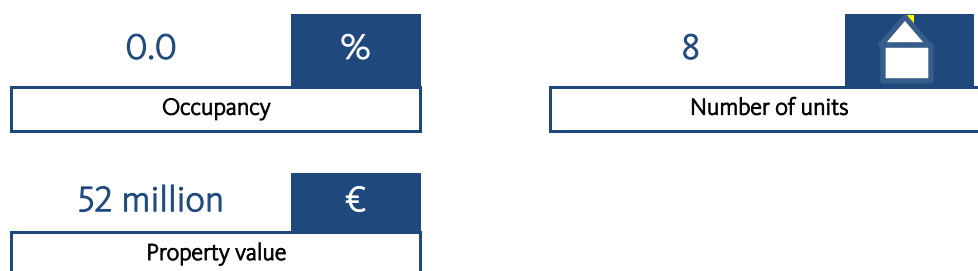
- **ZET.office in Nová Zbrojovka, Brno**

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 – June 2020



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 30 June 2020 | PP value € million | PP value % | Occupancy* % | No. of units | No. of rented units | Outstanding financing € million |
|-----------------------------|-----------------------|---------------|-----------------|--------------|------------------------|---------------------------------------|
| France | 35 | 67% | 0.0% | 3 | -- | 21 |
| Italy | 17 | 33% | 0.0% | 5 | -- | -- |
| The GROUP | 52 | 100% | 0.0% | 8 | -- | 21 |

* Occupancy based on rented units

| 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 | -- | 36 |
| Italy | 16 | 32% | 0.0% | 5 | -- | -- |
| The GROUP | 51 | 100% | 0.0% | 8 | -- | 36 |

* Occupancy based on rented units

** Restated

- 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.



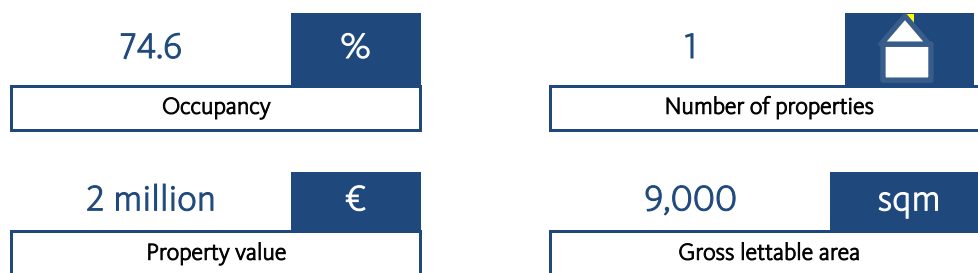
- **Residential property Piazza della Pigna**

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 – June 2020



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 30 June 2020 | 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% | 1.7 | -- |
| The GROUP | 1 | 2 | 100% | 9 | 74.6% | 1.7 | -- |

| 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 | -- |

FINANCING

Cash and cash equivalents

As at 30 June 2020, cash and cash equivalents consist of cash at bank for €117.9 million (2019: €129.4 million) and cash on hand for €3 thousand (2019: €7 thousand).

Financial liabilities

Financial debts amount to €4,871.9 million including mainly loans from CIPG (€4,439.4 million).

Financial debts increased by €732.6 million. This variation is mainly due to additional drawdowns of long-term loans provided by CIPG of €688.2 million and new drawdown of loan principal provided by CPI Národní, s.r.o. to the Group in amount of €22.3 million.

RESULTS AND NET ASSETS

Income statement

Income statement for the six-month period ended 30 June 2020 corresponds to the semi-annual consolidated financial statements. Reported income statement for the period of six months ended 30 June 2020 is as follows:

| | Six-month period ended | |
|--|------------------------|---------------|
| | 30 June 2020 | 30 June 2019 |
| Gross rental income | 16,413 | 753 |
| Sale of services | 12,838 | 14,600 |
| Cost of service charges | (5,293) | (2,105) |
| Property operating expenses | (1,169) | (555) |
| Net service and rental income | 22,789 | 12,693 |
| Development sales | -- | - |
| Development operating expenses | -- | - |
| Net development income | -- | - |
| Total revenues | 29,251 | 15,353 |
| Total direct business operating expenses | (6,462) | (2,660) |
| Net business income | 22,789 | 12,693 |
| Net valuation gain on investment property | - | 1,759 |
| Net gain on the disposal of investment property and subsidiaries | 29 | 239 |
| Amortization, depreciation and impairments | 2,269 | 5,525 |
| Administrative expenses | (5,733) | (6,940) |
| Other operating income | 20 | 22 |
| Other operating expenses | (434) | (10) |
| Operating result | 18,940 | 13,288 |
| Interest income | 78,938 | 74,994 |
| Interest expense | (59,432) | (33,409) |
| Other net financial result | (52,592) | 17,096 |
| Net finance income | (33,086) | 58,681 |
| Share of loss of equity-accounted investees (net of tax) | (427) | (379) |
| Profit/(Loss) before income tax | (14,573) | 71,590 |
| Income tax expense | (22,031) | (1,940) |
| Net profit/(loss) from continuing operations | 36,604 | 69,650 |

Rendering of services

Service income increased to €22.8 million in 2020 (H1 2019: €12.7 million). The increase is mainly due to gross rental income generated by new acquired entities of 2019 in Poland and on the other hand decrease of providing of advisory services to entities within the Group and controlled by the ultimate shareholder of the Group (€-5.9 million).

Administrative expenses

Administrative expenses decreased to €5.7 million in H1 2020 compared to €6.9 million in H1 2019. During 2020 there was a decrease of advisory expenses mainly provided to CPI FIM from related parties (€-2.9 million) but also increase due to acquisitions of Polish entities (€2.1 million).

Net finance income

Total net finance income has fallen from €58.7 million in H1 2019 to €-33.1 million in H1 2020. The interest income increased from €75.0 million in H1 2019 to €78.9 million in H1 2020. The increase in interest income reflects the increase in loans provided by the Company to entities within the CIPG group and other related parties. The interest expense increased from €33.4 million in H1 2019 to €59.4 million in H1 2020. The increase in interest expense reflects the increase in loans and interest received by the Company from entities within the CIPG group and other related parties. CIPG calculated interest expense increased by €25.7 million compared to H1 2019.

The other net financial result has worsened from a gain of €17.1 million in H1 2019 to a loss of €52.6 million in H1 2020. Net foreign exchange loss (€79 million) was mainly driven by retranslation of provided foreign loans (denominated in CZK), because CZK depreciated to EUR. Foreign exchange loss was also partly generated due to Polish entities.

Income tax expense

The partial write-off in the amount of EUR 21.0 million in the six-month period ended 30 June 2020 was based on the reassessment of the 10 years budget of CPI FIM's taxable profits.

Balance sheet

Balance sheet as at 30 June 2020 corresponds to semi-annual consolidated financial statements.

| | 30 June 2020 | 31 December 2019 |
|--|------------------|------------------|
| NON-CURRENT ASSETS | | |
| Intangible assets | 14 | 1,123 |
| Investment property | 1,192,260 | 1,191,435 |
| Property, plant and equipment | 660 | 662 |
| Equity accounted investees | 3,297 | 3,672 |
| Other investments | 179,543 | 188,293 |
| Loans provided | 4,107,998 | 3,442,619 |
| Trade and other receivables | 1 | 12 |
| Deferred tax asset | 131,695 | 153,126 |
| Total non-current assets | 5,615,468 | 4,980,942 |
| CURRENT ASSETS | | |
| Inventories | 435 | 341 |
| Current tax receivables | 465 | 36 |
| Trade receivables | 8,352 | 7,175 |
| Loans provided | 131,028 | 103,908 |
| Cash and cash equivalents | 117,943 | 129,447 |
| Other receivables | 7,573 | 17,299 |
| Other non-financial assets | 5,523 | 3,394 |
| Assets held for sale | - | 1,504 |
| Total current assets | 271,319 | 263,104 |
| TOTAL ASSETS | 5,886,787 | 5,244,046 |
| EQUITY | | |
| Equity attributable to owners of the Company | 736,022 | 826,356 |
| Non-controlling interests | 177,106 | 171,522 |
| Total equity | 913,128 | 997,878 |
| NON-CURRENT LIABILITIES | | |
| Financial debts | 4,578,733 | 3,886,792 |
| Deferred tax liability | 36,863 | 38,200 |
| Provisions | 1,515 | 1,594 |
| Other financial liabilities | 11,075 | 10,794 |
| Total non-current liabilities | 4,628,186 | 3,937,380 |
| CURRENT LIABILITIES | | |
| Financial debts | 293,208 | 252,538 |
| Trade payables | 9,097 | 10,543 |
| Income tax liabilities | - | 747 |
| Other financial liabilities | 37,828 | 41,044 |
| Other non-financial liabilities | 5,340 | 3,895 |
| Liabilities held for sale | - | 21 |
| Total current liabilities | 345,473 | 308,788 |
| TOTAL EQUITY AND LIABILITIES | 5,886,787 | 5,244,046 |

Total assets and total liabilities

Total assets increased by €642.7 million (12.26%) to €5,886.8 million as at 30 June 2020. The main reason is the increase of long-term loans (€673.1 million) provided to entities within the CPIP group.

Deferred tax asset from tax losses carried forward decreased from €148.9 million as at 31 December to €128.0 million as at 30 June 2020. The partial write-off in the amount of EUR 20.9 million in the six-month period ended 30 June 2020 was based on the reassessment of the 10 years budget of CPI FIM's taxable profits.

Non-current and current liabilities total €4,973.7 million as at 30 June 2020 which represent an increase by €727.5 million (17.13%) compared to 31 December 2019. Main driver of this increase was additional drawing of principal loans provided to the Company by CPIP (€688.2 million).

EPRA NRV (former EPRA NAV) and EPRA NDV (former EPRA NNNAV)

In October 2019, the European Public Real Estate Association (EPRA) published new Best Practice Recommendations (BPR). EPRA Net Asset Value (NAV) and EPRA Triple Net Asset Value (NNNAV) are replaced by three new Net Asset Valuation metrics: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets and EPRA Net Disposal Value (NDV). The Company provides below the calculation of EPRA NRV as an equivalent of former EPRA NAV and the calculation of EPRA NDV as an equivalent of former EPRA NNNAV.

Over the first half of 2020 the consolidated equity decreased by €90.3 million. The main driver of this decrease is the loss for the period amounting to €42.2 million and decrease of translation reserve of €39.4 million and also decrease of revaluation reserves of €8.7 million due to the revaluation of CPIPG shares held by the Group.

The EPRA Net Reinstatement Value per share as at 30 June 2020 is €0.59 compared to €0.66 as at 31 December 2019.

| | 30 June 2020 | 31 December 2019 |
|--|----------------|------------------|
| Consolidated equity | 736,022 | 826,356 |
| Deferred taxes on revaluations | 38,288 | 38,288 |
| EPRA Net reinstatement value | 774,310 | 864,644 |
| Existing shares (in thousands) | 1,314,508 | 1,314,508 |
| Net reinstatement value in € per share | 0.59 | 0.66 |
| EPRA Net reinstatement value | 774,310 | 864,644 |
| Deferred taxes on revaluations | (38,288) | (38,288) |
| EPRA Net disposal value | 736,022 | 826,356 |
| Fully diluted shares | 1,314,508 | 1,314,508 |
| Net disposal value in € per share | 0.56 | 0.63 |

The EPRA Net Disposal Value amounts to €0.56 per share as at 30 June 2020 compared to €0.63 at the end of 2019.

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. KPMG has served as auditor of the Company since 2013. In 2019, the Company tendered a new auditor. The Company's Audit Committee recommended an appointment of Ernst & Young S.A., Luxembourg as Group's new auditor for the financial year commencing on 1 January 2019, which was approved by shareholders' general meeting. The 2020 annual general meeting of shareholders resolved unanimously to appoint Ernst & Young S.A., Luxembourg, as the approved auditor (*réviseur d'entreprises agréé*) of the Company until the annual general meeting of shareholders of the Company to be held in 2021.

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's parent company CPIPG has implemented industry best practices with respect to corporate governance and external reporting. In 2019, the CPIPG group approved the "Code of Business Ethics and Conduct of CPI Property Group" and also newly updated policies governing procurement, supplier and tenants' conduct, anti-bribery and corruption, anti-money laundering, sanctions and export controls, whistleblowing, human capital and employment and corporate social responsibility (CSR). These were adopted for the Group (for more details regarding the application of the CSR policies across the CPIPG group kindly refer to annual report of CPIPG).

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 30 June 2020 the Board of Directors consisted of: 2 members representing the management of CPIPG group, Mr. David Greenbaum and Mrs. Anita Dubost, and 2 independent members, Mr. Edward Hughes and Mr. Scot Wardlaw.

Anita Dubost, 40, Tax Manager, executive member.

Anita Dubost was appointed to the Board of Directors in May 2019. Before joining the CPIPG, 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 CPIPG, 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, 53, 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).

Scot Wardlaw, 53, independent, non-executive member.

Scot Wardlaw was appointed to the Board of Directors in May 2020. Scot has over two decades experience in project and process management in the fields of IT, software and product development in an international environment. He currently serves as Managing Director for various real estate investment platforms based in Luxembourg and is part of Central Business Development at SIMRES Real Estate where he manages the group's strategic development. Scot graduated magna cum laude from Savannah College of Art & Design with a degree in Computer Art and Art History.

The current members of the Board of Directors are appointed until the annual general meeting of 2021 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2020.

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 H1 2020, the Board held five 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 (administrateur délégué), 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.

David Greenbaum and Martin Němeček are elected as Managing Directors (*administrateurs délégués*) of the Company.

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 30 June 2020, the Company's management consisted of the following members:

David Greenbaum, Managing Director,

Martin Němeček, Managing Director,

Erik Morgenstern, Chief Financial Officer,

Anita Dubost, Tax Manager.

Committees of the Board of Directors

As at 30 June 2020 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 2020 the Audit Committee is now comprised of Mr. Edward Hughes, Mr. Scot Wardlaw, 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 H1 2020, the Audit Committee held two meetings (with 2 absences).

Remuneration, Appointment and Related Party Transaction Committee

Following the changes in the Board of Directors composition in 2020 the Remuneration, Appointment and Related Party Transaction Committee (the “**Remuneration Committee**”) is now comprised of of Mr. Edward Hughes, Mr. Scoty Wardlaw, 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.

During H1 2020 the role of the Remuneration Committee has been assumed directly by the Board of Directors.

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 30 June 2020.

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 markets of the Luxembourg Stock Exchange and 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 30 June 2020.

(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 30 June 2020. 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) | 1,279,198,976 | 97.31% |
| Others | 35,308,653 | 2.69% |
| Total | 1,314,507,629 | 100.0% |

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 by 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 30 June 2020, 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 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.

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

External Auditors

Ernst & Young S.A., Luxembourg have been elected as Group's new approved auditor (réviseur d'entreprises agréé) for the financial year commencing on 1 January 2019. The 2020 annual general meeting of shareholders held in May 2020 resolved to approve Ernst & Young S.A., Luxembourg as auditors for the financial year ending 31 December 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 30 June 2020. 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) | 1,279,198,976 | 97.31% |
| Others | 35,308,653 | 2.69% |
| Total | 1,314,507,629 | 100.0% |

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.

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 CPIPG group.⁵

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 CPIPG.

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.

⁵ For the CSR related statements, also applicable to the Company, please refer to the half-year 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 NRV (former EPRA NAV)

EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity. The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

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).

EPRA NRV per share

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

EPRA NDV (former EPRA NNAV)

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

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).

EPRA NDV per share

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

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.

EPRA NAV and EPRA NAV per share

The Group no longer provides the calculation of these measures, since they were replaced by the calculation of EPRA NRV and EPRA NRV per share.

EPRA NNNAV and EPRA NNNAV per share

The Group no longer provides the calculation of these measures, since they were replaced by the calculation of EPRA NDV and EPRA NDV per share.

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
INTERIM FINANCIAL REPORTS
AS AT 30 JUNE 2020**

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

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

- the condensed consolidated interim financial statements of the Company as at 30 June 2020, 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 30 June 2020 provides a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. David Greenbaum.

Luxembourg, on 31 August 2020



Mr. David Greenbaum
Managing Director

CPI FIM GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

Condensed consolidated interim statement of comprehensive income

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

| | Note | Six-month period ended | |
|--|------|------------------------|---------------------------|
| | | 30 June 2020 | 30 June 2019 Adjusted* |
| Gross rental income | 5.1 | 16,413 | 753 |
| Sale of services | 5.2 | 12,838 | 14,600 |
| Cost of service charges | | (5,293) | (2,105) |
| Property operating expenses | | (1,169) | (555) |
| Net service and rental income | | 22,789 | 12,693 |
| Total revenues | | 29,251 | 15,353 |
| Total direct business operating expenses | | (6,462) | (2,660) |
| Net business income | | 22,789 | 12,693 |
| Net valuation gain* | 5.3 | - | 1,759 |
| Net gain on the disposal of investment property and subsidiaries | | 29 | 239 |
| Amortization, depreciation and impairments | 5.4 | 2,269 | 5,525 |
| Administrative expenses | 5.5 | (5,733) | (6,940) |
| Other operating income | | 20 | 22 |
| Other operating expenses | | (434) | (10) |
| Operating result | | 18,940 | 13,288 |
| Interest income | 5.6 | 78,938 | 74,994 |
| Interest expense | 5.6 | (59,432) | (33,409) |
| Other net financial result* | 5.7 | (52,592) | 17,096 |
| Net finance income | | (33,086) | 58,681 |
| Share of loss of equity-accounted investees (net of tax) | 6.2 | (427) | (379) |
| Profit / (Loss) before income tax | | (14,573) | 71,590 |
| Income tax expense | 5.8 | (22,031) | (1,940) |
| Net profit / (loss) from continuing operations | | (36,604) | 69,650 |
| Items that may or are reclassified subsequently to profit or loss | | | |
| Translation difference | 6.9 | (39,402) | 4,613 |
| Fair value changes of financial assets | | (8,744) | 5,277 |
| Other comprehensive income for the period, net of tax | | (48,146) | 9,890 |
| Total comprehensive income for the period | | (84,750) | 79,540 |
| Profit/ (loss) attributable to: | 6.9 | | |
| Owners of the Company | | (42,188) | 70,957 |
| Non-controlling interests | | 5,584 | (1,307) |
| Profit/ (loss) for the period | | (36,604) | 69,650 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | (90,334) | 80,847 |
| Non-controlling interests | 6.9 | 5,584 | (1,307) |
| Total comprehensive income for the period | | (84,750) | 79,540 |
| Earnings per share | | | |
| Basic earnings in EUR per share | 6.9 | (0.03) | 0.05 |
| Diluted earnings in EUR per share | | (0.03) | 0.05 |

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.2.

Condensed consolidated interim statement of financial position

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

| | Note | 30 June 2020 | 31 December 2019 |
|--|------|------------------|------------------|
| Non-current assets | | | |
| Intangible assets | | 14 | 1,123 |
| Investment property | 6.1 | 1,192,260 | 1,191,435 |
| Property, plant and equipment | | 660 | 662 |
| Equity accounted investees | 6.2 | 3,297 | 3,672 |
| Other investments | 6.3 | 179,543 | 188,293 |
| Loans provided | 6.4 | 4,107,998 | 3,442,619 |
| Trade and other receivables | | 1 | 12 |
| Deferred tax asset | 5.8 | 131,695 | 153,126 |
| Total non-current assets | | 5,615,468 | 4,980,942 |
| Current assets | | | |
| Inventories | | 435 | 341 |
| Income tax receivables | | 465 | 36 |
| Trade receivables | 6.5 | 8,352 | 7,175 |
| Loans provided | 6.4 | 131,028 | 103,908 |
| Cash and cash equivalents | 6.6 | 117,943 | 129,447 |
| Other financial assets | 6.7 | 7,573 | 17,299 |
| Other non-financial assets | | 5,523 | 3,394 |
| Assets held for sale | 6.8 | - | 1,504 |
| Total current assets | | 271,319 | 263,104 |
| Total assets | | 5,886,787 | 5,244,046 |
| Equity | | | |
| Equity attributable to owners of the Company | 6.9 | 736,022 | 826,356 |
| <i>Share capital</i> | | 13,145 | 13,145 |
| <i>Share premium</i> | | 784,670 | 784,670 |
| <i>Other reserves</i> | | 64,363 | 112,509 |
| <i>Retained earnings</i> | | (126,156) | (83,968) |
| Non-controlling interests | 6.9 | 177,106 | 171,522 |
| Total equity | | 913,128 | 997,878 |
| Non-current liabilities | | | |
| Financial debts | 6.10 | 4,578,733 | 3,886,792 |
| Deferred tax liability | | 36,863 | 38,200 |
| Provisions | | 1,515 | 1,594 |
| Other financial liabilities | 6.11 | 11,075 | 10,794 |
| Total non-current liabilities | | 4,628,186 | 3,937,380 |
| Current liabilities | | | |
| Financial debts | 6.10 | 293,208 | 252,538 |
| Trade payables | 6.12 | 9,097 | 10,543 |
| Income tax liabilities | | - | 747 |
| Other financial liabilities | 6.13 | 37,828 | 41,044 |
| Other non-financial liabilities | 6.14 | 5,340 | 3,895 |
| Liabilities held for sale | | - | 21 |
| Total current liabilities | | 345,473 | 308,788 |
| Total equity and liabilities | | 5,886,787 | 5,244,046 |

Condensed consolidated interim statement of changes in equity

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

| | Share capital | Share premium | Translation reserve | Other reserves | Retained earnings | Equity attributable to owners of the company | Non controlling interests | Total equity |
|---|---------------|----------------|---------------------|----------------|-------------------|--|---------------------------|-----------------|
| Balance at 1 January 2020 | 13,145 | 784,670 | 26,430 | 86,079 | (83,968) | 826,356 | 171,522 | 997,878 |
| Profit for the period | - | - | - | - | (42,188) | (42,188) | 5,584 | (36,604) |
| Translation difference | - | - | (39,402) | - | - | (39,402) | - | (39,402) |
| Effective portion of changes in fair value of available-for-sale financial assets | - | - | - | (8,744) | - | (8,744) | - | (8,744) |
| Total comprehensive income for the period | - | - | (39,402) | (8,744) | (42,188) | (90,334) | 5,584 | (84,750) |
| Balance at 30 June 2020 | 13,145 | 784,670 | (12,972) | 77,335 | (126,156) | 736,022 | 177,106 | 913,128 |

| | Share capital | Share premium | Translation reserve | Other reserves | Retained earnings | Equity attributable to owners of the company | Non controlling interests | Total equity |
|---|---------------|----------------|---------------------|----------------|-------------------|--|---------------------------|----------------|
| Balance at 1 January 2019 | 13,145 | 784,670 | 22,091 | 33,917 | (151,410) | 702,413 | 166,453 | 868,866 |
| Profit for the period | - | - | - | - | 70,957 | 70,957 | (1,307) | 69,650 |
| Translation difference | - | - | 4,613 | - | - | 4,613 | - | 4,613 |
| Effective portion of changes in fair value of available-for-sale financial assets | - | - | - | 5,277 | - | 5,277 | - | 5,277 |
| Total comprehensive income for the period | - | - | 4,613 | 5,277 | 70,957 | 80,847 | (1,307) | 79,540 |
| Balance at 30 June 2019 | 13,145 | 784,670 | 26,704 | 39,194 | (80,453) | 783,260 | 165,146 | 948,406 |

Condensed consolidated interim statement of cash flows

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

| | Note | Six-month period ended | |
|---|----------|------------------------|---------------------------|
| | | 30 June 2020 | 30 June 2019 Adjusted* |
| Profit/(loss) before income tax | | (14,573) | 71,590 |
| <i>Adjusted by:</i> | | | |
| Net valuation gain on investment property* | 5.3 | - | (1,759) |
| Gain on the disposal of investment property and subsidiaries | | (29) | (239) |
| Depreciation/amortisation of tangible and intangible assets | 5.4 | 2 | 5 |
| Impairment of assets/Reversal of impairment of assets | 5.4 | (2,271) | (5,530) |
| Net finance costs | 5.6, 5.7 | (19,434) | (41,585) |
| Share of loss of equity accounted investees | 6.2 | 427 | 379 |
| Unrealized exchange rate and other non-cash differences* | | 37,250 | (12,979) |
| Profit before changes in working capital and provisions | | 1,372 | 9,882 |
| Increase in inventories | | (94) | (29) |
| Decrease/(increase) in trade and other receivables | | 7,514 | (3,727) |
| Decrease in trade and other payables | | (6,058) | (46,261) |
| Changes in provisions | | (79) | 33 |
| Income tax paid | | (58) | (146) |
| Net cash from operating activities | | 2,597 | (40,248) |
| Proceeds from disposals of subsidiaries, net of cash disposed | | 3 | - |
| Purchase and expenditures on investment property | | (18,995) | (20,029) |
| Purchase and expenditures of property, plant and equipment | | - | (286) |
| Proceeds from sale of investment property | | 52 | 323 |
| Loans provided | | (880,407) | (633,703) |
| Loans repaid | | 145,505 | 121,003 |
| Interest received | | 52,970 | 23,582 |
| Net cash used in investing activities | | (700,872) | (509,110) |
| Drawdowns of loans and borrowings | 6.10 | 733,839 | 930,527 |
| Repayments of loans and borrowings | 6.10 | (2,584) | (6,209) |
| Repayments of bank loans | 6.10 | (15,000) | - |
| Repayments of finance lease liabilities | 6.10 | (217) | - |
| Interest paid | 6.10 | (30,190) | (4,902) |
| Net cash from financing activities | | 685,848 | 919,416 |
| Net increase/(decrease) in cash | | (12,427) | 370,058 |
| Cash and cash equivalents at the beginning of the year | | 129,447 | 14,705 |
| Effect of movements in exchange rates on cash held | | 923 | (111) |
| Cash and cash equivalents at the end of the six-month period ended | | 117,943 | 384,652 |

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.2.

Notes to the condensed consolidated interim financial statements

1 General information

CPI FIM SA, *société anonyme* (the “Company”) 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 “CPI PG” and together with its subsidiaries as the “CPI PG Group”), 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 (*société anonyme*) 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 30 June 2020, CPI PG directly owns 97.31% of the Company shares. CPI PG is a Luxembourg joint stock company (*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. For more details, visit www.cpipg.com.

As at 30 June 2020, Radovan Víttek, the ultimate beneficial owner of the Group, indirectly owns 90.70% of CPI PG outstanding shares (94.18% voting rights).

For the list of shareholders as at 30 June 2020 refer to note 6.9.

Board of Directors

As at 30 June 2020 the Board of Directors consists of the following directors:

Mrs. Anita Dubost

Mr. David Greenbaum

Mr. Edward Hughes

Mr. Scot Wardlaw

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2019.

As at 30 June 2020, the interim condensed consolidated statement of financial position shows an excess of current liabilities over current assets of EUR 74.2 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 interim condensed consolidated financial statements have been prepared on a going concern basis.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 27 August 2020.

The interim condensed consolidated financial statements have not been audited.

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

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

(b) New and amended standards and interpretations adopted in the six-month period ended 30 June 2020

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business

The amendments help entities to determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors were issued to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments had no impact on the Group's consolidated financial statements.

2.2 Changes in accounting policies

Change in classification of foreign exchange gains or losses on revaluation of the investment properties

The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment property from the Net valuation gain or loss to the Other net financial result which includes all other effects of changing foreign exchange rates. Based on the change of denomination of intra-group loans from primarily EUR to non-EUR which was completed in the six-month period 30 June 2020, the management finds the adjusted presentation more relevant.

Comparative information as of 30 June 2019 was adjusted accordingly. The change in the accounting policy had no impact on the statement of financial position, the impact on the statement of comprehensive income is presented in the table below:

| | 30 June 2019 | Effect of the accounting policy change | 30 June 2019 Adjusted |
|---------------------------------------|--------------|---|-----------------------|
| Net business income | 12,693 | - | 12,693 |
| Net valuation gain | 41 | 1,718 | 1,759 |
| Operating result | 11,570 | 1,718 | 13,288 |
| Other net financial result | 18,814 | (1,718) | 17,096 |
| Net finance income | 60,399 | (1,718) | 58,681 |
| Profit before income tax | 71,590 | - | 71,590 |
| Net profit from continuing operations | 69,650 | - | 69,650 |

3 The Group structure

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

As at 30 June 2020 the Group comprises its parent company and 41 subsidiaries (at 31 December 2019 - 42 subsidiaries) and two joint ventures.

3.1 Changes in the Group structure in 2020

Subsidiary CEREM S.A. was liquidated on 3 January 2020.

Subsidiary Brillant 1419 Verwaltungs GmbH (joint venture) was liquidated on 30 June 2020.

4 Entity-wide disclosures

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

| | Six-month period ended | | | |
|--------------|------------------------|-------------|---------------|-------------|
| | 30 June 2020 | | 30 June 2019 | |
| | Amount | In % | Amount | In % |
| Luxembourg | 78,924 | 100% | 74,994 | 100% |
| Poland | 14 | - | - | - |
| Total | 78,938 | 100% | 74,994 | 100% |

Loans provided by country of the creditor

| | 30 June 2020 | | 31 December 2019 | |
|----------------------------|------------------|-------------|------------------|-------------|
| | Amount | In % | Amount | In % |
| Luxembourg | 4,107,998 | 97% | 3,442,619 | 97% |
| Non-current loans provided | 4,107,998 | 97% | 3,442,619 | 97% |
| Czech Republic | 3,688 | - | 3,881 | - |
| Luxembourg | 127,340 | 3% | 100,027 | 3% |
| Current loans provided | 131,028 | 3% | 103,908 | 3% |
| Total | 4,239,026 | 100% | 3,546,527 | 100% |

4.2 Other business activities

Revenues by countries

| | Six-month period ended | | | |
|--------------------------|------------------------|-------------|---------------|-------------|
| | 30 June 2020 | | 30 June 2019 | |
| | Amount | In % | Amount | In % |
| Czech Republic | 875 | 3% | 1,269 | 8% |
| - Land bank | 430 | 2% | 916 | 6% |
| - Office | 314 | 1% | 90 | - |
| - Industry and logistics | 131 | - | 263 | 2% |
| Luxembourg | 7,953 | 27% | 13,853 | 90% |
| - Rendering of services | 7,953 | 27% | 13,820 | 90% |
| - Other | - | - | 33 | - |
| Poland | 20,423 | 70% | 231 | 2% |
| - Office | 20,423 | 70% | 231 | 2% |
| Total | 29,251 | 100% | 15,353 | 100% |

Investment property by countries

| | 30 June 2020 | | 31 December 2019 | |
|--------------------------|------------------|-------------|------------------|-------------|
| | Amount | In % | Amount | In % |
| Czech Republic | 570,334 | 48% | 573,039 | 48% |
| - Land bank | 477,068 | 40% | 490,412 | 41% |
| - Office | 20,549 | 2% | 21,586 | 2% |
| - Development | 70,902 | 6% | 59,241 | 5% |
| - Industry and logistics | 1,815 | - | 1,800 | - |
| Poland | 570,025 | 48% | 567,628 | 48% |
| - Office | 569,653 | 48% | 567,238 | 48% |
| - Land bank | 372 | - | 390 | - |
| Other – residential | 51,901 | 4% | 50,768 | 4% |
| Total | 1,192,260 | 100% | 1,191,435 | 100% |

5 Condensed consolidated interim statement of comprehensive income

5.1 Gross rental income

| | Six-month period ended | |
|---------------------|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| Gross rental income | 16,413 | 753 |

In the six-month period ended 30 June 2020, the gross rental income increased due to additions of offices in Warsaw, Poland in 2019.

5.2 Sale of services

| | Six-month period ended | |
|----------------------------------|------------------------|---------------|
| | 30 June 2020 | 30 June 2019 |
| Service revenue | 7,922 | 12,610 |
| Service charge income | 4,852 | 1,978 |
| Revenues from sales of utilities | 64 | 12 |
| Total sale of services | 12,838 | 14,600 |

In the six-month period ended 30 June 2020, the service revenue decreased due to advisory and management services provided to entities controlled by the ultimate shareholder of the Group.

5.3 Net valuation gain

| | Six-month period ended | |
|--|------------------------|---------------------------|
| | 30 June 2020 | 30 June 2019 Adjusted* |
| Valuation gain, net of foreign exchange gain | - | 1,763 |
| Valuation loss, net of foreign exchange loss | - | (4) |
| Net valuation gain | - | 1,759 |

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties from the Net valuation gain to the Other net financial result. Comparative information as of 30 June 2019 was adjusted accordingly, refer to note 2.2 for more details.

5.4 Amortization, depreciation and impairments

| | Six-month period ended | |
|---|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| Depreciation and amortization | (2) | (5) |
| Total impairment of assets/reversal of impairment | 2,271 | 5,530 |
| Total amortization, depreciation and impairments | 2,269 | 5,525 |

In the six-month period ended 30 June 2020 and 2019, the Group reversed part of the impairment related to loans provided primarily due to change in default and partial repayment of one of the impaired loans, respectively.

5.5 Administrative expenses

| | Six-month period ended | |
|--------------------------------------|------------------------|----------------|
| | 30 June 2020 | 30 June 2019 |
| Advisory and tax services | (3,829) | (5,184) |
| Personnel expenses | (613) | (636) |
| Other administrative expenses | (1,291) | (1,120) |
| Total administrative expenses | (5,733) | (6,940) |

In the six-month period ended 30 June 2020, the advisory expenses primarily include the management services received from related parties in the amount of EUR 3.7 million (EUR 4.7 million in the six-month period ended 30 June 2019).

Personnel administrative expenses

| | Six-month period ended | |
|--|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| Wages and salaries | (517) | (496) |
| Social and health security contributions | (91) | (137) |
| Other social expenses | (5) | (3) |
| Total personnel administrative expenses | (613) | (636) |

The Group has 12 employees as at 30 June 2020 (13 employees as at 30 June 2019).

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 6.10 and 11).

5.7 Other net financial result

| | Six-month period ended | |
|---|------------------------|---------------------------|
| | 30 June 2020 | 30 June 2019 Adjusted* |
| Bank and other charges | (66) | (17) |
| Net foreign exchange gain/(loss) on investment property | 34,602 | (1,718) |
| Other net foreign exchange gain/(loss)* | (87,128) | 18,831 |
| Total other net financial result | (52,592) | 17,096 |

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties in the amount of EUR -1.7 million from the Net valuation gain to the Other net financial result. Comparative information as of 30 June 2019 was adjusted accordingly, refer to note 2.2 for more information.

In the six-month period ended 30 June 2020, the other net foreign exchange loss was driven by retranslation of loans provided to related parties in foreign currencies.

5.8 Income tax expense

Tax recognized in profit or loss

| | Six-month period ended | |
|---|------------------------|----------------|
| | 30 June 2020 | 30 June 2019 |
| Current income tax charge | (88) | (12) |
| Deferred income tax charge from temporary differences | (21,943) | (1,928) |
| Total income tax recognised in profit or loss | (22,031) | (1,940) |

The Group recognized the deferred tax asset from tax losses carried forward by CPI FIM in the amount of EUR 128.0 million and EUR 148.9 million as at 30 June 2020 and 31 December 2019, respectively. The Group's perspective of tax losses utilization is based on the 10 years budget of CPI FIM's taxable profits. The partial write-off in the amount of EUR 20.9 million in the six-month period ended 30 June 2020 was on the updated budget.

6 Condensed consolidated interim statement of financial position

6.1 Investment property

| | Office | Land bank | Development | Residential | Industry and logistics | Total |
|--|----------------|----------------|---------------|---------------|------------------------|------------------|
| Balance as at 1 January 2020 | 588,824 | 490,802 | 59,241 | 50,768 | 1,800 | 1,191,435 |
| Transfer from assets held for sale and intangible assets | - | 1,453 | - | 1,109 | - | 2,562 |
| Development costs and other additions | 2,010 | 2,134 | 14,812 | 24 | 15 | 18,995 |
| Disposals | - | (232) | - | - | - | (232) |
| Net foreign exchange gain | 26,619 | 7,891 | - | - | 91 | 34,601 |
| Translation differences | (27,250) | (24,609) | (3,151) | - | (91) | (55,101) |
| Balance as at 30 June 2020 | 590,203 | 477,439 | 70,902 | 51,901 | 1,815 | 1,192,260 |

| | Office | Land bank | Development | Industry and logistics | Total |
|---------------------------------------|---------------|----------------|---------------|------------------------|----------------|
| Balance as at 1 January 2019 | 4,675 | 427,896 | 40,327 | 1,880 | 474,778 |
| Transfers within investment property | 13,886 | - | (13,886) | - | - |
| Transfer from inventory | - | 7,720 | - | - | 7,720 |
| Development costs and other additions | 4,496 | 1,481 | 15,227 | 354 | 21,558 |
| Disposals | (9) | (84) | - | - | (93) |
| Valuation gain* | 1,759 | - | - | - | 1,759 |
| Net foreign exchange loss* | (54) | (1,643) | - | (21) | (1,718) |
| Translation differences | 269 | 4,845 | 368 | 24 | 5,506 |
| Balance as at 30 June 2019 | 25,022 | 440,215 | 42,036 | 2,237 | 509,510 |

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment in the amount of EUR -1.7 million from the Net valuation gain to the Other net financial result. Comparative information as of 30 June 2019 was adjusted accordingly, refer to note 2.2 for more information.

Development costs

In the six-month period ended 30 June 2020, the development costs related primarily to projects Nová Zbrojovka in Brno, Czech Republic Bubenská project in Prague (EUR 2.6 million and EUR 12.6 million, respectively).

In the six-month period ended 30 June 2019, the development costs primarily related to development project Nová Zbrojovka in Brno, Czech Republic of EUR 9.1 million, Bubenská project in Prague of EUR 6.2 million and construction works of EUR 4.5 million related to construction works on the project Prague's office project Mayhouse.

6.2 Equity accounted investees

The equity accounted investment in the amount of EUR 3.3 million (EUR 3.7 million as at 31 December 2019) represents investment in joint venture constituted in 2013 with Unibail Rodamco Westfield with aim to develop a shopping center in the Bubny area in Prague, the Czech Republic. The Group's shareholding is 35%.

| | 30 June 2020 | 31 December 2019 |
|---------------------|--------------|------------------|
| At 1 January | 3,672 | 3,890 |
| Share of loss | (375) | (217) |
| Other | - | (1) |
| Total | 3,297 | 3,672 |

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

| | Six-month period ended | |
|------------------------------|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| Administrative expenses | (47) | (16) |
| Operating result | (47) | (16) |
| Interest expenses | (1,001) | (956) |
| Loss before taxes | (1,048) | (972) |
| Income taxes | (23) | (13) |
| Loss after income tax | (1,071) | (985) |

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

| | 30 June 2020 | 31 December 2019 |
|-----------------------------------|---------------|------------------|
| Investment property | 52,596 | 52,408 |
| Cash and cash equivalents | 105 | 216 |
| Other current assets | - | 2 |
| Total assets | 52,701 | 52,626 |
| Non-current financial liabilities | 35,375 | 34,218 |
| Deferred tax liabilities | 7,643 | 7,643 |
| Current financial liabilities | 258 | 246 |
| Other current liabilities | 12 | 35 |
| Total liabilities | 43,288 | 42,142 |
| Net assets | 9,413 | 10,484 |

6.3 Other investments

For the valuation of the CPI PG shares, held as at 30 June 2020, the EPRA NAV per CPI PG share was used. The same valuation approach was used as at 31 December 2019, when the Group used EPRA NAV per share of CPI PG as at 31 December 2019. EPRA NAV per share of CPI PG (EUR 0.56) differs from the price at the stock-exchange (EUR 0.71) as at 30 June 2020.

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 half-year report. The Group adjusted the number of shares used in the calculation for the amount of shares owned by the Group as at 30 June 2020 and 31 December 2019. As at 30 June 2020, the EPRA NAV per share of EUR 0.58 (EUR 0.61 as at 31 December 2019) disclosed by CPI PG therefore differs from value used by the Group to value the CPI PG's shares owned.

6.4 Loans provided

| | 30 June 2020 | 31 December 2019 |
|---|------------------|------------------|
| Loans provided - related parties and joint ventures | 4,117,709 | 3,445,987 |
| Loans provided - third parties | - | 8,137 |
| Impairment to non-current loans provided to related parties | (9,711) | (11,505) |
| Total non-current loans provided | 4,107,998 | 3,442,619 |
| Loans provided - related parties and joint ventures | 127,340 | 99,826 |
| Loans provided - third parties | - | 201 |
| Bills of exchange - third parties | 11,088 | 11,669 |
| Total current loans provided | 138,428 | 111,696 |
| Impairment - bills of exchange | (7,400) | (7,788) |
| Total current loans provided | 131,028 | 103,908 |

Loans provided increased in the six-month period ended 30 June 2020 due to new drawing of existing 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 12.3 million and EUR 11.9 million as at 30 June 2020 and 31 December 2019. The loan is repayable in 2023.

Bills of exchange in the net amount of EUR 3.7 million as at 30 June 2020 (EUR 3.9 million as at 31 December 2019) relate to Radio Free Europe deferred consideration.

6.5 Trade receivables

| | 30 June 2020 | 31 December 2019 |
|---|--------------|------------------|
| Trade receivables due from related parties | 5,410 | 4,011 |
| Trade receivables due from third parties | 2,956 | 3,349 |
| Impairment - trade receivables due from other parties | (14) | (185) |
| Total trade and other receivables | 8,352 | 7,175 |

6.6 Cash and cash equivalents

| | 30 June 2020 | 31 December 2019 |
|--|----------------|------------------|
| Bank balances | 117,940 | 129,440 |
| Cash on hand | 3 | 7 |
| Total cash and cash equivalents | 117,943 | 129,447 |

6.7 Other current receivables

| | 30 June 2020 | 31 December 2019 |
|---|--------------|------------------|
| Other receivables due from related parties | 5,847 | 10,095 |
| Other receivables due from third parties | 1,742 | 7,230 |
| Impairment - other receivables due from other parties | (16) | (26) |
| Total other financial current assets | 7,573 | 17,299 |

As at 31 December 2019, the other current receivables due from related parties included EUR 8.0 million of assignment of CPI PG's receivables which were partly repaid in the six-month period ended 30 June 2020.

6.8 Assets linked to assets held for sale

As at 31 December 2019, the land of in Karvina, the Czech Republic in the amount of EUR 1.5 million was classified as asset held for sale. In the six-month period ended 30 June 2020, the Group reclassified the land to investment property.

6.9 Equity

Share capital and share premium

The subscribed and fully paid-up capital of the Company of EUR 13,145,076.29 is represented by 1,314,507,629 ordinary shares. The shares of the Company have an accounting par value of EUR 0.01 each.

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

| Shareholder | Number of shares | Share held | Voting rights |
|-------------------------|----------------------|----------------|----------------|
| CPI PROPERTY GROUP S.A. | 1,279,198,976 | 97.31% | 97.31% |
| Others | 35,308,653 | 2.69% | 2.69% |
| Total | 1,314,507,629 | 100.00% | 100.00% |

Translation reserve

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

| | 30 June 2020 | 30 June 2019 |
|--|-----------------|---------------|
| Opening balance as of 1 January | 26,430 | 22,091 |
| Translation differences related to retranslation of investment property | (55,101) | 5,506 |
| - Valued in EUR (and recognized by subsidiaries with non-EUR functional currency) | (34,601) | 1,718 |
| - Valued in non-EUR currencies (and recognized by subsidiaries with non-EUR functional currency) | (20,500) | 3,788 |
| Translation differences related to retranslation of intra-group loans and other items | 15,699 | (893) |
| Closing balance | (12,972) | 26,704 |

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

| | 30 June 2020 | 30 June 2019 |
|--|---------------|---------------|
| At the beginning of the period | 1,314,507,629 | 1,314,507,629 |
| At the end of the period | 1,314,507,629 | 1,314,507,629 |
| 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 the Equity holders of the Company | (42,188) | 70,957 |
| Net profit attributable to the Equity holders of the Company after assumed conversions/exercises | (42,188) | 70,957 |
| Total Basic earnings in EUR per share | (0.03) | 0.05 |
| Diluted earnings in EUR per share | (0.03) | 0.05 |

Basic earnings per share is calculated by dividing the profit/(loss) 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.

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 (registered office at Pohořelec 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, detail 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 condensed consolidated interim financial statements as at 30 June 2020 and 2019.

As at 30 June 2020

| | Bubny Development Land bank | STRM Alfa Land bank | MQM Czech Land bank | Polygon BC Land bank | Vysočany Office Land bank | Total |
|--|--------------------------------|------------------------|------------------------|-------------------------|------------------------------|----------------|
| Group's interest | 20% | 20% | 20% | 20% | 20% | - |
| NCI - profit for the period | 5,591 | 19 | (10) | (17) | 1 | 5,584 |
| NCI - accumulated | 108,931 | 24,196 | 9,173 | 29,161 | 61 | 171,522 |
| Condensed interim financial information | | | | | | |
| <i>Non-current assets</i> | 183,985 | 30,354 | 11,781 | 38,535 | 1 | 264,656 |
| <i>Current assets</i> | 5,781 | 139 | 294 | 122 | 72 | 6,408 |
| Total assets | 189,766 | 30,493 | 12,075 | 38,657 | 73 | 271,064 |
| <i>Equity attributable to owners</i> | 143,153 | 30,268 | 11,454 | 36,430 | 77 | 221,382 |
| <i>Non-current liabilities and other</i> | 46,613 | 225 | 621 | 2,227 | (4) | 49,682 |
| Total equity and liabilities | 189,766 | 30,493 | 12,075 | 38,657 | 73 | 271,064 |
| Profit for the year | 6,989 | 23 | (12) | (21) | 1 | 6,980 |
| Net increase/(decrease) in cash and cash equivalents | (24) | (15) | 5 | 21 | (8) | (21) |

As at 30 June 2019

| | Bubny Development Land bank | STRM Alfa Land bank | MQM Czech Land bank | Polygon BC Land bank | Total |
|--|--------------------------------|------------------------|------------------------|-------------------------|----------------|
| Proportion of ownership interests | 20% | 20% | 20% | 20% | - |
| NCI - profit for the period | (1,316) | 37 | (9) | (19) | (1,307) |
| NCI - accumulated | 106,659 | 22,245 | 9,125 | 28,424 | 166,453 |
| Condensed interim financial information | | | | | |
| <i>Non-current assets</i> | 150,289 | 29,017 | 12,194 | 38,767 | 230,267 |
| <i>Current assets</i> | 91 | 11 | 283 | 127 | 512 |
| Total assets | 150,380 | 29,028 | 12,477 | 38,894 | 230,779 |
| <i>Equity attributable to owners</i> | 131,679 | 27,852 | 11,395 | 35,507 | 206,433 |
| <i>Non-current liabilities and other</i> | 18,701 | 1,176 | 1,082 | 3,387 | 24,346 |
| Total equity and liabilities | 150,380 | 29,028 | 12,477 | 38,894 | 230,779 |
| Profit for the year | (1,645) | 46 | (11) | (24) | (1,634) |
| Net increase/(decrease) in cash and cash equivalents | 16 | (11) | 10 | 59 | 74 |

6.10 Financial debts

| | 30 June 2020 | 31 December 2019 |
|--|------------------|------------------|
| Loans from related parties | 4,553,838 | 3,861,692 |
| Bank loans | 20,525 | 20,525 |
| Lease liabilities | 4,370 | 4,575 |
| Total non-current financial debts | 4,578,733 | 3,886,792 |
| Loans from related parties | 292,918 | 237,260 |
| Loans from third parties | 47 | - |
| Bank loans | 13 | 15,038 |
| Lease liabilities | 230 | 240 |
| Total current financial debts | 293,208 | 252,538 |

Compared to 31 December 2019, there was significant increase in the loan principals received from CPI Property Group S.A. as at 30 June 2020. Balance of the loans was EUR 4,376.6 million as at 30 June 2020 (EUR 3,688.4 million as at 31 December 2019). The loans bear interest rate between 1.80% - 5.40% p.a.

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

| | Financial debts and bonds issued | | Total |
|---|----------------------------------|---------------------------|------------------|
| | Loans and borrowings | Finance lease liabilities | |
| Balance at 1 January 2020 | 4,134,515 | 4,815 | 4,139,330 |
| Changes from financing cash flows | | | |
| Interest paid | (30,190) | - | (30,190) |
| Drawings of loans and borrowings | 733,839 | - | 733,839 |
| Repayments of loans and borrowings | (17,584) | - | (17,584) |
| Repayments of finance lease liabilities | - | (217) | (217) |
| Total changes from financing cash flows | 686,065 | (217) | 685,848 |
| The effect of changes in foreign exchange rates | (13,453) | 2 | (13,450) |
| Interest expense | 60,214 | - | 60,214 |
| Balance at 30 June 2020 | 4,867,341 | 4,600 | 4,871,942 |

| | Financial debts and bonds issued | | Total |
|---|----------------------------------|---------------------------|------------------|
| | Loans and borrowings | Finance lease liabilities | |
| Balance at 1 January 2019 | 2,179,274 | 276 | 2,179,550 |
| Changes from financing cash flows | | | |
| Interest paid | (4,902) | - | (4,902) |
| Drawings of loans and borrowings | 930,527 | - | 930,527 |
| Repayments of loans and borrowings | (6,209) | - | (6,209) |
| Total changes from financing cash flows | 919,416 | - | 919,416 |
| The effect of changes in foreign exchange rates | 1,341 | 3 | 1,344 |
| Interest expense | 33,409 | - | 33,409 |
| Balance at 30 June 2019 | 3,133,440 | 279 | 3,133,719 |

6.11 Other financial non-current liabilities

| | 31 December 2019 | 31 December 2019 |
|--|------------------|------------------|
| Tenant deposits | 3,585 | 3,671 |
| Payables from retentions | 3,825 | 3,375 |
| Other payables due to third parties | 3,665 | 3,748 |
| Total other financial non-current liabilities | 11,075 | 10,794 |

6.12 Trade payables

| | 30 June 2020 | 31 December 2019 |
|---------------------------------------|--------------|------------------|
| Trade payables due to related parties | 452 | 1,197 |
| Trade payables due to third parties | 8,645 | 9,346 |
| Total trade payables | 9,097 | 10,543 |

6.13 Other financial current liabilities

| | 30 June 2020 | 31 December 2019 |
|--|---------------|------------------|
| Other payables due to related parties | 33,946 | 37,318 |
| Other financial current liabilities due to third parties | 3,882 | 3,726 |
| Total other financial current liabilities | 37,828 | 41,044 |

In the six-month period ended 30 June 2020, the other payables decreased due to partial repayment of assignment of receivables to the Group (EUR 3.5 million).

6.14 Other non-financial current liabilities

| | 30 June 2020 | 31 December 2019 |
|--|--------------|------------------|
| Value added tax payables | 2,286 | 2,612 |
| Provisions | 1,148 | 1,194 |
| Other | 1,906 | 89 |
| Total other non-financial current liabilities | 5,340 | 3,895 |

7 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 six months ended 30 June 2020.

The following tables show the carrying amounts at fair value of financial assets and liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | 30 June 2020 | | 31 December 2019 | |
|---|-----------------|------------|------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets measured at fair value | | | | |
| CPI Property Group shares* | 179,534 | 179,534 | 188,279 | 188,279 |
| Other investments | 9 | 9 | 14 | 14 |
| Financial assets not measured at fair value | | | | |
| Loans provided** | 4,223,010 | 4,424,256 | 3,530,722 | 3,713,115 |
| Loans provided to joint venture | 12,328 | 12,328 | 11,924 | 11,924 |
| Radio Free Europe deferred consideration | 3,688 | 3,882 | 3,881 | 4,085 |
| Financial liabilities not measured at fair value | | | | |
| Financial debt – other | 4,851,404 | 4,900,540 | 4,103,767 | 4,145,434 |
| Financial debt – bank loans (floating rate) | - | - | 15,028 | 15,028 |
| Financial debt – bank loans (fixed rate) | 20,538 | 19,080 | 20,535 | 19,206 |

* For the valuation as at 30 June 2020, the shares are valued using EPRA NAV per share of CPI PG as at 30 June 2020 (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. As the Group had no indication of significant changes in fair values, the external appraisals were not hired to value the investment property as at 30 June 2020.

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

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2020.

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 157.0 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 the 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 16.5 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 the 2014 Warrants registered under ISIN code XS0290764728. The first group of the holders of the 2014 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

Capital and other commitments

The Group has capital commitments of EUR 7.8 million in respect of capital expenditures contracted as at 30 June 2020 (EUR 19.9 million as at 31 December 2019).

11 Related party transactions

Transactions with key management personnel

Total compensation given as short-term employee benefits to the top managers for the six-month period ended 30 June 2020 was EUR 0.3 million (EUR 0.3 million in the six-month period ended 30 June 2019).

The Board and Committees attendance compensation for the six-month period ended 30 June 2020 was EUR 18 thousand (EUR 20 thousand in the six-month period ended 30 June 2019).

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

| | 30 June 2020 | 30 June 2019 |
|---|--------------|--------------|
| Remuneration paid to the key management personnel and members of Board of Directors | 329 | 335 |
| Total remuneration | 329 | 335 |

Breakdown of balances and transactions with related of the Group

Majority shareholder of the Group

| Balances at | 30 June 2020 | 31 December 2019 |
|-------------------|--------------|------------------|
| Trade receivables | 415 | - |

Entities over which the majority shareholder has control

| Balances at | 30 June 2020 | 31 December 2019 |
|---|--------------|------------------|
| Loans provided current (refer below for the detail) | 56,844 | 56,442 |
| Trade receivables | - | 44 |
| Loans received current (refer below for the detail) | 74 | 50 |
| Transactions | 30 June 2020 | 30 June 2019 |
| Rental income | 10 | 10 |
| Advisory services | 15 | 15 |
| Interest income (refer below for the detail) | 1,363 | 1,380 |
| Interest expense (refer below for the detail) | 1 | - |

CPI PG Group

| Balances at | 30 June 2020 | 31 December 2019 |
|---|--------------|------------------|
| Loans provided non-current (refer below for the detail) | 4,105,520 | 3,434,196 |
| Loans provided current (refer below for the detail) | 70,357 | 43,251 |
| Trade receivables | 5,410 | 4,011 |
| Other current receivables | 5,847 | 10,095 |
| Loans received non-current (refer below for the detail) | 4,553,838 | 3,861,692 |
| Loans received current (refer below for the detail) | 292,844 | 237,210 |
| Trade payables | 452 | 1,197 |
| Other current liabilities | 33,946 | 37,318 |
| Transactions | 30 June 2020 | 30 June 2019 |
| Service revenue | 7,915 | 12,588 |
| Advisory services | 3,678 | 4,790 |
| Interest income (refer below for the detail) | 76,939 | 72,297 |
| Interest expense (refer below for the detail) | 60,315 | 33,620 |

Joint venture

| Balances at | 30 June 2020 | 31 December 2019 |
|---|--------------|------------------|
| Loans provided non-current (refer below for the detail) | 12,189 | 11,791 |
| Loans provided current (refer below for the detail) | 139 | 133 |
| Transactions | 30 June 2020 | 30 June 2019 |
| Interest income (refer below for the detail) | 404 | 378 |

Non-current loans provided to related parties

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|---------------------------|--------------|------------------|
| 1 Bishops Avenue Limited | 85,520 | 20,291 |
| Airport City Kft. | 16,487 | 16,047 |
| Airport City Phase B Kft. | 1,937 | 1,870 |
| Andrássy Hotel Zrt. | 4,557 | 4,595 |
| Andrássy Real Kft. | 11,278 | 11,233 |
| Arena Corner Kft. | 37,306 | 37,009 |
| Balvinder, a.s. | 4,452 | 4,771 |
| BARON PUGLIA S.a.r.l. | 12,045 | 11,970 |
| Baudry Beta, a.s. | 10,123 | 11,147 |
| BAYTON Alfa, a.s. | 11,599 | 12,902 |
| BC 91 Real Estate Kft. | 1,458 | 1,548 |
| BC 99 Office Park Kft. | 36,124 | 32,944 |

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|--|--------------|------------------|
| Beroun Property Development, a.s. | 8,766 | 9,310 |
| Best Properties South, a.s. | 54,287 | 57,333 |
| Brandýs Logistic, a.s. | 21,729 | 17,785 |
| Brno Development Services, s.r.o. | 283 | 28 |
| Březiněves, a.s. | 9,511 | 8,360 |
| Buy-Way Dunakeszi Kft. | 6,454 | 6,390 |
| Buy-Way Soroksár Kft. | 4,066 | 3,876 |
| Byty Lehovec, s.r.o. | 6,262 | 3,347 |
| CAMPONA Shopping Center Kft. | 69,099 | 65,953 |
| Carpenter Invest, a.s. | 2,092 | 2,165 |
| CB Property Development, a.s. | 918 | 1,464 |
| Conradian, a.s. | 5,224 | 5,268 |
| CPI – Bor, a.s. | 11,028 | 5,573 |
| CPI - Orlová, a.s. | 1,083 | 1,138 |
| CPI - Real Estate, a.s. | 1,813 | 2,796 |
| CPI Beet, a.s. | 55 | 166 |
| CPI BYTY, a.s. | 94,494 | 115,935 |
| CPI Delta, a.s. | 1,687 | 1,828 |
| CPI East, s.r.o. | 80,833 | 85,189 |
| CPI Flats, a.s. | - | 753 |
| CPI Hotels Europeum Kft. | 516 | 200 |
| CPI Hotels Properties, a.s. | 12,365 | 11,095 |
| CPI IMMO, S.a.r.l. | 3,797 | 3,797 |
| CPI Jihlava Shopping, a.s. | 14,462 | 15,546 |
| CPI Kappa, s.r.o. | 898 | 945 |
| CPI Meteor Centre, s.r.o. | 15,141 | 16,456 |
| CPI Office Prague, s.r.o. | 551 | 80,439 |
| CPI Palmovka Office, s.r.o. | 2,347 | 3,444 |
| CPI Property a Facility, s.r.o. | - | 333 |
| CPI PROPERTY GROUP S.A. | 1,619,429 | 1,102,422 |
| CPI Reality, a.s. | 47,525 | 50,673 |
| CPI Retail One Kft. | 11,959 | 9,863 |
| CPI Retail Portfolio Holding Kft. | 20,974 | 20,249 |
| CPI Retail Portfolio I, a.s. | 1,834 | 2,196 |
| CPI Retail Portfolio IV, s.r.o. | 756 | 958 |
| CPI Retail Portfolio V, s.r.o. | 4,102 | 4,444 |
| CPI Retail Portfolio VI, s.r.o. | 1,341 | 1,598 |
| CPI Retail Portfolio VIII s.r.o. | 3,941 | 4,281 |
| CPI Retails ONE, a.s. | 8,785 | 9,395 |
| CPI Retails ROSA s.r.o. | 4,383 | 4,472 |
| CPI Retails THREE, a.s. | 31,386 | 32,352 |
| CPI Retails TWO, a.s. | 7,084 | 7,584 |
| CPI Services, a.s. | - | 3,016 |
| CPI Shopping MB, a.s. | 33,928 | 33,319 |
| CPI Shopping Teplice, a.s. | 46,888 | 49,759 |
| CPI Vestec, s.r.o. | 5,116 | 5,520 |
| Czech Property Investments, a.s. | 740,968 | 493,036 |
| Čadca Property Development, s.r.o. | 1,137 | 1,280 |
| Čáslav Investments, a.s. | 2,162 | 2,252 |
| EMH South, s.r.o. | 7,675 | 8,657 |
| ENDURANCE HOSPITALITY FINANCE S.á.r.l. | 15,346 | 15,346 |
| Europeum Kft. | 24,210 | 25,325 |
| Farhan, a.s. | 49,463 | 54,232 |
| FL Property Development, a.s. | 189 | 201 |
| Futurum HK Shopping, s.r.o. | 86,187 | 93,073 |
| Gateway Office Park Kft. | 14,386 | 14,738 |
| GCA Property Development sp. z o.o. | - | 331 |
| HD Investment s.r.o. | 61 | 64 |
| Hightech Park Kft. | 4,038 | 3,899 |
| Hraničář, a.s. | 12,283 | 13,259 |
| IGY2 CB, a.s. | 2,274 | 2,815 |
| IS Nyír Ingatlanhasznosítóés Vagyonkezelő Kft. | 1,683 | 1,877 |
| IS Zala Ingatlanhasznosítóés Vagyonkezelő Kft. | 8,534 | 8,392 |
| Janáčkovo nábřeží 15, s.r.o. | 6,954 | 6,958 |
| Jeseník Investments, a.s. | 1,852 | 2,023 |
| Kerina, a.s. | 5,823 | 6,573 |
| KOENIG Shopping, s.r.o. | 46,552 | 50,027 |
| Komárno Property Development, a.s. | 1,999 | 2,327 |
| Kosmonosy Property Development, s.r.o. | 7,644 | 7,436 |
| Kravařská zemědělská, a.s. | 4,488 | 4,723 |

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|--|------------------|------------------|
| LD Praha, a.s. | 4,588 | 5,271 |
| Levice Property Development, a.s. | 3,895 | 4,023 |
| Liptovský Mikuláš Property Development, a.s. | 2,883 | 4,938 |
| Lockhart, a.s. | 27,802 | 28,270 |
| Lucemburská 46, a.s. | 4,471 | 6,301 |
| Marissa Gama, a.s. | 38,277 | 40,716 |
| Marissa Omikrón, a.s. | 14,388 | 18,478 |
| Marissa Tau, a.s. | 5,460 | 6,454 |
| Marissa Théta, a.s. | 1,104 | 1,218 |
| Marissa West, a.s. | 35,260 | 37,038 |
| Marissa Yellow, a.s. | 7,017 | 7,388 |
| Marissa Ypsilon, a.s. | 37,016 | 39,029 |
| MB Property Development, a.s. | 1,643 | 1,734 |
| Michalovce Property Development, a.s. | 3,825 | 4,826 |
| MUXUM, a.s. | 3,738 | 4,788 |
| Na Poříčí, a.s. | 29,111 | 30,911 |
| New Age Kft. | 867 | 363 |
| OC Nová Zdoboř a.s. | 8,051 | 8,988 |
| OC Spektrum, s.r.o. | 6,369 | 3,019 |
| OFFICE CENTER HRADČANSKÁ, a.s. | 11,643 | 12,374 |
| Office Center Poštová, s.r.o. | 4,350 | 4,576 |
| Olomouc Building, a.s. | 14,545 | 15,628 |
| Orchard Hotel a.s. | 9,078 | 9,958 |
| Outlet Arena Moravia, s.r.o. | 19 | 1,900 |
| Ozrics Kft. | 3,358 | 1,740 |
| Pelhřimov Property Development, a.s. | 2,479 | 2,684 |
| Pólus Shopping Center Zrt. | 66,212 | 64,830 |
| Považská Bystrica Property Development, a.s. | 1,149 | 1,342 |
| Prievidza Property Development, a.s. | 2,637 | 3,600 |
| Projekt Nisa, s.r.o. | 75,339 | 80,034 |
| Projekt Zlatý Anděl, s.r.o. | 75,189 | 80,253 |
| Prostějov Investments, a.s. | 528 | 878 |
| Příbor Property Development, s.r.o. | 329 | 391 |
| Real Estate Energy Kft. | 125 | 38 |
| Residence Belgická, s.r.o. | 1,463 | 1,661 |
| Residence Izabella, Zrt. | 4,106 | 3,217 |
| Rezidence Jančova, s.r.o. | 189 | 32 |
| Rezidence Malkovského, s.r.o. | 340 | 363 |
| Statek Kravaře, a.s. | 3,366 | 3,380 |
| Statenice Property Development, a.s. | 2,078 | 2,184 |
| Svitavy Property Alfa, a.s. | 8,691 | 9,346 |
| Telč Property Development, a.s. | - | 420 |
| Tepelné hospodářství Litvínov, s.r.o. | 881 | 966 |
| Trebišov Property Development, s.r.o. | 3 | 117 |
| Třinec Investments, s.r.o. | 2,125 | 2,364 |
| Třinec Property Development, a.s. | 2,908 | 3,205 |
| Tyršova 6, a.s. | 1,853 | 2,297 |
| U svatého Michala, a.s. | 3,063 | 3,251 |
| V Team Prague, s.r.o. | 3,844 | 2,810 |
| Vigano, a.s. | 9,242 | 9,699 |
| Ždírec Property Development, a.s. | 637 | 721 |
| Total loans provided non-current - related parties | 4,105,520 | 3,434,196 |
| Joint venture | | |
| Uniborc S.A. | 12,189 | 11,791 |
| Total | 4,117,709 | 3,445,987 |

Current loans provided to related parties

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|---------------------------|--------------|------------------|
| 1 Bishops Avenue Limited | - | 207 |
| Airport City Kft. | 164 | 297 |
| Airport City Phase B Kft. | 47 | 14 |
| Andrássy Hotel Zrt. | 48 | 32 |
| Andrássy Real Kft. | 117 | 78 |
| Arena Corner Kft. | 372 | 295 |
| Balvinder, a.s. | 55 | 57 |
| BARON PUGLIA S.a.r.l. | 197 | 20 |
| Baudry Beta, a.s. | 251 | 225 |
| BAYTON Alfa, a.s. | 176 | 189 |
| BC 91 Real Estate Kft. | 17 | 16 |
| BC 99 Office Park Kft. | 1,500 | 811 |

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|--|--------------|------------------|
| Beroun Property Development, a.s. | 204 | 270 |
| Best Properties South, a.s. | 519 | 1,036 |
| Brandýs Logistic, a.s. | 491 | 136 |
| Brno Development Services, s.r.o. | 5 | - |
| Březiněves, a.s. | 101 | 95 |
| Buy-Way Dunakeszi Kft. | 79 | 51 |
| Buy-Way Soroksár Kft. | 81 | 29 |
| Byty Lehovec | 482 | 177 |
| CAMPONA Shopping Center Kft. | 4,362 | 2,455 |
| Carpenter Invest, a.s. | 44 | - |
| CB Property Development, a.s. | 4 | 8 |
| Conradian, a.s. | 114 | - |
| CPI – Bor, a.s. | 362 | 140 |
| CPI - Orlová, a.s. | 48 | 17 |
| CPI – Real Estate, a.s. | 27 | 46 |
| CPI Beet, a.s. | 4 | 6 |
| CPI BYTY, a.s. | 939 | 1,177 |
| CPI Delta, a.s. | 19 | 38 |
| CPI East, s.r.o. | 1,059 | 1,385 |
| CPI Flats, a.s. | - | 47 |
| CPI Hotels Europeum Kft. | 7 | - |
| CPI Hotels Properties, a.s. | 172 | 28 |
| CPI IMMO, S.a.r.l. | 153 | 125 |
| CPI Jihlava Shopping, a.s. | 245 | 240 |
| CPI Kappa, s.r.o. | 15 | 12 |
| CPI Meteor Centre, s.r.o. | 122 | 133 |
| CPI Office Prague, s.r.o. | - | 797 |
| CPI Palmovka Office, s.r.o. | 38 | 55 |
| CPI Property a Facility, s.r.o. | - | 3 |
| CPI PROPERTY GROUP S.A. | 16,669 | 12,379 |
| CPI Reality, a.s. | 890 | 598 |
| CPI Retail One Kft. | 969 | 517 |
| CPI Retail Portfolio Holding Kft. | 600 | - |
| CPI Retail Portfolio I, a.s. | 45 | 28 |
| CPI Retail Portfolio IV, s.r.o. | 9 | 25 |
| CPI Retail Portfolio V, s.r.o. | 42 | 44 |
| CPI Retail Portfolio VI, s.r.o. | 14 | 17 |
| CPI Retail Portfolio VIII s.r.o. | 49 | 67 |
| CPI Retails ONE, a.s. | 216 | 119 |
| CPI Retails Rosa s.r.o. | 63 | 34 |
| CPI Retails THREE, a.s. | 330 | 234 |
| CPI Retails TWO, a.s. | 157 | 87 |
| CPI Serivces, a.s. | - | 44 |
| CPI Shopping MB, a.s. | 408 | 410 |
| CPI Shopping Teplice, a.s. | 703 | 562 |
| CPI Vestec, s.r.o. | 66 | 75 |
| Czech Property Investments, a.s. | 19,238 | 2,299 |
| Čadca Property Development, s.r.o. | 8 | 9 |
| Čáslav Investments, a.s. | 31 | 72 |
| EMH South, s.r.o. | 96 | 105 |
| ENDURANCE HOSPITALITY FINANCE S.á.r.l. | 953 | 866 |
| Europeum Kft. | 312 | 87 |
| Farhan, a.s. | 639 | 685 |
| FL Property Development, a.s. | 5 | 3 |
| Futurum HK Shopping, s.r.o. | 963 | 1,055 |
| Gateway Office Park Kft. | 136 | 110 |
| GCA Property Development sp. z o.o. | - | 3 |
| HD Investment s.r.o. | 2 | - |
| Hightech Park Kft. | 227 | 130 |
| Hospitality Invest S.a r.l. | 1,024 | 974 |
| Hraničář, a.s. | 169 | 195 |
| IGY2 CB, a.s. | 103 | 56 |
| IS Nyír Kft. | 21 | 16 |
| IS Zala Kft. | 150 | 119 |
| Janáčkovo nábřeží 15, s.r.o. | 172 | 211 |
| Jeseník Investments, a.s. | 54 | 33 |
| Kerina, a.s. | 68 | 74 |
| KOENIG Shopping s.r.o. | 634 | 685 |
| Komárno Property Development, a.s. | 12 | 16 |
| Kosmonosy Property Development, s.r.o. | 87 | 183 |

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|--|----------------|------------------|
| Kravařská zemědělská, a.s. | 263 | 164 |
| LD Praha, a.s. | 45 | 46 |
| Levice Property Development, a.s. | 33 | 34 |
| Liptovský Mikuláš Property Development, a.s. | 201 | - |
| Lockhart, a.s. | 953 | 760 |
| Lucemburská 46, a.s. | 39 | 92 |
| Marissa Gama, a.s. | 409 | 438 |
| Marissa Omikrón, a.s. | 359 | 143 |
| Marissa Tau, a.s. | 104 | 97 |
| Marissa Théta, a.s. | 10 | 11 |
| Marissa West, a.s. | 1,580 | 699 |
| Marissa Yellow, a.s. | 129 | 144 |
| Marissa Ypsilon, a.s. | 445 | 483 |
| MB Property Development, a.s. | 36 | 28 |
| Michalovce Property Development, a.s. | 42 | 45 |
| MUXUM, a.s. | 37 | 63 |
| Na Poříčí, a.s. | 397 | 511 |
| New Age Kft. | 23 | 9 |
| OC Nová Zdáboř a.s. | 97 | 113 |
| OC Spektrum, s.r.o. | 116 | 54 |
| OFFICE CENTER HRADČANSKÁ, a.s. | 147 | 159 |
| Office Center Poštová, s.r.o. | 35 | 37 |
| Olomouc Building, a.s. | 166 | 259 |
| Orchard Hotel a.s. | 581 | 376 |
| Outlet Arena Moravia, s.r.o. | - | 22 |
| Ozrics, Kft. | 54 | 19 |
| Pelhřimov Property Development, a.s. | 66 | 35 |
| Pólus Shopping Center Zrt. | 1,995 | 1,560 |
| Považská Bystrica Property Development, a.s. | 8 | 9 |
| Prievidza Property Development, a.s. | 21 | 23 |
| Projekt Nisa, s.r.o. | 1,026 | 1,440 |
| Projekt Zlatý Anděl, s.r.o. | 712 | 767 |
| Prostějov Investments, a.s. | 75 | 55 |
| Příbor Property Development, s.r.o. | 10 | 6 |
| Real Estate Energy Kft. | 5 | 1 |
| Residence Belgická, s.r.o. | 18 | 24 |
| Residence Izabella, Zrt. | 123 | 41 |
| Rezidence Jančova, s.r.o. | 6 | 2 |
| Rezidence Malkovského, s.r.o. | 7 | 7 |
| Statek Kravaře, a.s. | 156 | 66 |
| Statenice Property Development, a.s. | 84 | 30 |
| Svitavy Property Alfa, a.s. | 212 | 115 |
| Tepelné hospodářství Litvínov, s.r.o. | 21 | 9 |
| Třinec Investments, s.r.o. | 51 | 52 |
| Třinec Property Development, a.s. | 53 | 66 |
| Tyršova 6, a.s. | 14 | 46 |
| U svatého Michala, a.s. | 30 | 32 |
| V Team Prague, s.r.o. | 165 | 74 |
| Vigano, a.s. | 197 | - |
| Ždírec Property Development, a.s. | 27 | 12 |
| Total loans provided current - related parties | 70,357 | 43,251 |
| Entities over which the majority shareholder has control | | |
| GAMALA LIMITED | 56,844 | 56,442 |
| Joint venture | | |
| Uniborc S.A. | 139 | 133 |
| Total | 127,340 | 99,826 |

Non-current financial debts received from related parties

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|--|------------------|------------------|
| CPI Energo, a.s. | 299 | 315 |
| CPI PROPERTY GROUP S.A. | 4,376,579 | 3,688,390 |
| ST Project Limited | 176,960 | 172,987 |
| Total financial debts non-current - related parties | 4,553,838 | 3,861,692 |
| Total | 4,553,838 | 3,861,692 |

Current financial debts received from related parties

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|-----------------------|--------------|------------------|
| BAYTON Gama, a.s. | 829 | 865 |
| BPT Development, a.s. | 2,505 | 2,574 |
| BRNO INN, a.s. | 2,829 | 1,995 |

| CPI PG Group | 30 June 2020 | 31 December 2019 |
|---|----------------|------------------|
| Brno Property Development, a.s. | 21,796 | 22,831 |
| CPI – Horoměřice, a.s. | 270 | 280 |
| CPI - Zbraslav, a.s. | 2,604 | 2,619 |
| CPI Energo, a.s. | 16 | 12 |
| CPI Finance CEE, a.s. | 65 | - |
| CPI Flats, a.s. | 2,911 | - |
| CPI Green, a.s. | 74 | - |
| CPI Hungary Investments Kft. | 867 | 511 |
| CPI Hungary Kft. | 797 | 786 |
| CPI Kvarta, s.r.o. | 2 | - |
| CPI Kvinta, s.r.o. | 2 | - |
| CPI Národní, s.r.o. | 33,544 | 10,998 |
| CPI Office Prague, s.r.o. | 31 | - |
| CPI Omikrón, a.s. | 74 | - |
| CPI Orange, a.s. | 74 | - |
| CPI Prima, s.r.o. | 2 | - |
| CPI PROPERTY GROUP S.A. | 62,784 | 35,685 |
| CPI Retail MB s.r.o. | 1,246 | - |
| CPI Retail Portfolio II, a.s. | 3,070 | 3,226 |
| CPI Sekunda, s.r.o. | 2 | - |
| CPI Tercie, s.r.o. | 2 | - |
| CPI Théta, a.s. | 74 | - |
| Czech Property Investments, a.s. | 135,026 | 134,198 |
| HOTEL U PARKU, s.r.o. | 568 | 512 |
| Jetřichovice Property, a.s. | 244 | 278 |
| Nymburk Property Development, a.s. | 7,155 | 7,646 |
| PROJECT FIRST, a.s. | 4,706 | 5,344 |
| Rezidence Jančova, s.r.o. | - | 8 |
| Rezidence Malkovského, s.r.o. | - | 73 |
| ST Project Limited | 8,540 | 6,679 |
| Tachov Investments, s.r.o. | 87 | 90 |
| Telč Property Development, a.s. | 48 | - |
| Total financial debts current - related parties | 292,844 | 237,210 |
| Entities over which the majority shareholder has control | | |
| Turf Praha a.s. | - | 50 |
| CPI Yellow, a.s. | 74 | - |
| Total | 292,918 | 237,260 |

Interest income from related parties

| | Six-month period ended | |
|-----------------------------------|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| 1 Bishops Avenue Limited | 1,476 | - |
| AIRPORT CITY Kft. | 311 | 296 |
| Airport City Phase B Kft. | 33 | 31 |
| Andrássy Hotel Zrt. | 80 | 69 |
| Andrássy Real Kft. | 192 | 556 |
| Arena Corner Kft. | 608 | 699 |
| Balvinder, a.s. | 107 | 169 |
| Baron Puglia S.r.l. | 177 | - |
| Baudry Beta, a.s. | 202 | 223 |
| Baudry, a.s. | - | 444 |
| BAYTON Alfa, a.s. | 350 | 677 |
| BC 91 Real Estate Kft. | 33 | - |
| BC 99 Office Park Kft. | 689 | 473 |
| Beroun Property Development, a.s. | 226 | 271 |
| Best Properties South, a.s. | 1,030 | 1,713 |
| BPT Development, a.s. | - | 143 |
| Brandýs Logistic, a.s. | 360 | 275 |
| Brno Development Services, s.r.o. | 5 | - |
| Brno Property Development, a.s. | - | 38 |
| Březiněves, a.s. | 188 | 346 |
| Buy-Way Dunakeszi Kft. | 123 | 111 |
| Buy-Way Soroksár Kft. | 81 | 56 |
| Byty Lehovec, s.r.o. | 311 | 20 |
| CAMPONA Shopping Center Kft. | 2,546 | 2,947 |
| Carpenter Invest, a.s. | 79 | 100 |
| CB Property Development, a.s. | 34 | 19 |
| Conradian, a.s. | 200 | 283 |
| CPI – Bor, a.s. | 226 | 6 |
| CPI - Orlová, a.s. | 32 | 33 |

| | Six-month period ended | |
|--|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| CPI - Real Estate, a.s. | 49 | 73 |
| CPI - Štupartská, a.s. | - | 121 |
| CPI Alfa, a.s. | - | 275 |
| CPI Beet, a.s. | 10 | 12 |
| CPI BYTY, a.s. | 1,950 | 2,362 |
| CPI Delta, a.s. | 38 | 21 |
| CPI East, s.r.o. | 2,119 | 5,439 |
| CPI Flats, a.s. | 4 | 14 |
| CPI Hotels Europeum Kft. | 18 | - |
| CPI Hotels Properties, a.s. | 250 | 92 |
| CPI IMMO, S.a.r.l. | 28 | 28 |
| CPI Jihlava Shopping, a.s. | 486 | 600 |
| CPI Kappa, s.r.o. | 29 | 40 |
| CPI Lambda, a.s. | - | 1 |
| CPI Meteor Centre, s.r.o. | 243 | 274 |
| CPI Národní, s.r.o. | - | - |
| CPI Office Prague, s.r.o. | 944 | 3,212 |
| CPI Palmovka Office, s.r.o. | 87 | - |
| CPI Property a Facility, s.r.o. | 5 | 7 |
| CPI PROPERTY GROUP S.A. | 16,672 | 3,534 |
| CPI Reality, a.s. | 1,084 | 917 |
| CPI Retail MB s.r.o. | - | 197 |
| CPI Retail One Kft. | 452 | 525 |
| CPI Retail Portfolio Holding Kft. | 600 | 982 |
| CPI Retail Portfolio I, a.s. | 45 | 159 |
| CPI Retail Portfolio II, a.s. | - | 102 |
| CPI Retail Portfolio IV, s.r.o. | 22 | 134 |
| CPI Retail Portfolio V, s.r.o. | 85 | 119 |
| CPI Retail Portfolio VI, s.r.o. | 30 | 41 |
| CPI Retail Portfolio VIII s.r.o. | 96 | 112 |
| CPI Retails ONE, a.s. | 218 | 338 |
| CPI Retails ROSA s.r.o. | 60 | 95 |
| CPI Retails THREE, a.s. | 455 | 777 |
| CPI Retails TWO, a.s. | 157 | 295 |
| CPI Services, a.s. | 84 | - |
| CPI Shopping MB, a.s. | 812 | 1,186 |
| CPI Shopping Teplice, a.s. | 1,387 | 1,146 |
| CPI Vestec, s.r.o. | 134 | 163 |
| Czech Property Investments, a.s. | 16,827 | 8,477 |
| Čadca Property Development, s.r.o. | 16 | 65 |
| Čáslav Investments, a.s. | 64 | 79 |
| Dienzenhoferovy sady 5, s.r.o. | - | 179 |
| EMH South, s.r.o. | 192 | 454 |
| ENDURANCE HOSPITALITY FINANCE S.à r.l. | 86 | - |
| Europeum Kft. | 476 | 60 |
| Farhan, a.s. | 1,274 | 1,497 |
| FL Property Development, a.s. | 5 | 6 |
| Futurum HK Shopping, s.r.o. | 1,921 | 2,077 |
| Gateway Office Park Kft. | 242 | 232 |
| GCA Property Development sp. z o.o. | 1 | - |
| HD Investment s.r.o. | 2 | 2 |
| Hightech Park Kft. | 97 | 85 |
| Hospitality Invest S. a r.l. | - | 13 |
| Hraničář, a.s. | 338 | 373 |
| IGY2 CB, a.s. | 102 | 52 |
| IS Nyír Ingatlanhasznosítóés Vagyonkezelő Kft. | 37 | 103 |
| IS Zala Ingatlanhasznosítóés Vagyonkezelő Kft. | 269 | 414 |
| Janáčkovo nábřeží 15, s.r.o. | 170 | 147 |
| Jeseník Investments, a.s. | 54 | 64 |
| Kerina, a.s. | 135 | 150 |
| KOENIG Shopping, s.r.o. | 1,261 | 2,356 |
| Komárno Property Development, a.s. | 28 | 119 |
| Kosmonosy Property Development, s.r.o. | 175 | - |
| Kravařská zemědělská, a.s. | 106 | - |
| LD Praha, a.s. | 90 | 209 |
| Levice Property Development, a.s. | 66 | 195 |
| Liptovský Mikuláš Property Development, a.s. | 201 | 222 |
| Lockhart, a.s. | 749 | 640 |
| Lucemburská 46, a.s. | 80 | 122 |

| | Six-month period ended | |
|---|------------------------|---------------|
| | 30 June 2020 | 30 June 2019 |
| Malerba, a.s. | - | 7 |
| Marissa Gama, a.s. | 812 | 879 |
| Marissa Kappa, a.s. | - | 124 |
| Marissa Omikrón, a.s. | 425 | 572 |
| Marissa Tau, a.s. | 205 | 317 |
| Marissa Théta, a.s. | 19 | 28 |
| Marissa West, a.s. | 1,277 | 1,732 |
| Marissa Yellow, a.s. | 255 | 540 |
| Marissa Ypsilon, a.s. | 883 | 1,173 |
| Marissa, a.s. | - | 690 |
| MB Property Development, a.s. | 36 | 20 |
| Michalovce Property Development, a.s. | 87 | 234 |
| Modřanská Property, a.s. | - | - |
| MUXUM, a.s. | 76 | 158 |
| Na Poříčí, a.s. | 853 | 996 |
| New Age Kft. | 13 | 13 |
| OC Nová Zdaboř a.s. | 202 | 222 |
| OC Spektrum, s.r.o. | 186 | 303 |
| OFFICE CENTER HRADČANSKÁ, a.s. | 292 | 412 |
| Office Center Poštová, s.r.o. | 71 | 101 |
| Olomouc Building, a.s. | 328 | - |
| Olomouc City Center, a.s. | - | 321 |
| Olomouc Office, a.s. | - | 213 |
| Orchard Hotel a.s. | 331 | 196 |
| Outlet Arena Moravia, s.r.o. | 15 | 46 |
| Ozrics, Kft. | 58 | 32 |
| Pelhřimov Property Development, a.s. | 66 | 78 |
| Pólus Shopping Center Zrt. | 1,917 | 2,254 |
| Považská Bystrica Property Development, a.s. | 16 | 72 |
| Prievidza Property Development, a.s. | 44 | 174 |
| Projekt Nisa, s.r.o. | 2,365 | 3,530 |
| Projekt Zlatý Anděl, s.r.o. | 1,423 | 3,043 |
| Prostějov Investments, a.s. | 23 | - |
| Příbor Property Development, s.r.o. | 9 | 13 |
| Real Estate Energy Kft. | 4 | - |
| Residence Belgická, s.r.o. | 36 | 41 |
| Residence Izabella, Zrt. | 81 | 77 |
| Rezidence Jančova, s.r.o. | 9 | - |
| Rezidence Malkovského, s.r.o. | 16 | - |
| Spišská Nová Ves Property Development, a.s. | - | 200 |
| Statek Kravaře, a.s. | 92 | - |
| Statenice Property Development, a.s. | 56 | 62 |
| Svitavy Property Alfa, a.s. | 210 | 411 |
| Telč Property Development, a.s. | 1 | 12 |
| Tepelné hospodářství Litvínov, s.r.o. | 21 | 25 |
| Třebíšov Property Development, s.r.o. | 1 | 12 |
| Třinec Investments, s.r.o. | 50 | 67 |
| Třinec Property Development, a.s. | 106 | 148 |
| Tyršova 6, a.s. | 30 | 28 |
| U svatého Michala, a.s. | 60 | 96 |
| V Team Prague, s.r.o. | 94 | 201 |
| Vigano, a.s. | 353 | 442 |
| Vyškov Property Development, a.s. | - | 88 |
| Ždírec Property Development, a.s. | 16 | 26 |
| Total interest income - related parties | 76,939 | 72,297 |
| Entities over which the majority shareholder has control | | |
| GAMALA LIMITED | 1,363 | 1,380 |
| Joint venture | | |
| Uniborc S.A. | 404 | 378 |
| Total interest income - related parties and joint ventures | 78,706 | 74,055 |

Interest expense from related parties

| | Six-month period ended | |
|------------------------|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| BAYTON Gama, a.s. | 14 | - |
| BC 91 Real Estate Kft. | - | 69 |
| BPT Development, a.s. | 37 | 6 |
| Brandýs Logistic, a.s. | 4 | - |
| BRNO INN, a.s. | 34 | - |

| | Six-month period ended | |
|--|------------------------|---------------|
| | 30 June 2020 | 30 June 2019 |
| Brno Property Development, a.s. | 316 | 357 |
| CPI - Bor, a.s. | - | 20 |
| CPI - Horoměřice, a.s. | 4 | 4 |
| CPI - Zbraslav, a.s. | 37 | 44 |
| CPI Energo, a.s. | 4 | 5 |
| CPI Epsilon, a.s. | - | 79 |
| CPI Finance CEE, a.s. | 1 | - |
| CPI Flats, a.s. | 24 | - |
| CPI Green, a.s. | 1 | - |
| CPI Hungary Investments Kft. | 4 | 156 |
| CPI Hotels Properties, a.s. | - | 25 |
| CPI Hungary Kft. | 12 | 11 |
| CPI Národní, s.r.o. | 374 | 120 |
| CPI Office Prague, s.r.o. | 40 | - |
| CPI Omikrón, a.s. | 1 | - |
| CPI Orange, a.s. | 1 | - |
| CPI Park Mlýnec, a.s. | - | 1 |
| CPI PROPERTY GROUP S.A. | 56,453 | 30,708 |
| CPI Retail MB s.r.o. | 20 | - |
| CPI Retail Portfolio II, a.s. | 53 | - |
| CPI Théta, a.s. | 1 | - |
| Czech Property Investments, a.s. | 828 | - |
| HOTEL U PARKU, s.r.o. | 7 | 3 |
| Janáčkovo nábřeží 15, s.r.o. | - | 115 |
| Jetřichovice Property, a.s. | 4 | 4 |
| Lucemburská 46, a.s. | - | 37 |
| MUXUM, a.s. | - | - |
| Nymburk Property Development, a.s. | 108 | 106 |
| OFFICE CENTER HRADČANSKÁ, a.s. | - | - |
| PROJECT FIRST a.s. | 70 | 79 |
| Residence Belgická, s.r.o. | - | 2 |
| ST Project Limited | 1,861 | 1,669 |
| Tachov Investments, s.r.o. | 1 | - |
| Telč Property Development, a.s. | 1 | - |
| Total interest expense - related parties | 60,315 | 33,620 |
| Entities over which the majority shareholder has control | | |
| CPI Yellow, a.s. | 1 | - |
| Total interest expense - related parties | 60,316 | 33,620 |

Resale of Globalworth Real Estate Investments Limited shares

On 6 March 2020, the Group purchased 1,500 thousand shares of Globalworth Real Estate Investments Limited for EUR 14.8 million from CPI PG. On 10 and 17 March 2020, the shares were sold for the same price to related party Zakiono Enterprises Limited.

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

12 Events after the reporting period

There were no significant events after the reporting period.