

2022 Management Report

CPI
Property Group



CONTENTS



Warsaw Financial Center, Poland

INTRODUCTION

- 3 Letter from the Chairman
- 4 A message from the CEO
- 5 2022 Key figures
- 6 Key segments
- 7 Primary locations
- 8 Property portfolio
- 9 Portfolio scale and income
- 12 Summary of CPIPG's 2022 results
- 13 IMMOFINANZ and S IMMO
- 14 Capital structure initiatives
- 16 Key milestones
- 17 Corporate highlights

On the cover:
myhive Warsaw Spire, Poland
Quadrio, Prague, Czech Republic
Aqua-Höfe, Berlin, Germany photo: © CHL

BUSINESS REVIEW

- 19 Economic review
- 20 Team spotlight: CPI Energo
- 21 Our tenants
- 22 Business segments
 - 22 Office
 - 38 Retail
 - 46 Residential
 - 50 Hotels & Resorts
 - 55 Complementary Assets

FINANCE REVIEW

- 60 EPRA performance
- 63 CPIPG's valuation approach
- 65 Financing
- 73 Results & net assets
- 76 Group structure
- 77 Glossary of terms
- 78 Key ratio reconciliations
- 80 Group management
- 81 Board of Directors

GOVERNANCE & SUSTAINABILITY

- 83 Corporate governance
- 94 Employees & stakeholder involvement
- 99 Environmental strategy & performance
- 107 EU taxonomy
- 108 Sustainable financing


FINANCIAL STATEMENTS

- 113 Declaration letter
- 113 Consolidated financial statements
- 159 Independent auditor's report CFS
- 163 Statutory financial statements

Interactive PDF

This report has embedded bookmarks enabling quick and easy navigation.

The contents page is linked to corresponding page numbers and the top bar is linked to sections.

This symbol  will bring you back to the contents page.

“CPI Property Group has grown from a local champion into a **European leader** by building on our **core strengths.**”

Edward Hughes, Chairman of the Board



Letter from the Chairman

Dear stakeholders,

When I moved to Prague in 1991, growth and change defined the mood. The Velvet Revolution of 1989 was a recent memory, free elections had just occurred in 1990 and in 1992, the Czech Republic and Slovakia would split into two countries. The Czech economy gradually opened; Western goods (and companies) were initially seen as the gold standard.

In the 30 years that followed, a period punctuated by the Czech Republic joining the EU in 2004, many local entrepreneurs emerged. However, few can match what CPIPG accomplished: today, the Group is more than a “local champion.” Because of the long-term vision of our founding shareholder, the Group’s successful expansion across Europe and our superb access to financing, CPIPG has been established as an innovator, a leader across Europe, and a trailblazer in many respects.

At year-end 2022, the Group had €23.5 billion of total assets, making CPIPG one of Europe’s largest owners of commercial real estate. I believe our achievements and our future are possible because of the Group’s relentless focus on five core strengths:

- **Local roots and local knowledge.** Our people come from the local area, speak the language, and have the best relationships with tenants.
- **Quality comes first.** The Group always prioritises quality real estate above all else, and has invested back into our properties to maintain and enhance quality. When we buy, CPIPG only considers assets and platforms in our areas of expertise.
- **Consistent access to financing.** CPIPG enjoys strong partnerships with banks and investors, and has a reputation for openness and transparency. While our recent growth was powered by the international bond and hybrid markets, CPIPG always maintained a strong foothold in the secured bank market: our

recent acquisitions of IMMOFINANZ and S IMMO, two companies with large bases of secured lending, only strengthened this commitment.

- **Long-term focus.** As a family-owned company, CPIPG is able to focus on what matters most: long-term success, not short-term profits.
- **Commitment to self-improvement.** About five years ago, CPIPG transformed our approach to governance and ESG. Today, we are viewed as a European leader in terms of our disclosures, commitments, and actions. We aspire to be a best-in-class family company.

These core strengths prepared us well for 2022 and 2023, with higher interest rates, more volatile markets, and post-COVID questions about the future of real estate. Because of our asset quality, we have maintained excellent access to financing. The Group generates more rental income across more markets, tenants and assets than ever before.

As you will read in our 2022 Management Report, the Group has some important goals to achieve in 2023, including reducing our leverage and integrating our recent acquisitions. However, because of the expertise of our team and our commitment to our core strengths, I have no doubt we will successfully meet these objectives.

Thank you for your interest in CPI Property Group.

Sincerely,

Edward Hughes
Chairman of the Board

A message from the CEO

Dear stakeholders,

2022 was an exceptional year of change for CPIPG.

The Group acquired 77% of IMMOFINANZ and 92% of S IMMO, and became one of Europe's largest landlords. CPIPG faced higher interest rates and tougher market sentiment, adjusted our financing and disposal plans, welcomed new team members, and made substantial progress on synergies. I am proud of what our team has accomplished!

The environment has changed in certain ways, but our goal is the same: **CPIPG wants to own and locally manage the best real estate platforms in Central Europe.** We built an enormous base of rental income from diverse sources, and are committed to our conservative investment grade capital structure. On the other hand, the Group faces challenges (such as leverage above our target) that will be addressed over the course of 2023.

The size and scale of our Group is impressive. Total assets exceed €23 billion, and our property portfolio is valued at €21 billion. The consolidated group has over €900 million of contracted gross rent, and generated €1.3 billion of revenues in 2022. These figures reflect the full consolidation of IMMOFINANZ and S IMMO, which added to our portfolios of retail, office and hotel properties in the CEE region. The acquisition process began in 2021, when the market backdrop was different. Still, CPIPG believes the prices paid (a discount of about 20% to fair value) and the quality of the assets we acquired will stand the test of time.

CPIPG's property portfolio displayed strong operational performance with occupancy of 92.8% and 7.6% like-for-like rental growth for 2022. Real estate in the CEE region benefits from an ongoing supply vs. demand imbalance and limited construction, which keeps vacancy rates relatively low. Working from home has

not taken hold in CEE like we have seen in Western Europe and the USA. Our retail parks are near 100% occupancy as consumers continue to buy the essentials that are part of day-to-day life in our region.

The Group's outlook for rents is positive, both because of market demand due to indexation, which we expect could bring over €60 million of additional rent in 2023. CPIPG's ability to increase rents is an important offset against higher interest rates, and has also supported the valuation of our assets, which overall declined less than 1% during 2022.

From an operational perspective, CPIPG has made fast progress on integrating our acquisitions of IMMOFINANZ and S IMMO. We made changes to supervisory and management boards, reshaped the strategies of both companies through asset rotation, and combined property and asset management teams. The benefits of these efficiencies will be clear over the course of 2023 and 2024.

CPIPG spent about €3.4 billion to purchase shares in IMMOFINANZ and S IMMO. We established €3.75 billion of bridge financing, of which €2.7 billion was drawn. €1.1 billion of the bridges have been repaid, which means that €1.6 billion remains outstanding with a maturity in H1 2025. Aside from the bridges, CPIPG's next significant debt maturity is in 2026. Our overall cost of debt is low at 2.45%, as the Group benefits from low-cost, long-dated financing.

Net LTV was 50.9% at year-end 2022, which is above the Group's financial policy target maximum of 40-45%. This was unexpected, and due mostly to the huge success of our takeover offers, the closure of the hybrid bond markets, and slower disposals as the real estate sector adapted to an environment where small or medium-sized sales are easiest to execute.

CPIPG's top priority is to reduce our leverage to 45-49% by year-end 2023. The Group intends to be well within our financial policy targets by 2024.

To reduce leverage, the Group will continue executing our €2 billion disposal pipeline which was recalibrated in August 2022. Since then, the Group has completed over €750 million of disposals, which are partially reflected in our 2022 results. Our goal is to sell lower-yielding assets (Germany, Austria and landbank) in clean sales (e.g., all cash). CPIPG has more than 30 disposal projects in execution, with about €1 billion of letters of intent signed. The Group may also consider raising equity and other measures to reduce leverage and protect our credit ratings.

As CPIPG has grown, we have strengthened our commitments to our people and communities. In 2022, our environmental targets were validated by SBTi; we also received improved ratings from CDP, MSCI and Sustainalytics. The Group's recent employee survey was successful, with 98% of employees indicating they are proud to work for CPIPG.

2022 was a year of change, but 2023 will be a year of optimisation and integration. CPIPG will reduce our leverage, continue our disposal pipeline, and further enhance the efficiency of our operations. We will prove once again that real estate in the CEE region is fundamentally resilient and attractive. We are confident that CPIPG can deliver on our promises.

Thank you for your interest in CPIPG and for the support you have shown over many years.

Sincerely,

Martin Němeček



"We transformed the size and scale of CPIPG's portfolio and will reduce leverage to a more comfortable level during 2023."

Martin Němeček, CEO

Financial highlights for 2022

- One of Europe’s largest landlords
- Generating substantial recurring income
- High occupancy and strong rental growth
- Capital structure in transition following recent transformational acquisitions
- Firmly committed to strong investment grade credit ratings
- €2 billion of available liquidity

TOTAL ASSETS

€23.5
billion

PROPERTY PORTFOLIO

€20.9
billion

NET LTV

50.9%
year end 2022
45-49%
year-end target for 2023

CONTRACTED GROSS RENT

€906
million

CONSOLIDATED ADJUSTED EBITDA

€608
million

FUNDS FROM OPERATIONS (FFO)

€355
million

OCCUPANCY

92.8%

LIKE-FOR-LIKE RENTAL GROWTH

7.6%

UNENCUMBERED ASSETS

54%

WAULT

3.4
years

NET ICR

3.2×

EPRA NRV (NAV)

€8.0
billion

Notes: Rental / hotel income reflects ten months full consolidation of IMMOFINANZ and six months full consolidation of S IMMO. EBITDA and FFO include ten months full / two months pro-rata consolidation of IMMOFINANZ, six months full / six months pro-rata consolidation of S IMMO and pro-rata consolidation of Globalworth.

The Group operates in five key segments



Leading platforms in Central Europe

Property portfolio value per segment:



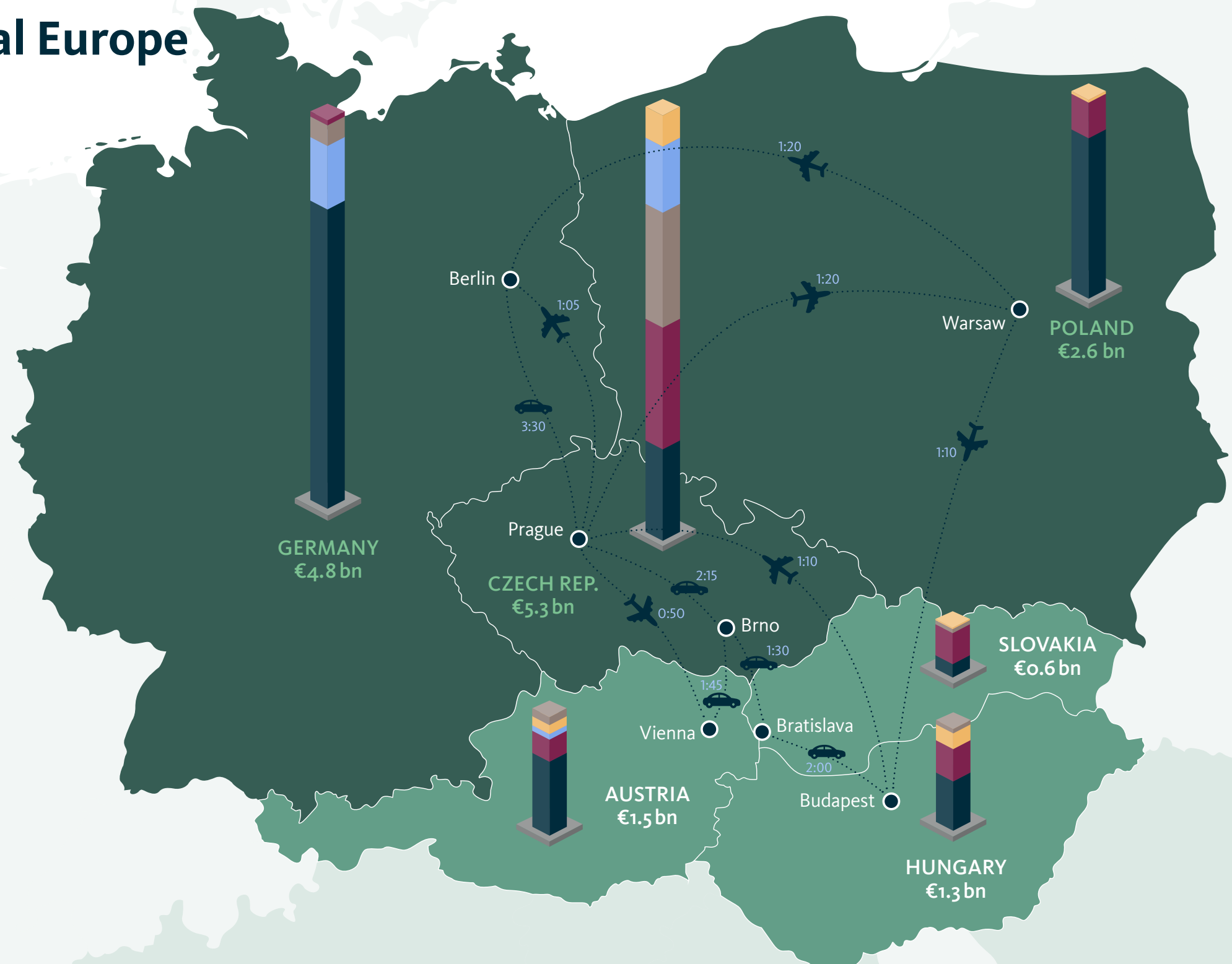
City Flight time (hrs) Drive time (hrs)



“CPIPG’s roots are in Prague, but we have built on our experience over many years to become the clear leader in Central Europe.”

Zdeněk Havelka, Executive Director

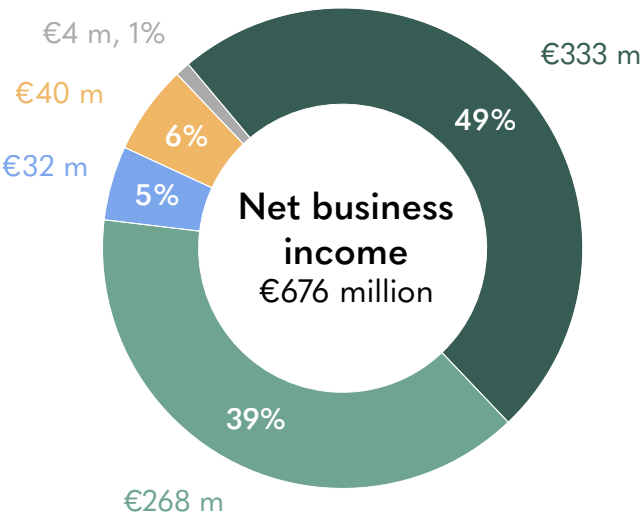
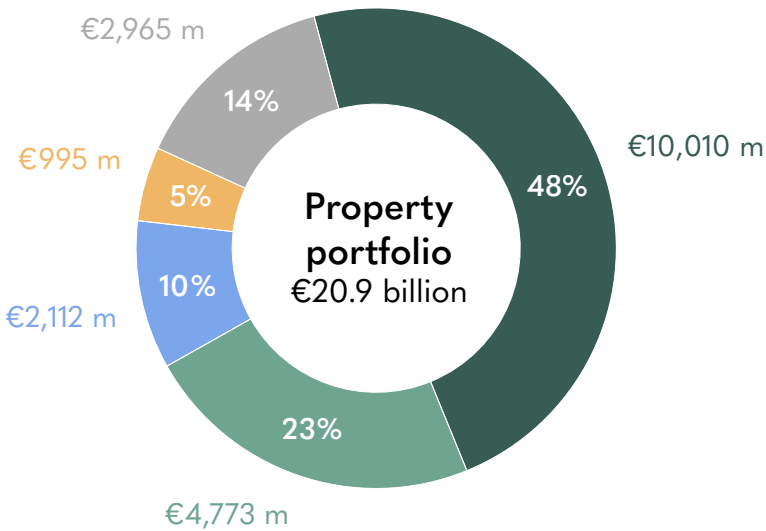
Includes pro-rata shares of assets owned by Globalworth.



Diversification anchored in our CEE expertise

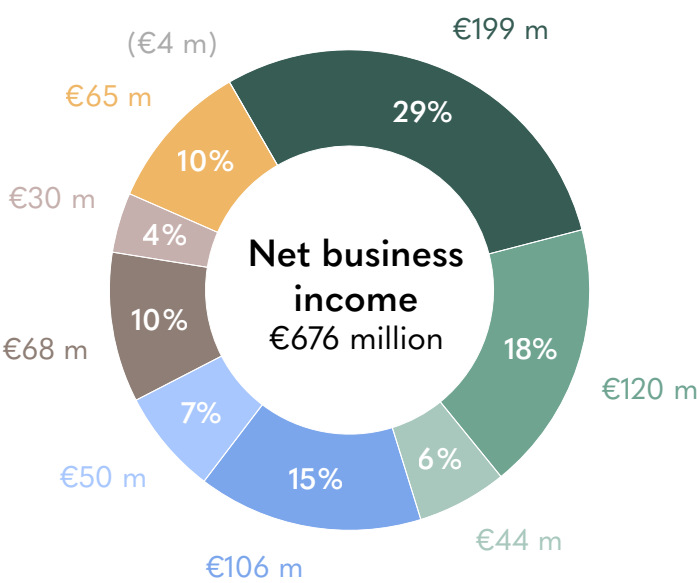
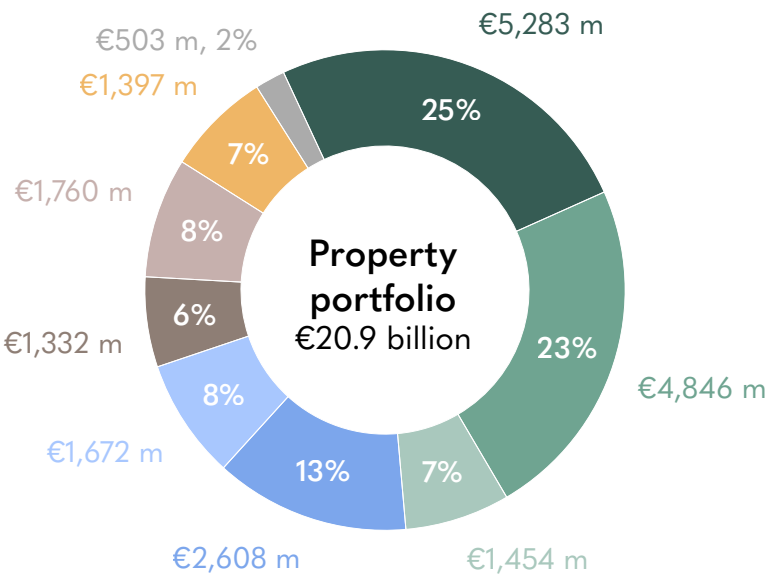
Property portfolio by segment (as at 31 December 2022)

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



Property portfolio by geography (as at 31 December 2022)

- Czech Republic
- Germany
- Austria
- Poland
- Romania
- Hungary
- Italy
- Other CEE
- Other WE



Property portfolio detail

Segment	Country	€ million	Share of total
Office		10,010	48.0%
	Germany	3,811	18.3%
	Poland	1,789	8.6%
	Czech Republic	1,098	5.3%
	Austria	900	4.3%
	Hungary	700	3.4%
	Romania	596	2.9%
	Globalworth	591	2.8%
	Other	525	2.5%
Retail		4,773	22.9%
	Czech Republic	1,563	7.5%
	Italy	616	3.0%
	Romania	578	2.8%
	Poland	428	2.1%
	Hungary	423	2.0%
	Slovakia	418	2.0%
	Other	748	3.6%
Residential		2,112	10.1%
	Czech Republic	873	4.2%
	Germany	743	3.6%
	Other	495	2.4%
Hotels & Resorts		995	4.8%
	Czech Republic	393	1.9%
	Croatia	171	0.8%
	Other	431	2.1%
Complementary Assets		2,965	14.2%
	Landbank	2,245	10.8%
	Development	311	1.5%
	Other hospitality	145	0.7%
	Agriculture	139	0.7%
	Industry & Logistics	79	0.4%
	Other	46	0.2%
	Total	20,855	100.0%

Growth in scale and income

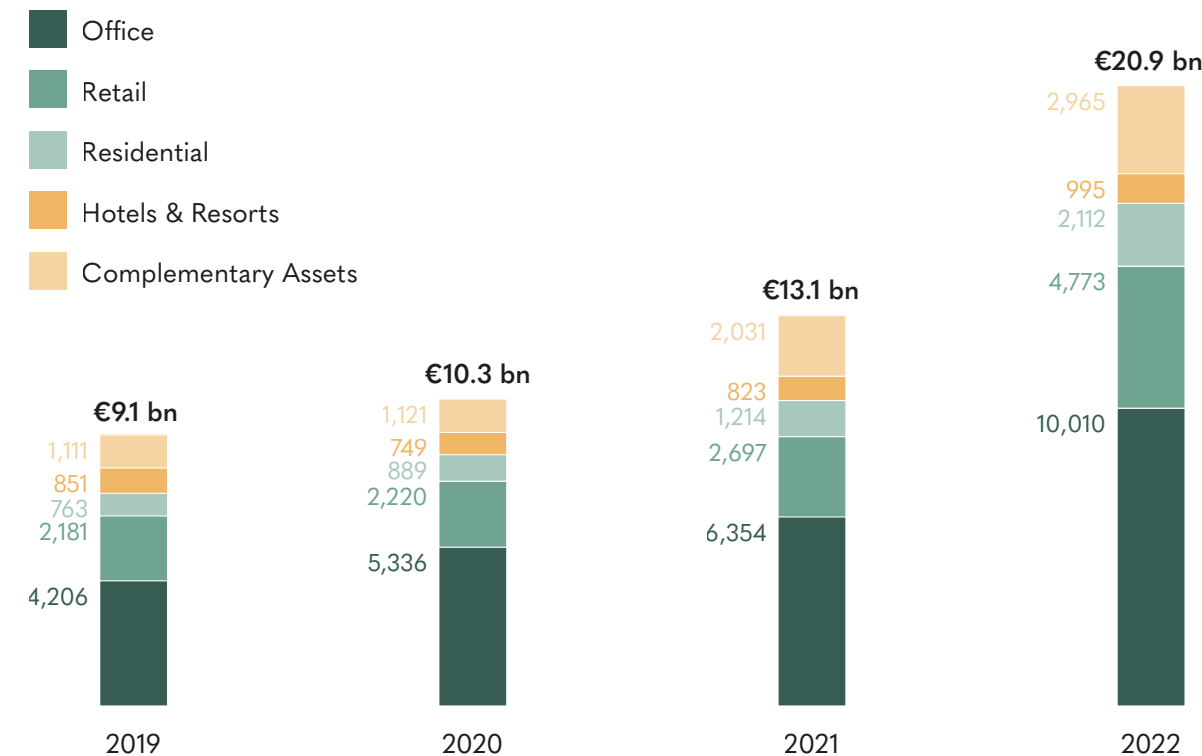
CPIPG's property portfolio reached **€20.9 billion** at year-end 2022, increasing by €7.7 billion or 59% from 2021. Our growth primarily relates to the Group's acquisitions of two leading real estate owners in our region: through a series of transactions, CPIPG purchased a 77% stake in IMMOFINANZ and an 92% stake in S IMMO.

Net rental income increased to €632 million, mainly due to the consolidation of IMMOFINANZ at the beginning of March 2022 and S IMMO at the end of June 2022, while total contracted gross rent was €906 million. **Annualised net rental income increased by 98% to €736 million.**

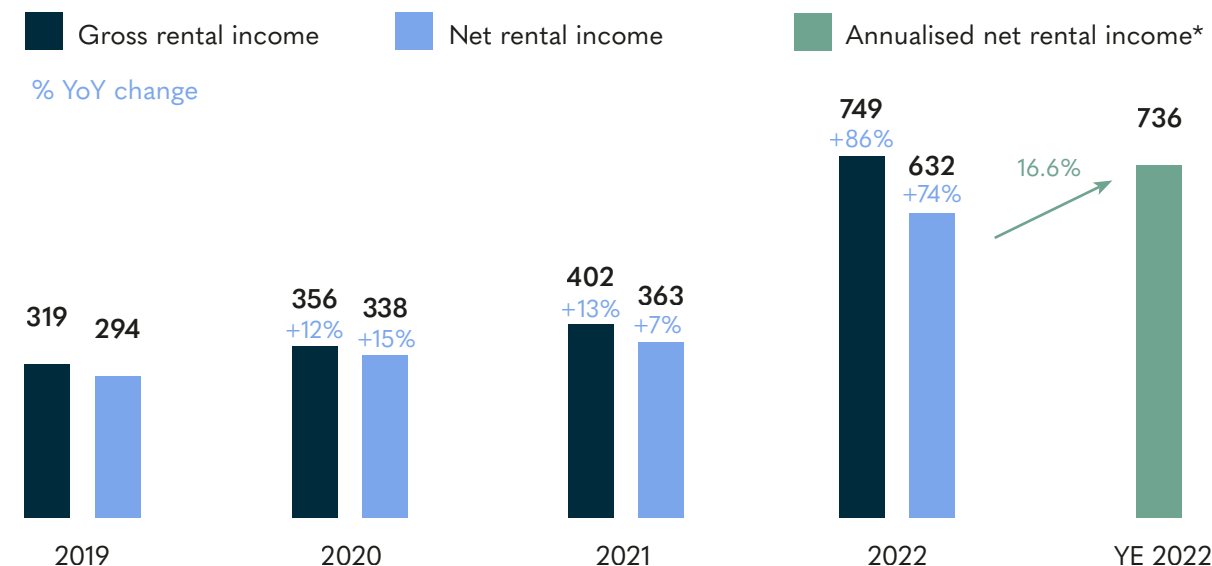
Our **EPRA net initial yield increased to 4.4%** from 4.1% at year-end because of strong like-for-like rental growth, disposals of lower-yielding assets mainly in the Czech Republic, Germany, and Austria and the acquisition IMMOFINANZ's higher-yielding portfolio.

Over 90% of our lease contracts are subject to indexation or annual escalation. Early data in 2023 indicates that about 60% of our leases have already been adjusted according to the lease contract's reference index or fixed annual escalator, resulting in a **weighted average indexation of about 8.6%**. Including the remaining leases, this could result in an **increase of over €60 million in headline rents for 2023.**

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



Gross and net rental income (€ million)



* based on passing cash rents, less non-recoverable property operating expenses according to EPRA NIY calculations on 31 December 2022

“The Group's size and scale of income from diverse sources provides a strong base for our capital structure and financing.”

David Greenbaum, CFO

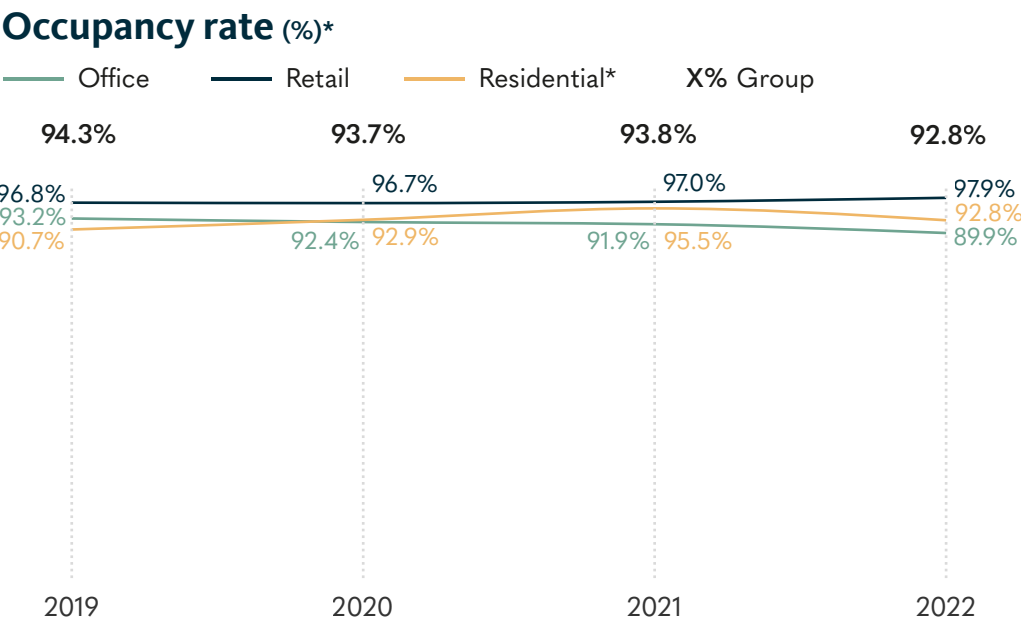


Stable occupancy and higher rents

Overall, the occupancy of CPIPG’s portfolio is stable. Office occupancy declined slightly, mainly due to certain acquired assets that are currently being leased-up or repositioned. Occupancy rose in Warsaw and Budapest, and declined slightly in Berlin and Prague. While CPIPG is not immune to the hybrid working trend, workers in our region have generally returned to the office at least three days a week. Also, office construction across CEE remains muted.

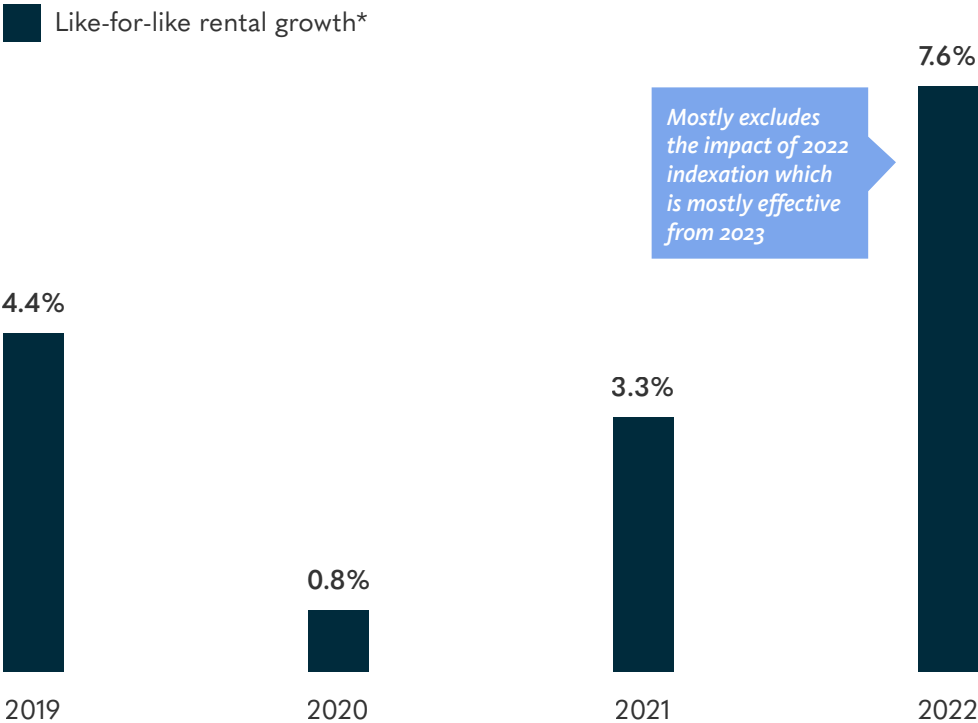
Retail occupancy has increased, and remains near 100% in our retail parks. The CEE region never experienced the overbuilding which has plagued retail in other regions. Therefore, the density of retail remains low and demand is high. Plus, CPIPG’s retail offering is focused on grocery-anchored retail that is part of daily life. Finally, consumers have also been supported by high wage growth and low unemployment in CEE compared to the rest of Europe.

In general, rents have been growing in our portfolio for the following reasons: strong real estate fundamentals in each market, CPIPG’s consistent investments in the quality of our properties, and the excellent work of our local asset management teams. We expect all of these factors, plus indexation, to have a positive effect on rents in 2023.



* Occupancy based on rented units.

Rental income continues to grow



* CPIPG standalone



“Occupancy levels are stable, and we **expect continued growth in rents** both organically and through indexation.”

Tomáš Salajka, Director of Acquisitions, Asset Management & Sales

Resilient portfolio valuations

The Group’s property portfolio is revalued annually by leading appraisers including CBRE, JLL, Savills and Colliers. Valuers are chosen based on a tender process and valuations are reviewed by the Group’s auditor, EY.

In 2022 the valuation result was a loss of €126 million or less than 1%, resulting from a combination of factors.

In offices, the valuation result was negative due to yield expansion impacting all office clusters except for the Berlin sub-portfolio, which recorded a slight increase in valuations due to strong rental growth and ongoing investments.

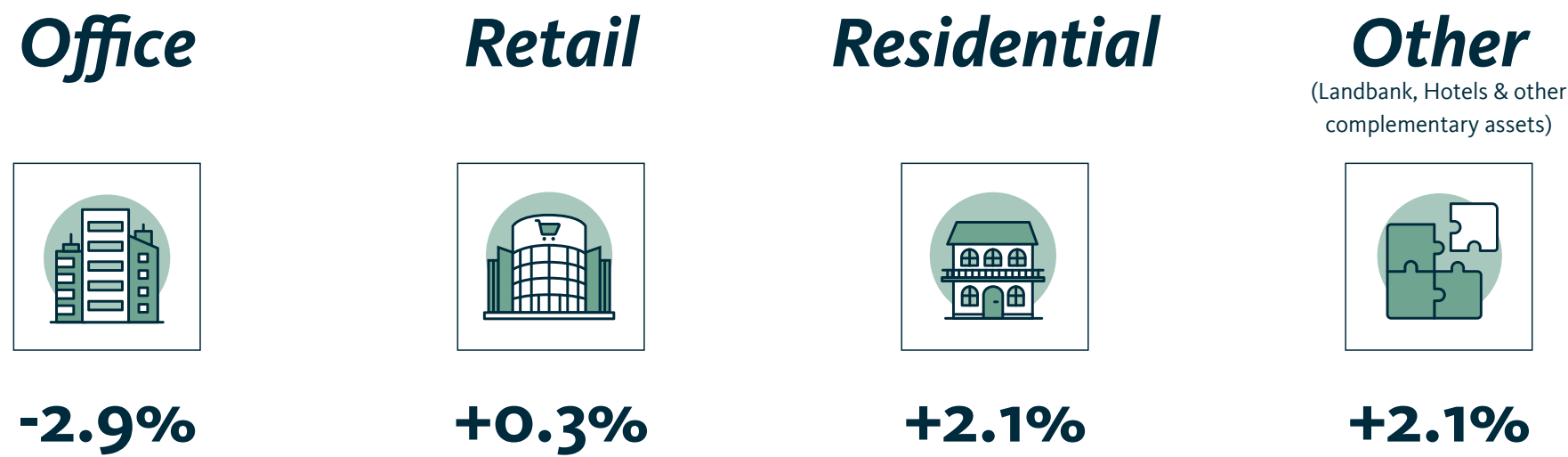
In retail, the result was positive due to solid operating performance and lower yield sensitivity, as it is a higher-yielding segment, and the Group’s portfolio is predominantly in retail parks.

In residential, values increased due to solid like-for-like rental growth in the Czech Republic, offsetting negative results in Germany and other countries.

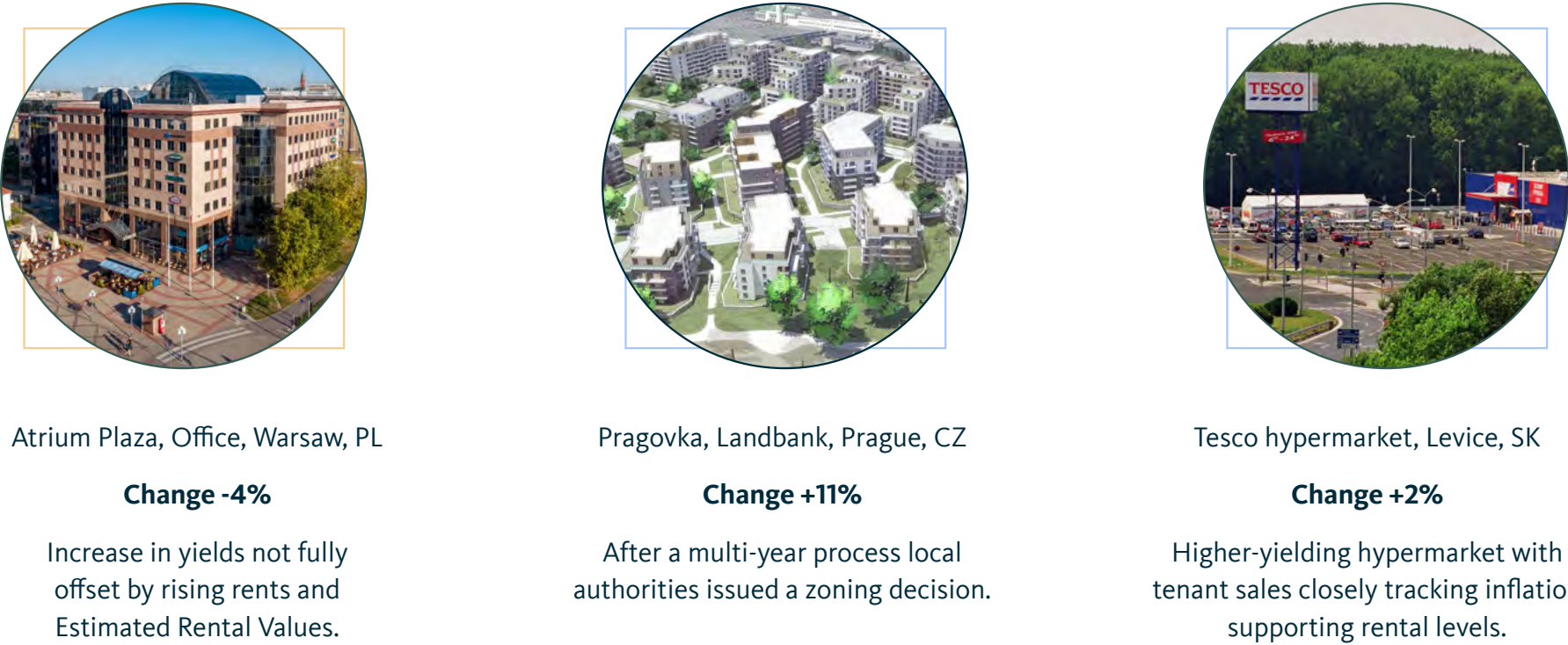
Others, including Landbank, benefited from zoning decisions and the pricing of comparable market transactions. Third-party-operated hotels were close to neutral, while owner-operated hotels, recorded under property, plant and equipment, declined in value due to regular depreciation and the full impairment of our only hotel in Moscow, Russia.

The portfolio's **Net Equivalent Yield** (a time weighted return a property will produce) **increased by +0.7% to 5.4%,** up from 4.7% in the previous year.

Valuation movements by segments



Valuation examples



Summary of CPIPG's 2022 results



“CPIPG benefits from strong rental income, €2 billion of liquidity, and a track record of taking actions to support our capital structure.”

Pavel Měchura, Group Finance Director

Performance		2022	2021	Change
Total revenues	€ m	1,282	664	93.1%
Gross rental income (GRI)	€ m	749	402	86.3%
Net rental income (NRI)	€ m	632	363	74.1%
Net hotel income	€ m	46	14	230.0%
Net business income (NBI)	€ m	676	385	75.3%
Consolidated adjusted EBITDA	€ m	608	368	64.9%
Funds from operations (FFO)	€ m	355	254	40.1%
Net profit for the period	€ m	557	1,292	(56.9%)
Assets		2022	2021	Change
Total assets	€ m	23,521	14,369	63.7%
Property portfolio	€ m	20,855	13,119	59.0%
Gross leasable area	m ²	6,784,000	3,667,000	85.0%
Share of green certified buildings ¹	%	32.1%	24.2%	7.9 p.p.
Occupancy	%	92.8%	93.8%	(1.0 p.p.)
Like-for-like rental growth ²	%	7.6%	3.3%	4.3 p.p.
Total number of properties ³	#	855	367	133.0%
Total number of residential units	#	16,767	11,755	42.6%
Total number of hotel rooms ⁴	#	7,810	7,025	11.2%

¹ According to GLA

² Based on gross headline rent, excluding one-time discounts in 2021, CPIPG standalone

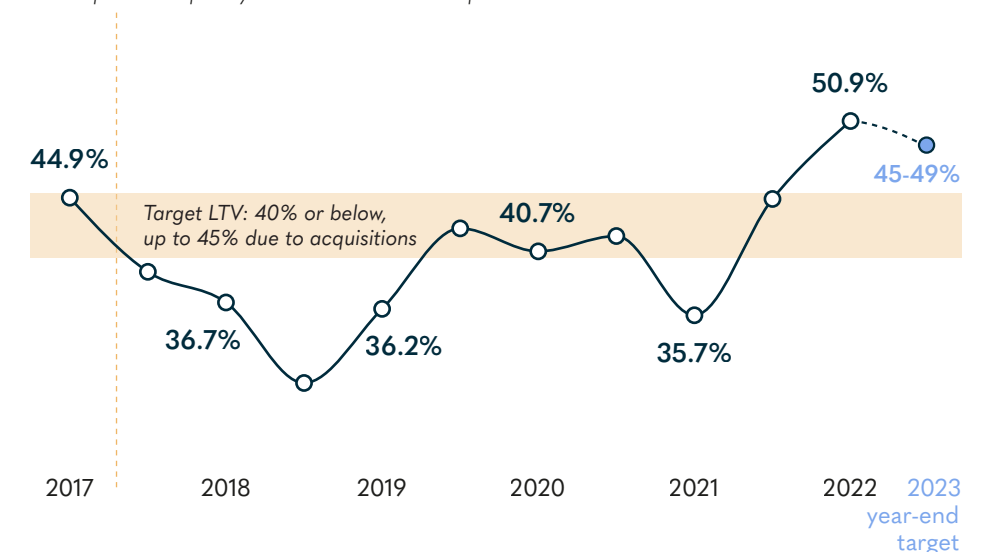
³ Excluding residential properties in the Czech Republic

⁴ Including hotels operated, but not owned by the Group

Financing structure		2022	2021	Change
Total equity	€ m	9,263	7,695	20.4%
EPRA NRV (NAV)	€ m	8,005	7,039	13.7%
Net debt	€ m	10,625	4,682	127.0%
Net loan-to-value (Net LTV)	%	50.9%	35.7%	15.2 p.p.
Net debt to EBITDA	x	17.5x	12.7x	4.8x
Secured consolidated leverage	%	19.5%	9.8%	9.7 p.p.
Secured debt to total debt	%	38.9%	27.0%	11.9 p.p.
Unencumbered assets to total assets	%	54.4%	70.4%	(16.0 p.p.)
Unencumbered assets to unsecured debt	%	179%	267%	(88.0 p.p.)
Net interest coverage (Net ICR)	x	3.2x	4.6x	(1.4x)

Net LTV evolution (%)

Our financial policy was introduced in April 2018



Acquisitions of IMMOFINANZ and S IMMO

Increasing scale in CPIPG's core markets

IMMOFINANZ and S IMMO are well-regarded owners of Central European real estate, with primary listings in Vienna. CPIPG has followed both companies for many years, and appreciated the quality of the portfolios. In addition, we greatly valued the strong secured lending relationships maintained by both companies over many years.

For many years, IMMOFINANZ and S IMMO had a cross-shareholding (each holding shares in the other). Despite the best efforts of management, strategic decision-making at both companies was nearly paralysed and was certainly negatively impacted by failed attempts at mergers and takeovers.

During 2021, CPIPG acquired our first stakes in IMMOFINANZ and S IMMO, serving as a base for gaining control. Ultimately, the IMMOFINANZ takeover was completed in May 2022, and the S IMMO takeover was completed in November 2022.

The acquisition prices were attractive, representing a 24% discount to book

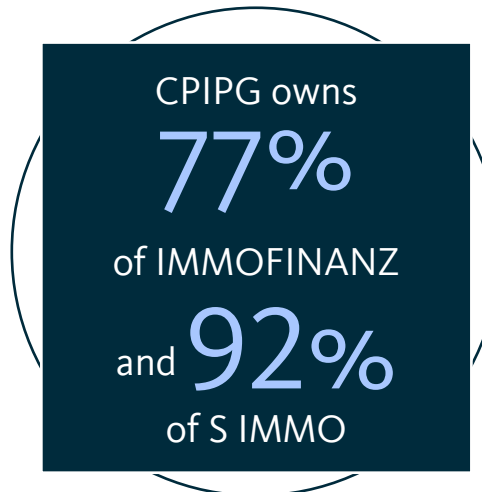
value at IMMOFINANZ and a 19% discount to book value at S IMMO.

Through the acquisitions, CPIPG gained scale and attractive yields: gross return (based on invoiced rents and rental yield) was 6.4% for IMMOFINANZ and 5.4% for S IMMO.

CPIPG also sees **significant synergies** among our real estate platforms. Many changes and efficiencies have already been implemented, such as:

- Appointing Directors to the Supervisory Boards and changing Management Board members
- Reshaping the strategy of each company to concentrate on retail (IMMOFINANZ) and office (S IMMO), while disposing of lower yielding assets (e.g., Austria, Germany) and focusing on higher-yielding assets in the CEE region
- Combining property and asset management teams, and collaborating more freely across other functions, with the goal of finding further efficiencies

S IMMO: BudaPart Gate, Budapest



IMMOFINANZ: VIVO! Bratislava



S IMMO: The Mark, Bucharest, Romania



Superb access to financing

For the IMMOFINANZ and S IMMO takeover offers, CPIPG arranged €3.75 billion of bridge financing from ten banks. The bridge financings had an initial term of two years (2024) and were extended during the summer of 2022 to mature in H1 2025.

In total, the Group spent €3.4 billion to buy 77% of IMMOFINANZ and 92% of S IMMO. The Group drew €2.7 billion of bridge loans, of which €1.6 billion remain outstanding as of 31 March 2023. About €700 million of the total acquisition cost was paid in cash from equity raised in 2021 and proceeds from disposals.

Bridge loans have been repaid with a combination of disposal proceeds and new financing. In January 2022, the Group raised €700 million of 8-year sustainability-linked bonds, and repaid more than €550 million of bonds due in 2023 and 2024. In Q2 2022, CPIPG issued €183 million of Schuldschein with four and six-year maturities. The Group also issued \$330 million of senior unsecured bonds in the US private placement market with five, six and seven-year maturities and signed a €100 million unsecured term loan with SMBC which matures in 2026.

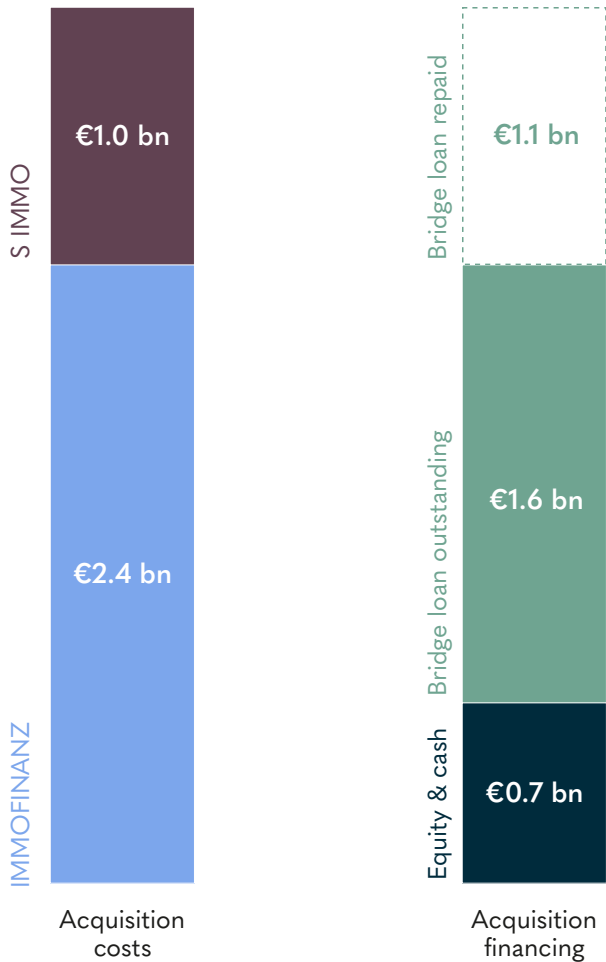
In July 2022, CPIPG refinanced and upsized €275 million of a secured loan for Czech assets with UniCredit Bank and Komerční banka for a maturity of seven years. Finally, in November 2022, CPIPG refinanced and upsized €515 million of secured loan facility with BerlinHyp for our Berlin assets with a maturity of seven years.

In Q1 2023, the Group signed a €100 million unsecured term loan with MUFG with a five-year maturity, and signed a £35 million 5-year secured loan with Rothschild & Co. against a portion of our UK assets.

“CPIPG’s bridge financings are being steadily repaid through disposals and new financing.”

Mindee Lee, Senior Manager – Corporate Strategy & Board Secretary

Acquisition sources and uses (€3.4 bn)



FLOAT Office, Düsseldorf, Germany photos: © Philip Kistner



€1 billion of disposals completed in late 2021 and H1 2022

In August 2021, a disposal plan of up to **€1 billion** was approved by the CPIPG Board of Directors to be completed in 12 months. By June 2022, CPIPG successfully completed the disposal programme with **€1 billion of gross disposal proceeds and net disposal proceeds of c.€688 million.**

Disposals were executed across the Group’s portfolio, targeting non-core or highly mature assets.

- **August 2021** – A small office building in Ettlingen, Germany, was sold;
- **December 2021** – Česká Pojišťovna office and two retail properties in the Czech Republic;
- **January/February 2022** – Airport City logistics asset and a small office property in Budapest and a retail property in the Czech Republic;
- **March/May 2022** – BB Centrum E (ČEZ HQ), a portfolio of six office properties in Berlin, and logistics assets and landbank in CZ; and
- **July 2022** – CPIPG sold one shopping centre in the Czech Republic.

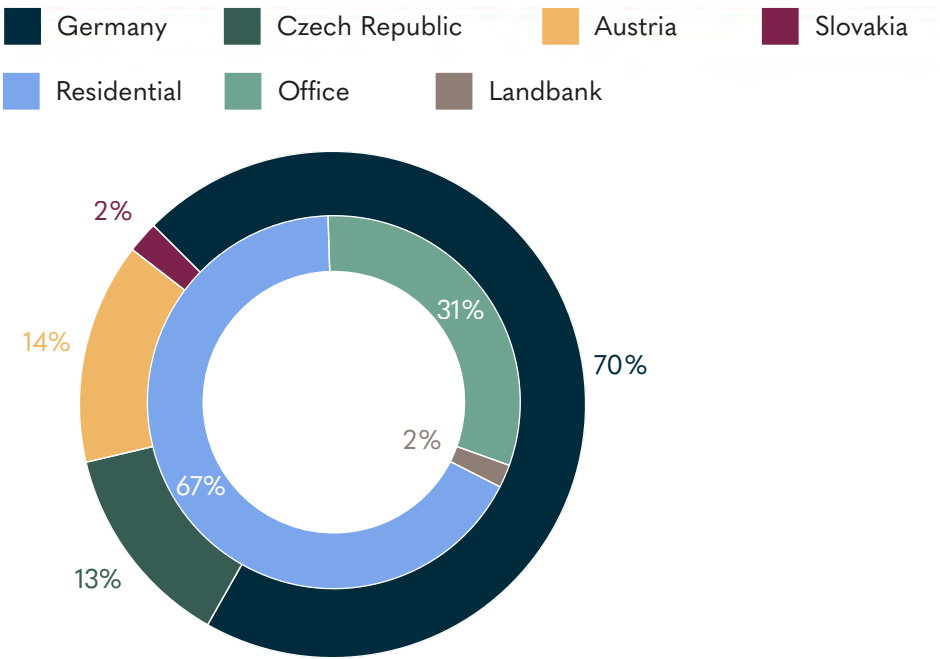
Disposal pipeline of €2 billion+ in execution

At the end of August 2022, CPIPG announced the Group is working on a **disposal pipeline exceeding €2 billion** over the next 12 to 24 months. The plan is in line with our deleveraging targets and financial policy commitments. Proceeds will be used to repay acquisition bridge financings and reduce leverage.

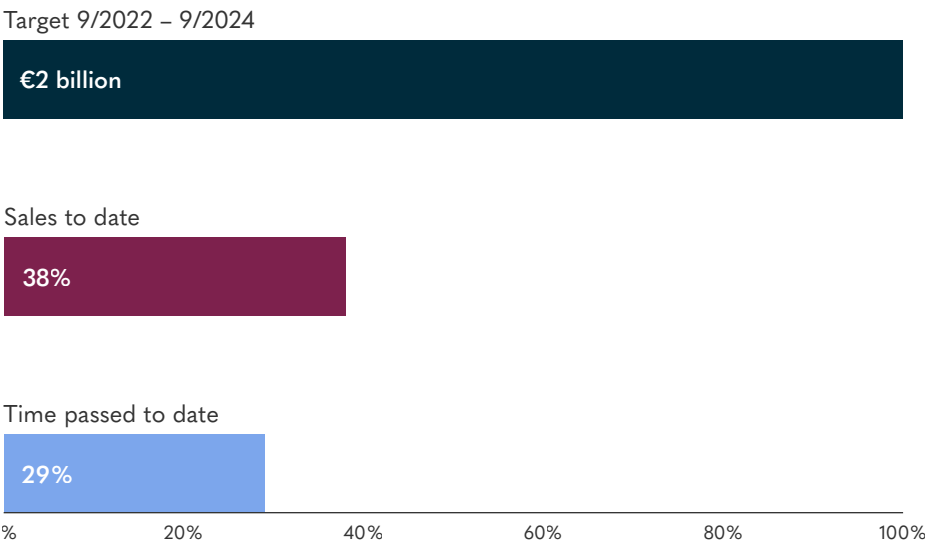
As of Q1 2023, the Group has achieved over €750 million of gross disposal proceeds since August 2022. Sector and geographic diversification, along with a high degree of granularity (pipeline disposals range in size from €10 million to €200 million+) is a significant advantage for the Group.

- **September 2022** – IMMOFINANZ sold the BBC Gamma office building in Prague;
- **October 2022** – S IMMO completed the sale of its Rostock and Leipzig residential and commercial property portfolios;
- **November 2022** – IMMOFINANZ sold two office properties in Vienna;
- **December 2022** – CPIPG sold landbank in Slovakia;
- **January 2023** – S IMMO sold a commercial park near Munich; and
- **March 2023** – S IMMO sold a residential portfolio in Berlin and IMMOFINANZ sold an office property in Vienna.

Executed disposals by country and segment



€2 billion disposal pipeline: progress update



BBC Gamma, Prague, Czech Republic



Residential Apartments, Berlin, Germany



Schreyvogelgasse 2, Vienna, Austria



A history of growth, success, and innovation

Local bond leader and active issuer

2016

Nisa, Liberec, Czech Republic



Acquisition of CBRE retail portfolio

2017

Investment-grade rating and inaugural bond issues

2017

CPI BYTY, Lethany, Prague



Czech residential portfolio expansion

2003

CPIPG issues its inaugural Sustainability-Linked Bond

2022

Capital structure transformation

Hybrid and unsecured bond issuance in multiple currencies, inaugural green bond

2018–2019

CPIPG revises its environmental strategy

Increased ambition for GHG intensity reduction target of 30% (2021) and to 32.4% (2022), which is validated by SBTi

2021–2022

Office expansion in Warsaw and CEE

Leading position in Warsaw office market; 29.6% stake acquired in Globalworth

2019–2020

Green bond champion

Four green bonds issued in three currencies

2020



Warsaw Financial Center, Poland

Foundation of Czech Property Investments a.s. (CPI a.s.) by Radovan Vítek

1991

Integration of CPI a.s. and GSG
Establishment of CPIPG

2014

Expansion abroad into the CEE region

2013

Corporate highlights

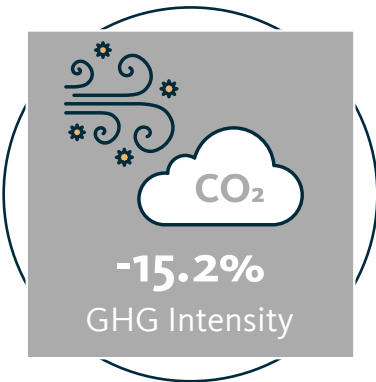
Enhanced commitment to ESG goals

In July 2022, CPIPG further tightened our commitment to environmental goals and revised our target to reduce greenhouse gas (“GHG”) emissions intensity by 32.4% by 2030 versus baseline 2019 levels (across all scopes 1-3), up from the previous 30% target. SBTi validated CPIPG’s environmental targets.



The Group outperforms its GHG intensity reduction target in 2022

Total GHG intensity across the property portfolio was 0.092 t CO₂ eq/m² p.a., which is -15.2% vs. the target. The Group is on track to meet its -32.4% GHG intensity reduction target by 2030.



Continuous Improvements in ESG scores

- CPIPG improved its Carbon Disclosure Project (CDP) score to “B” from last year’s scoring of “B-”.



- At the beginning of 2023, CPIPG received a rating of BBB (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment, an improvement from the previous rating of BB.



- In March 2023, Sustainalytics updated its ESG risk rating with CPIPG remaining in the “low risk” category. The quantitative scoring (12.6) further improved compared to last year.



Active Employee Engagement

In Q1 2023, the Group conducted a firm-wide employee engagement survey. The survey was conducted in six languages across more than ten countries. The overall response rate was high, with 87% of the employees providing feedback. The provided employee feedback was very positive, with 98% of employees being proud to work for CPIPG and nearly as many, 97%, finding their jobs meaningful and purposeful. At the same time, key areas for improvement were highlighted, with many employees providing concrete suggestions.

Awards & Accolades

In 2022, CPIPG and its subsidiaries received numerous prestigious awards and recognition for our efforts and activities, such as:

- Investor of the Year from Central & Eastern European Real Estate Quality Awards (CEEQA)



- Strongest Brand of 2022 in the CEE region from the European Real Estate Brand Institute. Our Nová Zbrojovka project in the Czech Republic won the Urban Project of the Year 2022 from the Ministry of Industry and Trade and the Public Prize Urban Project of the Year.



- CPI Facilities Management won the CRE Award for Facilities Management Firm of the Year.
- S IMMO’s acquisition of the EXPO Business Park in Bucharest won multiple awards with the Best Investment Transaction of the Year at the CIJ Awards Romania, Investment Deal of the Year at the SEE Property Forum in Bucharest and Transaction of the Year at the Real Estate Awards Gala of Real Estate Magazine.

Support for Ukraine

In addition to our humanitarian efforts during 2022, CPIPG has also taken a stand as a sponsor of the Czech Olympic team.



CPI Property Group
@CPIPG_SA

Skupina CPI Property Group bezpodmínečně odmítá účast ruských a běloruských sportovců na LOH 2024 v Paříži, a to i za cenu možného bojkotu her. V této morální otázce máme absolutně jasno.

10:11 PM • Feb 11, 2023 • **130.9K** Views

86 Retweets **14** Quotes **1,520** Likes

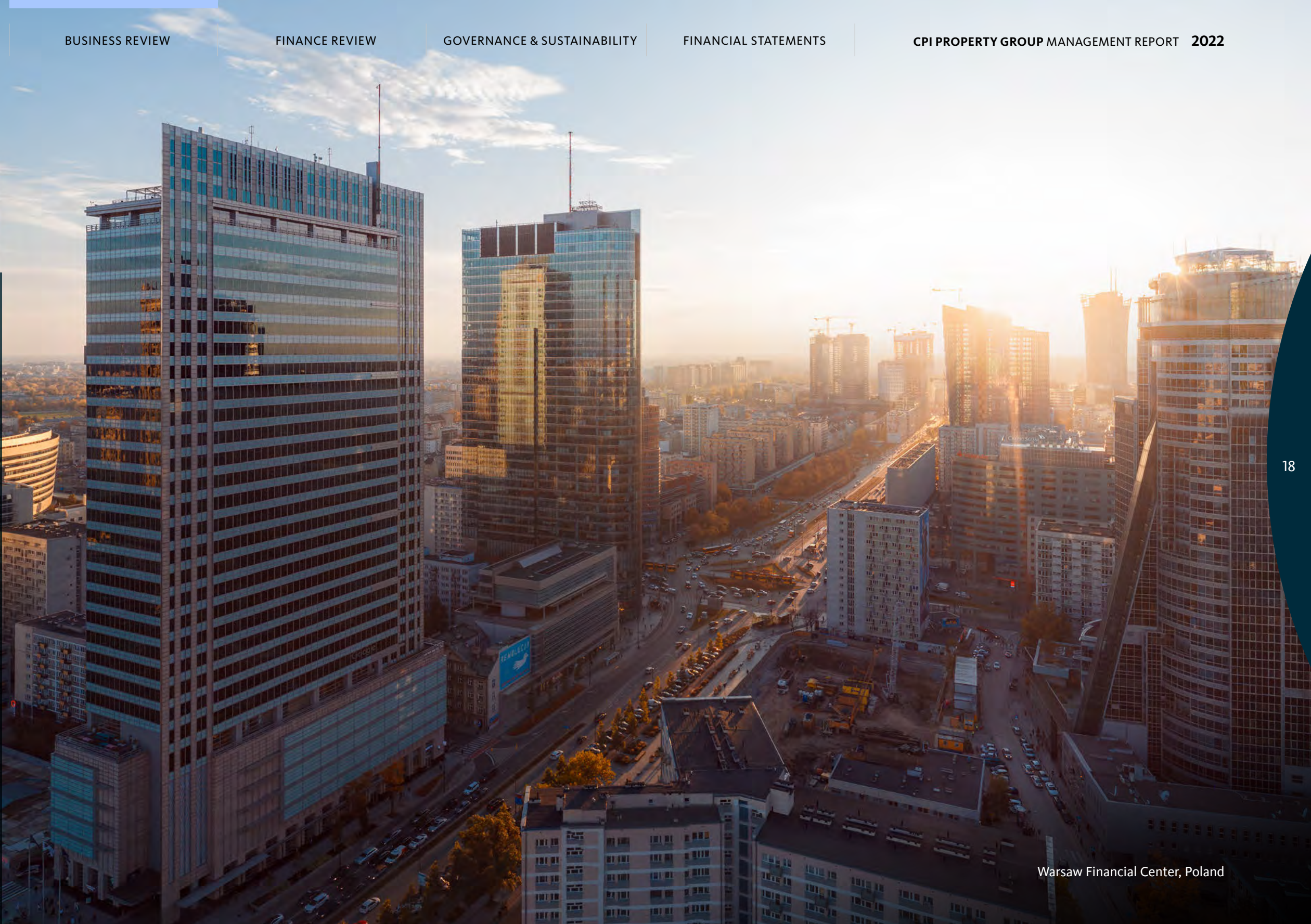
Translated from Czech

CPI Property Group categorically rejects the participation of Russian and Belarusian athletes in the 2024 Olympic Games in Paris, even at the cost of a possible boycott of the Games. We are absolutely clear on this moral issue.



BUSINESS REVIEW

- 19 Economic review
- 20 Team spotlight: CPI Energo
- 21 Our tenants
- 22 Business segments
- 22 Office
 - 24 *Berlin*
 - 29 *Warsaw*
 - 32 *Prague*
 - 35 *Vienna*
 - 36 *Budapest*
 - 37 *Globalworth*
- 38 Retail
- 46 Residential
- 50 Hotels & Resorts
- 55 Complementary Assets



Warsaw Financial Center, Poland

Economic review

Key macro figures for group core economies

	Annual GDP growth (%)	Annual inflation rate (%)	Unemployment rate (%)	Gross public debt (% of GDP)
Czech Republic	2.5	15.8	3.7	41.9
Germany	1.8	8.6	5.5	69.3
Poland	4.9	16.6	5.2	53.8
Romania	4.8	16.4	5.6	48.8
Hungary	7.1	24.5	3.9	73.5
EU average	3.6	10.4	6.1	88.1

Sources: Trading Economics, Eurostat
The table uses the last reported GDP growth, inflation and unemployment rates as of FY 2022, Gross public debt data as of FY 2021 except for Hungary as of FY 2022.

Eurozone

The Euro Area economy grew by 3.6% during 2022 as European economies fully recovered from the GDP decline of the COVID pandemic.

Despite the headwinds since the Russian invasion, the Euro Area economy continued to expand by 1.9% in the fourth quarter of 2022, and the growth outlook of the European Commission for 2023 was lifted in January to 0.9% on the back of falling gas prices, supportive government policy, low unemployment, and firm household spending.

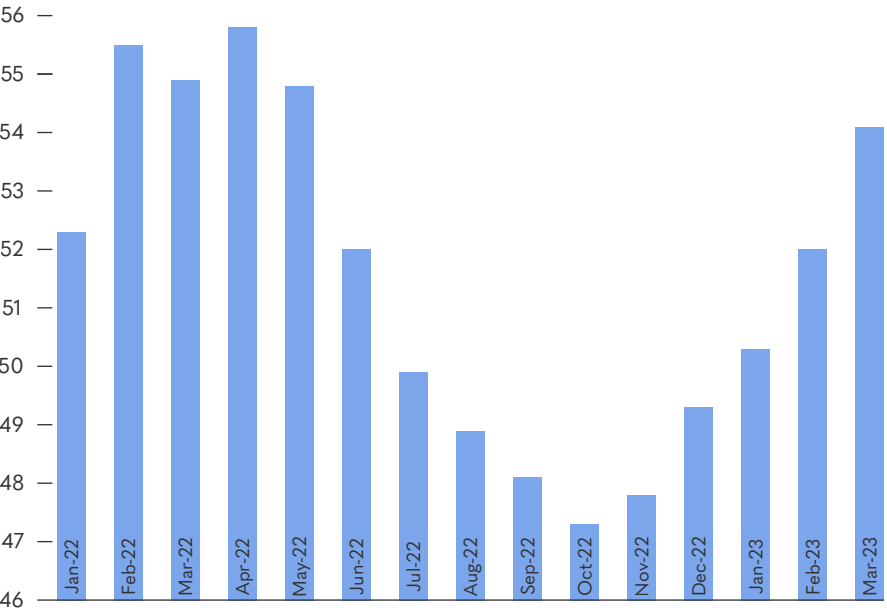
The Russian invasion of Ukraine disrupted the growth path of the European economy at the end of February 2022. Following the Russian aggression, the European Union, the US, and other countries imposed strict economic sanctions on Russia. This further fuelled the rise of commodity prices as Russia is a key commodity supplier for Europe. Prices for Brent crude oil went up from \$77 per barrel at the end of 2021, peaking at around \$120 before stabilising at around \$85 per barrel since the beginning of December. Natural gas prices peaked in the summer at nearly €350 per MWh before returning to 2021 levels at the end of the year as the EU imports 83% of its natural gas with Russia accounting for c. 40% of the supply before the invasion.

Despite the economic headwinds, unemployment in the Euro Area further declined to 6.6% at the year-end, down from 7.0% at the end of 2021. The resilient labour market supported private consumption, with wages increasing for the fifth consecutive quarter in Q4 2022 by 3% YoY, a slowdown from the previous quarters.

The S&P Global Eurozone Manufacturing PMI declined since the beginning of 2022, dropping below 50 in July 2022, indicating a contradiction of manufacturing output. Since October, the pace of contraction in the sector has slowed as the decline of new orders is softening, and supply-chain conditions are stabilising.

The S&P Global Services PMI stood at 55.6 in March 2023, pointing to an expansion in the service sector since January 2023.

S&P Euro Area Composite PMI (weighted average Service & Manufacturing PMI)



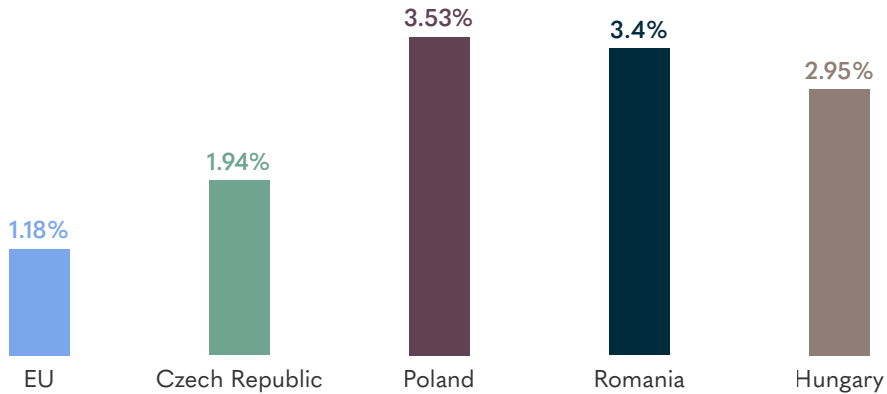
On the prices front, input cost inflation eased to a 13-month low but was historically sharp overall, while selling charges were raised higher than in December. On 1 July 2022, the ECB (European Central Bank) raised its key interest rate for the first time in years to counter the inflationary pressure in the Euro Area above its 2% policy target. Following several additional rate hikes, the key interest rate currently stands at 3.0% as of March 2023. Intra-year, the Euro significantly declined from EUR/USD 1.14 at the beginning of the year to trading below parity in August and has since partially recovered to currently EUR/USD 1.07 as of mid of March.

Sources: Trading Economics, European Central Bank, European Commission

CEE (Central and Eastern Europe)

In recent years, CEE countries have benefited from solid fundamentals, including young and well-educated labour forces, low levels of unemployment, increasing domestic consumption, healthy levels of local business activity and foreign investment. Between 2012 and 2022, all CEE countries achieved GDP growth rates above the EU27 average, with Poland, Romania and Hungary among the top six fastest-growing economies in the EU28 bloc.

Average annual GDP growth 2012-2022

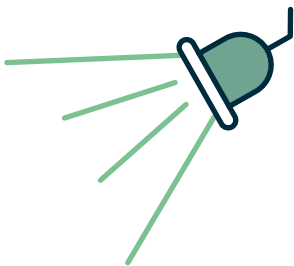


Following the widespread and historic GDP fall in nearly all CEE countries during the pandemic, the region’s economies returned to growth in the second quarter of 2021. While growth remained positive in 2022, the GDP expansion noticeably slowed down since the second quarter of 2022 after a strong start to the year. In the Czech Republic, GDP expanded by 2.5%, Romania by 4.8%, Hungary by 7.1%, and Poland by 4.9%. As of December, unemployment continued to decline in Poland, with the unemployment rate falling by -0.7% to 5.2% and -0.2% to 5.6% in Romania. In the Czech Republic and Hungary, unemployment slightly rose by 0.2% to 3.7% and 0.1% to 3.9% remaining around full employment levels, despite the migration of refugees fleeing the war in Ukraine into its neighbouring countries. Consumers likely built up savings during the lockdown periods, which mitigated the immediate impacts of rising prices.

Despite several interest rates hikes by central banks, inflation remains elevated across the region. Hungary recorded an annualised inflation rate of 24.5% in December, followed by Poland at 16.6%, Romania at 16.4%, and the Czech Republic at 15.8%. The Czech Koruna appreciated in value compared to the Euro intra-year. Countries in the region continue to benefit from low public debt-to-GDP ratios.

Sources: Trading Economics, Euler Hermes, Erstegroup.com, International Monetary Fund, Wikipedia

Team Spotlight: CPI Energo



Producer of clean and affordable energy

The energy crisis in 2022 sparked by the Russian invasion of Ukraine highlighted the importance of energy security. CPIPG took the initiative and established a subsidiary in the energy sector, CPI Energo. The plan is to become fully self-sufficient energy-wise while sticking to our sustainability commitment by focusing on **power generation from renewable sources**.

CPI Energo will act as both a power producer and a supplier. The company’s goal is to provide clean and affordable energy solutions to the Group’s tenants. CPI Energo will mainly produce electricity from two types of renewable sources: **solar and biogas power**. The Group is well positioned to achieve this as it is already invested in agricultural land. For example, our agricultural business, Spojené farmy, owns and operates over 23,000 hectares of farmland. These farms regularly produce surplus hay that cannot be fed to livestock, which can be supplied to biogas power plants to be converted into gas and generate electricity.

The Group also sees considerable potential to tap into solar power generation. Part of the underutilised farmland **could be used for solar farms**. In the Czech Republic, the Group owns some 450 buildings and other premises and is working on complementing the solar farms with **roof-mounted PV panels with panels mounted on façades**, including the otherwise empty walls of tower blocks, similar to what we have done in Berlin, where CPIPG’s subsidiary GSG is the leading producer of solar power in the city.

The Group already has solar power generation capacity, capable of producing about 37 MW (total PV capacity installed across the Czech Republic is a little over 2,000 MW) plus 1.5 MW from biogas. The aim is to increase generation capacity up to 100 MW, i.e., 2.5 times the current capacity, through growth and by investing in capacity already in operation. CPI Energo would like to reach **300 to 350 MW of total power output by 2025**.

“CPIPG has already committed to 100% green electricity by 2024, and CPI Energo intends to be a big contributor to that goal.”

Vlastimil Russ, CEO, CPI Energo



Our tenants

CPIPG is proud of the **quality and diversity** of our tenant base, with **more than 8,000 international and local tenants**. Our office properties host domestic companies, public sector entities, and multinational household names. CPIPG’s largest tenant (Ahold Delhaize) accounts for less than 1% of gross rental income. Our top 10 tenants represent only 8.4% of gross rental income, while our top 25 tenants represent less than 15.6% of total income.











CPIPG’s asset portfolio is granular. The Group’s top 10 most valuable assets account for only 12% of the total portfolio value. Some of the Group’s most valuable assets including Warsaw Spire, FLOAT, and myhive am Wienerberg were acquired via the acquisition of IMMOFINANZ.

The Group’s lease maturity profile is well balanced, with a WAULT of 3.4 years, and on average, 16% of the leases expire each year by 2027. Maintaining a slightly shorter WAULT in Berlin and Warsaw has historically allowed us to capture **consistent increases in rents** and manage our tenants more dynamically.

Top 10 income-generating assets

Asset	Value (€ m)	% Total	GLA m²	EPRA occupancy	Location
myhive Warsaw Spire	391	1.9%	72,000	100.0%	Warsaw, PL
SC Maximo	302	1.4%	61,000	99.7%	Rome, IT
Warsaw Financial Center	280	1.3%	50,000	100.0%	Warsaw, PL
Quadrio	253	1.2%	25,000	98.2%	Prague, CZ
Eurocentrum	249	1.2%	85,000	93.6%	Warsaw, PL
FLOAT	232	1.1%	30,000	96.8%	Düsseldorf, DE
Helmholtzstraße	226	1.1%	45,000	85.3%	Berlin, DE
Franklinstraße	212	1.0%	36,000	86.5%	Berlin, DE
myhive am Wienerberg Twin Towers	210	1.0%	66,000	93.8%	Vienna, AT
Reuchlinstraße	199	1.0%	49,000	88.3%	Berlin, DE
Top 10 as % of total property value		€2,554 m	12.2%	519,000	

Top 10 tenants by rental income

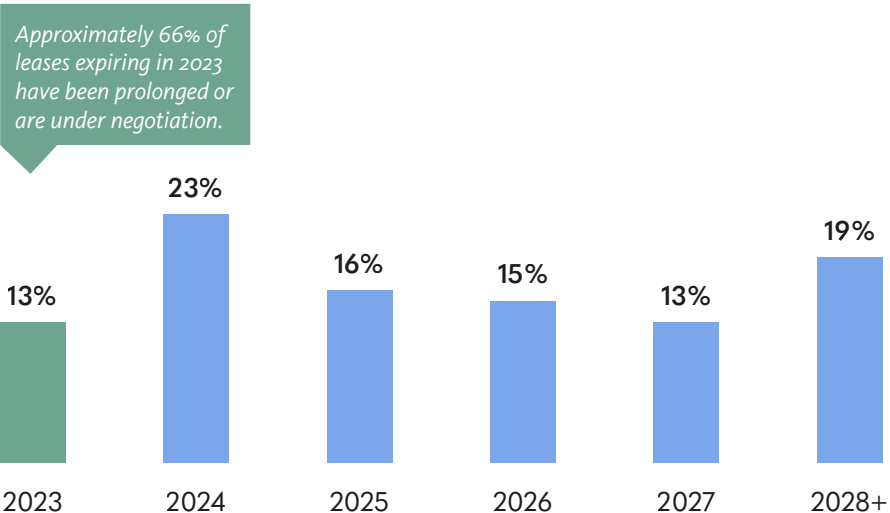
	€ million	Rent as % of GRI*	WAULT** (years)
	8.4	0.9%	6.0
	8.1	0.9%	10.0
	7.9	0.9%	2.8
	7.9	0.9%	3.2
	7.8	0.9%	3.0
	7.8	0.9%	2.7
	7.6	0.8%	6.3
	7.4	0.8%	3.0
	7.3	0.8%	6.7
	6.2	0.7%	3.1
Total	76.5	8.4%	4.7

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

WAULT by country and segment

Segment	Country	WAULT (years)	
		2022	2021
Office	Germany	3.2	3.2
	Poland	2.9	3.0
	Czech Republic	4.0	4.7
	Austria	4.7	–
	Hungary	2.7	3.0
Total Office		3.3	3.5
Retail	Czech Republic	4.0	4.1
	Italy	5.5	7.0
	Romania	3.1	–
	Poland	3.4	4.1
	Hungary	2.8	2.9
	Slovakia	4.1	5.9
Total Retail		3.8	4.5
Total Group		3.4	3.8

Maturity profile of fixed rental agreements



Excluding residential properties and reflecting the first break option.

Office segment

CPIPG is the leading office landlord in CEE

At €10 billion, offices are CPIPG's largest business segment and represent 48% of our property portfolio.

The Group primarily owns offices in **Berlin, Warsaw, Prague, Vienna, and Budapest**. In each city, we are a dominant landlord with market-leading platforms.

By acquiring IMMOFINANZ and S IMMO, CPIPG expanded our footprint in Warsaw, Prague and Budapest and gained exposure to top platforms in Vienna and Bucharest.

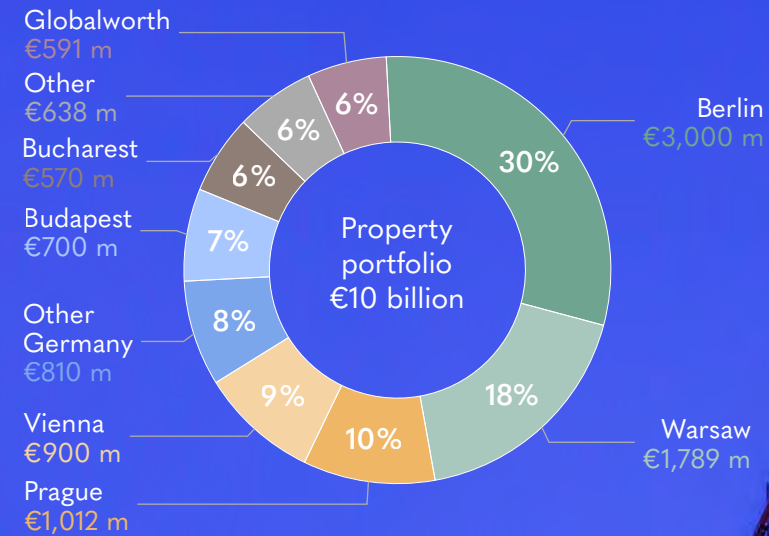
CPIPG strongly believes in local expertise and has **dedicated office leasing and asset management teams on the ground in all our key locations**.

In 2022, like-for-like rental growth was strong at **7.5%**, reflecting a solid performance by our teams and robust demand, particularly in Prague and Berlin.

“Office life” in our region returned to near pre-pandemic normal based on Google mobility data and evidence from our healthy leasing activity in 2022. Hybrid work models prevail in the countries we operate, for example, 95% of the Group's employees work three or more days in the office. Both tenants and landlords have invested resources to ensure the office remains an attractive space that fosters interaction and engagement.

Zlatý Anděl, Prague, Czech Republic

Office property portfolio split



- #1 office landlord in Berlin, Warsaw, Prague, Vienna, and Budapest
- Markets with strong fundamentals
- Focus on CBD and central locations

7.5%
LfL growth
in rents

90%
Occupancy

Office segment summary

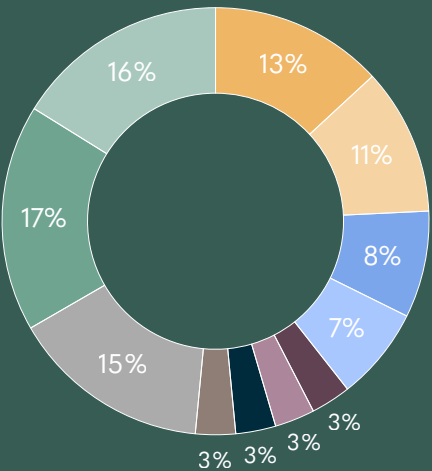
Net rental income increased by 61% to €333 million in 2022, due to acquisitions, solid like-for-like rental growth and contributions from developments. **Like-for-like rents across the office portfolio increased by 7.5%.** **Around 94% of our office leases have annual rent indexation clauses, most of which take effect from January 2023.**

Total occupancy decreased in 2022 to 89.9%. Occupancy in Budapest and Warsaw increased as previously vacated spaces were leased-up again. Berlin and Prague saw slight declines mainly due to normal tenant churn around reporting dates and space reduction by tenants at lease prolongation. The Vienna office segment was newly added, with a high occupancy of 94.4%. The other office segment has lower occupancy as some recently acquired assets (e.g., Düsseldorf offices held by IMMOFINANZ) are still in the lease-up phase, while we also currently see lower overall occupancy levels in Bucharest, Italy, and regional cities.

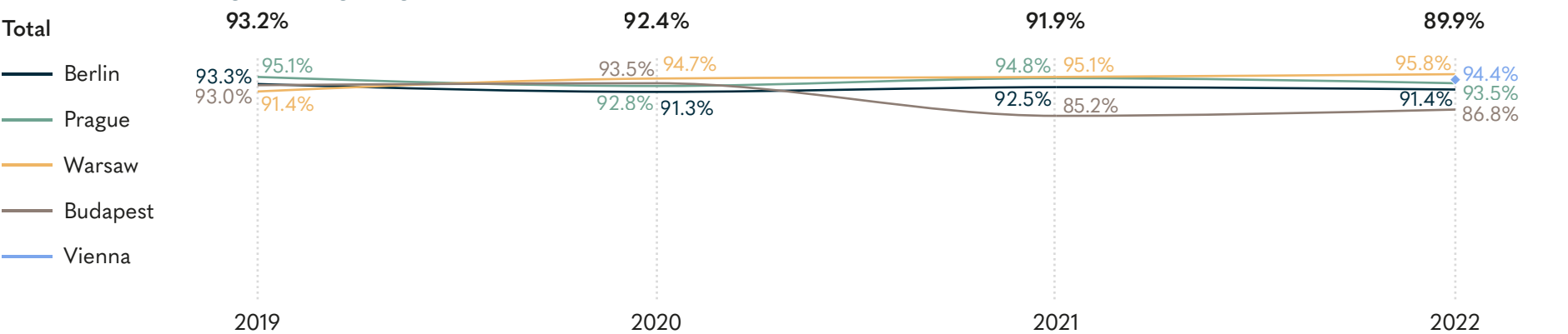
Our office tenants are well-diversified across industries. About half of our tenants are from IT, professional services, and financial services firms, reflecting the high quality of our office properties located in major European service hubs. Public tenants represent around 11% of our office headline rents.

Office tenants by type (according to headline rent)

- Professional Services
- IT
- Financial Services/Banking/Insurance
- Public/Municipalities
- Manufacturing
- Medical/Pharmaceutical
- Consumer Goods
- Educational
- Energy
- Telecom
- Other



Office occupancy rate by city (%)



Office net rental income (€ million)



Office segment summary in figures

	Office 2022				Office 2021			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Berlin	3,000	91.4%	932,000	48	2,934	92.5%	903,000	46
Warsaw	1,789	95.8%	561,000	24	1,062	95.1%	316,000	14
Prague	1,012	93.5%	316,000	22	808	94.8%	256,000	18
Vienna	900	94.4%	244,000	22	-	-	-	-
Budapest	700	86.8%	332,000	20	310	85.2%	131,000	8
Other	2,018	81.2%	884,000	75	266	77.7%	153,000	17
Globalworth	591	-	-	-	589	-	-	-
IMMOFINANZ	-	-	-	-	297	-	-	-
S IMMO	-	-	-	-	87	-	-	-
Total	10,010	89.9%	3,270,000	211	6,354	91.9%	1,759,000	103

IMMOFINANZ and S IMMO figures have been consolidated in 2022 into the respective cities.

GSG | BERLIN

Our office portfolio in Berlin was valued at €3 billion at the end of 2022, representing 30% of the Group’s office segment. Valuations remained stable due to solid positive rent reversion and our investments into the assets, offsetting higher market yields. In recent years, **the strong market for office space in Berlin** (particularly among technology and creative companies) has been a perfect match for GSG’s property potfolio, which offers unique spaces and a community atmosphere.

Like-for-like rents are up by an impressive 10.2% for the total portfolio, with positive growth in all clusters.

Occupancy was slightly lower (-0.6%) at the end of December 2022, at 91.9%. Around half of the vacancy in the portfolio relates to space strategically vacated for refurbishment to support GSG’s ability to secure higher rents in the future as the portfolio remains under-rented.

Leasing activity remained high reflecting the unbroken high demand in the market. In 2022, **GSG signed new leases, extensions and prolongations across nearly 102,000 m² of leasable area. Headline rents increased by over 52% on average.**

GSG has about 1,700 tenants with many dynamic IT and professional services companies and other small businesses. Healthy markets and active asset management allow us to retain tenants even as rents rise across the portfolio. Existing tenants are occasionally relocated to more affordable locations within our portfolio in East Berlin.

photo: © Marc-Steffen Unger

- A leading commercial real estate platform in Berlin
- Portfolio uniquely suited to creative and IT sectors
- Diversified tenant base of c.1,700
- Strong market with 3.1% overall vacancy

“GSG once again delivered strong rental growth, supported by improvements in our product offering and healthy market fundamentals.”

Oliver Schlink, CFO, GSG Berlin

41

Assets across
Berlin

91.9%
Occupancy

10.2%
Lfl growth
in rents

GSG’s portfolio is comprised of three clusters:



Reuchlinstraße 10-11, Rest-West



Aqua-Höfe, Kreuzberg



econopark Pankstraße

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

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

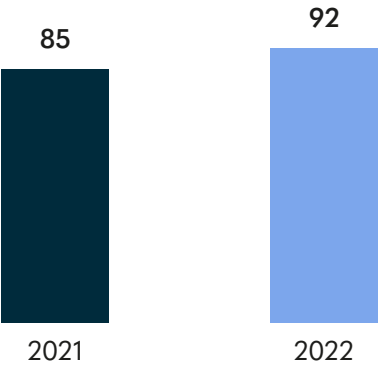
econoparks: Eastern districts of Berlin with good inner-city connections and more competitively priced space, supporting tenant rotation

GSG Berlin office segment summary in figures

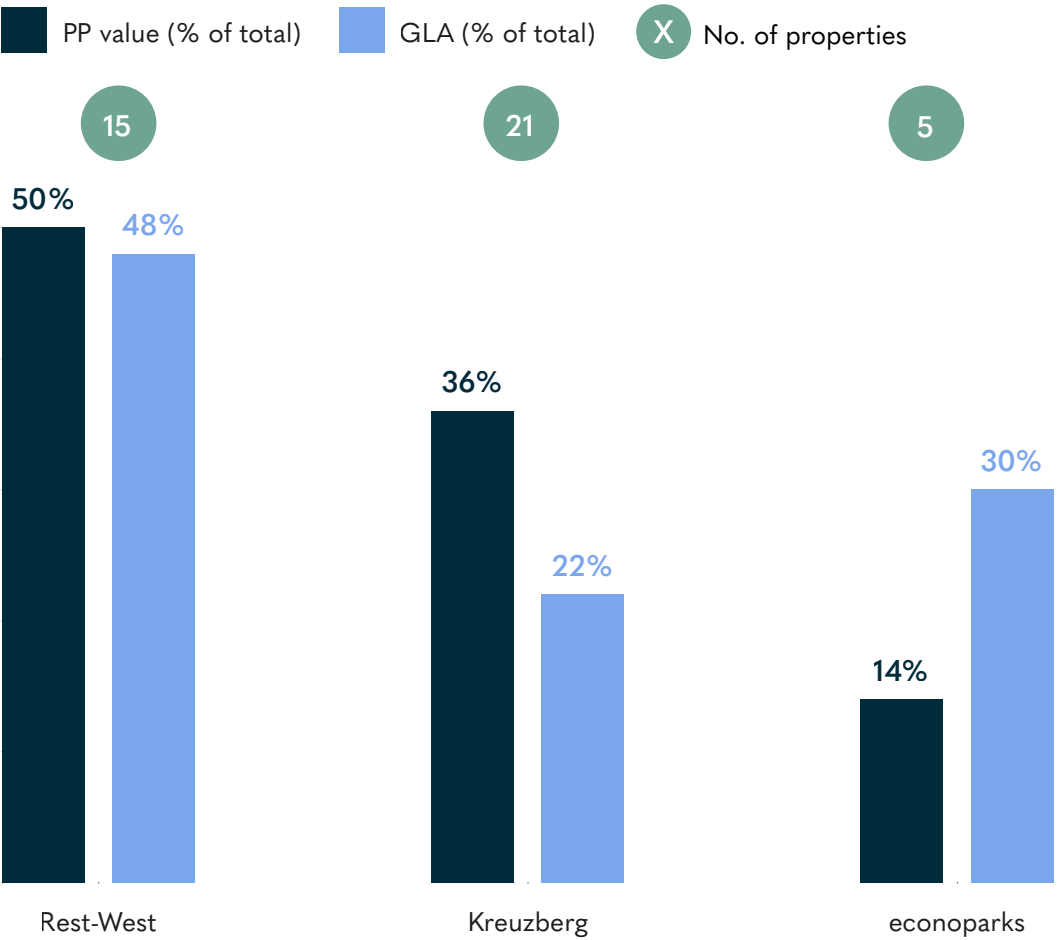
	GSG Berlin office 2022				GSG Berlin office 2021			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties
Rest-West	1,423	90.4%	423,000	15	1,435	93.6%	434,000	15
Kreuzberg	1,033	91.9%	191,000	21	1,112	91.1%	210,000	26
econoparks	400	95.9%	259,000	5	387	92.4%	259,000	5
Total	2,856	91.9%	873,000	41	2,934	92.5%	903,000	46

GSG Berlin office net rental income (€ million)

Net rental income increased by 8.1% to €92 million at year-end 2022, compared to the prior period, driven mainly by organic growth in like-for-like rents combined with the contribution of developments completed in 2021 (Torhaus²), partially offset by the sale of six smaller assets in Berlin above book value at the end of Q1 2022.



GSG Berlin portfolio



Key office properties of GSG Berlin




Reuchlinstraße 10–11
PP value: €199 million
GLA: 49,000 m²




Helmholtzstraße 2–9
PP value: €226 million
GLA: 45,000 m²



Franklinstraße 9–15a
PP value: €212 million
GLA: 36,000 m²



Gustav-Meyer-Allee 25
PP value: €159 million
GLA: 76,000 m²



Voltastraße 5
PP value: €122 million
GLA: 33,000 m²



Schlesische Straße 27
PP value: €86 million
GLA: 11,000 m²




Plauener Straße 163–165
PP value: €113 million
GLA: 82,000 m²



Schlesische Straße 26
PP value: €136 million
GLA: 25,000 m²



Wolfener Straße 32–34
PP value: €110 million
GLA: 74,000 m²



AQUA-Höfe
PP value: €130 million
GLA: 20,000 m²



Geneststraße 5
PP value: €125 million
GLA: 33,000 m²

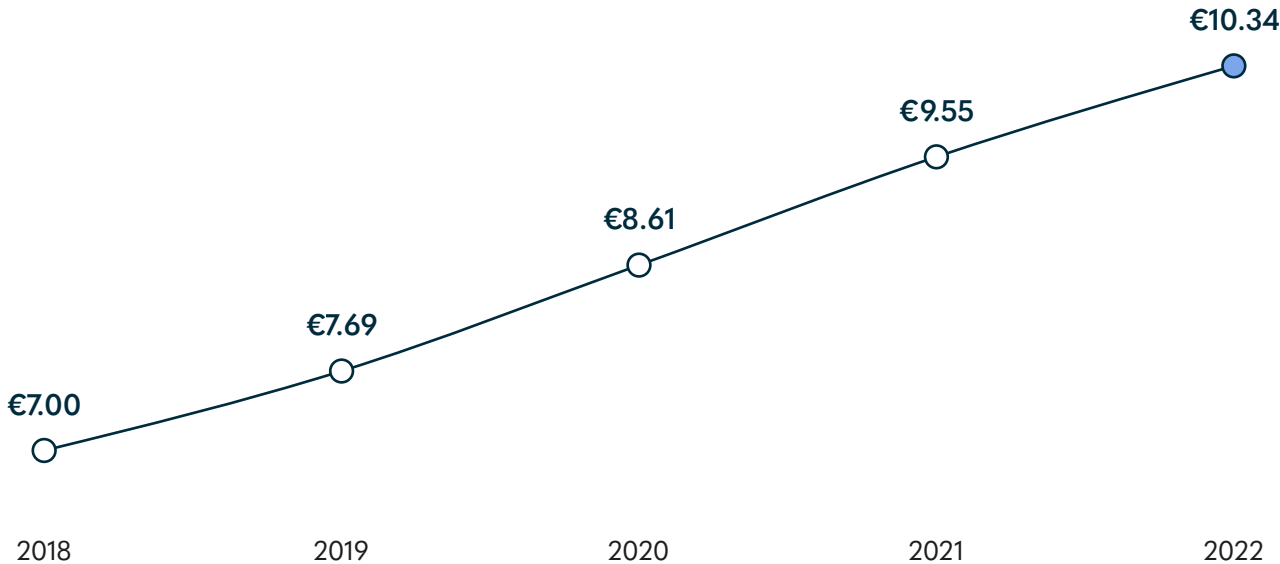
Significant upside in GSG’s rents

According to management analysis in consultation with external advisors, **GSG’s average rents are well below the Berlin market average.** Combined with the city’s continued structural supply/demand imbalance, GSG’s average rents have consistently increased since 2015. **In 2022 GSG’s average monthly rent increased by 8.3%** compared to the end of 2021, rising to €10.34/m² (versus €9.55/m²).

Analysis by Savills suggests that average rents for the portfolio could potentially be €14.4/m², in contrast to the overall market average rent of around €27.23/m² and the average rent for the portfolio of €10.34/m² at the end of 2022. The Group is optimistic that rents can continue to rise toward the market average over time, supported by continued like-for-like growth, strategic refurbishments, and new developments rented at prevailing market levels.



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



Average rent (per m² by Berlin clusters)

	2018	2019	2020	2021	2022
Rest-West	6.80	7.43	8.34	9.43	10.31
Kreuzberg	10.44	11.98	14.00	15.43	17.23
econoparks	4.56	4.78	5.06	5.44	5.93
Total	7.00	7.69	8.61	9.55	10.34

Note: Data relates to (€/m²/month)

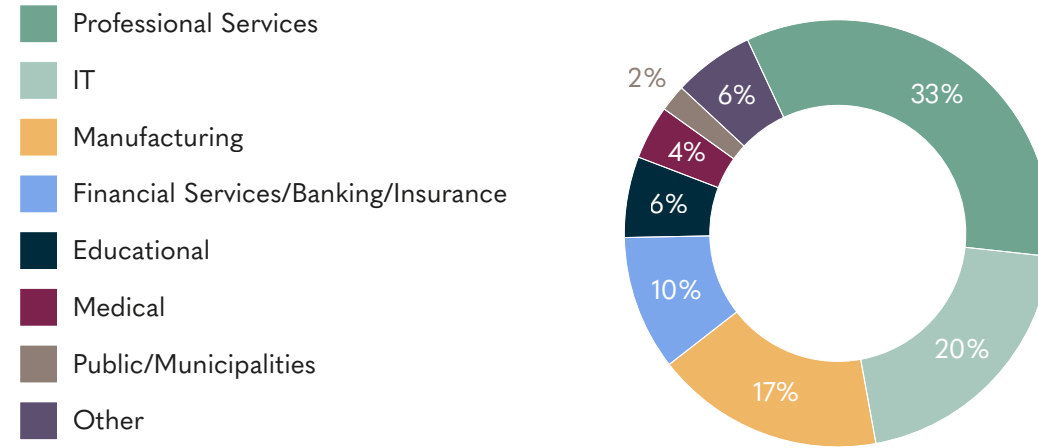


“We continue to see **great potential** for our portfolio to develop alongside the vibrant economy of Berlin.”

Thomas Ostermann, Chief Operating Officer, GSG Berlin

photo: © Marc-Steffen Unger

GSG tenants by type (according to headline rent)



Berlin office market

The Berlin office market continued to see high occupier demand in 2022 although below the strong previous year. Total take-up volume for the year was at 741,200 m², which is 9% lower year-on-year. Take-up was the highest for tenants from the TMT sector.

The vacancy rate slightly increased to 3.1% from 2.5% in the previous year due to the completion of developments. Around 396,000 m² of new office space was delivered during 2022, a 22% decline compared to the previous year. For the current year, 972,000 m² are expected to be delivered, with more than half of the pipeline already pre-let. Prime rents further increased by 12.8% to €45.00/m²/month year-on-year. Average rents rose by 2.3% to €27.23/m²/month year-on-year.

In recent years, the strength of the Berlin office market is partly attributed to the consistent growth of dynamic industries and start-ups in the city, from IT, fintech, and creative sectors. Based on 2022 data, despite only representing 4.3% of the German population and 4.5% of the national GDP, nearly 50% of all investments in German start-ups were invested in Berlin-based companies in 2022.

Investment markets in Berlin saw a decline of 24% to €8.54 billion in 2022. Office properties were the most traded segment accounting for 38% of the total transaction volume.

Sources: JLL, Savills, CBRE, EY: Start-up-Barometer Deutschland, Cushman & Wakefield

Oranienstraße 6, Berlin, Germany photo: © CHL



Warsaw

CPIPG is the **leading office landlord in Warsaw**, with a portfolio valued at nearly €1.8 billion, comprising 24 properties and 561,000 m² of space. Our modern and green portfolio in Warsaw comprises 18% of the Group’s office segment.

Net rental income increased in 2022 by 49% to €80 million driven primarily by the acquisition of IMMOFINANZ and solid leasing activity. In addition, like-for-like rents have remained robust across the portfolio.

In 2022, CPIPG signed over 60,100 m² of new leases, extensions, and prolongations with an average increase in headline rents of 9.6%. Indexation based on inflation was reflected at

Warsaw Financial Center, Poland

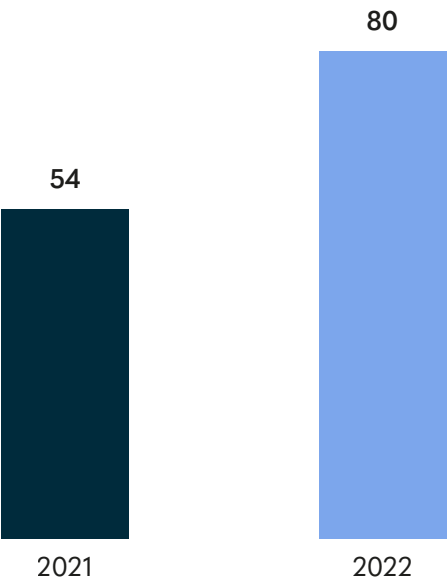


Harmonised Index of Consumer Prices (HICP) rates of around 3% for 2021, while in January 2023 the average indexation adjustment was 7.4%.

Occupancy remains well above the average in Warsaw with CPIPG’s office portfolio at 95.8% compared to the market average of 88.4% – a testament to our strong asset quality and property management teams in Warsaw. Our team has been able to secure leases using a balanced approach of prolonging leases for shorter periods while keeping net effective rents high.

Our strategy of slightly shorter leases should allow us to capture additional rental growth from 2023 onwards, when a supply gap for the Warsaw office market is expected.

Warsaw office net rental income
(€ million)



€1.8 bn
Warsaw office
portfolio

#1
office landlord
in Warsaw

95.8%
Occupancy

Modern
and green
portfolio



“Our product offering and world-class local asset management team provide the flexibility to offer tenants tailored solutions.”

Barbara Topolska, Country Manager, Poland

Warsaw office market

At the end of 2022, Warsaw’s modern office stock amounted to 6.3 million m². New supply delivered to the Warsaw office market in 2022 was approximately 237,000 m² as twelve new office schemes were completed.

Currently, there is only 185,000 m² of office space under construction between 2023 and 2025, the lowest level since 2010. This slowdown in development activity is expected to result in a **supply gap** in 2023, putting downward pressure on future vacancy rates.

Leasing activity was strong, with 860,000 m² in take-up in 2022, including over 253,000 m² in Q4 2022. Companies are also taking a more conservative approach to leasing, renegotiating existing leases rather than moving to new locations.

Since the start of the year, **Warsaw’s vacancy rate has declined** by 1.1 p.p. to 11.6%, with lower rates inside central zones.


Prime office property rent increased in 2022, ranging between €26 and €28/m²/month in the city centre and up to €19/m²/month outside of the area.

Poland’s commercial real estate investment market grew by almost 2% to €5.9 billion in 2022 versus €5.7 billion in the previous year. Office properties generated the highest transaction volume, with a market share of roughly 36% or €2.1 billion.

Sources: PINK, JLL, CBRE, Avison Young, BNP Paribas Real Estate




Key office properties in Warsaw




Eurocentrum
PP value: €249 million
GLA: 85,000 m²



Concept Tower
PP value: €27 million
GLA: 9,000 m²




Green Corner
PP value: €52 million
GLA: 15,000 m²



Atrium Centrum
PP value: €55 million
GLA: 18,000 m²




Atrium Plaza
PP value: €45 million
GLA: 15,000 m²



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



Warsaw Financial Center
PP value: €280 million
GLA: 50,000 m²



Equator II
PP value: €60 million
GLA: 23,000 m²




myhive Nimbus
PP value: €53 million
GLA: 21,000 m²




myhive Park Postępu
PP value: €77 million
GLA: 35,000 m²



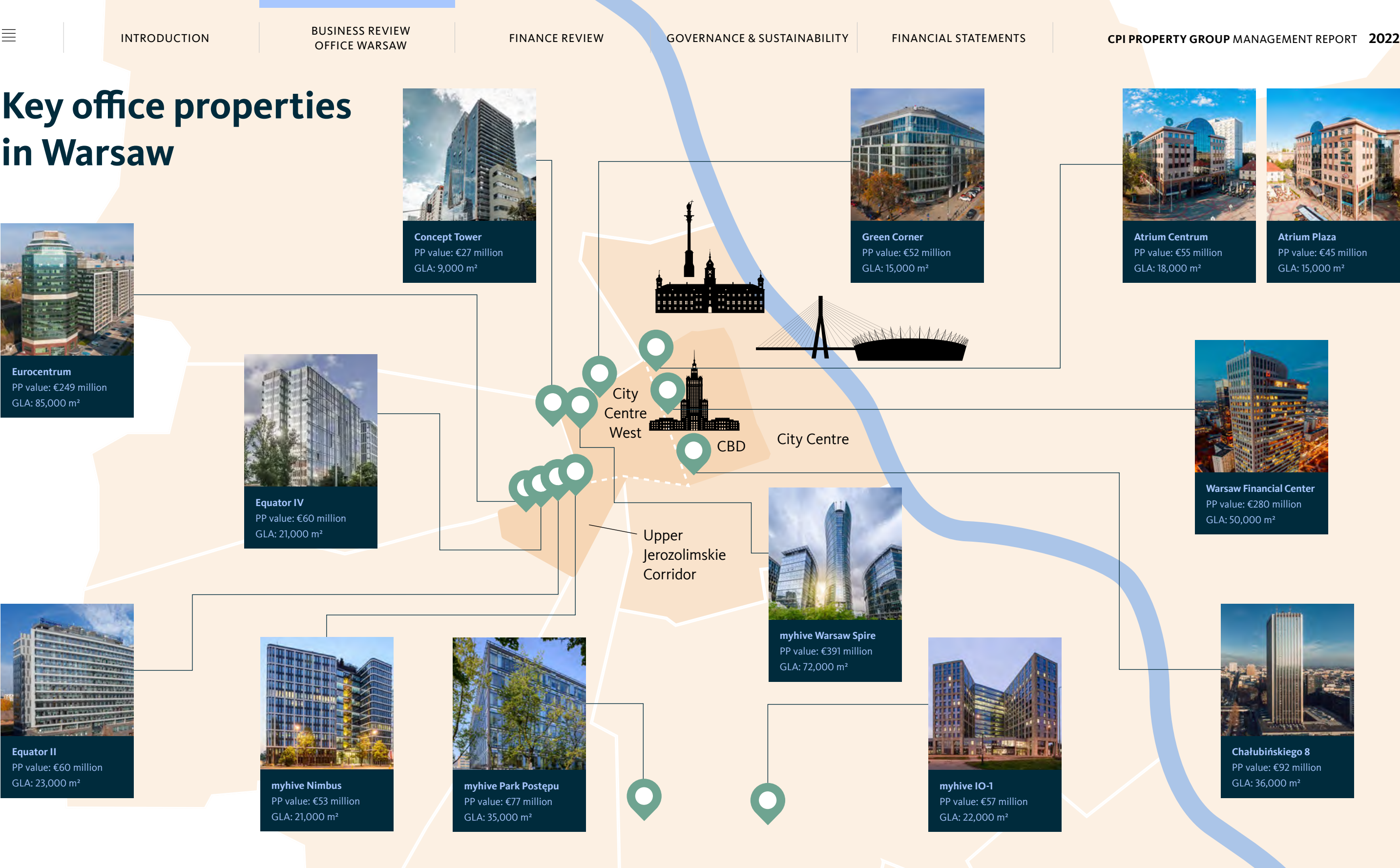
myhive Warsaw Spire
PP value: €391 million
GLA: 72,000 m²



myhive IO-1
PP value: €57 million
GLA: 22,000 m²



Chałubińskiego 8
PP value: €92 million
GLA: 36,000 m²



Prague

The value of our office portfolio in Prague stood at €1 billion at the end of 2022, comprising 10% of the Group’s office segment. **Occupancy in the portfolio is high at 93.5% with an average WAULT to first break of four years.** Overall occupancy declined slightly by -1.3% YoY mainly due to small space reductions by tenants and the exit of Bohemia Energy.

Net rental income increased by 10.9% to €47 million due to ten months’ income contribution from the acquisition of the IMMOFINANZ Prague portfolio combined with positive like-for-like rents across the rest of the portfolio. The increase in rental income was partially offset by the disposal of the ČEZ headquarters and BBC Gamma offices in Prague above book value. Most corporates in Prague have now adopted a “back-to-office” approach, complemented by remote working flexibility where possible. Physical occupancy is estimated at 75-80% of pre-pandemic levels.

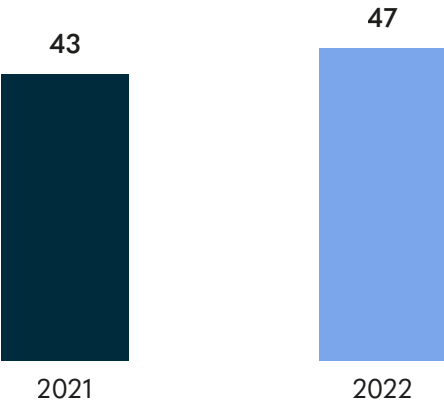
The Group recorded solid leasing activity in 2022, with only a handful of tenants requesting a reduction in space. Tenants tend to extend existing leases due to the relocation and fit-out costs and the long lease terms for new leases. **Nearly 48,000 m² of new leases, extensions and prolongations were signed** at CPIPG. In addition, the overall occupation costs passed on to tenants via service charges, including energy costs, are becoming more prominent.



“High leasing activity in our Prague office coupled with positive net absorption in the market supported rental growth and occupancy in 2022.”

David Votřel, Head of Office Asset Management CZ

Prague office net rental income (€ million)



Jungmannova 15, Prague, Czech Republic


93.5%
Occupancy

#1
office
landlord in
Prague

Key office properties in Prague



Na Příkopě 14
PP value: €99 million
GLA: 17,000 m²




Quadrio
PP value: €125 million
GLA: 17,000 m²



City West
PP value: €78 million
GLA: 29,000 m²




Bubenská 1
PP value: €85 million
GLA: 22,000 m²




Zlatý Anděl
PP value: €50 million
GLA: 14,000 m²




myhive Pankrac House
PP value: €46 million
GLA: 19,000 m²




Tokovo
PP value: €39 million
GLA: 22,000 m²



myhive Palmovka
PP value: €81 million
GLA: 26,000 m²



Palác Archa
PP value: €70 million
GLA: 22,000 m²



Meteor Centre Office Park
PP value: €57 million
GLA: 19,000 m²



Luxembourg Plaza
PP value: €77 million
GLA: 23,000 m²



Prague office market

At the end of 2022, the total Prague modern office stock reached 3.8 million m² with 75,400 m² of new office stock added to the market, which is c. 45% below the long-term average of approximately 130,000 m². For 2023, currently 130,000 m² of completions are expected and only 55,000 m² for 2024. In the second half of 2022, no new construction was started which results in the significant decrease in completions expected in 2024.

Total gross take-up reached 550,100 m² in 2022, with positive net absorption for a total of 73,200 m². Tenants from the IT sector (36%), the pharmaceutical sector (10%) and the finance sector (10%) were the main driver of demand. Take-up continues to be supported by growth in office-based employment.

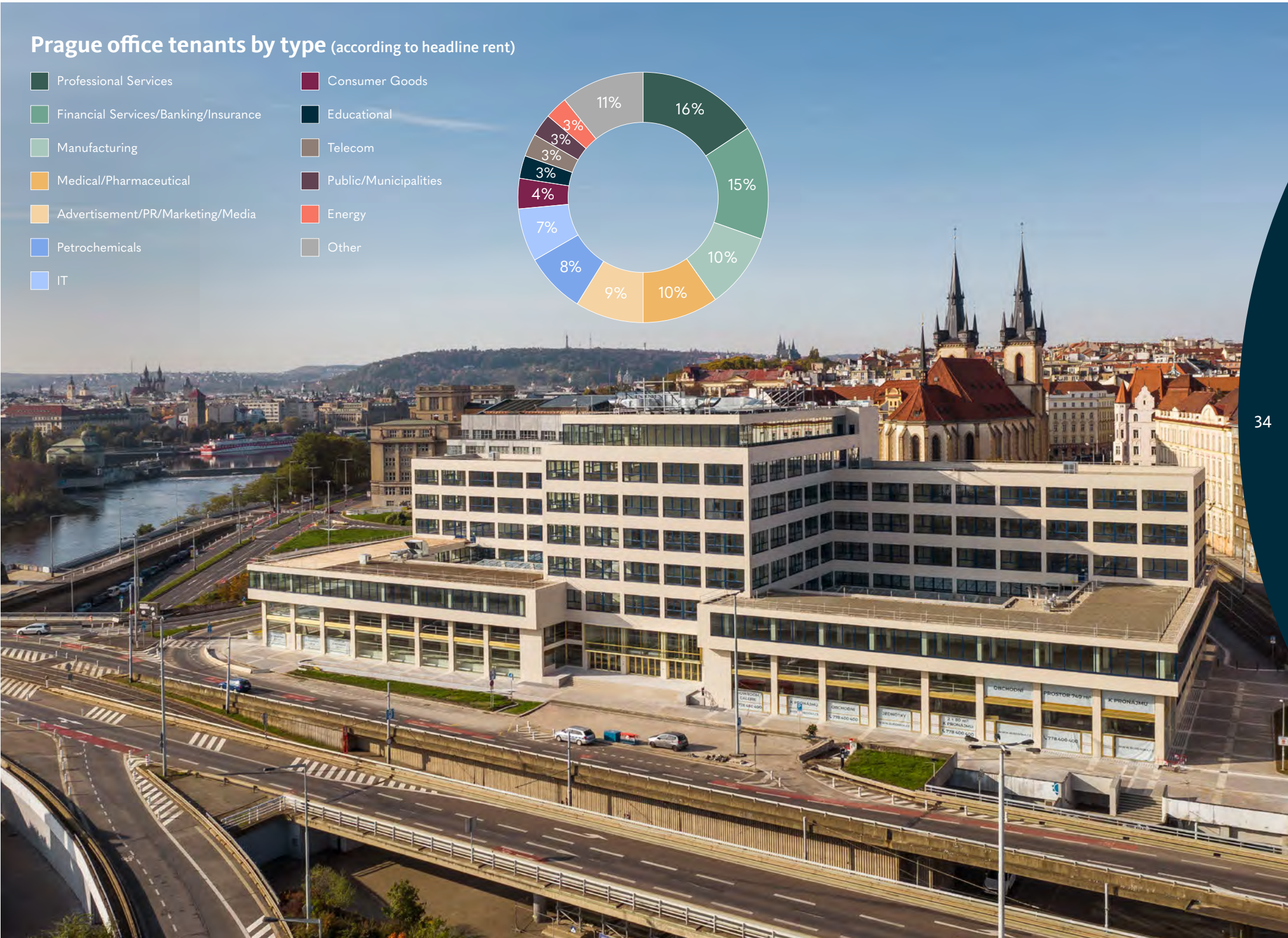
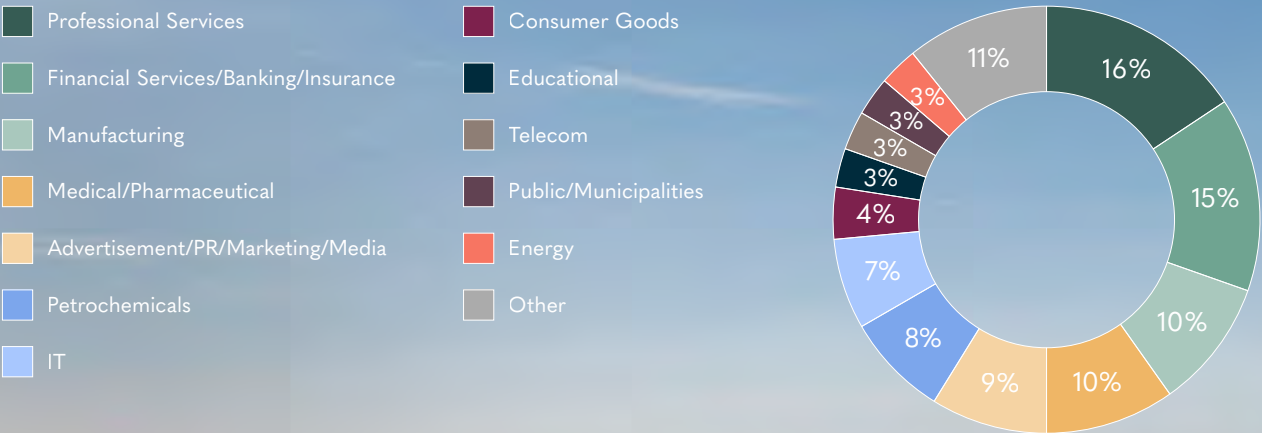
The vacancy rate remained stable at 7.7%, nearly unchanged from 7.8% at year-end 2021. The variation across sub markets remains substantial, with the lowest vacancy rate in Prague 8 (4.8%) compared to the highest in Prague 3 (23.8%).

Prime rents increased to €26.5/m²/month, and average rents at good locations ranged from €16.0 to €18.0/m²/month. The annual transaction volume fell to €1.6 billion from €1.9 billion in the previous year. Office properties were the most popular asset class, with a share of roughly 36%.

Sources: Prague Research Forum, Cushman & Wakefield, JLL

Bubenská 1, Prague, Czech Republic

Prague office tenants by type (according to headline rent)



Vienna

Through our acquisitions of IMMOFINANZ and S IMMO, **CPIPG became a leading office owner in Vienna with two well-established platforms.** The Vienna office portfolio is valued at €900 million, representing 9% of the Group’s office segment. Properties include several myhive buildings, such as the prominent Twin Towers myhive am Wienerberg.

Net rental income in the Vienna office segment was €27 million, representing ten months of contribution from IMMOFINANZ starting from the point of consolidation in March 2022. The S IMMO Vienna portfolio contributed six months of rental income due to the consolidation beginning at the end of June 2022. Occupancy in the portfolio is high at 94.4%.

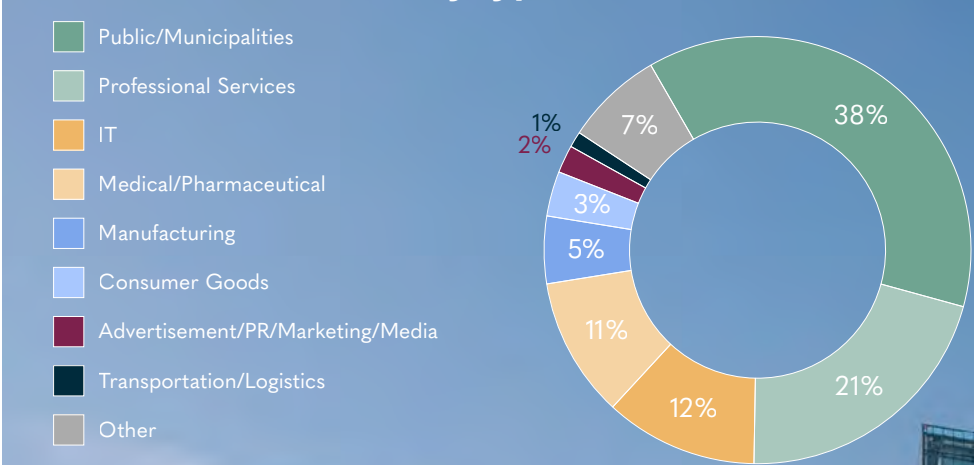
The Vienna portfolio has a particularly high share of public and municipality tenants with 38%, which have a high credit quality and tend to be stickier.

Vienna office market

Vienna had 11.6 million m² of modern office space at the end of 2022. Take-up on the city’s office market rose by 5.5% year-on-year to 190,000 m². Completions remained low at 126,000 m², leading to a further slight decline in the vacancy rate by -0.3% to 4.0%. Prime rents rose moderately to €27.0/m²/month, and average rents ranged from €14.0 to €19.0/m²/month. The transaction volume on the Austrian real estate market fell by nearly 12% year-on-year to €4.0 billion in 2022 and was generated, predominantly in the residential and office sectors.

Source: CBRE, EHL, Vienna Research Forum, IMMOFINANZ

Vienna office tenants by type (according to headline rent)



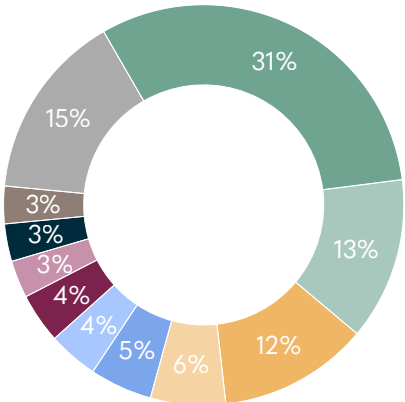
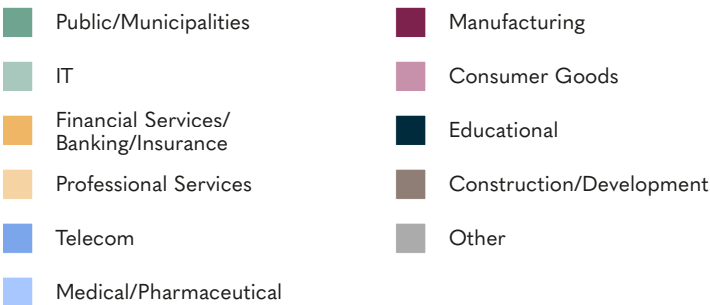
Budapest

CPIPG’s high-quality office portfolio in Budapest consists of 20 offices valued at €700 million, accounting for 7% of the Group’s office segment.

Occupancy of the portfolio increased by 1.6% from 85.2% to 86.8% in 2022. The increase in occupancy was mainly driven by new tenants taking up vacant spaces in Andrásy 9 and myhive Haller Gardens.

During 2022, our teams in Budapest **signed over 62,300 m² of new leases, extensions and prolongations.** Several major new leases and prolongations have been achieved, such as the 4,900 m² new lease with the Hungarian state and the over 14,000 m² prolongation

Budapest office tenants by type (according to headline rent)



with Citibank. Budapest Research Forum (BRF) reported that total demand for modern offices in the city reached 391,670 m² in 2022, a 7% increase YoY. Net absorption remained positive in 2022, amounting to 158,510 m². The strongest leasing activity was recorded in Váci Corridor (37%) and Central Pest (21%) sub market, where the Group’s properties are primarily located.

The portfolio’s net rental income increased in 2022 to €32 million. This is due to a combination of increased occupancy and contribution from the S IMMO and IMMOFINANZ portfolios, together with positive like-for-like rent developments. The portfolio benefits from a high share of public tenants (31%), followed by IT (13%) and financial services/banking/insurance tenants (12%).

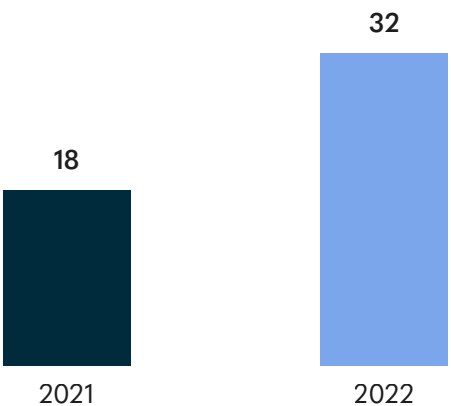
Budapest office market

Modern office stock in Budapest reached over 4.2 million m² as of year-end 2022. There were approximately 265,700 m² of new completions during the year, with parts of the new stock being owner-occupied. The ongoing pipeline for 2023 and 2024 is significantly lower, with 180,000 m² and 122,000 m², respectively, of which c. 40% of spaces are already pre-let.

The office vacancy rate increased to 11.3%, representing a 2.1% increase year-on-year. Average rents were slightly higher at €14.0/m²/month, and prime rents equalled €24.0/m²/month. The transaction volume in the Hungarian commercial real estate market grew by 18% to €1.4 billion in 2022. Office properties were the most popular asset class at approximately 61% or €836 million.

Sources: Budapest Research Forum (BRF), CBRE

Budapest office net rental income (€ million)



Stable
like-for-like
rents

Robust
leasing
activity

Modern
& sustainable
properties

“Increasing leasing activity and rising occupancy confirms our strategy to provide full range asset and facility management in-house.”

Mátyás Gereben, Country Manager, Hungary

Globalworth

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

In early 2020, CPIPG became the largest shareholder in Globalworth with a stake of 29.5%.

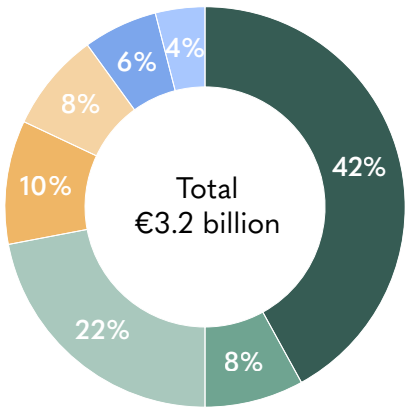
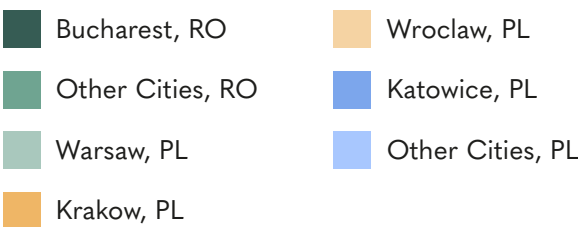
In 2021, CPIPG formed a consortium with Aroundtown SA and acquired majority control of Globalworth with a stake of 61% now owned by our jointly owned subsidiary, Zakiono Enterprises Limited.

- 86% of portfolio with green certifications
- A leading platform in the CEE region
- Top-quality, modern and green office assets

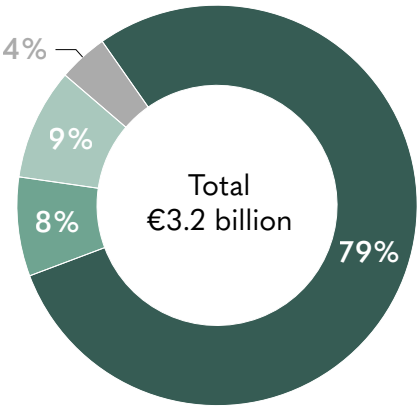
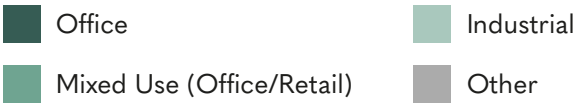
Globalworth at a glance (as at 31 December 2022)

Portfolio value	€3.2 billion
EPRA NRV	€1.8 billion
Net LTV	42.7%
Standing properties	71
Annualised contracted rent	€189.2 million
Occupancy rate	85.6%
GLA	1,406k m²
Credit ratings (Moody's / S&P / Fitch)	Baa3/BBB-/BBB-

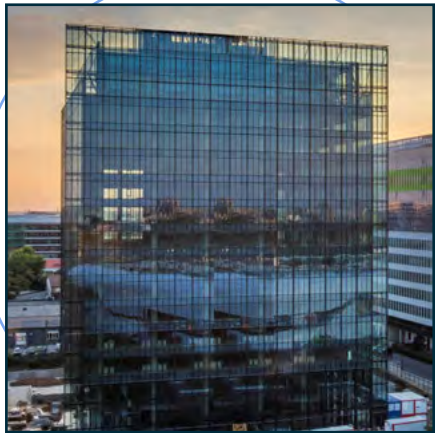
Globalworth assets by location (as at 31 December 2022)



Globalworth assets by type (as at 31 December 2022)

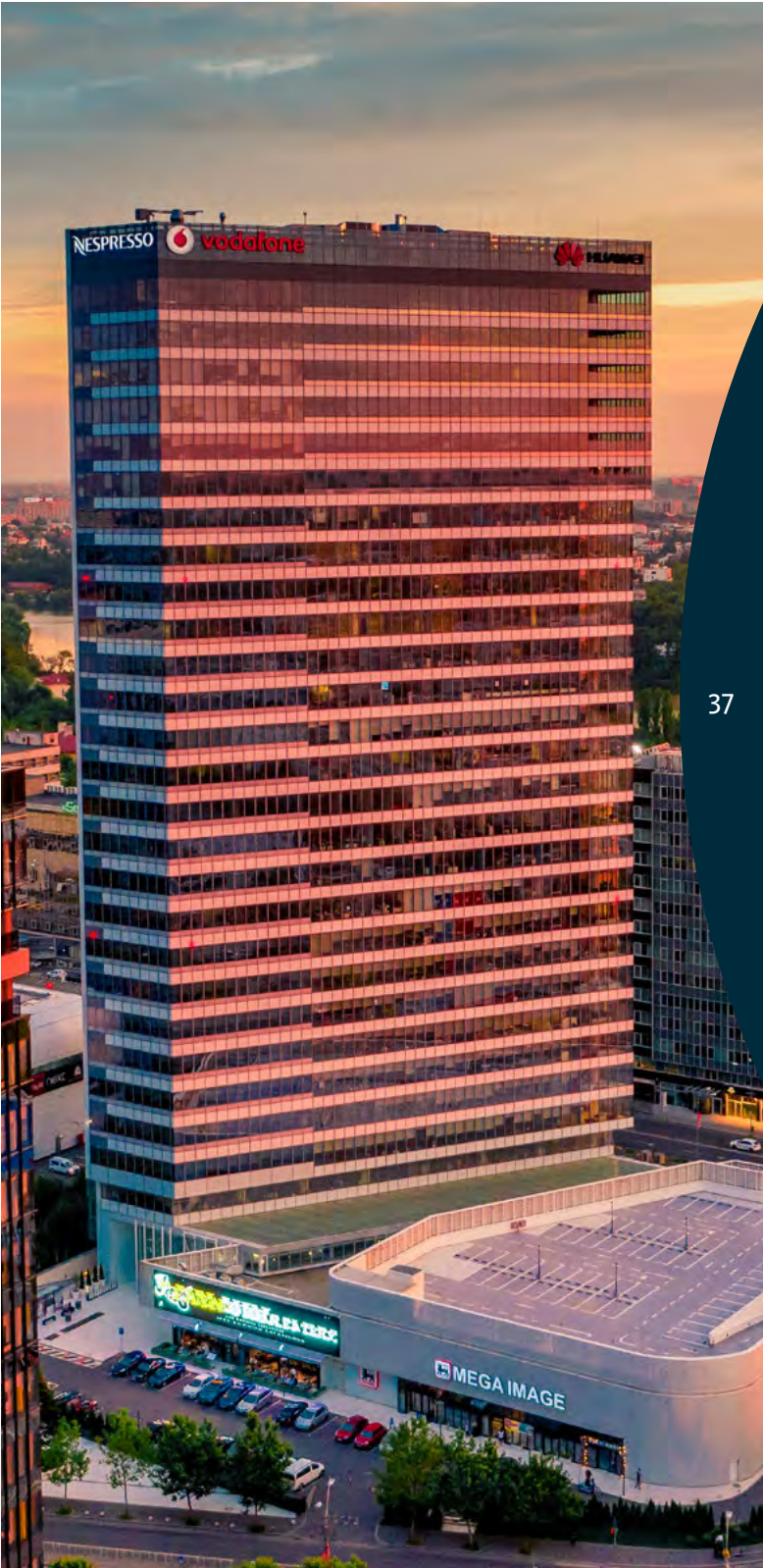


Globalworth Square, Bucharest, BREEAM Outstanding



Spektrum Tower, Warsaw

Globalworth Tower, Bucharest, LEED Platinum



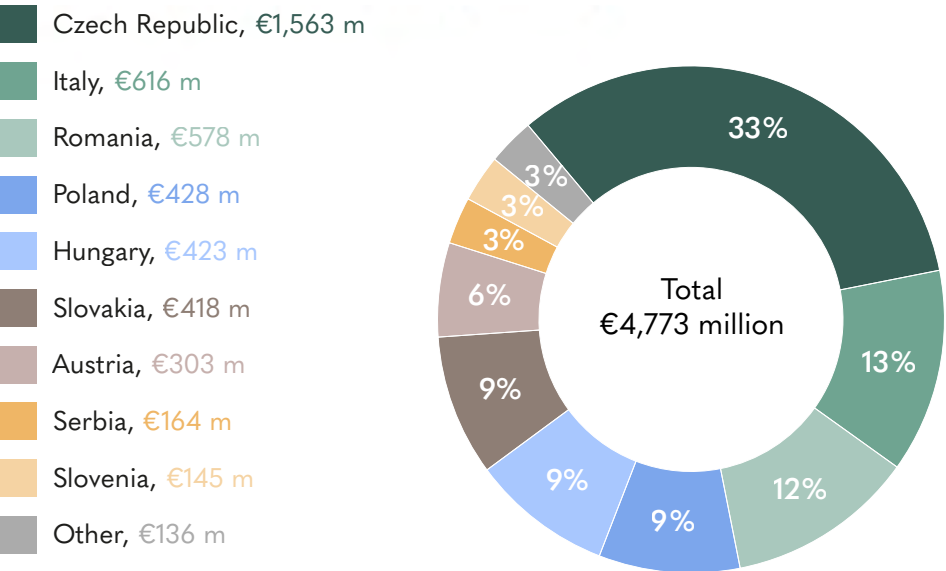
Retail

CPIPG is the leading retail park landlord in CEE and the retail market leader in the Czech Republic. The Group mainly owns retail parks, dominant regional shopping centres, hypermarkets and supermarkets that are part of people’s essential daily lives.

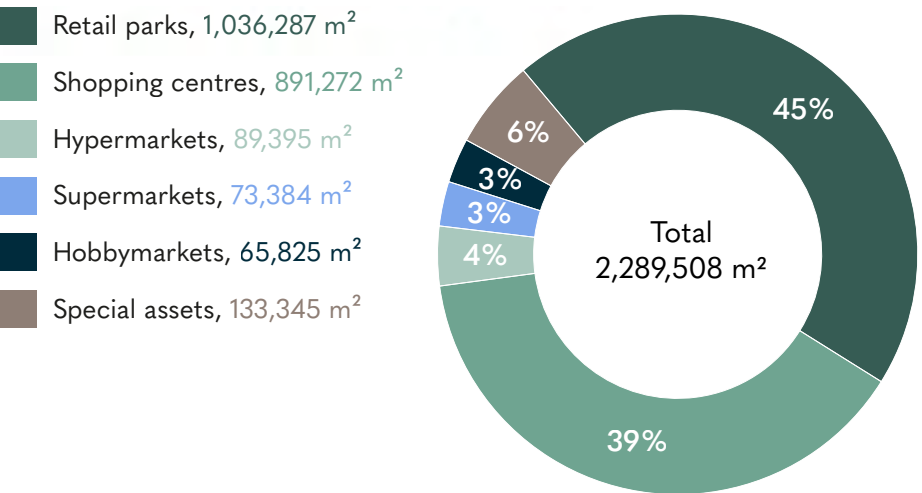
CPIPG has a long track record as a retail landlord in the Czech Republic since the founding of the Group in the early 1990s. In early 2017, CPIPG’s footprint significantly expanded domestically and into other CEE markets, including Poland, Hungary and Romania, by acquiring a retail portfolio from CBRE Global Investors. In 2021, the Group’s retail footprint expanded to Italy by acquiring Maximo in Rome, a flagship shopping centre that opened in late 2020. During 2022, the footprint was further expanded through the acquisitions of IMMOFINANZ and S IMMO, consisting primarily of STOP SHOP retail parks and VIVO! shopping centre properties.

The Czech portfolio includes **32 resilient and well located retail parks**, which performed exceptionally throughout the COVID-19 pandemic and remain in strong demand. The portfolio also comprises seven dominant shopping centres in regional cities of the Czech Republic, where supply is limited and retail dynamics remain strong, and five retail assets in core city locations in Prague that are part of mixed-use developments. In addition, this segment benefits from a portfolio of **stable hypermarkets and supermarkets**, many of which are adjacent to our shopping centres and retail parks.

Retail property portfolio by country



Retail assets by type (according to GLA)



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



#1
Retail landlord
in the Czech
Republic

98%
Occupancy

Diversified,
resilient
portfolio

“Rising occupancy and above pre-pandemic tenant sales reflect the attractiveness of our retail offering.”

Petr Brabec, Asset and Property Management Director CZ/SK

Retail segment summary

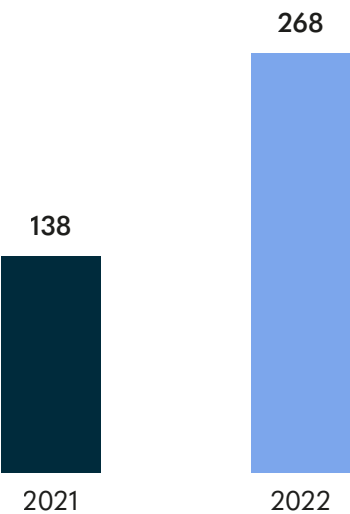
The total value of the retail segment stood at €4.8 billion at the end of 2022, increasing by €2.1 billion primarily due to the acquisition of IMMOFINANZ and S IMMO.

During 2022, **occupancy in our retail portfolio increased to 97.9%** from 97.0%. Occupancy has been remarkably high, steadily rising despite e-commerce and the pandemic. Net rental income **increased by 94%** during 2022, increasing from €137.8 million to €267.9 million, primarily due to the acquisition of IMMOFINANZ and S IMMO, solid like-for-like rental growth and increased occupancy.

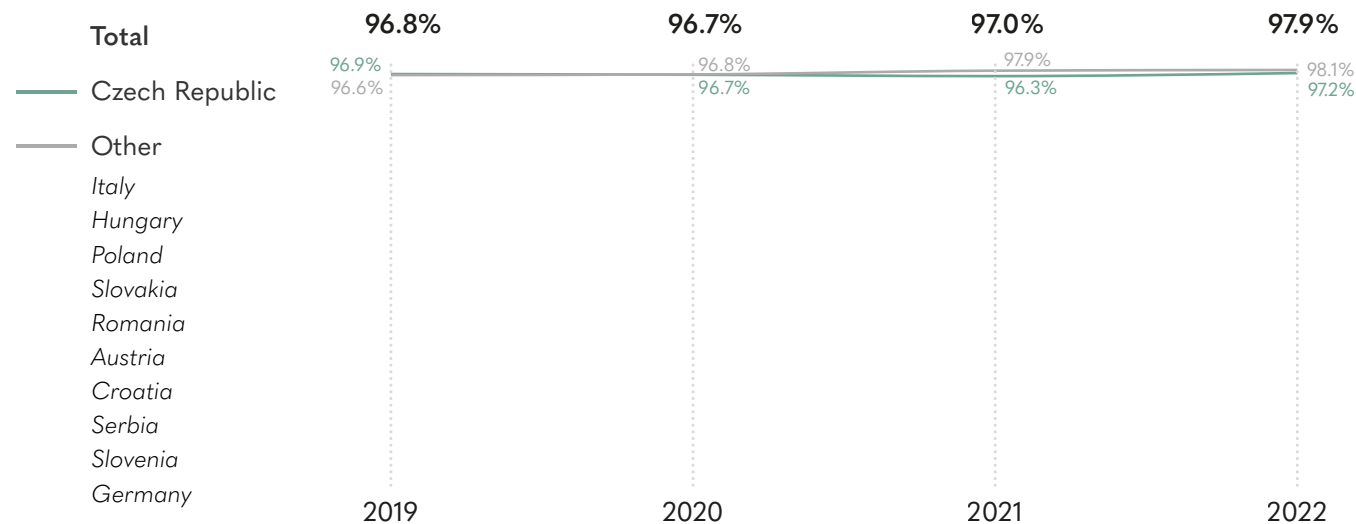


Maximo Shopping Centre, Rome, Italy

Net rental income (€ million)



Retail occupancy rate by country (%)



Retail segment summary in figures

	Retail 2022				Retail 2021			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Czech Republic	1,563	97.2%	650,000	132	1,498	96.3%	595,000	121
Italy	616	99.1%	198,000	20	423	99.8%	82,000	5
Romania	578	99.0%	244,000	8	30	100.0%	11,000	1
Poland	428	98.5%	253,000	22	159	97.8%	68,000	8
Hungary	423	96.2%	274,000	21	227	93.9%	138,000	7
Slovakia	418	96.7%	255,000	35	115	99.9%	76,000	15
Austria	303	97.8%	112,000	20	–	–	–	–
Serbia	164	100.0%	124,000	14	–	–	–	–
Slovenia	145	99.2%	95,000	14	–	–	–	–
Croatia	56	98.0%	39,000	6	–	–	–	–
Germany	49	91.9%	44,000	7	–	–	–	–
Globalworth	31	–	–	–	31	–	–	–
IMMOFINANZ	–	–	–	–	181	–	–	–
S IMMO	–	–	–	–	34	–	–	–
Total	4,773	97.9%	2,290,000	299	2,697	97.0%	970,000	157

IMMOFINANZ and S IMMO figures have been consolidated in 2022 into the respective countries.

Shopping centres in the Czech Republic

Rents in our Czech shopping centres **grew by 7.6% on a like-for-like basis**. Leasing activity at CPIPG significantly increased compared to 2021, with over 50,000 m² of new leases and renegotiations agreed during the year.

Retail sales for CPIPG fully recovered in 2022 and increased 10% versus 2019, partly attributable to higher inflation. At the same time, footfall remained 18% below pre-pandemic levels, cementing the trend of higher average basket sizes from the previous year. Regional shopping centres continue to perform better than inner-city locations, which are somewhat affected by lower footfall from office workers.

Through our active leasing and asset management approach, **occupancy increased by 1.1% to 96.8%**, reflecting the strong relationship with tenants and the quality of our assets. Given the lack of new tenants entering the market, this is a strong indication of the quality of our properties and asset management

as tenants are highly selective in choosing new locations. It also reflects our steady investments in existing properties as it is currently the case for the refurbishments of areas in our OC Nisa and Futurum Hradec Králové shopping centres.

Overall, tenant quality remains solid. A few brands left the Czech retail market, such as Hervis Sports. Despite fashion retailer Orsay going bankrupt, its operations in the Czech Republic and Slovakia were overtaken by a local provider, and CPIPG retained all eleven stores in our portfolio. Notable lease prolongations included larger leases with tenants Marks & Spencer, H&M and Albert. New leases were also signed for example with Half Price, New Yorker and Intersport.

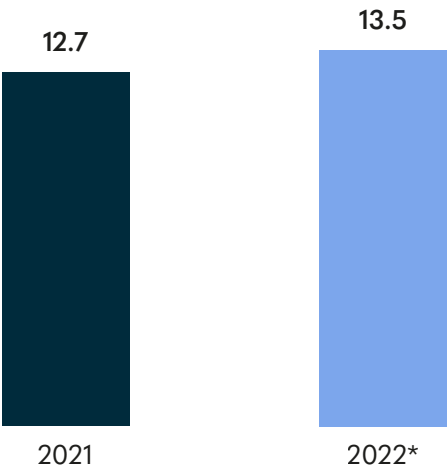
Our shopping centres continue to benefit from being **highly competitive and attractive for our tenants, with the affordability ratio further improving to a healthy 10% (vs. 12% in 2019)**, despite rising energy and labour costs.

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



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

Increase in tenant sales (bn CZK)

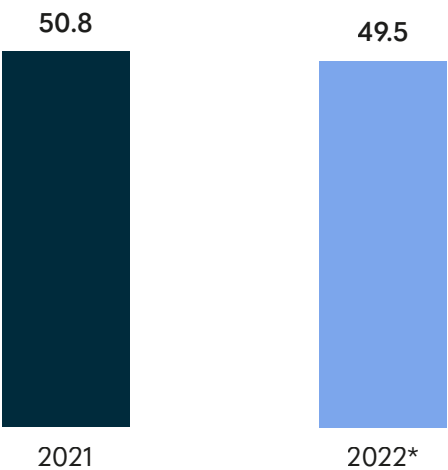


*incl. VIVO! Hostivař, excl. shopping centres sold in 2021 and 2022

34%
increase in
tenant sales on
a LfL basis

27%
increase in
footfall on a
LfL basis


Slight decrease in footfall (million)



*incl. VIVO! Hostivař, excl. shopping centres sold in 2021 and 2022

Affordability
ratio 10%
rent, service &
marketing
charges as a %
of turnover

Shopping centres in the Czech Republic

 Shopping centres




Olympia Plzeň
City: Plzeň
PP value: €151 million
GLA: 41,000 m²




Olympia Teplice
City: Teplice
PP value: €60 million
GLA: 29,000 m²




Zlatý Anděl
City: Prague
PP value: €87 million
GLA: 7,000 m²



Quadrio
City: Prague
PP value: €128 million
GLA: 8,000 m²




Fénix
City: Prague
PP value: €58 million
GLA: 13,000 m²




VIVO! Hostivař
City: Prague
PP value: €45 million
GLA: 23,000 m²



Spektrum
City: Čestlice
PP value: €23 million
GLA: 7,000 m²



Královo Pole
City: Brno
PP value: €67 million
GLA: 27,000 m²




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



Futurum Hradec Králové
City: Hradec Králové
PP value: €122 million
GLA: 39,000 m²



Olympia Mladá Boleslav
City: Mladá Boleslav
PP value: €56 million
GLA: 21,000 m²



Nisa
City: Liberec
PP value: €96 million
GLA: 49,000 m²

Retail parks

The discount-focused and convenience-oriented retail park format proved its resilience throughout the pandemic. Retail parks became a safe haven and remained operational during the lockdowns, partly because the accessible store formats were able to enact social distancing measures more easily than shopping centres. As a result, almost all retail park tenants reported higher year-to-date turnovers over the last two years compared to 2019, and tenants entered 2022 in good health. Our retail park concepts are also highly efficient in keeping occupier costs low. Consequently, the Group has not experienced any retail park tenants entering bankruptcy in 2022.

CPIPG’s retail park portfolio spans across the CEE region with over 1 million square metres GLA, making the Group the largest retail park landlord in the region. The portfolio’s footprint and reach make the Group a preferred landlord for leading national and international retailers.

The retail parks are branded with our well-known STOP SHOP and CityMarket brands providing price-conscious “smart shoppers” with a consistent and attractive mix of everyday products. Together with excellent accessibility and plenty of parking spaces, our retail parks are the dominant retail concept in secondary and tertiary cities in the regions. Occupancy in the Group’s retail parks was 99% at the end of 2022, and we registered growing demand in our premises.

“Our unparalleled geographical reach makes us **the preferred choice for retailers in Central Europe.**”

Pavel Jirásek, Head of Retail Warehouse Asset Management



Hypermarkets and supermarkets

Hypermarkets and supermarkets also represent a highly stable part of the Group’s retail segment, as demonstrated during the pandemic.

Turnovers of hypermarkets and supermarkets continued to grow throughout the pandemic and 2022. This can be attributed to essential retail continuing to operate despite lockdowns and the continued higher spending on food and other daily goods.

Shopping trends also adapted to the pandemic as shoppers decreased the frequency of supermarket/hypermarket visits but increased average basket sizes per visit. According to research by Nielsen IQ based on shopper behaviour in the Czech Republic during 2020, the volume of transactions decreased by 8% in hypermarkets and even 19% in supermarkets; however, the average shopping basket increased by around 15%, a trend that continued in 2021 and 2022 as well. An increase in e-commerce also occurred; however, the share remains below other Western European markets and the UK, especially in regional cities where e-commerce platforms are not as prevalent. In light of the buoyant activity during the year, the portfolio remained practically **100% occupied**.

CityMarket Náchod, Czech Republic



98.9%
Retail park
occupancy

Largest retail
park owner in
the CEE region

152
retail park
properties

Group retail parks

 Retail parks

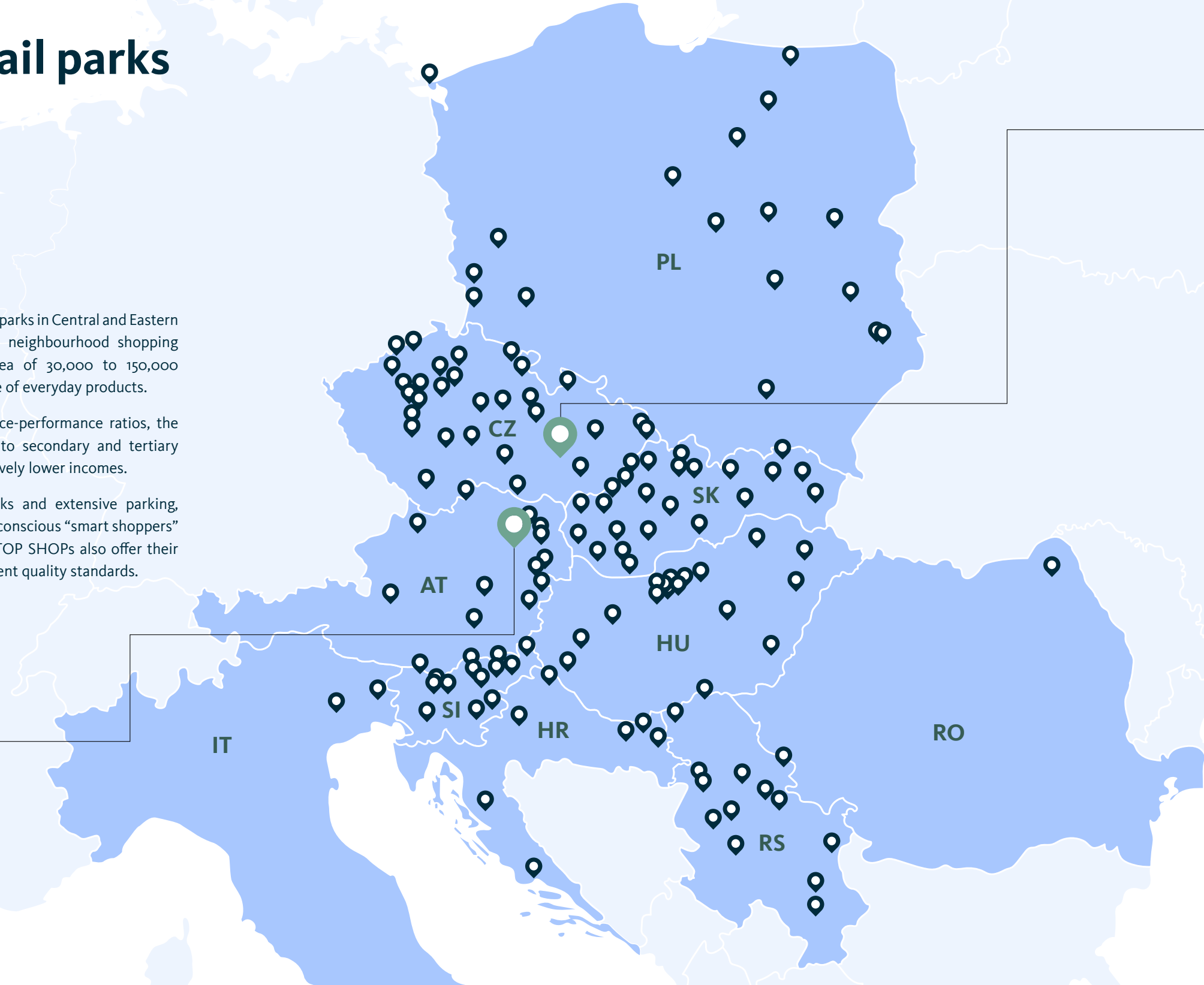


The STOP SHOP brand for retail parks in Central and Eastern Europe are pleasant, practical neighbourhood shopping centres with a catchment area of 30,000 to 150,000 residents and offer a wide range of everyday products.

Characterised by attractive price-performance ratios, the concept is particularly suited to secondary and tertiary cities in regions with comparatively lower incomes.

With their good transport links and extensive parking, these locations appeal to price-conscious “smart shoppers” who value easy accessibility. STOP SHOPS also offer their customers impressively consistent quality standards.

photo: © Christian Stemper



Our CityMarket brand of retail parks can be found in almost every region of the Czech Republic as well as in Slovakia, Poland and Hungary. They all boast excellent locations and accessibility, high-quality tenants and parking spaces in abundant supply.

Our CityMarket retail parks continue to demonstrate resilient, stable performance, with occupancy close to 100%.

- AT – Austria
- HR – Croatia
- CZ – Czech Republic
- HU – Hungary
- IT – Italy
- PL – Poland
- RO – Romania
- RS – Serbia
- SI – Slovenia
- SK – Slovakia

Nisa Shopping Centre, Liberec, Czech Republic



*“Compared to Western Europe, the Czech retail market is characterised by a **persistent pent-up demand** for consumption and a low density of shopping centres.”*

Petr Žahour, Head of Shopping Centres Asset and Letting Management CZ



Czech retail market

The Czech retail market had a promising start into 2022, with remaining COVID protective measures lifted in April. Retail sales in nominal terms exceeded pre-pandemic levels, partly driven by double-digit inflation. Consumer spending did not keep up with inflation in the second half of the year due to the uncertain economic outlook. When accounting for inflation, retail sales decreased by -7.3% year-on-year in December. Oxford Economics expects retail sales to decline by -0.3% YoY for 2023, followed by a return to growth in 2024.

Supply from new developments or extensions remains muted. Total supply was 52,700 m², around 55% less than in 2021, and exclusively focused on retail parks with ten new schemes and five extensions. Currently, 77,500 m² are under construction, while the start of any additional projects is uncertain due to significantly higher construction costs making projects less economically viable. Total shopping centre density remained low at 243 m²/ 1,000 inhabitants, with the total stock at 2.6 million m².

Prime rents remained stable for shopping centres in Prague with €142/m²/month and €225/m²/month for high street retail. Retail Park rents reached €12/m²/month, growing by 9.1% YoY.

Investments in the retail sector were substantially higher in 2022, with a volume of €405 million recorded. This was driven by Adventum’s acquisitions of 18 properties in the Czech Republic and Hungary anchored by Tesco stores.

Sources: Cushman & Wakefield, CBRE, Savills

Italian retail market

The Italian retail sector registered a recovery in retail sales, reaching pre-pandemic levels while footfall remains below 2019. The increased activity and return of international tourists provide cautious optimism, with the food & beverage segment scouting for new opportunities in top high-street destinations.

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

Italy posted a record total investment volume of €11.6 billion, with €700 million for the retail segment. Transactions were focused on secondary shopping centres and big boxes as part of portfolio transactions.

Source: Cushman & Wakefield

Hungarian retail market

Following increasing retail sales in the first half of 2022, monthly retail sales volume declined towards the year-end. Overall retail volume was up by 1.7% compared to 2021.

Development activity was focused on refurbishments with the reopening of GoBuda (formerly Euro Centre) in March with a total of 25,000 m², Campona mall (a CPIPG property) and Corvin aruhaz.

Seven new brands, such as Realme and Bloom, entered the market. Headline rents declined to €70-90/m²/month for Budapest prime shopping centres and €20-35/m²/month for regional shopping centres, partly driven by the high fluctuation of the HUF/EUR exchange rate.

Sources: Cushman & Wakefield, CBRE

Polish retail market

Despite high inflation, retail sales at constant prices grew slightly by 0.2% YoY, driven by robust GDP expansion and constant low unemployment. At the same time, e-commerce’s retail share declined to around 10% after having peaked at 11% during the pandemic. The strongest growth was recorded in fashion and footwear (up by 22% YoY) and pharmaceuticals, cosmetics, and orthopaedic equipment (+12%).

Supply dynamics were solid in 2022, with over 400,000 m² of modern retail added in the form of new retail parks in smaller cities, standalone retail warehouses and extensions. However, this represents a decline of new supply close to 95,000 m² compared to the previous year. The total retail stock in Poland currently amounts to over 15.9 million m². For 2023, a further decline in supply with only 250,000 m² of new supply is expected.

Prime rents for shopping centres remained flat, while rents for retail parks were up by 9% YoY.

Source: Cushman & Wakefield

Slovak retail market

The Slovak retail market is split by shopping centres in Bratislava and other larger cities, representing around two-thirds of the total retail area, with retail parks dominating outside Bratislava.

Slovakia saw a new supply of spaces from the opening of shopping centres in Nitra and Košice, as well as several new retail parks. The total supply amounted to 66,700 m². The only other large-scale development project underway is Eurovea 2, set to open in April 2023. Other ongoing projects are focused on smaller retail parks and extensions. New tenants’ entry into the market are mainly international food & beverage concepts.

Rents remained stable at around €65/m²/month for shopping centres and €9.50/m²/month for retail parks.

Source: Cushman & Wakefield

Romanian retail market

Romania recorded significantly higher growth in retail sales volume over the last years than the Eurozone. In 2021, retail sales grew by a healthy 8.9% versus 2020. However, in 2022, retail sales volume declined by -0.4% YoY, according to Moody’s Analytics.

Despite the decline in sales volume, several new retailers entered the market, such as fashion chain Primark, Bath & Body Works and JD Sports with stores in shopping centres, while discount retailer TEDI and pet-supply retailer Fressnapf focused on retail park formats.

The total modern retail stock reached 4.08 million m² with 86,700 m² delivered with eleven new retail parks delivered throughout the year. This represents 81% of the total new area.

Prime rents remained unchanged from last year, between €70 to €75/m²/month. Investment volume in Romania exceeded for the first time €1 billion, with retail representing 24% of the total volume.

Sources: CBRE, Cushman & Wakefield, Moody’s Analytics

Sun Plaza Shopping Centre, Bucharest, Romania





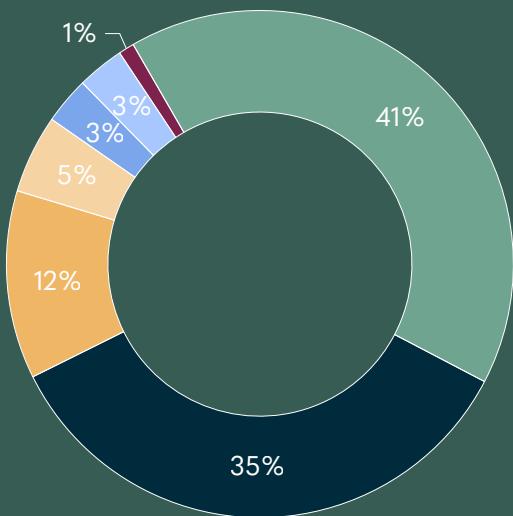
Residential
CPIPG has extensive residential experience in the Czech Republic and makes selective investments in the UK and other locations.

“Demand in our apartments is high due to the affordability, good quality, and attractive locations.”

Petr Mácha, Director of CPI BYTY, Czech Republic

Residential property portfolio by country

- Czech Republic, €873 m
- Germany, €743 m
- United Kingdom, €255 m
- France, €100 m
- Italy, €66 m
- Austria, €63 m
- Globalworth, €12 m



Czech Republic

The largest part of the portfolio relates to CPI BYTY in the Czech Republic with around 41% of the residential portfolio, where the Group is the second-largest residential property owner in the country. CPI BYTY’s portfolio is very resilient and well-diversified located in key regional cities and Prague.

Residential demand remains strong across the Czech Republic, leading to generally higher rents and occupancy. Residential rental markets in the Czech Republic are generally free, allowing for annual rent adjustments in line with pre-specified terms such as annual inflation indexation, adjustment to prevailing market rents in the specific area or other increases but limited to a maximum of 20% within any three-year period.

The portfolio’s value stood at €873 million at the end of 2022, increasing over the last years on the back of improving occupancy rates, rental growth per m² and high demand for the defensive asset class.

Gross rental income grew significantly in 2022 compared to the prior year, increasing by 18% to €29.3 million, driven by like-for-like rents and stable occupancy on high levels. This performance is attributed to CPI BYTY’s multi-year strategy to gradually refurbish vacated units, and increased occupancy at market rents. Average market rents are still significantly higher than the current rents in our portfolio.

Occupancy remained high at 94.5% a slight decline of -1.2% YoY due to natural fluctuation. Central Bohemia saw an improvement of 1.3 p.p., reaching 100%. Liberec and other regions saw some declines mainly due to the renovation of units before renting to new tenants. Going forward, the focus to improve income will be on maintaining occupancy and driving rental growth, as investments in refurbishment gradually decline.

Germany

The German residential property portfolio is currently valued at €743 million and was acquired through the purchase and subsequent consolidation of SIMMO. In March 2023, S IMMO announced the successful disposal of a large portfolio of residential properties in Berlin, which will reduce the value of the remaining portfolio. The intention is to dispose of all German residential properties over time, use proceeds for debt repayments, and investments in higher-yielding assets.

UK

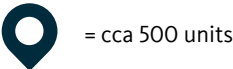
The value of the UK residential portfolio stood at €255 million as of year-end 2022. CPIPG established a small presence in the London residential market beginning in 2018. The Group’s acquisitions primarily relate to prime properties in excellent locations, typically acquired at significant discounts to fair value. In late 2020, the Group added additional apartments situated in St. John’s Wood and South Kensington, taking advantage of the market mispricing from Brexit and the coronavirus pandemic.

Group residential net rental income (€ million)

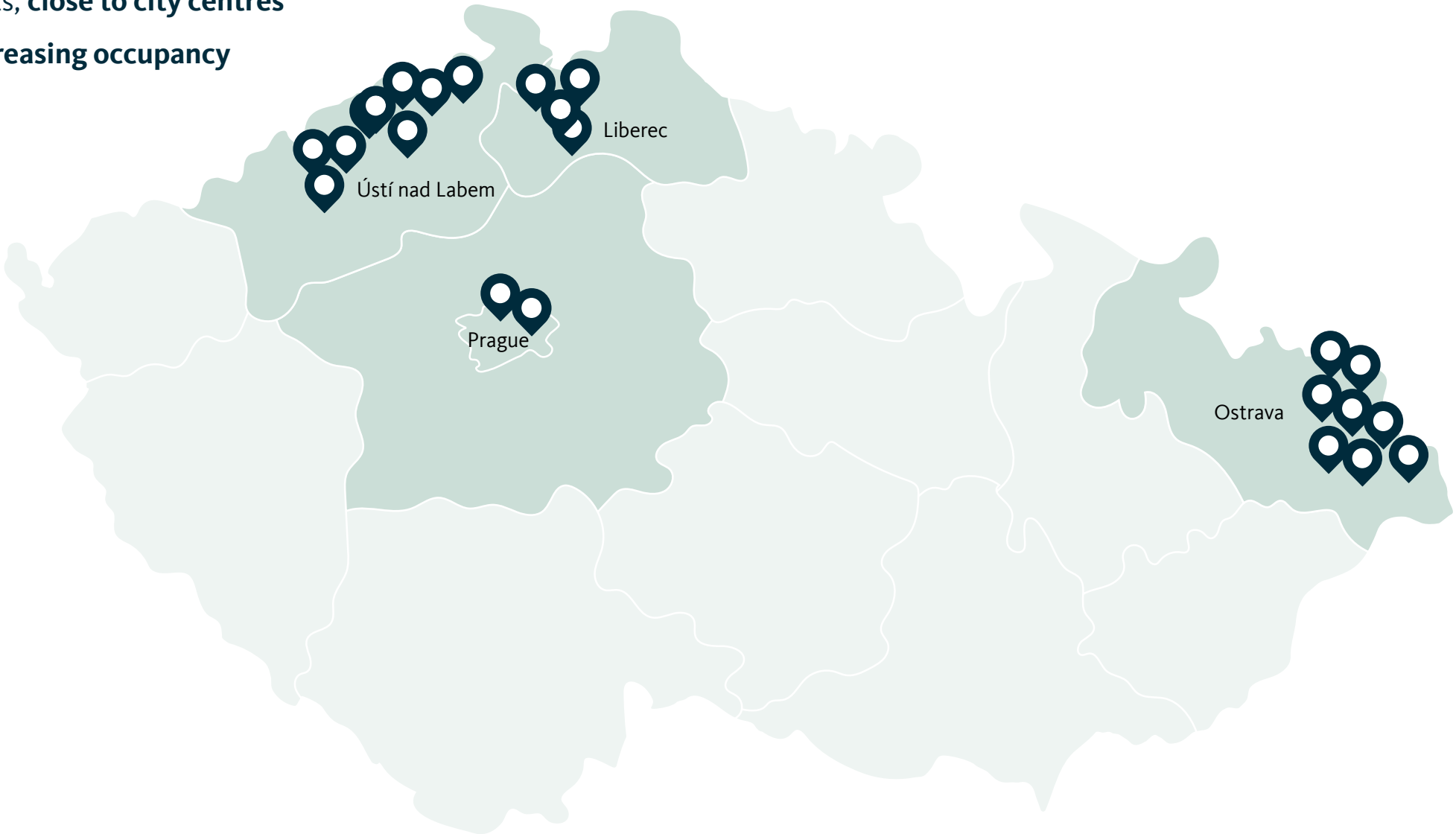


CPI BYTY's leading regional platforms

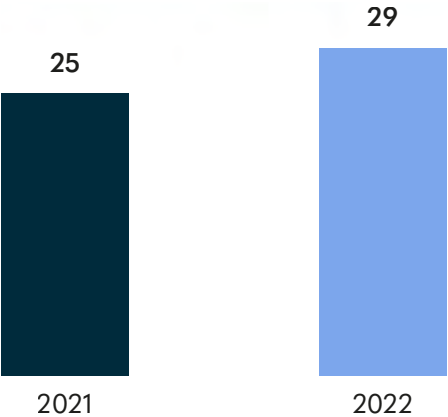
- 2nd largest rental residential property owner in the Czech Republic
- Long term rental strategy with **significant upside potential**
- **High diversification** of rental income
- Located in popular districts, **close to city centres**
- Strong track record of **increasing occupancy and rental prices**



= cca 500 units



Czech residential gross rental income (€ million)



CPI BYTY, Český Těšín, Ostrava



Czech residential market overview

Market rents have been consistently rising in Prague and major regional cities for several years, buoyed by economic factors such as low unemployment, rising wages, and solid inflation. In addition, residential development has not kept pace with population growth in recent decades, especially in regional cities.

Czech residential property values have also grown consistently since 2014, with realised sales prices increasing 149% during that period while the rent index in Czech cities increased by 79.9%. Growth remained positive, with the average selling price of Czech apartments rising by 2.3% to CZK 95,200/m² in Q3 2022 but clearly showing signs of slowdown after significant value increases over the last couple of years. The fastest price increase was recorded in Karlovy Vary (+14.8%), while Ústí nad Labem recorded a price decrease of -10.2%. Prague, the most expensive region with an average price of CZK 119,500/m², recorded a decline of -2.8% for the average price of apartments sold.

The Czech residential rental market is underpinned by the lack of affordable housing in the country. In 2022, the Czech Republic was the country with the least affordable housing among 22 countries participating in a survey conducted by Deloitte, with an average of 13.3 gross annual salaries required to purchase a standardised dwelling of 70 m² size.

Rents across the Czech Republic increased by 0.4% in Q4 2022, with the strongest growth in Pardubice (+5.9%), while Prague recorded +2.2% rental growth with average rents of CZK 368/month/m² equivalent to approximately €15.5/month/m². Zlin recorded the biggest price decrease (-4.7%), while overall, the southern and eastern regions of the Czech Republic saw slight declines in rents.

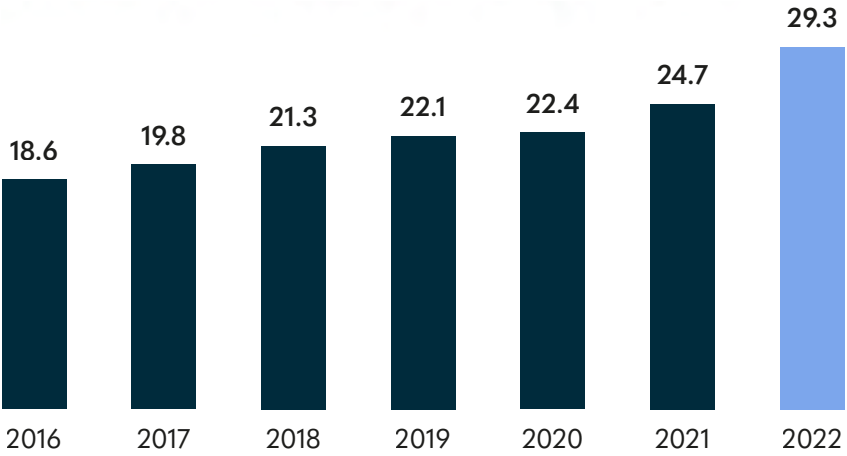
Over the last years, low interest rates supported value growth in residential real estate investments. Easing of regulations around mortgage loans by the Czech National Bank (CNB), plus the abolition of a long-debated real estate acquisition tax also contributed to the increase in demand for real estate. However, in April 2022, the CNB reintroduced limits on mortgage lending that are expected to slow down price increases together with rising mortgage rates due to steep policy rate hikes of 675 basis points over the year by the CNB to currently 7% as of January 2023.

Sources: Deloitte Czech Republic, Colliers

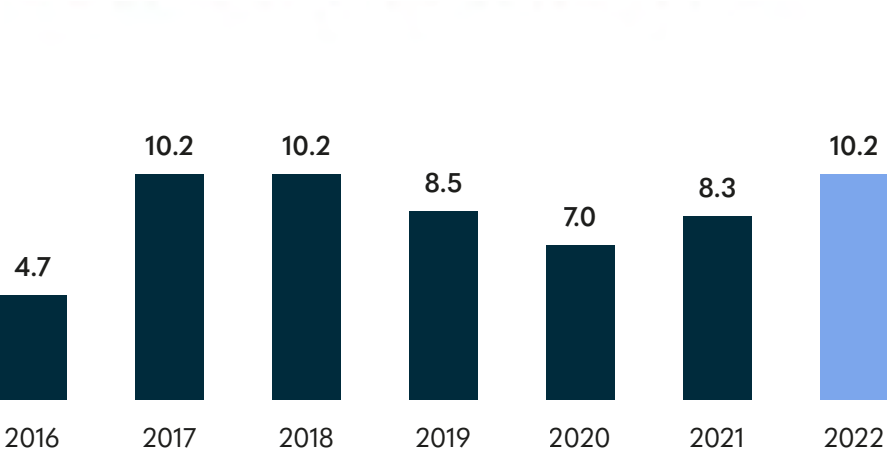
CPI BYTY Apartments, Prague, Czech Republic



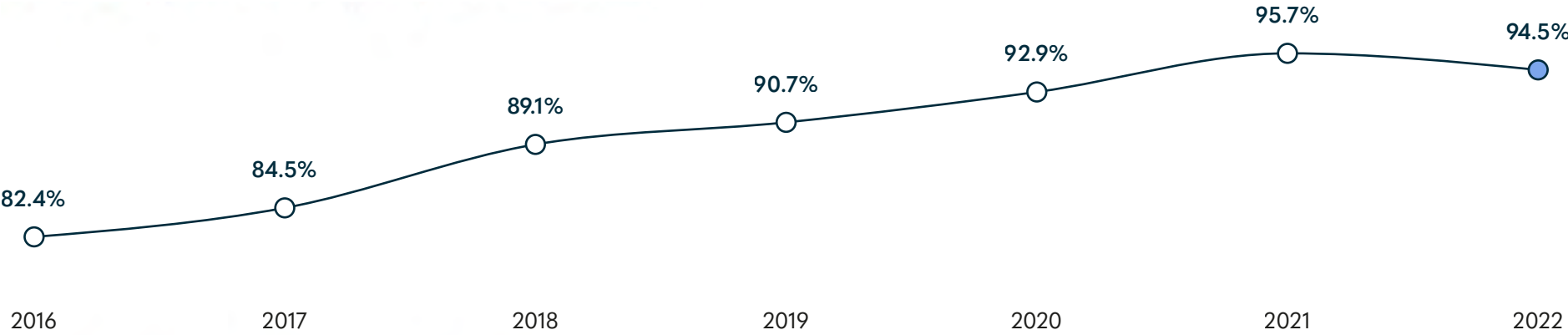
Increases in gross rental income (€ million)



Refurbishment and maintenance costs (€ million)



CPI BYTY portfolio occupancy (based on rented units)



Czech residential summary in figures

Region	Czech residential 2022				Czech residential 2021			
	PP value (€ m)	Occupancy* (%)	No. of units	No. of rented units	PP value (€ m)	Occupancy* (%)	No. of units	No. of rented units
Prague	111	95.2%	463	441	100	96.5%	463	447
Ostrava region	291	93.5%	4,134	3,864	244	94.2%	4,133	3,894
Ústí region	302	94.0%	4,983	4,682	248	95.2%	4,989	4,752
Liberec region	160	97.7%	2,018	1,972	133	99.5%	2,018	2,007
Central Bohemia	10	100.0%	77	77	9	98.7%	77	76
Total	873	94.5%	11,675	11,036	733	95.7%	11,680	11,176

* Occupancy based on rented units.

CPI BYTY Apartments, Letňany, Prague



Hotels & Resorts

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

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

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

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

Boutique Hotels & Residences: hotels operating under renowned brands Mamaison Hotels & Residences and Buddha-Bar Hotel, located in the

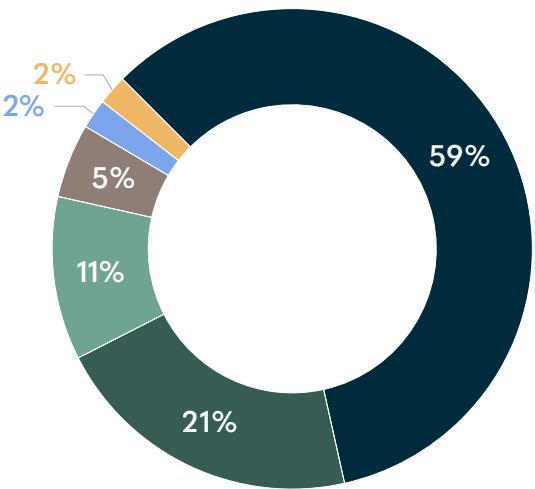
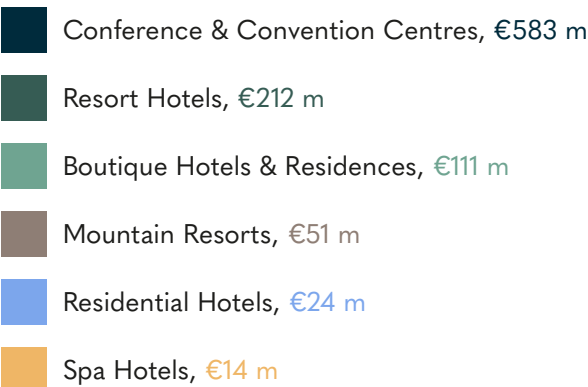
heart of European capitals. Focused on premium quality accommodation and service.

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

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

Spa Hotels: the independently developed brand, Spa & Kur Hotels offers wellness and spa treatments located in the world-famous spa city Františkovy Lázně, in the Czech Republic.

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



#1
congress &
convention hotels
provider in the
Czech Republic

#1
resort on the
premier island
of Hvar, Croatia


Diversified
portfolio
operated by
CPIPG

“A robust recovery in travel demand across Europe boosted operational performance in 2022.”

Jan Kratina, Director of CPI Hotels

Key Hotel & Resort properties

 Number of hotel rooms in each country




Vienna Marriott Hotel
Vienna, AT
PP value: €103 million
Hotel rooms: 328



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



Holiday Inn Rome Eur Parco Dei Medici
Rome, IT
PP value: €36 million
Hotel rooms: 316



Clarion Congress Hotel Prague
Prague, CZ
PP value: €90 million
Hotel rooms: 559




Mamaison Residence Downtown Prague
Prague, CZ
PP value: €32 million
Hotel rooms: 173




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




Budapest Marriott Hotel
Budapest, HU
PP value: €105 million
Hotel rooms: 364




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



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



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



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

* Czech Republic and Slovakia include hotels operated, but not owned by the Group.

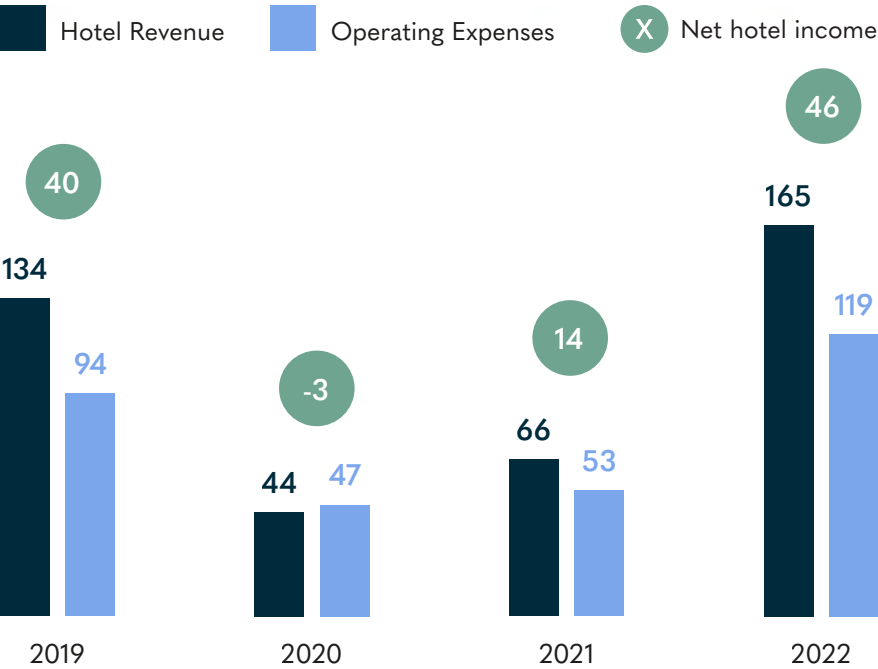
Hotels & Resorts segment summary

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

Our hotel brands and partnerships



Net hotel income versus hotel operating expenses (€ million)



Hotels & Resorts segment summary in figures

	Hotels & Resorts 2022					Hotels & Resorts 2021				
	PP value (€ million)	Hotel rooms	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)	PP value (€ million)	Hotel rooms	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)
Czech Republic	393	4,501	23	175	18	380	4,476	23	13	7
Croatia	171	1,113	7	36	24	168	1,153	7	83	35
Hungary	162	704	4	314	84	67	394	4	44	(13)
Austria	103	328	1	–	–	–	–	–	–	–
Italy	78	752	4	332	28	91	590	5	(43)	(23)
Switzerland	51	–	1	–	–	51	–	1	–	–
Poland	25	106	2	213	21	25	107	2	40	8
Slovakia	13	222	1	135	20	10	222	1	(29)	(8)
Russia	0	84	1	0	9	17	83	1	19	(19)
S IMMO	–	–	–	–	–	15	–	–	–	–
Total	995	7,810	44	184	30	823	7,025	44	42	19

Note: Czech Republic and Slovakia include hotels operated, but not owned by the Group. RevPAR (Revenue Per Available Room). ADR (Average Daily Rate). S IMMO figures have been consolidated in 2022 into the respective countries.

Clarion Congress Hotel Prague, Czech Republic



Amfora Grand Beach Resort, Hvar, Croatia



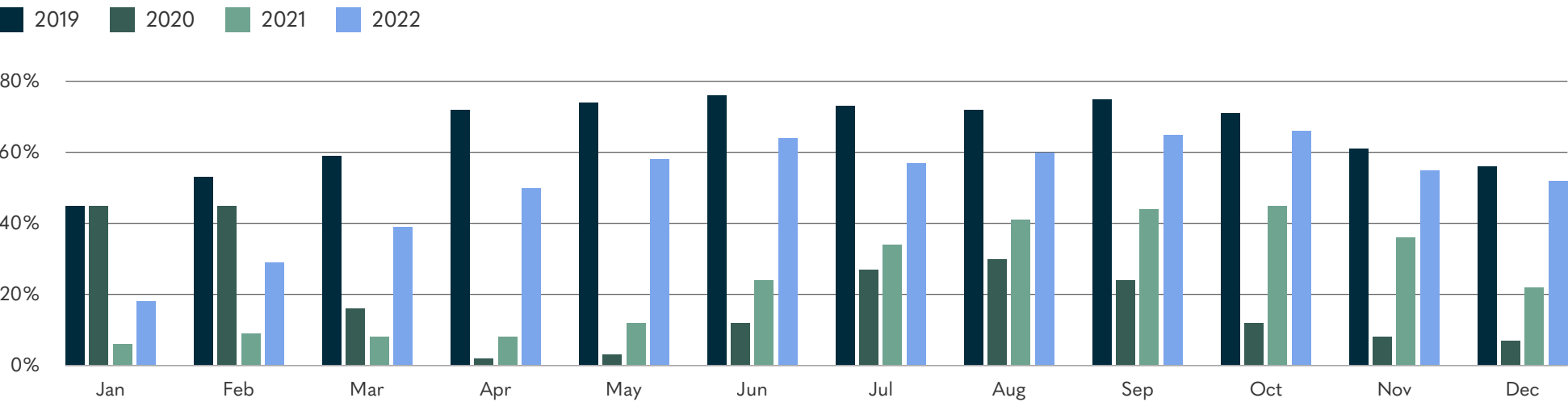
Hotel performance

Despite a slow start due to Omicron, travel demand across Europe recovered from April 2022. Almost all CPI Hotels properties operated during this period, except where value-added refurbishment projects were being completed. As an owner-operator, CPIPG benefits from having a **flexible business model by consolidating operations and reducing costs to drive excellent performance.**

The average occupancy of the portfolio for the full year 2022 was 51%*, a significant **improvement compared to 24% in 2021**, albeit still below pre-pandemic levels of 66% in 2019. Beginning from April 2022, our hotels were recording between 70% and 90% of pre-pandemic monthly occupancies. Furthermore, the strong comeback in leisure traveller demand, despite concerns of a cost-of-living crisis due to high inflation, led to a significant improvement in our resort destination of **Hvar, where occupancy reached 71%, just 5 p.p. behind 2019 levels.**

The return of international travellers from further afield, particularly from the UK and US, supported the recovery in hotel performance. While occupancy remains below 2019 levels, **Average Daily Rates (ADR) in 2022 across the Group's hotels grew by 6.6% vs. 2019.**

Hotel portfolio average occupancy percentage*



* Excluding Hvar resorts that are seasonally operated.

Hotel revenue for the full year 2022 totalled **€165 million, more than doubling the previous year's revenue.** Our diversified city and leisure hotel properties also allow the Group to benefit from different recovery phases from the various segments.

The short-term nature of hotel operations allows inflation risks to be partly mitigated by the ability to increase room rates. However, increasing cost base, particularly in energy and labour costs, threatens the bottom line. CPI Hotels manages and operates most of the hotels owned by the Group, which allows us **flexibility and control over the properties' operating costs.** From the onset of the pandemic, management swiftly implemented cost-saving measures and continues to adopt this strategy balancing it with operational excellence.

For the full year 2022, **net hotel income reached €46 million** (versus €14 million in 2021). Overall, hotel performance improved in 2022, above 2019 net hotel income of €40 million, from acquisitions, improved product offering and operational growth. 2023 has a positive outlook with increasing meetings and conferences in the pipeline across the region supported by the potential return of Asian travellers, albeit not without headwinds arising from inflation, e.g., utility costs and wages.

Market overview

While the European hotel sector had a slow start in 2022 due to the Omicron variant, travel trends picked up and resumed an upward trajectory for the remainder of the year despite inflation pressures. According to STR, European hotels had an overall occupancy rate of 64.6% in 2022 (compared to 75.1% in 2019), while the average daily rate (ADR) increased by 18.5% during the same period to €132.20.

The significant pent-up leisure demand, alongside the return of corporate travel, has supported the industry’s resilience. The hospitality sector is starting 2023 from a position of strength, despite some economic headwinds.

The Prague hotel market was recovering fast in 2022, with occupancy still shy of pre-pandemic levels at 58% while ADR at €98.35 represents a growth of 8.2% versus 2019. Prague’s hotel accommodation supply decreased slightly during the pandemic; however, the Czech capital remains one of the most attractive hotel markets in Central and Eastern Europe. Prague welcomed several new hotel property openings in 2022, and by 2024, more accommodation facilities are expected to be open, especially in the luxury segment. The increased capacity and uplift in scale/offering would bode well for the market in terms of attracting more events and raising room rates.

While events a still far cry from peak levels in 2019, Prague continues to rank highly as one of the most popular congress destinations, securing 7th place in International Congress and Convention Association (ICCA) global rankings, on par with other European destinations such as Barcelona, Paris, Vienna, and London.

Real estate investments in the hospitality sector were dampened by the economic growth outlook and stalled in the region in general. Notable trends in the transaction market in 2022 highlight the premium for the leisure segment, preference for managed rather than leased assets, and an increase in private buyer acquisitions that are less reliant on debt markets. Investor sentiment is expected to recover as the macroeconomic outlook stabilises and the focus shifts towards driving performance through asset management.

Sources: STR, Cushman & Wakefield, Czech Statistical Office, Prague Convention Bureau

Mamaison Riverside, Prague, Czech Republic



Complementary Assets

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

The Group’s landbank is a strategic asset that can be held and potentially developed over the long term. These holdings primarily relate to the Czech Republic, Berlin and, more recently, Italy following the acquisition of attractive plots of land in Rome.

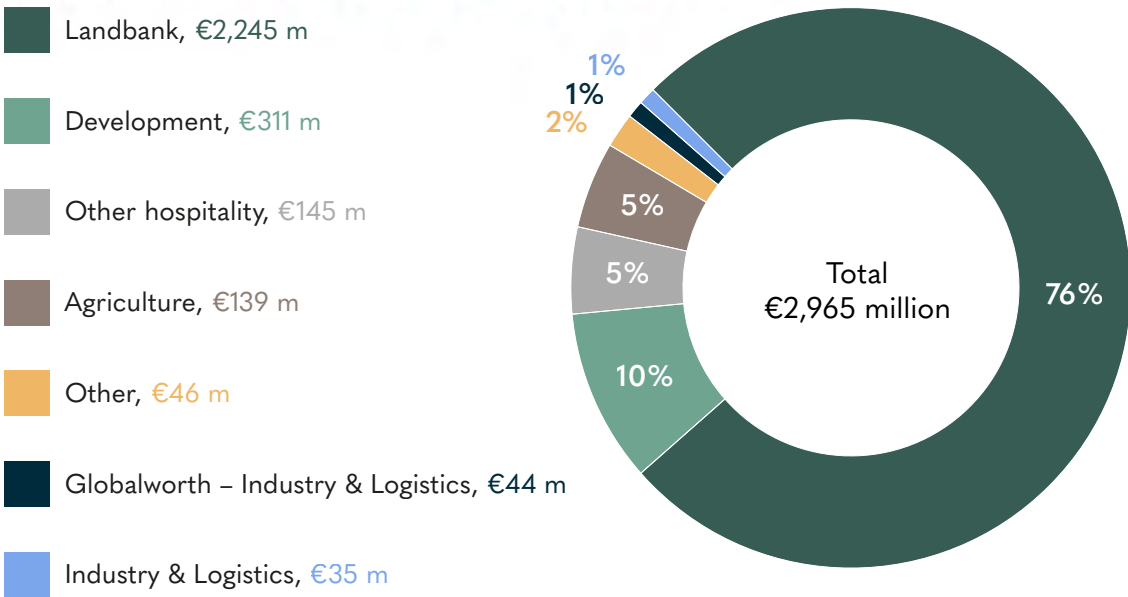
While development remains a relatively small part of CPIPG’s portfolio, selective and low-risk development is an attractive way to continue growing our portfolio of income-generating assets. Our approach towards development is conservative, and we typically develop to hold.

Other hospitality assets include properties leased or contracted out to third-party operators, while our agriculture assets consist of organic farmland in the Czech Republic.



Spojené Farmy, Kravaře, Czech Republic

Complementary assets property portfolio



Complementary segment summary in figures

	Complementary Assets 2022							Complementary Assets 2021						
	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties
Landbank	2,245	–	–	–	–	32,289,000	–	1,520	–	–	–	–	24,917,000	–
Development	311	–	–	120,000	19,000	–	30	82	–	–	6,000	16,000	–	8
Other hospitality	145	99.6%	68,000	–	–	–	7	–	–	–	–	–	–	–
Agriculture	139	–	–	–	–	232 394 000*	–	121	–	–	–	–	230 347 000*	–
Other	46	–	–	–	–	–	2	24	–	–	–	–	–	2
Globalworth – Industry & Logistics	44	–	–	–	–	–	–	36	–	–	–	–	–	–
Industry & Logistics	35	94.1%	78,000	–	–	–	4	187	97.3%	189,000	–	–	–	21
IMMOFINANZ – Development**	–	–	–	–	–	–	–	56	–	–	–	–	–	–
S IMMO – Landbank**	–	–	–	–	–	–	–	4	–	–	–	–	–	–
Total	2,965	98.4%	146,000	120,000	19,000	264,683,000	43	2,031	97.3%	189,000	6,000	16,000	255,264,000	31

* Includes farmland operated, but not owned by the Group. ** IMMOFINANZ and S IMMO figures have been consolidated in 2022 into the respective categories.

Landbank in the Czech Republic

The majority of the Czech landbank is situated in Prague, mainly relating to **Bubny**, a 201,000 m² area strategically located close to the CBD and where we completed the redevelopment of flagship office **Bubenská 1** in late 2020. During 2022, the Group sold a smaller landplot in Prague at a multiple premium to its book value.

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

Given the scarce availability of land in Prague and across the country and constraints in obtaining building permits, **the value of strategic land plots has been increasing.**



“CPIPG’s landbank is a long-term strategic asset that can be developed when the time is right.”

Zdeněk Havelka, Executive Director

Landbank & development in Berlin

In Berlin, the Group owns landbank located in attractive areas. This provides opportunities for low-risk extensions and developments.

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

In our new developments, we are able to attract blue-chip tenants with prime-level rents.

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

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



image: GSG Berlin © Visualisierung

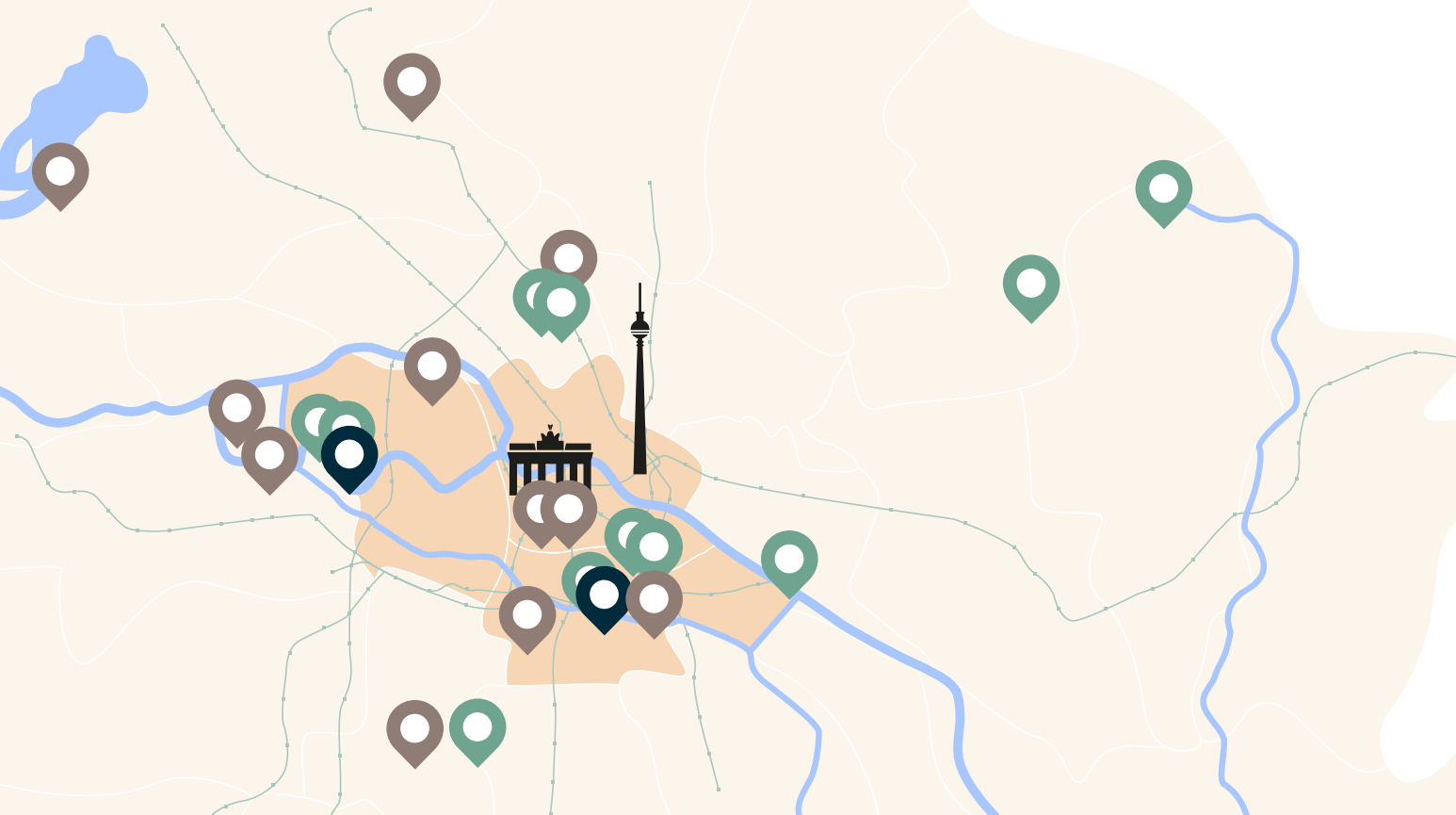
Zossener Straße (in development pipeline)

- The creation of 6,600 m² of new construction space and the modernisation of a further 4,400 m² of existing space in modular and flexible design
- An excellent central location in the centre of Kreuzberg
- Modern design and technology harmoniously combined with historical character



Adil & Berta (in development pipeline)

- Harmonious addition to the existing historic GSG courtyard
- Creation of 2,600 m² of modern office spaces in the sought-after industrial style
- Green building with BREEAM "Excellent" certification
- Achieved pre-lets at €30+/m²/month



- Existing Asset
- Current Development
- Landbank

Landbank & development in Italy

The majority of landbank in Italy is primarily located in the periphery of Rome and strategically focused on holistic mixed-use (residential and commercial) development potential with ample green public community spaces envisaged.

These land plots offer significant upside, having been purchased at exceptional discounts to fair value through acquisitions of non-performing loans. The Group aims to take advantage of the decades-long undersupply of much needed modern, energy-efficient buildings in Rome. Future development plans and holding strategy will be assessed on a case by case basis in the medium term.



“Future plans for the opportunistic landbank acquired are carefully assessed on a case-by-case basis.”

Giuseppe Colombo, Country Director, CPI Italy





FINANCE REVIEW

- 60 EPRA performance
- 63 CPIPG's valuation approach
- 65 Financing
- 73 Results & net assets
- 76 Group structure
- 77 Glossary of terms
- 78 Key ratio reconciliations
- 80 Group management
- 81 Board of Directors

EPRA performance

**EPRA BPR
Gold Award**
recipient for
high-quality
reporting

“The Group is committed to reporting financial metrics which provide the most relevant insight into our business.”

Petr Mizera, Head of External Reporting

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

EPRA earnings

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

€ million	2022	2021
Earnings per IFRS income statement	557	1,292
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	(89)	1,276
Profits or losses on disposal of investment properties, development properties held for investment and other interests	36	35
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	(2)	3
Tax on profits or losses on disposals		0
Negative goodwill / goodwill impairment	318	(0)
Changes in fair value of financial instruments and associated close-out costs	163	6
Acquisition costs on share deals and non-controlling joint venture interests	0	0
Deferred tax in respect of EPRA adjustments	(75)	(257)
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	19	15
Non-controlling interests in respect of the above	0	0
EPRA Earnings	187	215
Weighted average number of shares	8,808,784,128	8,135,733,237
EPRA Earnings per Share (EPS) (in €)	0.021	0.026
Company specific adjustments:		
Impairments	(51)	(16)
Amortisation, depreciation	(46)	(37)
Net foreign exchange gain – unrealised	145	98
Net foreign exchange loss – unrealised	(122)	(83)
Deferred tax in respect of Company specific adjustments	20	13
Company specific Adjusted Earnings	241	239
Company specific Adjusted EPS	0.027	0.029

EPRA NAV Metrics

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

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

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

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

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

€ million	EPRA NRV		EPRA NTA		EPRA NDV	
	2022	2021	2022	2021	2022	2021
IFRS Equity attributable to owners	6,580	5,992	6,580	5,992	6,580	5,992
Include/Exclude:						
Hybrid instruments	0	0	0	0	0	0
Diluted NAV	6,580	5,992	6,580	5,992	6,580	5,992
Include:						
Revaluation of IP (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of other non-current investments	0	0	0	0	0	0
Revaluation of tenant leases held as finance leases	0	0	0	0	0	0
Revaluation of trading properties	0	0	0	0	0	0
Diluted NAV at Fair Value	6,580	5,992	6,580	5,992	6,580	5,992
Exclude:						
Deferred tax in relation to fair value gains of IP	(1,711)	(1,090)	(1,663)*	(1,064)*		
Fair value of financial instruments	243	0	243	0		
Goodwill as a result of deferred tax	43	43	43	43	43	43
Goodwill as per the IFRS balance sheet			56	54	56	54
Intangibles as per the IFRS balance sheet			28	17		
Include:						
Fair value of fixed interest rate debt					1,358	(23)
Revaluation of intangibles to fair value	0	0				
Real estate transfer tax	0	0	0	0		
NAV	8,005	7,039	7,873	6,942	7,839	5,872
Fully diluted number of shares	8,637,850,259	8,835,915,298	8,637,850,259	8,835,915,298	8,637,850,259	8,835,915,298
NAV per share (in €)	0.927	0.797	0.911	0.786	0.908	0.665

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

EPRA vacancy rate

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

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

(€ million)	2022	2021
Estimated rental value of vacant space	72	32
Estimated rental value of the whole portfolio	1,004	506
EPRA Vacancy Rate	7.2%	6.2%

Andrássy Palace, Budapest, Hungary



EPRA net initial yield and EPRA “topped-up” net initial yield

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

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

(€ million)	2022	2021
Investment property – wholly owned*	19,046	10,745
Investment property – share of JVs/Funds	0	0
Trading property (including share of JVs)	0	0
Less: developments	2,667	1,604
Completed property portfolio	16,379	9,140
Allowance for estimated purchasers’ costs	184	0
Gross up completed property portfolio valuation	16,563	9,140
Annualised cash passing rental income	862	411
Property outgoings**	126	39
Annualised net rents	736	372
Add: notional rent expiration of rent free periods or other lease incentives	44	27
Topped-up net annualised rent	780	399
EPRA NIY	4.44%	4.07%
EPRA “topped-up” NIY	4.71%	4.37%

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

EPRA cost ratio

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

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

(€ million)	2022	2021
Include:		
Administrative/operating expense line per IFRS income statement	279	120
Net service charge costs/fees	(33)	(23)
Management fees less actual/estimated profit element	0	0
Other operating income/recharges intended to cover overhead expenses less any related profits	0	0
Share of Joint Ventures expenses	0	0
Exclude (if part of the above):		
Investment property depreciation	0	0
Ground rent costs	3	3
Service charge costs recovered through rents but not separately invoiced	0	0
EPRA Costs (including direct vacancy costs)	243	95
Direct vacancy costs	11	4
EPRA Costs (excluding direct vacancy costs)	232	91
Gross Rental Income less ground rents – per IFRS	746	399
Less: service fee and service charge costs components of Gross Rental Income (if relevant)	0	0
Add: share of Joint Ventures (Gross Rental Income less ground rents)	0	0
Gross Rental Income	746	399
EPRA Cost Ratio (including direct vacancy costs)*	0.33	0.24
EPRA Cost Ratio (excluding direct vacancy costs)*	0.31	0.23

* Our EPRA cost ratio is higher than some peers. This is mainly due to one-off transaction costs as well as the overall higher administrative costs related to the acquisitions of IMMOFINANZ and S IMMO in connection with the temporary time lag between cost and revenue increases.

CPIPG's valuation approach



“The higher-yielding nature of our portfolio coupled with strong operational performance and investments mitigated the result from yield-expansion.”

Jiří Hrabec, Valuation Manager

Balance Hall, Budapest, Hungary

Property valuation

The consolidated financial statements for the year ended 31 December 2022 have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which include the application of the fair value method. Since the property portfolio owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended. Valuation reports are prepared according to RICS Standards (RICS Valuation – Professional Standards January 2014), whilst an immaterial amount is prepared according to Czech valuation standards. The Group revalues the entire portfolio annually; CPIPG revalues properties where performance has been exceptional (positively or negatively) for semi-annual periods. Under the terms of the Group’s EMTN programme, 90% of the portfolio must be externally valued by a reputable independent valuation company annually.

The property portfolio valuation as of 31 December 2022 is based on reports issued by:

- CBRE
- Jones Lang Lasalle
- Savills
- and other appraisers

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

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

Split by appraisers and segments

Appraisers	%	Segments	No. of properties / No. of units*	Valuation (€ m)	% of total PP value
CBRE	36%	Office	96	3,822	18.3%
		Retail	179	2,523	12.1%
		Complementary Assets	19	527	2.5%
		Residential	2,677	340	1.6%
		Hotels & Resorts	2	208	1.0%
Jones Lang Lasalle	25%	Office	35	1,758	8.4%
		Retail	49	1,372	6.6%
		Complementary Assets	5	1,028	4.9%
		Residential	11,671	863	4.1%
		Hotels & Resorts	4	122	0.6%
Savills	14%	Office	41	2,832	13.6%
		Complementary Assets	3	159	0.8%
Colliers	8%	Complementary Assets	4	697	3.3%
		Retail	18	510	2.4%
		Office	23	402	1.9%
		Hotels & Resorts	4	78	0.4%
		Residential	22	66	0.3%
		Hotels & Resorts	25	474	2.3%
Cushman & Wakefield	4%	Residential	44	249	1.2%
		Retail	47	109	0.5%
		Complementary Assets	2	45	0.2%
		Office	5	320	1.5%
EHL	3%	Retail	2	192	0.9%
		Complementary Assets	1	25	0.1%
		Complementary Assets	8	343	1.6%
Other	4%	Office	6	238	1.1%
		Hotels & Resorts	9	113	0.5%
		Residential	24	112	0.5%
		Retail	4	36	0.2%
		Globalworth	0	677	3.2%
Acquisition	4%	Complementary Assets	1	47	0.2%
		Residential	1	6	0.0%
		Office	1	1	0.0%
		Residential	2,328	464	2.2%
AHFS	3%	Complementary Assets	0	49	0.2%
		Office	4	47	0.2%
Total				20,855	100%

* Number of units provided for residential properties.

Indexation and inflation

More than 90% of our lease contracts are subject to indexation. **The Group’s largest segments, office and retail, have very high shares of indexed rents, with c. 94% each.** The individual lease contracts specify the exact reference index, which can vary per contract. For example, for an agreement in EUR, the harmonised index of consumer prices for the European Union (HICP) could be used as a reference. The rent indexation is done retrospectively; therefore, the effects of rent indexation during 2022 were based on 2021 inflation levels, with rent indexation will begin to show most intensively from 2023. **Early data in 2023 indicate that c. 60% of our leases have already been adjusted according to the lease contract’s reference index or fixed annual escalator resulting in a weighted average indexation of c. 8.6%.**

Increased costs from service charges are passed on as incurred to tenants. Therefore, the Group would expect higher inflation rates to translate into rental growth as long as supply remains muted and demand solid.

myhive Medienhafen | Alto, Düsseldorf, Germany



Quality of the underlying properties and market dynamics

The Group’s assets valuations reflect the high quality of the underlying assets. Supply and demand dynamics are key drivers for the underlying real estate assets’ medium- and long-term values and value potential. Our portfolio strategies and properties are carefully selected based on the below criteria:

- **Location:** Our offices are in central locations of capital cities, which are the centre of the respective economies. In retail, we have the dominant retail offering in the respective catchment areas. Our landbank assets benefit from the finite character of the land, particularly in large cities.
- **Asset quality:** The Group is a long-term owner of underlying real estate assets, continuously investing in our standing properties with a significant number of green buildings but also unique historic landmark properties, which are frequently upgraded. This is complemented by local asset and facility management teams that continuously improve operational efficiencies within the buildings.
- **Structural demand:** CPIPG’s focus is on the economically most dynamic CEE region in Europe. The Group’s locations are attractive service hubs for industries such as the financial service or IT sector. Positive net immigration coupled with competitive labour costs continues to support office-based employment growth. At the same time, pent-up demand in consumption remains a key characteristic for retail in our region. Affordable housing remains in high demand across Europe.
- **Supply:** The Group’s core markets benefit from limited ongoing supply while market vacancy rates are low. In addition, core countries such as the Czech Republic and Germany are restrictive with new building permits. At the same time, the construction costs in Europe significantly increased, reflected by the increase in the European Construction Cost Index. Future supply in our core markets is below long-term averages. This provides landlords with pricing power.

Yields

Nearly 90% of our leases are EUR-denominated, with offices in CEE markets most frequently transacted in Euros, with pricing following similar trends to Western Europe. The underlying risk-free rate is therefore based on German government bonds.

The spread for each property is then individually determined based on factors such as geography, segment, location, asset quality, tenants and lease maturities.

The Group’s net equivalent yield increased by 0.7% to 5.4%, up from 4.7% in the previous year. Yields range between 2.6% for Czech residential assets up to 8.3% for offices in Hungary.

Portfolio net yields

	EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Net Equivalent Yield	Prime Yield
Office	4.3%	4.7%	5.1%	
Germany	3.4%	3.4%	4.0%	2.9%
Czech Republic	4.8%	5.2%	5.6%	4.5%
Poland	4.8%	5.9%	5.5%	5.0%
Hungary	6.2%	6.4%	8.3%	5.5%
Austria	3.7%	3.9%	4.0%	3.3%
Other	5.6%	5.8%	6.6%	
Retail	6.4%	6.6%	6.9%	
Czech Republic	5.9%	6.1%	6.8%	5.5%
Other	6.6%	6.9%	7.0%	
Residential	2.5%	2.5%	2.7%	
Czech Republic	2.5%	2.5%	2.6%	
Germany	2.6%	2.6%	2.9%	
Total	4.4%	4.7%	5.4%	

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

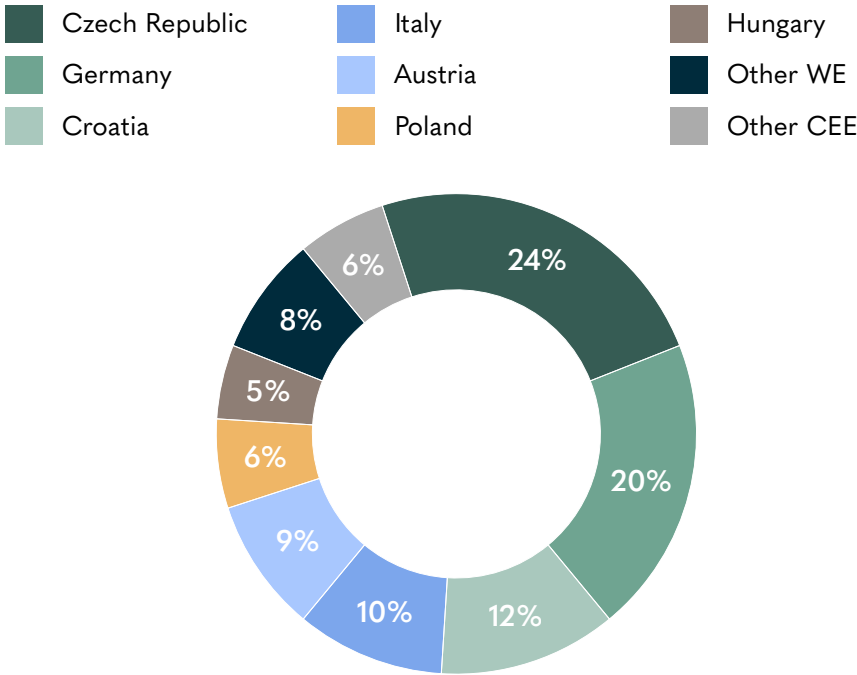
The relatively lower EPRA “Topped-up” Yields compared to Net Equivalent Yields are mainly due to excluding income on vacant spaces.

Focus on value enhancing CapEx

Additions by type (€ million)	Total 2022	Total 2021
Maintenance-related CapEx	91	77
Refurbishment and redevelopment	108	69
New development / additional leasable area	184	69
Total	382	214

CapEx increased versus 2021 due to the consolidation of IMMOFINANZ and S IMMO, plus ongoing projects in Berlin and the Czech Republic. The Group has substantial flexibility to reduce discretionary CapEx as required in the future.

Additions by country



Changes to the property portfolio in 2022

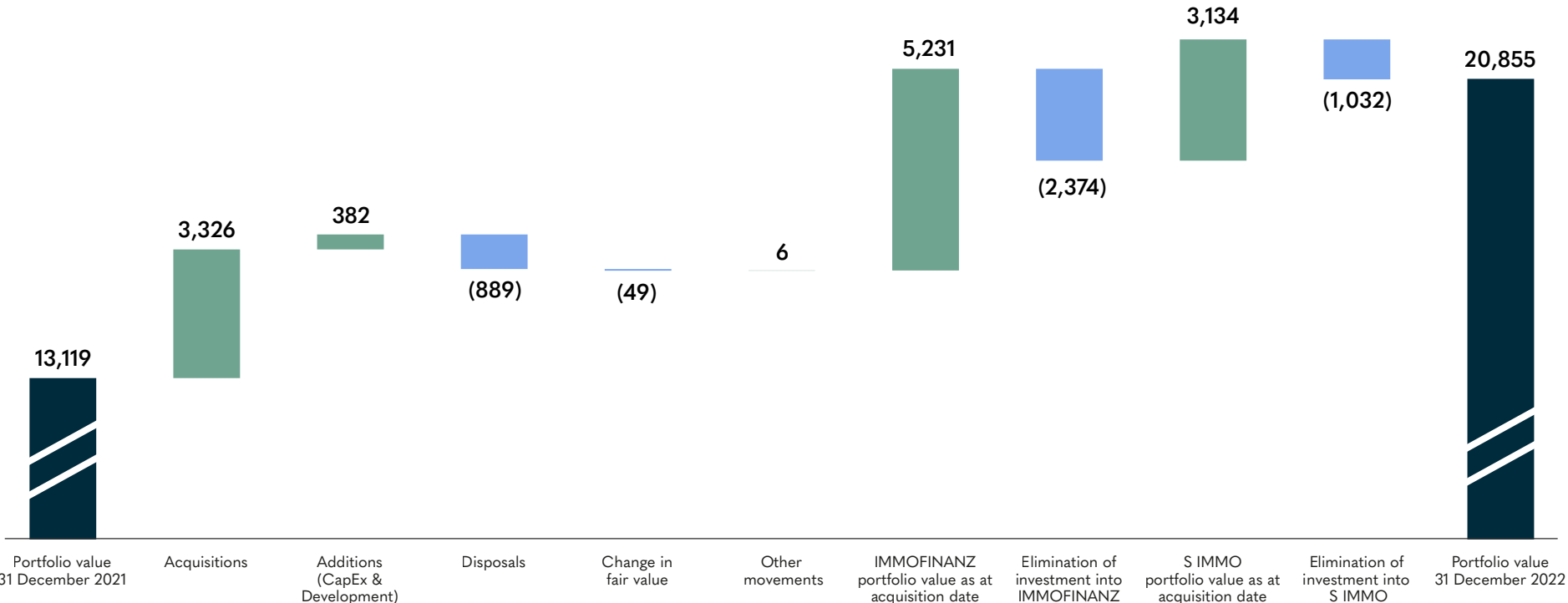
- Acquisitions of €3.33 billion, comprising primarily €1.84 billion for IMMOFINANZ shares, €0.83 billion for S IMMO shares and other acquisitions;
- Capital expenditure and development of €382 million;
- Disposals of €889 million, including mainly the sale of three shopping centres in the Czech Republic, the ČEZ office in Prague, industrial properties in the Czech Republic and Hungary, six office properties in Berlin, three offices in Vienna, landbank in the Czech Republic and a small office in Budapest;
- Slight decrease in fair value of €49 million;
- IMMOFINANZ portfolio value of €5.23 billion as at acquisition date, partially offset by the elimination of the investment;
- S IMMO portfolio value of €3.13 billion as at acquisition date, partially offset by the elimination of the investment.

Change in portfolio fair value (€ million)

Investment property revaluation	(89)
Hotels / PP&E revaluation and depreciation	(38)
Total valuation impact	(126)
FX impact	78
Total	(49)

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

Property portfolio in 2022 (€ million)



Capital structure and financial policy

Committed to a strong investment grade capital structure

The Group's financial policy is consistent with achieving "high BBB" credit ratings over time. Key features of CPIPG's financial policy include:

Net LTV
of up to **40%**,
or up to 45% in the
case of strategic
acquisitions

Net ICR
of **3×**
or above

Focus on
senior
unsecured
financing

High level of
**unencumbered
assets &
liquidity**

CPIPG began acquiring IMMOFINANZ and S IMMO shares in mid-late 2021. While the Group's original acquisition financing plans called for large-scale disposals, hybrid bonds, and rapid deleveraging to protect our mid-BBB credit ratings, financial market conditions deteriorated throughout 2022. Equity markets declined, and **CPIPG's takeover offers (open for a long period) were highly successful.**

While the Group maintained access to external financing and has continued to make disposals at a slower pace, the Group ended 2022 with ratios which are outside of our financial policy targets. The Group was also downgraded to Baa3 (Moody's) and BBB- (S&P), despite **significant improvements to the Group's portfolio scale and income.**

CPIPG has a clear plan to restore our credit ratios by the end of 2024. **Our goal is a Net LTV of 45-49% by year-end 2023,** and lower thereafter. We expect to achieve debt reduction through small and medium-sized disposals, potential equity investment, and other measures.

Hybrid bonds

CPIPG's hybrid bond issues have contributed significantly to the Group's growth. **CPIPG sees hybrids as a useful source of equity-like financing, and an important part of our capital structure** particularly given our status as a family-owned company. CPIPG would like to protect our reputation in this market. CPIPG has hybrid bonds callable in 2025, 2026, and 2028 and will make decisions about calls, replacement, or refinancing at the appropriate time.

Equity investors

In 2021, **CPIPG welcomed Apollo as a new shareholder;** as of year-end 2022, Apollo owned 5.34% of the Group's common shares. CPIPG is open to further equity investment, particularly as a deleveraging tool. On the other hand, CPIPG intends to remain primarily family-owned.



"CPIPG's financial policy is unchanged, and we expect to improve our credit metrics in 2023 and 2024."

David Greenbaum, CFO

Einsteinova, Bratislava, Slovakia



“A key strength of CPIPG is our diversified funding mix and access to different pockets of capital.”

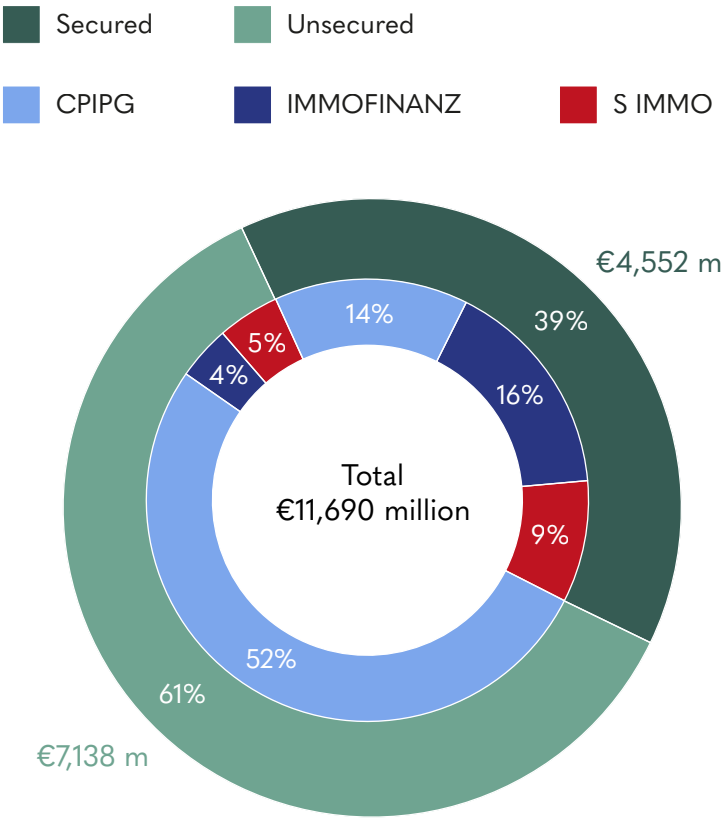
Moritz Mayer, Manager – Capital Markets

Unsecured vs. secured financing

While the Group favours unsecured financing via bond markets, current indicative costs are not attractive. Therefore, in the short term, the Group will focus more on secured bank financing and other unsecured funding as a source of capital for the Group. Due to the full consolidation of IMMOFINANZ and S IMMO, the proportion of secured bank loans to total debt increased from 27% at the end of 2021 to 39% at the end of 2022.

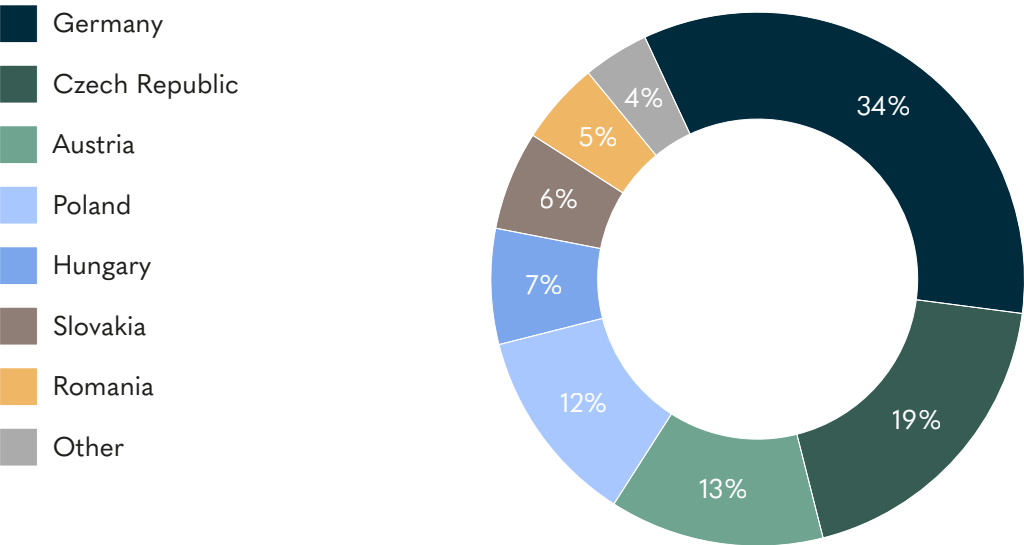
The largest portion of the Group’s secured loans (34%) relate to Germany, followed by the Czech Republic (19%) and Austria (13%). Secured loans in Austria, Poland, Hungary, Slovakia and Romania were added through the acquisitions of IMMOFINANZ and S IMMO. The Group has secured loans from 27 banks. Of the total secured loans, 95% are with nine leading banks in our region.

Split of secured versus unsecured debt

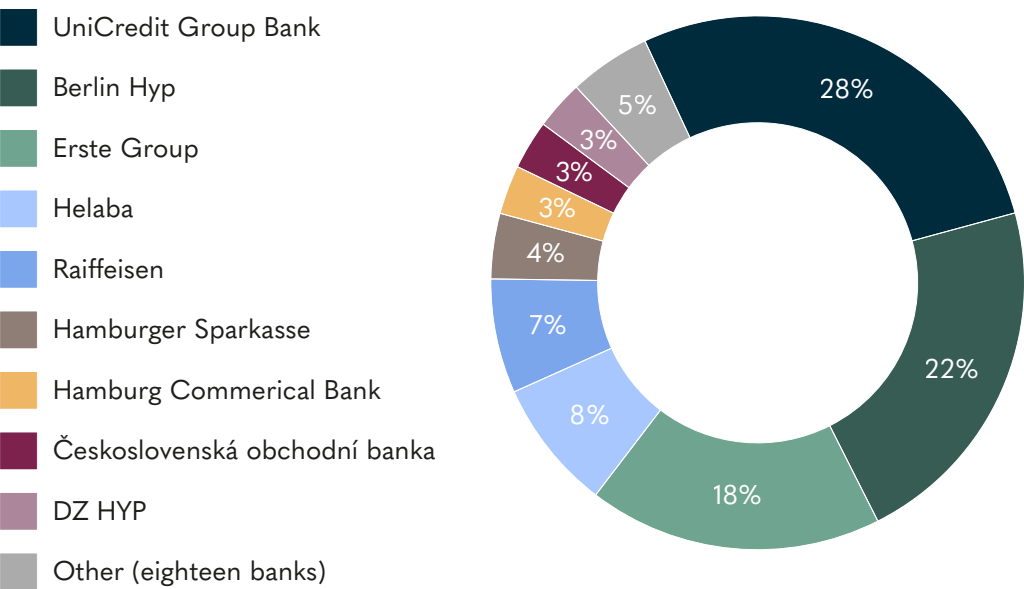


Breakdown of secured bank debt by principal

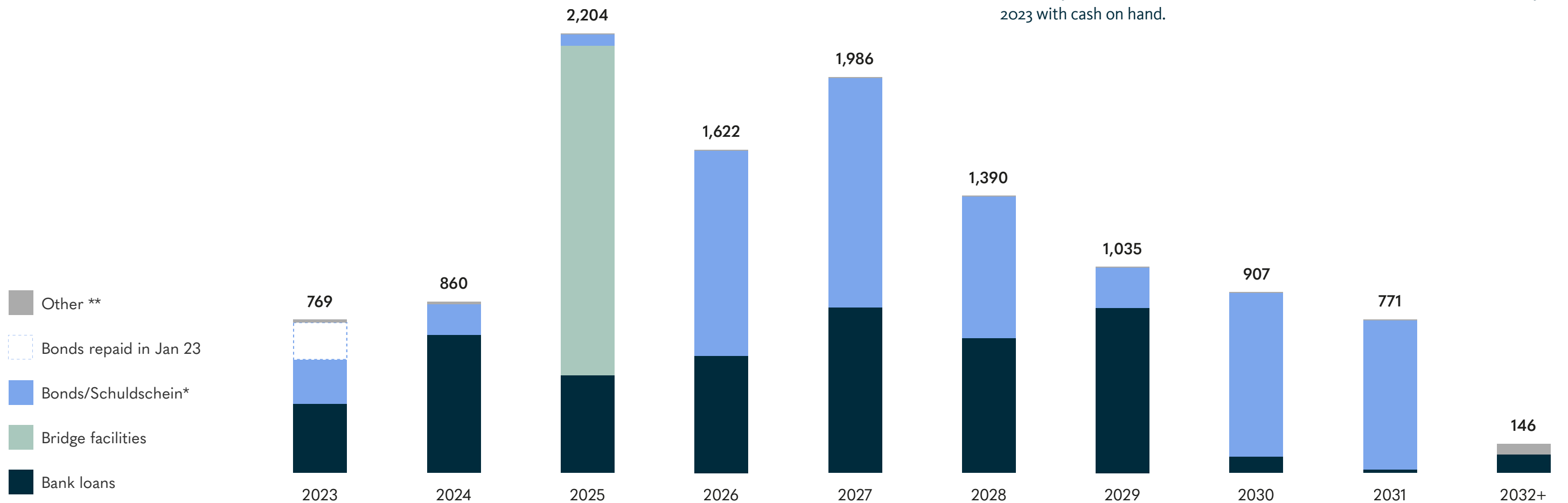
Secured bank debt by geography



Secured bank debt by bank



Long dated debt maturity profile (as at 31 December 2022)



Well-prepared for the future

Since 2019 the Group's objective was to issue longer-dated unsecured bonds to repay short-term debt and secured loans, to push out our debt maturity profile and to lock in low interest rates.

As a result, despite the full consolidation of IMMOFINANZ and SIMMO debt, weighted average debt maturity remained stable at 5.0 years (excluding the impact of the bridge facility) at the end of 2022, with only 14% of debt maturing in 2023 and 2024. CPIPG intends to remain proactive in managing upcoming maturities in advance and appreciates the ongoing support of our bond investors and banks.

In January 2023, IMMOFINANZ repaid €187 million of bonds due on 27 January 2023 with cash on hand.

* Bonds/Schuldschein 2023 include also accrued interest payable in 2023.

** Other debt comprises non-bank loans from third parties and financial leases.

Senior unsecured issuance and refinancing

During the first half of 2022, CPIPG issued €1.25 billion equivalent of senior unsecured bonds and other debt instruments as follows:

- In January 2022, the Group issued an inaugural €700 million of 8-year sustainability-linked senior unsecured bonds. The issue includes a step-up margin of 0.25% from 2028 if CPIPG does not meet the sustainability performance target, i.e. a reduction of greenhouse gas emission intensity by 22% by year-end 2027. Proceeds from the issuance were used primarily to fund the full repayment (via a make-whole call) of two bonds:
 - US\$377 million (approximately €333 million) outstanding 4.75% senior unsecured notes due 8 March 2023; and
 - €239 million outstanding 2.125% senior unsecured notes due 4 October 2024;
- Also in January 2022, CPIPG issued a tap of £50 million of senior unsecured green bonds maturing in 2028;
- During April and May 2022, CPIPG issued unsecured Schuldschein amounting to €106 million maturing in 2026 and €77 million maturing in 2028;
- In May 2022, CPIPG issued a total of US\$330 million (approximately €307 million) in private placement notes to local US institutional investors across three tranches of maturing in 2027, 2028 and 2029. The proceeds and interest rate exposure were hedged to Euros;

- Throughout May and June 2022, the Group made repurchases in the secondary market of our 1.75% and 1.50% senior unsecured bonds maturing in 2030 and 2031. As of today, the total notional amounts repurchased are €19.5 million and €85 million respectively and have been cancelled, such that the remaining notional amount outstanding of the 2030 bonds is €680.5 million and for the 2031 bonds is €765 million.
- In June 2022, CPIPG signed and closed a term loan facility with SMBC amounting to €100 million maturing in 2026.

As a result of a change of control event, a total of €558 million of IMMOFINANZ senior unsecured bonds maturing in 2023 and 2027 and a total of €153 million of S IMMO senior unsecured bonds maturing in 2025, 2027 and 2028 were redeemed in April, August, and October 2022. On 31 August 2022, CPIPG extended the current bridge facilities to H1 2025.

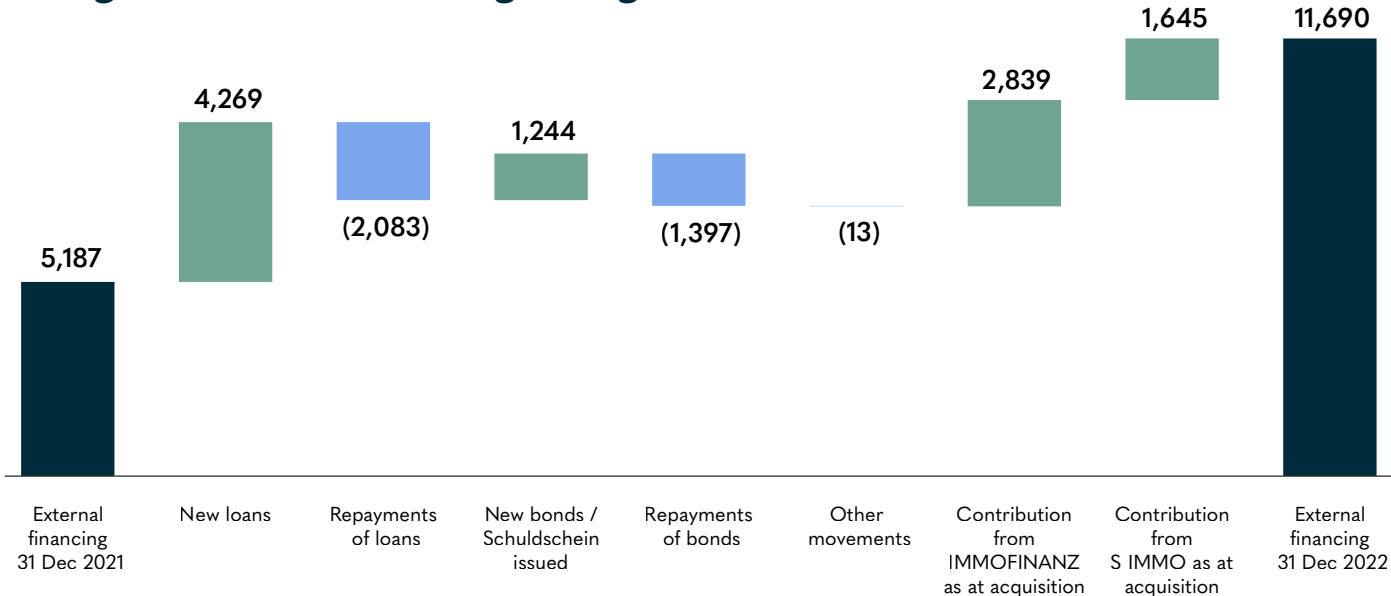
A leader in green financing

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

Selective secured bank financing

In August 2022, the Group used the advantage of having access to a diverse range of financing sources and completed a secured loan in the Czech Republic for €275 million at an attractive rate. In November 2022, CPIPG subsidiary GSG Berlin refinanced a loan for a total of €515 million, which includes €200 million in upsizing, for seven years at similar terms to the original loan in 2017.

Changes in external financing during 2022 (€ million)



Group	Issue Date	Currency	Actual Amount (million)	€ equivalent (million)	Coupon (%)	Maturity	Format	% swapped to EUR
CPIPG	May 2022	USD	110	103	6.150	May 2029	US Private placement	100%
CPIPG	May 2022	USD	100	94	6.060	May 2028	US Private placement	100%
CPIPG	May 2022	USD	120	113	6.020	May 2027	US Private placement	100%
CPIPG	Apr 2022/May 2022	EUR	77	77	FRN	Apr 2028	SSD	–
CPIPG	Apr 2022	EUR	106	106	FRN	Apr 2026	SSD	–
CPIPG	Jan 2022	EUR	681	681	1.750	Jan 2030	EMTN (sustainability-linked)	–
CPIPG	Oct 2021	JPY	2,600	18	0.350	Apr 2025	EMTN	100%
CPIPG	Feb 2021	JPY	3,000	21	0.710	Feb 2025	EMTN	100%
CPIPG	Jan 2021 /Sep 2021	EUR	475	475	3.750	Perpetual	EMTN (hybrid)	–
CPIPG	Jan 2021/Feb 2021/ Sep 2021/Dec 2021	EUR	765	765	1.500	Jan 2031	EMTN	–
CPIPG	Sep 2020	EUR	525	525	4.875	Perpetual	EMTN (hybrid)	–
CPIPG	Aug 2020	HUF	30,000	75	2.250	Aug 2030	Local bonds (green)	100%
CPIPG	May 2020	EUR	750	750	2.750	May 2026	EMTN (green)	–
CPIPG	Feb 2020	HKD	250	30	3.014	Feb 2030	EMTN	100%
CPIPG	Jan 2020	SGD	150	105	5.800	Perpetual	EMTN (hybrid)	100%
CPIPG	Jan 2020/Jan 2022	GBP	400	451	2.750	Jan 2028	EMTN (green)	100%
CPIPG	Oct 2019	EUR	750	750	1.625	Apr 2027	EMTN (green)	–
CPIPG	Jun 2019	HKD	283	34	4.450	Jun 2026	EMTN	100%
CPIPG	Apr 2019	EUR	550	550	4.875	Perpetual	EMTN (hybrid)	–
CPIPG	Mar 2019	EUR	10	10	2.696	Mar 2027	SSD	–
CPIPG	Feb 2019	HKD	450	54	4.510	Feb 2024	EMTN	100%
CPIPG	Dec 2018	JPY	3,000	21	1.995	Dec 2028	EMTN	100%
CPIPG	Oct 2018	CHF	151	153	1.630	Oct 2023	EMTN	57%
IMMOFINANZ	Oct 2020	EUR	238	238	2.500	Oct 2027	–	–
S IMMO	Jan 2022	EUR	25	25	1.250	Jan 2027	Green	–
S IMMO	Feb 2021	EUR	70	70	1.750	Feb 2028	Green	–
S IMMO	Oct 2019	EUR	100	100	2.000	Oct 2029	–	–
S IMMO	May 2019	EUR	150	150	1.875	May 2026	–	–
S IMMO	Feb 2018	EUR	50	50	2.875	Feb 2030	–	–
S IMMO	Feb 2018	EUR	100	100	1.750	Feb 2024	–	–
S IMMO	Apr 2015	EUR	34	34	3.250	Apr 2027	–	–
S IMMO	Apr 2015	EUR	16	16	3.250	Apr 2025	–	–

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

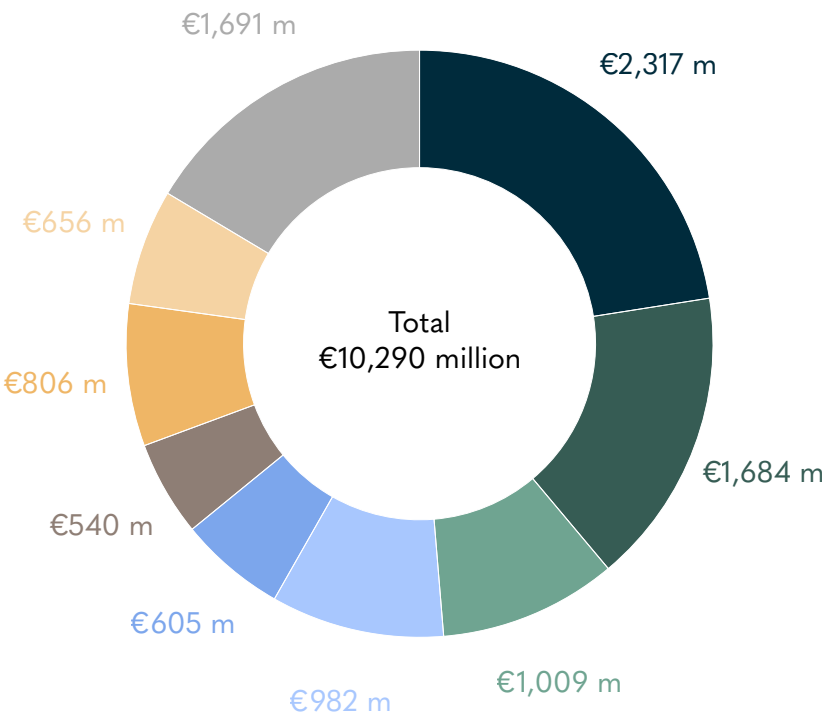
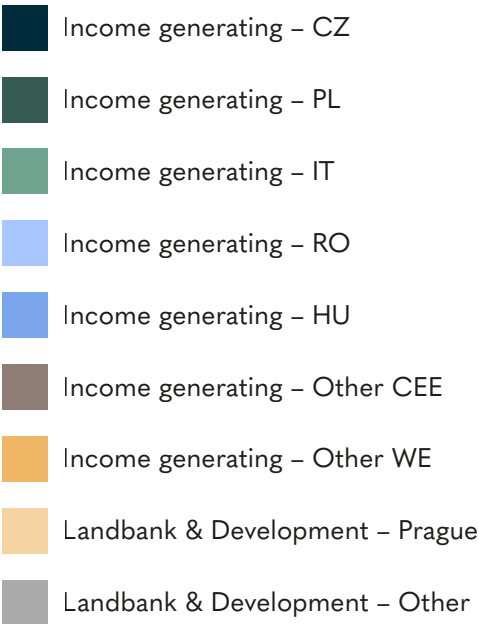


“Improvements in internal processes across our subsidiaries ensure alignment in the reporting standards.”

Miroslav Bednář, Head of IFRS & Consolidation

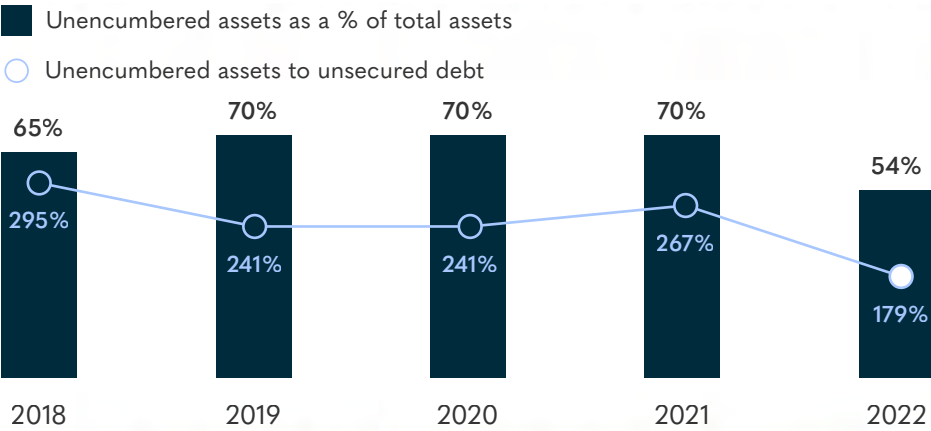
The Briq, Berlin, Germany photo © Linie Creutzfeldt

Composition of unencumbered asset portfolio



Solid level of unencumbered assets

The Group’s unencumbered assets to total assets ratio decreased to 54% due to relatively higher encumbrance at IMMOFINANZ and S IMMO. Unencumbered assets primarily consist of office properties in the Czech Republic and Poland, Czech retail, and well-located landbank and residential assets across Europe.



The ratio of unencumbered assets to unsecured debt decreased to 179% due to the lower share of unencumbered assets at IMMOFINANZ and S IMMO. **This ratio may improve over time as the Group repays our bridge financings with disposals.**

In a normal market environment, the Group will always prioritise senior unsecured financing and a high level of unencumbered assets. On the other hand, secured bank markets in H2 2022 and 2023 have provided substantially better pricing and liquidity.

Strong liquidity (€ million)

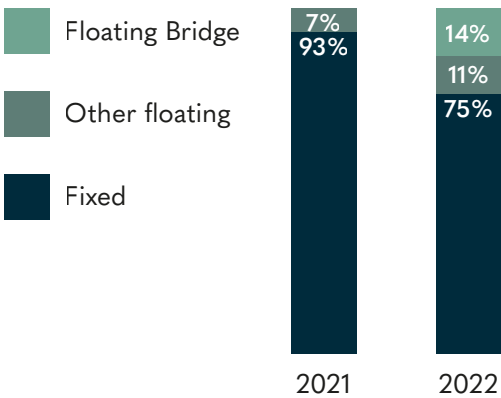
Cash as at 31 December 2022	1,065*
(+) RCF – undrawn amount	910
(+) Other undrawn lines	16
Total liquidity as at 31 December 2022	1,991

* Including cash held by Assets held for sale

At the end of 2022, the Group had €2.0 billion of available liquidity between cash and undrawn revolving credit facilities. The Group’s liquidity is supported by a €700 million committed revolving credit facility that expires in 2026 and by a €100 million and a €110 million committed revolving credit facility at the IMMOFINANZ and S IMMO level, respectively. Revolving credit facilities offer CPIPG significant flexibility to access cash quickly and at a low cost. **All credit facilities were fully undrawn during 2022.**

Fixed versus floating rate debt

At the end of 2022, the portion of fixed-rate debt slightly decreased to 75% (87% excluding the impact of the bridge facility). However, it still provides a high degree of protection against interest rate volatility. If interest rates on all of our variable-rate debt increased by 1 p.p., the cost of the Group’s external debt would rise only by 0.26 p.p. In addition to our bonds which carry fixed coupons, many of the Group’s loan agreements utilise interest rate swaps to convert the loan to a fixed-rate obligation. The Group is also able to carefully make use of a variety of hedging instruments as required to manage the level of fixed and floating-rate debt.



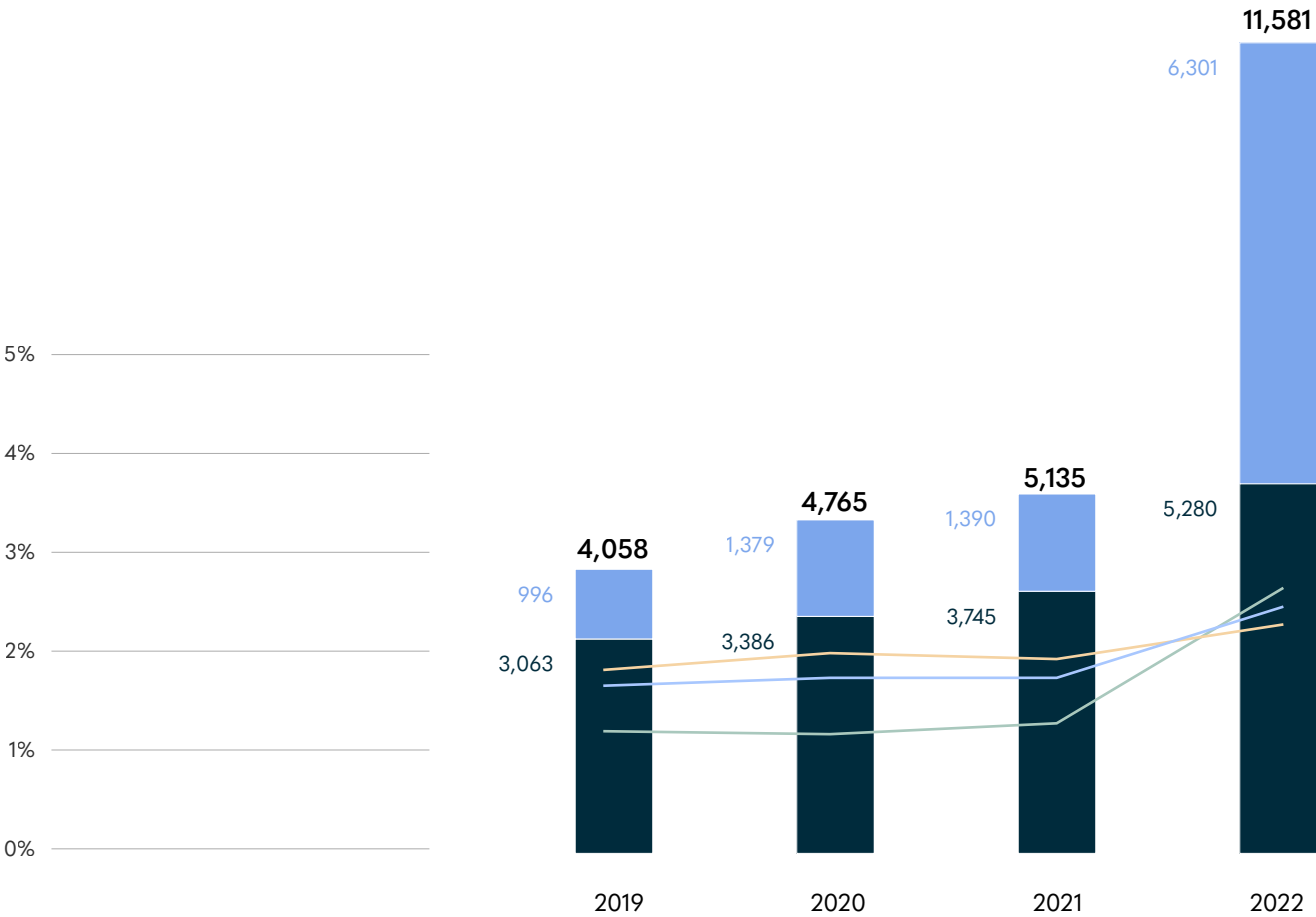
Average interest rate sensitivity (% p.a.)*

Type of liability	Share of external debt	Average interest rate as at 31 Dec 2022	if market interest rate +1 p.p.	if market interest rate +2 p.p.	if market interest rate +3 p.p.
Bank loan	54%	2.64%	3.03%	3.42%	3.81%
Bonds/Schuldschein	45%	2.27%	2.36%	2.46%	2.55%
Leasing	1%	0.22%	0.27%	0.32%	0.37%
Non bank loan	0%	2.05%	2.10%	2.14%	2.18%
Total	100%	2.45%	2.71%	2.96%	3.21%

Note: Includes the impact of contracted interest rate swaps.

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

At the end of 2022, the Group’s average cost of debt stood at 2.45%.



Atrium Complex, Warsaw, Poland

Bank loans	996	1,379	1,390	6,301
Corporate bonds/Schuldschein	3,063	3,386	3,745	5,280
Avg. bank loan interest rate	1.19%	1.16%	1.27%	2.64%
Avg. bond/Schuldschein interest rate	1.81%	1.98%	1.92%	2.27%
Total average interest rate	1.65%	1.73%	1.73%	2.45%

Foreign exchange risk

The Group is exposed to fluctuations in foreign currencies, primarily the Czech Koruna (CZK). The impact of foreign exchange is mostly unrealised (non-cash). It arises whenever there is a mismatch between the currency in which a property is valued and the functional currency of the entity into which the property is consolidated. 15% of the property portfolio is valued in CZK and consolidated through sub-holdings into CPIPG, which is a Euro functional currency company. To a lesser extent, there is also an effect related to intra-group loans.

In addition to the non-cash effects, the Group is exposed to foreign currencies (primarily CZK) through rental income and expenses. In 2022, 10% of the Group’s gross rental income was received in CZK. However, 13% of the Group’s property operating expenses and 18% of administrative expenses were also denominated in CZK, providing somewhat of a natural hedge. As a result, the remaining net exposure to CZK is limited.

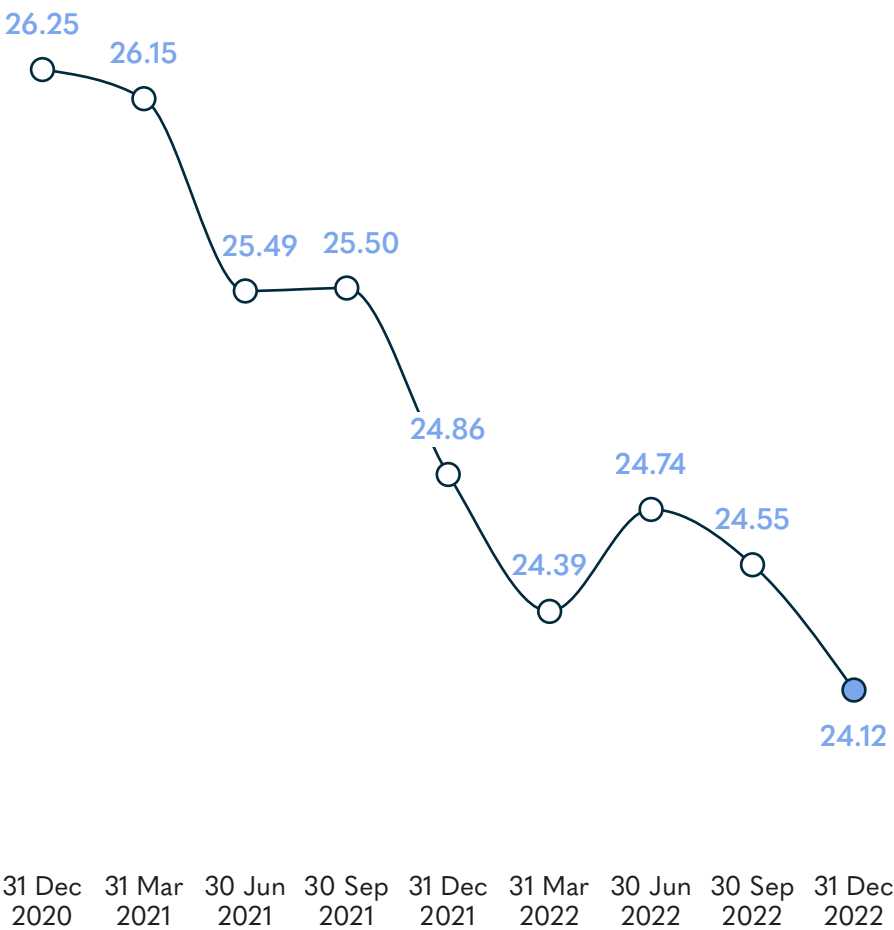


myhive Pankrác House, Prague, Czech Republic

FX sensitivity (CZK depreciation against EUR)

	5%	10%	15%	20%	25%
Net LTV	+0.4 p.p.	+0.7 p.p.	+1.0 p.p.	+1.3 p.p.	+1.6 p.p.
Net ICR	(0.02×)	(0.03×)	(0.04×)	(0.05×)	(0.07×)
EBITDA	(€2.2 m)	(€4.2 m)	(€6.1 m)	(€7.7 m)	(€9.3 m)

Strengthening of CZK vs EUR since 31.12.2020



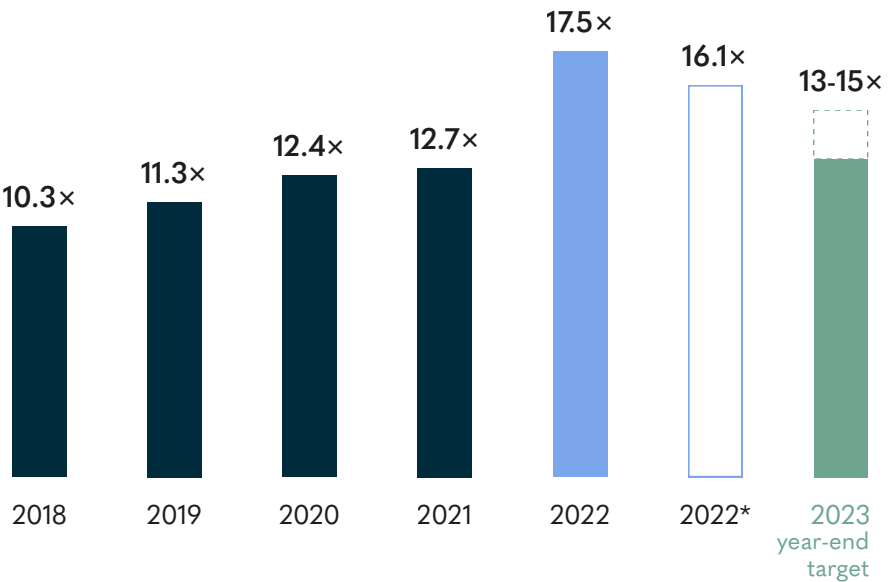
Note: The Group's exposure to other currencies is limited since 98.5% of the Group's annualised headline rent at the end of 2022 was denominated in EUR or CZK.

EBITDA and Net debt/EBITDA measurements

Net debt/EBITDA increased in 2022. The increase was primarily due to bridge financings associated with the acquisitions of IMMOFINANZ and S IMMO and the intra-year consolidation of IMMOFINANZ and S IMMO. Nevertheless, **EBITDA increased by 65% compared to 2021**, benefiting from the contributions of IMMOFINANZ and S IMMO together with solid like-for-like rental growth and high occupancy levels. **If IMMOFINANZ and S IMMO had been fully consolidated for the whole year of 2022, Net debt/EBITDA would have been 16.1×.**

CPIPG expects Net debt / EBITDA to improve as we enact deleveraging measures (e.g., bridge repayment through disposals) and as EBITDA grows along with rental income (organic and inflation-linked).

Net debt/EBITDA evolution



* Assuming the full consolidation of IMMOFINANZ and S IMMO EBITDA for 2022.

FFO distribution policy

CPIPG has never paid dividends and prefers to make shareholder distributions through share repurchases. Unlike many of our peers, the Group has retained a substantial portion of our FFO every year. In connection with the investment by Apollo in 2021 via a capital increase, CPIPG raised our payout ratio from 50% to the still-modest 65%. Considering the market environment, the board of directors decided to reduce 2022 distributions to 55% of FFO. Decisions on the payout for 2023 will be made in Q4 2023.

Results & net assets

→ Net rental income grew by 74% to €632 million, versus €363 million in 2021.

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

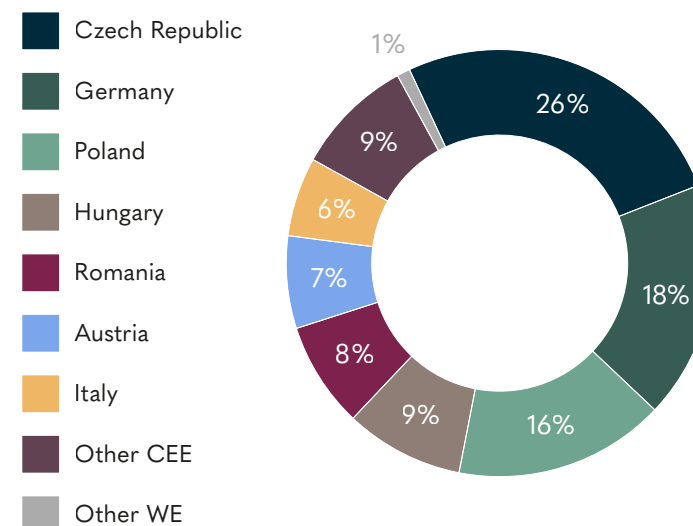
→ Net hotel income was €46 million, versus €14 million in 2021, reflecting a robust recovery in travel demand across Europe in 2022.

Income statement (part 1)

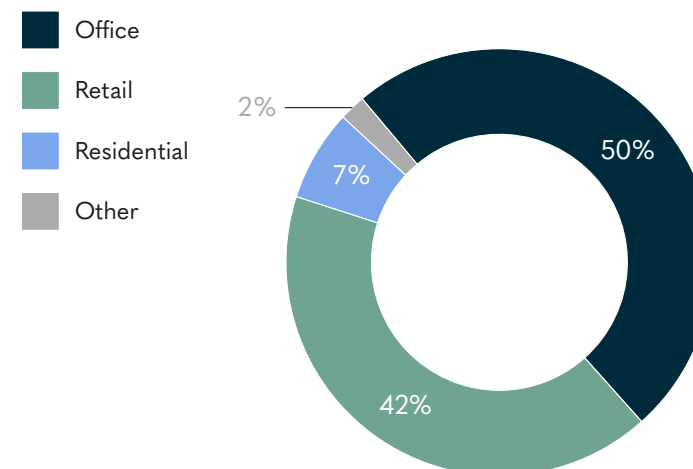
€ million	2022	2021
Gross rental income	749	402
Service charge and other income	315	139
Cost of service and other charges	(282)	(116)
Property operating expenses	(150)	(62)
Net rental income	632	363
Development sales	(0)	13
Development operating expenses	(0)	(9)
Net development income	(0)	3
Hotel revenue	165	66
Hotel operating expenses	(119)	(53)
Net hotel income	46	14
Other business revenue	53	44
Other business operating expenses	(55)	(38)
Net other business income	(2)	5
Total revenues	1,282	664
Total direct business operating expenses	(606)	(278)
Net business income	676	385
Administrative expenses	(129)	(58)
Consolidated adjusted EBITDA (excl. Other effects)	547	327

In 2022, the Group generated gross rental income of €749 million, representing a YoY increase of 86% compared to €402 million in 2021, reflecting ten months of the full consolidation of IMMOFINANZ and six months of the full consolidation of S IMMO; the contribution from properties acquired in 2021 and 2022; (re)developments completed in the same period; stable occupancy; and the resilient performance of the Group's rental properties.

Gross rental income by country



Gross rental income by segment



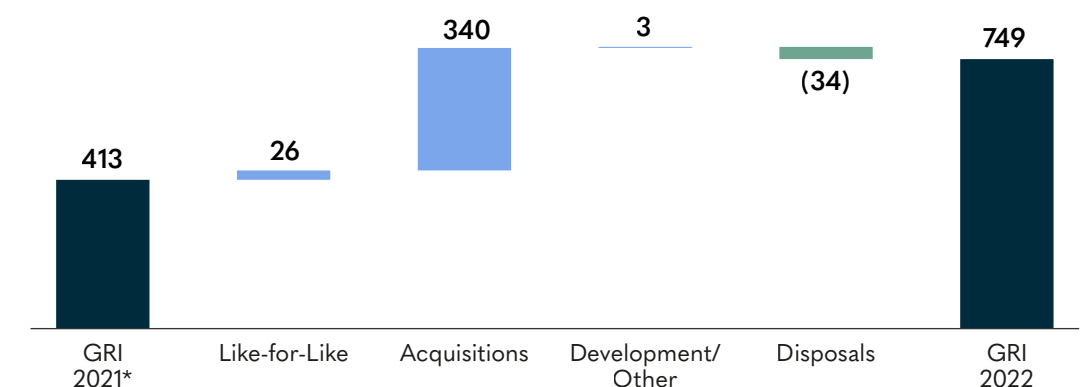
Our focus to continually improve the performance and quality of our assets is reflected in the 7.6% increase in gross rental income on a like-for-like basis.

The greatest increases were realised in the Czech office and residential portfolio, and in the Berlin offices.

The like-for-like growth was driven by an increase of rents, partially offset by slightly lower occupancy on a like-for-like basis.

Like-for-like gross rental income	2022 € m	2021 € m	Increase/ (decrease)
Czech Republic	155.3	140.9	10.2%
Germany	93.2	84.6	10.2%
Hungary	34.7	34.0	1.9%
Poland	66.1	64.3	2.8%
Slovakia	8.4	8.0	5.0%
Other	9.9	9.9	(0.1%)
Total Lfl gross rental income	367.6	341.7	7.6%

Not like-for-like gross rental income	2022 € m	2021 € m	Increase/ (decrease)
Acquisitions/Transfers	364.1	24.0	
Disposals	10.3	44.2	
Development/Other	6.9	3.4	
Total gross rental income	748.5	413.3	81.2%



* Includes one-time rent discounts.

In-place-rent
Like-for-Like
7.9%

Total
Like-for-Like
7.6%

Occupancy
Like-for-Like
(0.3%)

Income statement (part 2)

€ million	2022	2021
Consolidated adjusted EBITDA (excl. Other effects)	547	327
Net valuation gain	(89)	1,276
Net gain or loss on the disposal of investment property and subsidiaries	36	35
Amortization, depreciation and impairments	(99)	(52)
Other operating income	332	7
Other operating expenses	(25)	(6)
Operating result	701	1,586
Interest income	20	18
Interest expense	(210)	(97)
Other net financial result	151	39
Net finance income / (costs)	(39)	(40)
Share of profit of equity-accounted investees (net of tax)	19	15
Profit / (Loss) before income tax	682	1,561
Income tax expense	(125)	(269)
Net profit / (Loss) from continuing operations	557	1,292

The increase of other operating income compared to 2021 reflects bargain purchase of €189 million and €129 million related to acquisitions of IMMOFINANZ and S IMMO, respectively.

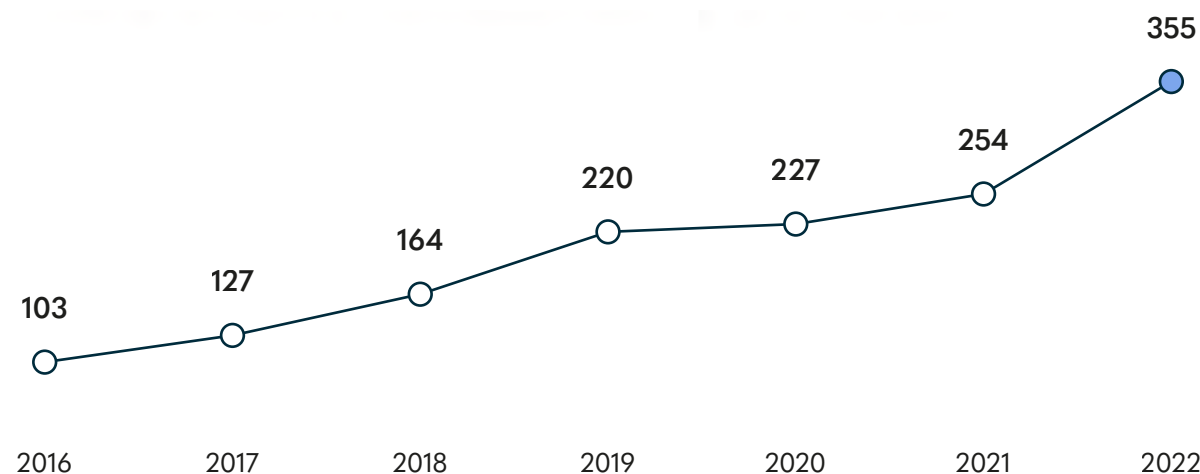
Interest expense was €210 million in 2022 compared to €97 million in 2021, reflecting the full consolidation of IMMOFINANZ and S IMMO.

Interest expense (€ million)	2022	2021
Interest expense from bank and other loans	(110.0)	(20.2)
Interest expense on bonds issued	(92.0)	(76.5)
Interest expense related to leases	(1.7)	(0.6)
Interest expense on other non-current liabilities	(6.5)	–
Total interest expense	(210.2)	(97.3)

The increase of other net financial result mainly reflects gain on revaluation of financial derivatives, and FX impact on property portfolio and intra-group loans.

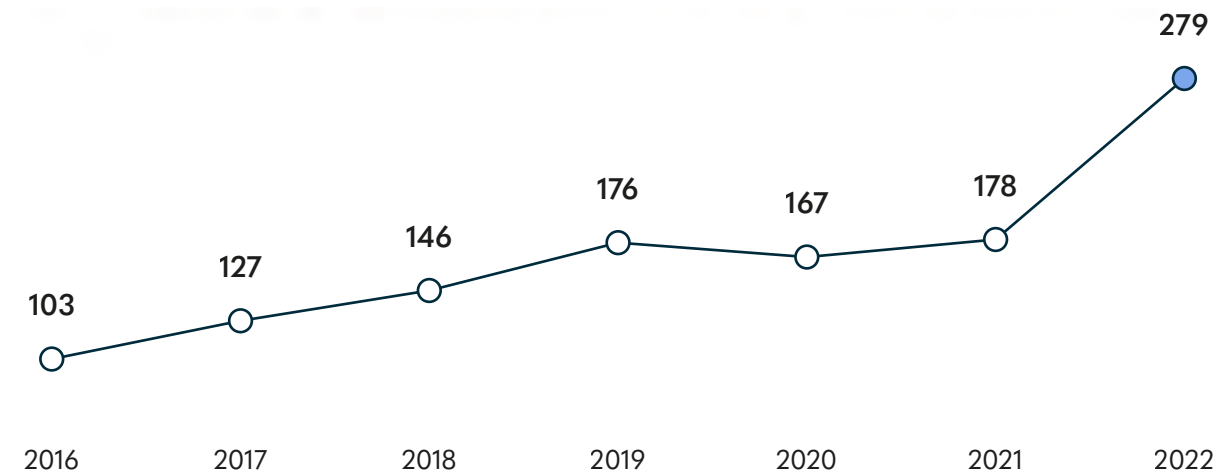
Funds from Operations – FFO (€ million)

Funds from operations (FFO) increased to €355 million in 2022, up 40% relative to 2021.



Funds from Operations – FFO II (€ million)

FFO II, which includes the effect of coupon payments on hybrid bonds, increased by 57% to €279 million in 2022 relative to 2021.



Balance sheet

€ million	31 Dec 2021	31 Dec 2021
Non-current assets		
Intangible assets and goodwill	127	114
Investment property	18,486	10,276
Property, plant and equipment	1,100	855
Equity accounted investees	732	1,216
Other financial assets	423	229
Deferred tax asset	177	164
Other non-current assets	245	109
Total non-current assets	21,290	12,963
Current assets		
Inventories	24	12
Trade receivables	198	106
Cash and cash equivalents	1,033	502
Assets held for sale	597	588
Other current assets	380	199
Total current assets	2,231	1,406
Total assets	23,521	14,369
Equity		
Equity attributable to owners of the Company	6,580	5,992
Perpetual notes	1,584	1,612
Non controlling interests	1,099	91
Total equity	9,263	7,695
Non-current liabilities		
Bonds issued	4,680	3,694
Financial debts	6,166	1,164
Deferred tax liabilities	1,728	1,082
Other non-current liabilities	208	96
Total non-current liabilities	12,782	6,037
Current liabilities		
Bonds issued	406	41
Financial debts	360	233
Trade payables	232	116
Other current liabilities	478	247
Total current liabilities	1,476	638
Total equity and liabilities	23,521	14,369

Property Portfolio (IP, PPE, EAI, OFA, INV, AHFS)

Change in PP by €7.7 billion primarily due to:

- Acquisitions of €3.33 billion, comprising primarily €1.84 billion for IMMOFINANZ shares, €0.83 billion for S IMMO shares and other acquisitions;
- CapEx and development of €382 million;
- Disposals of €889 million, including mainly the sale of three shopping centres in the Czech Republic, the ČEZ office in Prague, industrial properties in the Czech Republic and Hungary, six office properties in Berlin, three offices in Vienna, landbank in the Czech Republic and a small office in Budapest;
- Slight decrease in fair value of €49 million;
- IMMOFINANZ portfolio value of €5.23 billion as at acquisition date, partially offset by the elimination of the investment;
- S IMMO portfolio value of €3.13 billion as at acquisition date, partially offset by the elimination of the investment.

Total Assets

As a result of the full consolidation of IMMOFINANZ and S IMMO, total assets increased by €9.2 billion (64%) to €23.5 billion, primarily driven by higher property portfolio and cash and cash equivalents.

Equity

Equity increased by €1.6 billion, mainly as a result of:

- + €458 million of profit attributable to the owners of the Group for 2022;
- an increase in non-controlling interests due to the full consolidation of IMMOFINANZ (€802 million) and S IMMO (€201 million).

Financial debts and bonds issued

Financial debts and Bonds issued increased by €6.5 billion, especially due to:

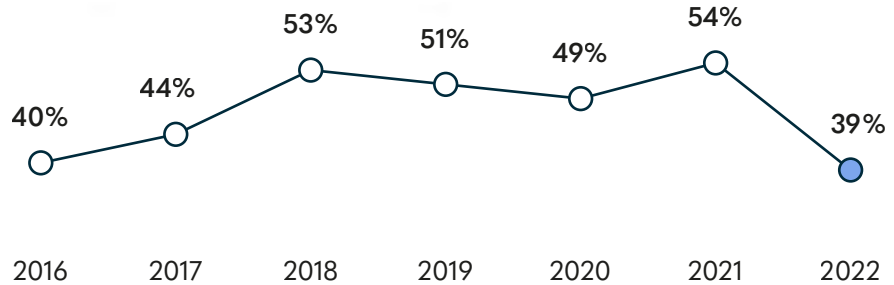
- the full consolidation of IMMOFINANZ (€2.8 billion) and S IMMO (€1.6 billion) debt as at acquisition date;
- + €4.3 billion of new bank loans;
- + €1.2 billion of new bonds and Schuldschein issued;

partially offset by the repayment of:

- - €2.1 billion of bank loans and
- - €1.4 billion of bonds.

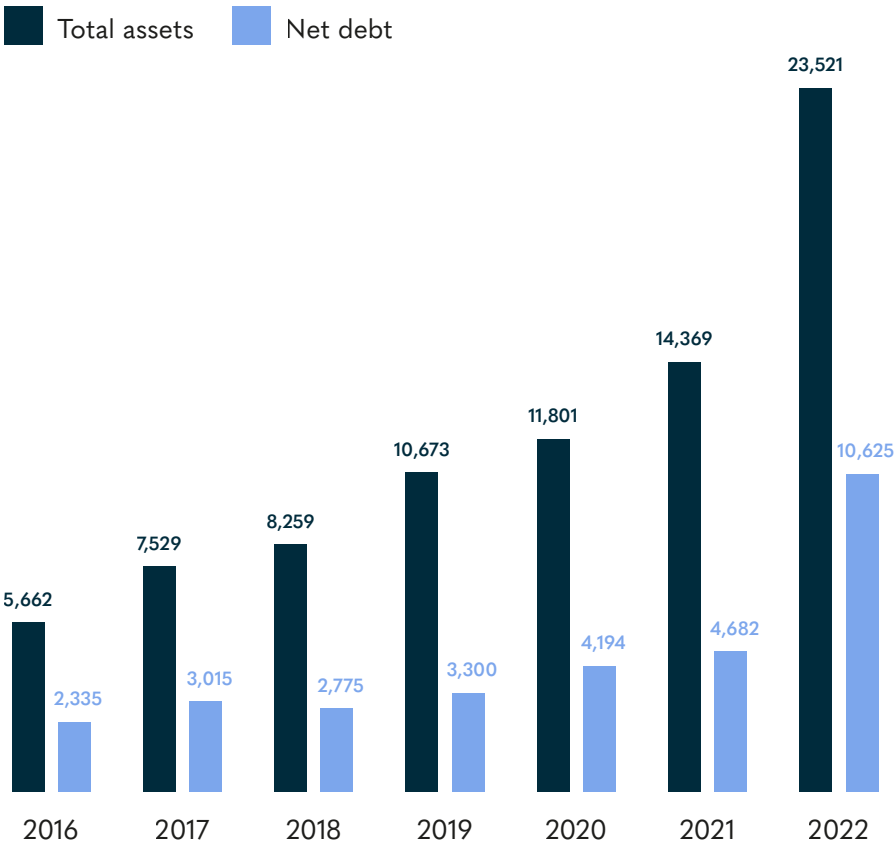
Equity ratio

The Group's equity ratio decreased at the end of 2022 compared to the end of 2021, especially due to the significant growth of property portfolio, partially offset by an increase in non-controlling interests.



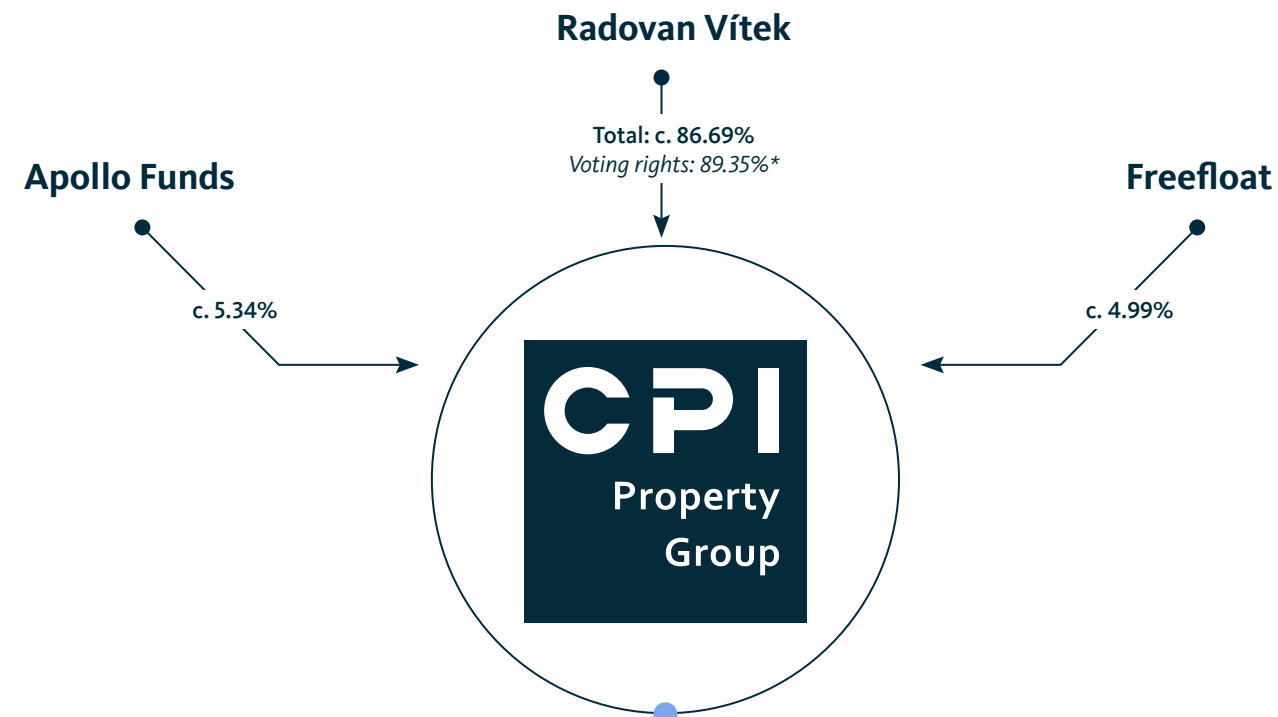
Total assets and Net debt

As a result of the acquisition of IMMOFINANZ and S IMMO, the Group significantly increased both total assets and net debt as at 31 December 2022.



Simplified Group structure

CPI Property Group	IMMOFINANZ	IMMO
Property Portfolio: €12.17 bn	Property Portfolio: €5.26 bn	Property Portfolio: €3.42 bn
Unsecured debt: €6.1 bn	Unsecured debt: €479 m	Unsecured debt: €558 m
Secured debt: €1.64 bn	Secured debt: €1.86 bn	Secured debt: €1.06 bn
Unencumbered properties: €7.95 bn	Unencumbered properties: €1.68 bn	Unencumbered properties: €657 m



X% = percentage of CPIPG property portfolio value



Glossary of terms

Alternative performance measures	Definition	Rationale
Consolidated adjusted EBITDA	Net business income as reported deducted by administrative expenses as reported.	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Group's depreciation and amortisation policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Consolidated adjusted total assets	Consolidated adjusted total assets is total assets as reported deducted by intangible assets and goodwill as reported.	
EPRA Cost Ratios	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.
EPRA Earnings	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
Company specific Adjusted Earnings	A measure derived from EPRA Earnings and reflecting the Group's specific adjustments.	The rationale for making adjustments other than strictly required by EPRA Earnings is to arrive at an underlying performance measure appropriate for the Group's business model.
Company specific Adjusted EPS	It is calculated as Company specific Adjusted Earnings divided by the weighted average number of shares for the period.	
EPRA Net Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
EPRA Net Tangible Assets (NTA)	EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	
EPRA Net Disposal Value (NDV)	EPRA NDV represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	Comparable measures for portfolio valuations. These measures should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA 'topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	Comparable measures for portfolio valuations. These measures should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA Vacancy Rate	The EPRA vacancy rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole portfolio (including vacant spaces).	The rationale for using the EPRA vacancy rate is that it can be clearly defined, should be widely used by all participants in the direct real estate market and comparable from one company to the next.
Equity ratio	It is calculated as total equity as reported divided by total assets as reported.	Provides a general assessment of financial risk undertaken.
Funds from operations or FFO	It is calculated as net profit for the period adjusted by non-cash revenues/expenses (like deferred tax, net valuation gain/loss, impairment, amortisation/depreciation, goodwill etc.) and non-recurring (both cash and non-cash) items. Calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
FFO II	It is calculated as Funds from operations (FFO) deducted by interest on perpetual notes as reported.	
Net debt/EBITDA	It is calculated as Net debt divided by Consolidated adjusted EBITDA.	A measure of a company's ability to pay its debt. This ratio measures the amount of income generated and available to pay down debt before covering interest, taxes, depreciation and amortisation expenses.

Alternative performance measures	Definition	Rationale
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm's ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Net Loan-to-Value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Net Loan-to-value provides a general assessment of financing risk undertaken.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt – properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt – properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm's liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realized in the event of default.
Unencumbered assets to unsecured debt	It is calculated as unencumbered assets as reported divided by a sum of unsecured bonds and unsecured financial debts as reported.	This measure is an additional indicator of a commercial real estate firm's liquidity and financial flexibility.

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

Key ratio reconciliations



Aqua-Höfe, Berlin, Germany photo: ©CHL

Property portfolio reconciliation (€ million)

	31 Dec 2022	31 Dec 2021
Investment property – Office	9,345	5,165
Investment property – Retail	4,733	2,351
Investment property – Landbank	2,179	1,396
Investment property – Residential	1,630	1,134
Investment property – Development	285	77
Investment property – Agriculture	127	109
Investment property – Other hospitality	123	–
Investment property – Industry & Logistics	35	22
Investment property – Other	27	22
Investment property – Hospitality	2	–
Property, plant and equipment – Hospitality	942	757
Property, plant and equipment – Mountain resorts	51	51
Property, plant and equipment – Other hospitality	23	–
Property, plant and equipment – Office	14	12
Property, plant and equipment – Agriculture	12	13
Property, plant and equipment – Development	11	–
Property, plant and equipment – Other	10	1
Property, plant and equipment – Residential	6	6
Property, plant and equipment – Retail	1	2
Property, plant and equipment – Landbank	1	1
Equity accounted investees	727	1,216
Other financial assets	–	199
Inventories – Development	12	2
Inventories – Land bank	1	2
Assets held for sale	560	581
Total	20,855	13,119

Net LTV reconciliation (€ million)

Item per Consolidated financial statements	31 Dec 22	31 Dec 21
A Financial debts	6,526	1,398
B Bonds issued	5,086	3,735
C Net debt linked to AHFS	46	51
D Cash and cash equivalents	1,033	502
E Property portfolio	20,855	13,119
(A+B+C-D)/E Net LTV	50.9%	35.7%

Unencumbered assets to total assets reconciliation (€ million)

Item per Consolidated financial statements	31 Dec 22	31 Dec 21
A Bonds collateral	0	0
B Bank loans collateral	10,733	4,255
Investment property	9,783	4,085
Property, plant and equipment	343	112
Assets held for sale	438	–
Trade receivables	106	31
Bank accounts	11	26
Other financial assets	51	–
C Total assets	23,521	14,369
(C-A-B)/C Unencumbered assets ratio	54.4%	70.4%

Unencumbered assets to unsecured debt reconciliation (€ million)

Item per Consolidated financial statements	31 Dec 22	31 Dec 21
A Total assets	23,521	14,369
B Bonds collateral	0	0
C Bank loans collateral	10,733	4,255
D Total debt	11,690	5,187
E Secured bonds	0	0
F Secured financial debts	4,552	1,398
(A-B-C)/(D-E-F) Unencumbered assets to unsecured debt	179%	267%

Consolidated adjusted EBITDA reconciliation (€ million)*

Item per Consolidated financial statements	2022	2021
A Net business income	676	385
B Administrative expenses	(129)	(58)
C Other effects	61	41
A+B+C Consolidated adjusted EBITDA	608	368

* Includes pro-rata EBITDA of Equity accounted investees (In 2022, 12 months for Globalworth, 6 months for S IMMO prior the full consolidation and 2 months for IMMOFINANZ prior the full consolidation).

Net interest coverage ratio
reconciliation (€ million)

Item per Consolidated financial statements		2022	2021
A	Interest income	20	18
B	Interest expense	(210)	(97)
C	Consolidated adjusted EBITDA	608	368
C/-(A+B)	Net ICR	3.2	4.6

Băneasa Airport Tower Bucharest, Romania



Net debt/EBITDA reconciliation
(€ million)

Item per Consolidated financial statements		31 Dec 22	31 Dec 21
A	Net debt	10,625	4,682
B	Net business income	676	385
C	Administrative expenses	(129)	(58)
D	Other effects	61	41
A/(B+C+D)	Net debt/EBITDA	17.5	12.7

Equity ratio reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 22	31 Dec 21
A	Total assets	23,521	14,369
B	Total equity	9,263	7,695
B/A	Equity Ratio	39%	54%

Secured debt to total debt
reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 22	31 Dec 21
A	Secured bonds	0	0
B	Secured financial debts	4,552	1,398
C	Total debt	11,690	5,187
	Bonds issued	5,086	3,735
	Financial debts*	6,604	1,452
(A+B)/C	Secured debt as of Total debt	38.9%	27.0%

* Includes Financial debts linked to AHFS.

FFO II reconciliation (€ million)

Item per Consolidated financial statements		2022	2021
A	Funds from operations	355	254
B	Interest on perpetual notes	(76)	(75)
A+B	Funds from operations II	279	178

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

Item per Consolidated financial statements		2022	2021
A	Net profit/(Loss) for the period	557	1,292
B	Deferred income tax	(70)	(247)
C	Net valuation gain or loss on investment property	(89)	1,276
D	Net valuation gain or loss on revaluation of derivatives	163	6
E	Net gain or loss on disposal of investment property and subsidiaries	36	35
F	Net gain or loss on disposal of PPE/other assets	(2)	(0)
G	Impairment/Reversal of impairment	(53)	(15)
H	Amortisation/Depreciation	(46)	(37)
I	Other non-cash items	12	38
J	GW/Bargain purchase	318	0
K	Other non-recurring costs	(47)	(23)
L	Other non-recurring income	0	18
M	Share on profit of equity accounted investees/JV adjustments	19	15
N	Other effects	39	26
(A-B-C-D-E-F-G-H-I-J-K-L-M+N)	Funds from operations	355	254

* Includes pro-rata FFO of Equity accounted investees (In 2022, 12 months for Globalworth, 6 months for S IMMO prior the full consolidation and 2 months for IMMOFINANZ prior the full consolidation).

Secured consolidated leverage ratio reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 22	31 Dec 21
A	Secured bonds	0	0
B	Secured financial debts	4,552	1,398
C	Consolidated adjusted total assets	23,394	14,255
	Total assets	23,521	14,369
	Intangible assets and goodwill	127	114
(A+B)/C	Secured consolidated leverage ratio	19.5%	9.8%

EPRA NTA deferred tax reconciliation (€ million)

Inventories	Residual tax value of properties	Tax Rate	Fair value of properties	Tax
Total as at 31 Dec 2022	13	19%-33.3%	13	–
Total as at 31 Dec 2021	4	19%-33.3%	4	–

Group management



Martin Němeček
Chief Executive Officer

Martin Němeček was appointed CEO of CPI Property Group in March 2014. Martin joined CPIPG in 2011 and is now responsible for the Group's corporate strategy, international transactions, business development, and legal matters. He led the integration of CPI and GSG into CPIPG in 2014, managed foreign expansion of the Group, including takeover of publicly listed companies (incl. ABLON, ORCO, NOVA RE, Globalworth, IMMOFINANZ and S IMMO). During his career, he has completed acquisitions with a total value exceeding €23 billion. Martin was a board member of several listed companies. Martin has well over 20 years of real estate experience and previously spent ten years at Linklaters and Dentons law firms.



Tomáš Salajka
Director of Acquisitions,
Asset Management & Sales

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



Zdeněk Havelka
Executive Director

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



David Greenbaum
Chief Financial Officer

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



Pavel Měchura
Group Finance Director

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



Jan Kratina
Director of CPI Hotels

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

Board of Directors



Edward Hughes
Chairman, independent,
non-executive member

Edward has been a member of the Board of Directors since March 2014. He has been engaged in real estate investment, consultancy, and brokerage activities in

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



Jonathan Lewis
Independent,
non-executive member

Jonathan has been a member of the Board since 6 December 2020. He is an independent real estate consultant who practised for 40 years as a solicitor, most recently as

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



Philippe Magistretti
Non-executive member

Philippe has been a member of the Board of Directors since 28 May 2014. End of 2020, Philippe retired from his executive functions with CMA (Crans Montana Ski Resort). Before joining CPI Property

Group, Philippe acted as Chairman of Seveeast, a private wealth management firm in Switzerland, from 2009 to 2015. He was a Member of the Executive Committee and Head of Wealth Management at Renaissance Investment Management in Moscow from 2006 to 2008. Prior to that, Philippe worked with UBP for two years where he was a Member of the Executive Committee and Head of Private Banking. Philippe worked for Lazard Group for more than ten years, where he held several roles, including being a General Partner of Lazard Frères & Co., Managing Director of Lazard Brothers, and CEO of Crédit Agricole Lazard Financial Products Bank. Prior to that, Philippe held executive positions at AIG Financial Products, Credit Suisse First Boston and Solomon brothers in New York. Philippe was a member of the board of Fellows at Harvard Medical School for ten years (1992–2002). He holds an MBA from IMD (Lausanne) and a Doctorate in Medicine from the University of Geneva (1982–1984) (Nuclear Medicine), is Fellow of the Harvard Medical School (1978–1981), received an MD degree from the University of Geneva in 1980 and holds a Masters in Philosophy from the University of Geneva.



Omar Sattar
Independent,
non-executive member

Omar has been a member of the Board of Directors since 29 May 2019. Omar is a seasoned property professional and a RICS qualified Chartered Surveyor with over 25

years of experience. Omar is from the UK but has spent most of his career working in the CEE region in roles such as the Managing Director of Real Estate at Crowdberry, Managing Director of Colliers and DTZ Zadelhoff in the Czech Republic and has also held senior director positions at both Avestus Capital Partners and the Orco Property Group. Omar currently has his own independent real estate advisory business and holds a BSc (Hons) degree in Land Economics from the University of West of Scotland.



Martin Němeček
Executive member

Martin has been a member of the Board of Directors since 10 March 2014. Martin is a seasoned real estate professional with over 20 years of experience in both legal and executive functions. Martin

joined CPIPG in 2011 and now is responsible for the Group's corporate strategy, international transactions, business development, and legal matters. He led the integration of CPIPG and GSG into CPIPG in 2014, managed foreign expansion of the Group, including takeover of publicly listed companies (incl. ABLON, ORCO, NOVA RE, Globalworth, IMMOFINANZ and S IMMO). During his career, he has completed acquisitions with a total value exceeding €23 billion. Martin was a board member of several listed companies. Martin was instrumental in CPIPG becoming the real estate leader of international debt capital markets and ESG, with three investment grade ratings (Moody's, S&P and JCR) and several pioneer issuances, including the first regional green bonds and sustainability-linked bonds. From 2001 to 2011, Martin worked as a real estate lawyer for Salans (today Dentons), Linklaters and Kinstellar law firms. Martin graduated from the Faculty of Law of Charles University in Prague and the University of Economics, Prague.



Tomáš Salajka
Executive member

Tomáš has been a member of the Board of Directors since 10 March 2014. Tomáš is responsible for asset management of the Group's portfolio, including all the transactions and platforms in

Germany, Poland and Hungary. Before joining CPI Property Group, Tomáš was CEO of Orco Property Group and also was working over the last 10 years for GE Real Estate Germany/CEE where his latest position was the Head of Asset Management & Sales CEE and before that for CSOB in the Restructuring Department. He studied foreign trade at the University of Economics in Prague, Czech Republic (VSE).



Oliver Schlink
Executive member

Oliver has been a member of the Board of Directors since 28 May 2014. Oliver has been working for GSG Berlin for more than ten years. Oliver is solely responsible for finance areas (accounting,

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



Tim Scoble
Non-executive member

Tim was appointed as a member of the Board of Directors since 16 December 2021. Tim has been an advisor to Apollo Management International LLP since August 2013. He has been the commercial

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

photo: GSG Berlin © Marc-Stephan Unger



Spojené Farmy, Kravaře, Czech Republic

GOVERNANCE & SUSTAINABILITY

- 83 Corporate governance
- 94 Employees & stakeholder involvement
- 99 Environmental strategy & performance
- 107 EU taxonomy
- 108 Sustainable financing

Governance & sustainability

Governance principles

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

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

Sustainability principles

CPIPG's key sustainability principles are:

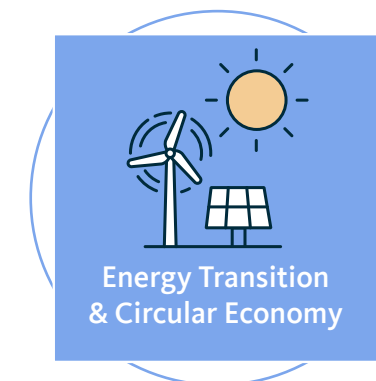
- promoting a sustainable approach towards real estate development and management;
- contributing to environmental protection and the development of local communities in which the Group operates;
- pursuing a sustainable business model that allows the Group to achieve its business objectives without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

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



"Governance and sustainability are core values for the Group."

Martin Matula, General Counsel



CPIPG’s approach to corporate governance

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

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

CPIPG has implemented industry best practices with respect to corporate governance policies and external reporting. In 2019, the Group approved the “Code of Business Ethics and Conduct of CPI Property Group” (the “**Code of Ethics**”) and also newly updated policies governing procurement, supplier and tenants’ conduct, anti-bribery and corruption, anti-money laundering, sanctions and export controls, whistleblowing, human capital and employment and corporate social responsibility (CSR). In 2022, the Group adopted a new group policy governing anti-trust compliance.

The X Principles

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

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

I. Corporate Governance Framework

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

II. The Board of Directors’ Remit

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

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

III. Composition of the Board of Directors and Committees

The Board is composed of highly experienced and qualified real estate and finance professionals with an excellent track record and thorough knowledge of the Group and its business. During 2020 the composition of the Board of Directors changed, and independence was further enhanced. In December 2020, two non-executive directors representing shareholders resigned and a new independent non-executive director was co-opted. Further, in December 2021, a new non-executive director representing shareholder Apollo was elected. As at 31 December 2022, the Board of Directors was composed of three executive directors, two non-executive directors, and three independent non-executive directors.

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

IV. Appointment of Members of the Board of Directors

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

V. Professional Ethics

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

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

VI. Executive Management

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

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

VII. Remuneration Policy

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

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

VIII. Financial Reporting, Internal Control and Risk Management

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

IX. Corporate Social Responsibility (CSR)

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

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

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

X. Shareholders

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

Involvement of stakeholders



myhive Ungargasse, Vienna, Austria

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

The Group’s Key Principles of Stakeholders’ Involvement:

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

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

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

Towards Customers

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

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

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

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

Towards Business Partners

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

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

Towards Employees

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

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

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

Towards Shareholders and Investors

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

Towards Public Authorities and Regulators

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

Towards Communities and Society as a Whole

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



“The Group continues to be a front runner championing ESG matters in the region.”

Omar Sattar, Chairman of the ESG Committee

GSG-HOF Geneststraße, Berlin, Germany photo: © Thomas Rosenthal

ESG compliance and management

ESG Committee

In early 2019, CPIPG’s Board of Directors created the CSR Committee (which has since been renamed to the ESG Committee) focusing on the supervision of sustainability strategy, social and environmental risks management, corporate social responsibility, green financing, and compliance matters for the Group.

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

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

- (a) active use and promotion of energy efficiency and energy savings in line with current strategies and objectives;
- (b) consideration of the life cycle implications at all stages of investments and planning;
- (c) optimisation of usage of natural and other resources in order to benefit from efficient and responsible use, minimize waste, prevent pollution and promote reusing and recycling of raw materials;
- (d) active promotion and encouragement of environmentally friendly conduct both internally and externally;
- (e) increase of the share of the renewable energy sources in all Group’s operations, such as equipping existing assets with solar panels;
- (f) high-standard performance, including green LEED/BREEAM certifications, as well as other relevant external certifications, where possible;
- (g) strengthened commitment to electro mobility, development of biking infrastructure, ensuring proximity to public transport and access to amenities, and support of the concept of smart cities;
- (h) increase of the share of green buildings in the Group’s portfolio in line with the current strategy and seek to apply real estate life cycle assessment on new projects;
- (i) application of innovative approaches in the Group’s undertakings, including green roofs and net zero buildings; and
- (j) setting verifiable and measurable goals in pursuit of improvement of the ESG performance.

In relation to the Group’s corporate social responsibility, the ESG Committee monitors and enhances:

- (a) transparency and accountability within the Group and vis-à-vis its stakeholders. The CSR Committee promotes active interaction with relevant stakeholders, development of communication channels across the Group;
- (b) promotion of accessibility, inclusivity and smart livelihoods through the Group’s assets;
- (c) achievement of the Group’s sustainability, social and business objectives through proper supply chain monitoring, sensible and sustainable procurement, as well as engagement in relevant social development matters;
- (d) promotion of personal and professional development of the Group’s employees.
- (e) promotion of diversity and equal opportunity in the workspace in line with the Group’s policies and applicable legal standards.
- (f) proper disclosures in relation to corporate social responsibility efforts on a regular basis.

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

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

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

As at 31 December 2022, the ESG Committee is comprised of the following members:

- **David Greenbaum**, CFO;
- **Petra Hajná**, Group Sustainability Officer;
- **Martin Matula**, General Counsel;
- **Tomáš Salajka**, Director of Acquisitions, Asset Management & Sales, executive member of the Board of Directors; and
- **Omar Sattar**, Chairman of the ESG Committee, independent, non-executive member of the Board of Directors;

In 2022, the ESG Committee held four meetings. Within the mandate given by the Board of Directors, the ESG Committee in January 2022 approved the selection of Key Performance Indicators (KPIs) to be included in the sustainability-linked bond framework within the Group’s Sustainability Finance Framework. Further, in July 2022, the ESG Committee approved the further tightening of our commitment to environmental goals and revision of our target to reduce greenhouse gas (“GHG”) emissions intensity by 32.4% by 2030 versus baseline 2019 levels (across all scopes 1-3), up from the previous 30% target. As a result, CPIPG’s environmental targets were validated by SBTi.



myhive Metrooffice, Bucharest, Romania

Responsible procurement policy

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

The main principles in relation to procurement within the Group are the following:

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

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

Ensuring business ethics

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

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

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

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

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

- **Compliance with applicable laws, industry standards and best practices** – In all countries where we operate, our primary concern is to comply with applicable laws, industry standards and best practices. Therefore, we prevent conflict of interest, money laundering and terrorist financing and neither support, nor tolerate any insider trading, sanctions circumventing, bribery, corruption or fraud, anti-competitive conduct, discrimination or harassment. We protect the environment and support sound social values and good relationships with our employees, shareholders, investors, customers, business partners and stakeholders.
- **Fairness, Integrity and Professionalism** – We promote the highest standards of integrity by always conducting our affairs in an honest and ethical manner. Each of us makes a commitment not to allow any kind of situation to undermine our standards for fairness and integrity in dealing with employees, shareholders, investors, customers and other business partners, public authorities, communities and other stakeholders. We always keep the highest standards of professional correctness and courtesy in any interaction and communication with our employees, shareholders, investors, customers and other business partners, public authorities, communities and other stakeholders.
- **Experience, Quality and Entrepreneurship** – We have excellent know-how in our field of expertise, understand our business thoroughly and intend to deliver solely top-quality performance to our customers. We actively support a culture of empowerment and accountability, in which our employees can thrive personally and professionally, enhancing creativity in every discipline of the Group.
- **Pro-Active Approach and Teamwork** – Each of us is committed to take a pro-active approach in relation to our shareholders, investors, customers and other business partners, public authorities and communities, as well as our fellow employees. We try to satisfy wishes and needs of other people, and to recognize and understand their problems. The Group is proud to comprise a Europe-wide team of people who are aligned, motivated and rewarded for contributing to the team and to the long-term value of the Group.
- **Stability** – We are a strong, successful and stable Group, standing as a symbol of reliability to our employees, shareholders, investors, customers and other business partners and stakeholders.
- **Safety** – We are committed to a healthy and injury-free workplace and to the safety of our employees, contractors, visitors and communities in which we operate. Safety is fundamental to our overall operational and managerial excellence.
- **Community** – As our corporate culture is centred around respect and professionalism, we believe in giving back to our communities. We contribute to the sustainable economic, social and environmental development of our communities.

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

Conflicts of Interest

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

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

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

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

Whistle-blowing

We expect our Representatives, as well as shareholders, investors, customers and other business partners and stakeholders to speak out if they have any concerns about breaches of applicable laws, the Code of Ethics, the Group's internal rules or any other illegal or unethical matters.

The Group has set up an Ethics Line to ensure full compliance with the new EU Whistleblower Directive (the “Ethics Line”). The Ethics Line is a confidential, 24-hours-a-day, 365-days-a-year service, which is operated by an independent provider. The Ethics Line is available to all

Representatives, as well as to the business partners, who wish to report any concern. Anyone using the Ethics Line will remain anonymous, except where specifically prohibited by local law. No person making a report will be subject to discrimination or adverse treatment by virtue of making that report.

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

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

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

Prohibition of Corruption, Bribery and Fraud

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

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

Our Representatives are required to report any actual or suspected corruption, bribery or fraud to the Compliance Officer or through the whistle-blowing procedure. For the purposes of combating corruption, our

employees have an anti-corruption clause in their employment contracts. Any violation of the above rules is considered a gross violation of work discipline.

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

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

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

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

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

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

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

Anti-Money Laundering and Counter-Terrorism Financing

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

Prohibition of Securities Fraud and Insider Trading

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

In particular, our Representatives may have access to material information that is not public and that would be likely to have a significant effect on the price of those instruments, if it were made public. As we comply with applicable laws on prohibition of securities fraud and insider trading, neither the Group, nor its Representatives may trade in the shares or other securities of any company in question, either directly or through another person, as long as such information has not been made public, and may not disclose such information, other than in the normal course of business.

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

International Sanctions and Export Controls

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

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

Participation in Public Procurement and Public Tenders

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

Prohibition of Cartels and Anti-Competitive Practices

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

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

Protection of Intellectual Property

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

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

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

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

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

Protection of Confidential Information

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

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

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

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

Protection of Personal Data

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

We collect and retain personal data only to the minimum extent and for proper purposes as required by applicable laws and the Group’s operational requirements. We also take all necessary or appropriate steps and measures

to comply with applicable laws to safeguard and fairly process personal data, to maintain the confidentiality of personal data and prevent any accidental destruction, alteration, modification, loss, misuse, unlawful use or processing of, or unauthorised access to, personal data.

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

Use of Group’s Assets

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

Use of Agents

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

Political Involvement, Lobbying and Public Policy

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

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

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

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

Protecting Our Reputation

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

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

Rules for Gifts and Hospitality

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

Rules for Charity and Sponsorship

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

Diversity and Non-Discrimination

We are committed to creating an environment of respect for and appreciation of individual differences that is free from direct or indirect discrimination, harassment, retaliation and/or sexual assault. The Group rejects any form of discrimination and harassment based on sex, sexual orientation, race, gender or gender identity or expression, colour, creed, religion, age, national

origin, ethnicity, disability, ancestry, veteran or military status, pregnancy, genetic information, marital status, citizenship status, philosophical, religious or political beliefs, wealth, social background, state of health, and any other characteristic protected by law. Any such discrimination is not tolerated.

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

Board of Directors

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

Appointment of Directors

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

Powers of the Board of Directors

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

Deliberations

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

Delegation of Powers

The Board of Directors may delegate all or part of its powers concerning

the day-to-day management and the representation of the Company in connection therewith to one or more Directors, corporation’s directors, chief operating officers, chief executive officers, managers or other officers, who need not be shareholders of the Company. **Currently, Martin Němeček, has been appointed as the Company’s Managing Director.**

Current Board of Directors

The current Board members were appointed during the Company’s annual general meeting held on 30 May 2022. Their term expires at the annual general meeting of 2023 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2022.

As at 31 December 2022, the Board of Directors consists of the following members:

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

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

Philippe Magistretti (1956), non-executive member.

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

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

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

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

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

Board of Directors meetings in 2022

In 2022, the Board of Directors held a total of fourteen meetings, out of which four were quarterly meetings, and ten were ad-hoc board meetings, dealing with transactions and ongoing business matters of the Group. The average participation rate during the meetings of the Board of Directors was 100%, of which 93% represents personal attendance and 7% representation by another director pursuant to a proxy.

Independence

The Group is committed to continual enhancements to board transparency and independence. In 2019, the Board proposed to the Company’s annual general meeting a second independent board member, Omar Sattar, a former managing director of Colliers International in the Czech Republic and a long-time CEE real estate specialist. Omar has been appointed to

the Audit Committee and the Remuneration Committee and in 2020 he became the president of the ESG Committee. These committees are comprised of independent and non-executive members, whereas the majority is independent. In December 2020, the Board of Directors co-opted a third independent non-executive Board member, Jonathan Lewis. Jonathan became a member of the Remuneration Committee. Further, in December 2021, the Board of Directors welcomed a fourth non-executive Board member acting as Apollo’s representative, Tim Scoble.

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

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

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

Audit Committee

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

As at 31 December 2022, the Audit Committee is comprised of the following members:

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

Following the appointment Omar Sattar in 2019 as the new independent, non-executive member of the Board of Directors, the Board agreed to appoint Omar to the Audit Committee. **This appointment further**

strengthened the composition of the Audit Committee and the number of independent members. In the first quarter of 2020, the Board appointed Zdeněk Havelka to the Audit Committee. Zdeněk supervises the internal audit process across the Group, so his appointment directly includes internal audit matters within the scope of the Audit Committee. The current composition of the Audit Committee ensures the proper mix of audit, accounting and real estate experience.

During 2022, the Audit Committee focused mainly on the ongoing review of the Group’s financial statements: review of the Annual Management Report and consolidated financial statements for the year ended 31 December 2021 and the interim financial statements. During the meeting in Q1 2022, the Audit Committee dealt with the impact of COVID-19 on property portfolio valuations and revenue recognition, as well as potential impacts from the Russian invasion of Ukraine. Throughout the year, due to the acquisitions of IMMOFINANZ and S IMMO, the Audit Committee focused on the consolidation of these two companies and its impact on the Group’s financial statements and reported key performance indicators. The Audit Committee was involved in the Group’s financing and capital structure and the impact of rising inflation and interest rates on the Group’s operations.

Lastly, the Audit Committee dealt with external and internal audit matters. In 2022, the Audit Committee held six meetings with seven absences.

Remuneration, Nomination, and Related Party Transaction Committee

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

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

As at 31 December 2022, the Remuneration Committee is comprised of the following members:

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

All members of the Remuneration Committee are independent.

During 2022, the Remuneration Committee held two meetings.

The Board also discussed and reviewed its composition and composition of the committees, checked related party transactions, and cross-board mandates of the members. **No case of individual misconduct by any member of the Board of Directors, failure of business practices, or**

material remuneration controversy was reported to the Remuneration Committee.

Investment Committee

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

As at 31 December 2022, the Investment Committee is comprised of the following members:

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

During 2022, the Investment Committee held three meetings.

Shareholding of Board members and senior management in CPIPG

As at 31 December 2022, certain members of the Board of Directors and senior management held in aggregate 31,626,902 CPIPG shares.



Quadrio rooftop, Prague, Czech Republic

Financial Reporting, Internal Control and Risk Management

The Company has organised our internal control environment by identifying the main risks and opportunities to which we are exposed, determining the level of control over these risks, and strengthening the reliability of our financial reporting and communication processes. The update of the risk map is organised each year with the intention to highlight the new risks and strategies for their treatment. The Group’s overall approach is risk averse.

There are inherent risks determined by the nature of our business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities. Key risks are assessed by ranking exposure on the basis of judgemental evaluation of inherent, residual and target impact (in value) and probability of occurrence (in %) as the basis for subsequent calculation of risk weight and are closely managed.

Analysis of sensitivity to these key risks is conducted at Group level. **The Group’s management structure is designed to enable effective decision making.** The periodic reviews of key performance indicators are conducted: tenants’ turnovers, vacancies, rent collection, arrears and doubtful debtors, and review of performance against budgets and schedules. Internal audits of control functions are regularly performed. Strict procedures are also observed for the periodic production of quarterly and annual figures on the basis of the adopted Group policies. There are clearly defined guidelines and approval limits for capital and operating expenditures and other key business transactions and decisions. The internal management reporting system is designed to identify fluctuations in the value of investments, income and expenses. Capital projects, major contracts and business property acquisitions are reviewed in detail and approved by the Board of Directors where appropriate.

Financial Risk

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

credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk) please refer to Note 7 in Consolidated Financial Statements.

Information Technology Risks

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

Legal Risk

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

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

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

Development, Construction and Refurbishment Projects

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

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

Transaction and Asset Management Risk

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

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

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

Asset Protection/Insurance

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

Subsequent Events

Please refer to Note 11 of the Financial Statements.

Financial Risks Exposure

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



“Robust risk management, internal controls and regular internal audits support good corporate governance.”

Jiří Jelínek, Group Internal Audit, Director

Required information

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

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

The share capital of the Company is represented by 8,902,915,298 ordinary shares of one class, out of which 112,135,971 shares (approximately 1.26% of the total number of shares), registered under ISIN code LU0251710041, are admitted to trading on the regulated market of the Frankfurt Stock Exchange in the General Standard segment. The remaining 8,790,779,327 Company shares (approximately 98.74% of the total number of shares) are currently not listed and are non-tradeable on a regulated market. The Extraordinary General Meeting of the shareholders of the Company held on 16 December 2021 decided to cancel the possibility to create and issue up to ten billion (10,000,000,000) non-voting shares, having a par value of ten eurocents (€0.10) each, and also the possibility to create and issue up to ten billion (10,000,000,000) beneficiary shares without any voting rights and being under registered form only.

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

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

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

Based on the latest shareholders' declarations received as at 31 December 2022, the following table sets out information regarding the ownership of the Company's shares:

Radovan Vítek (directly or indirectly)	7,718,259,609	86.69%
Clerius Properties (affiliate of Apollo Funds)	475,637,819	5.34%
Others	443,952,831	4.99%
Treasury shares held by the Company's indirect subsidiary CPI FIM SA (directly or indirectly)	265,065,039	2.98%
Total	8,902,915,298	100%

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

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

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

The Company has no employee share scheme.

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

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

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

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

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

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

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

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

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

As at 31 December 2022, the authorized share capital of the Company amounts to €3,885,714,258.70, which would authorise the Board of Directors to issue up to 38,857,142,857 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding. As at 31 December 2022, the Company is authorised to redeem/repurchase up to 801,934,961 own shares under the buy-back programme approved in 2022. For more details on the authorised share capital and the buyback please refer to Note 6.13 of the Consolidated financial statements as of 31 December 2022.

Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements:

The base prospectus dated 18 May 2022, prepared in connection with the Company's Euro Medium Term Note Programme, as amended (the "Programme") contains a change of control put clause, i.e., redemption at the option of the noteholders upon a change of control, provided certain other criteria defined in the Programme occur. Change of control event pursuant to the Programme occurs in case any person or any persons acting in concert (other than Mr. Radovan Vítek, any member of his immediate family or any entity directly or indirectly controlled by him or them) shall acquire a controlling interest in (A) more than 50 per cent., of the issued or allotted ordinary share capital of the Issuer or (B) shares in the issued or allotted ordinary share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, subject to further conditions. For exact terms please refer to Condition 7.6. of the base prospectus of the Programme. Changes of control provisions are stipulated in the Revolving Credit Facility and Schuldschein agreements entered into by the Company. Certain credit facility documentation with financing banks of the Group contains market standard change of control.

(j) *Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.*

Not applicable as of 31 December 2022.

Employees & stakeholder involvement

Employee development

Regular employee training and development is critical to ensure that our employees can continue to perform their roles optimally. The Group employs various tools to develop and motivate our employees, such as individual and team training sessions, mentoring sessions, and apprenticeship programmes.

Annual training per employee

In 2022, the Group undertook **annual average training of 6.9 hours per employee**.

Training programmes

The Group provides a wide range of in-house training and mentoring opportunities for our workforce across the Group.

Regular functional training is provided to all employees relating to operational, legal, regulatory, accounting, health & safety, IT or other matters to ensure that staff can continue to perform their roles effectively. In addition, extra-curricular training is provided to provide the ability of our employees to enhance their skills and provide them with development opportunities.

CPIPG also strives to cater to the **continuous professional development** of all of its employees. For example, the Group became an “ACCA Approved Employer” in 2019 in recognition

of the continuing professional development opportunities provided to ACCA members working at the company.

The Group provides **internship and apprenticeship programmes** across multiple platforms of the Group’s portfolio, such as in Berlin with our GSG platform where trainees can receive hands-on experience across various parts of the business. The dual vocational school and work experience program, referred to as *Ausbildung* in German, has proven successful, with a few employees of the property management team having started their careers through this route. The Berlin Chamber of Commerce has, for the third year running, awarded GSG the Excellence quality award for its trainee program. Apprenticeship and internship programmes also help to provide equal opportunities to talented candidates who may not have come through the usual academic route.

Knowledge sharing programmes

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

Employee engagement

The Group conducts firm-wide employee satisfaction surveys **every two years**, and semi-annually at the local offices’ level. The Group aims to ensure that on a frequent basis, senior management is appraised of the views and feelings of the workforce – to better understand

what the Group is doing well, where we can improve and how to implement positive change into our strategy, operations, policies and practices.

Following the inaugural survey conducted in 2019, in March 2023, the Group conducted a new employee survey covering all permanent employees in the Czech Republic, Germany, Hungary, Italy, Slovakia, Poland, Romania, Serbia and Croatia. **The response rate was 87%**, and the results were overwhelmingly positive. A snapshot of the results can be found below:

Percentage of employees that agree	
Employees are proud to work for the CPIPG	98%
CPIPG takes a proactive approach to sustainability and CSR activities	97%
CPIPG always acts legally and honestly	97%
The company provides a safe and healthy working environment	95%
Managers are positive role models for employees	93%
Employees would recommend CPIPG as a great place to work	93%
CPIPG values employee diversity and equality in all forms	90%
The company provides a good work and life balance for its employees	88%

Overall, employees rated the Group 7.8 on a scale of 1-10 (with 10 being the highest) as a great place to work.

The Group is proud of the survey results, but also acknowledge key areas for improvement based on the feedback received. This includes streamlining systems and processes, clearer and more frequent communication from managers, and more development opportunities.

Green Champions

As part of the Group-wide employee survey conducted in 2023, employees were asked to nominate individuals they feel made the most significant contributions to the Group’s sustainability agenda. In addition to repeating green champions, Gökhan Olkun from GSG Berlin and Gyula Győri from CPI Hungary, Fulga Dinu, Country Manager Operations at CPI Romania and Zoltán Bauer Chief Energetical Engineer from CPI Hungary were chosen by their peers in the survey. Sincere congratulations!



Team building

Many employees have the flexibility of hybrid working environments these days. At CPIPG, we understand the importance of building up and maintaining team members’ social interaction and morale. Thus, throughout the year, many events at a local office or team level were organised to facilitate social gatherings and to strengthen relationships among team members. For example, after a hiatus of two years due, CPIPG’s Czech office held a team-building event for over 400 employees where participants competed in sporting games and enjoyed a carnival-themed fun fair. Furthermore, with the integration of employees from the Asset and Property Management teams at IMMOFINANZ, CPIPG’s local offices initiated campaigns and events to facilitate a welcoming assimilation of the teams. Other than that, our local offices also organise periodic sporting or wellness events to build rapport among team members. Our CPI Hungary team participated in the #NNUltraBalaton in with a completion time of 23 hours in 2022!

Gyula Győri, CPI Hungary



Gökhan Olkun, GSG Berlin



Fulga Dinu, CPI Romania



Zoltán Bauer, CPI Hungary



photo: © Marc-Steffen Unger



Employee well-being

Working environment

The Group appreciates the value of the well-being of our employees and for them to have an optimal work-life balance – this has obvious benefits for our employees and CPIPG, generally improving employee satisfaction and productivity.

The Group has always adopted a flexible policy towards remote working and flexible work schedules, which meant that the switch to predominant home-working arrangements for parts of the year due to the COVID-19 pandemic were seamless, primarily due to the fact that the necessary infrastructure and IT arrangements were already in place.

The Group also offers various work/life balance programmes designed to enhance the well-being of our employees, such as:

- **Workplace health management;** many of our employees have access to gyms and exercise and yoga classes while in the office. Offices are also designed to allow employees to have recreational facilities such as ping-pong tables, bookshelves and relaxing areas. Employees also have access to annual health check-ups and seasonal vaccinations. Furthermore, the Group regularly organises events to inform and increase awareness on health topics; for example the Czech office hosted a Health Day in November 2022, raising the importance of self-examination and prevention of breast cancer.
- **Sports and social events;** every year, we participate in various internal and external sports meetups and events. As CPIPG is an official partner of the Czech Olympic Team for 2021-2024, the Group hosted the Olympic Festival at Nová Zbrojovka in Brno in February 2022.
- **Employee Suggestions Systems;** promoting the submission of ideas and suggestions of employees, improving operational conditions within the workplace.



Employee remuneration and social benefits

To attract and maintain the best talent, the Group strives to provide employees with competitive wages and other employment-related benefits while ensuring equal pay for equal work. Employee benefits within the Group vary from region to region. They include but are not limited to: pension and life insurance schemes, mortgage loan support and coordination, discounts across the Group's hotel network, subsidised shopping, restaurant and sports e-cards, utility support plans, mobile phone family programmes, language education courses, bike leasing initiatives, car parking and discounts on public transportation.

For example, in GSG Berlin, we co-operate with a wide selection of partners, such as voio, to generate added value for our employees by providing them a holistic support platform for work and personal life.

Health and safety protection for employees

The Group is committed to the well-being and safety of each and every one of its employees. Raising awareness and training our teams in health and safety issues and occupational risks is a high priority for the Group. We ensure all of our employees receive mandatory annual health and safety training, with additional training provided for specific roles where required.

In 2022, the Group recorded 16 workplace accidents and zero deaths for direct employees excluding the hotel staff. The overall average injury rate was just 0.005%-0.63 per 100,000 hours worked, and the lost day rate was only 0.25%-0.27 per 100,000 hours worked.

The Group's Absentee rate was 4.6%, though this is inflated due to the hotels division and the impact of the COVID-19 pandemic in 2022 on sickness and absence. The rate excluding the hotels and ski business would have been just 4.3%

We continue to ensure that all our workplaces are compliant with all European Union and national health and safety legislation and standards. We structure employee tasks so that

any potential risk to their health is eliminated or reduced. In general, there are no positions in the Group with a high risk to specific diseases.

Employee health & safety

Injury rate per 100,000 hours worked	0.63
Lost Day rate per 100,000 hours worked	0.27
Absentee rate	4.34
Work-related fatalities	0

Asset health & safety assessments

Percentage of assets undergoing health & safety assessments	100%
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Asset health & safety compliance

Incidents of non-compliance concerning the health and safety impacts of products and services	0
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The Group is committed to protect the health and safety of contractors and fully complies with local regulations and best practices (deliveries that fall under No. 591/2006, No. 309/2006 or other local relevant legislation requirements). The Group screens contractors for their safety performance and risk assessment, prepares operating guidelines and/or design documentation that complements contractors' safety management plans and takes part of the contractual agreement. During the delivery process the Group monitors contractor safety performance and records its safety management. The Group requires all suppliers to align with [CPIPG's Code of conduct for suppliers](#).

Caring for tenants and local communities

Tenant well-being

The Group is committed to the health and well-being of the employees of tenants within our commercial properties and has implemented a number of initiatives across various countries to support this, such as:

- **OfficeME Programme in Warsaw** – Our office buildings in Warsaw runs a programme called OfficeME, which is a tenant portal aimed to facilitate and improve the office experience. The programme implement practical solutions and amenities that enhance the safety and quality of work in the buildings, organises campaigns and special events, while also making everyday life easier and more enjoyable.
- **Human Innovation Program** – CPI Hungary continues to develop its HIP (Human Innovation Program) that is focused on creating a human-centred working environment and maximizing well-being at the workplace. The concept is aimed at tenants in the company's office buildings to make services that facilitate everyday office life to the tenants, such as community activities, exercise sessions, fitness and beauty services, periodic farmers' markets and food trucks events in the office complexes.
- **CPI Retail Akademie** – 2022 marked the fourth year of our Akademie Retail development and educational programme to help managers in retail stores within our Czech shopping centres better respond to the evolving retail market and create an enhanced customer experience at the point-of-sale. Almost 800 participants from 14 shopping centres across the country participated in this initiative in 2022.

- **Annual Retail Tenant Event** – CPI Czech holds an annual event with our retail tenant business partners to discuss market trends, share knowledge and build relationships among the industry players. This year, the event was held at České Budějovice with record attendance. Participants enjoyed a number of sporting activities and were joined by the Olympic gold medallist, judoist Lukáš Krpálek, who motivated us with his energy and story for the challenges ahead.



Local community engagement and development initiatives

The Group is committed to contributing to the engagement and development of local communities where we operate. Our activities in this regard span a wide range of initiatives across the entire Group. In 2021, CPIPG was involved in the following initiatives:

- **Olympic Festival at Nová Zbrojovka** – As an official partner of the Czech Olympic Team for 2021-2024, CPIPG hosted the Olympic Festival in February 2022 at Nová Zbrojovka in Brno, the largest real estate development project in Moravia. The project, which is focused on the sustainability life cycle of the redevelopment, presented ESG topics during the

festival. Children were encourage to participate in events relating to sustainability and recycling.

- **CPI Romania** – celebrates Earth Hour each year. We offer over 3,000 myhive community members dedicated kits and eco materials. As part of the global initiative, on the respective evening, all the lights in our properties are turned off. Additionally, on the International Day of People with Disabilities, we turn the lights purple in most of our properties, in order to send a message of support and awareness for the inclusion of the persons with disabilities living in Romania.
- **Berlin underworlds tours and exhibitions “Berliner Unterwelten”** – One of our buildings in Berlin has an underground structure that was the Germany's first subway tunnel. This underground structure was inaccessible for a long time and was partially submerged. GSG, in cooperation with Berliner Unterwelten, has since 2016 opened up this area to the public with guided tours.

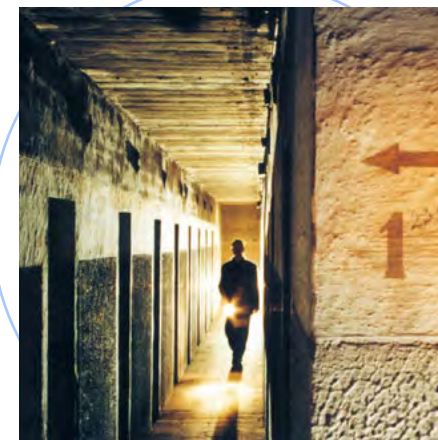


photo: © Dietmar Arnold

- **FREE UKRAINA STORE** – Together with the residents of the Rembertów district in Warsaw, we opened the FREE UKRAINA STORE in one of our retail properties, City Market Rembertów. It has running now since March 2022 by CPI Poland and volunteers as a collection

point for donations and as a second hand shop where customers do not have to pay for anything.

- **Youth Workshops** – CPI Hungary was delighted to partner with our tenant Allianz Trade to support a noble cause. The Balance Hall Office Building was able to host the PRIZMA SCHOOL Painting Exhibition. The exhibition was opened with a performance by students form the comedy class, and the paintings were created by the talented students of the painting class.
- **Rooftop bee-keeping initiatives** – we offer rooftop habitat management for globally significant honeybees throughout the Group's office, retail and hotel portfolios.



- **Car-free support programme** – At GSG Berlin, we offer employees cost-effective “jobtickets” for public transportation, e-scooter hires from TIER Mobility, as well as company e-bikes for all necessary work trips.
- **Free transportation** – in the Czech Republic a new benefit to reimburse the cost of an annual public transportation ticket was introduced to the Group's employees.

CPI AKADEMIE | RETAIL

Commitment to diversity and equality

Diversity

CPIPG greatly values diversity in the workplace. The Group’s Human Capital and Employment policy outlines the obligations of our employees in this regard. We are committed to creating and preserving an environment that embraces and encourages diversity and promotes appropriate conduct among all persons regardless of their differences and respect for individual values. Although we do not set specific diversity targets, we seek to ensure that our policies and corporate culture create an inclusive work environment that encourages our employees.

All companies of the Group are required to subject their human resources and employment-related policies to continuous assessment to examine how they affect protected groups and to identify whether their policies achieve equality of opportunity for all these groups. Employees are encouraged to speak to their managers or contact CPIPG’s whistleblowing hotline if any concerns are observed.

As part of continuous efforts to improve diversity, CPIPG’s Board of Directors approved the Diversity and Non-Discrimination Policy, a policy further encouraging an environment of respect for and appreciation of individual differences that is free from direct or indirect discrimination, harassment, retaliation and/or sexual assault, and the close monitoring and enforcement of these actions by the management.

Diversity initiatives

The Group promotes a range of initiatives to address diversity issues. Examples include:

- **Gender diversity** – Barbara Topolska, Country Manager of CPI Poland, is one of the Group’s senior leaders. Barbara hosted a series of mentoring sessions for female employees in order to help encourage the development of women in the Group’s workforce. Furthermore, Petra Hajná, Group Sustainability Officer, was nominated to the ESG Committee in 2022.

- **Accessibility** – CPI Hungary was the first recipient in the country of the Access4You certification, which aims to ensure the right to equal access to our own buildings for everyone, regardless of disability. Properties comprising 295,000 m² of GLA in Hungary have so far received the certification. In addition, GSG Berlin works alongside the VIA Blumenfisch organisation, providing jobs to people with physical disabilities or psychological issues.

At the end of 2022, the Group comprised of 4,540 full-time permanent and temporary employees across the Czech Republic, Luxembourg, Germany, Hungary, Poland, Switzerland, Slovakia, Croatia, Romania, Serbia, Slovenia, Russia, and Italy, of which 57.5% are female, and 42.5% are male. In terms of new hires in 2022, 64.5% were women. The gender split between employees in senior management roles within the Group (defined as employees with responsibility for planning, directing or controlling activities in each of the Group’s countries of operation) is 37.9% female and 62.1% male, respectively. These figures represent the extent and success of the Group’s efforts in continuing to promote gender diversity across all its regions. **Gender pay gap** (measured by the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees) is **15.1%** for direct employees excluding the hotel staff in 2022.

Employee gender diversity

Female senior management members	37.9%
Females as a percentage of all employees	57.5%
Females as a percentage of new hires	64.5%

Employee hiring and turnover

The Group’s turnover rates are significantly affected by its large hotel employee base and also due to the significant changes and volatility in the size and make-up of the workforce in the hotels business in 2021 as a result of the COVID-19 pandemic. Excluding our hotel staff in order

to provide a more representative measure, the Group’s turnover rate was 28.4% in 2022.

Employee turnover and retention

Total number of new hires	649
New hires rate	35%
Total number of leavers	527
Leavers rate	28.4%

New Hires	No. of Hires	% of hires FY22
Female	357	55%
Male	292	45%

In 2022, 32.4% of total employees were under 30 years old, 48.2% were between 30-50 years, and 19.4% were 50 or over. This reflects a substantial age diversity throughout the company, expressing the Group’s ability to bridge the workforce over a large scale of age groups, ensuring the transfer of knowledge and experience set to continue for future generations.

Employee age bracket

	%
Under 30 years	32.4%
30-50 years	48.2%
50 years and over	19.4%

The Group cares for special needs and the inclusion of disabled persons. In 2022, the Group employed a total of 42 disabled people, representing 0.9% of total employees. Our Croatian subsidiary at Hvar employs 14 disabled people representing 9.1% of its workforce.

Disabled employees	42	0.9%
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Discrimination

The Group rejects all forms of discrimination. Unlawful discrimination, harassment, and victimisation based on protected characteristics are forbidden, irrespective of whether actual, perceptive or associative. Protected

characteristics include origin, nationality, religion, race, language, gender, age, health condition, sexual orientation, political views, membership in political parties and associations or in trade unions or any other characteristics of the candidate or employee not related to their working skills.

Compliance with ILO Conventions

The Group operates in regions that are all ILO members and respects all ILO conventions and recommendations. As a result, ILO’s regulations are implemented within all local labour laws where we operate. Through the policies and official acts of the Group, we respect, promote and realise all ILO principles, specifically freedom of association, the elimination of all forms of forced labour and the elimination of discrimination in employment and occupation, health and safety, segregation, equal treatment and human rights.

Freedom of Association

In accordance with the European Convention on Human Rights, the Group guarantees all employees freedom of association. We preserve and promote good relations with all labour organisations, trade unions, works councils, some of which represent our employees across our regions.

Collective Bargaining Agreements

We comply fully with applicable human rights legislation in the countries we operate. We respect the right of all workers to form and join a trade union without fear of intimidation or reprisal. Furthermore, all our employees are free to collectively bargain, if they desire.

Currently, we have collective bargaining agreements in certain regions where we operate, such as Croatia, Austria, and Italy. The collective bargaining agreement defines the rights and obligations of the signatories. It regulates the rights and obligations of the employees and the employer, salaries and other material rights of the worker and all other matters related to employment. The collective bargaining agreement also explicitly defines the prohibition of discrimination, health protection, privacy, and dignity of employees.

Charitable contributions

The Group actively contributes to local charities, hospices and children's welfare centres. Since the onset of the war on Ukraine, CPIPG's charitable contributions were predominantly focused to support the humanitarian efforts of the victims in 2022. We also support sports and cultural activities alongside welfare and education programmes to help children with disabilities all over the Czech Republic and Central and Eastern European region.

Some of the key examples of are:

Humanitarian support of victims of the Ukrainian war

In the Czech Republic, CPIPG is provided nearly 450 hotel beds to refugees, in coordination with the Association of Hotels and Restaurants and the Ministry of the Interior. CPI Poland donated PLN 1 million to the humanitarian aid program organised by the capital City of Warsaw. IMMOFINANZ set up an elementary school for the children fleeing the war in its Mokotów Two office building. GSG Berlin contributed 1,400 m² at econopark Wolfener Straße to the Ukraine-Hilfe Berlin eV. CPI Hungary has donated to various charities, including the Food Bank Association, Migration Aid, and SOS Children's Village, and has organised for employees to cook for refugees at Food Bank sites. In our office buildings, the Group coordinates the collection of goods and donations and organised various events throughout the year for this cause.



Dobrý Anděl children's foundation

Every year, the Group supports the Dobrý Anděl children's foundation helping socially disadvantaged children with terminal illnesses. Again in 2022, the Group raised CZK 500,000 towards the foundation.



Dialog Jesenius Foundation support

The Group donated CZK 1.4 million to this foundation that aims to spread awareness among the general public about the primary oncological diseases, prevention and treatment options.

Caritas

The Group's subsidiary, S IMMO, supports four Hope Houses serving orphaned children and youth in Alba Iulia (Romania), a children's home in Stremț (Romania) and a facility in Pokrovan (Bulgaria), a village that has long seen a high emigration rate, which is why many of its inhabitants live alone and in poverty. Members of the Roma minority in Hungary are often affected by poverty and unemployment. Here, S IMMO supports the "Unser Haus (Our House)" community centre, which provides care to socially disadvantaged children and adolescents. In early 2022, when the conflict in the Ukraine escalated, we donated an additional large sum to Caritas, in addition to other foundations, such as the Red Cross as well as local organisations in Hungary and Romania.

Hospice Casa Sperantei

CPI Romania redirects 20% of its profit tax to the free palliative care services provided by Hospice Casa Sperantei. HOSPICE offers both children and adults, who are diagnosed with an incurable disease, the possibility of being admitted to accommodation facilities, the possibility of being visited at home, social assistance, psychological counselling, physiotherapy sessions and other activities under the supervision of specialised staff in the day centres. In the past four years, we donated €850,000 which supported the assistance of 600 patients.

Sremčica

CPI Serbia donates to the Institution for Children with Special Needs "Sremčica". In 2022 we donated €10,000 in the form of 300 specialised chairs and tables. We plan to donate another €10,000 in 2023 in the form of mattresses from our tenant JYSK. The donation helps in everyday activities in the centre and provides a much-needed boost to children's development.

Christmas charitable giving

In the Czech Republic, CPIPG organised for the fifth time running, the Tree of Fulfilled Wishes, where employees and employees of our tenants donated gifts to a total of 9 orphanages and granted 260 children's wishes.



Blood donation

CPI Hungary organizes blood donation in all CPI and myhive office buildings in Hungary on a regular basis.



Donated gifts collected from employees, CPI Czech Republic

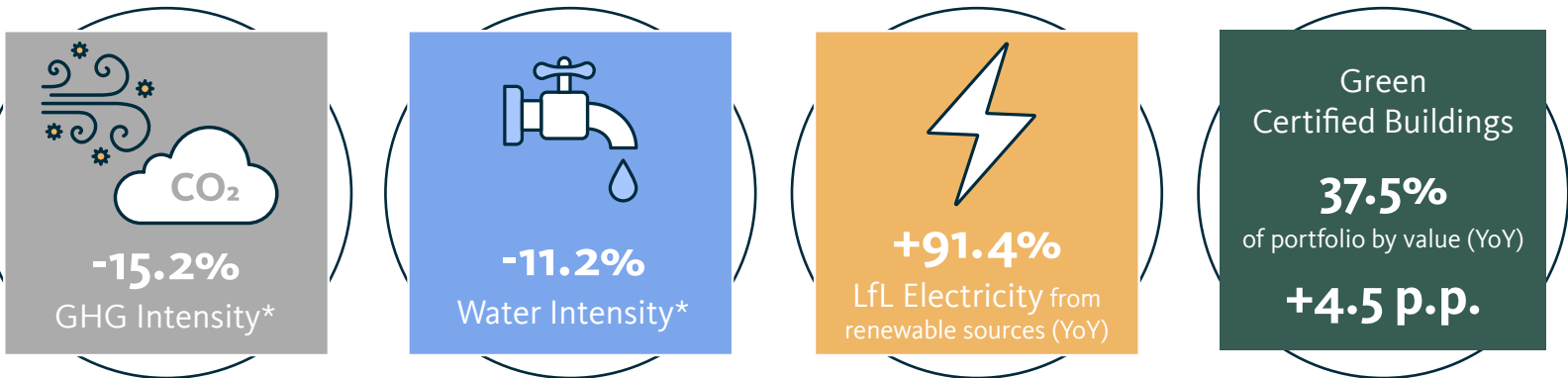
Environmental strategy & performance

CPIPG endorses the UN Sustainable Development Goals

CPIPG backs all the 17 Sustainable Development Goals (SDGs), as defined by the United Nations for 2015–2030. CPIPG sees the SDGs as part of the business decision-making processes at all levels within the Group.

In addition, the Group endorses the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change.

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



* Refers to 2022 Group's performance versus 2022 Group's target.

CPIPG has made strong progress against ambitious, long-term targets

In 2022, the Group reported reductions in GHG intensity -15.2% and water intensity -11.2% compared to the 2022 target. The share of electricity from renewable sources increased significantly to 40.1% in 2022.

CPIPG is committed to climate change mitigation and focuses on the environmental impact of its operations. The Group closely monitors new EU legislation and standards and works on aligning its activities with these standards, especially the EU Taxonomy.

Our targets and strategy are continuously tightened and validated by the “SBTi”



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In 2022 CPIPG again tightened its environmental targets for the future to limit global warming according to the Paris agreement climate goals in line with the well-below 2°C trajectory.

The Group announced its commitment to reduce GHG emissions intensity by 32.4% per square metre of property portfolio by 2030 compared with the 2019 baseline across all emissions scopes 1-3 (all relevant categories of scope 3 included except for 3.15 – Investments), including bioenergy and also to transition all electricity purchased by the Group to 100% renewable sources by 2024.

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

In July 2022, the Group's environmental targets were validated by the Science-Based Target initiative. CPIPG belongs among the first companies in the region to have the targets validated by SBTi.

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

As an integral part of our environmental strategy, we have developed specific measures to reduce GHG emissions throughout the portfolio, among others, diversity of energy sources and operational efficiency. The last year 2022, showed us the importance of these two measures in the real estate sector and the significance of the relationship between these two.

The first measure – diversification of energy sources towards low or zero-carbon technologies – is part of our environmental strategy, which means lowering GHG emissions and self-sufficiency as it relates to the risk of deficiency of resources. For these reasons, our focus lies on selecting zero-carbon technologies already commonly used (i.e., solar, FVE panels, biogas) but also on finding innovative solutions such as hydrogen technology.

The second measure – operating efficiency – relates to appropriate resource management and energy- and water-efficient operations of our portfolio, bringing more energy savings. In terms of life cycle periods, buildings consume energy mainly during their operation, and this energy consumption is identified as the main contributor to GHG production across the Group.

However, resource management relates also to embodied emissions and the appropriate use of materials. Therefore, the Group aims to focus on recycled materials, re-using components, and reducing the amount of materials. This is applied to CapEx projects and new developments.

Environmental highlights

Constant improvement in ESG scores

In 2022 the Group again managed to improve our CDP score to “B” (vs “B-” in 2021 and “C” in 2020). The score is classified as “Management”, meaning **the Group has addressed the environmental impacts of our business and ensure good environmental management.**

The “B” score aligns with the Europe regional average of “B” and is higher than the Land & property ownership & development sector average of “C”. The Group belongs amongst 47% of companies that reached the “Management” level in this Activity Group.

Sustainalytics’ strong ESG rating of 12.6 / 100 was achieved in March 2023, placing the Group among **the top 6% issuers globally**. “The company is at low risk of experiencing material financial impacts from ESG factors due to its low exposure and strong management of material ESG issues”.

MSCI ESG rating improved to “BBB” as of February 2023. The upgrade stems from increasing share of green certified buildings in the portfolio.



“The Group’s environmental targets are validated by SBTi.”

Petra Hajná, Group Sustainability Officer

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

In the Czech Republic, we are involved in the development of the essential document “Zero Carbon Roadmap for the construction industry”, which was created by the Czech Green Building Council (“CZGBC”) and which will be the basic guide to achieving a carbon-neutral building industry in the Czech Republic. Jitka Kubová, our Sustainability Manager, is a member of this task force.

Petra Hajná, CPIPG’s Sustainability Officer and a member of the CZGBC’s Board of Directors, is directly involved in several working groups of CZGBC. She is also a member of the Sustainability Committee of the Czech Olympic Committee and a member of the supervisory board of Rethink Architecture as well.

Our colleagues in Hungary and Poland continued partnership with the local Green Building Councils as well (PLGBC, HUGBC), participating in actual topics and involvement in several professional working groups.

Environmental engagement with tenants

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

Green Lease principles are incorporated into standard lease forms and are considered for future renewals and new tenants. Several Green Leases have already been executed. **The Green Memorandum** was considered for existing tenants. For example Green Lease/Green Memorandum has been already executed with anchor retail tenants in the Czech Republic (TESCO, Penny Market, OBI), and with our office tenants in Hungary.

Moreover, cooperation with tenants includes focus dialogues on current economic topics. For example, CPI Hungary launched a series of Tenant Dialogues in 2022 on the energy crisis, where our colleagues welcomed contributions and questions from interested parties.

The **Human Innovation Program** and **myhive concept** are programmes for creating a human-centred working environment and maximising well-being at the workplace. To provide the most flexible and vibrant workspaces to our tenants, we have created an infrastructure in the office building where the tenants can take advantage of the functional common areas, like the reconsidered lobby areas, restaurants, cafés, conference rooms, and fitness rooms for classes with instructors, bike rooms, showers and lockers, concierge service and extra amenities that are included in the myhive ecosystem.

CPIPG drives green mobility

CPIPG has set a target to replace the corporate vehicle fleet in the Czech Republic with plug-in hybrids by 2024. In addition, in the Czech Republic, a new benefit was introduced – reimbursement of annual public transport coupons to motivate for using public transport for commuting to work.

Compared with 2021 – new 189 charging points have been installed across the Group’s portfolio, mostly in the shopping centres.

A growing proportion of green-certified buildings in 2022

The share of green-certified buildings in our portfolio for 2022 is 37.5% of total value (excluding landbank and agriculture which can not be certified) and 32.1% of total GLA, representing a strong basement for gradual improvement (4.5 p.p. and 7.9 p.p. respectively over 2021 figures).

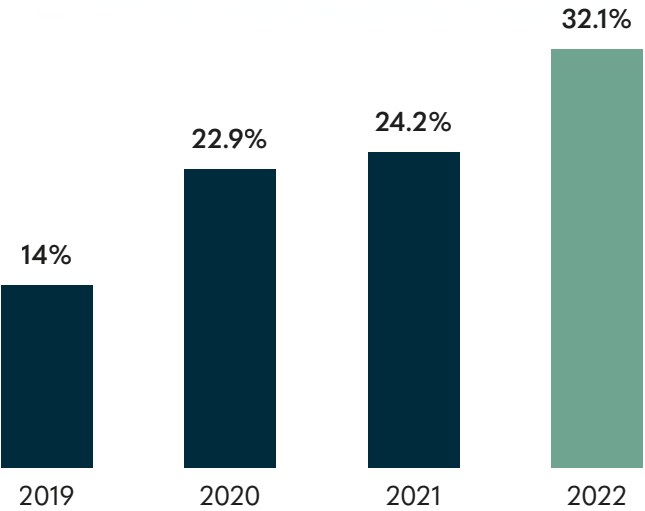
The improvement also relates to certification in current valid, stricter certification schemes (BREEAM In-Use version 6, BREEAM INC version 6).

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

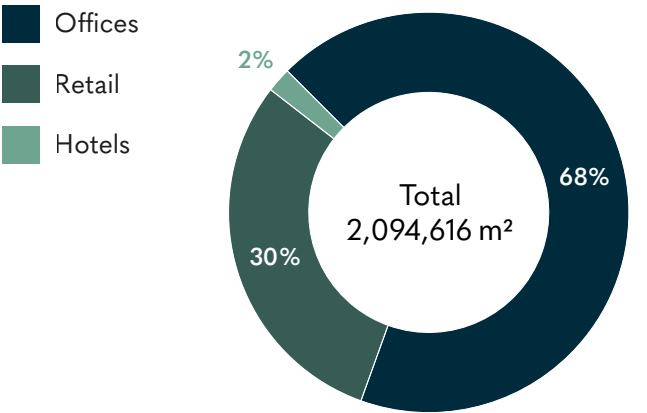
At the end of 2022, CPIPG’s portfolio without equity share included 107 certified assets, increasing by 73 in number and by 1,328,157 m² since 2021. At the end of 2022, 88.8% of CPIPG’s green-certified buildings per GLA were BREEAM “Very Good” and above and LEED “Gold” and above.

BREEAM or LEED certification is considered for every new development and significant refurbishment as well as for buildings in operation wherever possible.

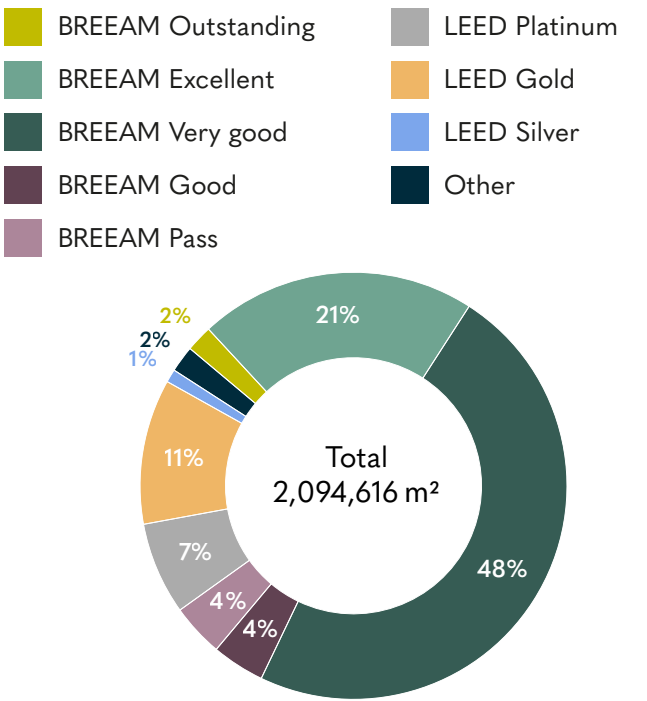
Total GLA certified continues to increase



CPIPG’s certified buildings GLA split by segment



CPIPG’s certification type per GLA



Environmental reporting approach & methodology

CPIPG works closely with technical experts and consultants

Since 2018, the Group has been working closely with the University Centre for Energy Efficient Buildings (“UCEEB”) of the Czech Technical University in Prague (“CTU”). UCEEB acts as a technical support provider and adviser to the Group, supporting the preparation and review of CPIPG’s reporting and ensuring alignment with the requirements of ISO standards, GRI, EPRA and CDP. UCEEB has also supported the Group in establishing and quantifying the Group’s environmental targets as part of the Group’s long-term strategy.

Rigorous environmental reporting, with an emphasis on continuous improvement

CPIPG has continued to enhance the tools used to monitor the Group’s environmental performance through greater robustness, scope (activity and geography), efficiency and automation, such as Environmental Power BI solution. The data collection process



“Our certified green building portfolio increased by 73 assets in 2022.”

Jitka Kubová, Sustainability Manager

has become more efficient, as well as the ability to track and analyse performance across multiple levels (site, segment, region, group) on a regular basis, assess results against targets, and implement suitable corrective measures.

Since 2020, we expanded the scope of the Group’s collection, monitoring and reporting of GHG emissions and all relevant categories of scope 3 are now measured and disclosed.

Innovative tools ensure the robustness of our data collection and reporting

CPIPG has developed and enhanced a robust online Environmental Impact Reporting Tool (“ERT”) CPIPG’s objective is to continually improve the detail, accuracy, and quality of our environmental performance reporting, as well as to improve the tools used to collect data at our properties. Considering the diversity of our portfolio, an effective system for data collection and evaluation is essential. The ERT allows disclosure across the Group and all its segments and is tailored to report in line with GHG Protocol/ISO 14064-1: 2018, with the help of an independent third party, the CI3 organisation.

Environmental reporting complies with relevant reporting standards

Since 2019, the Group has reported on KPIs that are composed of Global Reporting Initiative (“GRI”) standards as well as EPRA core indicators. These measures allow the Group to track its environmental performance across segments and Group’s core processes: operation, acquisition, development & refurbishment, and impact reporting. KPIs cover climate change and resource use.

The 2022 environmental report fully complies with EPRA Best Practices Recommendations (“BPR”) on Sustainability Reporting. The Group integrated GRI Guidelines and reports against GRI G4 with a core approach for the reporting on the assets.

Our reporting is aligned with the GHG Protocol/ISO standard 14 064-1: 2018. The ISO standard deals with specific principles and requirements at the organisational level for quantification and reporting of greenhouse gas (GHG) emissions and removals. It includes requirements for the design, development, management, reporting, and verification of an organisation’s GHG inventory. The GHG is divided into three scopes and six categories.

Reporting methodology and scope

Reporting values

Data in this report comprises the following categories of KPIs:

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

Changes in reporting scope

In 2022, the scope of the portfolio subject to collection, monitoring and reporting of environmental data was expanded as follows:

Total GHG emissions include assets of IMMOFINANZ and S IMMO.

- Changes in the reporting scope frequently occur due to acquisitions or disposals, development of new assets or completions of major refurbishments etc. In order to accurately reflect these situations:
- Developments are out of reporting scope until the first full calendar month after a building goes into operation. The asset will be in-scope for like-for-like analysis following the second full rolling calendar year in operation;
- Assets owned and/or operated for less than a full year are excluded from the calculations of like-for-like reporting while included in total intensities.
- Major refurbishment is defined as any alteration that affects more than 50% of the total building floor area or causes the relocation of more than 50% of regular building occupants. Absolute consumptions are included for a major refurbishment, while for intensity calculations, GLA values are proportionately reduced to reflect the actual period of full operation in the year.

Disclosure calculations and categorisation

- Buildings in operation, Ski resorts (Crans-Montana) and Farms are reported separately in our disclosures due to having different operating characteristics;
- A distinction is made between disclosures of fuels consumed by company cars, business trips, employee commuting and our proportional share of equity investments emissions. EPRA disclosures exclude these categories, while they are included for GHG, CDP and ISO-compliant disclosures;
- Our calculation includes the Group’s share of Globalworth’s emissions, representing 32.3% of 2022 GHG scope 1 and 2 emissions.

Reported area

Definitions of area in the Group’s reporting differ between segments as follows:

- Retail, Offices, Logistics, and Residential segments are reported on the basis of Gross Leasable Area (“GLA”);
- Hotels are reported based on the area that represents space leased to hotel operators;
- Farms are calculated based on the agricultural land area;
- Intensities per area are not reported for Ski resorts.

Environmental reporting definitions

- Absolute values – include assets owned or operated by the Group in any period of the reported year. Assets entering the portfolio (e.g. acquisitions, completed developments, major refurbishments etc.) are included beginning from the first complete month following the entry into the portfolio, while assets exiting the portfolio (e.g. disposals) are included up to the last complete month prior;
- Like-for-like values – the change in an indicator between the reported year and the preceding year on a constant portfolio basis. This scope includes only assets owned or operated by CPIPG throughout an entire two-year comparison period. Assets that are empty or under major refurbishment are excluded.

Reporting Period

CPIPG publishes environmental KPIs each calendar year, including all data available up to and including 15 March 2023. Certain information pertaining to 2022 was not available within this period. This information is taken from the Group’s 2021 environmental report as a proxy. Data will be updated in subsequent reporting once available.

Revisions to historical disclosures and GHG Recalculation

Revisions to our environmental disclosures in 2021 were made where relevant and based on updated information for correctness and consistency:

- Change in consumption or GLA of some assets due to updated information;
- GHG emission factors have been updated according to the latest information.
- For IMMOFINANZ’s assets actual data for 2019 was used as a baseline, the same data were used in the GHG calculation for 2021. For S IMMO’s assets actual data for 2021 was used as a baseline, this data was used for 2021 and 2019. Green electricity was reported according to actual status in all years.

A recalculation process was carried out at the beginning of 2023 concerning the results of 2019 to be comparable with 2022. Recalculation must be done when the difference in the total GLA of the built portfolio is higher than 5%.

EPRA environmental performance disclosure

Due to disparity in operational characteristics, EPRA environmental disclosures reported below relate only to built assets in operation, which comprise the majority of the Group's assets. Ski resorts (Crans-Montana) and farms (Spojené farmy a.s.) are reported separately.

EPRA key environmental performance indicators by asset type

EPRA Sustainability Performance Measures – Environment impact per segment					Office			Shopping centres			Other retail			Residential			Hotels			Industry & logistics			Total		
					Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like	
Impact area	EPRA Code	Units	Indicator		2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Building operation	409,449.17	181,660.11	5.3	248,786.12	116,483.65	14.1	176,297.66	56,505.27	1.5	47,264.89	33,927.77	(0.2)	50,775.53	27,532.61	22.7	9,399.08	1,817.29	98.8	946,580.93	417,926.70	7.8
	Proportion of electricity from renewable sources (%)			52.5%	36.0%	41.0	35.1%	20.4%		29.1%	28.1%		1.6%	0.0%		29.4%	7.2%		77.4%	0.0%		40.1%	25.6%	91.4	
	DH&C-Abs, DH&C-LfL		District heating and cooling	Building operation	165,416.08	85,488.09	(17.5)	21,942.15	16,797.92	15.5	20,194.11	9,780.78	(17.0)	99,593.40	86,616.03	(4.8)	26,406.24	17,616.78	9.9	0.00	0.00		334,620.18	216,299.60	(8.7)
				Proportion of district heating and cooling from renewable sources (%)	0.07	12.4%		0.0%	0.0%		6.6%	0.0%		0.4%	0.5%	(9.9)	0.0%	0.0%		0.0%	0.0%		3.8%	5.1%	2,372.4
	Fuels-Abs, Fuels-LfL		Fuels	Building operation	124,041.39	60,239.96	(8.2)	79,469.22	22,797.33	(5.4)	42,002.31	16,288.71	(9.4)	63,141.51	28,092.01	(0.2)	31,281.22	12,117.85	(4.7)	1,109.46	620.23	95.6	341,045.11	140,156.08	(5.9)
				Proportion of fuels from renewable sources (%)	0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		15.1%	33.9%	0.2	0.0%	0.0%		0.0%	0.0%		2.8%	6.8%	6.2
Energy-Int	kWh/(m² pa)	Intensity	Whole building (combined Landlord and indirect operation)	208.49	190.26	(9.0)	362.68	328.11	11.2	179.71	197.89	(3.7)	215.97	241.71	18.4	206.07	167.74	11.3	93.71	93.71	21.9	223.08	215.34	1.1	
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO ₂ eq pa	Direct	Fuels, Refrigerants	21,957.20	12,840.25	(12.3)	11,118.40	2,949.92	(18.7)	2,217.59	664.22	(17.2)	4,479.93	12.65	(17.7)	5,827.26	2,306.82	(0.5)	57.18	0.00		45,657.55	18,773.85	(12.3)
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	194,844.99	111,208.89	4.8	127,550.75	81,725.12	15.0	95,127.66	38,233.54	(0.1)	85,099.36	67,784.58	(3.7)	37,320.73	25,044.19	23.8	2,328.77	1,385.96	121.9	543,781.13	325,382.29	6.1
	GHG-Int	t CO ₂ eq/(m² pa)	Intensity	Whole building (combined Landlord and indirect operation)	0.06	0.07	(2.4)	0.14	0.18	13.7	0.07	0.09	(0.8)	0.09	0.11	17.5	0.08	0.08	20.7	0.05	0.05	36.7	0.08	0.10	6.0
Water	Water-Abs, Water-LfL	m³ pa		Building operation	1,098,383.01	534,933.09	7.8	866,004.84	447,536.53	28.6	553,266.14	114,010.32	0.4	1,051,391.86	733,269.54	(9.8)	617,983.16	386,527.66	31.3	17,332.00	2,001.00	42.7	4,211,832.01	2,218,278.14	7.4
				Proportion of water obtained from other sources (%)	0.5%	1.3%	159.4	8.0%	0.0%		0.0%	0.0%	3.1	0.0%	0.0%		3.8%	6.1%	22.2	24.7%	0.0%		5.7%	1.4%	65.4
	Water-Int	m³/(m² pa)	Intensity	Whole building	0.32	0.31	2.4	0.91	0.94	29.0	0.42	0.27	0.0	1.08	1.19	10.0	1.18	1.13	30.7	0.08	0.08	(12.1)	0.58	0.62	8.5
Waste	Waste-Abs, Waste-LfL	tons pa		Building operation	26,214.51	9,399.72	2.6	10,303.91	5,294.77	(3.7)	18,138.56	6,142.79	(2.5)	14,077.96	11,164.63	(15.4)	3,862.23	1,705.03	(0.9)	963.23	8.79		73,676.48	33,715.73	(6.1)
				Proportion of waste diverted from landfill (%)	45.1%	52.8%	(0.3)	55.7%	65.3%	14.2	36.5%	53.2%	3.0	17.4%	2.3%	18.3	25.2%	39.5%	34.7	71.1%	4.1%		39.0%	37.4%	11.8
Certifications	Cert-Tot			Number of sustainably certified assets	73	27		13	7		19	0		0	0		3	3		0	0		107	37	
				Percentage of the portfolio's total floor area and levels of certification attained (%)	40.9%	29.6%	(4.8)	49.0%	47.3%	(0.2)	15.9%	0%		0%	0%		21.7%	18.6%	1.2	0%	0%		29.0%	22.2%	1.2

EPRA key environmental performance indicators by geography

EPRA Sustainability Performance Measures – Environment impact per segment					Czech Republic			Germany			Poland			Hungary			Romania			Slovakia			Others*			Total			
					Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		Absolute	Like-for-Like		
Impact area	EPRA Code	Units	Indicator		2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	2022	2022	% YoY	
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Building operation	243,616	186,210	5.1	123,122	75,467	6.6	141,230	81,361	21.7	99,107	47,335	3.0	146,669	2,774	(0.6)	46,047	12,144	(1.8)	146,790	12,636	8.3	946,581	417,927	7.8	
				Proportion of electricity from renewable sources (%)	16.8%	5.3%	(7.1)	11.5%	11.9%	179.3	46.1%	45.9%	(15.6)	70.2%	88.2%		65.4%	0.0%		83.9%	52.7%	361.0	37.7%	20.6%	188.0	40.1%	25.6%	91.4	
	DH&C-Abs, DH&C-LfL		District heating and cooling	Building operation	144,551	133,529	(4.2)	62,745	32,560	(33.7)	74,304	48,817	3.7	10,138	0		0	0		8,007	768	0.0	34,876	625	(6.4)	334,620	216,300	(8.7)	
				Proportion of district heating and cooling from renewable sources (%)	0.3%	0.3%	(10.5)	16.8%	32.5%		0.0%	0.0%		18.3%	0.0%		0.0%	0.0%		0.0%	0.0%		0	0		3.8%	5.1%	2,372.4	
	Fuels-Abs, Fuels-LfL		Fuels	Building operation	91,831	77,015	(11.9)	77,050	34,779	4.3	6,996	2,555	654.3	41,913	14,526	(24.4)	56,214	1,299	15.3	17,305	4,862	(0.6)	49,737	5,121	102.5	341,045	140,156	(5.9)	
				Proportion of fuels from renewable sources (%)	10.4%	12.4%	13.6	0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%		0	0		2.8%	6.8%	6.2	
	Energy-Int	kWh/(m² pa)	Intensity	Whole building (combined Landlord and indirect operation)	228.017	233.173	5.4	162.995	155.305	(14.3)	269.160	298.049	12.7	228.311	214.452	(5.1)	358.869	360.302	3.4	194.678	224.578	(1.5)	201.538	121.956	22.6	223.085	215.344	1.1	
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO ₂ eq pa	Direct	Fuels, Refrigerants	9,707	7,772	(16.5)	12,967	6,906	4.7	1,977	789	(37.6)	7,211	2,225	(30.6)	2,588	78	(65.4)	2,810	319	(12.8)	8,398	685	56.3	45,658	18,774	(12.3)	
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)			218,330	192,424	9.3	91,212	46,903	9.4	105,097	65,906	30.8	24,214	6,979	(70.2)	37,761	1,948	61.8	13,804	3,188	(30.5)	53,364	8,035	(1.6)	543,781	325,382
	GHG-Int	t CO ₂ eq/(m² pa)	Intensity		0.111	0.118	16.0	0.065	0.059	0.0	0.129	0.150	25.2	0.047	0.032	(65.5)	0.071	0.179	41.0	0.045	0.044	(29.2)	0.048	0.058	0.5	0.081	0.096	6.0	
Water	Water-Abs, Water-LfL	m³ pa		Building operation	1,596,752	1,390,304	4.8	583,753	193,881	(3.5)	364,021	230,019	48.9	396,481	188,318	13.3	314,216	38,879	0.4	257,443	18,095	9.0	699,165	158,782	(2.4)	4,211,832	2,218,278	7.4	
				Proportion of water obtained from other sources (%)	1.5%	1.7%	53.0	0.0%	0.0%		0.5%	0.0%		2.8%	3.6%	147.0	0.0%	0.0%		52.0%	0.0%		9.7%	0.0%		5.7%	1.4%	65.4	
	Water-Int	m³/(m² pa)	Intensity	Whole building	0.780	0.817	12.5	0.364	0.211	(11.3)	0.439	0.517	44.5	0.593	0.653	13.2	0.556	3.439	(0.1)	0.702	0.229	8.9	0.600	1.053	(3.3)	0.579	0.617	8.5	
Waste	Waste-Abs, Waste-LfL	tons pa		Building operation	22,991	20,223	(8.1)	11,245	6,891		3,423	1,469	(20.0)	5,852	1,833	8.5	9,253	168	(2.9)	6,610	1,512	1.6	14,302	1,621	(10.8)	73,676	33,716	(6.1)	
				Proportion of waste diverted from landfill (%)	31.4%	26.8%	14.3	66.1%	50.4%		58.3%	55.3%	41.8	52.3%	60.9%	5.8	31.4%	100.0%		22.7%	79.6%	7.0	0	0	16.7	39.0%	37.4%	11.8	
Certifications	Cert-Tot			Number of sustainably certified assets	13	10		2	0		26	13		18	7		12	0		1	0		35	7		107	37		
				Percentage of the portfolio's total floor area and levels of certification attained (%)	16.3%	14.7%	6.8	4%	0%		78.1%	77.6%	(2.9)	45.5%	47.3%	(0.2)	57%	0%		5%	0%		35.2%	42.7%	2.5	29.0%	22.2%	1.2	

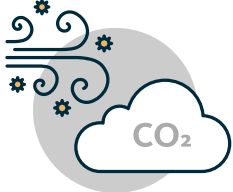
* Includes regions: Austria, Croatia, France, Italy, Russia, Serbia, Slovenia, the United Kingdom

LfL energy intensity



- Although LfL energy intensity increased compared to 2021, there is a total decrease in LfL district heating and cooling as well as fuel consumption.
- Reductions in energy intensity were recorded mainly in Germany and Hungary, and in Offices and Retail.

LfL GHG emissions intensity



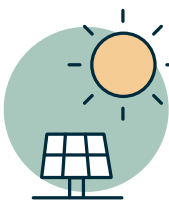
- Reductions in GHG intensity were recorded in Slovakia, France, Italy and in the office segment.
- Strong reductions in GHG emission intensity was recorded especially in Hungary.

LfL water consumption intensity



- Reductions in water intensity were recorded in Germany, Croatia, and Italy
- Water intensity decreased in the Industry & Logistics segment.

LfL electricity from renewable sources +91.4%



- More assets commenced purchases of electricity from renewable sources in 2022, resulting in a significant increase compared to 2021.
- The Group aims to increase this proportion more significantly in the future, while targeting a transition to **100% purchases of electricity from renewable sources by 2024.**

Both 2020 and 2021 environmental performances across the Group were heavily impacted due to the COVID-19 pandemic, given the limited operation of parts of the portfolio during specific periods of closure. In connection with that, the consumption in 2022 increased vs. 2021 significantly in most of the buildings in the portfolio (in particular Hotels & Resorts).

EPRA key environmental performance indicators for Farms and Ski resorts

EPRA Sustainability Performance Measures – Environment impact					Farms			Ski resorts		
					Absolute	Like-for-Like		Absolute	Like-for-Like	
Impact area	EPRA Code	Units	Indicator		2022	2022	% YoY	2022	2022	% YoY
Energy	Elec-Abs, Elec-LfL	MWh pa	Electricity	Farm or Resort operation	3,350	3,191	(3)	3,884	3,884	0
				Proportion of electricity from renewable sources (%)	58.2%	61.1%	5	47.2%	47.2%	0
	Fuels-Abs, Fuels-LfL	MWh pa	Fuels	Farm or Resort operation	32	32	0	0	0	0
				Proportion of fuels from renewable sources (%)	0.0%	0.0%	0	0.0%	0.0%	0
	Energy-Int	kWh/(ha pa)	Intensity	Whole building (combined Landlord and indirect operation)	13,704	13,001	(12)	5,549	5,549	(8)
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	t CO ₂ eq pa	Direct	Fuels, Refrigerants, Agricultural production	0.5%	0.6%	9	4.0%	4.0%	8
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect	DH&C & Elec, Gen., Trans. & Distri., Water & Waste, Refrigerants (replacement)	909	884	(7)	N/A	N/A	N/A
	GHG-Int	t CO ₂ eq p/(ha pa)	Intensity		31,214	29,615	(12)	1,238	1,238	(10)
Water	Water-Abs, Water-LfL	m ³ pa		Landlord operation	12,313	11,171	266	1,053	1,053	15
				Indirect operation	2	2	14	N/A	N/A	N/A
				Farm or Resort operation	86,415	83,445	(6)	604,963	604,963	55
				Proportion of water obtained from other sources (%)	66.9%	65.8%	5	99.2%	99.2%	0
	Water-Int	m ³ /(ha pa)	Intensity		5	5	(3)	N/A	N/A	N/A
Waste	Waste-Abs, Waste-LfL	tons pa		Farm or Resort operation	104,257	94,363	82	174	174	0
				Proportion of waste diverted from landfill (%)	99.8%	99.8%	0	98.4%	98.4%	0
Certifications	Cert-Tot			Number of sustainably certified farms	48	46	0	N/A	N/A	N/A
				Percentage of the portfolio's total agricultural land of certification attained (%)	90%	91%	(0)	N/A	N/A	N/A



Bees, Eurocentrum, Warsaw, Poland



Biogas generator, Statek Kravaře, Czech Republic



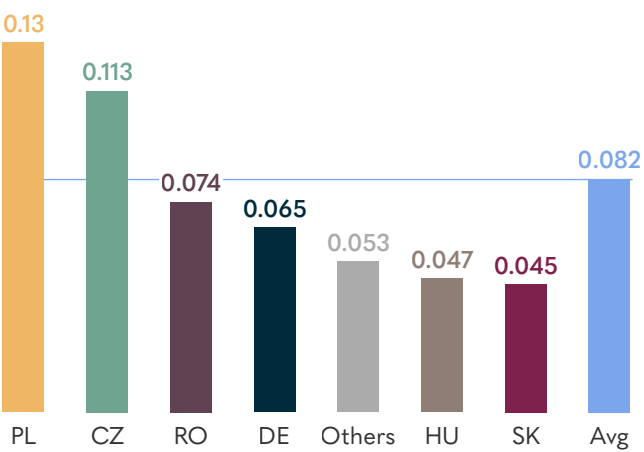
Hops crop, Statek Kravaře, Czech Republic

2022 GHG impact
(division of GHG according to ISO 14064-1:2018)

Category	t CO ₂ eq pa		% of total (MB)
	MB Emissions	LB Emissions	
1 – Direct GHG emissions and removals	47,019	47,019	6.1%
2 – Indirect GHG emissions from imported energy	150,436	153,164	19.7%
3 – Indirect GHG emissions from transportation	4,676	4,676	0.6%
4 – Indirect GHG emissions from products and services used by CPIPG	138,741	137,923	18.1%
5 – Indirect GHG emissions associated with the use of products from CPIPG	85,872	85,635	11.2%
6 – Indirect greenhouse gas emissions from other sources	338,099	324,489	44.2%
Total	764,843	752,906	

- *Ski resorts and Farms are reported simultaneously with other parts of the operation of buildings in Category 6*
- *Category 6 includes the majority of GHGs (40.7%), of which Farms and Ski resorts constitute only 20.5% in MB/21.3% in LB.*
- *59,667 t CO₂ eq relating to the Group's equity stake in Globalworth is reported under Category 5*
- *The table contains market- and local-based emissions. Market-based emissions factors aren't reported for all assets. Market-based emissions factors for 2022 were not available at the time of data collection, hence data as per 2021 disclosures were applied as proxies. Dual reporting of GHG emissions from the electricity consumption is obligatory in the framework of the GHG Protocol/ISO 14 064-1: 2018 – location-based and market-based methods. CPIPG is reporting both values separately. Location-based emission factors are sourced from the European Environmental Agency (EEA) database for a given country of operation. Market-based factors are sourced from electricity and district heating suppliers. In case these were not available, residual mix emission factors were used as proxies.*

2022 GHG emissions intensity across the portfolio (t CO₂e/m² p.a.)



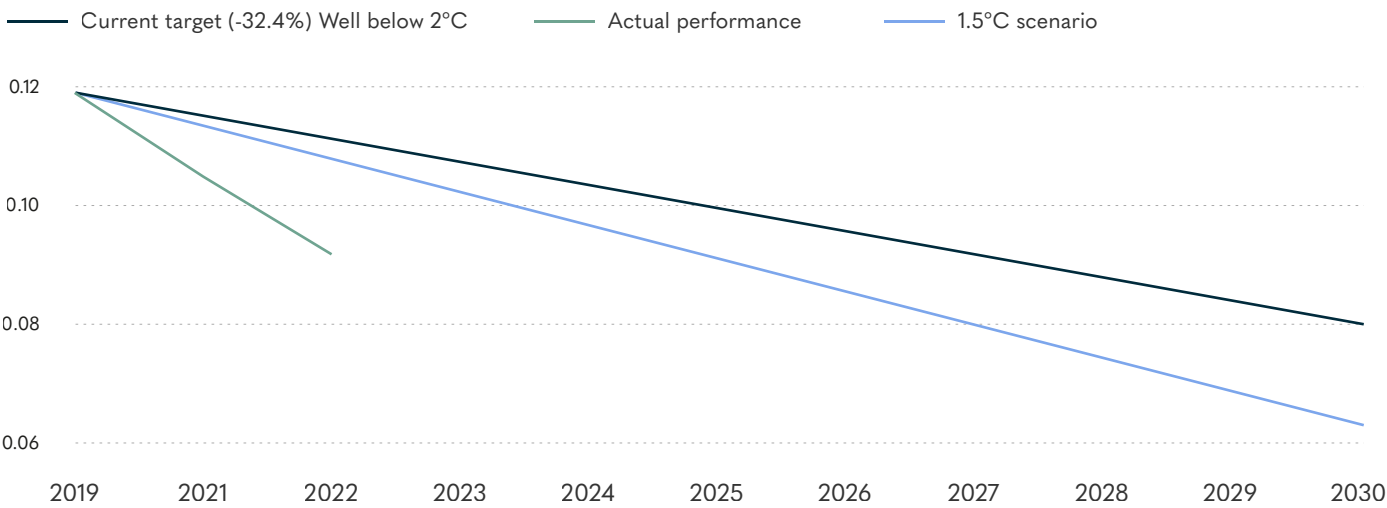
Others includes: Austria, Croatia, France, Italy, Russia, Serbia, Slovenia, the United Kingdom

2022 GHG impact (division of GHG according to GHG Protocol)

Scope	Property portfolio (including bioenergy)	Ski resorts	Farm	Others	Total	Total in %
t CO ₂ eq pa						
1	47,019	1,238	2,380		50,638	6.6%
2	107,803	39	670		108,512	14.2%
3	436,221	1,013	39,908	128,551	605,694	79.2%
3.01 – Purchased goods and services	665	2	28,307	24,720		
3.02 – Capital goods				36,256		
3.03 – Fuel and energy related activities	334,206	380	966	1,488		
3.04 – Upstream transportation & distribution				1,291		
3.05 – Waste generated in operations	60,369	632	10,635	637		
3.06 – Business travel				812		
3.07 – Employee commuting				2,362		
3.08 – Upstream leased assets	16,094					
3.11 – Use of sold products				1,317		
3.13 – Downstream leased assets	24,021					
3.14 – Franchises	866					
3.15 – Investments				59,667		
Total	764,843				764,843	100%

Note: GHG calculated with market-based emission factors

GHG intensity target through 2030 (t CO₂e/m² p.a.)



Third-party independent verification

CPIPG’s GHG reporting has been verified by CI3 as complying with ISO 14064-1:2018 and the GHG Protocol.

This report is prepared in cooperation with and through advisory services provided by the University Centre for Energy Efficient Buildings (“UCEEB”) of the Czech Technical University in Prague (“CTU”).

Since 2019 the Group has been in cooperation with CI2, and from 2021 with its sister company CI3. The CI3 company focuses on issues related to the carbon footprint, its reporting, verification and setting targets to reduce it. CI3 is a regional partner for CDP reporting.



CI3 acts as a third party and monitors, reviews, and independently validates the Group’s GHG disclosures and methodology used. **Through the review process, CI3 advised on the compatibility with the GHG Protocol and ISO 14064-1:2018 and compatibility with CDP reporting standards.**

As the result of this cooperation, CPIPG’s GHG footprint was verified, confirmed according to the procedures defined in the ISO 14064 and GHG Protocol and awarded CI2 conformity certificate. Recommendations and guides were prepared and will be incorporated into subsequent environmental reporting.



Year	2019	2020	2021	2022	2030
	1	2	3	4	12
Target (t CO ₂ eq/m ²)	0.119	0.115	0.112	0.108	0.080
Actual performance (t CO ₂ eq /m ² pa)	0.119		0.105	0.092	
Performance vs. target (%)	0.0%		(6.0%)	(15.2%)	

The intensity target relates to the Group’s property portfolio, excluding Farms and Ski resorts. It also reflects the expanded scope of emissions categories included in our reporting for 2020 and 2021 (categories 3.1, 3.2, 3.6, and 3.7). The only category of scope 3 which is not included in the intensity calculation is 3.15 – Investments where we have limited control of operation. The intensity is measured as total GHG emissions divided by referenced GLA of the property portfolio, including the biogas power plant. 2019 was recalculated at the beginning of 2023 due to YoY change of GLA.

In 2022, total GHG intensity across the property portfolio outperformed the required 2022 target by 15.2%.

Energy

The Group’s identified measures to mitigate energy consumption are these days more essential than before

In terms of life cycle periods, the buildings consume energy mainly during operation. This energy consumption is the main contributor to GHG production across the Group. The Group has developed and introduced specific measures to improve energy efficiency (and thus reduce GHG emissions) throughout the portfolio, including:

- Diversification of energy sources towards low or zero-carbon technologies;
- Operating efficiency improvements;
- Tenant involvement and cooperation;
- Energy efficient CapEx;
- New developments complying with EU Taxonomy and Net zero energy buildings regulations.

Energy-efficient improvements in our properties enhance day-to-day energy performance, extend the longevity of building systems and reduce future CapEx requirements. The cost to achieve efficiencies is usually fully offset and often outweighed by energy savings.

Potential reduction in energy consumption through close cooperation and alignment of strategic objectives with tenants is an additional measure to optimise energy efficiency. Tenant involvement is encouraged through engagement programmes, green leases, and green memorandums.

Regular reviews of efficiency utilising reporting systems and energy audits

The Group regularly reviews the operation of buildings to identify efficiency opportunities. Regular checks on consumption patterns take place throughout the portfolio, utilising the implemented energy management system in line with ISO 50001.

The Energy management system, according to ISO 50001, was successfully certified in Q2 2022 in the Czech Republic, and it is helpful for our continual improvement of energy efficiency and sustainability as well. During 2022 we focused on the proper set up of all technologies. Future plans encompass automated evaluation of consumption based on different types of segments or year periods.

CPIPG also focuses on managing material resources, which relates to embodied emissions and the appropriate use of materials. For example, CapEx projects consider the possibilities of re-use of functional components from refurbishment in other buildings (i.e., boilers). In new developments, the quality aggregate replacement for recycled materials is considered. Life Cycle Assessment (Life Cycle Analysis “LCA”) allows us to measure the environmental impact of this approach.

Life Cycle Analysis (“LCA”) as appropriate support for management of material resources

This analysis aims to quantify environmental aspects and potential impacts associated with buildings at all the stages of their life cycle and can compare variants in terms of these impacts.

During 2022, LCA for a few ongoing development projects was carried by the support of external consultants in the Czech portfolio. The outputs are important for the benchmarking for the EU taxonomy but mainly for quantifying our material efficiency approach in new developments.

In addition, LCA is, together with Life Cycle Cost Analysis (“LCCA”), an important part of the decision-making process to identify solutions that meet environmental and economic targets. For that reason, the Group conducts LCCA with external consultants for new real estate projects over 10,000 m² or new real estate projects that would be subject to assessment in sustainability certification schemes (BREEAM, LEED). For other CapEx and development projects, the simplified LCCA is carried out in-house.

Diversification of energy sources towards zero carbon technologies

Diversification of energy sources towards low or zero-carbon technologies is now a key focus, which brings reducing the environmental impact of the energy and, at the same time, self-sufficiency regarding the risk of deficiency of resources.

Especially in regions with high carbon-intensive national energy infrastructure, this energy mix is essential.



PV panels installed at the end of 2022 on M12e (a logistic park in the Czech Republic)

The Group produced 10.61 MWh of renewable energy and saved 4,947 t CO₂ equivalent of carbon emissions in 2022. Renewable electricity purchases are underway.

GSG Solar Berlin is the largest producer of solar energy in Berlin, owning 45,000 m² of photovoltaic (PV) area (25,360 solar modules, 6.2 MWp output), spanning 29 assets and 65 separate buildings. Annual production of renewable energy amounted to 4,762 MWh, representing a savings of

1,771 tCO₂eq in 2022. Spojené farmy acquired a renewable energy plant of biogas with a power output of 600 kWp and annual production of 5,135 MWh, which represents a savings of 3,422 tCO₂ eq in 2022. Surplus green electricity of 4,160 MWh was sold to the grid, and heat is utilised on the farm. Renewable electricity production is also present within the STOP SHOP retail park portfolio in Austria, Hungary, and Romania (i.e., STOP SHOP Stockerau) with an annual production of 714.47 MWh, representing a savings of 99.3 t CO₂ eq in 2022.

Green electricity purchases through green electricity contracts, utilising Guarantees of Origin, increased in 2022. For example, green electricity is used for all common spaces in the Hungarian and German portfolios.

Green transportation

Our properties cater to clean modes of transport

The Group supports green mobility by actively promoting bike transportation, access to public transport and proximity to key amenities and clean modes of individual transportation.

Cycling is supported at the CPIPG’s properties with bike racks fitted as standard. Sport facilities providing necessary facilities (i.e., showers, lockers, and restrooms) are available at most office buildings to encourage bicycle commuting among our tenants and employees.

E-vehicle charging points increased by 115% in 2022

At the end of 2022, across the CPIPG portfolio, the electric vehicle charging infrastructure in the portfolio comprised of 353 charging points, mostly in the office and shopping centres segment.

Shopping centres are an essential segment for the improvement of electromobility and E-vehicle charging, especially for fast charging, because of public access and an increasing amount of locations.

All the charging points are properly measured to allow future evaluation of the electricity consumption. We aim to supply the electricity for the charging process completely with zero-emission electricity.

Electromobility infrastructure across the CPIPG portfolio

Building type	% of buildings equipped with charging points	Number of charging points	Installed charging capacity (kW)
Office	18.6%	293	2,298
Shopping centres	25.6%	38	1,353
Retail	0.7%	6	844
Hotels	11.9%	16	172
Total	10.6%	221	6,668.6

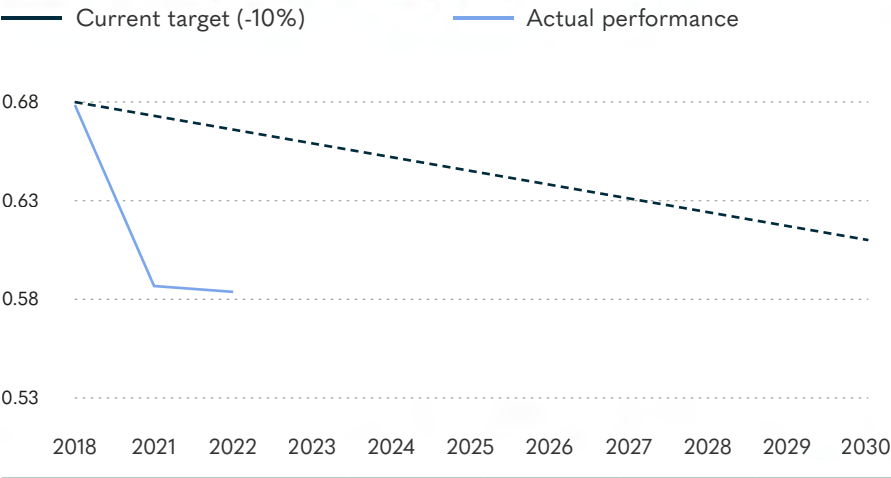
Use of resources

Water

Water is one of the most important resources, not only for humans but for the whole planet. CPIPG is aware of this, and for that reason, the Group's target for reducing the specific consumption of the freshwater sourced from municipal grids and water sourced on-site was set up – a 10% reduction compared to 2018 baseline levels by 2030.

The Group reports municipal water consumption separately from water sourced on-site (extraction or capture) and water reuse. Building in operations represents the largest source of water consumption in the portfolio, representing 85.9%, from which 97.5% is water sourced from the grid and 2.5% is water sourced on-site. Compared to 2020 and 2021, the water consumption in the portfolio increased. Both 2020 and 2021 environmental performances across the Group were heavily impacted due to the COVID-19 pandemic, given the limited operation of parts of the portfolio during specific periods of closure. In connection with that, the water consumption in 2022 increased significantly vs. 2021 in most of the buildings in the portfolio (in particular Hotels & Resorts and Shopping Centres). But our actual performance significantly decreased (12.0%) compared to the performance of 2018 (our water-baseline year).

Water intensity target through 2030 (m³/m² pa)

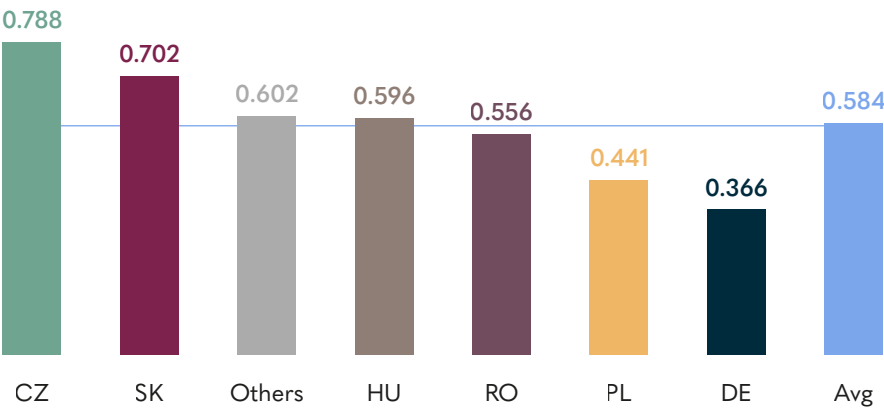


Year	2018	2021	2022	2030
	0	3	4	12
Target (m³/m² pa)	0.682	0.665	0.659	0.614
Actual performance (m³/m² pa)	0.682	0.589	0.586	
Performance vs. target (%)	0.0%	(11.4%)	(11.2%)	

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

In 2022, total water intensity across the entire portfolio outperformed the required 2022 target by 11.2%.

Water intensity in 2022 per region (m³/m² p.a.)



Others includes: Austria, Croatia, France, Italy, Russia, Serbia, Slovenia, the United Kingdom

Waste

The Group is increasing its focus on waste management

All CPIPG assets fully comply with local legislation and allow waste separation into streams relevant to building operation, recycling and occupant needs beyond local legal requirements.

Not only because of an impact on greenhouse gas emissions, but we also wanted to focus more on biodegradable waste based on a pilot project (a composter in a hotel based on microorganisms produces about 200 kg of concentrated compost per month) using the composters wherever they are appropriate, to reduce the share of waste sent to landfill and increase our recycling rate.

Total waste diverted from landfills

	t pa	%
Total waste production	73,676	
Waste diverted from landfill	29,429	39.9
Waste sent to landfill	44,247	60.1
Recycled waste	20,501	27.8
Avg. number of waste streams	3	

Biodiversity

Biodiversity is an area that is being reviewed in cooperation with experts, especially for assets located in urban zones where there is limited potential for improving ecological value. An accredited ecologist is typically part of the design team for new developments, and green features are also considered during refurbishment as they naturally improve the working environment. The Group constantly reviews integrations of green solutions, except those already commonly used (such as beehives and green roof gardens).

Sustainable agriculture

The Group's agricultural activities under Spojené farmy a.s. consist of 49 organic farms mostly located in North and West Bohemia, in the Czech Republic. Our farmers have been producing sustainable and healthy organic food since 1996. The Group breeds cattle, chickens, and sheep according to sustainable farming practices.

Our sustainable farming practices ensure a positive relationship with animals, soil, plants and nature, the production of natural and healthy foods, an improvement of groundwater quality, and the protection of biodiversity, ecosystems, and the environment.

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

The entire organic production chain (cultivation, breeding, storage, processing and packaging) – is strictly controlled according to the Act on Organic Farming No. 242/2000 Coll., that complies with strict international requirements and Commission Regulation No. 889/2008 laying down implementing rules to Council Regulation (EC) No 834/2007 on organic production and labelling of organic products. The labelling of organic food is independently controlled by KEZ ops. The authenticity of organic food is guaranteed by a certificate and a trademark for products from controlled organic farming.

Health and safety, environmental risks & pollution

Environmental criteria represent important aspects of the Group's development and construction projects. Before each potential investment, the Group examines the environmental opportunities and risks. Project timing, progress, and budgets are carefully monitored, mostly with the support of external project monitoring advisors. Health, safety, and environmental risks are monitored before and during construction. Health and safety, as well as technical and security installations, are periodically inspected for conformity with relevant local legislation and regulations.

Since 2022, we included in our reporting tool, new indicators associated with health, safety, and environmental risks. These data were evaluated and will be used in the next period for continuous improvements in the CPIPG portfolio.

Fines for environmental breaches

In 2022, the Group was not subject to any fines relating to environmental damage.

Total organic pasture and arable land (agro-enviro-climate-biodiversity)	17,097 ha
Pesticide Consumption	0 kg pa
Industrial Fertilizer Consumption	0 t pa
Veterinary Antimicrobials Consumption	59,321 ml pa
Livestock dairy cattle	224
Livestock other cattle	7,682
Livestock poultry	20,804
Organic meat produced	331 t pa
Organic milk produced	600,514 l pa
Organic crop production grassland	48,448 t pa
Feed self – sufficiency	97.5%

EU taxonomy

The EU Taxonomy is a green classification system that translates the EU’s climate and environmental objectives into criteria for specific economic activities for investment purposes. It recognises as ‘environmentally sustainable’ economic activities that make a substantial contribution to at least one of the EU’s climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

In accordance with the E.U. Taxonomy Regulation and based on Annex I and Annex II of the supplementary delegated act on the climate targets of the EU taxonomy, by using the EU Taxonomy Compass, Group’s has identified all activities and determined those that are deemed eligible for taxonomy based on the descriptions in the taxonomy:

4.1 – Electricity generation using solar photovoltaic technology

4.8 – Electricity generation from bioenergy

7.7 – Acquisition and ownership of buildings

For 2021 only the activities being environmentally sustainable and therefore eligible for taxonomy were reported. For 2022 reporting of alignment based on technical screening criteria, together with fulfilling the minimum social safeguards related to human rights and social standards, is included and disclosed.

The Group’s taxonomy eligibility and alignment of turnover, capital expenditures and operating expenses for 2022 relating to the environmental objectives of “climate change mitigation” and “adaptation to climate change” has been assessed and is disclosed in the standardised reporting tables.

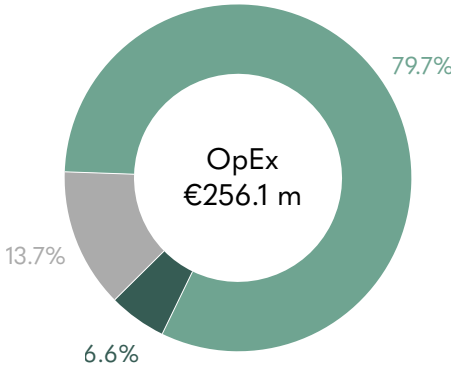
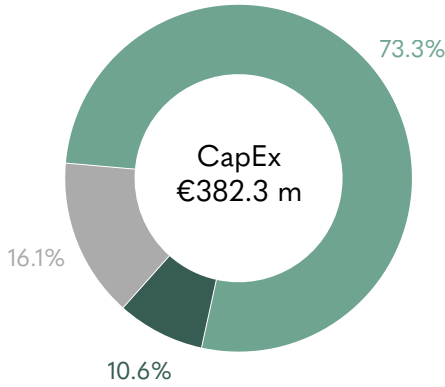
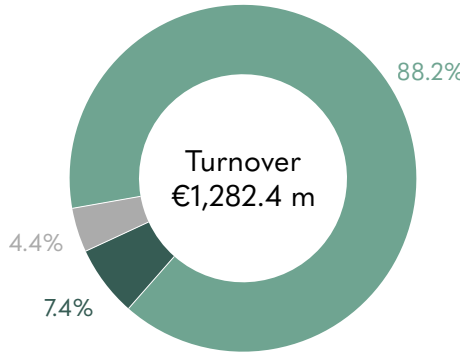
The calculations were performed in accordance with IFRS in line with the consolidated financial statement.

Turnover				Substantial contribution criteria						DNSH						Minimum Safeguards	Taxonomy aligned proportion Turnover 2022	Taxonomy aligned proportion Turnover 2021	Category (enabling activity)	Category (transitional activity)
Economic activities	Code(s)	Absolute Turnover	Proportion of Turnover	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY-ELIGIBLE ACTIVITIES		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7 (Annex I) / L68	90.9	7.4%	100%	0%	N/A	N/A	N/A	N/A	Y	Y	N/A	N/A	N/A	N/A	Y	7.4%	N/A		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		90.9	7.4%														7.4%	N/A		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7 (Annex I) / L68	1132.4	88.0%																	
Electricity generation using solar photovoltaic technology	4.1 (Annex I) / D35.11, F42.22	0.4	0.0%																	
Electricity generation from bioenergy	4.8 (Annex I) / D35.11	1.9	0.2%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1134.8	88.2%																	
Total (A.1 + A.2)		1225.8	95.6%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		56.7	4.4%																	
Total (A+B)		1282.4	100%																	

	N/A		
	N/A		

2022 KPIs

Eligible non-aligned Eligible aligned Non-eligible



CapEx				Substantial contribution criteria						DNSH						Minimum Safeguards	Taxonomy aligned proportion CapEx year 2022	Taxonomy aligned proportion CapEx year 2021	Category (enabling activity)	Category (transitional activity)
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY-ELIGIBLE ACTIVITIES		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7 (Annex I) / L68	34.0	10.6%	100%	0%	N/A	N/A	N/A	N/A	Y	Y	N/A	N/A	N/A	N/A	Y	10.6%	N/A		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		34.0	10.6%														10.6%	N/A		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7 (Annex I) / L68	286.7	73.3%																	
Electricity generation using solar photovoltaic technology	4.1 (Annex I) / D35.11, F42.22	0.0	0.0%																	
Electricity generation from bioenergy	4.8 (Annex I) / D35.11	0.0	0.0%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		286.7	73.3%																	
Total (A.1 + A.2)		320.7	83.9%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		61.6	16.1%																	
Total (A+B)		382.3	100%																	

	N/A		
	N/A		

OpEx				Substantial contribution criteria						DNSH						Minimum Safeguards	Taxonomy aligned proportion OpEx 2022	Taxonomy aligned proportion OpEx year 2021	Category (enabling activity)	Category (transitional activity)
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY-ELIGIBLE ACTIVITIES		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7 (Annex I) / L68	14.6	6.6%	100%	0%	N/A	N/A	N/A	N/A	Y	Y	N/A	N/A	N/A	N/A	Y	6.6%	N/A		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		14.6	6.6%														6.6%	N/A		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7 (Annex I) / L68	206.4	79.7%																	
Electricity generation using solar photovoltaic technology	4.1 (Annex I) / D35.11, F42.22	0.0	0.0%																	
Electricity generation from bioenergy	4.8 (Annex I) / D35.11	0.0	0.0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		206.4	79.7%																	
Total (A.1 + A.2)		221.0	86.3%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		35.1	13.7%																	
Total (A+B)		256.1	100%																	

	N/A		
	N/A		

Sustainable financing

CPIPG is a leader in sustainable financing

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

CPIPG has issued four Green Bonds:

October 2019
€750 m
7-year maturity

January 2020/January2022
£400 m
(€471 million-equivalent)
8-year maturity

May 2020
€750 m
6-year maturity

August 2020
HUF 30 bn
(€86 million-equivalent)
10-year maturity

Sustainability-linked Bond:

January 2022
€700 m
8-year maturity

Sustainability-linked Loan:

March 2023
€100 m
5-year bullet maturity

Expanding the sustainability commitment, we completed an innovative sustainability-linked swap transaction in January 2023. The sustainability linked-swap relates to the Group's issuance of GBP-denominated green bonds, which were fully hedged to EUR on the issue date in January 2020 via a cross-currency swap ("CCS"). In 2023, CPIPG elected to adjust the terms of the CCS with Sumitomo Mitsui Banking Corporation ("SMB") to include sustainability elements. In March 2023, the Group signed a debut Sustainability-linked Loan through a bilateral facility with MUFG. The senior unsecured loan totals €100 million, with a bullet maturity of five years.

Sustainability Finance Framework

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

The Framework has been developed in alignment with the 2021 Green Bond Principles and the 2020 Sustainability-Linked Bond Principles.

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

Green Bond Framework

CPIPG's Framework is aligned with the core components of the EU Green Bond Standard, as proposed in June 2019. CPIPG is monitoring the EU Green Bond Standard and EU Taxonomy on sustainable activities and Technical Screening Criteria and may make further updates to the Framework in the future accordingly.

At least annually, CPIPG reports on issued Green Bonds in line with the ICMA GBP 2018 Harmonised Framework for Impact Reporting.

Eligible Sector	Eligibility Criteria
Green buildings	<p>Acquisition, construction or refurbishment of portfolio which meet recognised international sustainability standards, such as:</p> <ul style="list-style-type: none">BREEAM (Excellent and above)BREEAM In-Use (Very Good and above) when certified under the most recent version of the certification schemeLEED (Gold and above)
Energy Efficiency	<ul style="list-style-type: none">Acquisition, construction or refurbishment of buildings built before 31 December 2020 which qualify for Primary Energy Demand ("PED") of at least 10% below the threshold set for nearly zero-energy building ("NZEB") requirementsAcquisition, construction or refurbishment of buildings built after 31 December 2020 belonging to the top 15% most energy-efficient buildings in the local market** or have at least an Energy Performance Certificate ("EPC") class ARenovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local EPC
Renewable energy	<ul style="list-style-type: none">Installation of photovoltaic, solar, wind, biogas (solely from waste sources) and heat pumps (air and ground source), and combined heat and powerDedicated support infrastructure for renewable energy sources across building management systems
Environmentally sustainable management of living natural resources and land use	<p>Promotion of ecological value, biodiversity and organic agriculture, such as:</p> <ul style="list-style-type: none">Farmland certified against EU standards on organic farming productionInstallation of green roof gardensFacility and infrastructure new build or upgrades that contribute to the protection of living natural resources, including, for instance, beehive rooftop installations and artificial nesting sites for birds

Project selection and evaluation process

The Project Evaluation and Selection Process ensures that the proceeds of CPIPG Green Bonds are allocated to finance or refinance projects that meet the criteria and objectives set out in Use of Proceeds. It is carried out internally by the **CPIPG Green Bond Team**, composed of the legal, finance and investor relations departments across the Group.

On an ongoing basis, eligible Use of Proceeds from CPIPG's portfolio of projects are identified and proposed by the Green Bond Team. The Green Bond Team takes the **CSR Principles and Policy** into account. The selected Eligible Projects are presented to the ESG Committee for review. After a thorough inspection, the Committee presents its conclusion to the Board of Directors. While any CPIPG Green Bonds are outstanding, in the case of divestment or cancellation of a project to which proceeds have been allocated, CPIPG reallocates the proceeds to other eligible projects as it happened during the year 2022.

The Green Bond Team also reviews the management of proceeds and facilitates reporting.

The Committee supervises the processes under the Green Bond Framework and requires relevant updates from the Green Bond Team. As part of its reporting to the Board of Directors, its findings, conclusions and recommendations are submitted to the Board of Directors.

Management of proceeds

Proceeds of CPIPG Green Bonds are managed through the **Green Financing Register**. The proceeds of each CPIPG Green Bond are earmarked against the pool of eligible projects and expenditures identified in the Green Financing Register. The Green Financing Register is reviewed annually by the Green Bond Team to account for any reallocation, repayments or drawings on the eligible projects and expenditures within the pool. The conclusion of the Green Bond Team is presented to the ESG Committee.

Reporting

On an annual basis, CPIPG provides reporting in regard to the Green Bonds in line with the ICMA GBP 2018 **Harmonised Framework for Impact Reporting**.

Green Bond allocation

CPIPG adopted **portfolio reporting for the first time** in the FY2020 Green Bond Financing report and no longer reports Green Bond allocations on a bond-by-bond basis. This facilitates optimal reporting efficiency and clarity for our investors. The following analysis reports on allocations across all four Green Bonds issued by the Group.

Sustainalytics has verified the latest Green Bond allocation as part of the Annual Review process, which concluded that the proceeds from issued Green Bonds have been allocated to assets and projects in accordance with the Use of Proceeds and Reporting Criteria under the Group's Green Bond Framework. The Sustainalytics Annual Review letter can also be found on CPIPG's website.



Allocation of eligible assets	€ million	Allocated as of 31.12.2020	Re-allocated as of 31.12.2021	Re-allocated as of 31.12.2022
Certified green buildings	1,704.5	1,433.2	0.0	271.2
Energy efficiency projects	58.9	55.3	3.6	0.0
Sustainable farming assets	102.5	102.5	0.0	0.0
Renewable energy projects	5.7	5.7	0.0	0.0
Equity investments*	151.8		3.7	148.0
Total	2,023.2			

* The qualifying equity investments accounts for €52.4 million. The calculation relates to the value of CPIPG's stake in Globalworth as at 31 December 2022 pro-rated based on the value of the company's certified green buildings as a percentage of it's property portfolio value. The eligibility criteria of the most recent Green Bond Framework as of January 2022 are applied.

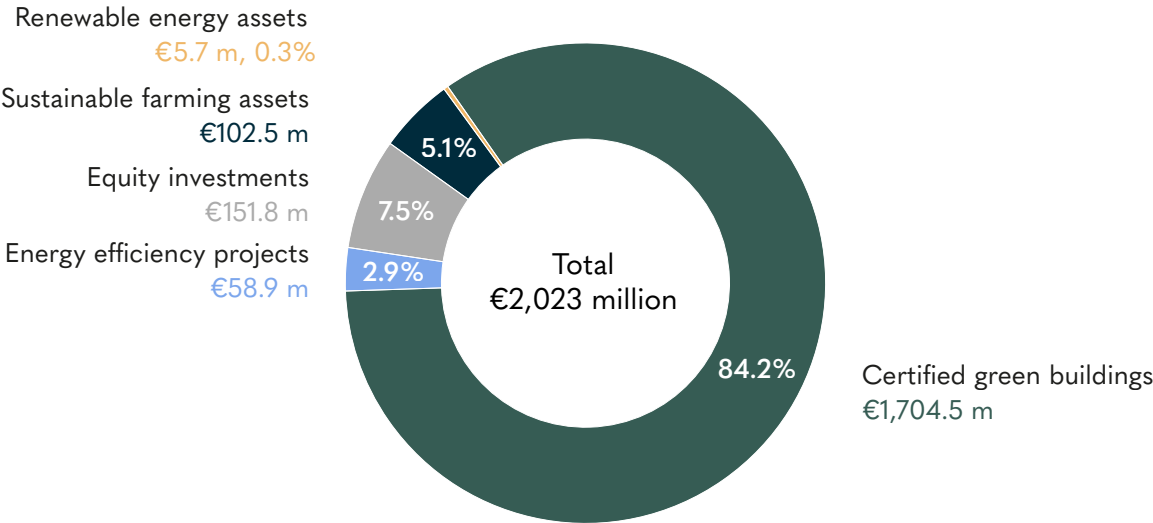
Green bond net proceeds received	€ million
EUR Green Bond, April 2027	735.9
GBP Green Bond, January 2028	466.3
EUR Green Bond, May 2026	732.5
HUF Green Bond, August 2030	88.5
Total	2,023.2

Percentage of net proceeds allocated to eligible assets	100%
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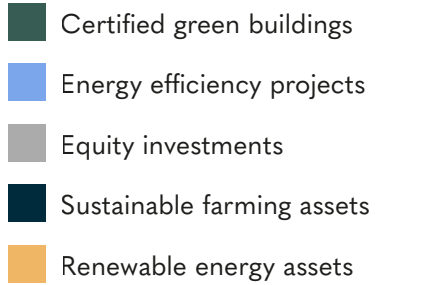
Pro-rata allocation of issued green bonds to eligible assets as at 31 December 2022	€ million	%
Certified green buildings	1,704.5	84.2%
Energy efficiency projects	58.9	2.9%
Sustainable farming assets	102.5	5.1%
Renewable energy assets	5.7	0.3%
Equity investments	151.8	7.5%
Total	2,023.2	100%

Share of financing vs refinancing	€ million	Financing	Refinancing
Certified green buildings	1,704.5	776.4	928.0
Energy efficiency projects	58.9	–	58.9
Sustainable farming assets	102.5	–	102.5
Renewable energy assets	5.7	–	5.7
Equity investments	151.8	–	151.8
Total	2,023.2	776.4	1,246.8
Percentage		38.4%	61.6%

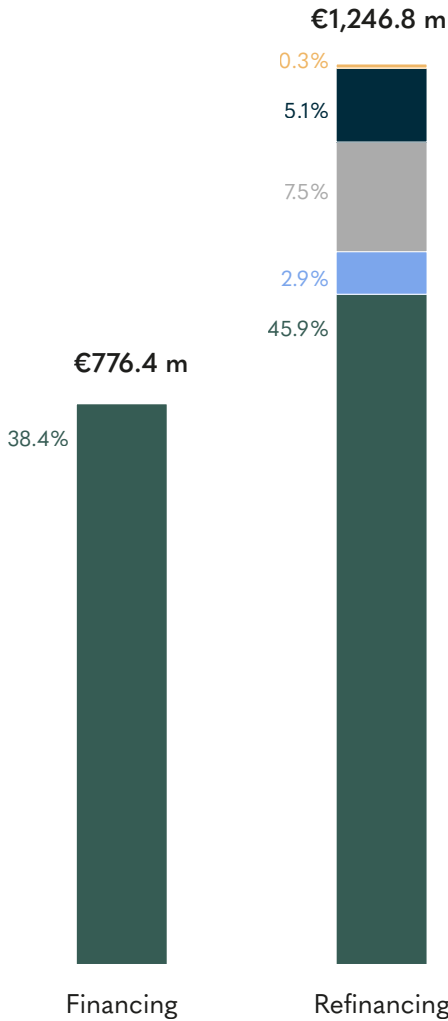
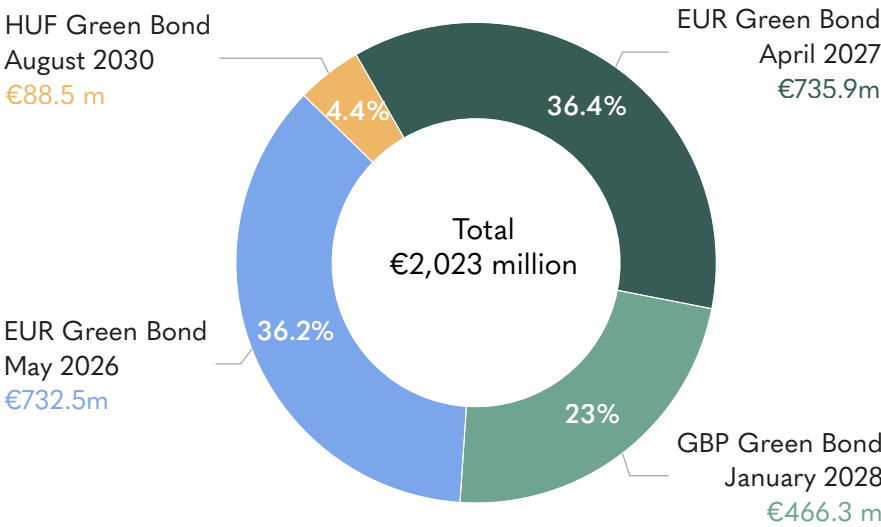
Green bond allocation by eligible asset category



Green bonds allocation by eligible assets – financing vs. refinancing



Green bond net proceeds split by issuance



Green Bonds Impact reporting

As a real estate company, energy consumption relating to the operation of buildings is the main contributor to climate change through greenhouse gas (“GHG”) emissions. The Group aims to achieve sustainable operation of its properties by identifying opportunities to reduce GHG emissions wherever possible.

The Group works together with the **University Centre for Energy Efficient Buildings (“UCEEB”) of the Czech Technical University in Prague** to assist with the calculation and review of impact metrics. In addition, the methodology and calculation of greenhouse gas (“GHG”) reduction is reviewed and verified by an independent third party, Cl2. Finally, according to the Green Bond Framework, CPIPG is committed to verifying its reporting by an independent third party. **Sustainalytics has reviewed the following Impact Reporting as part of the Annual Review process performed in March 2023.** The Annual Review letter can be found on the Group’s website.

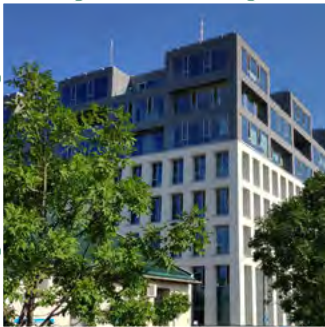
Environmental impact of Green Bond portfolio

Green Buildings

1,721 t CO₂ eq pa
annual GHG reduction in 2022

12,686 MWh pa
energy savings compared with 2019 baseline

42,933 m³ pa
water savings compared with 2019 baseline



Energy Efficiency

-131 MWh pa
annual energy savings in 2022

annual savings were not reached in 2022 due to increased occupancy in office and hospitality segments



photo: © CHL

Green Bond Impact reporting is provided on **an annual basis as part of the Management Report** with regard to the entire **Green Bond portfolio** and includes primarily the allocation of the net proceeds breakdown by Eligible Assets categories, a list of projects financed, the geographical distribution of eligible projects, as well as the share of financing versus refinancing.

For the Impact Reporting provided in this report, we currently exclude qualifying equity investments from the analysis due to the fact that the allocation of Green Bond net proceeds to this category is immaterial.

Renewable Energy

1,771 t CO₂ eq pa
annual GHG reduction in 2022

4,762 MWh pa
annual energy production in 2022



photo: © Andreas Simon

Sustainable Farming

15,412 ha
grassland area in 2022

91,428 t
soil enrichment with fertilising in 2022



We provide impact reporting using the **metrics recommended in the Harmonised Framework for Impact Reporting** for each Eligible assets category as follows:

Eligible Asset category	Impact Reporting metrics
Green buildings	<ul style="list-style-type: none">Level of certification by propertyAnnual GHG emissions reduced/avoided (t CO₂ eq pa)Annual/baseline energy savings (MWh pa)Annual/baseline reduction in water consumption (m³)
Energy efficiency	<ul style="list-style-type: none">Annual GHG emissions reduced/avoided (t CO₂ eq pa)Annual energy savings (MWh pa)Percentage annual energy efficiency gain relative to an established baseline
Renewable energy	<ul style="list-style-type: none">Renewable energy capacity added/rehabilitated (MWh pa)Annual GHG emissions reduced/avoided (t CO₂ eq pa)Annual energy savings (MWh pa)Percentage annual energy efficiency gain relative to building energy performance base line defined for particular type in region
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none">Amount of land covered by open space (hectares and %)Estimated land area with biodiversity management (in hectares)Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects

The performance of buildings in operation is subject to change due to weather patterns, building occupation and visitor rates. Changes in occupation and associated retrofits may, in the short-term, affect building systems and fluctuation in energy and water consumption. The increased energy and water consumption during 2022 was due to the COVID period in 2021 when the operation of hotels, retail, and offices was limited. **In comparison with the 2019 baseline year, a reduction in energy and water consumption is observed.**

For farms, quality enhancement of soil, land and water through management practices associated with land use, specific projects are measured through the amount of grassland which helps retain moisture in the landscape or allows for harvesting straw and hay for cattle feeding. The manure is then used on-site for fertilising the arable land or composting. This completes a virtuous cycle in terms of natural resources.



Project name	Type of asset	Region	Gross Lettable Area (GLA m²)	Eligibility criteria	Eligibility criteria met on this date	Valid through	Signed amount (€m)	Allocated amount (€m)	Green Bond Impact Report						
Green buildings									Certification	Annual GHG emissions reduced/avoided (t CO ₂ eq pa)	Energy savings (MWh pa)		Reduction in water consumption (m³)		Data available for past 2 years (yes/ N/A)
											Annual 2022/2021	Baseline 2022/2019	Annual 2022/2021	Baseline 2022/2019	
SC Nisa	Shopping centre	Czech Republic	49,000	Acquisition	29 March 2017	6 September 2023	105.000	105.000	BREEAM In-Use PART 2 – Very Good	(846.0)	933.0	3,529.4	(8,498.0)	1,433.0	yes
Eurocentrum – Alfa, BetaGammaDelta	Office	Poland	85,000	Acquisition	27 November 2019	–	242.800	242.800	LEED BD+C – Platinum BREEAM In-Use (v6) – Very Good	86.0	371.0	N/A	(3,785.0)	N/A	yes
Warsaw Financial Center	Office	Poland	50,000	Acquisition	05 December 2019	30 January 2025	261.339	261.339	LEED O+M – Gold	214.0	(985.0)	N/A	201.0	N/A	yes
SC Olympia Plzeň	Shopping centre	Czech Republic	41,000	Acquisition	29 March 2017	13 February 2026	156.900	156.900	BREEAM In-Use PART 1 – Very Good	(901.0)	(747.0)	1,867.0	(5,276.0)	1,001.0	yes
SC Ogrody	Shopping centre	Poland	42,000	Acquisition	29 March 2017	–	120.500	120.500	BREEAM 2009 Europe – Very Good	(912.0)	(2,629.0)	2,652.4	(4,615.0)	2,444.0	yes
Equator IV	Office	Poland	21,000	Acquisition	07 November 2019	–	58.000	58.000	BREEAM 2009 Europe – Very Good	(21.0)	227.0	N/A	(3,046.0)	N/A	yes
Green Corner	Office	Poland	15,000	Acquisition	28 January 2020	–	53.700	53.700	LEED BD+C – Platinum	(84.0)	(163.0)	N/A	96.0	N/A	yes
City West B2 + B3	Office	Czech Republic	29,000	Acquisition	06 May 2017	16 September 2025	38.200	38.200	BREEAM In-Use PART 1 – Excellent	91.0	507.0	625.7	(770.0)	5,402.0	yes
Arena Corner	Office	Hungary	30,000	Acquisition	06 May 2017	13 December 2023	25.500	25.500	BREEAM In-Use PART 1 – Very Good	2,386.0	(56.0)	3,071.3	(1,799.0)	20,829.0	yes
Gateway Office Park	Office	Hungary	36,000	Acquisition	06 May 2017	05 November 2023	32.000	32.000	BREEAM In-Use PART 1 – Very Good	36.0	(1,092.0)	(1,454.5)	(4,121.0)	128.0	yes
Balance Loft	Office	Hungary	7,000	Acquisition	06 May 2017	05 November 2023	3.200	3.200	BREEAM In-Use PART 1 – Very Good	221.0	93.0	350.6	(285.0)	661.0	yes
Andrássy Palace	Office	Hungary	9,000	Acquisition	01 December 2018	08 November 2023	23.300	23.300	BREEAM In-Use PART 1 – Very Good	274.0	1.0	513.3	(919.0)	1,021.0	yes
Quadra – BC 30	Office	Hungary	13,000	Acquisition	06 May 2017	08 November 2023	15.200	15.200	BREEAM In-Use PART 1 – Very Good	869.0	1,068.0	632.5	(18.0)	1,855.0	yes
Balance Tower	Office	Hungary	9,000	Acquisition	06 May 2017	05 November 2023	4.300	4.300	BREEAM In-Use PART 1 – Very Good	390.0	223.0	250.5	(477.0)	1,587.0	yes
Balance Hall	Office	Hungary	16,000	New Development	17 April 2020	–	48.000	48.000	BREEAM Int NC 2016 – Very Good	618.0	95.0	N/A	(4,626.0)	N/A	yes
Equator II	Office	Poland	23,000	Acquisition	30 January 2020	27 February 2026	60.300	60.300	BREEAM In-Use PART 1 – Very Good	210.0	918.0	N/A	(1,357.0)	N/A	yes
Atrium Plaza	Office	Poland	15,000	Acquisition	25 April 2018	14 April 2023	37.400	37.400	BREEAM In-Use PART 1 – Very Good	(320.0)	(344.0)	355.3	(706.0)	4,072.0	yes
Equator I (myhive Equator)	Office	Poland	19,000	Acquisition	05 March 2020	18 January 2022	39.400	39.400	BREEAM In-Use PART 1 – Very Good	289.0	318.0	N/A	433.0	N/A	yes
Moniuszki Tower	Office	Poland	10,000	Acquisition	30 June 2020	30 June 2023	33.600	33.600	BREEAM In-Use PART 1 – Excellent	(430.0)	(383.0)	N/A	(349.0)	N/A	yes
Atrium Centrum	Office	Poland	18,000	Acquisition	26 August 2018	26 August 2023	47.300	47.300	BREEAM In-Use PART 1 – Very Good	(478.0)	(443.0)	292.6	(1,702.0)	2,500.0	yes
Concept Tower	Office	Poland	9,000	Acquisition	26 August 2020	–	27.300	27.300	LEED BD+C – Gold	29.0	349.0	N/A	232.0	N/A	yes
myhive Metrooffice	Office	Romania	21,000	Acquisition	3 March 2022	–	50.150	50.150	LEED BD+C – Gold	N/A	N/A	N/A	N/A	N/A	N/A
myhive S-Park	Office	Romania	34,000	Acquisition	3 March 2022	8 February 2024	79.643	79.643	BREEAM In-Use PART 1 – Excellent	N/A	N/A	N/A	N/A	N/A	N/A
myhive IRIDE Eighteen	Office	Romania	11,000	Acquisition	3 March 2022	21 October 2025	16.780	16.780	BREEAM In-Use PART 1 (v6) – Excellent	N/A	N/A	N/A	N/A	N/A	N/A
myhive IRIDE Nineteen	Office	Romania	18,000	Acquisition	3 March 2022	13 October 2025	26.900	26.900	BREEAM In-Use PART 1 (v6) – Excellent	N/A	N/A	N/A	N/A	N/A	N/A
myhive IRIDE Twenty	Office	Romania	10,000	Acquisition	3 March 2022	15 September 2025	15.420	15.420	BREEAM In-Use PART 1 (v6) – Very Good	N/A	N/A	N/A	N/A	N/A	N/A
VIVO! Baia Mare	Retail	Romania	29,000	Acquisition	3 March 2022	18 July 2025	50.210	50.210	BREEAM In-Use PART 1 (v6) – Excellent	N/A	N/A	N/A	N/A	N/A	N/A
STOP SHOP Požarevac	Retail	Serbia	10,000	Acquisition	3 March 2022	4 May 2023	12.410	12.410	BREEAM In-Use PART 2 – Excellent	N/A	N/A	N/A	N/A	N/A	N/A
STOP SHOP Valjevo	Retail	Serbia	6,000	Acquisition	3 March 2022	26 January 2024	9.430	9.430	BREEAM In-Use PART 2 – Excellent	N/A	N/A	N/A	N/A	N/A	N/A
STOP SHOP Sremska Mitrovica	Retail	Serbia	7,000	Acquisition	3 March 2022	26 January 2024	10.270	10.270	BREEAM In-Use PART 1 – Excellent	N/A	N/A	N/A	N/A	N/A	N/A
Total							1,704.452	1,704.452	1,721.0		(1,741.0)	12,686.1	(41,387.0)	42,933.0	
Energy efficiency						Improvement (CO ₂ t pa)	Signed amount Allocated amount Project cost (€ m)		Annual GHG emissions reduced/avoided (t CO ₂ eq pa)	Annual energy savings (MWh pa)	Annual energy efficiency gain relative to an established baseline (%)		Data available for past 2 years (yes/ N/A)		
ZET.office	Office	Czech Republic	20,000	Reduction of CO ₂ ≥ 30%, Top 15% efficiency	29 August 2019	32%	40.000		(82)	58	0.50%		N/A		
Mamaison Residence Downtown Prague	Hospitality	Czech Republic	15,000	Reduction of CO ₂ ≥ 30%	09 September 2019	57%	15.300		(259)	(223)	(1.80%)		yes		
Gebauer Höfen in Franklinstr. 9-15a	Office	Germany	35,000	Reduction of CO ₂ ≥ 30%	06 May 2021	73%	3.6		87	34	0.30%		yes		
Total							58.869		(254)	(131)	(1.10%)				
Renewable energy									Renewable energy capacity added/rehabilitated (kWp pa)	Annual GHG emissions reduced/avoided (t CO ₂ eq pa)	Annual energy production (MWh pa)		Annual energy efficiency gain relative to building energy performance base line defined for particular type in region		Data available for past 2 years (yes/ N/A)
GSG Solar Berlin	Solar Plant	Germany	Installation of photovoltaic solar		06 May 2017	–	5.655		33	1,771	4,762		N/A		yes
Total							5.655		33	1,771	4,762				
Sustainable management of living natural resources and land use									Certification	Amount of land covered by open space		Estimated land area with biodiversity management	Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects		
Spojené Farmy a.s.	Farms	Czech Republic	Organic farming production		07 August 2020	–	102.479		KEZ o.p.s	16,954 ha	78.6%	17,097 ha	Grassland area	Fertilizing/Composting	
Total							102.479			16,954 ha	78.6%	17,097 ha	15,412 ha	91,428 t	

Green bond project case studies



Office



Shopping centre



Organic farm



Renewable energy

Green buildings:



SC Nisa
Location: Liberec, CZ
GLA: 49,000 m²
Allocated: €105.0 m
BREEAM In-Use – Very Good



Balance Hall
Location: Budapest, HU
GLA: 16,000 m²
Allocated: €48.0 million
BREEAM Int NC 2016 Very good



Concept Tower
Location: Warsaw, PL
GLA: 9,000 m²
Allocated: €27.3 m
LEED BD+C Gold



Warsaw Financial Center
Location: Warsaw, PL
GLA: 50,000 m²
Allocated: €261.339 m
LEED O+M Gold



Andrássy Palace
Location: Budapest, HU
GLA: 9,000 m²
Allocated: €23.3 m
BREEAM In-Use – Very Good



myhive Metrooffice
Location: Bucharest, RO
GLA: 21,000 m²
Allocated: €50.15 m
LEED BD+C Gold



SC Olympia Plzeň
Location: Plzeň, CZ
GLA: 41,000 m²
Allocated: €156.9 m
BREEAM In-Use – Very Good



Quadra – BC 30
Location: Budapest, HU
GLA: 13,000 m²
Allocated: €15.2 m
BREEAM In-Use – Very Good



myhive IRIDE Eighteen
Location: Bucharest, RO
GLA: 11,000 m²
Allocated: €16.78 m
BREEAM In-Use (v6) – Excellent



SC Ogrody
Location: Elbląg, PL
GLA: 42,000 m²
Allocated: €120.5 m
BREEAM 2009 Europe Very Good



Balance Tower
Location: Budapest, HU
GLA: 9,000 m²
Allocated: €4.3 m
BREEAM In-Use – Very Good



myhive IRIDE Nineteen
Location: Bucharest, RO
GLA: 18,000 m²
Allocated: €26.9 m
BREEAM In-Use (v6) – Excellent



Equator IV
Location: Warsaw, PL
GLA: 21,000 m²
Allocated: €58.0 m
BREEAM 2009 Europe Very Good



Equator II
Location: Warsaw, PL
GLA: 23,000 m²
Allocated: €60.3 m
BREEAM In-Use – Very Good



myhive IRIDE Twenty
Location: Bucharest, RO
GLA: 10,000 m²
Allocated: €15.42 m
BREEAM In-Use (v6) – Very Good



Green Corner
Location: Warsaw, PL
GLA: 15,000 m²
Allocated: €53.7 m
LEED BD+C Platinum



Atrium Plaza
Location: Warsaw, PL
GLA: 15,000 m²
Allocated: €37.4 m
BREEAM In-Use – Very Good



STOP SHOP Valjevo
Location: Serbia
GLA: 6,000 m²
Allocated: €9.43 m
BREEAM In-Use – Excellent



City West B2 + B3
Location: Prague, CZ
GLA: 29,000 m²
Allocated: €38.2 m
BREEAM In-Use – Excellent



Equator I (myhive Equator)
Location: Warsaw, PL
GLA: 19,000 m²
Allocated: €39.4 m
BREEAM In-Use – Very Good



STOP SHOP Sremska Mitrovica
Location: Serbia
GLA: 7,000 m²
Allocated: €10.27 m
BREEAM In-Use – Excellent



Gateway Office Park
Location: Budapest, HU
GLA: 36,000 m²
Allocated: €32.0 m
BREEAM In-Use – Very Good



Moniuszki Tower
Location: Warsaw, PL
GLA: 10,000 m²
Allocated: €33.6 m
BREEAM In-Use – Excellent



Energy Efficiency:
ZET.office
Location: Brno, CZ
GLA: 20,000 m²
Project cost: €40 m



Balance Loft
Location: Budapest, HU
GLA: 7,000 m²
Allocated: €3.2 m
BREEAM In-Use – Very Good



Atrium Centrum
Location: Warsaw, PL
GLA: 18,000 m²
Allocated: €47.3 m
BREEAM In-Use – Very Good



Gebauer Höfen in Franklinstr. 9-15
Location: Berlin, DE
GLA: 35,000 m²
Project cost: €3.6 m



GSG Solar Berlin
Allocated: **€5.655 million**
Annual energy production: **4,762 MWh pa**




Spojené Farmy a.s.
Location: Czech Republic
Amount of land covered by open space: 16,954 ha (78.6%)
Allocated: **€102.479 million**



Eurocentrum
Location: Warsaw, Poland
GLA: 85,000 m²
Allocated: **€242.8 million**
LEED BD+C Platinum



Arena Corner
Location: Budapest, Hungary
GLA: 30,000 m²
Allocated: **€25.5 m**
BREEAM In-Use – Very Good



VIVO! Baia Mare
Location: Romania
GLA: 29,000 m²
Allocated: €50.21 m
BREEAM In-Use (v6) – Excellent



STOP SHOP Požarevac
Location: Serbia
GLA: 10,000 m²
Allocated: €12.41 m
BREEAM In-Use – Excellent

113

Declaration letter

113

Consolidated financial statements

159

Independent auditor’s report CFS

163

Statutory financial statements



DECLARATION LETTER

FINANCIAL REPORT

AS AT 31 DECEMBER 2022

1.1. Person responsible for the Annual Financial Report

Mr. Martin Němeček, acting as Chief Executive Officer and Managing Director of the Company, with professional address at 40 rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg, m.nemecek@cpigp.com.

1.2. Declaration by the persons responsible for the Annual Financial Report

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

- the consolidated financial statements of the Company as at 31 December 2022, prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company and its subsidiaries included in the consolidation taken as a whole; and
- the Management report as at 31 December 2022, provides a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. Martin Němeček.

Luxembourg, 31 March 2023



Mr. Martin Němeček

CEO & Managing Director

CPI PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022 AND FOR THE YEAR THEN ENDED

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Consolidated statement of comprehensive income

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

	Note	Year-ended	
		31 December 2022	31 December 2021
Gross rental income	5.1	748.5	401.8
Service charges and other income	5.2	315.1	139.1
Cost of service and other charges	5.2	(281.8)	(116.2)
Property operating expenses	5.3	(150.0)	(61.8)
Net rental income		631.8	362.9
Development sales	5.4	-	12.9
Development operating expenses	5.4	-	(9.4)
Net development income		-	3.5
Hotel revenue	5.5	165.1	66.4
Hotel operating expenses	5.5	(119.6)	(52.6)
Net hotel income		45.5	13.8
Other business revenue	5.6	53.2	43.6
Other business operating expenses	5.6	(54.8)	(38.4)
Net other business income		(1.6)	5.2
Total revenues		1,281.9	663.8
Total direct business operating expenses		(606.2)	(278.4)
Net business income		675.7	385.4
Net valuation gain	5.7	(88.8)	1,275.8
Net gain on disposal of investment property and subsidiaries	5.8	35.9	34.5
Amortization, depreciation and impairment	5.9	(99.5)	(52.0)
Administrative expenses	5.10	(128.7)	(58.4)
Other operating income	5.11	331.8	6.5
Other operating expenses		(24.9)	(5.8)
Operating result		701.5	1,586.0
Interest income		20.3	17.9
Interest expense	5.12	(210.2)	(97.3)
Other net financial result	5.13	151.3	39.3
Net finance costs		(38.6)	(40.1)
Share of profit/ (loss) of equity-accounted investees (net of tax)	6.4	19.1	15.1
Profit before income tax		682.0	1,561.0
Income tax expense	5.14	(124.8)	(269.4)
Net profit from continuing operations		557.2	1,291.6
Items that may or are reclassified subsequently to profit or loss			
Translation difference	6.12	64.5	137.5
Cash flow hedges		62.0	(26.7)
Income tax on other comprehensive income items		(15.4)	4.6
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	6.3	11.4	18.0
Defined benefit plan actuarial loss		(0.1)	(0.1)
Income tax on other comprehensive income items		(1.9)	(2.7)
Other comprehensive income for the period, net of tax		120.5	130.6
Total comprehensive income for the year		677.7	1,422.2
Net profit attributable to:			
Owners of the parent		457.6	1,202.7
Non-controlling interests		23.6	13.8
Perpetual notes holders		76.0	75.1
Profit for the year		557.2	1,291.6
Total comprehensive income attributable to:			
Owners of the parent		578.1	1,333.3
Non-controlling interests		23.6	13.8
Perpetual notes holders		76.0	75.1
Total comprehensive income for the year		677.7	1,422.2
Earnings per share			
Basic earnings in EUR per share	6.12	0.05	0.15
Diluted earnings in EUR per share	6.12	0.05	0.15

Consolidated statement of financial position

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

	Note	31 December 2022	31 December 2021
Non-current assets			
Intangible assets and goodwill	6.1	126.7	114.0
Investment property	6.2	18,486.2	10,275.8
Property, plant and equipment	6.3	1,100.0	854.6
Hotels	6.3	973.4	746.2
Other property, plant and equipment	6.3	126.6	108.4
Biological assets		4.4	6.5
Equity accounted investees	6.4	732.3	1,216.1
Other financial assets	6.5	423.5	229.2
Loans provided	6.6	240.6	102.3
Deferred tax assets	5.14	176.8	164.1
		21,290.5	12,962.6
Current assets			
Inventories		23.5	11.8
Biological assets		3.3	2.7
Income tax receivables		23.2	5.6
Trade receivables	6.7	197.8	105.7
Loans provided	6.6	66.6	19.1
Cash and cash equivalents	6.8	1,033.2	501.8
Other financial assets	6.9	124.2	56.5
Other non-financial assets	6.10	162.4	114.7
Assets linked to assets held for sale	6.11	596.5	588.5
		2,230.7	1,406.4
Total assets		23,521.2	14,369.0
Equity			
Equity attributable to owners of the parent	6.12	6,579.8	5,991.8
Share capital	6.12.1	863.8	883.6
Share premium	6.12.1	991.2	1,161.7
Other reserves	6.12.3	482.8	362.2
Retained earnings	6.12.4	4,242.0	3,584.3
Perpetual notes	6.12.5	1,584.4	1,611.6
Non-controlling interests	6.12.6	1,098.8	91.2
		9,263.0	7,694.6
Non-current liabilities			
Bonds issued	6.13	4,680.4	3,693.7
Financial debts	6.14	6,165.6	1,164.4
Deferred tax liability	5.14	1,727.9	1,082.4
Provisions	6.16	41.3	8.4
Other financial liabilities	6.17	166.9	87.8
		12,782.1	6,036.7
Current liabilities			
Bonds issued	6.13	405.8	41.1
Financial debts	6.14	360.4	233.5
Trade payables	6.18	232.3	116.2
Income tax liabilities		38.3	13.2
Other financial liabilities	6.19	236.0	114.3
Other non-financial liabilities		74.9	33.3
Liabilities linked to assets held for sale	6.11	128.4	86.1
		1,476.1	637.7
Total equity and liabilities		23,521.2	14,369.0

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor's report CFS

163 Statutory financial statements

Consolidated statement of changes in equity

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

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to owners of the parent	Perpetual notes	Non-controlling interest:	Total equity
As at 1 January 2022		883.6	1,161.7	55.9	5.8	(10.4)	310.9	3,584.3	5,991.8	1,611.6	91.2	7,694.6
Profit for the period		-	-	-	-	-	-	457.6	457.6	76.0	23.6	557.2
Total other comprehensive income		-	-	64.5	-	46.6	9.5	(0.1)	120.5	-	-	120.5
Total comprehensive income for the period		-	-	64.5	-	46.6	9.5	457.5	578.1	76.0	23.6	677.7
Share buy-back	6.12	(19.8)	(170.5)	-	-	-	-	-	(190.3)	-	-	(190.3)
Repayment of previously issued perpetual notes	6.12	-	-	-	-	-	-	-	-	(27.8)	-	(27.8)
Amount paid to perpetual notes holders	6.12	-	-	-	-	-	-	-	-	(75.4)	-	(75.4)
Business combinations	6.12	-	-	-	-	-	-	-	-	-	2,587.1	2,587.1
Sale of NCI	6.12	-	-	-	-	-	-	-	-	-	87.7	87.8
Acquisition of NCI	6.12	-	-	-	-	-	-	200.2	200.2	-	(1,690.8)	(1,490.6)
As at 31 December 2022		863.8	991.2	120.4	5.8	36.2	320.4	4,242.0	6,579.8	1,584.4	1,098.8	9,263.0

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to owners of the parent	Perpetual notes	Non-controlling interests	Total equity
As at 1 January 2021		833.2	911.1	(81.6)	5.8	11.7	295.6	2,345.0	4,320.8	1,369.6	96.1	5,786.5
Profit for the period		-	-	-	-	-	-	1,202.7	1,202.7	75.1	13.8	1,291.6
Total other comprehensive income		-	-	137.5	-	(22.1)	15.3	(0.1)	130.6	-	-	130.6
Total comprehensive income for the period		-	-	137.5	-	(22.1)	15.3	1,202.6	1,333.3	75.1	13.8	1,422.2
Issuance of new shares	6.12	89.3	451.6	-	-	-	-	-	540.9	-	-	540.9
Share buy-back	6.12	(38.9)	(201.0)	-	-	-	-	-	(239.9)	-	-	(239.9)
Issuance of perpetual notes	6.12	-	-	-	-	-	-	-	-	464.8	-	464.8
Repayment of previously issued perpetual notes	6.12	-	-	-	-	-	-	-	-	(236.7)	-	(236.7)
Amount paid to perpetual notes holders	6.12	-	-	-	-	-	-	-	-	(61.2)	-	(61.2)
Acquisition of subsidiaries with NCI		-	-	-	-	-	-	-	-	-	3.2	3.2
Acquisition of NCI		-	-	-	-	-	-	36.2	36.2	-	(36.2)	-
Sale of NCI		-	-	-	-	-	-	(3.4)	(3.4)	-	14.3	10.9
Derecognition of unexercised liability		-	-	-	-	-	-	3.9	3.9	-	-	3.9
As at 31 December 2021		883.6	1,161.7	55.9	5.8	(10.4)	310.9	3,584.3	5,991.8	1,611.6	91.2	7,694.6

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Consolidated cash flow statement

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

	Note	Year-ended 31 December 2022	31 December 2021
Profit before income tax		682.0	1,561.0
Adjusted by:			
Net valuation (gain) / loss	5.7	88.8	(1,275.8)
Net gain on the disposal of investment property and subsidiaries	5.8	(35.9)	(34.5)
Depreciation and amortization	5.9	46.2	36.5
Impairment of assets	5.9	53.3	15.5
Bargain purchase	5.11	(318.4)	-
Net interest expense		189.9	79.4
Net gain on revaluation of financial derivatives	5.13	(163.1)	(7.2)
Share of profit of equity accounted investees		(19.1)	(15.2)
Unrealized exchange rate differences and other non-cash transactions		18.4	91.3
Profit before changes in working capital and provisions		542.1	451.0
Decrease in inventories		(12.0)	28.8
Increase in trade and other receivables		(56.8)	(50.1)
Increase in trade and other payables		88.6	4.6
Change in provisions		14.8	0.4
Income tax paid		(45.1)	(20.9)
Net cash from operating activities		531.6	413.8
Acquisition of subsidiaries, net of cash acquired	3.2, 3.3	(62.8)	(515.1)
Repayment of loan acquired		-	(227.2)
Acquisition of associates		(35.7)	(262.5)
Acquisition of non-controlling interest	6.12	(1,490.6)	-
Acquisition of other financial investments		-	(199.3)
Proceeds from sale of non-controlling interest	6.12	87.8	14.8
Proceeds from disposals of subsidiaries, net of cash disposed	5.8	387.8	127.2
Purchase and expenditures on investment property	6.2	(622.9)	(383.2)
Purchase and expenditures on property, plant and equipment	6.3	(66.5)	(66.6)
Purchase of intangible assets	6.1	(12.1)	(6.5)
Purchase of biological assets		(1.6)	(2.6)
Proceeds from sale of investment property	5.8	331.3	55.8
Proceeds from sale of property, plant and equipment		27.3	2.9
Proceeds from sale of biological assets		4.9	0.4
Proceeds from sale of other investments		6.0	-
Loans provided	6.6	(700.4)	(670.9)
Loans repaid	6.6	503.4	903.6
Interest received		16.4	22.3
Dividends received		36.9	16.3
Net cash used in investing activities		(1,590.8)	(1,190.6)
Proceeds from issue of share capital	6.12	-	541.0
Share buyback	6.12	(190.3)	(239.9)
Proceeds from perpetual notes	6.12	-	464.8
Payment to perpetual note holders including repayment of perpetual bonds	6.12	(103.2)	(297.9)
Proceeds from bonds issued	6.14	1,042.4	878.3
Repayment of bonds issued	6.14	(1,374.1)	(528.3)
Interest paid	6.14	(186.4)	(88.4)
Drawings of loans and borrowings	6.14	4,377.6	615.7
Repayments of loans and borrowings	6.14	(1,978.4)	(692.1)
Net drawings of lease liabilities	6.14	3.0	(10.1)
Net cash from / (used in) financing activities		1,590.6	643.1
Net increase / (decrease) in cash		531.4	(133.7)
Cash and cash equivalents at the beginning of the period	6.8	501.8	632.3
Less: Cash and cash equivalents reclassified from / (to) assets held for sale		-	3.2
Cash and cash equivalents at the end of the period		1,033.2	501.8

Notes to the consolidated financial statements

1 General information

CPI PROPERTY GROUP S.A. (hereinafter also the “Company” or “CPIPG”, and together with its subsidiaries as the “Group”) is a real estate group founded in 2004 as ORCO Germany S.A. Since its foundation the Group has been operating in Germany and concentrated mainly on commercial property, project development and asset management, principally in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (“GSG”), the Group is the largest lessor of commercial property in the Berlin area. After the incorporation into Czech Property Investments a.s. in 2014, the Group expanded to a number of CEE countries, primarily the Czech Republic. In 2022, the Group completed two significant acquisitions of Austrian real estate groups IMMOFINANZ AG (“IMMOFINANZ”) and S IMMO AG (“S IMMO”).

The Group is primarily focused on investment properties, as well as development and asset management for third parties.

CPI PROPERTY GROUP S.A. is the parent company of the Group. The Company is a Luxembourg *Société Anonyme*, whose shares registered under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

The registered office of the Company is located at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg.

Description of the ownership structure

As at 31 December 2022, Radovan Vítek is the primary shareholder of the Company holding indirectly 89.35% of the Company shares.

For the list of shareholders as at 31 December 2022, refer to note 6.13.

Board of Directors

As at 31 December 2022, the Board of Directors consists of the following directors:

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

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

The consolidated financial statements were authorized for issue by the Board of Directors on 31 March 2023.

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

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

(b) New and amended standards and interpretations

For the preparation of these consolidated financial statements, the following amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2022. The amendments and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs exceed the economic benefits expected to be received. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs and an allocation of costs directly related to contract activities. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods.

Amendments to standards issued and not yet effective: Classification of Liabilities as Current or Non-current, Definition of Accounting Estimates, Disclosure of Accounting Policies, Deferred Tax related to Assets and Liabilities arising from a Single Transaction. These amendments are not expected to have an impact on the Group.

Basis of measurement

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

- Investment property – measured at fair value;
- Property, plant and equipment, asset type Hotels – measured at fair value;
- Biological assets – measured at fair value less cost to sell;
- Derivative financial instruments – measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 2.2 (a) – Contingent consideration;
- Note 2.2 (c) – Classification of investment property;
- Note 2.2 (n) – Service charges: Gross versus net revenue recognition.

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

- Note 2.2 (j) – Impairment test;
- Note 2.3 (b) – Determination of fair value;
- Note 5.13 – Income tax expenses;
- Note 7 – Financial risk management.

2.2 Significant accounting policies

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

(a) Basis of consolidation

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

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

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

(ii) Business combinations involving entities under common control

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

(iii) Loss of control

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

(iv) Equity accounted investees

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

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

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

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

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

(v) Property asset acquisition

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

(b) Foreign currency

(i) Functional currencies

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

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

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

Country	Functional currency
Bulgaria	BGN
Croatia	HRK
Czech Republic*	CZK
Hungary*	HUF
Poland*	PLN
Romania*	RON
Russia	RUB
Serbia	RSD
Switzerland	CHF
Turkey	TRY
United Kingdom	GBP

* Except for subsidiary WXZ1 a.s. and IMMOFINANZ and S IMMO subsidiaries which have EUR as a functional currency.

* Except for IMMOFINANZ and S IMMO subsidiaries which have EUR as a functional currency.

(ii) Foreign currency transactions

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

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

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

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

(c) Investment property and investment property under development

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

External independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at the year end of 2022 and 2021 respectively.

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

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

(d) Right of use assets (leased assets)

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

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

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

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured either at cost less accumulated depreciation (see below) and impairment losses (see note 2.2(j)), or at revaluated amounts.

(ia) Hotels and resorts

Hotels are stated at revalued amounts that are fair values based on appraisals prepared by external professional valuers each year or more frequently if market factors indicate a material change in fair value. Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

An increase in carrying value of an asset as a result of revaluation is recognised in OCI and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

A decrease in carrying value of an asset as a result of revaluation is recognised in profit or loss. However, the decrease shall be recognised in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in OCI reduces the amount accumulated in equity under the heading of revaluation surplus.

(ib) Other items of property, plant and equipment

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

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

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

(ii) Reclassification to investment property

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

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

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

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

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

Assets	2022	2021
Property	30 - 50 years	30 - 50 years
Equipment	5 - 10 years	5 - 10 years
Motor vehicles	5 years	5 years
Fittings	3 - 5 years	3 - 5 years
Computers	3 years	3 years

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

(f) Intangible assets

(i) Goodwill

Business combinations are accounted for by applying the acquisition method. For the measurement of goodwill at initial recognition, see note 2.2(a).

Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested for impairment annually (see accounting policy 2.2(j)).

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Trademarks

Acquired trademarks are shown at cost less accumulated impairment losses. When they have indefinite useful life, trademarks are tested for impairment annually or when there is an indication of impairment.

(v) Amortization

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

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

Assets	2022	2021
Software	3 - 8 years	3 - 8 years
Other intangible assets	3 - 5 years	3 - 5 years

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

(g) Inventories

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

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

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

(h) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

The Group recognises a biological asset or agriculture produce only when the entity controls the asset as a result of past events, it is probable that future economic benefits will flow to the entity, and the fair value or cost of the asset can be measured reliably. Biological assets within the scope of IAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured, in which case they are valued at cost. The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are included in profit or loss.

All costs related to biological assets that are measured at fair value, except for the acquisition costs, are recognised as expenses when incurred.

(i) Financial instruments

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Derecognition

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

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

(i) Non-derivative financial assets

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

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

Loans provided

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

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

The recoverable amount of the Group’s provided loans is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate calculated at initial recognition of these financial assets).

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

Trade and other receivables

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

Cash and cash equivalents

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

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

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

Cash accounts restricted from use are classified as other receivables. If use of these accounts is subject to the respective bank approval only, the accounts are classified as cash and cash equivalents.

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

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

Bond transaction costs

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

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

Lease liabilities

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

(iii) Share capital

Ordinary shares

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

Treasury shares

Treasury shares represent shares of the Company which were acquired by the Group. The cost of treasury shares is deducted from equity. When treasury shares are sold or reissued, the amount received is recognized as an increase in equity.

(iv) Derivative financial instruments and hedge accounting

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred.

The Group holds derivative financial instruments to hedge its interest rate and foreign currency risk exposures.

Cash flow hedges

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

The effective portion of changes in the fair value of derivative hedging instruments designated as a cash flow hedge are recognised in OCI and in the cash flow hedge reserve. To the extent that the hedge is ineffective, changes in the fair value of the derivative are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the anticipated transaction takes place, upon which it is reclassified in the profit and loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Other non-hedging derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(v) Perpetual bonds

The Group analyses the bonds issued if it holds unconditional rights to avoid delivering cash in respect of both, the principal and related interests. The bonds are classified as an equity instrument and classified separately as equity attributable to perpetual bond holders if the Group has an unconditional right to avoid delivering cash (or another financial instrument).

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

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

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

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

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

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

Determination of ECL for loans provided to the majority shareholder or entities controlled by majority shareholder considers the Group’s credit rating.

- (ii) Impairment of non-financial assets

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which the goodwill is monitored. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Impairment losses relating to goodwill cannot be reversed in future periods.

- (k) Provisions

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

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

- (l) Post-employment obligations

- (i) Defined benefit plan

The Group has entered into defined benefit plans defined as an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the net defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of the net defined liability which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any), are charged or credited to OCI in the period in which they arise. Net interest expense and other expenses related to the defined benefit plans are recognized in the statement of comprehensive income.

The valuation of the pension obligation is performed by an independent actuary.

- (ii) Defined contribution plans

Contributions are made to the Government’s health, retirement benefit and unemployment plan at statutory rates applicable during the period and are based on gross salary payments. The arrangements of the Government’s health, retirement benefit and unemployment plans qualify as defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The expense for the contributions is charged to profit and loss in the same period as the related salary expense.

- (m) Assets held for sale and disposal groups

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

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

- (n) Revenue

- (i) Rental revenue

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

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

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

- (ii) Service charges and other income

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

Other income is recognised in profit or loss when tenant obtains control of the goods or services.

- (iii) Hotel revenue

Represents revenues derived from hotel operations, including room rentals, food and beverage sales and other ancillary goods and services. Revenue is recognized immediately when the customer obtains control of the goods or services.

- (iv) Development sales

A sale of self-constructed trading property is generally a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. Revenue is recognized immediately when the customer obtains control of the property.

- (v) Other business revenue

Other business is represented by mountain resort and agriculture operations. Other business revenue is recognised in profit or loss when the customer obtains control of the goods or services.

- (vi) Government grants

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other business revenue when the grant becomes receivable. Other government grants are recognised where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

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

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

(o) Expenses

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

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

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

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

Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

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

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

Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established.

(q) Income tax

(i) Current income tax

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

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

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

(ii) Deferred tax

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(r) Earnings per share

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

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

(s) Segment reporting

The Group has applied the criteria of IFRS 8, ‘Operating Segments’ to determine the number and type of operating segments. Operating segments were determined based on the nature of the business and how the business is managed by the Board of Directors, the Group’s chief operating decision maker.

The Group reports five operating segments: Czech Republic, Berlin, Poland, Hotels and resorts and Complementary assets.

Segment results that are reported to the Board of Directors include items directly attributable to a segment or items that can be allocated on a reasonable basis. Unallocated items comprise primarily head office expenses, financing and income tax assets and liabilities.

The operating segments are determined based on the Group’s management and internal reporting structure.

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

Inter-segment pricing is determined on an arm’s length basis.

(t) Key management personnel

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

2.3 Determination of fair value

(a) Investment property and Property, plant and equipment

Investment properties are stated at fair value as at 31 December 2022 and 2021 based on external valuations prepared by professionally qualified valuers, except for an insignificant part of the portfolio valued by an internal expert (see note 6.2). The Group’s property portfolio in the Czech Republic is valued mainly by Jones Lang LaSalle, Cushman & Wakefield and CBRE, while selected properties are valued also by RSM, Mazars and Statikum. The property portfolios in Hungary, Slovakia, Romania and part of the Poland portfolio are valued by Jones Lang LaSalle. The majority of assets in Poland are valued by Knight Frank. Assets in Russia, Croatia and the United Kingdom are valued by Cushman & Wakefield. The valuation of the Berlin portfolio is undertaken by Savills. Assets located in France are valued by Savills and assets in Switzerland by Cushman & Wakefield and Mazars. The Group also uses its valuation department for providing internal valuations of selected assets, including part of the Czech Republic residential portfolio, land bank assets, certain Czech Republic retail assets and assets in Italy. As at 31 December 2022, the Group did not revalue recent acquisitions (see note 3.2 and 3.3) and leased properties.

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

Valuations reflect, where appropriate, the type of tenants and the market’s general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

The real estate market in Central and Eastern Europe is considered small and transactions with real estate portfolios of the size similar to that of the Group’s portfolio are rather rare. Due to the need to use the market knowledge and professional judgements of the valuers to a greater extent, there is a higher degree of uncertainty than which would exist in more developed and active markets.

The following valuation methods of investment property were used:

For a breakdown of assumptions used by valuers refer to 7.5.

(i) Retail, Office, Industry and Logistics properties

Retail, office, industry and logistics properties have been valued using predominantly income capitalization and discounted cash flow (DCF) valuation methods.

DCF is a valuation of estimated income considering costs of ownership and operation of the property. The estimated cash flows are discounted using a discount rate reflecting the level of income risk and time value of money.

The income capitalization method is based on the capitalization of the net annual income the property generates or is potentially able to generate. On lease expiry, future income flows have been capitalized into perpetuity at the estimated rental value, taking into account expiry voids and rent free periods. The net income is the total rental income reduced by the costs which are not recovered from tenants. The capitalisation yield (equivalent yield) is determined by the market transactions achieved at the sale of the property or similar properties in the market between the willing buyer and the willing seller in the arm’s length transaction. A yield reflects the risks inherent in the net cash flows applicable to the net annual rentals to arrive at the property valuation. The sales comparison valuation technique has been used for selected less significant retail assets in the Czech Republic.

(ii) Residential properties

Residential properties have been valued primarily using the direct comparison method based on data from comparable transactions. The data was obtained from Cadastral offices or purchase agreements, except for related party transactions.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

(iii) Land and vacant buildings

Land and vacant buildings have been valued using the direct comparison method to arrive at the value of the property in its existing state. A comparison was performed with other similarly located and zoned plots of land or buildings that are currently on the market.

The sales price of the properties that are judged to be most comparable tend to indicate a range in which the value indication for the subject property will fall. The valuer estimated the degree of similarity or difference between the subject property and the comparable sales by considering various elements of comparison.

(iv) Hotels

Hotels have been valued primarily using the DCF valuation method.

(v) Investment property under development

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

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

(vi) Agriculture properties

Agriculture properties have been valued using the direct comparison method of valuation.

(b) Biological assets

Biological assets are stated at fair value less cost to sell based on internal valuations performed by the Group.

Valuation of livestock is measured at fair value. The livestock has been divided into categories according the species and age, e.g. vealer 0 - 6 month, heifer 6 - 24 month, chicken etc. Each category has been valued using the sales price per kilogram for specific category of livestock and the average weight (in kg) per head of cattle. The average weight represents Group management’s best estimate.

The sales prices are derived from the average of actual sales price on different markets as the Group sells its products on several European markets.

3 The Group structure

CPIPG is the Group’s ultimate parent company.

As at 31 December 2022, the Group comprises its parent company and 644 subsidiaries (387 as at 31 December 2021) and 10 joint ventures. For list of subsidiaries refer to Appendix I.

3.1 Changes in the Group in 2022

In 2022, the Group acquired, founded or demerged (within the Group) the following subsidiaries:

Entity	Change	Share owned	Since
A G R O F A N D A spol. s r.o.	Acquisition	100.00%	2 February 2022
"Wienerberg City" Errichtungsges.m.b.H.*	Acquisition	76.88%	3 March 2022
AAX Immobilienholding GmbH*	Acquisition	76.88%	3 March 2022
Adama Adviso SRL*	Acquisition	76.88%	3 March 2022
Adama Holding Public Ltd.*	Acquisition	76.88%	3 March 2022
Adama Management SRL*	Acquisition	76.88%	3 March 2022
Adama Romania Ltd.*	Acquisition	76.88%	3 March 2022
AEDIFICIO Liegenschaftsvermietungs – und Beteiligungsgesellschaft m.b.H.*	Acquisition	76.88%	3 March 2022
Alpha real d.o.o.*	Acquisition	76.88%	3 March 2022
Anadolu Gayrimenkul Yatirimciligi ve Ticaret A.S.*	Acquisition	76.88%	3 March 2022
ARMONIA CENTER ARAD S.R.L.*	Acquisition	76.88%	3 March 2022
ARO Immobilien GmbH*	Acquisition	76.88%	3 March 2022
Atom Centrum, s.r.o.*	Acquisition	76.88%	3 March 2022
Atrium Park Kft.*	Acquisition	76.88%	3 March 2022
Baron Development SRL*	Acquisition	76.88%	3 March 2022
Bauteil M Errichtungsges.m.b.H.*	Acquisition	76.88%	3 March 2022
Bauteile A + B Errichtungsges.m.b.H.*	Acquisition	76.88%	3 March 2022
Bauteile C + D Errichtungsges.m.b.H.*	Acquisition	76.88%	3 March 2022
Berceni Estate Srl*	Acquisition	76.88%	3 March 2022
Bertie Investments Sp. z o.o.*	Acquisition	76.88%	3 March 2022
Blitz 21-67 GmbH*	Acquisition	76.88%	3 March 2022
Bloczek Ltd.*	Acquisition	76.88%	3 March 2022
Business Park Beteiligungs GmbH*	Acquisition	76.88%	3 March 2022
Business Park West-Sofia EAD*	Acquisition	76.88%	3 March 2022
Capri Trade s.r.l.*	Acquisition	76.88%	3 March 2022
CENTER INVEST Kft.*	Acquisition	76.88%	3 March 2022
City Tower Vienna Errichtungs – und Vermietungs-GmbH*	Acquisition	76.88%	3 March 2022
Constantia Treuhand und Vermögensverwaltungs GmbH*	Acquisition	76.88%	3 March 2022
Contips Limited*	Acquisition	76.88%	3 March 2022
Cora GS s.r.l.*	Acquisition	76.88%	3 March 2022
CPB Enterprise GmbH*	Acquisition	76.88%	3 March 2022
Credo Immobilien Development GmbH*	Acquisition	76.88%	3 March 2022
CREDO Real Estate GmbH*	Acquisition	76.88%	3 March 2022
DapPLY Trading Ltd.*	Acquisition	76.88%	3 March 2022
DUS Plaza GmbH*	Acquisition	76.88%	3 March 2022
Elmore Investments Sp. z o.o.*	Acquisition	76.88%	3 March 2022
Elona Projekt d.o.o.*	Acquisition	76.88%	3 March 2022
Erlend Investments Sp. z o.o.*	Acquisition	76.88%	3 March 2022
EUREDES Immobilien GmbH*	Acquisition	76.88%	3 March 2022
Eye Shop Targu Jiu s.r.l.*	Acquisition	76.88%	3 March 2022
Fawna Limited*	Acquisition	76.88%	3 March 2022
FMZ Baia Mare Imobiliara s.r.l.*	Acquisition	76.88%	3 March 2022
FMZ Lublin Sp. z o.o.*	Acquisition	76.88%	3 March 2022
GAL Development SRL*	Acquisition	76.88%	3 March 2022
Galeria Zamek Sp. z o.o.*	Acquisition	76.88%	3 March 2022
GD-BREG d.o.o.*	Acquisition	76.88%	3 March 2022
Geiselbergstraße 30-32 Immobilienbewirtschaftungsgesellschaft m.b.H.*	Acquisition	76.88%	3 March 2022
GENA NEUN Beteiligungsverwaltung GmbH*	Acquisition	76.88%	3 March 2022
Gena Vier Immobilienholding GmbH*	Acquisition	76.88%	3 March 2022
GENA ZEHN Immobilienholding GmbH*	Acquisition	76.88%	3 March 2022
Gendana Ventures Ltd.*	Acquisition	76.88%	3 March 2022
Gila Investment SRL*	Acquisition	76.88%	3 March 2022
Global Trust s.r.l.*	Acquisition	76.88%	3 March 2022
GORDON INVEST Kft.*	Acquisition	76.88%	3 March 2022
Grand Centar d.o.o.*	Acquisition	76.88%	3 March 2022
Hadas Management SRL*	Acquisition	76.88%	3 March 2022
Harborside Imobiliara s.r.l.*	Acquisition	69.19%	3 March 2022
HDC Investitii SRL*	Acquisition	76.88%	3 March 2022
CHB Immobilienholding GmbH*	Acquisition	76.88%	3 March 2022
IE Equuleus NL B.V.*	Acquisition	76.88%	3 March 2022

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Entity	Change	Share owned	Since
I-E-H Immoeast Holding GmbH*	Acquisition	76.88%	3 March 2022
IMAK CEE N.V.*	Acquisition	76.88%	3 March 2022
IMBEA Immoeast Beteiligungsverwaltung GmbH*	Acquisition	76.88%	3 March 2022
IMF Float GmbH*	Acquisition	76.88%	3 March 2022
Immobilia L Liegenschafts Vermietungs GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Acquisition & Management GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST ALLEGRO Beteiligungs GmbH*	Acquisition	76.88%	3 March 2022
Immoeast Baneasa Airport Tower srl*	Acquisition	76.88%	3 March 2022
IMMOEAST Beteiligungs GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Despina I B.V.*	Acquisition	76.88%	3 March 2022
IMMOEAST Despina II B.V.*	Acquisition	76.88%	3 March 2022
IMMOEAST Immobilien GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Iride IV Project s.r.l.*	Acquisition	76.88%	3 March 2022
IMMOEAST Polonia Sp. z o.o. w likwidacji*	Acquisition	76.88%	3 March 2022
IMMOEAST PRESTO Beteiligungs GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Projekt Almansor Holding GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Projekt Aries Holding GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Projekt DESPINA Holding GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Projekt Equuleus Holding GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Projekt Omega Holding GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Projekt Pantheus Holding GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Projekt Septendecimus Holding GmbH*	Acquisition	76.88%	3 March 2022
IMMOEAST Silesia Holding Ltd.*	Acquisition	76.88%	3 March 2022
IMMOFINANZ AG*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Artemis Immobilien Vermietung GmbH*	Acquisition	76.88%	3 March 2022
Immofinanz Deutschland GmbH*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Enodia Realitäten Vermietungs GmbH*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Float GmbH & Co. KG*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Float Verwaltungs GmbH*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Friesenquartier GmbH*	Acquisition	71.27%	3 March 2022
IMMOFINANZ Friesenquartier II GmbH*	Acquisition	76.88%	3 March 2022
Immofinanz Gamma Liegenschafts – und Mobilenvermietungsgesellschaft m.b.H.*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Immobilien Vermietungs-Gesellschaft m.b.H.*	Acquisition	76.88%	3 March 2022
IMMOFINANZ LAMBDA Liegenschafts – und Mobilenvermietungsgesellschaft m.b.H.*	Acquisition	76.88%	3 March 2022
Immofinanz Medienhafen GmbH*	Acquisition	76.88%	3 March 2022
IMMOFINANZ MONTAIGNE Liegenschaftsvermietungs GmbH*	Acquisition	76.88%	3 March 2022
Immofinanz Polska Sp. z o.o.*	Acquisition	76.88%	3 March 2022
Immofinanz Services and Management d.o.o.*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Services Czech Republic, s.r.o.*	Acquisition	76.88%	3 March 2022
Immofinanz Services d.o.o. Beograd-Novi Beograd*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Services Hungary Kft.*	Acquisition	76.88%	3 March 2022
Immofinanz Services Poland Sp. z o.o.*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Services Romania s.r.l.*	Acquisition	76.88%	3 March 2022
IMMOFINANZ Services Slovak Republic, s.r.o.*	Acquisition	76.88%	3 March 2022
ImmoPoland Sp. z o.o.*	Acquisition	76.88%	3 March 2022
IMMOWEST Beteiligungs GmbH*	Acquisition	76.88%	3 March 2022
IMMOWEST IMMOBILIEN ANLAGEN GMBH*	Acquisition	76.88%	3 March 2022
Irascib Holdings Ltd.*	Acquisition	76.88%	3 March 2022
IRIDE S.A.*	Acquisition	76.88%	3 March 2022
Lagerman Properties Limited*	Acquisition	76.88%	3 March 2022
Larius International SRL*	Acquisition	76.88%	3 March 2022
Lasianthus Ltd*	Acquisition	76.88%	3 March 2022
Maalkaf BV*	Acquisition	76.88%	3 March 2022
MBP I Sp. z o.o.*	Acquisition	76.88%	3 March 2022
Merav Development SRL*	Acquisition	76.88%	3 March 2022
Merav Finance BV*	Acquisition	76.88%	3 March 2022
Metropol Consult SRL*	Acquisition	76.88%	3 March 2022
Monorom Construct SRL*	Acquisition	76.88%	3 March 2022
myhive offices Hungary Kft.*	Acquisition	76.88%	3 March 2022
myhive offices sp. z o.o.*	Acquisition	76.88%	3 March 2022
myhive offices SRL*	Acquisition	76.88%	3 March 2022
Nimbus Real Sp. z o.o.*	Acquisition	76.88%	3 March 2022
Norden Maritime Services Limited*	Acquisition	76.88%	3 March 2022
Norden Maritime SRL*	Acquisition	76.88%	3 March 2022
NP Investments a.s.*	Acquisition	76.88%	3 March 2022
Nutu Limited*	Acquisition	76.88%	3 March 2022
OIY Czech, s.r.o.*	Acquisition	76.88%	3 March 2022
Palmovka Offices s.r.o.*	Acquisition	76.88%	3 March 2022
PBC Liegenschaftshandelsgesellschaft m.b.H.*	Acquisition	76.88%	3 March 2022
Perlagonia 1 Holding GmbH*	Acquisition	76.88%	3 March 2022
Polus a.s.*	Acquisition	76.88%	3 March 2022

Entity	Change	Share owned	Since
Polus Transilvania Companie de Investitii S.A.*	Acquisition	76.88%	3 March 2022
Prelude 2000 SRL*	Acquisition	76.88%	3 March 2022
Prinz-Eugen-Straße Liegenschaftsvermietungs GmbH*	Acquisition	76.88%	3 March 2022
Real Habitation s.r.l.*	Acquisition	76.88%	3 March 2022
Retail Park Four d.o.o. Beograd*	Acquisition	76.88%	3 March 2022
Ronit Development SRL*	Acquisition	76.88%	3 March 2022
Roua Vest SRL*	Acquisition	76.88%	3 March 2022
S.C. Baneasa 6981 s.r.l.*	Acquisition	76.88%	3 March 2022
S.C. Brasov Imobiliara S.R.L.*	Acquisition	76.88%	3 March 2022
S.C. Flash Consult Invest s.r.l.*	Acquisition	76.88%	3 March 2022
S.C. IE Baneasa Project s.r.l.*	Acquisition	76.88%	3 March 2022
S.C. IMMOEAST Narbal Project s.r.l.*	Acquisition	76.88%	3 March 2022
S.C. Meteo Business Park s.r.l.*	Acquisition	76.88%	3 March 2022
S.C. Retail Development Invest 1 s.r.l.*	Acquisition	76.88%	3 March 2022
S.C. Stupul de Albine s.r.l.*	Acquisition	76.88%	3 March 2022
S.C. Union Investitii S.r.l.*	Acquisition	76.88%	3 March 2022
Sapir Investitii SRL*	Acquisition	76.88%	3 March 2022
SBF Development Praha spol. s.r.o.*	Acquisition	76.88%	3 March 2022
SCT s.r.o.*	Acquisition	76.88%	3 March 2022
Shaked Development SRL*	Acquisition	76.88%	3 March 2022
SITUS Holding GmbH*	Acquisition	76.88%	3 March 2022
Snagov Lake Rezidential SRL*	Acquisition	76.88%	3 March 2022
S-Park Offices s.r.l.*	Acquisition	76.88%	3 March 2022
Stop Shop d.o.o.*	Acquisition	76.88%	3 March 2022
STOP SHOP Development d.o.o.*	Acquisition	76.88%	3 March 2022
Stop Shop Holding GmbH*	Acquisition	76.88%	3 March 2022
Stop Shop Italia S.R.L.*	Acquisition	76.88%	3 March 2022
Stop Shop Poland Sp.z.o.o.*	Acquisition	76.88%	3 March 2022
STOP SHOP RO RETAIL ONE SRL*	Acquisition	76.88%	3 March 2022
STOP SHOP SERBIA d.o.o.*	Acquisition	76.88%	3 March 2022
STOP.SHOP. CZ s.r.o.*	Acquisition	76.88%	3 March 2022
STOP.SHOP. Slovakia s.r.o.*	Acquisition	76.88%	3 March 2022
Tamar Imob Investitii SRL*	Acquisition	76.88%	3 March 2022
Terमतon Enterprises Limited*	Acquisition	76.88%	3 March 2022
Topaz Development SRL*	Acquisition	76.88%	3 March 2022
Tripont Invest s.r.l.*	Acquisition	76.88%	3 March 2022
TUTUS PROJEKT d.o.o.*	Acquisition	76.88%	3 March 2022
VCG Immobilienbesitz GmbH*	Acquisition	76.88%	3 March 2022
Ventilatorul Real Estate SRL*	Acquisition	76.88%	3 March 2022
Vitrust Ltd.*	Acquisition	76.88%	3 March 2022
VIVO! Poland Sp. z o.o.*	Acquisition	76.88%	3 March 2022
Warsaw Spire Tower Sp. z o.o.*	Acquisition	76.88%	3 March 2022
Terminal Nord S.r.l.*	Acquisition	76.88%	9 March 2022
Hornopolská ekologická, s.r.o.	Founded	100.00%	17 March 2022
Farma Dělouš, s.r.o.	Founded	100.00%	17 March 2022
FVE CHZ s.r.o.	Acquisition	100.00%	11 May 2022
Camposota, s.r.o.	Founded	100.00%	11 May 2022
Ceratopsia, a.s.	Founded	100.00%	11 May 2022
CPI Black, s.r.o.	Founded	100.00%	11 May 2022
CPI Silver, a.s.	Founded	100.00%	11 May 2022
Direopona, s.r.o.	Founded	100.00%	11 May 2022
Haterodan, a.s.	Founded	100.00%	11 May 2022
Karnosota, a.s.	Founded	100.00%	11 May 2022
Megalotonia, s.r.o.	Founded	100.00%	11 May 2022
Notosoaria, s.r.o.	Founded	100.00%	11 May 2022
Vulcanion, a.s.	Founded	100.00%	11 May 2022
OZ Trmice, a.s.	Acquisition	100.00%	25 May 2022
CPI Group Services, a.s.	Founded	100.00%	7 June 2022
Ea Einhundertvierundneunzigste WT Holding GmbH	Acquisition	100.00%	8 June 2022
CPI Services d.o.o. Beograd	Founded	100.00%	14 June 2022
CPI Services CRO d.o.o.	Founded	100.00%	15 June 2022
A.D.I. Immobilien Beteiligungs GmbH**	Acquisition	92.26%	28 June 2022
AKIM Beteiligungen GmbH**	Acquisition	92.26%	28 June 2022
Bank-garázs Kft.**	Acquisition	92.26%	28 June 2022
BUDA Kft.**	Acquisition	92.26%	28 June 2022
BudaPart Auratus Kft.**	Acquisition	92.26%	28 June 2022
CEE Beteiligungen GmbH**	Acquisition	92.26%	28 June 2022
CEE CZ Immobilien GmbH**	Acquisition	92.26%	28 June 2022
CEE Immobilien GmbH**	Acquisition	92.26%	28 June 2022
CEE Property-Invest Hungary 2003 Kft.**	Acquisition	92.26%	28 June 2022
CEE PROPERTY-INVEST Immobilien GmbH**	Acquisition	92.26%	28 June 2022

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Entity	Change	Share owned	Since
CEE Property-Invest Kft.**	Acquisition	92.26%	28 June 2022
City Center Irodaház Kft.**	Acquisition	92.26%	28 June 2022
DUAL CONSTRUCT INVEST SRL**	Acquisition	92.26%	28 June 2022
Duna Szálloda Zrt.**	Acquisition	92.26%	28 June 2022
E.I.A. eins Immobilieninvestitionsgesellschaft m.b.H.**	Acquisition	92.26%	28 June 2022
E.V.I. Immobilienbeteiligungs GmbH**	Acquisition	92.26%	28 June 2022
ELTIMA PROPERTY COMPANY s. r. o.**	Acquisition	92.26%	28 June 2022
EUROCENTER d. o. o.**	Acquisition	92.26%	28 June 2022
EXPO BUSINESS PARK S.R.L.**	Acquisition	92.26%	28 June 2022
GALVÁNIHO 2, s. r. o.**	Acquisition	92.26%	28 June 2022
GALVÁNIHO 4, s. r. o.**	Acquisition	92.26%	28 June 2022
Galvániho Business Centrum, s. r. o.**	Acquisition	92.26%	28 June 2022
German Property Invest Immobilien GmbH**	Acquisition	92.26%	28 June 2022
H.S.E. Immobilienbeteiligungs GmbH**	Acquisition	92.26%	28 June 2022
Hotel DUNA Beteiligungs Gesellschaft m.b.H.**	Acquisition	92.26%	28 June 2022
Ikaruspark GmbH**	Acquisition	92.26%	28 June 2022
Lützow-Center GmbH**	Acquisition	92.26%	28 June 2022
Maior Domus Hausverwaltungs GmbH**	Acquisition	92.26%	28 June 2022
Markt Carree Halle Immobilien GmbH**	Acquisition	92.26%	28 June 2022
Maros utca Kft.**	Acquisition	92.26%	28 June 2022
Nagymező Kft.**	Acquisition	92.26%	28 June 2022
Nergal Immobilienverwertungs GmbH**	Acquisition	92.26%	28 June 2022
Neutorgasse 2–8 Projektverwertungs GmbH**	Acquisition	92.26%	28 June 2022
Nusku Beteiligungsverwaltungs GmbH**	Acquisition	92.26%	28 June 2022
PCC-Hotelerrichtungs – und Betriebsgesellschaft m.b.H.**	Acquisition	92.26%	28 June 2022
PCC-Hotelerrichtungs – und Betriebsgesellschaft m.b.H. & Co. KG**	Acquisition	92.26%	28 June 2022
REGA Property Invest s. r. o.**	Acquisition	92.26%	28 June 2022
S IMMO AG**	Acquisition	92.26%	28 June 2022
S IMMO APM Hungary Kft.**	Acquisition	92.26%	28 June 2022
S IMMO APM ROMANIA S.R.L.**	Acquisition	92.26%	28 June 2022
S IMMO Berlin Finance GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Berlin I GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Berlin II GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Berlin III GmbH**	Acquisition	85.80%	28 June 2022
S IMMO Berlin IV GmbH**	Acquisition	85.80%	28 June 2022
S IMMO Berlin V GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Berlin VI GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Beteiligungen GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Croatia d.o.o.**	Acquisition	92.26%	28 June 2022
S IMMO Germany GmbH**	Acquisition	92.26%	28 June 2022
S Immo Geschäftsimmobilien GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Group Finance GmbH**	Acquisition	92.26%	28 June 2022
S Immo Immobilien Investitions GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Acht GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Eins GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Elf GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Fünf GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Invest GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Neun GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Sechs GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Sieben GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Vier GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Zehn GmbH**	Acquisition	92.26%	28 June 2022
S IMMO Property Zwölf GmbH**	Acquisition	92.26%	28 June 2022
Savska 32 d.o.o.**	Acquisition	92.26%	28 June 2022
SIAG Berlin Wohnimmobilien GmbH**	Acquisition	92.26%	28 June 2022
SIAG Deutschland Beteiligungs GmbH & Co. KG**	Acquisition	92.26%	28 June 2022
SIAG Deutschland Beteiligungs-Verwaltungs GmbH**	Acquisition	92.26%	28 June 2022
SIAG Fachmarktzentren, s. r. o.**	Acquisition	92.26%	28 June 2022
SIAG Hotel Bratislava, s. r. o.**	Acquisition	92.26%	28 June 2022
SIAG Leipzig Wohnimmobilien GmbH**	Acquisition	92.26%	28 June 2022
SIAG Multipurpose Center, s.r.o.**	Acquisition	92.26%	28 June 2022
SIAG Property I GmbH**	Acquisition	92.26%	28 June 2022
SIAG Property II GmbH**	Acquisition	92.26%	28 June 2022
SMART OFFICE DOROBANTI S.R.L.**	Acquisition	92.26%	28 June 2022
SO Immobilienbeteiligungs GmbH**	Acquisition	92.26%	28 June 2022
SOCIETATE DEZVOLTARE COMERCIAL SUDULUI (SDCS) SRL**	Acquisition	92.26%	28 June 2022
SPC DELTA PROPERTY DEVELOPMENT COMPANY SRL**	Acquisition	92.26%	28 June 2022
SPC SIGMA PROPERTY DEVELOPMENT COMPANY SRL**	Acquisition	92.26%	28 June 2022
THE MARK II OFFICES S.R.L.**	Acquisition	92.26%	28 June 2022
Tölz Immobilien GmbH**	Acquisition	92.26%	28 June 2022

Entity	Change	Share owned	Since
Váci 113 Offices A Kft.**	Acquisition	92.26%	28 June 2022
Váci 113 Offices B Hungary Kft.**	Acquisition	92.26%	28 June 2022
VICTORIEI BUSINESS PLAZZA SRL**	Acquisition	92.26%	28 June 2022
WASHINGTON PROJEKT EOOD**	Acquisition	92.26%	28 June 2022
Zagrebtower d.o.o.**	Acquisition	92.26%	28 June 2022
Rezidence Kunratice, s.r.o.	Demerger	97.31%	1 July 2022
Spojené elektrárny, s.r.o.	Founded	100.00%	26 August 2022
Seattle, s.r.o.	Acquisition	100.00%	27 September 2022
Vision Fund	Acquisition	99.50%	27 September 2022
CPI Park Plzeň, s.r.o.	Demerger	97.31%	1 October 2022
CPI Park Jablonné v Podještědí, s.r.o.	Demerger	100.00%	1 November 2022
Mimoňská farma, s.r.o	Founded	100.00%	23 November 2022
Farma Blíževedly, s.r.o.	Founded	100.00%	23 November 2022
Pihelská farma, s.r.o.	Founded	100.00%	24 November 2022
Lipovská ekologická, s.r.o.	Founded	100.00%	24 November 2022
Ekofarma Šenov, s.r.o.	Founded	100.00%	24 November 2022
Žiznikovská farma, s.r.o.	Founded	100.00%	25 November 2022
Zdislavská zemědělská, s.r.o.	Founded	100.00%	25 November 2022
Tlustecká zemědělská, s.r.o.	Founded	100.00%	25 November 2022
Řasnická zemědělská, s.r.o.	Founded	100.00%	25 November 2022
CPI Park Chabařovice, s.r.o.	Demerger	97.31%	1 December 2022
CPI Podhorský Park, s.r.o.	Demerger	97.31%	1 December 2022

* Acquired through acquisition of IMMOFINANZ.

** Acquired through acquisition of S IMMO.

In 2022, the Group disposed or liquidated the following subsidiaries:

Entity	Change	Share	Since
DORESTO LIMITED	Liquidation	100.00%	20 January 2022
SHAHEDA LIMITED	Liquidation	100.00%	20 January 2022
BREGOVA LIMITED	Liquidation	100.00%	20 January 2022
MESARGOSA LIMITED	Liquidation	100.00%	20 January 2022
Airport City Kft	Disposal	100.00%	27 January 2022
Airport City Phase B Kft	Disposal	100.00%	27 January 2022
IGY2 CB, a.s.	Disposal	100.00%	17 February 2022
CB Property Development, a.s.	Disposal	100.00%	17 February 2022
LERIEGOS Kft.	Disposal	100.00%	23 February 2022
BC 91 Real Estate Kft	Disposal	100.00%	23 February 2022
CPI Finance Ireland II Ltd.	Liquidation	100.00%	28 February 2022
CPI Kvarta, s.r.o.	Disposal	100.00%	2 March 2022
Brandýs Logistic, a.s.	Disposal	100.00%	9 March 2022
CPI Vestec, s.r.o.	Disposal	100.00%	9 March 2022
WFC Offices sp. z o.o.	Liquidation	100.00%	14 April 2022
Centrum Ogrody Sp. Z o.o.	Liquidation	100.00%	15 April 2022
CPI Poland Offices sp. z o.o.	Liquidation	100.00%	26 April 2022
PAC Italy 130 SPV S.r.l.	Disposal	97.31%	30 June 2022
Marissa Ypsilon, a.s.	Disposal	100.00%	29 July 2022
Gamma Building, s.r.o.	Disposal	76.88%	1 September
ALIZÉ PROPERTY a.s.	Disposal	100.00%	27 October 2022
Haterodan, a.s.	Disposal	100.00%	21 November 2022

3.2 Property asset acquisitions in 2022

AGROFANDA spol. s r.o.

On 2 February 2022, the Group acquired AGROFANDA spol. s r. o., an owner of one farm in the Czech Republic.

Total consideration of the acquisition was EUR 1.9 million, fully allocated to the investment property value.

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

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 1.9 million. The net cash outflow connected with the acquisition amounted to EUR 1.9 million.

FVE CHZ s.r.o.

On 11 May 2022, the Group acquired 100% share in FVE CHZ s.r.o. holding land and photovoltaics related property in the Czech Republic.

Total consideration of the acquisition was EUR 6.1 million.

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

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

	Fair value
Investment property	2.4
Property, plant and equipment	3.7
Identifiable acquired assets	6.1

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 6.1 million. The net cash outflow connected with the acquisition amounted to EUR 6.1 million.

OZ Trmice, a.s.

On 25 May 2022, the Group acquired OZ Trmice, a.s., an owner of one building in Trmice, the Czech Republic.

Total consideration of the acquisition was EUR 5.4 million, fully allocated to the investment property value.

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

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 5.4 million. The net cash outflow connected with the acquisition amounted to EUR 5.4 million.

Terminal Nord S.r.l.

On 9 March 2022, the Group acquired Terminal Nord S.r.l., provider of newly acquired retail park in Italy. Total consideration of the acquisition was EUR 2.9 million, primarily allocated to current assets. The net cash outflow connected with the acquisition amounted to EUR 2.9 million.

Seattle, s.r.o. and Vision – Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato

On 27 September 2022, the Group acquired (through acquisition of company Seattle, s.r.o.) 99.5% stake in Italian investment fund Vision – Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso Riservato (“Vision fund”). The fund is operated by DeA Capial but controlled by the Group.

The identifiable acquired assets represented primarily investment properties in form of land banks in Italy.

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

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

	Fair value
Investment property	294.2
Other non-financial current assets	3.3
Other financial current assets	20.8
Cash and cash equivalents	3.1
Identifiable acquired assets	321.4
Trade payables	(0.9)
Identifiable acquired liabilities	(0.9)

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 320.5 million. The net cash outflow connected with the acquisition amounted to EUR 317.4 million.

3.3 Business combination in 2022

3.3.1 IMMOFINANZ AG group

On 3 March 2022, the Group completed the acquisition of a controlling stake in IMMOFINANZ AG (“IMMOFINANZ”), a real estate group investing primarily in retail and office portfolios in Austria, Czech Republic, Poland, Hungary, Romania, Serbia, Germany and other countries. IMMOFINANZ is an Austrian-based direct or indirect parent company of 172 companies (refer to note 3.1).

The 54.88% stake was acquired in the following steps:

- Between 15 July and 1 December 2021, the Group acquired 12,549,547 shares representing 9.05% stake in IMMOFINANZ from the market for total of EUR 258.7 million.
- On 1 December 2021, the Group acquired company WXZ1 a.s., a company holding 14,071,483 IMMOFINANZ shares representing 10.14% stake in IMMOFINANZ. The total consideration paid for shares was EUR 320.9 million.
- On 3 December 2021, the Group entered into a share purchase agreement with RPPK Immo GmbH conditional upon merger control clearance regarding the acquisition of additional 13,029,155 shares representing 9.39% stake in IMMOFINANZ. The agreed purchase per share was EUR 21.20. The transaction triggered an anticipatory mandatory takeover offer under the Austrian takeover act.
- On 12 January 2022, the Group published the offer document for holders of IMMOFINANZ shares and convertible bonds. The offer price was EUR 21.20 per share.
- On 26 January 2022, the Group and Petrus Advisers Investments Fund L.P. signed a share purchase agreement regarding the acquisition of 9,413,253 IMMOFINANZ shares representing 6.78% share in IMMOFINANZ. The purchase price per share was EUR 22.70 per share.
- On 31 January 2022, the Group and CEE Immobilien GmbH, a wholly owned subsidiary of Austrian real estate group S IMMO AG, signed a share purchase agreement concerning 17,543,937 shares representing 12.65% stake in IMMOFINANZ for total of EUR 403.5 million (EUR 23.0 per share). The agreement also covered the acquisition of additional shares tendered in the voluntary partial tender offer for shares of IMMOFINANZ by CEE Immobilien GmbH, resulting in further 2,144,280 shares representing 1.55%, for a total of EUR 49.3 million.

- The agreement with CEE Immobilien GmbH resulted in the increase of the offer price within the mandatory takeover and the purchase price for the shares contracted between 1 December 2021 and 31 December 2021 to EUR 23.00.
- During the acceptance period in the mandatory takeover, 7,125,335 IMMOFINANZ shares (representing 5.14% stake in IMMOFINANZ) were tendered for total of EUR 163.9 million (EUR 23.0 per share). In addition, the offer was accepted by holders of the 2024 convertible bonds, equivalent of 261,172 shares (representing 0.19% stake in IMMOFINANZ), amounting to EUR 6.0 million.

On 3 March 2022, based on settlement of the mandatory takeover offer and closing of the share purchase agreement with CEE Immobilien GmbH, RPPK Immo GmbH, and Petrus Advisers Investments Fund L.P. the Group gained control in IMMOFINANZ.

As at the acquisition date, the Group held in total 76,138,702 IMMOFINANZ shares representing 54.88 % share on the IMMOFINANZ’s registered share capital and total outstanding voting rights.

The total consideration of the acquisition was EUR 1,718.5 million including related transaction costs.

The acquisition is treated as a business combination under IFRS 3. The Group designated the acquisition date at 31 March 2022. There were no material events or changes to assets and liabilities of IMMOFINANZ between 3 March 2022 and 31 March 2022, except for the following transactions for which the Group adjusted the below presented identifiable assets and liabilities as at the acquisition date:

- generating net profit between 3 March and 31 March 2022 of EUR 24.4 million,
- repayment and drawing of financial debts of EUR 71.0 million and EUR 129.0 million on 25 March 2022, and
- acquisition of new retail park in Italy for EUR 71.6 million on 9 March 2022.

The fair values of the identifiable assets and liabilities were provisionally determined as at the acquisition date:

- The fair value of investment property of EUR 5,220.6 million was based on valuation reports from independent external valuers as at 31 December 2021. The Group did not assume significant changes to the fair values of investment property between 31 December 2021 and the acquisition date. The Group hired the independent external valuers to determine the fair values of the complete IMMOFINANZ portfolio as at 30 June 2022 (for the valuation methods, the key observable and unobservable inputs, refer to note 7).
- The fair value of equity accounted investees of EUR 435.9 million was determined from the actual spot prices reflecting size premiums as at the acquisition date.
- The fair value of trade receivables of EUR 61.7 million and other financial assets of EUR 137.8 million was expected to be collected in full as at the acquisition date.
- The fair value of financial debts of EUR 1,851.2 million was determined using the actual not observable market data as at the acquisition date.
- The fair value of bonds issued of EUR 988.0 million was determined internally using their actual quoted prices as at the acquisition date.
- The deferred tax liability of EUR 342.5 million consists primarily of all differences between tax and carrying values of investment properties measured as at the acquisition date.

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

	Fair value
Intangible assets and goodwill	0.2
Investment property	5,220.6
Property, plant and equipment	5.9
Equity accounted investees	435.9
Other financial assets	97.5
Deferred tax asset	5.4
Total non-current assets	5,765.5
Inventories	1.2
Current income tax receivables	7.9
Trade receivables	61.7
Cash and cash equivalents	933.0
Other financial current assets	40.3
Other non-financial current assets	37.4
Assets held for sale	9.5
Total current assets	1,091.0
Financial debts	(988.5)
Deferred tax liabilities	(342.5)
Provisions	(16.9)
Other non-current liabilities	(25.6)
Total non-current liabilities	(1,373.5)
Bonds issued	(988.0)
Financial debts	(862.7)
Trade payables	(44.9)
Income tax liabilities	(14.9)
Other financial current liabilities	(39.5)
Other non-financial current liabilities	(37.8)
Total current liabilities	(1,987.8)
Net identifiable assets acquired	3,495.2

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

As a result of this business combination, the Group initially recognized a non-controlling interest of EUR 1,577.0 million.

Net identifiable assets of the group acquired at the date of the business combination amounted to EUR 3,495.2 million and EUR 1,918.2 million net of non-controlling interest.

As a result of the business combination, the Group provisionally recognized bargain purchase of EUR 189.3 million (of which EUR 83.3 million represents remeasuring of pre-acquisition interest in IMMOFINANZ to the fair value as at the acquisition date).

The net cash outflow connected with the business combination amounted to EUR 785.5 million (total consideration of EUR 1,718.5 million net of cash acquired of EUR 933.0 million) of which EUR 252.6 million (EUR 1,185.6 million net of cash acquired of EUR 933.0 million) was paid in 2022. As at 31 December 2021, the investment in IMMOFINANZ of EUR 534.2 million was classified as equity accounting investee.

IMMOFINANZ reported convertible bonds of EUR 280.8 million which were called for early redemption. For purpose of the purchase price allocation, the Group treated the convertible bonds as part of IMMOFINANZ equity as at the date of acquisition. Considering the convertible bonds, the Group held 19.2% stake in IMMOFINANZ as at 31 December 2021.

The mandatory takeover offer for IMMOFINANZ shares was closed on 30 May 2022. As a result, the Group acquired additional 30,440,879 shares representing 22% stake in IMMOFINANZ (refer to note 6.12). As at 31 December 2022, the Group holds 76.88% stake in IMMOFINANZ.

From the date of acquisition, IMMOFINANZ contributed EUR 358.3 million of total revenue and EUR 58.6 million to net profit of the Group.

If the acquisition occurred on 1 January 2022 with all other variables held constant, Group total revenues would have been EUR 1,346.7 million and net profit from continuing operations would have been EUR 617.9 million in 2022.

3.3.2 S IMMO AG group

On 28 June 2022, the Group completed the acquisition of a controlling stake in S IMMO AG (“S IMMO”), a real estate group investing primarily in various retail, office and residential portfolios in Austria, Germany, Hungary, Romania, Croatia and other countries. S IMMO is an Austrian-based direct or indirect parent company of 85 companies (refer to note 3.1).

The 44.41% stake was acquired in the following steps:

- 9,160,240 shares (representing stake of 12.98%) were acquired until 31 December 2021 for total of EUR 199.3 million.
- 2,658,428 shares (representing stake of 3.78%) were acquired in the period since 1 January 2022 and 2 February 2022. The total consideration of the shares was EUR 49.3 million.
- 19,499,437 shares (representing stake of 27.65%) were acquired through the acquisition of IMMOFINNANZ AG which was completed on 3 March 2022. The fair value of the shares was EUR 429.2 million.

In its articles of association, S IMMO had a voting cap provision, limiting the voting rights to 15% for any shareholder, regardless of its shareholding.

On 14 April 2022, the Company announced its request to call a general meeting of S IMMO to resolve on the abolishment of the 15% voting cap and announcement of the intention to launch a cash offer to all S IMMO shareholders. The AGM of S IMMO held on 1 June 2022 voted in favour of the abolition of the voting cap. The change in respect of abolishment of the voting cap was approved and registered on 28 June 2022, which created the obligation for the Company to launch a mandatory tender offer to shareholders of S IMMO.

Since that date the Group can exercise the total of 44.41% voting rights and effectively controls S IMMO group. The management concluded that the Group controls S IMMO despite the Group holds less than 50% of the voting rights. The indicators of the sustainable ability of the Group to control S IMMO included the continuous increase of shareholding, historical attendance levels by selected S IMMO shareholders and composition of S IMMO shareholding structure which is widely dispersed.

Total consideration of the acquisition was EUR 677.8 million including related transaction costs. Of this amount, EUR 429.2 million represents investment by IMMOFINANZ before it was acquired by the Group on 3 March 2022.

The acquisition of the company is treated as a business combination under IFRS 3. The Group designated an acquisition date at 30 June 2022. There were no material events or changes to assets and liabilities of S IMMO between 28 June 2022 and 30 June 2022.

The fair values of the identifiable assets and liabilities were provisionally determined as at the acquisition date:

- The fair value of investment property and property, plant and equipment of EUR 2,853.5 million and EUR 251.4 million, respectively was based primarily on valuation reports from independent external valuers as at 31 December 2021 (for the valuation methods, the key observable and unobservable inputs, refer to note 7). The Group did not assume significant changes to the fair values of investment property and property, plant and equipment between 31 December 2021 and the acquisition date.
- The fair value of trade receivables of EUR 7.2 million and other financial receivables assets of EUR 65.0 million was expected to be collected in full as at the acquisition date.
- The fair value of financial debts of EUR 943.1 million was determined using the actual not observable market data as at the acquisition date.
- The fair value of bonds of issued of EUR 701.9 million was measured using the actual not observable market data as at the acquisition date.
- The deferred tax liability of EUR 291.8 million consists primarily of all differences between tax and carrying values of investment properties and property, plant and equipment measured as at the acquisition date.

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

	Fair value
Intangible assets and goodwill	0.3
Investment property	2,853.5
Property, plant and equipment	251.4
Equity accounted investees	26.9
Other financial assets	41.1
Deferred tax asset	4.8
Total non-current assets	3,178.0
Inventories	0.2
Current income tax receivables	6.6
Trade receivables	7.2
Cash and cash equivalents	578.5
Other financial current assets	23.9
Other non-financial current assets	16.5
Assets held for sale	7.5
Total current assets	640.4
Bonds issued	(497.8)
Financial debts	(873.0)
Deferred tax liabilities	(291.8)
Provisions	(1.1)
Other non-current liabilities	(10.4)
Total non-current liabilities	(1,674.1)
Bonds issued	(204.1)
Financial debts	(70.1)
Trade payables	(5.5)
Income tax liabilities	(4.2)
Other financial current liabilities	(39.6)
Other non-financial current liabilities	(3.8)
Total current liabilities	(327.3)
Net identifiable assets acquired	1,817.0

As a result of this business combination, the Group initially recognized a non-controlling interest of EUR 1,010.1 million.

Net identifiable assets of the group acquired at the date of the business combination amounted to EUR 1,817.0 million and EUR 806.9 million net of non-controlling interest.

As a result of the business combination, the Group provisionally recognized bargain purchase of EUR 129.1 million (of which EUR 55.9 million represents remeasuring of pre-acquisition interest in S IMMO to fair value as at the acquisition date).

The Group’s net cash inflow connected with the business combination amounted to EUR 329.9 million (EUR 248.6 million paid by the Group less cash acquired of EUR 578.5 million). In 2022, the net cash inflow was EUR 529.2 million (EUR 49.3 million paid by the Group less cash acquired of EUR 578.5 million).

The mandatory takeover offer for S IMMO shares was closed on 12 August 2022. As a result, the Group acquired additional 26,983,707 S IMMO shares representing 38.26% stake in S IMMO (refer to note 6.12). This represented a participation of 38.26% in S IMMO (not considering S IMMO treasury shares). During the additional acceptance period which ended on 18 November 2022, the Group acquired further 6,743,731 shares of (representing 9.56% stake in S IMMO). As at 31 December 2022, the Group holds 92.26% stake in S IMMO.

From the date of acquisition, S IMMO contributed EUR 82.6 million of total revenue and EUR (32.6) million to net profit of the Group.

If the acquisition occurred on 1 January 2022 with all other variables held constant, Group total revenues would have been EUR 1,401.4 million and net profit from continuing operations would have been EUR 631.0 million in 2022.

3.4 Disposal of subsidiaries in 2022

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

- Airport City Kft was sold for EUR 30.8 million on 27 January 2022
- Airport City Phase B Kft was sold for EUR 7.9 million on 27 January 2022
- IGY2 CB, a.s. was sold for EUR 9.7 million on 17 February 2022
- CB Property Development, a.s. was sold for EUR 29.3 million on 17 February 2022
- LERIEGOS Kft. (including its subsidiary BC 91 Real Estate Kft) was sold for EUR 9.5 million on 23 February 2022
- CPI Kvarta, s.r.o. was sold for EUR 32.4 million on 2 March 2022
- Brandýs Logistic, a.s. was sold for EUR 58.7 million on 9 March 2022
- CPI Vestec, s.r.o. was sold for EUR 11.0 million on 9 March 2022
- PAC Italy 130 SPV S.r.l. was sold for EUR 2.2 million on 30 June 2022
- Marissa Ypsilon, a.s. was sold for EUR 22.8 million on 29 July 2022
- Gamma Building, s.r.o. was sold for EUR 35.9 million on 1 September 2022
- ALIZÉ PROPERTY a.s. was sold for EUR 16.5 million on 27 October 2022
- Haterodan, a.s. was sold for EUR 0.1 million on 21 November 2022

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

3.5 Changes in the Group in 2021

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

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

* The Group controls the entity through arrangements in the shareholders agreement.

** Controlled investment vehicle of the Group.

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

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

3.6 Property asset acquisitions in 2021

Collina Muratella Complex

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

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

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

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

	Fair value
Investment property	35.3
Identifiable acquired assets	35.3

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

Uchaux Limited

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

CPI ACAYA S.r.l.

On 21 May 2021, to support operations of newly acquired hotel building in Italy, the Group acquired an Italian based company CPI ACAYA S.r.l. The total consideration paid was EUR 0.8 million.

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

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

	Fair value
Intangible assets	0.5
Property, plant and equipment	0.3
Trade receivables	0.1
Identifiable acquired assets	0.9
Trade payables	(0.1)
Identifiable acquired liabilities	(0.1)

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

MARRETIM s.r.o.

On 30 April 2021, the Group acquired MARRETIM s.r.o., an owner of one building in Brno, the Czech Republic. The total consideration paid was EUR 0.8 million.

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

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

	Fair value
Investment property	1.7
Identifiable acquired assets	1.7
Financial debts	(0.9)
Identifiable acquired liabilities	(0.9)

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

GSG BER Waßmannsdorf

On 26 May 2021, the Group acquired 89.67% shares in two German companies owning land plots in Berlin, Germany: GSG BER Waßmannsdorf Eins GmbH and GSG BER Waßmannsdorf Zwei GmbH. The total consideration paid was EUR 12.9 million.

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

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

	Fair value
Investment property	19.3
Identifiable acquired assets	19.3
Financial debts	(5.0)
Identifiable acquired liabilities	(5.0)

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

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

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

On 1 June 2021, the Group acquired A.M.A. Brno spol. s.r.o., an owner of one land plot in Brno, the Czech Republic. The company was subsequently renamed to Brno Property Invest XV., s.r.o. The total consideration paid was EUR 2.2 million.

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

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

	Fair value
Investment property	2.2
Current assets	0.2
Identifiable acquired assets	2.4
Financial debts and other liabilities	(0.2)
Identifiable acquired liabilities	(0.2)

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

ALIZÉ PROPERTY a.s.

On 10 June 2021, the Group acquired ALIZÉ PROPERTY a.s, an owner of a land plot in Slovakia. The total consideration paid was EUR 13.9 million.

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

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

	Fair value
Investment property	14.0
Identifiable acquired assets	14.0
Trade payables	(0.1)
Identifiable acquired liabilities	(0.1)

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

Polma 1 S.A. group

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

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

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

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

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

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

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

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

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

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

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

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

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

WXZ1 a.s.

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

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

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

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

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

On 14 December 2021, the Group acquired Gallotti SPA later renamed by the Group to CPI Torrenova S.P.A., an owner of landbank in Rome, Italy. The total consideration paid was EUR 23.1 million.

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

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

	Fair value
Investment property	19.0
Other financial investments	1.2
Trade receivables	6.4
Other non-financial current assets	0.3
Cash and cash equivalents	4.2
Identifiable acquired assets	31.1
Non-current financial debts	(2.8)
Current financial debts	(0.6)
Trade payables	(0.2)
Other financial current liabilities	(0.8)
Other non-financial current liabilities	(3.7)
Identifiable acquired liabilities	8.1

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

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

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

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

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

3.7 Business combinations in 2021

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

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

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

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

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

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

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

3.8 Disposal of subsidiaries in 2021

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

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

4 Segment reporting

The management of the Group reviews financial information that is principally the same as that based on the accounting policies described in note 2.2. The Board of Directors, which is the chief operating decision maker, also reviews the Segment adjusted EBITDA. Segment adjusted EBITDA is segment business income after administrative expenses. Segment adjusted EBITDA is one of the key metrics used to evaluate and manage operating segments as it is an important economic indicator showing operating efficiency. Segment adjusted EBITDA is not defined or recognised under IFRS and is considered as a non-IFRS financial measure used to evaluate current business performance.

For management purposes, the Group is structured into five operating segments corresponding primarily to geographic regions: Czech Republic, Berlin, Poland, Hotels and resorts (including those in the Czech Republic and Poland) and Complementary assets. In addition, the Group presents both 2022 business combinations separately in its segment reporting. As at 31 December 2022, IMMOFINANZ and S IMMO are operated and managed as individual segments with separate internal reporting structure.

The Group engages in the following business activities:

- The Group owns retail, office and residential and landbank portfolio and operates agricultural farms in the Czech Republic;
- The Group is a leading office provider in Berlin, Germany and Warsaw, Poland;
- The Group operates primarily congress and convention hotels in the Czech Republic, in major CEE region cities, Rome, Croatian island Hvar and ski mountain resorts in Switzerland;
- Group’s complementary assets portfolio primarily consists of the retail, office, residential and land bank portfolios in Italy, Hungary and United Kingdom;
- IMMOFINANZ operates primarily retail and office portfolio in Austria, the Czech Republic, Poland, Hungary, Romania, Germany and other countries;
- S IMMO owns primarily retail, office and residential portfolios (and several hotels) in Austria, Germany, Hungary, Romania, Croatia and other countries.

4.1 Income statement per operating segments

2022

	Czech Republic	Berlin	Poland	IMMOFIN ANZ	SIMMO	Hotels and resorts	Complementary assets	Corporate and not attributable	Total
Gross rental income	164.6	96.7	69.1	243.9	82.6	-	91.6	-	748.5
- Office portfolio	44.6	95.4	58.5	91.4	40.5	-	25.7	-	356.1
- Retail portfolio	84.3	-	10.6	136.7	21.1	-	59.4	-	312.1
- Residential portfolio	29.3	-	-	-	18.6	-	5.3	-	53.2
- Other	6.4	1.3	-	15.8	2.4	-	1.2	-	27.1
Service charge and other income	64.2	46.6	26.1	114.4	25.6	-	38.2	-	315.1
Cost of service and other charges	(56.9)	(29.5)	(25.4)	(108.2)	(28.4)	-	(33.4)	-	(281.8)
Property operating expenses	(19.1)	(20.2)	(6.6)	(55.8)	(21.6)	-	(26.7)	-	(150.0)
Net rental income	152.8	93.6	63.2	194.3	58.2	-	69.7	-	631.8
- Office portfolio	39.7	92.2	52.8	-	-	-	21.8	-	206.5
- Retail portfolio	77.9	-	10.4	-	-	-	50.0	-	138.3
- Residential portfolio	19.5	-	-	-	-	-	1.2	-	20.7
- IMMOFINANZ	-	-	-	194.3	-	-	-	-	194.3
- SIMMO	-	-	-	-	58.2	-	-	-	58.2
- Other	15.7	1.4	-	-	-	-	(3.3)	-	13.8
Hotel revenue	-	-	-	-	32.7	132.4	-	-	165.1
Hotel operating expenses	-	-	-	-	(24.5)	(95.1)	-	-	(119.6)
Net hotel income	-	-	-	-	8.2	37.3	-	-	45.5
Other business revenue	17.2	-	-	-	-	36.0	-	-	53.2
Other business operating expenses	(13.2)	-	-	-	-	(41.6)	-	-	(54.8)
Net other business income	4.0	-	-	-	-	(5.6)	-	-	(1.6)
Total revenues	246.0	143.3	95.2	358.3	140.9	168.4	129.8	-	1,281.9
Total direct business operating expenses	(89.2)	(49.7)	(32.0)	(164.0)	(74.5)	(136.7)	(60.1)	-	(606.2)
Net business income	156.8	93.6	63.2	194.3	66.4	31.7	69.7	-	675.7
Administrative expenses	(26.5)	(11.3)	(5.9)	(49.9)	(8.3)	(0.0)	(9.9)	(16.9)	(128.7)
Segment adjusted EBITDA	130.3	82.3	57.3	144.4	58.1	31.7	59.8	(16.9)	547.0
Valuation gain	254.7	16.6	1.7	-	-	-	112.2	-	385.2
Valuation loss	(80.3)	(42.7)	(57.3)	(121.8)	(107.4)	-	(64.5)	-	(474.0)
Net gain/(loss) on disposal of investment property and subsidiaries	(7.1)	2.4	-	39.8	-	0.7	0.1	-	35.9
Amortization, depreciation and impairments	(2.6)	(4.0)	(3.9)	(21.3)	(17.6)	(40.8)	(7.0)	(2.3)	(99.5)
Segment operating result	295.0	54.6	(2.2)	41.1	(66.9)	(8.4)	100.6	(19.2)	394.6
Other operating income								331.8	331.8
Other operating expenses								(24.9)	(24.9)
Operating result									701.5
Interest income								20.3	20.3
Interest expense								(210.2)	(210.2)
Other net financial result								151.3	151.3
Net finance costs								(38.6)	(38.6)
Share of loss of equity-accounted investees (net of tax)								19.1	19.1
Profit before income tax									682.0
Income tax expense								(124.8)	(124.8)
Net profit from continuing operations									557.2

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

2021

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

4.2 Revenues by countries

	2022		2021	
	Amount	In %	Amount	In %
Czech Republic	355.2	28%	293.5	44%
Germany	198.6	15%	121.7	18%
Hungary	130.7	10%	58.0	9%
Poland	178.3	14%	91.2	14%
Croatia	50.0	4%	17.7	3%
Switzerland	35.9	3%	27.2	4%
Austria	75.1	6%	-	0%
Romania	98.9	8%	4.4	1%
Italy	76.4	6%	16.7	2%
Other	82.8	6%	33.4	5%
Total	1,281.9	100%	663.8	100%

4.3 Non-current assets by operating segments and countries

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

	31 December 2022		31 December 2021	
	Amount	In %	Amount	In %
By operating segments				
Czech Republic	4,112.3	22%	3,982.7	39%
- Office portfolio	820.5	20%	814.6	20%
- Retail portfolio	1,165.3	28%	1,398.2	37%
- Residential portfolio	867.2	21%	727.3	18%
- Landbank and development	1,078.5	27%	910.7	22%
- Other	180.8	4%	131.9	3%
Berlin	3,001.8	16%	2,962.2	29%
- Office portfolio	2,843.1	95%	2,802.9	95%
- Landbank and development	155.9	5%	157.4	5%
- Other	2.8	0%	1.9	0%
Poland	1,188.4	7%	1,222.0	12%
- Office portfolio	1,069.8	90%	1,062.4	87%
- Retail portfolio	118.2	10%	159.3	13%
- Landbank and development	0.4	0%	0.3	0%
IMMOFINANZ	5,238.6	28%	-	-
- Office portfolio	2,725.6	52%	-	-
- Retail portfolio	2,348.3	45%	-	-
- Land bank and development	164.7	3%	-	-
- Other	-	0%	-	-
S IMMO	2,667.2	15%	-	-
- Office portfolio	1,754.4	66%	-	-
- Retail portfolio	387.1	14%	-	-
- Residential portfolio	342.5	13%	-	-
- Land bank and development	86.4	3%	-	-
- Hospitality	96.8	4%	-	-
Complementary assets	2,277.9	12%	2,108.9	20%
- Office portfolio	288.3	13%	485.0	23%
- Retail portfolio	735.5	32%	793.2	37%
- Landbank and development	788.2	35%	404.9	20%
- Residential portfolio	421.1	18%	407.0	19%
- Hospitality	25.9	1%	-	-
- Other	18.9	1%	18.8	1%
Total	18,486.2	100%	10,275.8	100%
By countries				
Czech Republic	4,843.2	26%	3,982.7	39%
Germany	4,323.1	24%	2,962.2	29%
Poland	2,226.5	12%	1,222.0	12%
Italy	1,635.7	9%	960.6	9%
Hungary	1,160.0	6%	553.4	5%
Austria	1,341.5	7%	-	-
Romania	1,317.9	7%	-	-
Other	1,638.3	9%	594.9	6%
Total	18,486.2	100%	10,275.8	100%

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

	31 December 2022		31 December 2021	
	Amount	In %	Amount	In %
By operating segments				
Hotels and resorts	582.6	53%	811.5	95%
S IMMO	236.8	22%	-	-
Czech Republic	166.8	15%	22.7	3%
Berlin	16.4	1%	16.7	2%
IMMOFINANZ	7.1	1%	-	-
Complementary assets in Europe	90.3	8%	3.7	0%
Total	1,100.0	100%	854.6	100%
By countries				
Czech Republic	423.7	38%	403.5	47%
Croatia	170.8	16%	168.3	20%
Italy	85.6	7.8%	93.7	11%
Hungary	171.6	15.6%	67.4	8%
Switzerland	51.5	4.7%	51.4	6%
Austria	116.0	10.6%	-	-
Other	80.8	7.3%	70.3	8%
Total	1,100.0	100%	854.6	100%

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

The following table presents goodwill by operating segments and countries:

	31 December 2022 Amount	31 December 2021 Amount
Hotels and resorts	54.0	52.2
Berlin	42.6	42.6
Complementary assets	1.9	2.0
Total	98.5	96.8

5 Consolidated statement of comprehensive income

5.1 Gross rental income

	2022	2021
Gross rental income	748.5	401.8

In 2022, the increase of gross rental income was driven by acquisition of IMMOFINANZ (EUR 243.9 million) and S IMMO (EUR 82.6 million) and recent acquisitions in Italy (EUR 20.9 million).

5.2 Net service charge and other income

	2022	2021
Service charge income	281.3	120.1
Service revenue	8.0	1.2
Revenues from sales of utilities	25.8	17.8
Service charges and other income	315.1	139.1
Cost of service charges	(261.0)	(100.8)
Cost of utilities	(20.8)	(15.4)
Cost of service and other charges	(281.8)	(116.2)
Total net service charge income	33.3	22.9

In 2022, the increase of service charge and other income was driven by acquisition of IMMOFINANZ and S IMMO (EUR 114.4 million and EUR 25.5 million, respectively) and recent acquisitions in Italy (EUR 9.8 million).

In 2022 and 2021, the revenue from sales of utilities relates primarily to the sale of water and electricity.

5.3 Property operating expenses

	2022	2021
Building maintenance	(54.2)	(22.5)
Real estate tax	(11.0)	(5.8)
Letting fee, other fees paid to real estate agents	(3.5)	(5.2)
Personnel expenses (5.3.1)	(19.9)	(4.9)
Facility management and other property related services	(61.4)	(23.4)
Total	(150.0)	(61.8)

In 2022, the property operating expenses increased primarily due to the acquisition of IMMOFINANZ and S IMMO (EUR 57.4 million and EUR 21.6 million) and recent acquisitions in Italy (EUR 9.0 million).

5.3.1 Personnel expenses

	2022	2021
Wages and salaries	(16.6)	(3.8)
Social and health security contributions	(3.2)	(0.5)
Other social expenses	(0.1)	(0.6)
Total personnel operating expenses (note 5.3)	(19.9)	(4.9)
Wages and salaries	(46.0)	(21.9)
Social and health security contributions	(9.6)	(4.9)
Other social expenses	(3.3)	(0.8)
Total personnel administrative expenses (note 5.10)	(58.9)	(27.6)
Wages and salaries	(36.8)	(16.9)
Social and health security contributions	(7.1)	(4.7)
Other social expenses	(0.4)	(0.2)
Total personnel expenses – hotel operations (note 5.5)	(44.3)	(21.8)
Wages and salaries	(19.3)	(18.7)
Social and health security contributions	(3.5)	(3.4)
Other social expenses	(1.5)	0.4
Total personnel expenses – other business operations (note 5.6)	(24.3)	(21.7)
Total	(147.4)	(76.0)

As at 31 December 2022 and 2021, the Group had 4,967 and 3,485 full-time employees (including temporary contracts), respectively. Headcount increased primarily due to partial recovery of the Group’s hotel business after COVID-19 restrictions and acquisition of IMMOFINANZ and S IMMO.

5.4 Net development income

Development income and development operating expenses in 2021 represented sales of flats and family houses from the ongoing development projects in Prague, the Czech Republic (sales of EUR 12.9 million and operating expenses of EUR 9.4 million in 2021).

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

5.5 Net hotel income

	2022	2021
Hotel revenue	165.1	66.4
Personnel expenses (5.3.1)	(44.3)	(21.8)
Hotel other operating expenses	(75.3)	(30.8)
Total	45.5	13.8

The COVID-19 pandemic had a negative impact primarily on the Group’s congress, convention and resort hotels operations. In 2021 the Group’s hotels were mostly closed from the beginning of the year until May. In 2022, no restrictions were in place and consequently hotel revenue and net hotel income increased by EUR 66.0 million and EUR 23.6 million. Further, hotel revenue and net hotel income increased due to acquisition of S IMMO (EUR 32.7 million and EUR 8.2 million).

5.6 Net other business income

	2022	2021
Other business revenue	53.2	43.6
Personnel expenses (5.3.1)	(24.3)	(21.7)
Other business operating expenses	(30.5)	(16.7)
Total	(1.6)	5.2

In 2022 and 2021, the other business revenue includes state grants of EUR 7.9 million and EUR 8.5 million, respectively obtained by the Group’s agriculture business in the Czech Republic.

Negative other business income in 2022 reflects loss incurred by mountain resort in Switzerland of EUR -5.6 million.

5.7 Net valuation gain

	Czech Republic	Berlin	Poland	IMMOFINANZ	S IMMO	Complementary assets in Europe	Total
2022							
Valuation gain	254.7	16.6	1.7	-	-	112.2	385.2
Valuation loss	(80.3)	(42.7)	(57.3)	(121.8)	(107.4)	(64.5)	(474.0)
Total	174.4	(26.1)	(55.6)	(121.8)	(107.4)	47.7	(88.8)
2021							
Valuation gain	525.6	466.1	54.5	-	-	288.4	1,334.6
Valuation loss	(17.0)	(22.6)	(4.2)	-	-	(15.0)	(58.8)
Total	508.6	443.5	50.3	-	-	273.4	1,275.8

In 2022, the most significant valuation gains realized in the Czech Republic related to revaluation of the residential portfolio (EUR 107.4 million) and several landbanks (in total of EUR 108.4 million). In 2021, the most significant valuation gains related to revaluation of the residential portfolio (EUR 173.6 million), landbank portfolio (in total of EUR 266.3 million) and office portfolio (EUR 30.7 million).

In 2022, IMMOFINANZ and S IMMO recognized net valuation loss of EUR 111.8 million and EUR 99.2 million, respectively.

Berlin’s net valuation gain in 2021 related to the office portfolio and reflected the continuously growing real estate market in Berlin. In 2022, loss of EUR 26.1 million was incurred by revaluation of Berlin’s portfolio.

In 2022, the valuation gain realized by complementary assets in Europe represents primarily revaluation of properties in Italy partially reduced by valuation losses incurred primarily from revaluation of Hungarian portfolio. In 2021, the valuation gain primarily related to newly acquired portfolio (EUR 224.0 million) and existing portfolio (EUR 29.4 million) in Italy.

For the assumptions used by the professional valuers in the preparation of appraisals as at 31 December 2022, refer to note 7.5.3.

5.8 Net gain on the disposal of investment property and subsidiaries

The following table summarizes the effects of investment property disposals:

	2022	2021
Proceeds from the disposal of investment property	136.8	20.9
Carrying value of investment property disposed of and related cost	(132.7)	(16.3)
Net gain on the disposal of investment property	4.1	4.6
Proceeds from the disposal of subsidiaries	77.5	128.7
Carrying value of subsidiaries disposed of	(68.8)	(99.7)
Net gain on the disposal of subsidiaries	8.7	29.0
Proceeds from the disposal of investment property classified as held for sale	508.1	36.3
Carrying value investment property classified as held for sale	(485.0)	(35.4)
Net gain on the disposal of investment property classified as held for sale	23.1	0.9
Total	35.9	34.5

In 2022, proceeds from the disposal of investment property were primarily related to sale of one Czech office building (EUR 67.9 million).

In 2022, the Group sold an office building (EUR 35.9 million) and a shopping centre (EUR 22.8 million) in the Czech Republic and a land bank plot in Slovakia (EUR 16.5 million).

In 2022, proceeds from the disposal of investment property and subsidiaries classified as held for sale were primarily related to sale of one land banks in the Czech Republic (EUR 63.0 million), portfolio of six office buildings in Berlin, Germany (EUR 122.6 million), four Hungarian subsidiaries with land bank and office portfolios (EUR 48.2 million) and Czech subsidiaries with office, retail and land bank portfolios (for EUR 141.1 million).

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

The following table summarizes disposal effects of subsidiaries sold:

	2022	2021
Investment property	177.2	250.3
Deferred tax assets	1.3	-
Trade receivables	4.4	3.2
Other non-financial current assets	0.5	0.7
Cash and cash equivalents	2.2	5.6
Total disposed assets	185.6	259.8
Non-current financial debts	(41.0)	(120.9)
Trade payables – non-current	(0.6)	-
Deferred tax liabilities	(17.7)	(24.8)
Other non-current liabilities	-	(1.2)
Current financial debts	(49.8)	(3.3)
Trade payables - current	(0.7)	(0.6)
Current advance payments	(2.1)	(3.4)
Other financial current liabilities	(4.5)	(4.5)
Other non-financial current liabilities	(0.4)	(1.4)
Total disposed liabilities	(116.8)	(160.1)
Carrying value of subsidiaries disposed of	68.8	99.7

For details on sale of subsidiaries in 2022 and 2021, refer to note 3.4 and 3.8, respectively.

5.9 Administrative expenses

	2022	2021
Personnel expenses (5.3.1)	(58.9)	(27.6)
Audit, tax and advisory services	(26.5)	(11.4)
Legal services	(12.8)	(7.0)
Marketing	(6.3)	(2.5)
Other administrative expenses	(24.2)	(9.9)
Total	(128.7)	(58.4)

In 2022, the administrative expenses increased primarily due to an increase of personnel expenses by EUR 31.3 million (of which EUR 21.1 million related to the acquisition of IMMOFINANZ) and audit, tax and advisory expenses by EUR 15.1 million (of which EUR 13.8 million related to the acquisition of IMMOFINANZ and S IMMO, respectively).

In 2022, the audit, tax and advisory expenses also include the cost of services provided by the Group’s auditor in total of EUR 2.2 million (EUR 1.8 million in 2021), of which EUR 2.0 million (EUR 1.5 million in 2021) related to audit services and EUR 0.2 million (EUR 0.3 million in 2021) to other assurance and advisory services.

5.10 Amortization, depreciation and impairment

	2022	2021
Depreciation and amortization	(46.2)	(36.5)
Impairment of assets	(44.9)	(15.5)
Write off loans provided and trade receivables	(8.4)	-
Total	(99.5)	(52.0)

Movement of impairment of assets

	2022	2021
Impairment of property, plant and equipment	(24.3)	(15.0)
Impairment / reversal of impairment of inventories	(2.1)	0.4
Impairment of trade receivables, loans provided and other	(18.5)	(0.9)
Impairment of assets	(44.9)	(15.5)

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

In 2022, the impairment of receivables represented doubtful debts of IMMOFINANZ amounting to EUR 15.0 million. Of the amount, EUR 12.9 million related to doubtful receivables for sale of Russian portfolio. The Group does not hold any other receivables or assets (except for the fully impaired hotel in Moscow) in Russian Federation.

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

5.11 Other operating income

	2022	2021
Bargain purchase – business combination with IMMOFINANZ	106.0	-
Bargain purchase – remeasuring of pre-acquisition 19.2% interest in IMMOFINANZ to fair value as at the acquisition date	83.3	-
Bargain purchase – business combination with S IMMO	73.2	-
Bargain purchase – remeasuring of pre-acquisition 13.0% interest in S IMMO to fair value as at the acquisition date	55.9	-
Other operating income	13.4	6.5
Total	331.8	6.5

In 2022, the Group realized other operating income of EUR 331.8 million. Of the amount, bargain purchase related to acquisition of IMMOFINANZ and S IMMO represented EUR 189.3 million and EUR 129.1 million, respectively (refer to note 3.3).

5.12 Interest expense

	2022	2021
Interest expense from bank and other loans	(110.0)	(20.2)
Interest expense on bonds issued	(92.0)	(76.5)
Interest expense related to leases	(1.7)	(0.6)
Interest expense on other non-current liabilities	(6.5)	-
Total	(210.2)	(97.3)

In 2022, an interest expense increased due to acquisition of IMMOFINANZ by EUR 64.4 million (of which EUR 57.1 million and EUR 6.7 million related to bank loans and bonds issued, respectively), acquisition of S IMMO by EUR 15.9 million (of which EUR 9.1 million and EUR 6.5 million related to bank loans and bonds issued, respectively)) and overall increase of bank loans and bonds issued (refer to notes 6.12 and 6.14).

5.13 Other net financial result

	2022	2021
Change in fair value and realized result on derivative instruments not used for hedging	163.1	7.2
Bank charges	(8.3)	(2.6)
Net foreign exchange gain / (loss) on investment property	23.8	(65.5)
Other net foreign exchange gain / (loss)	1.9	104.8
Other net financial result	(29.2)	(4.6)
Total	151.3	39.3

Change in fair value and realized result on derivative instruments not used for hedging relates primarily to interest rate swap contracts for which hedge accounting is not applied and primarily relates to contracts of IMMOFINANZ (EUR 119.5 million) and S IMMO (EUR 34.8 million).

The net foreign exchange loss on investment property of EUR 23.8 million in 2022 (net foreign exchange loss on investment property of EUR 65.5 million in 2021) reflects foreign retranslation of investment property valued in EUR and recognized by the Group’s subsidiaries which use non-EUR functional currencies.

The other net foreign exchange gain in 2022 of EUR 1.9 million (the other net foreign exchange gain of EUR 104.8 million in 2021) relates primarily to retranslation of intra-group loans denominated in non-EUR currencies and retranslation of intra-group loans denominated in EUR but received by entities using non-EUR functional currencies.

5.14 Income tax expense

	2022	2021
Current year income tax expense	(54.9)	(23.1)
Adjustment for prior years	(0.2)	1.0
Total current year income tax expense	(55.1)	(22.1)
Temporary differences	(69.7)	(246.9)
Utilization of tax losses carried forward	-	0.9
Other effects	-	(1.3)
Total deferred tax expense	(69.7)	(247.3)
Total	(124.8)	(269.4)

In 2022 and 2021, the Group’s effective tax rate in respect of continuing operations was 18.3% and 17.3%, respectively.

Reconciliation of the effective tax rate

	2022	2021
Profit for the period	557.2	1,291.6
Total income tax recognised in profit or loss	124.8	269.4
Profit before income tax	682.0	1,561.0
Domestic corporate income tax rate	24.94%	24.94%
Income tax expense using the domestic corporate income tax rate	(170.1)	(389.3)
Changes in income tax rate	(13.6)	-
Effect of tax rates in foreign jurisdictions	17.0	68.1
Non-deductible expense	(17.8)	(16.3)
Tax exempt income	65.8	67.6
Change in unrecognized deferred tax assets	(5.7)	0.9
Income tax adjustment for prior years	-	1.0
Other	(0.4)	(0.4)
Total income tax recognised in profit or loss	(124.8)	(269.4)

In 2022 and 2021, the tax-exempt income represents primarily net income from sales of subsidiaries and net unrealized foreign exchange gains recognized by the Luxembourg entities.

The main tax rules imposed on the Group companies

Luxembourg: The effective tax rate is 24.94% considering the combined corporate income tax rate (corporate income tax rate for companies with taxable income exceeding EUR 200 thousand is 17%), solidarity surtax of 7% on the corporate income tax rate and municipal business tax rate of 6.75%. Tax losses incurred until 2017 may be carried forward indefinitely, while losses incurred as from 2017 should be limited to 17 years.

Austria: At the level of the company, profits are taxed at the standard corporate income tax (CIT) rate of 25%, regardless of whether profits are retained or distributed. According to the Eco Social Tax Reform Act, the CIT rate will be reduced from 25% to 24% in calendar year 2023 and further to 23% in calendar year 2024. Losses may be carried forward without a time limit. In each following profit year only 75% of the profit can be compensated. This means that 25% of the profit is subject to tax even in case of existing loss carried forward.

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

Germany: Business profits are basically subject to two taxes, corporate income tax and trade tax. Corporate income tax and solidarity surcharge add up to a total of 15.825% rate. Trade tax rate varies by location. For Berlin, where the business of the Group is concentrated, it is 14.35%. Therefore, the nominal overall tax burden on profits earned in Berlin is 30.175%. Companies which only manage and let properties and capital assets may apply for a trade tax exemption of their property profits which is applicable on large parts of the Group’s profits from German assets. Tax losses may be carried forward indefinitely and may be fully utilized against profit up to EUR 1 million and only 60% on the exceeding profits. A change in the ownership of corporations of more than 50% within five years result in complete forfeiture of the tax losses carried forward.

Slovakia: The corporate income tax rate is 21% (small companies with turnover less than EUR 100,000 in 2020, resp. EUR 49,790 from 2021 are subject to 15 % tax rate). Tax losses incurred not earlier than on January 1, 2020 can be carried forward and utilized for a period of 5 subsequent tax periods, but only up to 50% of the tax base. The tax losses declared for tax periods ended in 2016 – 2019 or their unutilized portion can be utilized equally for 4 subsequent tax periods.

Hungary: The corporate income tax rate is 9%. Tax losses generated before 2015 may be carried forward until 2030, while tax losses generated after 2015 may be carried forward for 5 years. The utilization of tax losses in each year is capped at 50% of the tax base.

France: Corporate income tax rate is 25% on taxable income. Small corporations realising a turnover up to EUR 10 million and whose capital held at least 75% by natural persons are subject to the reduced CIT rate of 15% that applies on their first EUR 42,500 of taxable profits. Tax losses may be carried forward indefinitely but may be utilized against profit up to EUR 1 million and 50% on the excess.

Poland: The corporate income tax rate is 19%. Lowered 9% is used for small size taxpayers (sales revenues including VAT below EUR 2 million in previous year). Tax losses 2017-2018 may be carried forward for 5 years but the loss utilization in each year is capped at the 50% of the tax loss. The losses incurred during 2019-2022 can be utilized: a) in the next five consecutive tax years, provided that the amount of the utilization in any of these years may not exceed 50% of the amount of this loss, or b) in one of the next five subsequent tax years by an amount not exceeding PLN 5,000,000, the undetermined amount is subject to settlement in the remaining years of this five-year period, provided that the amount of reduction in any of these years may not exceed 50% of the amount of this loss.

Romania: The corporate income tax rate is 16%. Tax rate for micro-enterprise companies with revenues not exceeding EUR 1 million is 1% (3% with companies with no employees). Tax losses may be carried forward for 7 years.

Italy: The corporate income tax (“IRES”) rate is 24% plus the regional tax on productive activities (“IRAP”) of 4.82% is applicable in Rome where the business of the Group is situated. (The standard IRAP rate is 3.9% but Italian regions may increase or decrease the standard rate by up to 0.92%.) For IRES purposes, tax losses may be carried forward indefinitely. However, tax losses may be offset only up to 80% of taxable income in each year (the “minimum tax” rule). Tax losses incurred during the first 3 years of new activity may be used to fully offset corporate taxable income. Utilization of the tax losses carried forward is limited upon business reorganizations and a change of control. For IRAP purposes, tax losses may not be carried forward.

Croatia: The corporate income tax rate is 18%. Tax rate for companies with annual revenues under HRK 7.5 million (approx. EUR 989,000) is 12%, resp. 10 % from 2021. Tax losses may be carried forward for 5 years, certain limitations apply in the case of change of control.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

United Kingdom: The corporate income tax rate is 19%. Losses from property business (capital losses) can be carried forward without time limit. There are complex anti-avoidance rules that restrict the utilization of losses in case of a change in the ownership.

Switzerland: Corporate income tax is imposed on the federal, cantonal and communal levels. Swiss federal corporate income tax rate is 8.5%. Since income and capital taxes are deductible in determining taxable income, the effective tax rate is 7.5%. Taking into account both the federal and cantonal/communal income tax, the combined effective income tax rates range from 12% to 22% depending on the place of residence. In canton Valais, where the business operations of the Group are situated, the average combined effective corporate income tax rate is 11.89% until a taxable profit of CHF of 200 thousand and 19.04% above (since 1 January 2022 the tax above CHF 250 thousand will be 16.34%). Tax losses may be carried forward for 7 years.

Recognized deferred tax assets and liabilities

	Asset		Liability		Net	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Investment property	22.2	15.6	(1,699.8)	(1,016.9)	(1,675.6)	(1,001.3)
Property, plant and equipment	25.0	19.4	(56.9)	(71.7)	(31.9)	(52.3)
Inventories	-	-	(0.4)	(0.6)	(0.4)	(0.6)
Financial debts	18.5	4.8	(18.7)	(0.8)	(0.2)	4.0
Derivative instruments	3.0	0.2	(68.5)	(3.2)	(65.5)	(3.0)
Tax losses carried-forward*	239.5	149.6	-	-	239.5	149.6
Other	2.9	1.5	(17.9)	(16.2)	(15.0)	(14.7)
Gross deferred tax asset/ (liability)	311.1	191.1	(1,847.2)	(1,109.4)	(1,536.1)	(918.3)
Deferred tax offset by subsidiaries	(134.3)	(27.0)	134.3	27.0	--	-
Total	176.8	164.1	(1,727.9)	(1,082.4)	(1,551.1)	(918.3)
Deferred tax linked to AHFS	0.0	-	(48.1)	(26.3)	(48.1)	(26.3)
Total including AHFS	176.8	164.1	(1,776.0)	(1,108.7)	(1,599.2)	(944.6)

* The Group recognizes the deferred tax asset from tax losses carried forward by CPI FIM Group in the amount of EUR 115.0 million as at 31 December 2022 (EUR 129.7 million as at 31 December 2021). The deferred tax asset is based on the future taxable profits that are expected to be generated. The expected profits reflect the Group's strategy in which CPI FIM renders financial services to the Group. The major part can be carried forward indefinitely. The Group's perspective of tax losses utilization is based on a 10-years budget of CPI FIM's taxable profits.

Unrecognized deferred tax assets and liabilities

	31 December 2022	31 December 2021
Investment property*	(122.9)	(125.9)
Tax losses carried-forward**	1,053.6	238.9

* Deferred tax liability arising from differences at initial recognition of asset acquisitions are not recognized in accordance with IAS 12.

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

Expiry of unrecognized tax losses carried forward

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
As at 31 December 2022	44.8	168.6	149.6	4,400.4	4,763.4
As at 31 December 2021	18.9	57.5	107.2	966.0	1,149.6

Movement in deferred tax

	2022	2021
Net deferred tax liability as at 1 January	(918.3)	(686.6)
Recognized in profit or loss	(69.7)	(247.3)
Recognized in other comprehensive income	(17.3)	1.9
Effect of business combinations	(624.1)	-
Disposal of subsidiaries	16.7	24.8
Transfers	48.1	26.3
Translation differences and other	13.5	(37.4)
Net deferred tax liability as at 31 December	(1,551.1)	(918.3)
Deferred tax linked to AHFS as at 1 January	(26.3)	(4.7)
Transfers	(48.1)	(26.3)
Disposal of subsidiaries	26.3	4.7
Deferred tax linked to AHFS as at 31 December	(48.1)	(26.3)
Net deferred tax liability including AHFS as at 31 December	(1,599.2)	(944.6)

In 2022, EUR 54.9 million (EUR 243.8 million in 2021) of deferred tax expense recognized in profit or loss related to revaluation of investment property and property, plant and equipment (including related net foreign exchange impact).

6 Consolidated statement of financial position

6.1 Intangible assets and goodwill

	Goodwill	Software	Other	Total
Cost				
As at 1 January 2022	119.3	16.1	12.1	147.5
Acquisitions through the business combination	-	0.1	0.7	0.8
Additions	-	10.9	1.1	12.0
Transfers	-	0.1	(0.1)	-
Disposals	-	-	(0.1)	(0.1)
Effect of movements in exchange rates	1.8	0.6	0.2	2.6
As at 31 December 2022	121.1	27.8	13.9	162.8

Amortization and impairment losses

As at 1 January 2022	22.5	8.2	2.8	33.5
Amortization for the period	-	1.6	0.5	2.1
Disposals	-	-	-	-
Effect of movements in exchange rates	0.1	0.3	0.1	0.5
As at 31 December 2022	22.6	10.1	3.4	36.1
Carrying amounts				
As at 1 January 2022	96.8	7.9	9.3	114.0
As at 31 December 2022	98.5	17.7	10.5	126.7

	Goodwill	Software	Other	Total
Cost				
As at 1 January 2021	116.0	10.4	11.9	138.3
Additions	-	6.0	0.5	6.5
Disposals	-	(0.8)	(0.6)	(1.4)
Effect of movements in exchange rates	3.3	0.5	0.3	4.1
As at 31 December 2021	119.3	16.1	12.1	147.5
Amortization and impairment losses				
As at 1 January 2021	22.0	6.6	2.6	31.2
Amortization for the period	-	1.2	0.5	1.7
Disposals	-	-	(0.5)	(0.5)
Effect of movements in exchange rates	0.5	0.4	0.2	1.1
As at 31 December 2021	22.5	8.2	2.8	33.5
Carrying amounts				
As at 1 January 2021	94.0	3.8	9.3	107.1
As at 31 December 2021	96.8	7.9	9.3	114.0

As at 31 December 2022, goodwill consisted of:

- goodwill of EUR 42.6 million (EUR 42.6 million at 31 December 2021). The goodwill was recognized upon the combination of CPI and CPIPG in 2014 and reflects pre-acquisition GSG’s goodwill related to deferred tax liabilities. The amount is allocated to the Berlin operating segment;
- goodwill of EUR 1.9 million (EUR 1.9 million at 31 December 2021). The goodwill was recognized upon the acquisition of former Ablon Group in 2013 and is allocated to the complementary assets in Europe operating segment;
- goodwill of EUR 49.5 million (EUR 47.8 million at December 2021). The goodwill was recognized upon the acquisition of CPI Hotels, the goodwill is allocated to the hotels and resorts in Europe operating segment;
- goodwill of EUR 2.2 million (EUR 2.2 million at December 2021, refer to note 3.7). The goodwill was recognized upon the acquisition of Régie du Rhône Crans-Montana SA in 2019; and
- goodwill of EUR 2.3 million (EUR 2.3 million at December 2021). The goodwill was recognized upon the acquisition of Zerodix Sàrl in 2020 (refer to note 3.3).

None of the goodwill recognized is expected to be tax deductible.

Impairment of goodwill and trademark

The Group performed its annual impairment tests in December 2022. The recoverable amounts of related CGUs as at 31 December 2022, were primarily determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management for a five-year period.

Summary of impairment testing

The Group did not identify any impairment of GSG’s goodwill and trademark as at 31 December 2022 as the CGU’s recoverable amount is higher than its carrying value (calculated with the following assumptions):

- budgeted average annual EBITDA for next 5 years of EUR 95.7 million and EUR 94.0 million as at 31 December 2022 and 2021;
- pre-tax discount rate of 6.44% and 5.11% as at 31 December 2022 and 2021;
- terminal value growth rate of 2.60% and 2.00% as at 31 December 2022 and 2021.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

The Group did not identify any impairment of CPI hotel’s goodwill as at 31 December 2022 as the CGU’s recoverable amount is higher than its carrying value. The recoverable amount was based on value in use. The fair values of individual hotels were assessed based on the reports by external valuers. The external valuations were determined using discounted cash flow projections based on the following significant unobservable inputs:

- budgeted average annual free cash flows (FCF) for next 5 years of EUR 4.9 million and EUR 4.9 million as at 31 December 2022 and 2021;
- pre-tax discount rate of 12.14% and 9.21% as at 31 December 2022 and 2021;
- terminal value growth rate of 2.90% and 2.00% as at 31 December 2022 and 2021.

An increase of the budgeted average annual free cash flows from EUR 0.8 million as at 31 December 2021 to EUR 4.9 million as at 31 December 2022 reflects partial recovery from a negative impact of the COVID-19 pandemic on the Group’s hotel operations. In the budget, the Group estimates a full recovery between third and fourth year period (increasing gradually). The same assumption was applied by the independent external valuers in the valuation of the Group’s hotel portfolio (refer to note 7.5.3).

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use of CGUs is most sensitive to the following assumptions: budgeted EBITDA (FCF), discount rate and terminal value (perpetuity) growth rates.

Budgeted EBITDA (FCF): the projection is updated on a regular basis and is approved by the senior management for a five-year period.

Pre-tax discount rates: discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC consists of cost of debt and cost of equity. The cost of equity is derived from the expected return on investment by the Group’s investors. The cost of debt is based on the Groups interest-bearing borrowings. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the post-tax discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Terminal value growth rates: perpetuity growth rates used to extrapolate cash flows beyond the forecast period. Growth rates are based on published industry research.

Sensitivity to changes in assumptions

- The estimated recoverable amount of GSG CGU exceeded its carrying amount by approximately EUR 179.4 million (2021: EUR 457.4 million). Based on the impairment test performed in both 2022 and 2021, the management has identified that a reasonably possible change in the three key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to equal to the carrying amount:

	31 December 2022	31 December 2021
Pre-tax discount rate	0.26	0.55
Terminal value growth rate	(0.30)	(0.62)
Budgeted average annual EBITDA	EUR (7.3) million	EUR (15.6) million

The below table further shows the difference between the recoverable amount and the carrying amount of GSG CGU if there was a reasonably possible negative change of 5% to the three key assumptions:

	31 December 2022	31 December 2021
Pre-tax discount rate	(39.2)	215.9
Terminal value growth rate	97.9	367.6
Budgeted average annual EBITDA	14.9	319.8

- The estimated recoverable amount of CPI Hotels CGU exceeded its carrying amount by approximately EUR 12.9 million (2021: EUR 2.8 million). The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to be equal to the carrying amount based on the assumptions used by the external valuer:

	31 December 2022	31 December 2021
Pre-tax discount rate	3.64	0.27
Terminal value growth rate	(3.24)	(0.35)
Budgeted average annual FCF	EUR (1.5) million	EUR (0.2) million

The below table further shows the difference between the recoverable amount and the carrying amount of CPI Hotels CGU if there was a reasonably possible negative change of 5% to the three key assumptions:

	31 December 2022	31 December 2021
Pre-tax discount rate	10.1	(1.8)
Terminal value growth rate	12.1	1.9
Budgeted average annual FCF	9.9	2.3

6.2 Investment property

	Note	Czech Republic	Berlin	Poland	IMMOFINANZ	S IMMO	Complementary assets	Total
As at 1 January 2022		3,982.7	2,962.2	1,222.0	-	-	2,108.9	10,275.8
Acquisition of subsidiaries	3	9.7	-	-	-	-	294.2	303.9
Investment property acquisitions		23.3	11.5	38.1	76.1	1.9	140.7	291.6
Business combinations		-	-	-	5,220.6	2,853.5	-	8,074.1
Transfers from/(to) property, plant and equipment		0.4	-	-	-	-	29.1	29.5
Transfers from inventory		(1.0)	-	-	-	-	-	(1.0)
Transfers from /(to) assets held for sale		1.9	-	-	-	(500.7)	16.2	(482.9)
Reclassifications between segments		(161.3)	-	(29.4)	93.8	456.7	(359.8)	-
Development costs and other additions		80.5	54.2	14.5	124.7	6.3	51.1	331.3
Disposals		(79.0)	-	-	(163.4)	(42.8)	(24.7)	(309.9)
Valuation gain	5.7	174.4	(26.1)	(55.6)	(121.8)	(107.4)	47.7	(88.8)
Net foreign exchange gain /(loss)	5.13	(43.8)	-	21.7	(1.9)	-	47.7	23.7
Translation differences	6.12	124.5	-	(22.9)	10.5	-	(73.2)	38.9
As at 31 December 2022		4,112.3	3,001.8	1,188.4	5,238.6	2,667.2	2,277.9	18,486.2

	Note	Czech Republic	Berlin	Poland	Complementary assets	Total
As at 1 January 2021		3,859.0	2,559.2	1,160.2	1,214.2	8,792.6
Acquisition of subsidiaries	3	3.9	19.3	-	468.6	491.8
Investment property acquisitions		1.7	-	-	201.0	202.7
Transfers from/(to) property, plant and equipment		0.1	(0.1)	-	(8.1)	(8.1)
Transfers from inventory		0.2	(0.2)	-	20.4	20.4
Transfers from/ (to) assets held for sale		(338.8)	(117.4)	-	(121.9)	(578.1)
Development costs and other additions		57.4	58.1	12.5	52.5	180.5
Disposals		(253.7)	(0.2)	(0.3)	(12.4)	(266.6)
Net valuation gain	5.7	508.6	443.5	50.2	273.5	1,275.8
Net foreign exchange gain	5.13	(81.7)	-	9.1	7.1	(65.5)
Translation differences	6.12	226.0	-	(9.7)	14.0	230.3
As at 31 December 2021		3,982.7	2,962.2	1,222.0	2,108.9	10,275.8

Acquisitions of subsidiaries

In 2022, the Group acquired subsidiaries with investment property of EUR 303.9 million. The most significant investment property acquired through the acquisitions of subsidiaries were land banks of Vision fund (refer to note 3.2).

In 2021, the Group acquired subsidiaries with total investment property of EUR 491.8 million. The most significant investment properties acquired through the acquisitions of subsidiaries were (see note 3.5):

- the three-floor shopping centre Maximo located in Rome, Italy (EUR 262.1 million);
- landbank plots for the purpose of future development in Italy (in total of EUR 77.9 million);
- one shopping centre and several office buildings in Rome, Italy (EUR 62.3 million);
- landbank of Collina Muratella Complex (EUR 35.3 million) in Rome, Italy;
- two landbanks in Berlin, Germany (EUR 19.3 million);
- one building in Switzerland and Italy (EUR 17.7 million);
- one landbank in Slovakia (EUR 14.0 million).

Business combinations

In 2022, through business combinations with IMMOFINANZ and S IMMO, the Group acquired investment property of EUR 5,220.6 million and EUR 2,853.5 million, respectively.

Investment property acquisitions

In 2022, the Group acquired primarily several buildings and land plots in Italy (EUR 113.7 million) and one retail park in Italy (EUR 71.6 million which was acquired by IMMOFINANZ).

In 2021, the Group acquired primarily a new office building (EUR 43.7 million) and two landbanks (EUR 72.0 million) in Rome, Italy, one office in London (EUR 62.2 million).

Development costs and other additions

In 2022, the development costs primarily related to the Group’s portfolio in the Czech Republic (EUR 80.5 million), office portfolio in Berlin, Germany (EUR 54.2 million), portfolio of IMMOFINANZ (EUR 124.7 million) and investment property additions in Italy (EUR 25.4 million).

In 2021, the development costs primarily related to the Group’s portfolio in the Czech Republic (EUR 57.4 million) and office portfolio in Berlin, Germany (EUR 58.1 million) and investment property additions in Italy (EUR 30.9 million).

Disposals

In 2022, the Group disposed primarily one retail in the Czech republic (EUR 67.4 million) and one Czech office building (by IMMOFINANZ in the amount of EUR 95.4 million).

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

In 2021, the Group disposed primarily two office buildings in Prague, the Czech Republic (EUR 100.6 million), two shopping centres in the Czech Republic (EUR 151.2 million) and one apartment in Nice, France (EUR 9.6 million).

Transfers to assets held for sale

In 2022, the Group reclassified primarily certain residential buildings in Germany (by S IMMO in the amount of EUR 500.7 million).

In 2021, the Group reclassified primarily certain office project in Germany (EUR 117.5 million), one shopping centre in the Czech Republic (EUR 98.9 million) and one office building in the Czech Republic and Hungary (EUR 74.6 million and EUR 9.9 million, respectively) and several landbank plots in the Czech Republic, Hungary, Italy and Romania (EUR 166.0 million, CZK 58.0 million, CZK 52.0 million and EUR 4.2 million) to assets held for sale.

Reconciliation between the values obtained from the external valuers and the reported values

	31 December 2022	31 December 2021
Market value as estimated by the external valuer	18,347.0	10,201.0
Market value as estimated by the internal valuer	-	20.0
Add: recent acquisitions and additions	52.0	25.3
Add: leased assets and other	87.2	29.5
Total	18,486.2	10,275.8

Translation differences

Translation differences related to investment property arise primarily in connection with translation of investment property values of subsidiaries with non-EUR functional currencies to EUR.

Leased investment properties

Investment properties in total amount of EUR 72.0 million as at 31 December 2022 (EUR 29.4 million as at 31 December 2021) are held under long-term lease arrangements, which expire between 2024 and 2102. For liabilities related to leased investment properties refer to note 6.14.

Pledged investment properties

For information related to pledged investment properties refer to note 6.14.

6.3 Property, plant and equipment

a) Hotels

In accordance with IAS 16, the Group uses revaluation model for the measurement of the property, plant and equipment under the hotels and resorts operating segment. The hotels and resorts are owned and operated by the Group.

	2022	2021
Gross carrying amounts		
As at 1 January	892.6	801.4
Acquisitions through the business combination	242.9	9.9
Hotel acquisitions	20.2	18.7
Development costs and other additions	8.8	13.9
Disposals	(7.9)	(2.0)
Transfers from/to investment property	(18.7)	8.1
Transfers from other property, plant and equipment	10.1	1.5
Translation differences	17.9	23.1
Valuation gain/ (loss) through OCI	9.3	18.0
As at 31 December	1,175.2	892.6
Accumulated depreciation and impairment losses		
As at 1 January	(146.4)	(136.2)
Depreciation	(26.4)	(20.0)
Impairment loss/ (reversal of impairment loss)	(27.3)	14.0
Disposals	-	0.4
Translation differences	(1.7)	(4.6)
As at 31 December	(201.8)	(146.4)
Net carrying amounts		
As at 1 January	746.2	665.2
As at 31 December	973.4	746.2

Acquisitions through business combination

In 2022, the Group acquired three hotels (including their operations) in Budapest, Vienna and Bucharest in total amount of EUR 242.9 million (see note 3.3).

In 2021, the Group acquired a hotel (including its operations) in Bratislava, Slovakia in the amount of EUR 9.9 million (see note 3.3).

Hotel acquisition

In 2022, the Group acquired a hotel building in Sardinia, Italy for EUR 20.2 million.

In 2021, the Group acquired a hotel building in Italy with the intention for development for EUR 18.7 million.

Development costs and other additions

In 2022, the development costs and additions related mostly to refurbishment of one building in London, United Kingdom, three hotels in the Czech Republic and one hotel building in Italy (EUR 6.5 million).

In 2021, the development costs related primarily to refurbishment of one hotel in Prague, the Czech Republic (EUR 8.8 million).

Transfers from/to investment property

In 2022, the Group transferred one building in Italy (EUR 18.5 million) from property, plant and equipment to investment property due to change in its use.

In 2021, the Group transferred one residential building in Italy (EUR 8.1 million) from investment property to property, plant and equipment due to change in its use.

Valuation gain through OCI

As at 31 December 2022 and 2021 respectively, the fair values of Hotels are based on valuations performed by independent valuer. The fair value of hotels was determined using the discounted cash flow method. This means that valuations are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific hotel. For the key assumptions made in relation of hotel property valuations refer to note 7.5.3.

In 2021, both the valuation gain through OCI and the reversal of impairment loss reflects the Group’s revaluation of the hotels portfolio (of EUR 16.2 million and 14.0 million, respectively). For more details, refer to note 5.5 and 7.5.3.

If the Group measured hotels using the cost model, the carrying amounts would be EUR 793.2 million as at 31 December 2022 (EUR 576.6 million as at 31 December 2021).

Impairment loss/ (reversal of impairment loss)

As at 31 December 2022, the Group accounted for accumulated impairment of one hotel in Moscow, Russia of EUR 16.4 million.

As at 31 December 2021, the Group reversed an accumulated impairment of one hotel in Roma, Italy of EUR 14.3 million.

b) Other property, plant and equipment

	Owner occupied buildings	Plant and equipmen	PPE under leases	Property under construction	Other	Total
Cost						
As at 1 January 2022	131.2	109.5	13.8	5.0	5.8	265.3
Acquisitions through the business combination	-	5.3	-	0.1	9.0	14.4
Development costs and other additions	14.1	10.5	0.1	8.2	14.5	47.4
Disposals	(13.6)	(2.8)	-	(0.2)	-	(16.6)
Transfers from/to investment property	-	(0.7)	-	(1.1)	(9.0)	(10.8)
Transfers to hotels	-	1.0	-	(10.4)	(0.7)	(10.1)
Translation differences	6.1	4.8	0.2	-	0.1	11.2
Valuation gain/ (loss) through OCI	2.1	-	-	-	-	2.1
As at 31 December 2022	139.9	127.6	14.1	1.6	19.7	302.9
Accumulated depreciation and impairment losses						
As at 1 January 2022	(93.4)	(59.1)	(4.0)	-	(0.4)	(156.9)
Depreciation	(3.2)	(9.2)	(1.3)	-	(2.5)	(16.2)
Impairment loss/ (reversal of impairment loss)	1.0	2.3	-	-	-	3.3
Translation differences	(4.5)	(2.5)	-	-	0.5	(6.5)
As at 31 December 2022	(100.1)	(68.5)	(5.3)	-	(2.4)	(176.3)
Carrying amounts						
As at 1 January 2022	37.8	50.4	9.8	5.0	5.4	108.4
At 31 December 2022	39.8	59.1	8.8	1.6	17.3	126.6

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

	Owner occupied buildings	Plant and equipment	PPE under leases	Property under construction	Other	Total
Cost						
As at 1 January 2021	108.3	98.0	13.6	0.8	2.9	223.6
Development costs and other additions	17.1	8.0	-	6.3	2.7	34.1
Disposals	(0.1)	(0.8)	(0.2)	(0.1)	-	(1.2)
Transfers	-	0.5	-	(2.0)	-	(1.5)
Translation differences	5.9	3.8	0.4	-	0.2	10.3
As at 31 December 2021	131.2	109.5	13.8	5.0	5.8	265.3
Accumulated depreciation and impairment losses						
As at 1 January 2021	(47.4)	(59.2)	(2.4)	-	(0.3)	(109.3)
Depreciation	(3.0)	(7.8)	(1.4)	-	-	(12.2)
Impairment loss/ (reversal of impairment loss)	(38.9)	9.9	-	-	-	(29.0)
Translation differences	(4.1)	(2.0)	(0.2)	-	(0.1)	(6.4)
As at 31 December 2021	(93.4)	(59.1)	(4.0)	-	(0.4)	(156.9)
Carrying amounts						
As at 1 January 2021	60.7	38.8	11.2	0.8	2.7	114.2
At 31 December 2021	37.8	50.4	9.8	5.0	5.4	108.4

Owner occupied buildings

As at 31 December 2022, the owner-occupied buildings represent Crans-Montana Ski Resort of EUR 26.4 million (EUR 26.1 million as at 31 December 2021) and agricultural farms of EUR 13.7 million (EUR 11.7 million as at 31 December 2021).

Plant and equipment

As at 31 December 2022, plant and equipment primarily represents ski lifts at CMA mountain resort, Switzerland in the net amount of EUR 24.5 million (EUR 24.6 million as at 31 December 2021) and Berlin offices related plant and equipment of EUR 14.0 million as at 31 December 2022 (EUR 13.5 million as at 31 December 2021).

Development costs and other additions

In 2022 and 2021, the most significant additions to other property, plant and equipment related to development of the CMA mountain resort, Switzerland in the amount of EUR 15.8 million and EUR 18.6 million, respectively.

Impairment on other property, plant and equipment

As at 31 December 2022 and 2021, the Group accounted for accumulated impairment of CMA mountain resort of EUR 79.5 million and EUR 76.8 million, respectively. The increase of impairment in 2021 of EUR 13.6 million related to ski lifts and was recorded based on the valuation appraisals received from independent valuers as at 31 December 2021. In 2022, fair value of ski lifts was unchanged. For key assumptions used in the valuation, refer to note 7.5.3.

For information about the carrying amount of property, plant and equipment pledged as collateral for liabilities, refer to note 6.14.

Reconciliation between the values obtained from the external valuers and the reported values

	31 December 2022	31 December 2021
Market value as estimated by the external valuer – hotels	968.0	734.3
Add: recent acquisitions and additions and other	5.4	11.9
Hotels	973.4	746.2
Market value as estimated by the external valuer – mountain resort	50.0	50.5
Add: leased assets	8.8	9.9
Add: Plant and equipment and other	67.8	48.0
Total property, plant and equipment	1,100.0	854.6

6.4 Equity accounted investees

Equity accounted investees as at 31 December 2022 and 2021:

	31 December 2022	31 December 2021
Globalworth	676.9	669.9
IMMOFINANZ AG	-	534.2
Uniborc	7.9	8.2
Joint ventures*	16.5	3.8
Other**	31.0	-
Total	732.3	1,216.1

* German entities, in which the Group holds 50% stake: Ritterstraße 120 GmbH, Rathenower Straße 63-64 GmbH and Moritzstraße 23 GmbH and Czech entities, in which the Group holds 50% stake: HOLESOVICE SPIN OFF s.r.o., Nove Holesovice Development a.s. and Kunitz Capital, a.s.; also, Uniborc S.A., a joint venture founded in 2013 with Unibail Rodamco Westfield, with aim to develop a shopping centre in the Bubny area of Prague, the Czech Republic. The Group's shareholding is 34%.

** 35% share in QBC Management und Beteiligungen GmbH 7 & Co KG, QBC Management und Betelligungen GmbH, QBC Gamma SP Immomanagement GmbH in Liqu and 26.3 stake in BGM – EB-Grundstücksbeteiligungen GmbH & Co KG and 51% stake in IPD – International Property Development, s.r.o.

Compared to 31 December 2022, the equity accounted investees decreased from EUR 1,216.1 million to EUR 732.3 million due to business combination with IMMOFINANZ. As at 31 December 2021, the Group reported the investment in IMMOFINANZ of EUR 534.2 million as equity accounted investee. On 3 March 2022, when the Group gained control over IMMOFINANZ, the investment entered business combination accounting (refer to note 3.3).

6.4.1 Investment in Globalworth

As at 31 December 2020, the Group owned, though Zakiono Enterprises Limited (Zakiono), a total of 65,250,000 Globalworth shares representing 29.55% of outstanding shares. On 4 April 2021, the Group together with Aroundtown SA (together Consortium) announced the joint offer pursuant to which the Group's subsidiary Zakiono offered to acquire the entire share capital of Globalworth for EUR 7.00 per share. As of the date of the offer, Zakiono was owned by another Groups subsidiary Tevat Limited, a Cyprus incorporated company. As a result of the offer, Aroundtown exchanged its Globalworth shares for shares in Tevat Limited, such that the Group and Aroundtown each hold 50% of the voting rights in Tevat Limited. On 23 July 2021, through the mandatory tender offer, Zakiono acquired 20,467,759 Globalworth shares (representing 9.24% stake in Globalworth). Of the acquired shares, the Group purchased 1,923,611 shares for total of EUR 21.1 million (including the transaction costs of EUR 7.6 million). As at 31 December 2022, the Group together with Aroundtown SA owned 134,347,223 (representing 60.63%) Globalworth shares through a joint venture Tevat Limited.

In 2022, the Group acquired additional 4,400 thousand Globalworth shares. As at 31 December 2022, the Group holds directly and indirectly 71,573,611 shares (representing 32.3% share in Globalworth). The Group classifies the investment using the equity method of accounting.

Movement of the investment in Globalworth

	2022	2021
Opening balance	669.9	651.1
Dividends received	(18.6)	(16.3)
Acquisition of new shares	30.8	21.1
Share of profit/ (loss)	(5.2)	14.0
At 31 December	676.9	669.9

Condensed consolidated statement of financial position of Globalworth

	31 December 2022	31 December 2021
Investment property	2,945.5	2,966.1
Other non-current assets	94.4	79.4
Cash and cash equivalents	163.8	418.8
Other current assets	39.2	32.7
Investment property held for sale	126.0	130.5
Total assets	3,368.9	3,627.5
Non-current financial debts	1,433.6	1,285.7
Deferred tax liabilities	154.9	150.7
Other non-current liabilities	26.8	26.2
Current liabilities	82.3	411.6
Liabilities directly associated with the assets held for sale	13.9	14.7
Total liabilities	1,711.5	1,888.9
Net assets	1,657.4	1,738.6

Condensed consolidated statement of comprehensive income of Globalworth

	2022	2021
Net business income	139.7	144.3
Net valuation loss on investment property	(89.5)	(6.1)
Administrative and other expenses	(13.7)	(25.6)
Other operating costs	(1.1)	(1.7)
Net finance costs	(49.8)	(53.8)
Share of profit of equity-accounted investees	3.2	5.0
Profit/ (loss) before taxes	(11.2)	62.1
Income taxes	(4.9)	(14.6)
Profit/ (loss) for the period	(16.1)	47.5

Globalworth's EPRA NRV per share, indicating the fair value of the ordinary share, was EUR 8.18 as at 31 December 2022.

The Group did not identify any loss events which might indicate objective evidence of impairment and consequently, the Group did not perform the impairment test as at 31 December 2022.

6.5 Other non-current financial assets

	31 December 2022	31 December 2021
Derivative instruments (see note 6.15)	337.1	24.8
Other non-current financial assets	86.4	204.4
Total	423.5	229.2

As at 31 December 2022, the other non-current financial assets consisted primarily of derivative instruments (of which EUR 143.0 million and EUR 92.5 million relates to IMMOFINANZ and S IMMO, respectively) and other non-current financial assets of IMMOFINANZ (primarily non-current restricted funds of EUR 34.2 million and other non-current receivables).

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

As at 31 December 2021, the other non-current financial assets primarily consisted of the acquired shares of S IMMO of EUR 199.3 million. As at 31 December 2021, the Group held 9,160,240 S IMMO shares (representing stake of 12.44%).

6.6 Loans provided

	31 December 2022		31 December 2021	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties and joint ventures	199.9	5.00%	96.8	5.37%
Loans provided - third parties	8.5	0.30%	5.6	0.30%
Bills of exchange - third parties	32.3	5%	-	-
Impairment to non-current loans provided to related parties	(0.1)		(0.1)	
Total	240.6		102.3	

As at 31 December 2022 and 2021, the Group provided loans to entities controlled by the Group’s main shareholder of EUR 169.6 million (provided to Senales Invest) and EUR 84.0 million (provided to Gamala Limited), respectively. Refer to note 10 for more details.

The maturity of non-current loans provided was as follows:

31 December 2022	1-2 years	2-5 years	More than 5 years	Total
Loans provided to related parties and joint ventures	15.5	183.5	0.9	199.9
Loans provided - third parties	0.2	7.2	1.1	8.5
Total	15.7	190.7	2.0	208.4
31 December 2021	1-2 years	2-5 years	More than 5 years	Total
Loans provided to related parties and joint ventures	83.8	12.7	0.3	96.8
Loans provided - third parties	1.0	4.2	0.4	5.6
Total	84.8	16.9	0.7	102.4

	31 December 2022		31 December 2021	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties and joint ventures	3.8	-	15.1	7.00%
Loans provided - third parties	1.3	-	4.0	3.12%
Bills of exchange - third parties	63.6	4.85%	-	-
Impairment to current loans provided to third parties	(2.1)		-	
Total	66.6		19.1	

As at 31 December 2022, bills of exchange represent three bills of exchange issued by Czech bank J&T BANKA, a.s. of EUR 95.0 million which bear interest rate of 4.70%, 5% and 5% and mature in July, October 2023 and April 2024, respectively.

In 2022, the Group received repayment of loans provided of EUR 503.4 million (EUR 903.6 million in 2021) and provided loans of EUR 700.4 million (EUR 670.9 million in 2021).

6.7 Current trade receivables

	31 December 2022	31 December 2021
Trade receivables due from related parties	1.0	2.5
Trade receivables due from third parties	225.5	119.2
Impairment to trade receivables due from third parties	(28.7)	(16.0)
Total	197.8	105.7

As at 31 December 2022 and 2021, the trade receivables from third parties represent primarily trade receivables against tenants and receivables from sale of utilities.

Increase in trade receivables of EUR 90.3 million primarily related to business combinations with IMMOFINANZ (EUR 42.0 million) and S IMMO (EUR 20.6 million).

The movement of the impairment of trade receivables:

	2022	2021
As at 1 January	(16.0)	(15.2)
Impairment of trade receivables – creation	(12.8)	(2.1)
Impairment of trade receivables – release	0.1	1.3
As at 31 December	(28.7)	(16.0)

6.8 Cash and cash equivalents

	31 December 2022	31 December 2021
Bank balances	706.0	501.1
Cash on hand	0.9	0.7
Other cash equivalents	326.3	-
Total	1,033.2	501.8

As at 31 December 2022 and 2021, restricted cash in banks amounted to EUR 10.9 million and EUR 26.4 million, respectively. Use of these accounts is subject to the respective bank approval. These accounts are held for special purposes under the loan agreements.

6.9 Other financial current assets

	31 December 2022	31 December 2021
Financial derivatives (refer to note 6.15)	20.1	3.1
Financial investments	0.6	3.5
Other financial current assets	103.5	49.9
Total	124.2	56.5

As at 31 December 2022, the other financial current assets increased due to acquisition of IMMOFINANZ and S IMMO in the amount of EUR 39.0 million (primarily restricted funds of EUR 9.9 million and purchase price receivable of EUR 19.1 million) and EUR 20.4 million, respectively.

6.10 Other non-financial current assets

	31 December 2022	31 December 2021
Advances paid to third parties	30.6	28.8
Value added tax receivables	49.5	35.3
Other tax receivables (excl. CIT and VAT)	9.5	3.5
Agricultural grants	5.3	5.8
Prepaid expenses	67.5	41.3
Total	162.4	114.7

As at 31 December 2022, the other non-financial current assets increased due to acquisition of IMMOFINANZ and S IMMO in the amount of EUR 23.6 million (value added tax receivables of EUR 17.5 million and prepaid expenses of EUR 6.1 million) and EUR 28.5 million (primarily prepaid expenses of EUR 15.2 million and other advances of EUR 13.2 million), respectively.

6.11 Assets and liabilities linked to assets held for sale

The following table summarizes the effect of the reclassifications made in relation to projects transferred to assets held for sale:

	31 December 2022	31 December 2021
Non-current assets		
Investment property	558.5	580.8
Derivative instruments	5.4	-
Trade receivables	0.1	
Current assets		
Income tax receivables	0.6	0.1
Trade receivables	31.9	3.4
Other non-financial assets	-	1.0
Cash and cash equivalents	-	3.2
Assets held for sale	596.5	588.5
Non-current liabilities		
Financial debts	(77.0)	(51.6)
Deferred tax liabilities	(48.0)	(26.3)
Other financial liabilities	-	(1.8)
Current liabilities		
Financial debts	(2.0)	(2.2)
Trade payables	(0.4)	(2.5)
Other financial liabilities	(0.5)	(1.5)
Other non-financial liabilities	(0.5)	(0.2)
Liabilities linked to assets held for sale	(128.4)	(86.1)

As at 31 December 2022, primarily the following investment properties are classified as assets held for sale:

- One landbank plot in Italy of EUR 44.2 million; and
- German residential portfolio of S IMMO in total amount of 500.7 million; and
- One office building in Romania of IMMOFINANZ amounting to EUR 9.4 million.

As at 31 December 2021, the following projects are classified as assets held for sale:

- Several landbank plots in the Czech Republic in net amount of EUR 152.8 million; and
- Portfolio of six buildings in Berlin, Germany in net amount of EUR 119.8 million; and
- One office building in Prague, the Czech Republic of EUR 74.6 million; and
- Two land banks in Hungary of EUR 52.9 million; and
- One landbank plot in Italy of EUR 52.0 million; and
- One office in Hungary of EUR 8.8 million; and
- Two landbank plots in Bucharest, Romania in net amount of EUR 4.2 million; and
- One shopping centre in the Czech Republic in net amount of EUR 37.3 million.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

6.12 Equity

6.12.1 Share capital and share premium

As at 31 December 2022, the aggregate share capital of the Company amounts to EUR 890.3 million (890.3 million as at 31 December 2021) and is represented by 8,902,915,298 ordinary fully paid shares with a nominal value of EUR 0.10 each. The Group holds 265,065,039 shares which represent treasury shares. Excluding the treasury shares, the share capital amounts to EUR 863.8 million (EUR 883.6 million as at 31 December 2021).

On 22 November 2022, the Company completed the repurchase of 198,057,539 of its own shares under the share buyback programme for total of EUR 190.3 million (EUR 0.961 per share). 184.6 million shares were tendered indirectly by Group’s primary shareholder.

On 26 February 2021, the Company completed the repurchase of 641,658,176 of its own shares under the share buyback programme for total of EUR 395.3 million (EUR 0.616 per share). 252,302,248 shares for total of EUR 155.4 million were tendered from the Group’s subsidiary CPI FIM SA. Remaining 350,500,000 and 38,855,928 shares were tendered for total of EUR 239.9 million from the Group’s primary shareholder and management or third parties, respectively. On 31 March 2021, the extraordinary shareholders general meeting resolved to cancel 641,658,176 shares of the Company.

On 1 September 2021, the Company’s primary shareholder, subscribed to 162,337,662 new ordinary shares for total of EUR 100.0 million (EUR 0.616 per share).

On 22 November 2021, the Clerius Properties Sarl managed by affiliates of Apollo Global Management, Inc. subscribed new shares of the Company for 487,012,987 (representing 5.5% stake) for total of EUR 300.0 million (EUR 0.616 per share). On the same date, the Company’s primary shareholder subscribed to additional 243,506,494 new shares of the Company for total of EUR 150.0 million (EUR 0.616 per share). Subscription fees related to issuance of the new shares in total of EUR 8.7 million were deducted against proceeds and reduced share premium of the Company.

The following table presents information regarding the ownership of the Company’s shares as at 31 December 2022 and 2021:

Shareholder	As at 31 December 2022		As at 31 December 2021	
	Number of shares	Share held	Number of shares	Share held
Mr. Vítek and entities controlled by Mr. Vítek	7,718,259,609	86.69%	7,902,846,980	88.77%
Clerius Properties (affiliate of Apollo Funds)	475,637,819	5.34%	487,012,987	5.47%
Others	443,952,831	4.99%	446,055,331	5.01%
Total except treasury shares	8,637,850,259		8,835,915,298	
Treasury shares held by the Group	265,065,039	2.98%	67,000,000	0.75%
Total shares	8,902,915,298	100.00%	8,902,915,298	100.00%

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

	Number of shares	Share Capital	Share premium
As at 1 January 2021	8,651,716,331	833.2	911.1
Cancellation of treasury shares on 31 March 2021	(641,658,176)	-	-
Share buyback on 26 February 2021	-	(38.9)	(201.0)
Capital increase on 1 September 2021	162,337,662	16.3	83.7
Capital increase on 22 November 2021	730,519,481	73.0	367.9
As at 31 December 2021	8,902,915,298	883.6	1,161.7
Share buyback on 22 November 2022	-	(19.8)	(170.5)
As at 31 December 2022	8,902,915,298	863.8	991.2

Authorized capital not issued

The extraordinary general meeting of the shareholders of the Company held on 1 March 2018 (the “2018 EGM”) resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of EUR 5,000 million for a period of 5 years from 1 March 2018, which would authorise the issuance of up to 40,000,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares of the Company.

The 2018 EGM approved the report issued by the Board of Directors relating to the possibility for the Board of Directors of the Company to cancel or limit preferential subscription rights of the shareholders of the Company upon increases of share capital in the framework of the authorised share capital of the Company.

As at 31 December 2022, the authorized share capital of the Company amounts to EUR 3,885.7 million, which would authorise the Board of Directors to issue up to 38,857,142,857 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding.

Share buyback programme

The annual general meeting of the shareholders of the Company held on 30 May 2022 (the “2022 AGM”) approved the terms and conditions of a buy-back programme of the Company. The buy-back programme enables the Company to repurchase its own shares and authorises the Company to redeem/repurchase its own shares under the terms and conditions set forth therein. In particular, the 2022 AGM authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 1,000,000,000 shares in the Company from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent EUR 0.01 and EUR 5, for a period of five years from the date of the 2022 AGM. The 2022 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company’s available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

As at 31 December 2022, the Company is authorised to redeem/repurchase up to 801,934,961 own shares under the buy-back programme approved in 2022. For further terms and conditions of buyback please refer to the buyback programme of the Company.

6.12.2 Hedging reserve

The Group uses cross currency swaps to manage its exposure to movements of foreign currency rates on its bonds issued, respectively. The hedging reserve includes effective portion of the fair value changes of hedging instruments designated as a cash flow hedge (see note 6.16).

6.12.3 Other reserves

Other reserves consist of legal reserves, assets’ revaluation reserve and translation reserve. Distribution by the way of dividends of the other reserves is restricted.

The legal reserves are created in accordance with the Luxembourg commercial law. The Company must appropriate to the legal reserve a minimum of 5% of the annual profit until such reserve equals 10% of the subscribed capital.

The following table shows the movement of the translation reserve in the period:

	2022	2021
As at 1 January	55.9	(81.6)
Translation differences from retranslation of investment property	6.2	38.9
- Valued in EUR (and recognized by subsidiaries with non-EUR functional currency)	6.2	(23.7)
- Valued in non-EUR currencies (and recognized by subsidiaries with non-EUR functional currency)		62.6
Translation differences from retranslation of property, plant and equipment	6.3	20.9
Translation differences from to retranslation of intra-group loans and other items		4.7
As at 31 December	120.4	55.9

In 2022, the significant increase in translation reserve was driven by strengthening of CZK (used as the functional currency by the Czech subsidiaries) against EUR. This effect was partly eliminated by weakening of other local currencies (primarily HUF and PLN).

6.12.4 Retained earnings

Retained earnings are created from accumulated profits and losses and these reserves may be subject to the distribution of dividends.

6.12.5 Perpetual notes

The Group issued the following resettable subordinated notes (perpetual notes):

- On 8 September 2021, the Group issued undated 3.75% fixed rate resettable subordinated notes of 75 million (ISIN XS2290533020). The perpetual notes have no fixed maturity date and are callable at the Company’s sole discretion from 2028. The issue price of the notes was 97.25%. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 74.1 million.

- On 27 January 2021, the Group issued undated 3.75% fixed rate resettable subordinated notes of EUR 400 million (ISIN XS2290533020). The perpetual notes have no fixed maturity date and are callable at the Company’s sole discretion from 2028. The issue price of the notes was 98.4%. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 390.7 million.

The Company may, at its sole discretion, also elect to defer any payment of interest on the perpetual notes. As such, the notes contain features of both debt and equity. Based on the analysis of IAS 32, the Group concluded it holds unconditional rights to avoid delivering cash in respect of both, the principal and interest (until redemption option is called or payment of interest is declared, respectively). The perpetual notes therefore do not satisfy the financial liability definition and therefore are classified as equity instrument.

The notes are listed on the regulated market of Euronext Dublin and are accepted for clearance through Euroclear and Clearstream, Luxembourg. Both Moody’s Investors Service Limited and S&P Global Ratings rate the perpetual notes Ba1 and BB+, respectively.

Movement of the perpetual notes:

	2022	2021
As at 1 January	1,611.6	1,369.6
Issuance of the perpetual notes	-	464.8
Interest to perpetual notes holders	76.1	75.1
Repayment of previously issued perpetual notes	(27.8)	(236.7)
Payment of the interest to the perpetual note holders	(75.4)	(61.2)
As at 31 December	1,584.5	1,611.6

6.12.6 Non-controlling interests

Non-controlling interests

	31 December 2022	31 December 2021
IMMOFINANZ	801.9	-
S IMMO	200.6	-
Other non-controlling interests	96.3	91.2
Total	1,098.8	91.2

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Movement of non-controlling interests

	Note	2022	2021
Opening balance as of 1 January		91.2	96.1
Acquisition of IMMOFINANZ	3.3.1	1,577.0	-
Acquisition of S IMMO	3.3.2	1,010.1	-
Other acquisitions		-	3.2
Purchase of IMMOFINANZ non-controlling interests		(799.9)	-
Purchase of S IMMO non-controlling interests		(890.9)	-
Other purchases of non-controlling interests		-	(36.2)
Sale of non-controlling interests		87.7	14.3
Total comprehensive income attributable to non-controlling interests		23.6	13.8
As at 31 December		1,098.8	91.2

IMMOFINANZ

The registered office of IMMOFINANZ AG is Wienerbergstrasse 9, Vienna, Austria.

Movement of IMMOFINANZ related non-controlling interest:

	2022
Initially recognized in the period (refer to note 3.3)	1,577.0
NCI acquired in the period	(799.9)
Profit for the period	24.8
As at 31 December	801.9
Group’s interest	76.88%

The mandatory takeover offer for IMMOFINANZ shares was closed on 30 May 2022. Until the end of the acceptance period, 30,440,879 (representing a participation of 22.00%) IMMOFINANZ shares. The consideration paid for the shares was EUR 704.7 million. Resulting bargain purchase of EUR 74.7 million (calculated as a difference between carrying value of the respective non-controlling interest of EUR 782.1 million and the consideration paid of EUR 704.7 million) was recognized against retained earnings.

Additionally, the Group acquired 0.5% of IMMOFINANZ shares for consideration of EUR 10.1 million. Resulting bargain purchase of EUR 7.7 million (calculated as a difference between carrying value of the respective non-controlling interest of EUR 17.8 million and the consideration paid of EUR 10.1 million) was recognized against retained earnings.

Condensed financial information of IMMOFINANZ as at 31 December 2022:

	31 December 2022
Non-current assets	5,463.5
Current assets	533.2
Total assets	5,996.7
Total equity	2,871.4
Non-current liabilities	2,547.8
Current liabilities	577.5
Total equity and liabilities	5,996.7
Profit for the period	(100.3)
Net increase/(decrease) in cash and cash equivalents	(581.3)

S IMMO

The registered office of S IMMO AG is Friedrichstraße 10, Vienna, Austria.

Movement of S IMMO related non-controlling interest

	2022
Initially recognized in the period (refer to note 3.3)	1,010.1
NCI acquired in the period	(890.9)
NCI sold in the period	87.7
Profit for the period	(6.3)
As at 31 December	200.6
Group’s interest	92.23%

Condensed financial information of S IMMO as at 31 December 2022:

	31 December 2022
Non-current assets	2,903.9
Current assets	870.5
Total assets	3,774.4
Total equity	1,780.3
Non-current liabilities	1,679.4
Current liabilities	314.7
Total equity and liabilities	3,774.4
Profit for the period	18.9
Net increase in cash and cash equivalents	(128.9)

The mandatory takeover offer for S IMMO shares was closed on 12 August 2022. Until the end of the acceptance period, 26,983,707 S IMMO shares (representing a participation of 38.26%) S IMMO were tendered for total consideration of EUR 620.8 million. Resulting bargain purchase of EUR 81.1 million (calculated as a difference between carrying value of the respective non-controlling interest of EUR 701.9 million and the consideration paid of EUR 620.8 million) was recognized against retained earnings.

During the additional acceptance period which ended on 18 November 2022, the Group acquired further 6,743,731 shares of S IMMO (representing participation of 9.56% of the total outstanding voting rights) for total consideration of EUR 155.1 million. Resulting bargain purchase of EUR 33.9 million (calculated as a difference between carrying value of the respective non-controlling interest of EUR 189.0 million and the consideration paid of EUR 155.1 million) was recognized against retained earnings.

In 2022, the Group sold interest of 10.1% in S IMMO subsidiaries German Property Invet Immobilien GmbH and CEE Property-Invest Hungary 2003 Kft. for total of EUR 87.8 million.

Mandatory takeover bid for CPI FIM S.A. (former Orco Property Group) shares

On 8 June 2016 the Company’s fully owned subsidiary Nukasso Holdings Limited directly and indirectly acquired approximately 97.31% of shares in CPI FIM. As a consequence, Nukasso Holdings Limited became obliged to launch a mandatory takeover bid to purchase any and all of the ordinary shares of CPI FIM (the “Mandatory Takeover Offer”). On 22 August 2016, the Czech Office for the Protection of Competition granted the merger clearance for the acquisition of CPI FIM by the Group, whereas its decision became final and binding on 23 August 2016.

On 8 December 2017 the CSSF published press releases in which it stated, inter alia, that it has decided not to approve the offer document in the Mandatory Takeover Offer as a consequence of the existence of an undisclosed concert action with respect to CPI FIM. On 15 March 2018 the CSSF published a press release informing that the decisions detailed in the above-mentioned CSSF press releases of 8 December 2017 have been challenged before the Luxembourg administrative courts.

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

Next RE

In 2021, total of 3,377,498 shares were sold by the Group for EUR 10.9 million. The loss of EUR 3.4 million from the transaction was recognized against retained earnings. As at 31 December 2021, the Group holds 16,983,075 shares of Next RE, equal to 77.1%.

The registered office of Next RE is Via Zara 28, Roma, Italy.

Movement of Next RE related non-controlling interest

	2022	2021
Group’s interest	77.1%	77.1%
Opening balance	21.1	42.7
NCI acquired in the period	-	(36.2)
NCI sold in the period	-	14.3
NCI - profit for the period	0.3	0.3
NCI - accumulated	21.4	21.1

Condensed financial information of Next RE as at 31 December 2022 and 2021:

	2022	2021
Non-current assets	141.1	141.8
Current assets	18.1	14.2
Total assets	159.2	156.0
Equity attributable to owners	87.5	85.9
Non-current liabilities	67.2	67.1
Current liabilities	4.5	3.0
Total equity and liabilities	159.2	156.0
Profit for the period	1.5	1.3
Net increase/(decrease) in cash and cash equivalents	8.2	(18.1)

6.12.7 Earnings per share

	31 December 2022	31 December 2021
Shares held by shareholders at the beginning of the period	8,835,915,298	8,332,414,083
Weighted average movements	(27,131,170)	(196,680,846)
Shares buyback on 26 February 2021	-	(328,552,400)
Shares issued on 1 September 2021	-	53,816,047
Shares issued on 22 November 2021	-	78,055,506
Shares buyback on 11 November 2022	(27,131,170)	-
Weighted average outstanding shares for the purpose of calculating the basic EPS	8,808,784,128	8,135,733,237
Weighted average outstanding shares for the purpose of calculating the diluted EPS	8,808,784,128	8,135,733,237
Net profit attributable to owners of the parent	457.6	1,202.7
Net profit attributable to owners of the parent after assumed conversions/exercises	457.6	1,202.7
Total Basic earnings in EUR per share	0.05	0.15
Diluted earnings in EUR per share	0.05	0.15

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

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

6.13 Bonds issued

Bonds	Dated	31 December 2022		31 December 2021	
		No. of bonds issued	Value	No. of bonds issued	Value
ISIN XS1693959931	4 October 2017	-	-	2,394	238.5
ISIN CH0441186472	25 October 2018	-	-	30,140	145.7
ISIN XS1917855337	10 December 2018	30	21.2	30	22.9
ISIN XS1950499639	12 February 2019	450	54.1	450	50.9
ISIN XS1955030280	8 March 2019	-	-	1,884	332.6
XS2008905155	6 June 2019	283	34.0	283	32.0
XS2069407786	28 October 2019	7,500	741.1	7,500	738.4
XS2106589471	22 January 2020	4,000	446.1	3,500	411.6
XS2117757182	22 January 2020	250	30.0	250	28.2
XS2171875839	12 May 2020	7,500	741.2	7,500	737.4
HU0000359898	5 August 2020	600	75.0	600	81.3
XS2290544068	21 January 2021	7,650	750.3	8,500	831.3
XS2307032644	25 February 2021	30	21.3	30	23.0
XS2394029685	7 October 2021	26	18.5	26	19.9
ISIN XS2432162654	14 January 2022	6,805	666.2	-	-
L1300@AA8	5 May 2022	120,000,000	112.5	-	-
L1300@AB6	5 May 2022	100,000,000	93.8	-	-
L1300@AC4	5 May 2022	110,000,000	103.1	-	-
ISIN XS2243564478	15 October 2020	2,378	227.9	-	-
ISIN AT0000A1Z9D9	6 February 2018	200,000	99.8	-	-
ISIN AT0000A1DBM5	9 April 2015	31,780	15.7	-	-
ISIN AT0000A285H4	22 May 2019	300,000	149.8	-	-
ISIN AT0000A1DWK5	21 April 2015	68,398	34.0	-	-
ISIN AT0000A2AEA8	15 October 2019	200,000	99.8	-	-
ISIN AT0000A1Z9C1	6 February 2018	100,000	49.8	-	-
ISIN AT0000A2MKW4 (green bond)	4 February 2021	140,899	70.3	-	-
ISIN AT0000A2UVR4 (green bond)	11 January 2022	50,117	24.9	-	-
Total non-current			4,680.4		3,693.7
Accrued interest and accrued charges on bonds			55.4		41.1
ISIN XS1935128956	27 January 2019		197.5		-
ISIN CH0441186472	25 October 2018		152.9		-
Total current			405.8		41.1
Total			5,086.2		3,734.8

Bonds issued as at 31 December 2022

- In May 2022, the Group issued Series A, Series B and Series C of an US Private Placement notes repayable on 5 May 2027, 5 May 2028 and 5 May 2029 in the amounts of USD 120.0 million (EUR 115.5 million), USD 100.0 million (EUR 96.3 million) and USD 110.0 million (EUR 105.9 million), respectively. The bonds bear interest at a rate of 6.02%, 6.06% and 6.15%, respectively and are hedged by cross currency swaps (refer to note 6.14).
- In January 2022, the Group issued a sustainability-linked bonds (ISIN XS2432162654) of EUR 700.0 million with annual coupon of 1.75% and maturity date of 14 January 2030. The sustainability-linked bonds are listed on the Main Market of the Irish Stock Exchange.
- The bonds AT0000A1Z9D9 issued by S IMMO on the regulated market of Luxembourg Stock Exchange in February 2018 are repayable on 6 February 2024. The bonds bear interest at a rate of 1.75% p.a.
- The bonds AT0000A1DBM5 issued by S IMMO on the regulated market of Luxembourg Stock Exchange in April 2015 are repayable on 9 April 2025. The bonds bear interest at a rate of 3.25% p.a.
- The bonds AT0000A285H4 issued by S IMMO on the regulated market of Luxembourg Stock Exchange in May 2019 are repayable on 22 May 2026. The bonds bear interest at a rate of 1.875% p.a.
- The bonds AT0000A1DWK5 issued by S IMMO on the regulated market of Luxembourg Stock Exchange in April 2015 are repayable on 21 April 2027. The bonds bear interest at a rate of 3.25% p.a.
- The bonds AT0000A2MKW4 (green bond) issued by S IMMO on the regulated market of Luxembourg Stock Exchange in February 2021 are repayable on 4 February 2028. The bonds bear the interest at a rate of 1.75% p.a.
- The bonds AT0000A2AEA8 issued by S IMMO on the regulated market of Luxembourg Stock Exchange in October 2019 are repayable on 15 October 2029. The bonds bear interest at a rate of 2.00% p.a.
- The bonds AT0000A1Z9C1 issued by S IMMO on the regulated market of Luxembourg Stock Exchange in February 2018 are repayable on 6 February 2030. The bonds bear interest at a rate of 2.875% p.a.
- The bonds AT0000A2UVR4 issued by S IMMO on the regulated market of Luxembourg Stock Exchange in January 2022 are repayable on 11 January 2027. The bonds bear interest at a rate of 1.25% p.a.

- The bonds XS2243564478 issued by IMMOFINANZ on the regulated market of Luxembourg Stock Exchange in October 2020 are repayable on 15 October 2027. The bonds bear interest at a rate of 2.50% p.a.
- The bonds XS1935128956 issued by IMMOFINANZ on the regulated market of Luxembourg Stock Exchange in January 2019 are repayable on 27 January 2023. The bonds bear interest at a rate of 2.625% p.a.
- ISIN XS2290544068: On 27 January 2021, the Group issued 1.5% fixed rate senior unsecured bonds of EUR 600.0 million maturing 27 January 2031. The bonds are listed on the regulated market of Euronext Dublin. The second, third and fourth tranche of the bonds in the amount of EUR 50.0 million, EUR 100.0 million and EUR 100.0 million were issued on 1 February, 8 September and 30 December 2021 and with the same terms.
- ISIN XS2307032644: On 25 February 2021 the Group issued 0.71% fixed rate JPY 3 billion (EUR 23.1 million) senior unsecured bonds maturing 25 February 2025. The proceeds are converted to EUR through a cross-currency swap. The bonds are listed on the regulated market of Euronext Dublin.
- ISIN XS2394029685: On 7 October 2021 the Group issued 0.35% fixed rate JPY 2.6 billion (EUR 20.0 million) senior unsecured bonds maturing 7 April 2025. The proceeds are converted to EUR through a cross-currency swap. The bonds are listed on the regulated market of Euronext Dublin.
- ISIN HU0000359898: On 5 August 2020, the Group issued HUF 30.0 billion (EUR 86.0 million) of green bonds with a 10-year maturity and coupon of 2.25%. The bonds are traded on the Budapest Stock Exchange. The bonds are fully hedged to EUR.
- ISIN XS2171875839: On 12 May 2020, the Company issued green bonds of EUR 750.0 million maturing 12 May 2026. The bonds are listed on the regulated market of Euronext Dublin and bear the fixed interest at rate 2.75 %.
- ISIN XS2117757182: On 13 February 2020, the Group issued HKD 250.0 million bonds (EUR 29.0 million) maturing on 13 February 2030. The bonds are listed on the regulated market of Euronext Dublin and fully hedged to EUR at a fixed rate of less than 3.01% p.a.
- ISIN XS2106589471: On 22 January 2020, the Group issued green bonds of GBP 350.0 million (EUR 411 million) maturing on 22 January 2028. The bonds are listed on the regulated market of Euronext Dublin and fully hedged to EUR at a fixed rate of 2.75% p.a.
- ISIN XS2069407786: On 28 October 2019, the Company issued green bonds of EUR 750 million. The bonds mature on 23 April 2027 and bear fixed interest at rate of 1.625% p.a. The bonds are listed on the regulated market of Euronext Dublin.
- ISIN XS2008905155: On 6 June 2019, the Company issued bonds of HKD 283 million. The bonds mature on 6 June 2026 and bear a fixed interest at a rate of 4.45 % p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds were fully hedged to EUR.
- ISIN XS1950499639: On 12 February 2019, the Company issued bonds of HKD 450 million. The bonds mature on 12 February 2024 and bear fixed interest at a rate of 4.51% p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds are fully hedged to EUR.
- ISIN XS1917855337: On 10 December 2018, the Company issued bonds on the Tokyo Pro-Bonds market, with total nominal value of of JPY 3 billion (EUR 23.8 million) which bear a fixed interest at a rate of 1.995% and mature on 8 December 2028. The bonds are fully hedged to EUR. In January 2021, the Group repaid a portion of these bonds.
- ISIN CH0441186472: On 25 October 2018, the Company issued bonds of CHF 165 million. The bonds mature on 25 October 2023 and bear a fixed interest at a rate of 1.63% p.a. The bonds are listed on the SIX Swiss Exchange. On 20 May 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of CHF 14.3 million (EUR 13.6 million).

CPI PROPERTY GROUP S.A. bonds repurchased and cancelled as at 31 December 2022

- In January 2022, the Group used a portion of the proceeds from newly issued bonds to repay a portion of EUR 239.4 million of the senior bonds (ISIN XS1693959931) due in 2024 and to repay senior bonds (ISIN XS1955030280) of EUR 333.0 million due in 2023.
- In June 2022, the Group repurchased part of its bonds maturing in 2031 in the amount of EUR 85.0 million (ISIN XS2290544068).
- In June 2022, the Group repurchased part of its bonds maturing in 2030 in the amount of EUR 19.5 million (ISIN XS2432162654).

In 2022, The Group recognized transaction costs and a discount related to cancellation of previously issued bonds in the total amount of EUR 11.7 million as part of the other financial result in 2022.

Covenants

Bonds issued by CPIPG are subject to covenants.

- Net interest coverage ratio (calculated as adjusted EBITDA over net interest expense) should be at least 1.9. As at 31 December 2022 and 2021, the Group’s net interest coverage ratio was 3.2 and 4.6, respectively. Adjusted EBITDA is calculated as net business income less administrative expenses, adjusted for Group’s share on Globalworth, IMMOFINANZ and S IMMO EBITDA.
- Consolidated leverage ratio (calculated as financial debts and bonds issued over total assets adjusted for intangible assets) should not exceed 0.6. As at 31 December 2022 and 2021, the Group’s consolidated leverage ratio was 0.5 and 0.4, respectively.
- Secured consolidated leverage ratio (calculated as secured financial debts and bonds issued over total assets adjusted for intangible assets) should not exceed 0.45. As at 31 December 2022 and 2021, the Group’s consolidated leverage ratio was 0.2 and 0.1, respectively.

The covenants were met as at 31 December 2022 and 2021.

Structure of bond financing

As at 31 December 2022 and 2021, the total value of unsecured bonds is EUR 5,086.2 million and EUR 3,734.8 million, respectively. Unsecured bonds are bonds that are not collateralized by any assets.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

6.14 Financial debts

	31 December 2022	31 December 2021
Loans from related parties	0.4	0.3
Loans from third parties	5.4	10.2
Bank loans	6,066.8	1,117.5
Lease liabilities	93.0	36.4
Total non-current financial debts	6,165.6	1,164.4
Loans from related parties	-	-
Loans from third parties	3.4	2.4
Bank loans	350.2	228.5
Lease liabilities	6.8	2.6
Total current financial debts	360.4	233.5
Total	6,526.0	1,397.9

The Group has credit facilities in total of EUR 910.0 million (EUR 700.0 million as at 31 December 2021). The facilities were not drawn as at 31 December 2022 and 2021.

As at 31 December 2022, as a result of the acquisition of IMMOFINANZ and S IMMO, the non-current financial debts increased by EUR 2,019.9 million (of which EUR 50.7 million represents lease liabilities) million and EUR 913.6 million (of which EUR 5.3 million represents lease liabilities), respectively. IMMOFINANZ’s non-current financial debts consist of secured bank loans bearing floating rates fixed on EURIBOR plus margin with average maturity of 4.2 years. S IMMO’s non-current financial debts consist of secured bank loans bearing floating rates fixed on EURIBOR plus margin with average maturity of 4.8 years.

As at 31 December 2022, the Group drawn two new bridge loan facilities of EUR 832.1 million and EUR 825.6 million maturing in January and April 2025 (considering the unconditional right to effectively defer settlement of the bridge facilities which are currently maturing in July and October 2023), Schuldschein loans in total of EUR 184.0 million maturing in 2026 and 2028 and three additional bank loans of EUR 100.0 million and EUR 273.6 million and EUR 511.8 million maturing in 2026, 2029 and 2029, respectively.

As at 31 December 2022, as a result of the acquisition of IMMOFINANZ and S IMMO, the current financial debts increased by EUR 226.1 million (of which EUR 3.0 million represents lease liabilities) million and EUR 73.9 million (of which EUR 0.6 million represents lease liabilities).

As at 31 December 2022 and 2021, the total value of secured financial debts amounts to EUR 4,551.6 million and EUR 1,398.1 million, respectively.

As at 31 December 2022 and 2021, the total value of unsecured financial debts amounts to EUR 2,052.4 million (including loans classified as liabilities linked to assets held for sale) and EUR 53.5 million, respectively.

Pledges

With respect of bank loans, the Group has pledged the following assets as collateral:

- Investment property with total value of EUR 9,783.3 million as at 31 December 2022 (EUR 4,084.7 million as at 31 December 2021).
- Property, plant and equipment with total value of EUR 343.4 million as at 31 December 2022 (EUR 112.4 million as at 31 December 2021).
- Assets held for sale with total value of EUR 438.1 million as at 31 December 2022.
- Trade receivables and other financial assets with total carrying amount of EUR 157.3 million as at 31 December 2022 (EUR 31.1 million as at 31 December 2021).
- Bank accounts in total amount of EUR 10.9 million as at 31 December 2022 (EUR 26.4 million as at 31 December 2021).
- Shares of subsidiaries: "Wienerberg City" Errichtungsges.m.b.H., Agrome s.r.o., Alpha real d.o.o., Angusland s.r.o., ARO Immobilien GmbH, Atom Centrum, s.r.o., Atrium Park Kft, Bank Garazs Kft, Baudry Beta, Bauteile A + B Errichtungsges.m.b.H., Bauteile C + D Errichtungsges.m.b.H., Bertie Investments Sp. z o.o., Biochov s.r.o., Biopark s.r.o., Biopotraviny s.r.o., BudaPart Auratus Kft., Carpenter Invest, a.s., CENTER INVEST Kft., City Center Irodahaz Kft., City Tower Vienna Errichtungs- und Vermietungs-GmbH, CMA Immobilier SA, Conradian, a.s., CPI Národní, s.r.o., CPI Office Business Center, s.r.o., CPI Office Prague, CPI Shopping MB, a.s., CPI Shopping Teplice, Českolipská farma s.r.o., Českolipská zemědělská a.s., Děčínská zemědělská a.s., DUAL Construct Invest srl, Ekofarma Postřelná, s.r.o., Elmore Investments Sp. z o.o., Eltima Property Company s.r.o., Erlend Investments Sp. z o.o., Eurocenter d.o.o., EXPO BUSINESS PARK S.R.L., Farma Dělouš, s.r.o., Farma Javorská, a.s., Farma Krásný Les, a.s., Farma Liščí, s.r.o., Farma Ploučnice a.s., Farma Poustevna, s.r.o., Farma Radeč, a.s., Farma Svitavka s.r.o., Farma Valteřice, a.s., Farma zelená sedma, s.r.o., Farmy Frýdlant a.s., FMZ Lublin Sp. z o.o., Futurum HK Shopping, s.r.o., Galeria Zamek Sp. z o.o., Gebauer Höfe Liegenschaften GmbH, Gena Vier Immobilienholding GmbH, Grand Centar d.o.o., GSG Asset GmbH & Co. Verwaltungs KG, GSG Berlin Invest GmbH, GSG Gewerbehöfe Berlin 1. GmbH & Co. KG, GSG Gewerbehöfe Berlin 2. GmbH & Co. KG, GSG Gewerbehöfe Berlin 3. GmbH & Co. KG, GSG Gewerbehöfe Berlin 4. GmbH & Co. KG, GSG Gewerbehöfe Berlin 5. GmbH & Co. KG, GSG Gewerbehöfe Berlin 6. GmbH & Co. KG, GSG Solar Berlin GmbH, Hornopolická ekologická, s.r.o., IMMOFINANZ Artemis Immobilien Vermietung GmbH, IMMOFINANZ Enodia Realitäten Vermietungs GmbH, IMMOFINANZ Float GmbH & Co. KG, Immofinanz Medienhafen GmbH, Immofinanz Polska Sp. z o.o., ImmoPoland Sp. z o.o., IPD - International Property Development s.r.o., JAGRA spol. s r.o., Janovická farma, a.s., Jizerská farma, s.r.o., Limagro s.r.o., Marissa Tau, a.s., Marissa West, a.s., Mařenická farma, a.s., Na Poříčí, a.s., Nagymező utcai Projektfejlesztési Kft, Nimbus Real Sp. z o.o., NP Investments a.s., Nymburk Property Development, a.s., OIY Czech, s.r.o., Palmovka Offices s.r.o., Pastviny a.s., Polus a.s., Projekt Zlatý Anděl, s.r.o., Prostějov Investments, a.s., PV - Cvikov s.r.o., REGA Property Invest s.r.o., Remontées Mécaniques Crans Montana Aminona (CMA) SA, SBF Development Praha spol.s r.o., SDCS s.r.l., SIAG Fachmarktzentren s.r.o., SIAG Leipzig Wohnimmobilien GmbH, SPC Delta Property Development Company S.R.L., SPC Sigma Property Development Company S.R.L., Spojené farmy a.s., Statek Kravaře, a.s., Statek Mikulášovice, s.r.o., Statek Petrovice, s.r.o., Stop Shop Poland Sp.z.o.o., STOP.SHOP. CZ s.r.o., STOP.SHOP. Slovakia s.r.o., Šenovská zemědělská, s.r.o., Valdovská zemědělská, a.s., Valkeřícká ekologická, a.s., Verneřický Angus a.s., Victoriei Business Piazza s.r.l., Viganò, a.s., VIVO! Poland Sp. z o.o., Warsaw Spire Tower Sp. z o.o., Zákupská farma, s.r.o., Zelená farma s.r.o., Zelená louka s.r.o., Zelená pastva s.r.o., ZEMSPOL s.r.o.

Covenants

Bank loans are subject to covenants. The covenants were met as at 31 December 2022 and 2021 .

Maturity of loans from third parties

	31 December 2022	Less than one year	1 to 5 years	More than 5 years	Total
Loans from third parties		2.4	1.1	5.3	8.8
Bank loans		349.4	4,290.7	1,776.9	6,417.0
Total		351.8	4,291.8	1,782.2	6,425.8
	31 December 2021	Less than one year	1 to 5 years	More than 5 years	Total
Loans from third parties		2.4	3.0	7.2	12.6
Bank loans		228.4	778.5	339.0	1,345.9
Total		230.8	781.5	346.2	1,358.5

Lease liabilities

	Net present value of future minimum lease payments	Less than one year	1 to 5 years	More than 5 years	Total
31 December 2022		6.8	21.0	72.0	99.8
31 December 2021		2.6	11.4	24.9	38.9

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

	Loans and borrowings	Lease liabilities	Bonds issued	Total
As at 1 January 2022	1,358.9	38.9	3,734.9	5,132.7
Proceeds from bonds issued	-	-	1,042.4	1,042.4
Repayment of bonds issued	-	-	(1,374.1)	(1,374.1)
Interest paid	(81.7)	(0.1)	(104.6)	(186.4)
Drawings of loans and borrowings	4,377.7	-	-	4,377.7
Repayments of loans and borrowings	(1,978.4)	-	-	(1,978.4)
New finance lease liabilities	-	0.4	-	0.4
Drawings-net of lease liabilities	-	2.6	-	2.6
Total changes from financing cash flows	2,317.6	2.9	(436.3)	1,884.2
Changes arising from obtaining or losing control of subsidiaries	2,737.8	57.9	1,689.8	4,485.5
The effect of changes in foreign exchange rates and other non-cash adjustment	(20.6)	-	5.8	(14.8)
Interest expense	111.5	0.1	92.0	203.6
Reclassified to liabilities held for sale	(79.0)	-	-	(79.0)
As at 31 December 2022	6,426.2	99.8	5,086.2	11,612.2

	Loans and borrowings	Lease liabilities	Bonds issued	Total
As at 1 January 2021	1,473.6	49.0	3,304.0	4,826.6
Proceeds from bonds issued	-	-	878.3	878.3
Repayment of bonds issued	-	-	(528.3)	(528.3)
Interest paid	(20.6)	(0.6)	(67.2)	(88.4)
Drawings of loans and borrowings	615.7	-	-	615.7
Repayments of loans and borrowings	(692.1)	-	-	(692.1)
New finance lease liabilities	-	0.4	-	0.4
Repayment-net of lease liabilities	-	(10.5)	-	(10.5)
Total changes from financing cash flows	(97.0)	(10.7)	282.8	175.1
Changes arising from obtaining or losing control of subsidiaries	16.9	-	-	16.8
The effect of changes in foreign exchange rates and other non-cash adjustment	(1.0)	-	83.4	82.4
Other changes	-	-	(11.8)	(11.8)
Interest expense	20.2	0.6	76.5	97.3
Reclassified to liabilities held for sale	(53.8)	-	-	(53.8)
As at 31 December 2021	1,358.9	38.9	3,734.9	5,132.7

6.15 Derivative instruments

The Group uses interest rate swaps and cross currency swaps to manage its exposure to currency and interest rate movements on its bank loans and bonds issued, respectively.

The fair value of the open derivative instruments

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps used for hedging	178.4	(10.4)	-	-
Cross currency swap contracts used for hedging	35.8	(50.3)	24.3	(28.5)
Other interest rate swap contracts	143.0	(1.6)	3.6	(1.1)
Total derivative instruments	357.2	(62.3)	27.9	(29.6)
Current	20.1	(1.8)	3.1	(1.1)
Non-current	337.1	(60.5)	24.8	(28.5)
Total derivative instruments	357.2	(62.3)	27.9	(29.6)

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Cross currency swaps designated as hedging instruments

As at 31 December 2022, the cross currency swap contracts with nominal amount of EUR 1,206.9 million (EUR 1,189.0 million as at 31 December 2021) of which EUR 118.3 million relates to HKD denominated bonds, EUR 451.2 million relates to GBP denominated bonds, EUR 74.8 million relates to HUF denominated bonds, EUR 104.9 million relates to SGD denominated bonds, EUR 87.0 million relates to CHF denominated bonds, EUR 61.2 million relates to JPY denominated bonds and EUR 309.5 million relates to USD denominated bonds.

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

For analysis of liabilities from derivatives with respect of its maturity refer to note 7.2.

Other interest rate swap contracts

As at 31 December 2022, contracts with nominal amounts of EUR 2,033.6 million (EUR 616.7 million as at 31 December 2021) have fixed interest at an average rate of 1.47% (-0.02% as at 31 December 2021) and have floating interest rate at Euribor. The Group does not designate these derivative instruments as hedging instruments.

Interest rate swaps used for hedging

The interest rate swap contracts used for hedging with the total net fair value of EUR 93.8 million. The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank loans.

6.16 Provisions

	2022	2021
Balance at 1 January	8.4	7.0
Effect of business combinations	18.5	
Provisions created	14.6	1.6
Provisions utilized	(0.2)	(0.2)
31 December	41.3	8.4

In 2022, the Group created a provision for legal case Vitericon (refer to note 8 for more details) in the amount of EUR 14.1 million. Of total EUR 18.5 million of provisions from business combination with IMMOFINANZ, majority related to restitution proceedings in Romania.

Defined benefit pension plan

The Group operates a defined benefit plan in Switzerland, where all companies must offer a sponsored pension plan. The plan will provide a contribution-based cash balance retirement and risk benefits to employees to meet its obligations under Switzerland’s mandatory a company provided 2nd pillar pension system. All plans must provide a minimum level of retirement benefit expressed by a cash balance formula with age-related contribution rates with a minimum insured salary defined by law, and a required interest-crediting rate which is set by the government. It also includes a predetermined conversion rate on the portion of the minimum level of benefits of 6.8%. Because of these guarantees the Swiss pension plans are a hybrid plan and are considered under IAS19 as defined benefit pension plans. The defined benefit pension plans amounted to EUR 4.5 and EUR 4.4 million as at 31 December 2022 and 2021, respectively.

6.17 Other financial non-current liabilities

Non-current trade and other payables	31 December 2022	31 December 2021
Tenant deposits	75.5	39.7
Advances received	10.1	5.5
Payables from retentions	5.1	4.2
Trade and other payables due to third parties	15.7	9.9
Derivative instruments (see note 6.15)	60.5	28.5
Total	166.9	87.8

As at 31 December 2022 and 2021, the deposits from tenants represent Group’s payables from received rental related deposits. Their classification corresponds with terms of related rental contracts.

6.18 Current trade payables

The increase of current trade payables from EUR 116.2 million as at 31 December 2021 to EUR 232.3 million as at 31 December 2022 relates primarily to acquisition of IMMOFINANZ and S IMMO in the amount of EUR 61.0 million and EUR 12.7 million, respectively.

There are no significant overdue balances as at 31 December 2022 and 2021, respectively.

6.19 Other financial current liabilities

	31 December 2022	31 December 2021
Advances received from third parties	48.0	47.1
Tenant deposits	29.5	20.2
Derivative instruments	1.8	1.1
Deferred income and accrued liabilities	63.2	18.5
Other payables due to related parties	0.8	0.9
Other payables due to third parties	92.7	26.5
Total	236.0	114.3

The other financial current liabilities increased as at 31 December 2022 by EUR 121.7 million compared to 31 December 2021 due to acquisition of IMMOFINANZ and S IMMO by EUR 40.4 million (primarily deferred income and accrued liabilities of EUR 18.7 million and other current payables of EUR 8.7 million) and EUR 79.7 million (primarily other current payables), respectively.

Advances received from tenants as at 31 December 2022 and 2021 represent payments received from tenants for utilities that will be settled against trade receivables when final amount of utilities consumption is known and the final respective invoicing is performed.

6.20 Maturity of borrowings

The table below shows the carrying amount of the debts allocated by date of repayment. Most floating interest debt instruments have a fixing period of 3 months. The Group’s borrowings are denominated in EUR, CZK, CHF, PLN, HRK, HKD, HUF, GBP, USD and JPY.

At 31 December 2022	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	405.8	2,278.3	2,402.1	5,086.2
Financial debts	360.4	4,313.4	1,852.2	6,526.0
Bank loans	350.2	4,289.9	1,776.9	6,417.0
Bank loans fixed rate	20.3	562.8	32.5	615.6
Bank loans floating rate	329.9	3,727.1	1,744.4	5,801.4
Loans from related parties	0.1	0.3	--	0.4
Loans from third parties	3.3	2.8	2.7	8.8
Other borrowings	6.8	20.4	72.6	99.8
Total	766.3	6,591.7	4,254.3	11,612.2

At 31 December 2021	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	41.1	1,580.0	2,113.7	3,734.8
Financial debts	235.6	791.0	371.2	1,397.8
Bank loans	230.6	776.3	339.0	1,345.9
Bank loans fixed rate	8.8	490.4	42.5	541.7
Bank loans floating rate	221.8	285.9	296.5	804.2
Loans from related parties	-	0.3	-	0.3
Loans from third parties	2.4	3.0	7.2	12.6
Other borrowings	2.6	11.4	25.0	39.0
Total	276.7	2,371.0	2,484.9	5,132.6

6.21 Leases where the Group acts as a lessor

The commercial property leases typically have lease terms of between 5 and 10 years and include clauses to enable periodic upward revision of the rental charge according to market conditions. Some contracts contain options to terminate before the end of the lease term.

The following table shows the future rental income from lease agreements where the terms are non-cancellable.

	31 December 2022	31 December 2021
Less than one year	928.3	452.9
Between one and five years	1,669.5	889.7
More than five years	476.6	337.8
Total	3,074.4	1,680.4

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

7 Financial risk management

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

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

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

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

7.1 Credit risk

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

Credit risks are addressed by top management through efficient operation of the sales, collection, legal and related departments to prevent excessive increase of bad debts. As at 31 December 2022 and 2021, there were no significant concentrations of credit risk to any single customer or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group limits the risk of rent receivables becoming doubtful by requesting its tenants to pay deposits before moving in. If the future rent is not collected, related receivable is settled against the deposit. The tenants are subject to credit verification procedure before the rent contract is approved. Receivables are monitored on an ongoing basis in order to manage the Group’s exposure to bad debts. The Group maintains the creditor management database, creates the segmented reports and performs tenant’s ratings to identify the risk factors and apply suitable measures to eliminate corresponding risks immediately.

Customer credit risk is managed reflecting the Group’s established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard at the time of entering into a rental agreement. Outstanding customer receivables are regularly monitored.

The Ageing structure of financial assets as at 31 December 2022 and 2021 is as follows:

At 31 December 2022	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	307.2	-	(0.1)	307.2
Derivatives	357.2	-	-	357.2
Trade and other receivables	220.2	41.2	(29.1)	261.4
Trade receivables presented as other financial assets – non current	63.1	0.5	-	63.6
Trade and other receivables – current	157.1	40.7	(29.1)	197.8
Other financial current assets	76.1	27.4	(0.3)	103.5
Cash and cash equivalents	1,033.2	-	-	1,033.2
Assets held for sale (excluding non-financial assets)	-	-	-	-
Total	1,993.9	68.6	(29.5)	2,062.5

At 31 December 2021	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	117.3	4.1	(0.1)	121.4
Derivatives	27.9	-	-	27.9
Trade and other receivables	91.3	17.6	(18.7)	108.9
Trade receivables presented as other financial assets – non current	3.0	0.2	(2.7)	3.2
Trade and other receivables – current	88.3	17.4	(16.0)	105.7
Other financial current assets	46.9	3.1	(9.8)	50.0
Cash and cash equivalents	501.8	-	-	501.8
Assets held for sale (excluding non-financial assets)	-	-	-	0.0
Total	785.2	24.8	(28.6)	810.0

The ageing analysis of overdue trade and other receivables was as follows (net of impairment):

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Trade and other receivables as at 31 December 2022	16.9	6.4	6.8	5.6	5.5	41.2
Trade and other receivables as at 31 December 2021	6.0	6.5	3.8	1.2	0.1	17.6

The Group does not assume any credit risk related to its financial derivative contracts.

Cash and cash equivalents

Cash and cash equivalents classified per Moody’s ratings of respective counterparties:

	31 December 2022	31 December 2021
A1	262.1	305.2
A2	572.0	7.9
A3	10.9	12.8
Aa2	1.0	15.0
Aa3	18.2	-
B1	2.0	0.3
Ba1	1.3	-
Baa1	112.9	39.2
Baa2	39.3	-
Baa3	-	6.3
Not rated	13.5	115.1
Total	1,033.2	501.8

7.2 Liquidity risk

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

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

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

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lenders a right to call in the loan before its maturity. The Group monitors loan covenants on a regular basis.

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

At 31 December 2022	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	5,086.2	235.8	208.1	261.1	2,393.9	2,492.1	5,591.0
Financial debts	6,526.0	85.8	482.3	891.0	4,143.3	1,987.1	7,589.5
- Loans from related parties	0.4	-	0.1	0.3	-	-	0.4
- Loans from third parties	8.8	1.9	1.4	0.9	2.1	2.9	9.2
- Bank loans	6,417.0	81.9	475.0	882.5	4,125.1	1,899.7	7,464.2
- Lease liabilities	99.8	2.0	5.8	7.3	16.1	84.5	115.7
Derivative instruments	62.3	1.8	-	-	5.0	55.5	62.3
Other non-current liabilities	106.4	-	-	16.1	64.3	26.0	106.4
Other current liabilities	466.5	195.4	271.1	-	-	-	466.5
Liabilities from assets held for sale	128.4	128.4	-	-	-	-	128.4
Total	12,375.8	647.2	961.5	1,168.2	6,606.5	4,560.7	13,944.1

At 31 December 2021	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	3,734.8	31.4	41.2	550.7	1,269.3	2,172.2	4,064.8
Financial debts	1,397.8	13.6	234.1	42.4	797.8	398.2	1,486.1
- Loans from related parties	0.4	-	-	0.4	-	-	0.4
- Loans from third parties	12.6	1.8	0.7	0.9	2.2	7.9	13.5
- Bank loans	1,345.9	10.3	231.9	37.9	785.8	351.1	1,417.0
- Lease liabilities	38.9	1.5	1.5	3.2	9.8	39.2	55.2
Derivative instruments	29.6	-	1.1	-	0.2	28.3	29.6
Other non-current liabilities	59.3	-	-	13.1	34.9	11.3	59.3
Other current liabilities	229.4	150.8	78.6	-	-	-	229.4
Liabilities from assets held for sale	86.1	86.1	-	-	-	-	86.1
Total	5,537.0	281.9	355.0	606.2	2,102.2	2,610.0	5,955.3

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

7.3 Market risks

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

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

The Group uses derivative financial instruments in a limited manner in order to reduce its exposure to the market risk.

Market risk exposures are measured using sensitivity analysis. Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant.

7.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk primarily in respect of cash and cash equivalents, loans provided, financial debts and bonds issued.

The table below shows the material balances held in foreign currencies that are deemed subject to currency risk and presents sensitivities of profit or loss to reasonably possible changes in foreign currency rates with all other variables held constant. A 10% change in the foreign currency rate of foreign currencies against EUR would have the below effect to profit providing all other variables remaining constant:

	Original currency	31 December 2022	Functional currency depreciated by 10%	Functional currency appreciated by 10%	31 December 2021	Functional currency depreciated by 10%	Functional currency appreciated by 10%
Cash and cash equivalents		1,033.2			501.8		
	EUR	959.7	-	-	427.8	-	-
	CZK	26.7	2.7	(2.7)	35.8	3.6	(3.6)
	GBP	9.0	0.9	(0.9)	0.6	0.1	(0.1)
	HRK	0.5	0.1	(0.1)	0.6	0.1	(0.1)
	HUF	7.1	0.7	(0.7)	12.7	1.3	(1.3)
	CHF	23.1	2.3	(2.3)	2.2	0.2	(0.2)
	PLN	6.0	0.6	(0.6)	21.5	2.2	(2.2)
	RON	1.1	0.1	(0.1)	0.5	0.1	(0.1)
	SGD	-	-	-	0.1	-	-
Loans provided		307.2			121.4		
	EUR	0.8	-	-	114.7	-	-
	CZK	297.1	29.7	(29.7)	0.9	0.1	(0.1)
	CHF	9.3	0.9	(0.9)	5.6	0.6	(0.6)
	PLN	-	-	-	0.2	0.0	(0.0)
Financial debts		(6,526.0)			(1,397.8)		
	EUR	(6,498.8)	-	-	(1,336.0)	-	-
	CZK	(2.0)	(0.2)	0.2	(7.4)	(0.7)	0.7
	CHF	(25.2)	(2.5)	2.5	(30.9)	(3.1)	3.1
	PLN	-	-	-	(23.5)	(2.4)	2.4
Bonds issued		(5,086.2)			(3,734.8)		
	EUR	(3,872.9)	-	-	(2,566.3)	-	-
	JPY	(61.3)	(6.1)	6.1	(66.3)	(6.6)	6.6
	GBP	(456.4)	(45.6)	45.6	(421.6)	(42.2)	42.2
	HUF	(76.3)	(7.6)	7.6	(82.9)	(8.3)	8.3
	USD	(313.9)	(31.4)	31.4	(338.2)	(33.8)	33.8
	CHF	(153.5)	(15.4)	15.4	(146.4)	(14.6)	14.6
	HKD	(151.8)	(15.2)	15.2	(113.1)	(11.3)	11.3
Net exposure		321.8	32.2	(32.2)	29.3	2.9	(2.9)
	CHF	(146.3)	(14.6)	14.6	(169.5)	(17.0)	17.0
	PLN	6.0	0.6	(0.6)	(1.8)	(0.2)	0.2
	HKD	(151.8)	(15.2)	15.2	(113.1)	(11.3)	11.3
	USD	(313.9)	(31.4)	31.4	(338.2)	(33.8)	33.8
	JPY	(61.3)	(6.1)	6.1	(66.3)	(6.6)	6.6
	HRK	0.5	0.1	(0.1)	0.6	0.1	(0.1)
	RON	1.1	0.1	(0.1)	0.5	0.1	(0.1)
	HUF	(69.2)	(6.9)	6.9	(70.2)	(7.0)	7.0
	GBP	(447.4)	(44.7)	44.7	(421.0)	(42.1)	42.1
	SGD	-	-	-	0.1	-	-

The Group uses cross currency swaps to manage its exposure to movements of foreign currency rates on its bonds issued.

As at 31 December 2022 and 31 December 2021, bonds issued of EUR 1,206.9 million (EUR 1,090.8 million) were hedged to EUR.

7.3.2 Interest rate risk

The interest rate profile of the Group’s interest-bearing financial instruments is described in 6.6 and 6.14, respectively. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

Loans provided by the Group require instalments to be paid by the borrower according to a payment schedule, based on a fixed interest rate. The interest rates charged by the Group are usually based on the Group’s borrowing interest rates. As the loans provided are based on fixed rates (except for the loan of EUR 30.0 million provided to Uniborc S.A.), and no financial debt is measured at fair value through profit and loss the Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term debt obligations with floating interest rates. These obligations primarily include bank loans, lease liabilities and bonds issued.

Bank loans have flexible interest rates based on Euribor or Libor rates for the reference period from 1 to 6 months increased by a fixed margin. Bonds issued comprise fixed rate instruments.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

Sensitivity analysis – exposure to interest rate risk for variable rate instruments

A change of interest rates by 100 basis points at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

A 100 basis points change in the interest rate would have the below effect to profit or equity of the Group providing all other variables remaining constant:

31 December 2022	Effective interest rate	Liability with variable interest rate	Interest calculated
Loans & lease liabilities	3.57%	5,788.0	206.9
31 December 2021			
Loans & lease liabilities	1.20%	795.6	9.5

31 December 2022	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) Effect
Loans & lease liabilities	4.57%	264.8	(57.9)	2.57%	149.0	57.9
31 December 2021						
Loans & lease liabilities	2.20%	17.5	(8.0)	0.20%	1.6	8.0

Effective interest rate and repricing analysis

The following tables indicate effective interest rates of financial debts and periods of their repricing.

31 December 2022	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	2.35%	5,086.2	-	-	5,086.2
Financial debts		6,526.0	3,763.0	285.9	2,477.1
- loans from related parties	8.80%	0.4	0.4	-	0.0
- loans from third parties**	1.25%	8.8	-	-	8.8
- bank loans	3.23%	6,417.0	3,757.7	285.9	2,373.4
- lease liabilities	0.94%	99.8	4.9	-	94.9
Total		11,612.2	3,763.0	285.9	7,563.3

31 December 2021	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	2.34%	3,734.8	-	-	3,734.8
Financial debts		1,397.8	807.4	2.0	588.4
- loans from related parties	5.76%	0.3	0.3	-	-
- loans from third parties**	1.00%	12.7	-	-	12.7
- bank loans	1.03%	1,345.9	801.9	2.0	542.0
- lease liabilities	1.16%	38.9	5.2	-	33.7
Total		5,132.6	807.4	2.0	4,323.2

*Including unpaid interest of EUR 42.4 million.

**Including unpaid interest of EUR 0.4 million (fixed interest rate).

7.3.3 Price risk

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

7.4 Capital management

The Group’s objectives of the Group’s capital management is to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

The Group as property investor is mainly influenced by the fact that it leverages its project financing by using bank debt and by bond issues. There is limited seasonality effect on the Group. It is rather volatility of financial markets what might positively or negatively influence the Group.

The Group monitors capital on the basis of the gearing ratio and loan to value.

Gearing ratio

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

	31 December 2022	31 December 2021
Debt	14,243.2	6,674.4
Equity	9,263.0	7,694.6
Gearing ratio in %	154%	87%

Loan to value ratio

This ratio is calculated as total net debt divided by total value of property portfolio. Net debt is defined as all non-current and current interest-bearing liabilities (bonds and financial debts) decreased by balance of cash and cash equivalents. Property portfolio consists of investment property, hotels, inventory, equity accounted investees and part of other PPE, part of AHFS and part of other financial assets.

	31 December 2022	31 December 2021
Bonds issued	5,086.2	3,734.8
Financial debts*	6,601.9	1,451.6
Cash and cash equivalents	1,065.1	503.9
Net debt	10,623.0	4,682.5
Property portfolio	20,854.7	13,119.3
Loan to value ratio in %	50.9%	35.7%

*Including financial debts disclosed as liabilities linked to assets held for sale and adjusted by cash and cash equivalents disclosed as assets held for sale.

7.5 Fair value measurement

7.5.1 Fair value of financial instruments

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

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

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

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the period 2022.

Accounting classification and fair values

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

	31 December 2022		31 December 2021	
Financial assets measured at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivative instruments	357.2	357.2	27.9	27.9
Financial assets not measured at fair value				
Loans provided	307.2	326.4	121.4	126.4
Financial liabilities measured at fair value				
Derivative instruments	62.3	62.3	30.6	30.6
Financial liabilities not measured at fair value				
Bonds	5,086.2	3,759.7	3,734.8	3,766.5
Financial debt – bank loans (floating rate)	5,887.6	5,872.6	803.9	803.9
Financial debt – bank loans (fixed rate)	529.4	514.3	542.0	535.4
Financial debt – loans received	9.2	7.7	12.9	11.0

The Group classifies bonds and long-term equity investments as Level 1, derivative instruments as Level 2 and other positions as Level 3 in the fair value hierarchy.

Valuation technique used for measurement of fair value of derivatives

Liabilities from derivative are measured by discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

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

The Group’s investment properties, hotels and biological assets were valued at 31 December 2022 and 2021 in accordance with the Group’s accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all these properties, their current use equates to the highest and best use.

The Group’s finance department includes a team that reviews the valuations performed by the independent valuers for financial closing.

7.5.3 Main observable and unobservable inputs

The table below presents the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at the end of 31 December 2022 and 2021 respectively. The fair value hierarchy of the valuations is Level 3.

Investment property

Retail	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Czech Republic retail warehouse	58	56	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield	€67-€132 (€113) €59-€175 (€122) 6.3%-7.6% (6.6%)	€63-€128 (€109) €55-€195 (€122) 6.3%-7.1% (6.6%)
Czech Republic retail warehouse**	168	295	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€71-€180 (€117) €52-€183 (€122) 6.0%-7.9% (7.0%) 5.7%-7.5% (6.8%) 0%-100.0% (2.5%)	€71-€175 (€113) €45-€164 (€114) 5.6%-8.0% (7.0%) 5.5%-7.5% (6.8%) 0%-13.3% (0.9%)
Czech Republic, Prague shopping centres and galleries	272	282	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€274-€679 (€556) €297-€659 (€562) 4.5%-6.9% (5.1%) 4.3%-6.3% (4.8%) 0.8%-4.2% (2.8%)	€269-€649 (€537) €270-€557 (€494) 4.0%-6.5% (4.7%) 3.8%-6.1% (4.4%) 0%-4.1% (2.8%)
Czech Republic - shopping centres and galleries	584	686	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€141-€220 (€188) €129-€233 (€189) 6.3%-7.6% (6.9%) 5.8%-6.8% (6.3%) 0.1%-7.0% (2.4%)	€140-€220 (€191) €127-€210 (€173) 6.0%-7.3% (6.6%) 5.6%-6.6% (6.2%) 0.4%-17.3% (3.6%)
Czech Republic - other retail Properties	53	50	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€22-€225 (€133) €0-€212 (€119) 4.1%-9.5% (6.9%) 0%-100% (8.7%)	€22-€208 (€124) €1-€176 (€86) 4.1%-9.5% (6.9%) 0%-100% (11.0%)
Czech Republic - other retail properties	31	29	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€48-€228 (€116) €42-€261 (€120) 5.5%-8.3% (7.7%) 5.5%-7.5% (7.1%) 0%-64.6% (12.4%)	€48-€234 (€106) €44-€240 (€102) 5.5%-8.0% (7.5%) 5.5%-7.3% (7.1%) 0%-22.1% (6.8%)
Poland – shopping centres and galleries*	-	130	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	- - - -	€173-€175 (€173) €162-€166 (€166) 6.5%-7.0% (6.6%) 0%-4.1% (3.5%)
Poland – shopping centres and galleries*	118	-	DFC	ERV per sqm NRI per sqm Discount Rate Exit yield Vacancy rate	€180-€189(€182) €150-€175 (€171) 8.1%-8.5% (8.2%) 7.6%-8.0% (7.7%) 2.7%-4.3% (4.1%)	- - - - -
Poland retail warehouse	-	29	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	- - - -	€112-€135 (€126) €95-€135 (€113) 7.0%-7.8% (7.4%) 0%-3.1% (1.5%)
Italy – shopping centres and galleries	419	422	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€350-€1,050(€442) €182-€750 (€352) 5.2%-10.4% (6.7%) 3.5%-8.3% (5.3%) 0%-3.0% (0.6%)	€183-€794(€368) €54-€410 (€271) 5.2%-9.5% (6.2%) 3.7%-8.0% (5.3%) 0%-0.3% (0.2%)
Italy – retail warehouse	90	-	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€100-€225 (€168) €44-€186 (€142) 8.3%-9.4% (8.7%) 6.5%-7.5% (6.9%) 0%-19.1% (2.2%)	- - - - -
Complementary Assets shopping centres and galleries	204	208	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€160-€298 (€201) €108-244 (€163) 7.4%-9.2% (8.4%) 3.3%-24.3% (7.3%)	€149-€287 (€195) €101-€252(€164) 6.5%-8.9% (8.2%) 1.0%-25.7% (6.5%)
Complementary Assets retail warehouse**	21	163	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€98-€108 (€103) €10-€118 (€65) 8.7%-9.1% (8.9%) 0%-0% (0%)	€61-€132 (€99) €46-€153(€104) 6.0%-9.4% (7.4%) 0%-11.4% (0.6%)
Total	2,018	2,350				

* Valuation method changed from Income Capitalization as at 31 December 2021 to DCF as at 31 December 2022.

** Transfer between segments (to IMMOFINANZ).

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Office	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Czech Republic**	136	272	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€158-€188 (€179) €127-€167 (€155) 4.7%-6.8% (5.2%) 0%-23.6% (10.2%)	€96-€226 (€163) €93-€195 (€144) 4.1%-7.1% (5.4%) 0%-17.5% (6.5%)
Czech Republic**	685	543	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€88-€326 (€207) €77-€315 (€183) 5.0%-9.1% (6.5%) 4.8%-8.4% (6.0%) 0%-21.7% (7.5%)	€86-€284 (€198) €62-€280 (€173) 4.5%-8.5% (5.8%) 4.3%-8.0% (5.5%) 0%-31.3% (5.5%)
Berlin	2,843	2,803	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€75-€336 (€208) €0-€0 (€0) 3.0%-5.3% (4.5%) 3.0%-5.5% (4.3%) 0%-49.7% (11.1%)	€67-€328 (€204) €51-€329 (€129) 3.0%-5.5% (4.4%) 3.0%-5.5% (4.3%) 0%-50.2% (15.4%)
Poland*	-	1,046	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	- - - -	€159-€304 (€232) €106-€277 (€191) 4.7%-7.3% (5.7%) 0%-24.1% (6.0%)
Poland*	1,055	-	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€171-€313 (€242) €115-€276 (€193) 5.3%-8.3% (6.6%) 5.4%-8.3% (6.5%) 0%-40.7% (7.2%)	- - - - -
Italy	225	184	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€100-€440 (€217) €-19-€175 (€105) 5.3%-9.5% (7.6%) 3.8%-7.3% (5.8%) 0%-100% (18.9%)	€60-€327 (€213) €-14-€161 (€101) 4.6%-9.0% (6.6%) 3.4%-7.3% (5.6%) 0%-100% (21.3%)
Complementary Assets**	3	301	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€114-€114 (€114) €69-€69 (€69) 10.0%-10.0% (10.0%) 17.9%-17.9% (17.9%)	€96-€196 (€166) €51-€170 (€126) 6.1%-9.8% (6.6%) 0%-87.8% (16.4%)
Complementary Assets**	59	-	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€177-€242 (€206) €134-€162 (€147) 6.3%-6.5% (6.4%) 6.3%-6.5% (6.4%) 14.0%-20.8% (17.1%)	- - - - -
Total	5,006	5,149				

* Valuation method changed from Income Capitalization as at 31 December 2021 to DCF as at 31 December 2022.
** Valuation method of part of the portfolio changed from Income Capitalization as at 31 December 2021 to DCF as at 31 December 2022.

Industry and Logistics	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Czech Republic	32	13	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€1,246 €72 5.5% 5.3% 15.4%	€46 €54 11.0% 10.0% 20.9%
Czech Republic	-	7	Residual	Total EMRV Gross development value Development margin	- - -	- €1,142 5.0%
Germany	3	2	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Discount rate	€53 €20 4.0% 5.0% 0%	€26 €20 2.5% 5.0% 0%
Total	35	22				

Residential	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Czech Republic	756	627	Comparable	Fair value per sqm	€443-€2,008 (€1,139)	€257-€1,796 (€928)
Czech Republic, Prague	111	100	Comparable	Fair value per sqm	€3,321-€8,589 (€3,732)	€2,969-€8,347 (€3,361)
Complementary Assets	326	322	Comparable	Fair value per sqm	€3,804-€32,903 (€19,246)	€5,018-€32,895 (€18,570)
Complementary Assets	23	24	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€938 €379 6.0% 4.0% 0%	€951 €384 4.6% 3.8% 0%
Italy	40	25	Comparable	Fair value per sqm	€13,938-€18,826 (€15,487)	€24,899-€24,899 (€24,899)
Italy	26	27	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€332-€332 (€332) €270-€270 (€270) 7.1% 5.0% 0%	€264-€264 (€264) €250-€250 (€250) 6.1% 5.0% 0%
Total	1,282	1,125				

Complementary assets other	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Italy - development	3	3	Development Appraisal	Development value per sqm Development margin	€23,876 10.0%	€21,526 10.0%
Hungary - Development**	13	5	Residual	Development value per sqm Development margin	€4,022-€4,557 (€4,415) 7.0%	€4,582 7.0%
Slovakia – landbank*	-	14	Residual	Development value per sqm Development margin	- -	€2,012 17.5%
UK - office development	63	67	Development Appraisal	Gross development value per sqm Development margin	€27,790 17.5%	€29,219 20.0%
Landbank	26	21	Comparable	Fair value per sqm	€2-€6,814 (€126)	€2-€1,077 (€101)
Total	105	110				

* Disposal in 2022.
** Including EUR 9 million of Property, plant and equipment.

Agriculture Land	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Czech Republic	127	109	Comparable	Fair value per sqm	€0-€0.9 (€1)	€0-€1 (€1)

Other complementary assets (PPE)	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Switzerland - other	13	13	Comparable	Fair value per sqm	€18,235	€17,925

Class of property -Hotels Rented (IP)	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Complementary Assets Portfolio – Hotels & Resorts	26	-	DCF	Rate per key Exit yield Discount rate	€267,526 6.8% 10.5%	- - -

Landbank and Development	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Czech Republic - landbank	428	356	Comparable	Fair value per sqm	€1-€2,692 (€22)	€1-€2,373 (€18)
Prague - landbank*	612	527	Comparable	Fair value per sqm	€6-€4,284 (€451)	€5-€4,049 (€405)
Czech Republic - landbank**	15	29	Residual	Total EMRV per sqm Gross development value per sqm Development margin	- €3,111-€3,879 (€3,405) 15.0%-25.0% (21.2%)	- €2,995-€4,862 (€4,243) 15.0%-25.0% (18.3%)
Czech Republic - development	3	3	Development	Total EMRV per sqm Gross development value per sqm Development margin	- €4,704 0%	- €4,180 16.0%
Czech Republic - development	13	-	Development Appraisal- Comparable	Fair value per sqm	€2,084	-
Berlin - landbank	12	12	Comparable	Fair value per sqm	€150	€150
Berlin - landbank	144	145	Residual	Total EMRV per sqm Gross development value per sqm Development margin	€330-€360 (€340) €8,577-€9,834 (€9,198) 8.0%-14.0% (10.5%)	€324-€348 (€331) €6,137-€9,744 (€7,579) 12.0%-15.0% (14.8%)
Italy - landbank	6	3	Comparable	Fair value per sqm	€3-€8 (€5)	€3
Italy - landbank***	670	269	Residual	Development value per sqm Development margin	€1,282-€5,517 (€2,825) 10.0%-20.2% (14.2%)	€1,921-€4,075 (€2,576) 10.0%-13.8% (10.5%)
Total	1,903	1,344				

* Including EUR 2 million of Property, plant and equipment.
** Including EUR 6 million of Property, plant and equipment.
*** Including acquisitions in 2022.

Investment property IMMOFINANZ

Retail (IMMOFINANZ)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Czech Republic - Retail Warehouse	329	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€66-€158 (€123) €56-€155 (€120) 5.7%-7.8% (6.4%) 0.0%-28.3% (1.0%)
Czech Republic – Shopping Centres and Galleries	23	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€223-€223 (€223) €209-€209 (€209) 6.5%-6.5% (6.5%) 0%-0% (0%)
Czech Republic – Prague Shopping Centres and Galleries	45	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€134-€134 (€134) €132-€132 (€132) 7.0%-7.0% (7.0%) 0.1%-0.1% (0.1%)
Poland - Shopping Centres and Galleries	188	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€129-€165 (€146) €121-€155 (€137) 7.4%-8.7% (8.0%) 0.0%-4.6% (2.2%)
Poland - Retail Warehouse	118	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€61-€133 (€106) €58-€128 (€102) 7.4%-8.4% (7.7%) 0.0%-15.5% (1.9%)
Poland - Retail Warehouse Development	9	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield	€112-€112 (€112) €108-€108 (€108) 7.4%-7.4% (7.4%)

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

			Vacancy rate	12.7%-12.7% (12.7%)
Italy - Retail Warehouse	106	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€112-€175 (€154) €103-€164 (€144) 7.5%-7.9% (7.7%) 0.0%-4.5% (3.0%)
Complementary Assets - Retail Warehouse	1,028	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€73-€190 (€120) €60-€186 (€115) 5.0%-14.1% (7.9%) 0.0%-20.3% (0.9%)
Complementary Assets - Retail Warehouse Development	12	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€123-€123 (€123) €120-€120 (€120) 8.3%-8.3% (8.3%) 0.0%-0.0% (0.0%)
Complementary Assets - Shopping Centres and Galleries	456	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€114-€244 (€223) €100-€237 (€210) 7.5%-11.8% (8.6%) 0.0%-6.0% (1.6%)
Complementary Assets So Called Special Properties	7	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€89-€89 (€89) €60-€60 (€60) 8.1%-8.1% (8.1%) 0.0%-0.0% (0.0%)
Total (IMMOFINANZ)			2,320	

Office (IMMOFINANZ)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Czech republic	277	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€178-€271 (€217) €172-€267 (€213) 4.7%-7.3% (5.6%) 0.0%-24.2% (8.2%)
Germany	569	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€247-€313 (€281) €235-€299 (€268) 3.6%-4.2% (3.8%) 0.0%-3.2% (1.3%)
Poland	695	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€137-€289 (€242) €135-€285 (€239) 5.4%-12.1% (7.0%) 0.1%-25.7% (2.6%)
Complementary Assets	1,005	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€54-€232 (€171) €51-€213 (€160) 3.4%-11.3% (6.2%) 0.0%-46.7% (7.4%)
Complementary Assets - Office Development	26	Development Appraisal	Total EMRV Gross development value Development margin	€259-€259 (€259) €3,580-€3,580 (€3,580) 5.0%-5.0% (5.0%)
Complementary Assets - Office Development	130	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€117-€190 (€177) €109-€184 (€168) 5.5%-21.8% (8.2%) 18.2%-100.0% (61.7%)
Total (IMMOFINANZ)			2,702	

Landbank and Development (IMMOFINANZ)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Complementary Assets - Landbank	105	Comparable	Fair value per sqm	€11-€1,673 (€127)
Complementary Assets - Landbank	23	Development Appraisal	Total EMRV Gross development value Development margin	€108-€138 (€124) €1,370-€1,953 (€1,636) 5.0%-7.0% (6.1%)
Complementary Assets - Retail Development	36	Development Appraisal	Total EMRV Gross development value Development margin	€108-€132 (€121) €1,348-€1,726 (€1,537) 2.0%-6.0% (4.2%)
Total (IMMOFINANZ)			164	

Investment property S IMMO

Retail (S IMMO)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Germany - Retail Warehouse	19	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€52-€121 (€90) €-14-€104 (€70) 5.5%-7.1% (6.5%) 4.0%-6.1% (5.0%) 0.0%-70.6% (4.5%)
Germany– Shopping Centres and Galleries	30	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€97-€118 (€107) €66-€137 (€101) 6.8%-7.9% (7.3%) 4.9%-6.9% (5.9%) 0.8%-27.7% (14.4%)
Complementary Asset Portfolio – Retail Warehouse	32	Income capitalisation	ERV per sqm NRI per sqm Exit yield Vacancy rate	€82-€126 (€98) €77-88 (€83) 2.8%-6.3% (5.4%) 0.0%-0.0% (0.0%)
Complementary Asset Portfolio - Shopping Centres and Galleries	92	Income capitalisation	ERV per sqm NRI per sqm Exit yield	€150-€209 (€189) €186-€236 (€219) 3.7%-3.9% (3.8%)

			Vacancy rate	2.7%-9.2% (4.8%)
Complementary Asset Portfolio - Shopping Centres and Galleries	190	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€234-€234 (€234) €173-€173 (€173) 8.5%-8.5% (8.5%) 7.5%-7.5% (7.5%) 0.3%-0.3% (0.3%)
Complementary Assets - Shopping Centres and Galleries	2	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€132-€132 (€132) €-32-€-32 (€-32) 8.5%-8.5% (8.5%) 7.5%-7.5% (7.5%) 0.0%-0.0% (0.0%)
Complementary Assets So Called Special Properties	22	Income capitalisation	ERV per sqm NRI per sqm Exit yield Vacancy rate	€78-€128 (€123) €91-€154 (€149) 4.4%-4.4% (4.4%) 0.0%-0.0% (0.0%)
Total (S IMMO)			387	

Office (S IMMO)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Germany	347	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€52-€209 (€145) €31-€184 (€116) 5.7%-8.1% (6.6%) 4.1%-7.1% (5.5%) 2.9%-36.5% (14.1%)
Complementary Assets	689	Income capitalisation	ERV per sqm NRI per sqm Exit yield Vacancy rate	€114-€286 (€179) €68-€314 (€175) 5.8%-7.8% (5.6%) 0.0%-58.7% (11.5%)
Complementary Assets	714	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€108-€221 (€186) €41-€207 (€158) 6.0%-10.3% (7.5%) 5.8%-7.8% (6.4%) 0.0%-35.4% (7.4%)
Total (S IMMO)			1,750	

Hotels Rented (S IMMO)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Czech Republic - Hotels & Resorts	57	DCF	Rate per key Exit yield Discount rate	€318,056-€348,485 (€335,673) 6.2%-6.3% (6.3%) 8.2%-8.3% (8.3%)
Germany - Hotels & Resorts	10	DCF	Rate per key Exit yield Discount rate	€106,250-€107,857 (€106,739) 8.5%-9.0% (8.8%) 9.0%-9.5% (9.3%)
Complementary Assets - Hotels & Resorts	30	Income Capitalisation	Rate per key Exit yield	€146,535-€146,535 (€146,535) 4.5%-4.5% (4.5%)
Total (S IMMO)			97	

Residential (S IMMO)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Germany - Residential	280	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€69-€141 (€103) €-6-€118 (€70) 4.2%-5.8% (4.9%) 2.2%-4.8% (3.4%) -0.2%-59.5% (9.5%)
Complementary Assets - Residential	63	Income Capitalisation	ERV per sqm NRI per sqm Exit yield Vacancy rate	€129-€142 (€140) €55-€128 (€119) 1.9%-4.6% (2.2%) 0.1%-3.6% (3.2%)
Total (S IMMO)			343	

Landbank and Development (S IMMO)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Germany - Landbank	67	Comparable	Fair value per sqm	€1-€415 (€28)
Complementary Assets - Landbank	13	Comparable	Fair value per sqm	€22-€1,055 (€398)
Complementary Assets - Office Development	6	Development Appraisal	Total EMRV Gross development value Development margin	€172-€230 (€192) €2,781-€3,574 (€3,060) 10.0%-10.0% (10.0%)
Total (S IMMO)			86	

	Fair value 2022	Fair value 2021
Investment property	10,498	10,222
Investment property IMMOFINANZ	5,186	-
Investment property S IMMO	2,663	-
Investment property total	18,347	10,222

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Property, plant and equipment

Hotels	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Czech Republic	389	374	DCF	Rate per key Exit yield Discount rate	€14,900-€442,834 (€92,499) 4.7%-8.5% (7.2%) 5.7%-11.5% (8.7%)	€10,712-€439,480 (€89,616) 4.7%-8.5% (6.9%) 5.7%-10.7% (8.0%)
Complementary Assets	169	195	DCF	Rate per key Exit yield Discount rate	€54,301-€360,714 (€122,913) 5.0%-9.3% (6.6%) 5.0%-11.0% (7.6%)	€54,464-€578,571 (€166,090) 5.0%-7.8% (6.9%) 5.0%-11.5% (8.9%)
Croatia	170	165	DCF	Rate per key Exit yield Discount rate	€6,135-€353,226 (€121,525) 6.8%-10.3% (9.1%) 8.5%-12.0% (10.8%)	€6,135-€347,903 (€115,029) 7.8%-10.3% (8.2%) 9.5%-12.0% (9.9%)
Total	728	734				

Primarily due to the partial recovery from COVID-19 lockdowns, the hotels rate per key across the Groups hotel portfolio significantly increased as at 31 December 2022 compared to 31 December 2021.

Mountain resorts	Fair Value 2022	Fair Value 2021	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2022	Range (weighted avg) 2021
Hotel development	30	30	Development	Gross development value per sqm Development margin	€5,764 20%	€5,764 20%
Mountain Resort	20	20	DCF	Discount rate Terminal growth	6.2% 1.6%	6.2% 1.6%
Total	50	50				

Hotels & Resorts (\$ IMMO)	Fair Value 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg)
Complementary Assets - Hotels & Resorts	231	DCF	Rate per key Exit yield Discount rate	€87,549-€313,110 (€242,993) 5.2%-7.0% (6.2%) 7.2%-9.0% (8.1%)
Total (\$ IMMO)	231			

	Fair value 2022	Fair value 2021
Property, plant and equipment*	787	784
Property, plant and equipment \$ IMMO	231	-
Property, plant and equipment total	1,018	784

* Including EUR 9 million of development classified as Property, plant and equipment of EUR 9 million.

The tables above are net of properties classified as assets held for sale, recent acquisitions (see note 3.3) and selected leased properties.

The amounts of classes of property as at 31 December 2022 in the table above is not fully comparable to the amounts as at 31 December 2021, primarily due to changes of valuation methods and changes in classification of assets due to their change of use.

Discounted cash flow method (DCF) – *application guidance provided by IVSC*

Under the DCF method, a property’s fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset’s life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Market comparable method – *application guidance provided by IVSC*

Under the market comparable method (or market comparable approach), a property’s fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied is the price per square metre (sqm).

Income capitalisation method – *application guidance provided by IVSC*

Under the income capitalisation method, a property’s fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor’s rate of return). The difference between gross and net rental income includes expense categories such as vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. When using the income capitalisation method, the mentioned expenses have to be included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised.

Sensitivity analysis on changes in assumptions of property valuation

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

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

- Equivalent yield or discount rate
- Estimated rental value (ERV), rental or terminal growth
- Development margin for development

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

As at 31 December 2022

Berlin office					Czech Republic - Retail - Income capitalisation					Czech Republic - Retail - DCF				
ERV	Discount rate				ERV	Yield				ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%
	-	2,755	2,698	2,642		-	110	106	103		-	1,044	1,02	964
	-	2,904	2,843	2,785		-	115	110	107		-	1,099	1,055	1,014
	5.00%	3,053	2,989	2,928		5.00%	119	115	111		5.00%	1,154	1,107	1,065
Poland – Retail – DCF					Italy - Retail - DCF					Complementary – Retail – Income capitalisation				
ERV	Yield				ERV	Yield				ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%
	-	116	113	109		-	518	505	493		-	222	216	209
	-	122	118	115		-	522	509	497		-	233	225	219
	5.00%	128	124	121		5.00%	527	514	501		5.00%	243	235	228
Czech Republic – Office – Income capitalisation					Czech Republic - Office – DCF					Poland – Office – DCF				
ERV	Yield				ERV	Yield				ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%
	-	138	131	124		-	677	651	626		-	1,042	999	958
	-	143	136	129		-	712	685	659		-	1,101	1,055	1,013
	5.00%	148	141	134		5.00%	748	719	692		5.00%	1,161	1,112	1,068
Italy – Office – DCF					Complementary -Office – Income capitalisation					Complementary – Office - DCF				
ERV	Yield				ERV	Yield				ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%
	-	223	218	213		-	3	3	3		-	58	55	53
	-	231	225	220		-	3	3	3		-	62	59	56
	5.00%	238	232	227		5.00%	3	3	3		5.00%	65	62	59
Czech Republic - Industry - DCF					Germany – Industry - DCF					Complementary - Residential – DCF				
ERV	Yield				ERV	Yield				ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%
	-	32	31	29		-	3	3	3		-	24	22	21
	-	34	32	31		-	3	3	3		-	25	23	22
	5.00%	36	34	32		5.00%	3	3	3		5.00%	25	24	23
Italy – Residential - DCF					Czech Republic – Hotels - DCF					Complementary – Hotels - DCF				
ERV	Discount rate				Growth	Discount rate				Growth	Discount rate			
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%
	-	25	24	24		-	372	361	351		-	163	159	156
	-	27	26	25		-	400	389	378		-	172	169	165
	5.00%	28	28	27		5.00%	429	417	405		5.00%	182	178	175
Complementary - Hotels rented - DCF					Croatia - Hotels - DCF									
Terminal growth	Discount rate				Growth	Discount rate								
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%					
	-	27	26	25		-	163	160	157					
	-	27	26	25		-	173	170	167					
	5.00%	27	26	25		5.00%	183	180	177					

Development, land banks and industry & logistic

	Development				Land bank		
Residual Value in MEUR	Czech Republic	Italy	Complementary	Hotels & Resorts	Italy	Czech Republic	Germany
Developer's Profit (5.00%)	3	3	64	14	783	17	175
Developer's Profit (2.50%)	3	3	64	14	723	16	159
Developer's Profit as set	3	3	63	13	670	15	144
Developer's Profit 2.50%	3	3	63	12	621	14	128
Developer's Profit 5.00%	3	3	62	12	577	13	113

IMMOFINANZ

Czech Republic – Retail – Income capitalisation					Poland - Retail - Income capitalisation					Poland – Retail development – Income capitalisation				
ERV		Discount rate			ERV		Yield			ERV		Yield		
	(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%		(5.00%)	(0.25%)	-	0.25%
	-	392	376	362		-	300	290	280		-	9	9	9
	-	413	397	381		-	317	306	296		-	10	9	9
	5.00%	434	417	401		5.00%	334	323	312		5.00%	10	10	10

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Italy – Retail – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	104	100	97
	5.00%	110	106	103
	-	116	112	108

Czech Republic – Office – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	276	263	250
	5.00%	291	277	264
	-	307	292	278

Complementary – Office – Income capitalisation

Growth	Discount rate			
	(5.00%)	(0.25%)	-	0.25%
	-	1,003	948	899
	5.00%	1,063	1,005	953
	-	1,123	1,062	1,007

Office development, land banks and retail

Residual Value in MEUR	Complementary – Land residual	Complementary – Office development	Complementary – Retail development
Developer’s Profit (5.00%)	29	32	42
Developer’s Profit (2.50%)	26	29	39
Developer’s Profit as set	23	26	36
Developer’s Profit 2.50%	20	23	33
Developer’s Profit 5.00%	17	21	30

S IMMO

Germany – Retail – DCF

ERV	Discount rate			
	(5.00%)	(0.25%)	-	0.25%
	-	49	46	44
	5.00%	52	49	46
	-	55	52	49

Germany – Office – DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	348	331	315
	5.00%	365	347	330
	-	382	363	345

Czech Republic – Hotels rented - DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	57	56	55
	5.00%	58	57	56
	-	60	59	58

Germany – Residential - DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	291	268	249
	5.00%	304	280	260
	-	316	291	269

Office Development

Residual Value in MEUR	Complementary – Office Development
Developer’s Profit (5.00%)	9
Developer’s Profit (2.50%)	8
Developer’s Profit as set	6
Developer’s Profit 2.50%	5
Developer’s Profit 5.00%	3

Complementary - Retail – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	1,460	1,411	1,364
	5.00%	1,543	1,490	1,441
	-	1,625	1,570	1,519

Germany – Office – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	576	537	502
	5.00%	610	569	532
	-	644	600	562

Complementary – Office dev – Income capitalisation

Growth	Discount rate			
	(5.00%)	(0.25%)	-	0.25%
	-	128	119	111
	5.00%	139	130	121
	-	150	140	131

Complementary - Retail - Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	144	139	133
	5.00%	152	146	140
	-	160	153	147

Complementary - Office – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	684	656	629
	5.00%	718	689	661
	-	753	722	693

Germany – Hotels rented – DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	10	9	9
	5.00%	10	10	10
	-	11	10	10

Complementary - Residential - Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	64	59	56
	5.00%	67	63	58
	-	70	66	61

Office Development

Residual Value in MEUR	Complementary – Office Development
Developer’s Profit (5.00%)	9
Developer’s Profit (2.50%)	8
Developer’s Profit as set	6
Developer’s Profit 2.50%	5
Developer’s Profit 5.00%	3

Complementary - Retail dev – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	12	12	11
	5.00%	13	12	12
	-	13	13	12

Poland – Office – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	687	657	629
	5.00%	727	695	665
	-	767	733	702

Complementary – Retail – DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	187	181	175
	5.00%	199	192	186
	-	211	203	197

Complementary - Office – DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	709	679	652
	5.00%	744	714	685
	-	782	749	719

Complementary - Hotels rented - Income capital.

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	29	28	27
	5.00%	31	30	28
	-	33	31	30

Complementary – Hotels & Resorts – DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	228	219	210
	5.00%	241	231	221
	-	253	243	233

As at 31 December 2021

Berlin office

ERV	Discount rate			
	(5.00%)	(0.25%)	-	0.25%
	-	2,716	2,659	2,602
	5.00%	2,864	2,803	2,744
	-	3,011	2,947	2,885

Poland – Retail – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	158	152	147
	5.00%	165	159	153
	-	172	165	159

Czech Republic – Office – Income capitalisation

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	275	261	249
	5.00%	287	272	259
	-	298	283	269

Italy – Office – DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	180	175	171
	5.00%	189	184	179
	-	198	193	188

Czech Republic - Industry - DCF

ERV	Yield			
	(5.00%)	(0.25%)	-	0.25%
	-	13	12	12
	5.00%	13	13	12
	-	14	13	13

Croatia - Hotels - DCF

Growth	Discount rate			
	(5.00%)	(0.25%)	-	0.25%
	-	162	156	151
	5.00%	171	165	160
	-	180	174	168

CMA Mountain resort

Terminal growth	Discount rate			
	(5.00%)	(0.25%)	-	0.25%
	-	19	16	14
	5.00%	23	20	17
	-	29	25	21

Development, land banks and industry & logistic

	Development			Industry & Logistic			Land bank		
Residual Value in MEUR	Czech Republic	Italy	Complementary	Hotels & Resorts	Mountain resorts	Czech Republic	Italy	Complementary	Czech Republic
Developer’s Profit (5.00%)	3	3	72	6	39	8	283	22	33
Developer’s Profit (2.50%)	3	3	69	5	34	7	276	18	31
Developer’s Profit as set	3	3	67	5	30	7	269	14	29
Developer’s Profit 2.50%	3	3	64	5	25	7	262	11	27
Developer’s Profit 5.00%	3	3	62	4	21	7	255	7	24

The fair value used in the sensitivity analysis above includes properties, which were valued by income based or residual valuation method (with exception for development in Berlin and Berlin leasehold industry and logistics where no development margin was applied in the valuation). Properties valued by comparable method are not subject of sensitivity analyses.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

8 Contingencies and Litigations

Kingstown dispute in Luxembourg

On 20 January 2015, the Company was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown”), claiming to be the shareholders of CPI FIM SA, filed with the Tribunal d’Arrondissement de et a Luxembourg (the “Luxembourg Court”). The petition seeks condemnation of the Company together with CPI FIM SA and certain members of CPI FIM SA’s board of directors as jointly and severally liable to pay damages in the amount of EUR 14.5 million and compensation for moral damage in the amount of EUR 5 million. According to Kingstown’s allegation the claimed damage has arisen as a consequence of inter alia alleged violation of CPI FIM SA’s minority shareholders rights.

To the best of Company’s knowledge, Kingstown was not at the relevant time a shareholder of the Company. Therefore, and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio iudicatum solvi plea, which consists in requiring the entity who initiated the proceedings and who does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. On 19 February 2016 the Luxembourg Court rendered a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the “Caisse de Consignation” in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown’s legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157.0 million. The Company continues to believe the claim is without merit.

On 21 June 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPIPG. The Court dismissed the claim against CPIPG because the claim was not clearly pleaded (“libellé obscur”). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPIPG and failed to demonstrate how CPIPG committed any fault.

In December 2020, the Luxembourg Court declared that the inadmissibility of the claim against the Company and certain other defendants has not resulted in the inadmissibility of the litigation against the Company’s subsidiary CPI FIM SA and the remaining defendants. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA. On 28 March 2023 the court of appeal has rejected the appeal and therefore the case will be heard on the merits before the first instance Luxembourg Court during 2023.

Kingstown disputes in the United States

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

CPIPG believes that the claims are without merit and were designed to create negative press attention for CPIPG and to force an undue settlement. The Group’s business has been totally unaffected by the New York lawsuit and by similar attempts by the Kingstown Plaintiffs to harm the reputation of CPIPG and Mr. Vitek. CPIPG reported superb preliminary operating results for 2019 and is pleased to have successfully issued nearly EUR 2 billion of bonds on the international capital markets since the New York lawsuit was filed.

On 10 September 2019, the CPIPG Defendants filed a motion to dismiss the case in the SDNY Court. On 22 November 2019, the Kingstown Plaintiffs filed an amended complaint in the SDNY Court. The amended complaint adds new non-US defendants and simply continues the false campaign against CPIPG and Mr. Vitek. The amended complaint does nothing to cure the serious jurisdictional deficiencies and pleading defects present in the original complaint.

On 14 February 2020, the CPIPG Defendants filed a motion to dismiss the amended complaint. The arguments presented in the motion resemble those presented by the CPIPG Defendants in September 2019 and are further refined given the new allegations:

- i. The Kingstown Plaintiffs have failed to justify the application of RICO outside the United States;
- ii. The SDNY Court lacks jurisdiction over the CPIPG Defendants;
- iii. The Kingstown Plaintiffs’ alleged RICO claims are time-barred under RICO’s four-year statute of limitations;
- iv. The SDNY Court is an improper forum to hear the case given that, among other things, Kingstown initiated nearly identical proceedings in Luxembourg in January 2015 which are still pending against some of the CPIPG Defendants;
- v. The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the CPIPG Defendants.

On 4 September 2020, the SDNY Court granted the CPIPG Defendants’ motions to dismiss. The SDNY Court ruled that the case should defer to the existing proceedings in Luxembourg, which is the locus where most of the relevant evidence in the case is located. The SDNY Court also determined that Luxembourg would be a more convenient forum for litigation, and that Luxembourg’s legal system was sufficiently adequate to allow for the resolution of Kingstown Plaintiffs’ claims.

The Kingstown Plaintiffs appealed the dismissal decision to the Second Circuit Court of Appeals on 5 October 2020, which they were entitled to do as of right under U.S. law. The Kingstown Plaintiffs’ appeal is limited to identifying certain purported errors that the District Court made in reaching its decision and cannot introduce new facts or arguments that were not raised before the District Court during the motion to dismiss briefing.

The hearing on the appeal took place on 10 December 2021. On 1 September 2022, the Court of Appeals issued a summary order affirming the judgement of the SDNY Court. The Court of Appeals considered the Claimants’ arguments and found them without merit. The RICO case is thus over and the Court of Appeals confirmed CPIPG Defendants’ position..

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

On 18 September 2020 CPIPG moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law. On 6 April 2021, the defamation claim filed in June 2020 by Kingstown was dismissed in its entirety. Kingstown appealed the dismissal, but on 5 May 2022 the Supreme Court of the State of New York, Appellate Division, affirmed the decision of the lower court, dismissing Kingstown’s defamation case. The court stated that “plaintiffs failed to establish personal jurisdiction over defendants and failed to demonstrate an articulable nexus between defendants’ New York activities and the cause of action for defamation.”

The Group did not account for any provision in respect of the Kingstown disputes.

Disputes related to warrants issued by CPI FIM SA

The Company’s subsidiary CPI FIM SA was sued by holders of the warrants holders of 2014 Warrants registered under ISIN code XS0290764728 (the “2014 Warrants”). The first group of the holders of the Warrants sued CPI FIM for approximately EUR 1.2 million in relation to the Change of Control Notice published by CPI FIM SA, notifying the holders of the 2014 Warrants that the Change of Control, as defined in the Securities Note and the Summary for the 2014 Warrants, occurred on 8 June 2016. The second holder of the 2014 Warrants sued CPI FIM SA for approximately EUR 1 million in relation to the alleged change of control which allegedly occurred in 2013. These litigations are pending. CPI FIM SA is defending itself against these lawsuits.

It is reminded that in accordance with the judgement of the Paris Commercial Court pronounced on 26 October 2015 concerning the termination of the CPI FIM SA’s Safeguard Plan, liabilities that were admitted to the Safeguard, but are conditional or uncalled (such as uncalled bank guarantees, conditional claims of the holders of 2014 Warrants registered under ISIN code XS0290764728, provided that they were admitted to the Safeguard plan), will be paid according to their contractual terms. Pre-Safeguard liabilities that were not admitted to the CPI FIM SA’s Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the CPI FIM SA’s Safeguard Plan, could be considered in respect of the present Change of Control. Claims of holders of the 2014 Warrants that were not admitted to the CPI FIM SA’s Safeguard will be unenforceable against CPI FIM SA. To the best of Company’s knowledge, none of the holders of the 2014 Warrants who sued CPI FIM SA filed their claims 2014 Warrants related claims in the CPI FIM SA’s Safeguard Plan.

On 9 March 2023 the Luxembourg Court issued a judgment, rejecting the claims of the holders of the 2014 Warrants. The Luxembourg Court confirmed that any claim in relation to the change of control provision had to be made, in accordance with the provisions of the Paris Commercial Code, within 2 months as from the date of publication of the judgement opening the Safeguard Procedure in the French Official Gazette. Since the claimants did not comply with this obligation, their claim for payment under the change of control provision is not well-founded and has to be rejected.

Vitericon

On 15 March 2019, the Company received a summons from the Berlin Court. The Company was sued by an insolvency administrator of the Company’s former subsidiary Vitericon. The insolvency administrator was claiming invalidity of an intragroup debt settlement from 2013 and demanded a payment of EUR 10.4 million from the Company. The first instance court fully rejected the claim of the insolvency administrator, but in February 2023 the second instance court decided in his favor. Accordingly, the Company will have to pay the full amount, including interest, totaling approximately to EUR 17 million.

Next RE (formerly Nova RE)

On 30 October 2020, Sorgente Group Italia S.r.l. (“SGI”) notified to Next RE a writ of summons (the “Proceeding”), whereby SGI challenged and asked the Court of Rome to declare, among others, the invalidity of the resolution approving the capital increase, adopted by Next RE’s board of directors on 29 October 2020 (the “Capital Increase Resolution”) for alleged infringement of certain rules regulating the share capital. In light of the impossibility to obtain the declaration of invalidity of the Capital Increase Resolution, it is likely that SGI might “convert” its original claims of invalidity of the Capital Increase Resolution into a claim for damages against Nova Re. At the first hearing held on 9 March 2021 the judge granted the parties terms for the filing defense briefs and the Proceeding has been postponed to the hearing of 12 October 2021 to assess the admissibility and relevance of the requests formulated by the parties with the defensive briefs. The judge postponed the previously scheduled September 2022 hearing until January 2024.

CPI Tor di Valle and the Municipality of Rome

On 8 July 2021, CPI TOR DI VALLE S.p.A., an indirectly held and fully consolidated subsidiary of the Company (“CPI Tor di Valle”), purchased an urban area (the “Area”) from Eurnova S.p.A. (Eurnova) to be developed as the new stadium of the Italian football club, AS Roma in Rome, Italy as well as a business park, in accordance with the Council of the Municipality of Rome town planning public procedures. Following the statement of AS Roma that it was no longer interested in the stadium on the Area, on 21 July 2021, the Council of the Municipality of Rome revoked the status of public interest to the stadium project on the Area (the “Revocation Resolution”) and terminated the town planning public procedure and therefore prevented the development project from progressing.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

On 27 October 2021, CPI Tor di Valle filed a claim against the Municipality of Rome before the competent administrative court. In such claim, CPI Tor di Valle asked the court to: (i) declare the annulment of the Revocation Resolution; and (ii) determine the right of CPI Tor di Valle to be compensated for damages in connection with the Revocation Resolution (in terms of emerging damages and loss of profit in a range between EUR 235 million and EUR 260 million). According to CPI Tor di Valle's external legal advisors, CPI Tor di Valle's claim is founded since the Revocation Resolution breached the legitimate expectations of CPI Tor di Valle. On 20 December 2021, the Municipality of Rome challenged the claim filed by CPI Tor di Valle and in addition filed a counterclaim for damages against Eurnova, AS Roma and CPI Tor di Valle, jointly and severally, or, subordinately on a pro rata basis, and claimed that the amount of damages suffered by it were EUR 311 million (such damages claims included damage to image, damage for waste of administrative activity and damages arising from failure of carrying out public works connected with the development project).

According to CPI Tor di Valle's external legal advisors, the legal claim filed by the Municipality of Rome against CPI Tor di Valle: (i) did not identify any conduct legally attributable to CPI Tor di Valle, in connection with the claimed damages by the Municipality of Rome; (ii) did not consider that possible damaging events (if any) occurred before the acquisition of the Area from CPI Tor di Valle; and (iii) did not consider that CPI Tor di Valle never assumed the formal status of proponent (and therefore did not manage the town planning public procedure). Therefore, according to CPI Tor di Valle's external legal advisors, the action filed by the Municipality of Rome is groundless against CPI Tor di Valle.

Cyprus Litigation

In January 2023 CPIPG received information about the filing of a lawsuit before the District Court of Nicosia, Republic of Cyprus, by Mr. Marek Čmejla, Mr. Jiří Diviš and entities controlled by them (Investhold Limited and Verali Limited). The claim includes a temporary injunction which purports to prevent CPIPG from disposing assets which would have the effect of CPIPG’s assets falling below the value of EUR 535 million, which is the alleged value of the claim.

CPIPG understands that the lawsuit simply recycles old allegations and claims pursued in previous lawsuits, which have been consistently and categorically denied. Furthermore, CPIPG does not believe that Cyprus has jurisdiction on this claim or that it is an appropriate forum. The alleged claim is for EUR 535 million, a figure without any factual basis. As always, CPIPG will take all appropriate action to defend our company and our stakeholders.

Investhold Limited and Verali Limited are offshore vehicles of Mr. Čmejla, a Czech citizen, and Mr. Diviš, a Swiss citizen of Czech origin. In connection with the privatization of Mostecká uhelná (a Czech coal mining company) Mr. Čmejla and Mr. Diviš were convicted of fraud and money laundering in Switzerland. In 2019, the above offshore vehicles and their principals, together with Kingstown, filed a lawsuit against CPIPG and Mr. Radovan Vitek and other parties (alleging violations of the RICO act) in the United States described earlier.

With the United States RICO case dismissed both at first instance and on appeal, it appears that the claimants are pursuing yet another vexatious and unjustified claim without merit whatsoever.

9 Capital commitments

The Group has capital commitments in the total amount of EUR 180.9 million in respect of capital expenditures contracted as at 31 December 2022 (EUR 42.8 million as at 31 December 2021).

10 Related party transactions

The Group has a related party relationship with its members of the Board of Directors (current and former) and executive management (key management personnel), shareholder and companies in which these parties held controlling or significant influence or are joint ventures.

In 2022 and 2021, the remuneration of the key management personnel and members of Board of Directors was EUR 3.6 million and EUR 2.9 million, respectively.

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

	31 December 2022	31 December 2021
Loans provided	-	0.2
Trade receivables	0.1	0.7
Perpetual notes	0.2	0.2
Transactions		
Interest income and other revenues	-	0.1
Other costs	(1.2)	(0.9)

Balances and transactions with the majority shareholder of the Group:

	31 December 2022	31 December 2021
Trade receivables	0.8	1.7
Other receivables	0.1	5.4
Transactions		
Other revenues	2.9	0.2

Balances and transactions with other related parties:

Entities over which the majority shareholder has control	31 December 2022	31 December 2021
Loans provided	173.1	84.9
Trade receivables	0.1	0.1
Other receivables	0.6	0.3
Other payables	-	0.1
Transactions		
Other revenues	0.5	0.1
Interest income	8.9	14.8
Other costs	(0.1)	(2.7)
Close family members/entities controlled by close family members of the majority shareholder	31 December 2022	31 December 2021
Other payables	0.8	0.8
Transactions		
Other revenues	0.4	0.6
Entities controlled by members of Board of Directors	31 December 2022	31 December 2021
Loans provided	0.8	0.1
Other receivables	1.4	1.3
Loans received	0.4	0.3
Trade payables	0.2	0.2
Transactions		
Other revenues	0.2	0.2
Other costs	-	(0.1)
Interest expense	(0.1)	-
Joint ventures	31 December 2022	31 December 2021
Loans provided	29.8	26.7
Interest income	1.8	1.2

Main transactions with related parties

As at 31 December 2022, the outstanding balance of a loan provided by the Group to Senales Invest Sàrl (Luxembourg based entity), a company closely related to the majority shareholder, which outstanding balance of loans provided amounts to EUR 169.6 million. The loan bears a fixed interest at a rate of 5% p.a and is repayable in 2027.

As at 31 December 2021, the outstanding balance of a loan provided by the Group to Gamala Limited, a company closely related to the majority shareholder, amounted to EUR 84.0 million.

In 2021, the Group acquired Polma group for total consideration of EUR 368.3 million and Uchaux Limited for GBP 4 thousands (refer to note 3.3 for more details) from the Group’s majority shareholder.

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

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

11 Events after the reporting period

On 1 March 2023, the Company acquired two new subsidiaries VITEK FAMILY TRUST MVI 2 and VITEK FAMILY TRUST KVI 2 from the majority shareholder of the Group for EUR 164 thousand.

Large portfolio of S IMMO in Berlin was sold after the reporting period. There was a discount of EUR 16.5 million on the carrying values property values (classified as assets held for sale by the Group as at 31 December 2022) provided to the seller.

In March 2023, the Group signed a new EUR 100.0 million term facility agreement with MUFG Bank maturing in March 2028.

In March 2023, the Group signed a £35 million 5-year secured loan with Rothschild & Co. against a portion of our UK residential assets.

Appendix I – List of group entities

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
"Diana Development" Sp. Z o.o.	Poland	100.00%	100.00%
"Equator Real" sp. z o.o.	Poland	100.00%	100.00%
"Wienerberg City" Errichtungsges.m.b.H.	Austria	76.88%	-
1 BISHOPS AVENUE LIMITED	United Kingdom	100.00%	100.00%
7 St James's Square Limited	United Kingdom	100.00%	100.00%
A.D.I. Immobilien Beteiligungs GmbH	Austria	92.26%	-
AAX Immobilienholding GmbH	Austria	76.88%	-
Adama Adviso SRL	Romania	76.88%	-
Adama Holding Public Ltd	Cyprus	76.88%	-
Adama Management SRL	Romania	76.88%	-
Adama Romania Ltd.	Cyprus	76.88%	-
AEDIFICIO Liegenschaftsvermietungs- und Beteiligungsgesellschaft m.b.H.	Austria	76.88%	-
Agrome s.r.o.	Czech Republic	100.00%	100.00%
Airport City Kft.	Hungary	-	100.00%
Airport City Phase B Kft.	Hungary	-	100.00%
AKIM Beteiligungen GmbH	Austria	92.26%	-
ALAMONDO LIMITED	Cyprus	100.00%	100.00%
ALIZÉ PROPERTY a.s.	Slovakia	-	100.00%
Alpha real d.o.o.	Slovenia	76.88%	-
Anadolu Gayrimenkul Yatirimciligi ve Ticaret A.S.	Turkey	76.88%	-
Andrássy Hotel Zrt.	Hungary	100.00%	100.00%
Andrássy Real Kft.	Hungary	100.00%	100.00%
Angusland s.r.o.	Czech Republic	100.00%	100.00%
Apulia Investments 1 S.r.l.	Italy	100.00%	100.00%
Apulia Investments 2 S.r.l.	Italy	100.00%	100.00%
Apulia Investments 3 S.r.l.	Italy	100.00%	100.00%
Apulia Investments 4 S.r.l.	Italy	100.00%	100.00%
Arena Corner Kft.	Hungary	92.26%	100.00%
Armo Verwaltungsgesellschaft mbH	Germany	94.66%	94.90%
ARMONIA CENTER ARAD S.R.L.	Romania	76.88%	-
ARO Immobilien GmbH	Austria	76.88%	-
Atom Centrum, s.r.o.	Czech Republic	76.88%	-
Atrium Complex Sp. z o.o.	Poland	100.00%	100.00%
Atrium Park Kft.	Hungary	92.26%	-
Balvinder, a.s.	Czech Republic	100.00%	100.00%
Bank-garázs Kft.	Hungary	92.26%	-
Baron Development SRL	Romania	76.88%	-
BARON PUGLIA S.a.r.l.	Italy	100.00%	100.00%
Baudry Beta, a.s.	Czech Republic	100.00%	100.00%
Bauteil M Errichtungsges.m.b.H.	Austria	76.88%	-
Bauteile A + B Errichtungsges.m.b.H.	Austria	76.88%	-
Bauteile C + D Errichtungsges.m.b.H.	Austria	76.88%	-
BAYTON Alfa, a.s.	Czech Republic	100.00%	100.00%
BAYTON Gama, a.s.	Czech Republic	91.17%	91.17%
BC 91 Real Estate Kft.	Hungary	-	100.00%
BC 99 Office Park Kft.	Hungary	92.26%	100.00%
Berceni Estate Srl	Romania	76.88%	-
Beroun Property Development, a.s.	Czech Republic	-	100.00%
Bertie Investments Sp. z o.o.	Poland	76.88%	-
Best Properties South, a.s.	Czech Republic	100.00%	100.00%
Biochov, s.r.o.	Czech Republic	100.00%	100.00%
Biopark, s.r.o.	Czech Republic	100.00%	100.00%
Biopotraviny, s.r.o.	Czech Republic	100.00%	100.00%
Blitz 21-67 GmbH	Germany	76.88%	-
Bloczek Ltd	Cyprus	76.88%	-
BPT Development, a.s.	Czech Republic	100.00%	100.00%
Brandýs Logistic, a.s.	Czech Republic	-	100.00%
BREGOVA LIMITED	Cyprus	-	100.00%
Brno Development Services, s.r.o.	Czech Republic	100.00%	100.00%
BRNO INN, a.s.	Czech Republic	100.00%	100.00%
Brno Property Development, a.s.	Czech Republic	91.17%	91.17%
Brno Property Invest XV., a.s.	Czech Republic	97.31%	97.31%
Brno Property Invest XV., s.r.o.	Czech Republic	-	97.31%
Březiněves, a.s.	Czech Republic	100.00%	100.00%
Bubny Development, s.r.o.	Czech Republic	99.26%	99.26%
BUDA Kft.	Hungary	92.26%	-
BudaPart Auratus Kft.	Hungary	92.26%	-
Business Park Beteiligungs GmbH	Austria	76.88%	-
Business Park West-Sofia EAD	Bulgaria	76.88%	-

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
Buy-Way Dunakeszi Kft.	Hungary	76.88%	100.00%
Buy-Way Soroksár Kft.	Hungary	76.88%	100.00%
BWGH Offices sp. z o.o.	Poland	100.00%	100.00%
BWK Offices sp. z o.o.	Poland	100.00%	100.00%
BWV Offices sp. z o.o.	Poland	100.00%	100.00%
Byty Lehovec, s.r.o.	Czech Republic	100.00%	100.00%
Byty Podkova, a.s.	Czech Republic	97.31%	97.31%
C.E.CO.S. COMPLETAMENTO EDILIZIO CORSO SICILIA - SOCIETA' PER AZIONI	Italy	100.00%	100.00%
CAMPONA Shopping Center Kft.	Hungary	100.00%	100.00%
Camposota, s.r.o.	Czech Republic	100.00%	-
Camuzzi, a.s.	Czech Republic	97.31%	97.31%
Capital Dev S.p.A.	Italy	100.00%	100.00%
Capri Trade S.r.l.	Romania	76.88%	-
Carpenter Invest, a.s.	Czech Republic	100.00%	100.00%
Castor Investments sp. z o.o.	Poland	97.31%	97.31%
Castor Investments Sp. z o.o. S.K.A.	Poland	97.31%	97.31%
CB Property Development, a.s.	Czech Republic	-	100.00%
CD Property, s.r.o.	Czech Republic	97.31%	97.31%
CEE Beteiligungen GmbH	Austria	92.26%	-
CEE CZ Immobilien GmbH	Austria	92.26%	-
CEE Immobilien GmbH	Austria	92.26%	-
CEE Property-Invest Hungary 2003 Kft.	Hungary	82.94%	-
CEE PROPERTY-INVEST Immobilien GmbH	Austria	92.26%	-
CEE Property-Invest Kft.	Hungary	92.26%	-
CENTER INVEST Kft.	Hungary	76.88%	-
CENTRAL TOWER 81 Sp. z o.o.	Poland	100.00%	100.00%
Centrum Ogrody Sp. z o.o.	Poland	-	100.00%
Ceratopsia, a.s.	Czech Republic	100.00%	-
City Center Irodaház Kft.	Hungary	92.26%	-
City Gardens Sp. z o.o.	Poland	100.00%	100.00%
City Tower Vienna Errichtungs- und Vermietungs-GmbH	Austria	76.88%	-
CM Hôtels SA	Switzerland	100.00%	100.00%
CMA Immobilien SA	Switzerland	99.70%	99.70%
CMA Services S.à.r.l.	Switzerland	-	92.52%
CODIAZELLA LTD	Cyprus	100.00%	100.00%
Conradian, a.s.	Czech Republic	100.00%	100.00%
Constantia Treuhand und Vermögensverwaltungs GmbH	Austria	76.88%	-
Contips Limited	Cyprus	76.88%	-
Cora GS s.r.l.	Romania	76.88%	-
CPB Enterprise GmbH	Austria	76.88%	-
CPI - Bor, a.s.	Czech Republic	100.00%	100.00%
CPI - Horoméřice, a.s.	Czech Republic	91.17%	91.17%
CPI - Krásné Březno, a.s.	Czech Republic	97.31%	97.31%
CPI - Land Development, a.s.	Czech Republic	97.31%	97.31%
CPI - Orlová, a.s.	Czech Republic	91.17%	91.17%
CPI - Real Estate, a.s.	Czech Republic	100.00%	100.00%
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI ACAYA S.r.l.	Italy	100.00%	97.31%
CPI Alberghi HI Roma S.r.l.	Italy	100.00%	100.00%
CPI Beet, a.s.	Czech Republic	100.00%	100.00%
CPI Black, s.r.o.	Czech Republic	100.00%	-
CPI Bologna S.p.A.	Italy	100.00%	100.00%
CPI BYTY, a.s.	Czech Republic	100.00%	100.00%
CPI CYPRUS LIMITED	Cyprus	100.00%	100.00%
CPI Delta, a.s.	Czech Republic	-	100.00%
CPI East, s.r.o.	Czech Republic	100.00%	100.00%
CPI Energo, a.s.	Czech Republic	100.00%	100.00%
CPI Facility Management Kft.	Hungary	100.00%	100.00%
CPI Facility Slovakia, a.s.	Slovakia	100.00%	100.00%
CPI FIM S.A.	Luxembourg	97.31%	97.31%
CPI FINANCE (BVI) LIMITED	British Virgin Islands	100.00%	100.00%
CPI Finance CEE, a.s.	Czech Republic	100.00%	100.00%
CPI Finance Ireland II Limited	Ireland	-	100.00%
CPI Flats, a.s.	Czech Republic	100.00%	100.00%
CPI France, aSASU	France	100.00%	100.00%
CPI Green, a.s.	Czech Republic	100.00%	100.00%
CPI Group Services, a.s.	Czech Republic	100.00%	-
CPI Group, a.s.	Czech Republic	100.00%	100.00%
CPI HIBISCUS, S.R.L.	Italy	97.31%	97.31%
CPI Hotels Catering, s.r.o.	Czech Republic	100.00%	100.00%
CPI Hotels Europeum Kft.	Hungary	100.00%	100.00%

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
CPI Hotels Hungary Kft.	Hungary	100.00%	100.00%
CPI Hotels Italy S.r.l.	Italy	100.00%	100.00%
CPI HOTELS POLAND Sp. z o.o.	Poland	100.00%	100.00%
CPI Hotels Properties, a.s.	Czech Republic	100.00%	100.00%
CPI Hotels Slovakia, s.r.o.	Slovakia	100.00%	100.00%
CPI Hotels, a.s.	Czech Republic	100.00%	100.00%
CPI Hungary Investments Kft.	Hungary	100.00%	100.00%
CPI Hungary Kft.	Hungary	100.00%	100.00%
CPI IMMO, S.a.r.l.	France	100.00%	100.00%
CPI Italy 130 SPV S.r.l.	Italy	97.31%	97.31%
CPI Italy S.r.l.	Italy	100.00%	100.00%
CPI Kappa, s.r.o.	Czech Republic	100.00%	100.00%
CPI Kvarta, s.r.o.	Czech Republic	-	100.00%
CPI Kvinta, s.r.o.	Czech Republic	100.00%	100.00%
CPI Lambrate S.r.l.	Italy	100.00%	100.00%
CPI Management, s.r.o.	Czech Republic	100.00%	100.00%
CPI Medici S.r.l.	Italy	100.00%	100.00%
CPI Národní, s.r.o.	Czech Republic	100.00%	100.00%
CPI Next Level Ventures GmbH	Germany	100.00%	100.00%
CPI North, s.r.o.	Czech Republic	100.00%	100.00%
CPI Office Business Center, s.r.o.	Czech Republic	100.00%	100.00%
CPI Office Prague, s.r.o.	Czech Republic	100.00%	100.00%
CPI Park Chabařovice, s.r.o.	Czech Republic	97.31%	-
CPI Park Jablonné v Podještědí, s.r.o.	Czech Republic	100.00%	-
CPI Park Plzeň, s.r.o.	Czech Republic	97.31%	-
CPI Park Žďárek, a.s.	Czech Republic	97.25%	97.25%
CPI Parking S.r.l.	Italy	100.00%	100.00%
CPI PG Management, S.á r.l	Luxembourg	100.00%	100.00%
CPI Pigna S.r.l.	Italy	97.31%	97.31%
CPI Podhorský Park, s.r.o.	Czech Republic	97.31%	-
CPI Poland Offices Sp. z o.o.	Poland	-	100.00%
CPI Poland Property Management sp. z o.o.	Poland	100.00%	100.00%
CPI Poland Sp. Z o.o.	Poland	100.00%	100.00%
CPI Property Development Sp. z o.o.	Poland	100.00%	100.00%
CPI Real Estate Italy S.r.l.	Italy	100.00%	100.00%
CPI Reality, a.s.	Czech Republic	100.00%	100.00%
CPI Retail One Kft.	Hungary	100.00%	100.00%
CPI Retail Portfolio Holding Kft.	Hungary	100.00%	100.00%
CPI Retail Portfolio I, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio II, a.s.	Czech Republic	76.88%	100.00%
CPI Retail Portfolio IV, s.r.o.	Czech Republic	76.88%	100.00%
CPI Retail Portfolio V, s.r.o.	Czech Republic	-	100.00%
CPI Retail Portfolio VI, s.r.o.	Czech Republic	-	100.00%
CPI Retail Portfolio VIII, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retails ONE, a.s.	Czech Republic	76.88%	100.00%
CPI Retails ROSA s.r.o.	Slovakia	76.88%	100.00%
CPI Retails THREE, a.s.	Slovakia	76.88%	100.00%
CPI Retails TWO, a.s.	Czech Republic	76.88%	100.00%
CPI REV Italy II S.r.l.	Italy	97.31%	97.31%
CPI Romania S.R.L.	Romania	100.00%	100.00%
CPI Sekunda, s.r.o.	Czech Republic	100.00%	100.00%
CPI Services CRO d.o.o.	Croatia	100.00%	-
CPI Services d.o.o. Beograd	Serbia	100.00%	-
CPI Services, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping MB, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping Teplice, a.s.	Czech Republic	100.00%	100.00%
CPI Sicilia S.r.l.	Italy	100.00%	100.00%
CPI Silver, a.s.	Czech Republic	100.00%	-
CPI South, s.r.o.	Czech Republic	97.58%	97.58%
CPI Tercie, s.r.o.	Czech Republic	100.00%	100.00%
CPI Théta, a.s.	Czech Republic	100.00%	100.00%
CPI Tor di Valle S.r.l.	Italy	100.00%	100.00%
CPI TORRENOVA S.P.A.	Italy	100.00%	100.00%
CPI Vestec, s.r.o.	Czech Republic	-	100.00%
CPI Zábotova, a.s.	Slovakia	100.00%	100.00%
Credo Immobilien Development GmbH	Austria	76.88%	-
CREDO Real Estate GmbH	Austria	76.88%	-
CT Development Sp. z o.o.	Poland	100.00%	100.00%
Czech Property Investments, a.s.	Czech Republic	100.00%	100.00%
Čadca Property Development, s.r.o.	Slovakia	76.88%	100.00%

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
Čáslav Investments, a.s.	Czech Republic	-	100.00%
Českolipská farma, s.r.o.	Czech Republic	100.00%	100.00%
Českolipská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Dapply Trading Ltd.	Cyprus	76.88%	-
Darilia, a.s.	Czech Republic	99.26%	99.26%
DeA Generation Fund S.c.r.l.	Italy	100.00%	99.50%
Děčínská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Development Doupovská, s.r.o.	Czech Republic	72.98%	72.98%
Diana Property Sp. z o.o.	Poland	97.31%	97.31%
Direopona, s.r.o.	Czech Republic	100.00%	-
DORESTO LIMITED	Cyprus	-	100.00%
DUAL CONSTRUCT INVEST SRL	Romania	92.26%	-
DUCA PUGLIA S.R.L.	Italy	100.00%	100.00%
Duna Szálloda Zrt.	Hungary	92.26%	-
DUS Plaza GmbH	Germany	76.88%	-
E.I.A. eins Immobilieninvestitionsgesellschaft m.b.H.	Austria	92.26%	-
E.V.I. Immobilienbeteiligungs GmbH	Austria	82.94%	-
Ea Einhundertvierundneunzigste WT Holding GmbH	Austria	100.00%	-
Ekofarma Postřelná, s.r.o.	Czech Republic	100.00%	100.00%
Ekofarma Šenov, s.r.o.	Czech Republic	100.00%	-
Elmore Investments Sp. z o.o.	Poland	76.88%	-
Elona Projekt d.o.o.	Croatia	76.88%	-
ELTIMA PROPERTY COMPANY s. r. o.	Czech Republic	92.26%	-
EMH South, s.r.o.	Czech Republic	100.00%	100.00%
Endurance Hospitality Asset S.á r.l.	Luxembourg	100.00%	100.00%
Endurance Hospitality Finance S.á r.l.	Luxembourg	100.00%	100.00%
Equator II Development sp. z o.o.	Poland	100.00%	100.00%
Equator IV Offices sp. z o.o.	Poland	97.31%	97.31%
Erlend Investments Sp. z o.o.	Poland	76.88%	-
ES Bucharest Development S.R.L.	Romania	100.00%	100.00%
ES Bucharest Properties S.R.L.	Romania	100.00%	100.00%
ES Hospitality S.R.L.	Romania	100.00%	100.00%
Essence Garden Kft.	Hungary	92.26%	-
Estate Grand, s.r.o.	Czech Republic	97.31%	97.31%
EUREDES Immobilien GmbH	Austria	76.88%	-
EUROCENTER d. o. o.	Croatia	92.26%	-
Eurocentrum Offices Sp. z o.o.	Poland	97.31%	97.31%
Eurocraft Cantieri Navali S.r.l.	Italy	49.00%	49.00%
Europeum Kft.	Hungary	100.00%	100.00%
EXPO BUSINESS PARK S.R.L.	Romania	92.26%	-
Eye Shop Targu Jiu s.r.l.	Romania	76.88%	-
Farhan, a.s.	Czech Republic	100.00%	100.00%
Farma Blíževedly, s.r.o.	Czech Republic	100.00%	-
Farma Dělouš, s.r.o.	Czech Republic	100.00%	-
Farma Javorská, a.s.	Czech Republic	100.00%	100.00%
Farma Krásný Les, a.s.	Czech Republic	100.00%	100.00%
Farma Liščí, s.r.o.	Czech Republic	100.00%	100.00%
Farma Ploučnice, a.s.	Czech Republic	100.00%	100.00%
Farma Poustevna, s.r.o.	Czech Republic	100.00%	100.00%
Farma Radeč, a.s.	Czech Republic	100.00%	100.00%
Farma Svitavka, s.r.o.	Czech Republic	100.00%	100.00%
Farma Valteřice, a.s.	Czech Republic	100.00%	100.00%
Farma zelená sedma, s.r.o.	Czech Republic	100.00%	100.00%
Farmy Frýdlant, a.s.	Czech Republic	100.00%	100.00%
Fawna Limited	Cyprus	76.88%	-
Felicia Shopping Center Srl	Romania	100.00%	100.00%
FL Property Development, a.s.	Czech Republic	91.17%	91.17%
FMZ Baia Mare Imobiliara s.r.l.	Romania	76.88%	-
FMZ Lublin Sp. z o.o.	Poland	76.88%	-
Freccia Alata 2 S.r.l.	Italy	100.00%	100.00%
Futurum HK Shopping, s.r.o.	Czech Republic	100.00%	100.00%
GADWALL, Sp. z o.o.	Poland	100.00%	100.00%
GAL Development SRL	Romania	76.88%	-
Galeria Zamek Sp. z o.o.	Poland	76.88%	-
GALVÁNIHO 2, s. r. o.	Slovakia	82.94%	-
GALVÁNIHO 4, s. r. o.	Slovakia	82.94%	-
Galvániho Business Centrum, s. r. o.	Slovakia	82.94%	-
GATEWAY Office Park Kft.	Hungary	82.94%	100.00%
GCA Property Development sp. z o.o.	Poland	100.00%	100.00%
GD-BREG d.o.o.	Croatia	76.88%	-
Gebauer Höfe Liegenschaften GmbH	Germany	94.74%	94.74%

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
Geiselbergstraße 30-32 Immobilienbewirtschaftungsgesellschaft m.b.	Austria	76.88%	-
GENA NEUN Beteiligungsverwaltung GmbH	Austria	76.88%	-
Gena Vier Immobilienholding GmbH	Austria	76.88%	-
GENA ZEHN Immobilienholding GmbH	Austria	76.88%	-
Gendana Ventures Ltd.	Cyprus	76.88%	-
German Property Invest Immobilien GmbH	Austria	82.94%	-
Gewerbesiedlungs-Gesellschaft GmbH	Germany	99.75%	99.75%
Gila Investment SRL	Romania	76.88%	-
Global Trust s.r.l.	Romania	76.88%	-
GORDON INVEST Kft.	Hungary	76.88%	-
Grand Centar d.o.o.	Croatia	76.88%	-
GSG 1. Beteiligungs GmbH	Germany	99.75%	99.75%
GSG ARMO Holding GmbH	Germany	99.75%	99.75%
GSG Asset GmbH & Co. Verwaltungs KG	Germany	99.75%	99.75%
GSG Asset Management GmbH	Germany	99.75%	99.75%
GSG BER Waßmannsdorf Eins GmbH	Germany	89.90%	89.67%
GSG BER Waßmannsdorf Zwei GmbH	Germany	89.90%	89.67%
GSG Berlin Invest GmbH	Germany	94.66%	94.66%
GSG Energiemanagement GmbH	Germany	100.00%	100.00%
GSG Europa Beteiligungs GmbH	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 6. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Mobilien GmbH	Germany	99.75%	99.75%
GSG Solar Berlin GmbH	Germany	99.75%	99.75%
GSG Wupperstraße GmbH	Germany	99.75%	99.75%
H.S.E. Immobilienbeteiligungs GmbH	Austria	92.26%	-
Hadas Management SRL	Romania	76.88%	-
Harborside Imobiliara s.r.l.	Romania	76.88%	-
HD Investment, s.r.o.	Czech Republic	100.00%	100.00%
HDC IMOB Investitii SRL	Romania	76.88%	-
Hightech Park Kft.	Hungary	100.00%	100.00%
Hofnetz und IT Services GmbH	Germany	99.75%	99.75%
Hornopolská ekologická, s.r.o.	Czech Republic	100.00%	-
Hospitality Invest Sàrl	Luxembourg	100.00%	100.00%
Hotel DUNA Beteiligungs Gesellschaft m.b.H.	Austria	92.26%	-
Hotel Lucemburská, s.r.o.	Czech Republic	100.00%	100.00%
Hotel Pokrovka, org. unit	Russia	100.00%	100.00%
HOTEL U PARKU, s.r.o.	Czech Republic	91.17%	91.17%
Hraničář, a.s.	Czech Republic	100.00%	100.00%
CHB Immobilienholding GmbH	Austria	76.88%	-
IE Equuleus NL B.V.	Netherlands	76.88%	-
I-E-H Immoeast Holding GmbH	Austria	76.88%	-
IGY2 CB, a.s.	Czech Republic	-	100.00%
Ikaruspark GmbH	Germany	82.94%	-
IMAK CEE N.V.	Netherlands	76.88%	-
IMBEA Immoeast Beteiligungsverwaltung GmbH	Austria	76.88%	-
IMF Float GmbH	Germany	76.88%	-
Immobilien L Liegenschafts Vermietungs GmbH	Austria	76.88%	-
IMMOEAST Acquisition & Management GmbH	Austria	76.88%	-
IMMOEAST ALLEGRO Beteiligungs GmbH	Austria	76.88%	-
Immoeast Baneasa Airport Tower srl	Romania	76.88%	-
IMMOEAST Beteiligungs GmbH	Austria	76.88%	-
IMMOEAST Despina I B.V.	Netherlands	76.88%	-
IMMOEAST Immobilien GmbH	Austria	76.88%	-
IMMOEAST Iride IV Projekt s.r.l.	Romania	76.88%	-
IMMOEAST PRESTO Beteiligungs GmbH	Austria	76.88%	-
IMMOEAST Projekt Almansor Holding GmbH	Austria	76.88%	-
IMMOEAST Projekt Aries Holding GmbH	Austria	76.88%	-
IMMOEAST Projekt DESPINA Holding GmbH	Austria	76.88%	-
IMMOEAST Projekt Equuleus Holding GmbH	Austria	76.88%	-
IMMOEAST Projekt Omega Holding GmbH	Austria	76.88%	-
IMMOEAST Projekt Pantheus Holding GmbH	Austria	76.88%	-
IMMOEAST Projekt Septendecimus Holding GmbH	Austria	76.88%	-
IMMOEAST Silesia Holding Ltd.	Cyprus	76.88%	-
IMMOFINANZ AG	Austria	59.11%	-
IMMOFINANZ Artemis Immobilien Vermietung GmbH	Austria	76.88%	-
Immofinanz Deutschland GmbH	Germany	76.88%	-

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
IMMOFINANZ Enodia Realitäten Vermietungs GmbH	Austria	76.88%	-
IMMOFINANZ Float GmbH & Co. KG	Germany	76.88%	-
IMMOFINANZ Float Verwaltungs GmbH	Germany	76.88%	-
IMMOFINANZ Friesenquartier GmbH	Germany	71.27%	-
IMMOFINANZ Friesenquartier II GmbH	Germany	76.88%	-
Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	Austria	76.88%	-
IMMOFINANZ Immobilien Vermietungs-Gesellschaft m.b.H.	Austria	76.88%	-
IMMOFINANZ LAMBDA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	Austria	76.88%	-
Immofinanz Medienhafen GmbH	Germany	76.88%	-
IMMOFINANZ MONTAIGNE Liegenschaftsvermietungs GmbH	Austria	76.88%	-
Immofinanz Polska Sp. z o.o.	Poland	76.88%	-
Immofinanz Services and Management d.o.o.	Croatia	76.88%	-
IMMOFINANZ Services Czech Republic, s.r.o.	Czech Republic	76.88%	-
Immofinanz Services d.o.o. Beograd-Novi Beograd	Serbia	76.88%	-
IMMOFINANZ Services Hungary Kft.	Hungary	76.88%	-
Immofinanz Services Poland Sp. z o.o.	Poland	76.88%	-
IMMOFINANZ Services Romania s.r.l.	Romania	76.88%	-
IMMOFINANZ Services Slovak Republic, s.r.o.	Slovakia	76.88%	-
ImmoPoland Sp. z o.o.	Poland	76.88%	-
IMMOWEST Beteiligungs GmbH	Austria	76.88%	-
IMMOWEST IMMOBILIEN ANLAGEN GMBH	Austria	76.88%	-
Industrial Park Stříbro, s.r.o.	Czech Republic	97.31%	97.31%
IPD – International Property Development, s. r. o.	Slovakia	47.05%	-
Irascib Holdings Ltd.	Cyprus	76.88%	-
IRIDE S.A.	Romania	76.88%	-
IS Nyír Kft.	Hungary	100.00%	100.00%
IS Zala Kft.	Hungary	100.00%	100.00%
Isalotta GP GmbH & Co.Verwaltungs KG	Germany	94.99%	94.99%
Istituto Immobiliare Di Catania S.P.A.	Italy	93.00%	93.00%
ISTITUTO PER L'EDILIZIA POP. DI SAN BERILLO S.R.L.	Italy	92.99%	99.99%
IVRAVODA LIMITED	Cyprus	-	100.00%
JAGRA spol., s.r.o.	Czech Republic	100.00%	100.00%
Janáčkovo nábřeží 15, s.r.o.	Czech Republic	100.00%	100.00%
Janovická farma, a.s.	Czech Republic	100.00%	100.00%
Jeseník Investments, a.s.	Czech Republic	-	100.00%
Jetřichovice Property, a.s.	Czech Republic	91.17%	91.17%
Jihovýchodní Město, a.s.	Czech Republic	97.31%	97.31%
Jizerská farma, s.r.o.	Czech Republic	100.00%	100.00%
Karnosota, a.s.	Czech Republic	100.00%	-
Kerina, a.s.	Czech Republic	100.00%	100.00%
KOENIG Shopping, s.r.o.	Czech Republic	100.00%	100.00%
Komárno Property Development, a.s.	Slovakia	76.88%	100.00%
Kosmonosy Investments, s.r.o.	Czech Republic	100.00%	100.00%
Kunratická farma, s.r.o.	Czech Republic	100.00%	100.00%
Labská Property, s.r.o.	Czech Republic	100.00%	100.00%
Lagerman Properties Limited	Cyprus	76.88%	-
Land Properties, a.s.	Czech Republic	97.31%	97.31%
Larius International SRL	Romania	76.88%	-
LD Praha, a.s.	Czech Republic	100.00%	100.00%
Le Regina Warsaw Sp. z o.o.	Poland	100.00%	100.00%
Leriegos Kft.	Hungary	-	100.00%
LERIEGOS LIMITED	Cyprus	100.00%	100.00%
LES MAS DU FIGUIER	France	97.31%	97.31%
LES TROIS DILAIS	France	99.90%	99.90%
Levice Property Development, a.s.	Slovakia	76.88%	100.00%
Limagro, s.r.o.	Czech Republic	100.00%	100.00%
Lipovská ekologická, s.r.o.	Czech Republic	100.00%	-
Lockhart, a.s.	Czech Republic	100.00%	100.00%
Lucemburská 46, a.s.	Czech Republic	100.00%	100.00%
Lützow-Center GmbH	Germany	82.94%	-
Maalkaf BV	Netherlands	76.88%	-
Maior Domus Hausverwaltungs GmbH	Germany	82.94%	-
Marchesina S.a.r.l.	Italy	100.00%	100.00%
Marissa Omikrón, a.s.	Czech Republic	100.00%	100.00%
Marissa Tau, a.s.	Czech Republic	100.00%	100.00%
Marissa Théta, a.s.	Czech Republic	100.00%	100.00%
Marissa West, a.s.	Czech Republic	100.00%	100.00%
Marissa Ypsilon, a.s.	Czech Republic	-	100.00%
Marki Real Estate Sp. z o.o.	Poland	97.31%	97.31%
Markt Carree Halle Immobilien GmbH	Germany	82.94%	-
Maros utca Kft.	Hungary	92.26%	-

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
MARRETIM s.r.o.	Czech Republic	100.00%	100.00%
Mařenická farma, a.s.	Czech Republic	100.00%	100.00%
MBP I Sp. z o.o.	Poland	76.88%	-
Megalotonia, s.r.o.	Czech Republic	100.00%	-
Merav Development SRL	Romania	76.88%	-
Merav Finance BV	Netherlands	76.88%	-
Mercuda, a.s.	Czech Republic	100.00%	100.00%
MESARGOSA LIMITED	Cyprus	-	100.00%
Metropol Consult SRL	Romania	76.88%	-
MH Bucharest Properties S.R.L	Romania	88.00%	88.00%
Michalovce Property Development, a.s.	Slovakia	76.88%	100.00%
Millennium S.r.l.	Italy	100.00%	100.00%
Mimoňská farma, s.r.o	Czech Republic	100.00%	-
MMR Russia S.à r.l	Luxembourg	100.00%	100.00%
Moniuszki Office Sp. z o.o.	Poland	100.00%	100.00%
Monorom Construct SRL	Romania	76.88%	-
MQM Czech, a.s.	Czech Republic	99.26%	99.26%
MUXUM, a.s.	Czech Republic	100.00%	100.00%
myhive offices Hungary Kft.	Hungary	76.88%	-
myhive offices sp. z o.o.	Poland	76.88%	-
myhive offices SRL	Romania	76.88%	-
Na Poříčí, a.s.	Czech Republic	100.00%	100.00%
Nagymező Kft.	Hungary	92.26%	-
Nergal Immobilienverwertungs GmbH	Austria	82.94%	-
Neutorgasse 2–8 Projektverwertungs GmbH	Austria	92.26%	-
New Age Kft.	Hungary	100.00%	100.00%
NEXT RE SIIQ S.p.A.	Italy	87.06%	77.24%
Nimbus Real Sp. z o.o.	Poland	76.88%	-
Norden Maritime Services Limited	Cyprus	76.88%	-
Norden Maritime SRL	Romania	76.88%	-
Notosoaria, s.r.o.	Czech Republic	100.00%	-
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	97.31%	97.31%
NP Investments a.s.	Czech Republic	76.88%	-
NUKASSO HOLDINGS LIMITED	Cyprus	100.00%	100.00%
Nupaky, a.s.	Czech Republic	97.31%	97.31%
Nusku Beteiligungsverwaltungs GmbH	Austria	92.26%	-
Nymburk Property Development, a.s.	Czech Republic	100.00%	100.00%
OC Nová Zdobov, a.s.	Czech Republic	-	100.00%
OC Spektrum, s.r.o.	Czech Republic	76.88%	100.00%
OIY Czech, s.r.o.	Czech Republic	76.88%	-
Olomouc Building, a.s.	Czech Republic	100.00%	100.00%
One Crans-Montana SA	Switzerland	99.70%	99.70%
Orco Pokrovka Management o.o.o.	Russia	100.00%	-
Orchard Hotel, a.s.	Czech Republic	100.00%	100.00%
Outlet Arena Moravia, s.r.o.	Czech Republic	100.00%	100.00%
Oxford Tower sp. z o.o.	Poland	100.00%	100.00%
OZ Trmice, a.s.	Czech Republic	100.00%	-
Ozrics, Kft.	Hungary	100.00%	100.00%
PAC Italy 130 SPV S.r.l.	Italy	-	97.31%
Palmovka Offices s.r.o.	Czech Republic	76.88%	-
Parco delle Acacie Due S.p.A	Italy	100.00%	100.00%
Parco delle Case Bianche SRL	Italy	100.00%	100.00%
Parsec 6 S.p.A.	Italy	100.00%	100.00%
Pastviny, a.s.	Czech Republic	100.00%	100.00%
PBC Liegenschaftshandelsgesellschaft m.b.H.	Austria	76.88%	-
PCC-Hotelerrichtungs-und Betriebsgesellschaft m.b.H.	Austria	92.26%	-
PCC-Hotelerrichtungs-und Betriebsgesellschaft m.b.H. & Co. KG	Austria	82.89%	-
Peabody Lamaro Roma S.r.l.	Italy	100.00%	100.00%
Pelhřimov Property Development, a.s.	Czech Republic	-	100.00%
Perlagonia 1 Holding GmbH	Austria	76.88%	-
Pietroni, s.r.o.	Czech Republic	97.31%	97.31%
Pihelská farma, s.r.o.	Czech Republic	100.00%	-
Platněřská 10, s.r.o.	Czech Republic	100.00%	100.00%
Pokrovka Management o.o.o.	Russia	-	100.00%
Polus a.s.	Slovakia	76.88%	-
Pólus Shopping Center Zrt.	Hungary	100.00%	100.00%
Polus Társasház Üzemeltető Kft.	Hungary	100.00%	100.00%
Polus Transilvania Companie de Investitii S.A.	Romania	76.88%	-
Polygon BC, a.s.	Czech Republic	99.26%	99.26%
Považská Bystrica Property Development, a.s.	Slovakia	76.88%	100.00%
Prelude 2000 SRL	Romania	76.88%	-

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
Prievdza Property Development, a.s.	Slovakia	76.88%	100.00%
Prinz-Eugen-Straße Liegenschaftsvermietungs GmbH	Austria	76.88%	-
Pro Tower Development S.R.L.	Romania	100.00%	100.00%
PROJECT FIRST, a.s.	Czech Republic	91.17%	91.17%
Projekt Nisa, s.r.o.	Czech Republic	100.00%	100.00%
Projekt Zlatý Anděl, s.r.o.	Czech Republic	100.00%	100.00%
Prosta 69 Sp. z o.o.	Poland	100.00%	100.00%
Prostějov Investments, a.s.	Czech Republic	100.00%	100.00%
Příbor Property Development, s.r.o.	Czech Republic	-	100.00%
PTR PRIME TOURIST RE SORTS (CYPRUS) LIMITED	Cyprus	100.00%	100.00%
PV - Cvikov, s.r.o.	Czech Republic	100.00%	100.00%
QBC Gamma SP Immomanagement GmbH in Liqu.	Austria	82.94%	-
QBC Management und Beteiligungen GmbH	Austria	82.73%	-
QBC Management und Beteiligungen GmbH & Co KG	Austria	82.94%	-
Radom Property Development sp. z o.o.	Poland	76.88%	100.00%
Ranchmatti SA	Switzerland	100.00%	100.00%
Real Estate Energy Kft.	Hungary	100.00%	100.00%
Real Habitation s.r.l.	Romania	76.88%	-
REGA Property Invest s. r. o.	Czech Republic	78.71%	-
Rembertów Property Development sp. z o.o.	Poland	76.88%	100.00%
Remontées Mécaniques Crans Montana Aminona (CMA) SA	Switzerland	83.42%	83.42%
Residence Belgická, s.r.o.	Czech Republic	100.00%	100.00%
Residence Izabella, Zrt.	Hungary	100.00%	100.00%
Retail Park Four d.o.o. Beograd	Serbia	76.88%	-
Rezidence Jančova, s.r.o.	Czech Republic	100.00%	100.00%
Rezidence Kunratice, s.r.o.	Czech Republic	97.31%	-
Rezidence Malkovského, s.r.o.	Czech Republic	100.00%	100.00%
Rezidence Pragovka, s.r.o.	Czech Republic	97.31%	97.31%
Ronit Development SRL	Romania	76.88%	-
Roua Vest SRL	Romania	76.88%	-
RSL Real Estate Development S.R.L.	Romania	100.00%	100.00%
Řasnická zemědělská, s.r.o.	Czech Republic	100.00%	-
S IMMO AG	Austria	92.26%	-
S IMMO APM Hungary Kft.	Hungary	92.26%	-
S IMMO APM ROMANIA S.R.L.	Romania	92.26%	-
S IMMO Berlin Finance GmbH	Germany	82.94%	-
S IMMO Berlin I GmbH	Germany	82.94%	-
S IMMO Berlin II GmbH	Germany	82.94%	-
S IMMO Berlin III GmbH	Germany	77.14%	-
S IMMO Berlin IV GmbH	Germany	77.14%	-
S IMMO Berlin V GmbH	Germany	82.94%	-
S IMMO Berlin VI GmbH	Germany	82.94%	-
S IMMO Beteiligungen GmbH	Austria	92.26%	-
S IMMO Croatia d.o.o.	Croatia	92.26%	-
S IMMO Germany GmbH	Germany	82.94%	-
S Immo Geschäftsimmobilien GmbH	Germany	82.94%	-
S IMMO Group Finance GmbH	Austria	92.26%	-
S Immo Immobilien Investitions GmbH	Austria	82.94%	-
S IMMO Property Acht GmbH	Austria	82.94%	-
S IMMO Property Eins GmbH	Austria	82.94%	-
S IMMO Property Elf GmbH	Austria	82.94%	-
S IMMO Property Fünf GmbH	Austria	82.94%	-
S IMMO Property Invest GmbH	Austria	92.26%	-
S IMMO Property Neun GmbH	Austria	82.94%	-
S IMMO Property Sechs GmbH	Austria	82.94%	-
S IMMO Property Sieben GmbH	Austria	82.94%	-
S IMMO Property Vier GmbH	Austria	82.94%	-
S IMMO Property Zehn GmbH	Austria	82.94%	-
S IMMO Property Zwölf GmbH	Austria	82.94%	-
S. Maria Della Guardia S.R.L.	Italy	47.43%	51.00%
S.C. Baneasa 6981 s.r.l.	Romania	76.88%	-
S.C. Brasov Imobiliara S.R.L.	Romania	76.88%	-
S.C. Flash Consult Invest s.r.l.	Romania	76.88%	-
S.C. IE Baneasa Project s.r.l.	Romania	76.88%	-
S.C. IMMOEAST Narbal Project s.r.l.	Romania	76.88%	-
S.C. Meteo Business Park s.r.l.	Romania	76.88%	-
S.C. Retail Development Invest 1 s.r.l.	Romania	76.88%	-
S.C. Stupul de Albine s.r.l.	Romania	76.88%	-
S.C. Union Investitii s.r.l.	Romania	76.88%	-
Samar S.p.A.	Italy	100.00%	100.00%
Sapir Investitii SRL	Romania	76.88%	-

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
SASHKA LIMITED	Cyprus	100.00%	100.00%
SAVILE ROW 1 LIMITED	United Kingdom	100.00%	100.00%
Savska 32 d.o.o.	Croatia	92.26%	-
SBF Development Praha spol.s r.o.	Czech Republic	76.88%	-
SCI MAS CANTAGRELI	France	100.00%	100.00%
SCP AILEY	Monaco	100.00%	100.00%
SCP CISKEY	Monaco	100.00%	100.00%
SCP KANDLER	Monaco	100.00%	100.00%
SCP MADRID	Monaco	100.00%	100.00%
SCP NEW BLUE BIRD	Monaco	100.00%	100.00%
SCP PIERRE CHARRON	Monaco	100.00%	100.00%
SCP Reflets	Monaco	100.00%	97.31%
SCP VILLA DE TAHITI	Monaco	100.00%	100.00%
SCT s.r.o.	Slovakia	76.88%	-
Seattle, s.r.o.	Czech Republic	100.00%	-
SHAHEDA LIMITED	Cyprus	-	100.00%
Shaked Development SRL	Romania	76.88%	-
SIAG Berlin Wohnimmobilien GmbH	Austria	82.73%	-
SIAG Deutschland Beteiligungs GmbH & Co. KG	Germany	78.72%	-
SIAG Deutschland Beteiligungs-Verwaltungs GmbH	Germany	82.94%	-
SIAG Fachmarktzentren, s. r. o.	Slovakia	92.26%	-
SIAG Hotel Bratislava, s. r. o.	Slovakia	92.26%	-
SIAG Leipzig Wohnimmobilien GmbH	Germany	82.73%	-
SIAG Multipurpose Center, s.r.o.	Slovakia	92.26%	-
SIAG Property I GmbH	Germany	82.94%	-
SIAG Property II GmbH	Germany	82.94%	-
SITUS Holding GmbH	Austria	76.88%	-
SMART OFFICE DOROBANTI S.R.L.	Romania	92.26%	-
Snagov Lake Rezidential SRL	Romania	76.88%	-
SO Immobilienbeteiligungs GmbH	Austria	92.26%	-
SOCIETATE DEZVOLTARE COMERCIAL SUDULUI (SDCS) SRL	Romania	92.26%	-
S-Park Offices s.r.l.	Romania	76.88%	-
SPC DELTA PROPERTY DEVELOPMENT COMPANY SRL	Romania	92.26%	-
SPC SIGMA PROPERTY DEVELOPMENT COMPANY SRL	Romania	92.26%	-
Spojené elektrárny, s.r.o.	Czech Republic	100.00%	-
Spojené farmy, a.s.	Czech Republic	100.00%	100.00%
ST Project Limited	Guernsey	100.00%	100.00%
Statek Blatiny, s.r.o.	Czech Republic	100.00%	100.00%
Statek Kravaře, a.s.	Czech Republic	100.00%	100.00%
Statek Mikulášovice, s.r.o.	Czech Republic	100.00%	100.00%
Statek Petrovice, s.r.o.	Czech Republic	100.00%	100.00%
Statenice Property Development, a.s.	Czech Republic	100.00%	100.00%
Stop Shop d.o.o.	Croatia	76.88%	-
STOP SHOP Development d.o.o.	Croatia	76.88%	-
Stop Shop Holding GmbH	Austria	76.88%	-
Stop Shop Italia S.R.L.	Italy	76.88%	-
Stop Shop Poland Sp.z o.o.	Poland	76.88%	-
STOP SHOP RO RETAIL ONE SRL	Romania	76.88%	-
STOP SHOP SERBIA d.o.o.	Serbia	76.88%	-
STOP.SHOP. CZ s.r.o.	Czech Republic	76.88%	-
STOP.SHOP. Slovakia s.r.o.	Slovakia	76.88%	-
Strakonice Property Development, a.s.	Czech Republic	97.31%	97.31%
STRM Alfa, a.s.	Czech Republic	99.26%	99.26%
STRM Beta, a.s.	Czech Republic	97.31%	97.31%
STRM Gama, a.s.	Czech Republic	97.31%	97.31%
Sunčani Hvar d.d.	Croatia	100.00%	100.00%
Sunčani Hvar Real Estate d.d.o.	Croatia	100.00%	100.00%
Šenovská zemědělská, s.r.o.	Czech Republic	100.00%	100.00%
Tachov Investments, s.r.o.	Czech Republic	100.00%	100.00%
Talent Ágazati Képzőközpont Nonprofit Kft.	Slovakia	92.26%	-
Tamar Imob Investitii SRL	Romania	76.88%	-
Tarnów Property Development sp. z o.o.	Poland	76.88%	100.00%
Telč Property Development, a.s.	Czech Republic	91.17%	91.17%
Tepelné hospodářství Litvínov, s.r.o.	Czech Republic	100.00%	100.00%
Termaton Enterprises Limited	Cyprus	76.88%	-
Terminal Nord S.r.l.	Italy	76.88%	-
THE MARK II OFFICES S.R.L.	Romania	92.26%	-
Tlustecká zemědělská, s.r.o.	Czech Republic	100.00%	-
Tölz Immobilien GmbH	Germany	82.73%	-
Topaz Development SRL	Romania	76.88%	-
Tower-Service sp.z o.o.	Poland	50.30%	50.30%

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

Fully consolidated subsidiaries	Country	31 December 2022	31 December 2021
Trebišov Property Development, s. r. o.	Slovakia	76.88%	100.00%
Tripont Invest s.r.l.	Romania	76.88%	-
Třinec Investments, s.r.o.	Czech Republic	-	100.00%
Třinec Property Development, a.s.	Czech Republic	100.00%	100.00%
TUTUS PROJEKT d.o.o.	Croatia	76.88%	-
Tyršova 6, a.s.	Czech Republic	100.00%	100.00%
U Svatého Michala, a.s.	Czech Republic	100.00%	100.00%
Uchaux Limited	United Kingdom	100.00%	100.00%
V Team Prague, s.r.o.	Czech Republic	100.00%	100.00%
Váci 113 Offices B Hungary Kft.	Hungary	92.26%	-
Valdovská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Valkeřícká ekologická, a.s.	Czech Republic	100.00%	100.00%
VCG Immobilienbesitz GmbH	Austria	76.88%	-
Ventilatorul Real Estate SRL	Romania	76.88%	-
Verneřický Angus, a.s.	Czech Republic	100.00%	100.00%
Vicovaro R.E. S.r.l.	Italy	100.00%	100.00%
VICTORIEI BUSINESS PLAZZA SRL	Romania	92.26%	-
Vigano, a.s.	Czech Republic	100.00%	100.00%
Vision Fund	Italy	99.50%	-
Vitruist Ltd.	Cyprus	76.88%	-
VIVO! Poland Sp. z o.o.	Poland	76.88%	-
VOLANTI LIMITED	Cyprus	100.00%	100.00%
Vulcanion, a.s.	Czech Republic	100.00%	-
Vysočany Office, a.s.	Czech Republic	99.26%	99.26%
Warsaw Spire Tower Sp. z o.o.	Poland	76.88%	-
WASHINGTON PROJEKT EOOD	Bulgaria	92.26%	-
WFC Investments sp. z o.o.	Poland	97.31%	97.31%
WFC Offices Sp. z o.o.	Poland	-	100.00%
WXZ1 a.s.	Czech Republic	100.00%	100.00%
Zagrebtower d.o.o.	Croatia	92.26%	-
Zákupská farma, s.r.o.	Czech Republic	100.00%	100.00%
Zamość Property Development sp. z o.o.	Poland	76.88%	100.00%
Zamość Sadowa Property Development sp. z o.o.	Poland	76.88%	100.00%
Zdislavská zemědělská, s.r.o.	Czech Republic	100.00%	-
Zelená farma, s.r.o.	Czech Republic	100.00%	100.00%
Zelená louka, s.r.o.	Czech Republic	100.00%	100.00%
Zelená pastva, s.r.o.	Czech Republic	100.00%	100.00%
ZEMSPOL, s.r.o.	Czech Republic	100.00%	100.00%
Zerodix Sári	Switzerland	99.70%	99.70%
ZET.office, a.s.	Czech Republic	100.00%	100.00%
Zgorzelec Property Development sp. z o.o.	Poland	76.88%	100.00%
ZLATICO LIMITED	Cyprus	100.00%	100.00%
Ždírec Property Development, a.s.	Czech Republic	-	100.00%
Žitníkovská farma, s.r.o.	Czech Republic	100.00%	-



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Independent auditor’s report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of CPI Property Group S.A. (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (“CSSF”). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor's report CFS

163 Statutory financial statements



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Valuation of investment property and property, plant and equipment

Description

The Group owns a portfolio of investment properties comprising residential, office and retail type of properties located in Europe. Investment property represents the single largest class of assets on the consolidated statement of financial position, representing 79% of the total assets of the Group as at 31 December 2022. In addition, the Group operates hotels classified within property, plant and equipment representing 4% of the total assets of the Group as at 31 December 2022. Investment properties are valued at fair value and hotels, representing major part of the property, plant and equipment are stated at revalued amounts, in accordance with the Group accounting policies.

Valuation of the investment property and property, plant and equipment is a significant judgemental area and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the expected cash flows generated by future rentals for investment property or expected EBITDA (earnings before interest, tax, depreciation and amortisation) generated by hotel operations for property, plant and equipment. The Board of Directors engaged independent external valuers to value 99% of the Group's investment property and property, plant and equipment (hereafter the "Valuers").

In determining a property's valuation, the Valuers take into account property specific characteristics and information such as the correct tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to come up with their assessment of the fair value.

Due to the above mentioned matters, we consider valuation of investment property and property, plant and equipment as a key audit matter.

Auditors' response

Our audit procedures over the valuation of investment property and property, plant and equipment included, but were not limited to, the following:

- We evaluated the competence, capabilities and objectivity of the Valuers and read the terms of engagement of the Valuers to determine whether there were any matters that might have affected their objectivity or limit the scope of their work.
- For a sample of the valuations across all asset classes of investment properties, geographical locations and external Valuers, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation.



- For a sample of hotel properties, we traced the key inputs used in the valuation models including capex investments and EBITDA.
- In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment property and property, plant and equipment.
- We also involved our own real estate valuation specialists to assist us in evaluating the reasonableness of the assumptions used in valuation models including yields, estimated market rent, discount rates and price per room per night for the sample of investment properties and hotels.
- We evaluated any caveats or limitations, if any, included in the Valuers' reports.
- We assessed the adequacy of the disclosures in the consolidated financial statements.

b) Contingencies and litigations

Description

The Company and some of its direct and indirect subsidiaries were involved as a party in legal proceedings, being the most significant one in relation to a lawsuit filed in April 2019 against the Company among others, by a group of Kingstown companies alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") (referred to as "Kingstown dispute"). The case was dismissed by Southern District New York Court during 2020 and was affirmed by Court of Appeals in September 2022, as disclosed in note 8 of the consolidated financial statements.

Further, during December 2022, another case was filed against the Company by Mr. Marek Čmejla, Mr. Jiří Diviš and entities controlled by them, in District Court of Nicosia, Republic of Cyprus (referred to as "Cyprus case"). This case is similar in nature to the previously dismissed Kingstown dispute by the Southern District New York Court case and it is pending as of 31 December 2022. The details and current status of the case is disclosed in note 8 of the consolidated financial statements.

This area is significant to our audit, since the accounting and disclosure for contingent liabilities is complex and judgmental (due to the complexity of predicting the outcome of the matter and assessing the potential impact on the consolidated financial statements if the outcome is unfavourable), and the amounts involved are, or can be, material to the consolidated financial statements as a whole.

This matter was considered a key matter in our audit, since the aforementioned prediction and estimates are complex and require significant judgements by management of the Group.

Auditors' response

Our audit procedures over the contingencies and litigations included, but were not limited to, the following:

- We obtained an understanding of and assessed the Group's internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Group as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements



- We obtained the summary of the significant legal cases from the in-house Group’s legal counsel and compared the assessment of the Group’s legal counsel with the information provided by the external Group’s legal advisors. We made inquiries to the Group legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We held discussions with Group’s external lawyers and legal advisors , where necessary, in order to confirm our understanding of the obtained responses to our confirmation requests sent.
- We reviewed the minutes of the meetings of Board of Directors, Audit Committee and General Shareholders’ Meetings.
- We involved our internal legal specialists for the purpose of analysing the responses from external legal advisors and assessing reasonableness of the conclusions reached by the Board of Directors on Cyprus case considering the various factors on which these conclusions were based.
- We assessed the completeness and adequacy of disclosures required in respect of the Contingencies and litigations in the notes to the consolidated financial statements pursuant to the relevant accounting and financial reporting standards.

c) Business combination

Description

During the year, the Group completed the acquisition of controlling stakes in Immofinanz AG and S Immo AG on 3 March 2022 and 28 June 2022 respectively. Since these dates, the Group fully consolidates Immofinanz AG and S Immo AG. These acquisitions were accounted for under the acquisition method of accounting as per IFRS 3 “Business combination”. Due to the full consolidation of Immofinanz AG and S Immo AG, Group’s total assets increased from EUR 14,369 million to EUR 23,521 million.

Auditing the Group’s accounting for its acquisitions of Immofinanz AG and S Immo AG was complex due to the overall significance of the acquisitions and the estimation uncertainty in determining the fair values of net assets acquired, amount of consideration paid and the related disclosures to be included in the consolidated financial statements as of 31 December 2022.

We considered this area as a key audit matter due to the size of the acquisitions and the judgement involved in accounting for the transaction.

Auditors’ response

Our audit procedures over the business combination included, but were not limited to, the following:

- We tested the acquisitions of shares during the year and checked the related supporting documents, such as trade confirmations from broker and share purchase agreement.
- We assessed valuation of consideration paid and traced payments made during 2022 to the bank statements.
- We discussed these acquisitions with management and reviewed the assessments performed and conclusions reached by the management in relation to purchase price allocation which includes consideration paid, determination of fair values of identifiable net assets as at the acquisition date and resultant gain on bargain purchase and non-controlling interest recognised.
- We assessed the management’s identification of acquired assets and liabilities based on our understanding of transactions and of acquired businesses of Immofinanz AG and S Immo AG by conducting discussion with the management of these companies.



- We assessed that the fair values of assets and liabilities used in purchase price allocation are appropriate as of the date of obtaining control.
- We ensured that the gain on bargain purchase and non-controlling interest recognised were properly computed and accounted for in the consolidated financial statements.
- We also assessed the adequacy of the related disclosures in note 3.3 to the consolidated financial statements of the Group regarding these business combinations.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the corporate governance statement but does not include the consolidated financial statements and our report of “réviseur d’entreprises agréé” thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended (“ESEF Regulation”).

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s / Bank’s [Group’s] financial reporting process.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor's report CFS

163 Statutory financial statements



Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors,
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the consolidated management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2022, identified as CPI_PROPERTY_GROUP_20230331.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

113

Declaration letter

113

Consolidated financial statements

159

Independent auditor’s report CFS

163

Statutory financial statements



We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé


Jesus Orozco

Luxembourg, 31 March 2023



- 113 Declaration letter
- 113 Consolidated financial statements
- 159 Independent auditor’s report CFS
- 163 Statutory financial statements

CPI Property Group
Société Anonyme

R.C.S. Luxembourg B 102.254

ANNUAL ACCOUNTS AND REPORT
OF THE REVISEUR D'ENTREPRISES AGREE
31 DECEMBER 2022

TABLE OF CONTENTS

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

ANNUAL ACCOUNTS

Notes to the annual accounts

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements



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Independent auditor’s report

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CPI Property Group S.A. (the “Company”), which comprise the balance sheet as at 31 December 2022, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (“CSSF”). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements” section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



a) Contingencies and litigations

Description

The Company and some of its direct and indirect subsidiaries were involved as a party in legal proceedings, being the most significant one in relation to a lawsuit filed in April 2019 against the Company among others, by a group of Kingstown companies alleging violations of the Racketeer Influenced and Corrupt Organizations Act (“RICO”) (referred to as “Kingstown dispute”). The case was dismissed by Southern District New York Court during 2020 and was affirmed by Court of Appeals in September 2022, as disclosed in note 24 of the financial statements.

Further, during December 2022, another case was filed against the Company by Mr. Marek Čmejla, Mr. Jiří Diviš and entities controlled by them, in District Court of Nicosia, Republic of Cyprus (referred to as “Cyprus case”). This case is similar in nature to the previously dismissed Kingstown dispute by the Southern District New York Court case and it is pending as of 31 December 2022. The details and current status of the case is disclosed in note 24 of the financial statements.

This area is significant to our audit, since the accounting and disclosure for contingent liabilities is complex and judgmental (due to the complexity of predicting the outcome of the matter and assessing the potential impact on the consolidated financial statements if the outcome is unfavourable), and the amounts involved are, or can be, material to the consolidated financial statements as a whole.

This matter was considered a key matter in our audit, since the aforementioned prediction and estimates are complex and require significant judgements by management of the Company.

Auditors’ response

Our audit procedures over the contingencies and litigations included, but were not limited to, the following:

- We obtained an understanding of and assessed the Company’s internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Company as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress
- We obtained the summary of the significant legal cases from the in-house Company’s legal counsel and compared the assessment of the Company’s legal counsel with the information provided by the external Company’s legal advisors. We made inquiries to the Company legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We held discussions with Company’s external lawyers and legal advisors, where necessary, in order to confirm our understanding of the obtained responses to our confirmation requests sent.
- We reviewed the minutes of the meetings of Board of Directors, Audit Committee and General Shareholders’ Meetings.
- We involved our internal legal specialists for the purpose of analysing the responses from external legal advisors and assessing reasonableness of the conclusions reached by the Board of Directors on Cyprus case considering the various factors on which these conclusions were based.

- 113 Declaration letter
- 113 Consolidated financial statements
- 159 Independent auditor’s report CFS
- 163 Statutory financial statements



- We assessed the completeness and adequacy of disclosures required in respect of the Contingencies and litigations in the notes to the consolidated financial statements pursuant to the relevant accounting and financial reporting standards.

b) Valuation of financial assets (shares in affiliated undertakings and loans to affiliated undertakings)

Description

Financial assets represent 94% of the total assets of the Company as at 31 December 2022.

The assessment of the valuation of financial assets requires significant judgement applied by the management in assessing the recovery value of the financial assets and the permanent nature of a potential impairment.

This matter was considered to be a key matter in our audit, since the aforementioned estimates are complex and require significant judgements by management of the Company.

Auditors response

Our audit procedures over the valuation of financial assets included, but were not limited to, the following.

- Ensured existence, initial cost of investment and ownership of the investments through inspection of acquisition agreements and commercial registers of the underlying investees.
- Understood the process of financial assets valuation and management’s impairment assessment and evaluated the appropriateness of the application of the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.
- Tested the arithmetical accuracy of the management’s impairment test based on comparison with the net equity of the underlying investees and assessed the conclusions reached by the management in respect of recognized impairment and/or reversal of historical impairment.
- Tested the accuracy and completeness of the provided loan database, on a representative sample basis, by tracing the loan terms to the underlying loan agreements, the repayments of principal and interest to the bank statements and the outstanding loan and accrued interest balances to the counterparties.
- Performed recalculation of the interest on loans to affiliated undertaking based on known data.
- Reviewed and ensured the completeness of the financial statements’ disclosures.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report and the corporate governance statement but does not include the financial statements and our report of “réviseur d’entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended (“ESEF Regulation”).

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor's report CFS

163 Statutory financial statements



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.



Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2022, identified as CIPPG_31_12_2022_AFR, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 31 March 2023



113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

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UQAVVEP20230322T10562301_002 Page 1/5

RCSL Nr. : B102254	Matricule : 2004 2214 745
eCDF entry date :	

BALANCE SHEET

Financial year from 01 01/01/2022 to 02 31/12/2022 (in 03 EUR)

CPI PROPERTY GROUP S.A.
40, rue de la Vallée
L-2661 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	11.341.456.547,00	9.472.645.456,00
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

The notes in the annex form an integral part of the annual accounts

UQAVVEP20230322T10562301_002 Page 2/5

RCSL Nr. : B102254	Matricule : 2004 2214 745
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	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	Note 3	135
1. Shares in affiliated undertakings	1137	Note 3.1	137
2. Loans to affiliated undertakings	1139	Note 3.2	139
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	Note 3.3	145
6. Other loans	1147	Note 3.4	147
D. Current assets	1151	Note 4	151
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	336.166.171,00	163
1. Trade debtors	1165	73.149,00	165
a) becoming due and payable within one year	1167	73.149,00	167
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	332.647.026,00	171
a) becoming due and payable within one year	1173	Note 4.1	173
b) becoming due and payable after more than one year	1175	Note 4.2	175
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	3.445.996,00	183
a) becoming due and payable within one year	1185	Note 4.3	185
b) becoming due and payable after more than one year	1187	187	188

The notes in the annex form an integral part of the annual accounts

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

UQAVVEP20230322T10562301_002Page 3/5				
RCSL Nr. : B102254		Matricule : 2004 2214 745		
	Reference(s)	Current year	Previous year	
III. Investments	1189	190.340.582,00	189	
1. Shares in affiliated undertakings	1191		191	
2. Own shares	1209	190.340.582,00	209	
3. Other investments	1195		195	
IV. Cash at bank and in hand	1197	96.688.588,00	197	26.135.742,00
E. Prepayments	1199	113.649.945,00	199	106.584.165,00
	Note 6		200	
TOTAL (ASSETS)		12.078.301.833,00	201	10.132.417.095,00
			202	

UQAVVEP20230322T10562301_002Page 4/5	
RCSL Nr. : B102254	Matricule : 2004 2214 745

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	1301	1.633.040.068,00	302 1.778.799.152,00
I. Subscribed capital	1303	890.291.530,00	304 890.291.530,00
II. Share premium account	1305	777.525.423,00	306 777.525.423,00
III. Revaluation reserve	1307		308
IV. Reserves	1309	59.440.571,00	310 57.948.706,00
1. Legal reserve	1311	59.440.571,00	312 57.948.706,00
2. Reserve for own shares	1313		314
3. Reserves provided for by the articles of association	1315		316
4. Other reserves, including the fair value reserve	1429		430
a) other available reserves	1431		432
b) other non available reserves	1433		434
V. Profit or loss brought forward	1319	51.541.628,00	320 23.196.196,00
VI. Profit or loss for the financial year	1321	-145.759.084,00	322 29.837.297,00
VII. Interim dividends	1323		324
VIII. Capital investment subsidies	1325		326
B. Provisions	1331	14.119.305,00	332
1. Provisions for pensions and similar obligations	1333		334
2. Provisions for taxation	1335		336
3. Other provisions	1337	14.119.305,00	338
C. Creditors	1435	10.421.647.354,00	436 8.352.608.496,00
1. Debenture loans	1437	5.773.639.149,00	438 5.396.507.514,00
a) Convertible loans	1439		440
i) becoming due and payable within one year	1441		442
ii) becoming due and payable after more than one year	1443		444
b) Non convertible loans	1445	5.773.639.149,00	446 5.396.507.514,00
i) becoming due and payable within one year	1447	229.816.154,00	448 78.620.809,00
ii) becoming due and payable after more than one year	1449	5.543.822.995,00	450 5.317.886.705,00
2. Amounts owed to credit institutions	1355	1.952.636.207,00	356 10.393.968,00
a) becoming due and payable within one year	1357	4.236.207,00	358 393.968,00
b) becoming due and payable after more than one year	1359	1.948.400.000,00	360 10.000.000,00

The notes in the annex form an integral part of the annual accounts

The notes in the annex form an integral part of the annual accounts

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

UQAVVEP20230322T10562301_002Page 5/5			
RCSL Nr.: B102254		Matricule: 2004 2214 745	
	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 2.248.929,00	368 12.538.231,00
a) becoming due and payable within one year	1369 _____	369 2.248.929,00	370 12.538.231,00
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____ Note 10	379 2.692.336.819,00	380 2.931.127.350,00
a) becoming due and payable within one year	1381 _____ Note 10.1	381 131.079.367,00	382 110.258.175,00
b) becoming due and payable after more than one year	1383 _____ Note 10.2	383 2.561.257.452,00	384 2.820.869.175,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 786.250,00	452 2.041.433,00
a) Tax authorities	1393 _____	393 1.162,00	394 15.071,00
b) Social security authorities	1395 _____	395 10.992,00	396 30.836,00
c) Other creditors	1397 _____ Note 11	397 774.096,00	398 1.995.526,00
i) becoming due and payable within one year	1399 _____	399 774.096,00	400 1.995.526,00
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 _____ Note 12	403 9.495.106,00	404 1.009.447,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405 _____	405 12.078.301.833,00	406 10.132.417.095,00

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

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UQAVVEP20230322T10562301_003 Page 1/2

RCSL Nr. : B102254	Matricule : 2004 2214 745
eCDF entry date :	

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2022 to 02 31/12/2022 (in 03 EUR)

CPI PROPERTY GROUP S.A.
40, rue de la Vallée
L-2661 Luxembourg

	Reference(s)	Current year	Previous year
1. Net turnover	1701	701	702
2. Variation in stocks of finished goods and in work in progress	1703	703	704
3. Work performed by the undertaking for its own purposes and capitalised	1705	705	706
4. Other operating income	1713 <u>Note 13</u>	713 858.093,00	714 578.108,00
5. Raw materials and consumables and other external expenses	1671	671 -6.112.891,00	672 -5.105.246,00
a) Raw materials and consumables	1601	601 -397,00	602
b) Other external expenses	1603 <u>Note 14</u>	603 -6.112.494,00	604 -5.105.246,00
6. Staff costs	1605 <u>Note 15</u>	605 -530.930,00	606 -344.739,00
a) Wages and salaries	1607	607 -460.844,00	608 -305.303,00
b) Social security costs	1609	609 -70.086,00	610 -39.436,00
i) relating to pensions	1653	653	654
ii) other social security costs	1655	655 -70.086,00	656 -39.436,00
c) Other staff costs	1613	613	614
7. Value adjustments	1657 <u>Note 16</u>	657 592.761,00	658 -1.035.922,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659	660
b) in respect of current assets	1661	661 592.761,00	662 -1.035.922,00
8. Other operating expenses	1621 <u>Note 17</u>	621 -703.671,00	622 -4.794.170,00

UQAVVEP20230322T10562301_003 Page 2/2

RCSL Nr. : B102254	Matricule : 2004 2214 745
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	Reference(s)	Current year	Previous year
9. Income from participating interests	1715 <u>Note 18</u>	715 102.537.810,00	716 118.690.912,00
a) derived from affiliated undertakings	1717	717 102.537.810,00	718 118.690.912,00
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721 <u>Note 19</u>	721 142.232.203,00	722 171.450.470,00
a) derived from affiliated undertakings	1723	723 131.160.836,00	724 168.154.920,00
b) other income not included under a)	1725	725 11.071.367,00	726 3.295.550,00
11. Other interest receivable and similar income	1727 <u>Note 20</u>	727 58.948.023,00	728 53.009.425,00
a) derived from affiliated undertakings	1729 <u>Note 20.1</u>	729 4.385.456,00	730 15.300.516,00
b) other interest and similar income	1731 <u>Note 20.2</u>	731 54.562.567,00	732 37.708.909,00
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665 <u>Note 21</u>	665 -26.132.412,00	666 3.132.160,00
14. Interest payable and similar expenses	1627 <u>Note 22</u>	627 -413.638.763,00	628 -305.676.956,00
a) concerning affiliated undertakings	1629 <u>Note 22.1</u>	629 -126.478.285,00	630 -60.346.027,00
b) other interest and similar expenses	1631 <u>Note 22.2</u>	631 -287.160.478,00	632 -245.330.929,00
15. Tax on profit or loss	1635 <u>Note 23</u>	635 -2.112.628,00	636 -61.930,00
16. Profit or loss after taxation	1667	667 -144.062.405,00	668 29.842.112,00
17. Other taxes not shown under items 1 to 16	1637	637 -1.696.679,00	638 -4.815,00
18. Profit or loss for the financial year	1669	669 -145.759.084,00	670 29.837.297,00

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 1 - GENERAL INFORMATION

CPI Property Group Société Anonyme (the “Company” or “CPI PG”), formerly named ORCO GERMANY S.A., was incorporated on 22 July 2004 and is organized under the laws of Luxembourg as a Société Anonyme for an unlimited period.

The object of the Company is the investment in real estate, thus as the purchase, the sale, the construction, the exploitation, the administration and the letting of real estate as well as the property development, for its own account or through the intermediary of its affiliated companies. The Company has also for object the taking of participating interests, in whatsoever form, either Luxembourg or foreign, companies, and the management, control and development of such participating interests. The Company may in particular acquire all types of transferable securities, either by way of contribution, subscription, option, purchase or otherwise, as well as realize them by sale, transfer, exchange or otherwise. The Company may borrow and grant any assistance, loan, advance or guarantee to companies in which it has participation or in which it has a direct or indirect interest. The Company may carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property, which it may deem useful to the accomplishment of its purposes.

The registered office of the Company is established at 40, rue de la Vallée, L-2661 Luxembourg, R.C.S. Luxembourg B 102 254.

The financial year is from 1 January 2022 to 31 December 2022.

CPI PG is a real estate company which is listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard segment.

As at 31 December 2022, CPI PG is indirectly controlled by Mr. Radovan Vitek, ultimate beneficial owner, at 86.69 % (2021: 88.77 %) through his investment vehicles (Voting rights 2022: 89.35 %; 2021: 89.44 %).

The consolidated financial statements and separate annual accounts of the Company can be obtained at its registered office, 40, rue de la Vallée, L-2661 Luxembourg and at the following website: www.cpipg.com.

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

Basis of preparation and going concern

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of 10 August 1915, as subsequently amended (“the Commercial Company Law”), determined and applied by the Board of Directors.

The Board of Directors has concluded that it is appropriate to prepare the separate annual accounts as at 31 December 2022 on a going concern basis. The financial statements were authorized by the Board of Directors on 31 March 2023.

The Company maintains its accounting records in Euro (EUR). The financial statements are presented in EUR. All figures in tables are presented rounded to the nearest thousands, except when otherwise indicated.

Significant accounting policies

Financial assets

Financial assets include shares in affiliated undertakings, loans to affiliated undertakings, investments held as fixed assets and other loans.

Shares in affiliated undertakings are valued individually at the lower of their acquisition cost less permanent impairment or recoverable value. Amounts owed by affiliated undertakings and other loans, shown under “Financial assets” are recorded at their nominal value. A Value adjustment is recorded when the recovery value is lower than the nominal value.

Where there is a durable diminution in value in the opinion of the Board of Directors, Value adjustments are made in respect of financial assets so that they are valued at the lower figure to be attributed to them at the balance sheet date. The Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

Other investments held as fixed assets are carried at purchase price including the expenses incidental thereto. A Value adjustments is recorded when the recoverable value is lower than the nominal value. Other investments listed on active stock exchange, if these are not classified as shares in affiliated undertakings or participating interest, are subsequently measured at fair value based on the quoted stock exchange market prices.

Debtors

Trade debtors, amounts owed by affiliated undertakings and other debtors are valued at their nominal value. They are subject to Value adjustments where their recovery value is partially or fully compromised. These Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

Prepayments

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year. Financing fees linked to the issuance of non-convertible loans are also recorded under the caption “Prepayments” and are amortised through profit and loss account over the term of the non-convertible loans under the caption “other interest and similar expenses”.

Value adjustments

Value adjustments are deducted directly from the related asset.

Conversion of foreign currencies

During the financial year, the acquisitions and sales of financial assets as well as income and charges in currencies other than EUR are converted into EUR at the exchange rate prevailing at the transaction dates.

At the balance sheet date, the acquisition price of the financial assets – shares in affiliated expressed in currency other than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are valued at the closing rate or historical rate under the prudence concept. The unrealised and realised losses, as well as the realised gains are recorded in the profit and loss account.

Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which at the balance sheet date are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise

Non-convertible loans/Notes

Non-convertible loans/Notes are recorded at their nominal value. Where the amount repayable is greater than the amount received, the difference is shown as an asset under the caption “Prepayments” and is written off over the period of the related non-convertible loans on a linear basis under the caption “Other interest and similar expenses”.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

When the amount repayable is lower than the amount received, the difference is shown as a liability under the caption “Deferred income” and is written off over the period of the non-convertible loans on a linear basis under the caption “Other interest and similar expenses” as decrease of costs relating to and the respective non-convertible loans.

Cross-currency swaps – non-convertible loans/Notes conversion

Cross-currency swap interest is recorded at its nominal value. The interest is reported in balance sheet together with converted Notes issuance. The interest is reported separately in profit and loss account.

The Company records the fixed amounts on off-balance accounts. The same approach is used for fair value of a cross-currency swap.

Cross-currency swaps – other conversion

Cross-currency swap interest is recorded at its nominal value. The interest is reported in balance sheet as other debtors, respectively other creditors. The interest is reported separately in profit and loss account.

The Company records the fixed amounts on off-balance accounts. The same approach is used for fair value of a cross-currency swap.

Creditors

Creditors are valued at their nominal value.

Deferred income

Deferred income includes income incurred during the financial year but relating to a subsequent financial year. Financing income linked to the issuance of non-convertible loans is also recorded under the caption “Deferred income”.

Other operating income

Other operating income includes income from invoicing of operating costs and providing management services.

NOTE 3 - FINANCIAL ASSETS

2022	Shares in affiliated undertakings	Loans to affiliated undertakings
<u>Gross book value</u>		
Balance at 1 January 2022	3,660,440	5,563,258
Additions for the year	2,532,413	1,467,931
Transfer for the year	513,380	--
Disposals for the year	(375,556)	(2,126,868)
Balance at 31 December 2022	6,330,677	4,904,321
<u>Accumulated value adjustments</u>		
Balance at 1 January 2022	(144,517)	(117,943)
Allocations for the year	(6,829)	(37,824)
Transfer for the year	--	--
Reversals for the year	2,470	17,781
Balance at 31 December 2022	(148,876)	(137,986)
Net book value as at 1 January 2022	3,515,923	2,477,265
Net book value as at 31 December 2022	6,181,801	4,766,335

3.1 - Shares in affiliated undertakings

IMMOFINANZ AG shares

As at 31 December 2021, the Company owned directly 12,549,547 shares (representing 9.05% stake) in the amount of EUR 258,728 thousand. These shares were reported as Securities held as fixed assts (see Note 3.3). The Company owned indirectly (through WXX1 a.s.) other 14,071,483 shares, representing 11.41% stake, totally 26,621,030 shares, representing 21.59%. The Company conditionally contracted other 13,029,155 shares, representing 10.57%. The Company reached threshold for tender offer.

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

The first tender offer period resulted to acquisition 49,255,960 shares, representing 29.95% stake, in the amount of EUR 1,140,320 thousand. Additionally, the Company acquired through first tender offer convertible bonds in the amount of EUR 6,028 thousand, that were converted into 261,712 shares, representing 0.19%.

The Company transferred shares from Securities held as fixed asset to Shares in affiliated in the amount of EUR 264,756 thousand (EUR 258,728 thousand for purchased shares and EUR 6,028 thousand).

The second tender offer period resulted to acquisition 30,440,879 shares, representing 21.96% stake, in the amount of EUR 704,696 thousand.

S IMMO AG shares

As at 31 December 2021, the Company owned directly 9,160,240 shares (representing 12.44% stake) in the amount of EUR 190,257 thousand. These shares were reported as Securities held as fixed assts (see Note 3.3).

In January 2022, the Company acquired 2,658,428 shares (representing 3.61% stake) in the amount of EUR 58,638 thousand.

In June 2022, S IMMO AG amended Articles of Association and abolished maximum voting rights. So the Company reached threshold for tender offer with shares, that owned indirectly, by IMMOFINANZ AG.

The first tender offer resulted to acquisition of 26,983,707 shares, representing 36.66% stake, in the amount of EUR 620,762 thousand. The Company transferred shares from Securities held as fixed asset to Shares in affiliated in the amount of EUR 248,624 thousand.

The second tender offer resulted to acquisition of 6743,731 shares, representing 9.16% stake, in the amount of EUR 155,136 thousand.

On 27 December, the Company sold 17,305,012 shares, representing 23.51% stake, to IMMOFINANZ AG.

Although the Company owned directly only 38.37% stake in S IMMO AG at the end of the year, the shares are reported a affiliated. The Company still owned 76.87% stake indirectly.

In the context of the impairment analysis, the Company compared carrying amounts with net equity of respective affiliated undertakings and applied value adjustments. Results of value adjustments are reported in Note 21 and 26.

Affiliated undertakings in which the Company holds participation in their share capital are detailed in the following table on the next page.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

Name of the undertaking	Country	Ccy	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (3)	Result of 2022
				31.12.2022	in 2022	31.12.2022	31.12.2021	in 2022	31.12.2022	31.12.2021	31.12.2022		
1 Bishops Avenue Limited (9)	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	31,670	(4,692)
7 ST JAMES'S SQUARE LIMITED (9)	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	31,212	4,296
Airport City Phase B Kft.(1)	Hungary	HUF	--	718	(718)	--	--	--	--	718	--	--	--
APULIA INVESTMENTS 1 S.R.L.	Italy	EUR	100.00%	21	--	21	(11)	(10)	(21)	11	--	(97)	(107)
APULIA INVESTMENTS 2 S.R.L.	Italy	EUR	100.00%	21	40	61	(21)	(40)	(61)	--	--	(23)	(4)
APULIA INVESTMENTS 3 S.R.L.	Italy	EUR	100.00%	21	--	21	(3)	(4)	(7)	19	14	14	(4)
APULIA INVESTMENTS 4 S.R.L.	Italy	EUR	100.00%	21	--	21	(3)	(4)	(7)	19	14	14	(4)
Baron Puglia S.r.l.	Italy	EUR	100.00%	761	800	1,561	--	(602)	(602)	761	959	959	(1,312)
CM Hotels SA	Switzerland	CHF	100.00%	92	--	92	(92)	--	(92)	--	--	(2,612)	(112)
CPI Alberghi HI Roma S.r.l.	Italy	EUR	100.00%	30,157	(200)	29,957	--	--	--	30,157	29,957	34,600	(654)
CPI Bologna S.P.A.	Italy	EUR	100.00%	50	--	50	--	--	--	50	50	72,247	(96)
CPI FIM SA	Luxembourg	EUR	97.31%	358,186	--	358,186	--	--	--	358,186	358,186	863,084	138,035
CPI Finance CEE, a.s.	Czech Republic	CZK	100.00%	75	--	75	(2)	2	--	73	75	75	(1)
CPI Hibiscus S.r.l.CPI (formerly Air Italy S.r.l.)	Italy	EUR	100.00%	10	3,000	3,010	--	--	--	10	3,010	11,900	(9,063)
CPI Italy - S.r.l.	Italy	EUR	100.00%	10	--	10	(10)	10	--	--	10	269	539
CPI Lambrate S.r.l.	Italy	EUR	100.00%	10	3,000	3,010	--	--	--	10	3,010	11,900	(9,063)
CPI Medici S.r.l.	Italy	EUR	100.00%	10	1,500	1,510	--	--	--	10	1,510	20,003	(1,789)
CPI Next Level Ventures GmbH	Germany	EUR	100.00%	12,906	--	12,906	(12,906)	--	(12,906)	--	--	(53,154)	(928)
CPI North, s.r.o.	Czech Republic	CZK	100.00%	4	--	4	--	--	--	4	4	904	127
CPI PARKING S.r.l.	Italy	EUR	100.00%	10	1,500	1,510	(10)	(1,208)	(1,218)	--	292	292	(1,109)
CPI Sicilia -S.r.l.	Italy	EUR	100.00%	10	--	10	(5)	5	--	5	10	11	(30)
Czech Property Investments, a.s.	Czech Republic	CZK	100.00%	1,908,685	(159,416)	1,749,269	--	--	--	1,908,685	1,749,269	2,994,073	280,720
Duca Puglia S.r.l.	Italy	EUR	100.00%	21	800	821	--	(821)	(821)	21	--	(1,976)	(2,539)
Freccia Alata 2 S.r.l.	Italy	EUR	100.00%	5,334	--	5,334	(5,334)	--	(5,334)	--	--	(5,299)	1,006

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

Name of the undertaking	Country	Ccy	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (3)	Result of 2022
			31.12.2022	31.12.2021	in 2022	31.12.2022	31.12.2021	in 2022	31.12.2022	31.12.2021	31.12.2022		
Gewerbesiedlungs-Gesellschaft mbH	Germany	EUR	94.99%	74,768	--	74,768	--	--	--	74,768	74,768	3,718,060	162,868
GSG Holding 2 GmbH	Germany	EUR	100.00%	198	--	198	(175)	--	(175)	22	22	22	--
IMMOFINANZ AG(4,7)	Austria	EUR	66.71%	95	2,110,384	2,110,479	--	--	--	95	2,110,479	3,790,223	142,601
Isalotta GP GmbH & Co. Verwaltungs KG	Germany	EUR	94.99%	3,765	--	3,765	--	--	--	3,765	3,765	207,209	(2)
IVRAVODA LIMITED	Cyprus	EUR	100.00%	640	--	640	(640)	--	(640)	--	--	--	--
Mercuda, a.s.	Czech Republic	CZK	100.00%	37,186	--	37,186	--	--	--	37,186	37,186	86,657	1,931
Millennium S.r.l. Unipersonale	Italy	EUR	100.00%	59	--	59	--	--	--	59	59	2,853	(1,041)
Moritzstr. 23 GmbH(8)	Germany	EUR	50.00%	357	--	357	(357)	7	(350)	--	7	14	34
Next RE Siiq S.p.A	Italy	EUR	79.72%	40,161	4,779	44,940	--	--	--	40,161	44,940	87,520	1,518
PARCO DELLE CASE BIANCHE, S.R.L.	Italy	EUR	100.00%	7,050	3,000	10,050	(4,202)	(3,876)	(8,078)	2,848	1,972	1,972	(3,876)
Peabody Lamaro Roma S.r.l.	Italy	EUR	100.00%	1,806	--	1,806	--	--	--	1,806	1,806	8,453	835
PTR PRIME TOURIST RESORTS (CYPRUS) LIMITED	Cyprus	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	--	--
Rathenower Str. 63-64 GmbH(8)	Germany	EUR	50.00%	1,310	--	1,310	(1,068)	(242)	(1,310)	241	--	(497)	(13)
Remontées Mécaniques Crans Montana Aminona (CMA) SA	Switzerland	CHF	99.70%	97,889	--	97,889	(77,715)	2,447	(75,268)	20,175	22,621	27,117	1,617
Ritterstr. 120 GmbH(8)	Germany	EUR	50.00%	1,621	--	1,621	(1,621)	--	(1,621)	--	--	(115)	--
S IMMO AG(4,6)	Austria	EUR	38.37%	--	649,684	649,684	--	--	--	--	649,684	1,697,228	27,200
Savile Row 1 Limited(10)	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	(6,017)	(12,201)
SCI MAS CANTAGRELI	France	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	(5,228)	(232)
SCP AILEY(5)	Monaco	EUR	99.90%	1	--	1	(1)	--	(1)	--	--	(882)	(112)
SCP CISKEY(5)	Monaco	EUR	99.90%	116	--	116	(116)	--	(116)	--	--	(22,566)	(949)
SCP KANDLER(5)	Monaco	EUR	99.90%	14	--	14	(14)	--	(14)	--	--	(2,293)	2,857
SCP MADRID(5)	Monaco	EUR	99.90%	1	--	1	--	--	--	1	1	301	(85)
SCP NEW BLUE BIRD(5)	Monaco	EUR	99.90%	--	--	--	--	--	--	--	--	(6,171)	(102)
SCP PIERRE CHARRON(5)	Monaco	EUR	99.90%	19	--	19	--	--	--	19	19	2,362	25
SCP Reflets(2,5)	Monaco	EUR	99.90%	--	20	20	--	(20)	(20)	--	--	(7,283)	(192)

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

Name of the undertaking	Country	Ccy	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (3)	Result of 2022
			31.12.2022	31.12.2021	in 2022	31.12.2022	31.12.2021	in 2022	31.12.2022	31.12.2021	31.12.2022		
SCP VILLA DE TAHITI(5)	Monaco	EUR	99.90%	3,348	--	3,348	--	--	--	3,348	3,348	4,480	(490)
Sunčani Hvar d.d.	Croatia	HRK	100.00%	2,156	--	2,156	--	--	--	2,156	2,156	16,450	5,489
Sunčani Hvar Nekretnine d.o.o.	Croatia	HRK	100.00%	97,031	--	97,031	--	--	--	97,031	97,031	125,650	(2,715)
TEVAT LIMITED	Cyprus	EUR	50.00%	672,303	--	672,303	--	--	--	672,303	672,303	1,643,779	38,562
Uchaux Limited	Great Britain	GBP	100.00%	4	--	4	--	--	--	4	4	1,531	(105)
Vitericon Projektentwicklung GmbH	Germany	EUR	100.00%	40,210	--	40,210	(40,210)	--	(40,210)	--	--	--	--
WXZ1 a.s.	Czech Republic	CZK	100.00%	261,195	52,064	313,260	--	--	--	261,195	313,260	264,751	(534)
ZLATICO LIMITED(5,9)	Cyprus	EUR	0.10%	--	--	--	--	--	--	--	--	919	(13)
Difference due to rounding to thousand EUR and linking Total to other tables				2	--	1	1	(3)	(1)	--	--	--	--
Total				3,660,440	2,670,237	6,330,677	(144,517)	(4,359)	(148,876)	3,515,923	6,181,801		

(1) Company disposed or liquidated during financial year
(2) Acquisition occurred during the financial year
(3) Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU
(4) Transfer from Securities held as fixed assets (see Note 3.3)
(5) CPI PG owned indirectly 100.00%
(6) CPI PG owned indirectly 76.87%
(7) CPI PG owned indirectly 76.86%
(8) Net equity calculation is based on local Financial Statements
(9) Acquisition cost is less than 500 EUR, there is no impairment.
(10) Acquisition cost is less than 500 EUR and is fully impaired.

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

3.2 - Loans to affiliated undertakings

	2022	2021
Amount due	4,904,321	5,563,258
Value adjustments	(137,986)	(117,944)
Net value	4,766,335	5,445,314

The Company provided loans to affiliated undertakings with interest rate range of 0.65%-10.23% p.a. and maturity dates until January 2031. Further, the Company provides non-interest bearing loans to its affiliated undertakings WXZ1, CPI Bologna, APULIA INVESTMENTS 1 and British affiliated undertakings with maturity dates until 7 February 2072.

Results of value adjustments are reported in Note 21 and 26.

3.3 - Securities held as fixed assets

As of 31 December 2022, the Company holds the following securities classified as fixed assets:

2022	Securities lower of cost or market value	Securities Fair value based	Total
<u>Acquisition cost</u>			
Balance at 1 January 2022	511,331	7	511,338
Additions for the year	212,011	6,424	218,427
Transfer for the year	(513,380)	--	(513,372)
Disposals for the year	--	--	--
Balance at 31 December 2022	209,962	6,431	216,393
<u>Accumulated value adjustments</u>			
Balance at 1 January 2022	--	--	--
Additions for the year	--	(1,733)	(1,733)
Transfer for the year	--	--	--
Disposal for the year	--	1	1
Balance at 31 December 2022	--	(1,732)	(1,732)
Net book/Fair value as at 1 January 2022	511,331	7	511,338
Net book/Fair value as at 31 December 2022	209,962	4,699	214,661

Securities – lower of cost or recoverable value

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

The Company subscribed 1,499 units (2021: 623 units) of Generation Fund managed By DeA Capital Sgr S.p.A. (“Generation Fund”), the Company’s investment vehicle, in the value of 177,260,000 EUR (2021: 62,300,000 EUR), that represents 93.34% of all units (2021: 94.11%).

IMMOFINANZ AG shares

The Company acquired more than 50% of shares of IMMOFINANZ AG through Anticipatory Mandatory Takeover Offer, therefore transferred shares from Securities held as fixed assets to Shares in affiliated in the amount of 264,756 thousand EUR.

S IMMO AG shares

The Company acquired more than 50% of shares of S IMMO AG in 2022, therefore transferred shares from Securities held as fixed assets to Shares in affiliated in the amount of 248,624 thousand EUR.

Securities – Fair value based

The Company values listed shares at fair value. The shares are quoted an active stock exchange and consequently the stock price on these markets is considered as fair value. Results of fair value adjustments are reported in Note 22.

3.4 - Other loans

	2022				2021			
	Principal	Guarantee	Other	Total	Principal	Gurarante	Other	Total
Amount due	169,589	9,070	--	178,659	--	70	--	70
Value adjustments	--	--	--	--	--	--	--	--
Net value	169,589	9,070	--	178,659	--	70	--	70

The Company provided loan to Senales Invest S.à r.l., a company owned by primary shareholder of the Company, with interest rate of 5.00% p.a. and maturity date of 31 May 2027.

NOTE 4 - CURRENT ASSETS

4.1 - Amounts owed by affiliated undertakings becoming due and payable within one year

	2022				2021			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	241,268	86,962	1,846	330,076	227,313	119,895	107,656	454,864
Value adjustments	--	(1,272)	(257)	(1,529)	--	(1,865)	(257)	(2,122)
Net value	241,268	85,690	1,589	328,547	227,313	118,030	107,399	452,742

4.2 - Amounts owed by affiliated undertakings becoming due and payable after more than one year

	2022				2021			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	--	4,100	--	4,100	69,728	3,646	1	73,375
Value adjustments	--	--	--	--	--	--	--	--
Net value	--	4,100	--	4,100	69,728	3,646	1	73,375

4.3 - Other debtors becoming due and payable within one year

	2022				2021			
	Interest	Other	Tax authorities	Total	Interest	Other	Tax authorities	Total
Amount due	3,350	388	96	3,834	732	388	203	1,323
Value adjustments	--	(388)	--	(388)	--	(388)	--	(388)
Net value	3,350	--	96	3,446	732	--	203	935

The Company borrowed more than 30 billion Hungarian Forints (see Note 10.2) from CPI Hungary Investments and converted this amount into Euro through a cross-currency interest rate swap (see Note 8.22). The Company recognizes interest receivable from this cross-currency interest rate swap in the amount of EUR 661 thousand (2021: EUR 732 thousand), see Note 11.

NOTE 5 - OWN SHARES

On 9 November 2022, the Board of Directors of the Company decided to proceed to a buy-back of certain shares of the Company under the share buy-back programme. On 30 November 2022, the Company announced the completion of the acquisition of 198,065,039 Tendered Shares for an aggregate price of EUR 190,340,502.48 (or EUR 0.961 per Tendered Share). The Company intends to cancel the Tendered Shares through a share capital reduction at the next general meeting.

Of the total, 184,587,371 shares were tendered by Larnoya Invest, a company owned by the Company’s primary shareholder, Radovan Vitek, for an aggregate price of EUR 177,388,463.53. The rest of the shares were tendered primarily by Clerius Properties (Apollo), with a small amount tendered by management and a minority shareholder.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 6 - PREPAYMENTS

Prepayments are mainly composed of transaction cost and discounts relating to the issuance of non-convertible loans ("Notes" - see Note 8). The corresponding issuance cost is amortized over the life of the related Notes.

The Company repurchased, tendered and subsequently cancelled some of its Notes issued (see Note 8). Transaction costs and discounts related to Notes, which were cancelled in 2022, were expensed in 2022.

	2022				2021			
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
Notes issuing costs	19,278	60,346	12,398	92,022	19,203	61,389	13,907	94,499
Credit institution loans costs	3,224	18,005	11	21,240	9,685	2,283	1	11,969
Other	388	--	--	388	116	--	--	116
Total prepayments	22,890	78,351	12,409	113,650	29,004	63,672	13,908	106,584

NOTE 7 - CAPITAL AND RESERVES

7.1 - Subscribed capital and share premium account

As of 31 December 2022, the share capital amounts to EUR 890,291,530 (2021: EUR 890,291,530) and is represented by 8,902,915,298 ordinary shares (2021: 8,902,915,298) with par value of EUR 0.10 each fully paid in.

7.2 - Share buy-back programme

The annual general meeting of the shareholders of the Company held on 30 May 2022 (the "2022 AGM") approved the terms and conditions of a buy-back programme of the Company. The buy-back programme enables the Company to repurchase its own shares and authorises the Company to redeem/repurchase its own shares under the terms and conditions set forth therein. In particular, the 2022 AGM authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 1,000,000,000 shares in the Company from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent EUR 0.01 and EUR 5, for a period of five years from the date of the 2022 AGM. The 2022 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company's available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

As at 31 December 2022, the Company is authorised to redeem/repurchase up to 801,934,961 own shares under the buyback programme approved by the 2022 AGM. For further terms and conditions of buyback please refer to the buyback programme of the Company, that is available on the Company's websites www.cpipg.com.

7.3 - Authorized capital not issued

The extraordinary general meeting of the shareholders of the Company held on 1 March 2018 (the "2018 EGM") resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of EUR 5,000 million for a period of 5 years from 1 March 2018, which would authorise the issuance of up to 40,000,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares of the Company.

The 2018 EGM approved the report issued by the Board of Directors relating to the possibility for the Board of Directors of the Company to cancel or limit preferential subscription rights of the shareholders of the Company upon increases of share capital in the framework of the authorised share capital of the Company.

As at 31 December 2022, the authorized share capital of the Company amounts to €3,885,714,258.70, which would authorise the Board of Directors to issue up to 38,857,142,857 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding.

7.4 - Legal reserve

In accordance with the Commercial Company Law, the Company must appropriate to the legal reserve a minimum of 5% of the annual net profit until such reserve equals 10% of the subscribed capital. Distribution by way of dividends of the legal reserve is prohibited.

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

7.5 - Movements in capital and reserves

	Subscribed capital	Share premium account	Legal reserve	Profit brought forward	Profit / (loss) for the financial year	TOTAL
As at 31 December 2021	890,292	777,525	57,949	23,196	29,837	1,778,799
Allocation of previous year's profit	--	--	1,491	28,346	(29,837)	--
Loss for the financial year	--	--	--	--	(145,759)	(145,759)
As at 31 December 2022	890,292	777,525	59,440	51,542	(145,759)	1,633,040

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 8 - NON-CONVERTIBLE LOANS/NOTES

The Company issued several series of non-convertible loans (“Notes”) under its Euro Medium Term Note Programme since September 2017. The Company issued first-time placement of private senior unsecured notes with US institutional investors in three tranches in April 2022.

Non-convertible loans consist of notes issued by the Company as follows:

ISIN	Nominal amount	Currency	Issued/purchase price per note	Maturity date	Nominal interest rate	Listing
XS1693959931(5)	825,000,000	EUR	99.039-100.323	4 October 2024	2.13%	Euronext Dublin
CHO441186472	150,700,000	CHF	100.000	25 October 2023	1.63%	SIX Swiss Exchange
XS1917855337	3,000,000,000	JPY	100.000	8 December 2028	2.00%	Tokyo Pro-Bonds market
XS1950499639	450,000,000	HKD	100.000	12 February 2024	4.51%	Euronext Dublin
XS1955030280(5)	350,000,000	USD	99.551-103.770	8 March 2023	4.75%	Euronext Dublin
XS1982704824	550,000,000	EUR	98.676	Undated(1)	4.88%	Euronext Dublin
XS2008905155	283,000,000	HKD	100.000	6 June 2026	4.45%	Euronext Dublin
XS2069407786	750,000,000	EUR	98.122	23 April 2027	1.63%	Euronext Dublin
XS2106589471	400,000,000	GBP	98.065-98.675	22 January 2028	2.75%	Euronext Dublin
XS2106857746	150,000,000	SGD	100.000	Undated(2)	4.875%	Euronext Dublin
XS2117757182	250,000,000	HKD	100,000	13 February 2030	3.014%	Euronext Dublin
XS2171875839	750,000,000	EUR	97.663	12 May 2026	2.75%	Euronext Dublin
XS2231191748	525,000,000	EUR	97.410-97.600	Undated(3)	4.875%	Euronext Dublin
XS2290544068	765,000,000	EUR	95.326-98.467	27 January 2031	1.50%	Euronext Dublin
XS2290533020	475,000,000	EUR	97.250-98.356	Undated(4)	3.750%	Euronext Dublin
XS2307032644	3,000,000,000	JPY	100.000	25 February 2025	0.710%	Tokyo Pro-Bonds market
XS2394029685	2,600,000,000	JPY	100.000	7 April 2025	0.350%	Tokyo Pro-Bonds market
XS2432162654	700,000,000	EUR	98.046	14 January 2030	1.750%	Euronext Dublin
XS2432162654	-19,500,000	EUR	78.250	14 January 2030	1.750%	Euronext Dublin
L1300@AA8	120,000,000	USD	100.000	5 May 2027	6.020%	Private placement
L1300@AB6	100,000,000	USD	100.000	5 May 2028	6.060%	Private placement
L1300@AC4	110,000,000	USD	100.00	5 May 2029	6.150%	Private placement

(1) subordinated, no fixed maturity date and are callable by the Company from 18 July 2025
(2) subordinated, no fixed maturity date and are callable by the Company at the beginning of 2025
(3) subordinated, no fixed maturity date and are callable by the Company in November 2023
(4) subordinated, no fixed maturity date and are callable by the Company from 27 July 2028
(5) fully repaid/cancelled in 2022

	Within one year	Within 5 years	After more than 5 years	2022 Total	Within one year	Within 5 years	After more than 5 years	2021 Total
Nominal value	153,041	2,924,900	2,618,923	5,696,864	--	2,773,444	2,544,443	5,317,887
<i>issued value</i>	<i>153,041</i>	<i>2,924,900</i>	<i>2,646,703</i>	<i>5,724,645</i>	--	--	--	--
<i>own notes</i>	--	--	<i>(27,780)</i>	<i>(27,780)</i>	--	--	--	--
Interest	76,775	--	--	76,775	78,621	--	--	78,621
Total non-convertible loans (Nominal value)	229,816	2,924,900	2,618,923	5,773,639	78,621	2,773,444	2,544,443	5,396,508
Prepayment	(19,278)	(60,346)	(12,398)	(92,022)	(19,203)	(61,389)	(13,907)	(94,499)
Deferred income	1,701	6,802	992	9,495	824	186	--	1,010
Total	212,239	2,871,356	2,607,517	5,691,112	74,913	2,717,683	2,505,923	5,303,019

8.1 - ISIN XS1693959931

In 2017, the Company issued EUR 825 million 7-year senior notes in two tranches.

The first tranche of EUR 600 million was issued on 4 October 2017, at an issue price of 99.039%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 6).

The second tranche of EUR 250 million was issued on 6 December 2017, at an issue price of 100.323%. The corresponding premium has been recorded under the caption “Deferred income” (see Note 12).

In 2020 the Company made tender offer for purchase this issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of EUR 456,673,000. Repurchased Notes were cancelled on 15 May 2020.

The Company purchased in January 2021 part of issuance in the nominal value of EUR 128,922,000 through tender offer. Repurchased Notes were cancelled.

The Company redeemed outstanding amount of issuance in the nominal value of EUR 239,405,000 EUR on 31 January 2022, the optional redemption amount of 106.500 % of the nominal value. Result of redemption is reported in Note 22.2.

8.2 - ISIN CHO441186472

On 25 October 2018, the Company issued CHF 165 million of 5-year senior notes. Out of total proceeds of the issuance the Company converted CHF 100 million the proceeds into Euro through a cross-currency interest rate swap (see Note 8.22).

On 20 May 2020, the Company repurchased CHF 14,300,000 and next day were cancelled. Outstanding amount after this repurchase was EUR 150,700,000.

8.3 - ISIN XS1917855337

On 10 December 2018 the Company issued JPY 3 billion of 10-year senior notes. The Company converted the issuance into Euro through a cross-currency interest rate swap and switched fixed interest rate to variable interest rate (see Note 7.21).

8.4 - ISIN XS1950499639

On 12 February 2019 the Company issued HKD 450 million of 5-year senior notes. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.22).

8.5 - ISIN XS1955030280

On 8 March 2019 the Company issued USD 350 million of senior notes due 8 March 2023 at an issue price 99.551%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 6). The Company converted the proceeds into Euros through cross-currency swaps.

On 25 July 2019 the Company issued second tranche of USD senior notes in the amount of USD 100 million at an issue price 103.77%. The corresponding premium has been recorded under the caption “Deferred income” (see Note 12). The Company converted the proceeds into Euros through cross-currency swaps as well. (see Note 8.22).

On 5 May 2020, the Company made Tender offer for purchase this Issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of USD 73,107,000. Repurchased Notes were cancelled on 15 May 2020.

The Company redeemed outstanding amount of issuance in the nominal value of USD 376,893,000 on 31 January 2022, the optional redemption amount of 104.830 % of the nominal value. Result of redemption is reported in Note 22.2.

8.6 - ISIN XS1982704824

On 16 April 2019 the Company issued EUR 550 million of resettable undated subordinate notes at an issue price 98.676%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 6). The notes have no fixed maturity date and are callable by the Company from 18 July 2025.

8.7 - ISIN XS2008905155

On 6 June 2019 the Company issued HKD 283 million of senior notes due 6 June 2026. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.22).

8.8 - ISIN XS2069407786

On 28 October 2019 the Company issued EUR 750 million of senior notes, “green bonds”, due 23 April 2027 at an issue price 98.122%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 6).

8.9 - ISIN XS2106589471

On 22 January 2020 the Company issued GBP 350 million of 8-year senior green notes at as an issue price 98.675%.

On 24 January 2022 the Company issued second tranche in the amount of GBP 50 million of senior green notes at as issue price 98.065%.

The corresponding discounts have been recorded under the caption “Prepayments” (see Note 6). The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.22).

113

Declaration letter

113

Consolidated financial statements

159

Independent auditor’s report CFS

163

Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

8.10 - ISIN XS2106857746

On 23 January 2020 the Company issued SGD 150 million of perpetual subordinated notes. The corresponding discount has been recorded under the caption “Prepayments” (see Note 6). The Notes have no fixed maturity date and are callable by the Company at the beginning of 2025. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.22).

8.11 - ISIN XS2117757182

On 13 February 2020 the Company issued HKD 250 million of 10-year senior notes. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.22).

8.12 - ISIN XS2171875839

On 12 May 2020 the Company issued EUR 750 million of senior unsecured green bonds due 12 May 2026 at as an issue price 97.663%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 6).

8.13 - ISIN XS2231191748

On 16 September 2020 the Company issued EUR 500 million of undated subordinate Notes at an issue price 97.410 %. The corresponding discount has been recorded under the caption “Prepayments” (see Note 6). The Notes have no fixed maturity date and are callable by the Company in November 2026.

The next day, 17 September 2020, the Company issued other 25 million of undated subordinated Notes at an issue price 97.600%. The Notes have no fixed maturity date and are callable by the Company in November 2026.

8.14 - ISIN XS2290544068

On 27 January 2021, the Company issued EUR 600 million of senior unsecured notes due 27 January 2031 at as an issue price 98.374%. On 2 February 2021, the Company issued second tranche in the amount of EUR 50 million, with issue price 98.467%.

On 8 September 2021, the Company issued third tranche in the amount of EUR 100 million, with issue price 97.50%. The latest issuance occurred on 30 December 2021 in the amount of EUR 100 million, with issue price 95.326%.

The corresponding discounts have been recorded under the caption “Prepayments” (see Note 6).

From May 2022 to July 2022 the Company purchased and cancelled notes in the amount of EUR 85 million at the purchase price 75.25%. Result of purchase and cancellation is reported in Note 22.2.

As at 31 December 2022, total amount of issuance was EUR 765 million.

8.15 - ISIN XS2290533020

On 27 January 2021, the Company issued EUR 400 million of undated subordinated Notes callable in 2028 at as an issue price 98.356%.

The second tranche of EUR 75 million was issued on 8 September 2021, at an issue price of 97.250%.

The corresponding discounts have been recorded under the caption “Prepayments” (see Note 6).

In October 2022 the Company purchased EUR 27.78 million of undated subordinated Notes at the purchase price 64.800 %. The difference between nominal value and purchase price has been recorded under the caption “Deferred income” (see Note 12). Purchase notes has not been cancelled.

As at 31 December 2022, outstanding amount of issuance was EUR 447.22 million.

8.16 - ISIN XS237032644

On 25 February 2021, the Company issued JPY 3 billion of senior notes. The Company converted the issuance into Euro through a cross-currency interest rate swap and switched fixed interest rate to variable interest rate (see Note 8.22).

8.17 - ISIN XS2394029685

On 25 February 2021, the Company issued JPY 2,600 million of senior notes. The Company converted the issuance into Euro through a cross-currency interest rate swap and switched fixed interest rate to variable interest rate (see Note 8.22).

8.18 - ISIN XS2432162654

On 14 January 2022, the Company issued EUR 700 million of senior notes, at an issue price of 98.046%. The corresponding discount has been recorded under caption “Prepayment” (see Note 6).

From May 2022 to June 2022 the Company purchased and cancelled EUR 19.5 million of senior notes at the purchase price 78.250%. Result of purchase and cancellation is reported in Note 22.2.

8.19 - Private placement L1300@AA8

On 5 May 2022, the Company issued USD 120 million 4-year private placement notes to US institutional investors. The Company converted issuance into Euro through a cross-currency interest rate swap (see Note 8.22).

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

8.20 - Private placement L1300@AB6

On 5 May 2022, the Company issued USD 100 million 5-year private placement notes to US institutional investors. The Company converted issuance into Euro through a cross-currency interest rate swap (see Note 8.22).

8.21 - Private placement L1300@AC4

On 5 May 2022, the Company issued USD 110 million 6-year private placement notes to US institutional investors. The Company converted issuance into Euro through a cross-currency interest rate swap (see Note 8.22).

8.22 - Cross-currency interest rate swaps

The proceeds from the issuance of notes in CHF, JPY, HKD, USD, GBP and SGD the Company converted into Euro through cross-currency interest rate swaps. The Company uses the cross-currency interest rate swaps to manage its foreign currency and interest rate exposures.

The Company concluded cross-currency interest rate swap with Raiffeisen Bank International AG to convert proceeds from issuance HUF 30 billion of senior unsecured green notes with a 10-year maturity. CPI PG borrowed this proceeds from its subsidiary CPI Hungary Investments Kft. (see Note 10.2).

The fair value of the cross-currency interest rate swaps is as follows:

2022	Within one year			Within 5 years			After more than 5 years		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	thousand EUR		million	thousand EUR		million	thousand EUR	
GBP	--	--	--	--	--	--	200	225,497	(8,492)
HUF*	--	--	--	--	--	--	30,000	74,837	(29,308)
HKD	--	--	--	733	88,140	(8,277)	250	30,061	1,862
CHF	86	87,032	12,732	--	--	--	--	--	--
JPY	--	--	--	5,600	39,812	(886)	3,000	21,328	87
USD	--	--	--	120	112,507	(4,153)	210	196,887	(9,460)
SGD	--	--	--	150	104,895	8,425	--	--	--
Total		87,032	12,732		345,354	11,663		548,610	(45,311)

2021	Within one year			Within 5 years			After more than 5 years		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	thousand EUR		million	thousand EUR		million	thousand EUR	
GBP	--	--	--	--	--	--	150	178,512	1,739
HUF*	--	--	--	--	--	--	30,000	81,259	(25,524)
HKD	--	--	--	733	82,981	2,521	250	28,302	(1,226)
CHF	--	--	--	86	82,954	7,708	--	--	--
JPY	--	--	--	5,600	42,951	(575)	3,000	23,010	(1,772)
USD	--	--	--	377	332,768	7,094	--	--	--
SGD	--	--	--	150	98,174	(117)	--	--	--
Total		--	--		639,828	16,631		311,083	(26,783)

(*) cross currency interest rate swap linked to received loan from CPI Hungary Investments Kft.

8.23 - Costs linked Non-convertible loans/Notes

In 2022, non-convertible loans generated expenses in the amount of EUR 226,283 thousand (2021: EUR 231,073 thousand), see Note 22.2.

8.24 - Covenants on Notes

The issued Notes are subject to covenants (detail of covenants is available in the Company prospectus on the Company's website). As at 31 December 2022 and 2021, all covenants were met.

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 9 - AMOUNTS OWED TO CREDIT INSTITUTIONS

Credit facilities are summarized in the following table:

Total	Within one year	Within 5 years	After more than 5 years	2022	Within one year	Within 5 years	After more than 5 years	2021
				Total				Total
Principal	--	1,871,400	77,000	1,948,400	--	--	10,000	10,000
Interest	4,236	--	--	4,236	394	--	--	394
Total amounts owed to credit institution	4,236	1,871,400	77,000	1,952,636	394	--	10,000	10,394
Prepayment	(3,224)	(18,005)	(11)	(21,240)	(9,685)	(2,283)	(1)	(11,969)
Deferred income	--	--	--	--	--	--	--	--
Total	1,012	1,853,395	76,989	1,931,396	(9,291)	(2,283)	9,999	(1,575)

9.1 - Schuldschein instruments

In 2019 the Company started with Promissory Loans, traditional German loan-style instruments called Schuldschein, with UniCredit Bank AG and Raiffeisen Bank International AG. In April/May 2022 the Company placed other promissory notes in the amount of EUR 183 million to increase open balance to EUR 193 million, due from 2026 to 2027 (2021: EUR 10 million). Interest rate of new loans aggregate margin and 6M EURIBOR, loan from 2019 has fixed interest rate 2.696% p.a.

9.2 - EUR 700 million revolving credit facility

In November 2020 the Company signed unsecured EUR 700 million revolving credit facility with ten international banks with floating interest rate linked to EURIBOR. The facility matures in January 2026. The Company did not used this credit facility in 2022.

9.3 - EUR 2,500 million bridge facility agreement

On 30 November 2021, the Company signed a new EUR 2,500 million unsecured bridge facility agreement with ten international banks to finance anticipatory mandatory takeover offer for IMMOFINANZ AG shares. The Company drew EUR 1,845 million in two tranches. The Company repaid EUR 1,014 million during 2022. The original maturity in January 2023 was prolonged to July 2023. The Company has unconditional right to effectively defer settlement of this facility to January 2024 and in combination with new term facility agreement to January 2025 (see Note 9.6). Interest rate aggregates 1M EURIBOR and margin.

9.4 - EUR 1,250 million bridge facility agreement

On 25 February 2022, the Company signed a new EUR 1,250 million unsecured bridge facility agreement with ten international banks to finance anticipatory mandatory takeover offer for S IMMO AG shares. The Company drew EUR 825 million in three tranches. Original maturity in April 2023 was prolonged to October 2023. The Company has unconditional right to effectively defer settlement of this facility to April 2024 and in combination with new term facility agreement to April 2025 (see Note 9.6). Interest rate aggregates 1M EURIBOR and margin.

9.5 - EUR 100 million term facility agreement

On 27 June 2022, the Company entered in unsecured term facility agreement with SMBC BANK EU AG. The Company drew the loan at the end of June with maturity in January 2026 and interest rate 1M EURIBOR plus margin.

9.6 - EUR 1,852 million term facility agreement

On 31 August 2022, the Company signed unsecured term facility agreement with total commitment EUR 1,852 million to refinance bridge loans. Available commitment of the term facility agreement was decreased to EUR 1,655 million as a result of repayment of bridge loan EUR 1,250 million in September and December and real drawdown of bridge loan EUR 1,250 million. The Company has unconditional right to effectively defer settlement of this facility to January and April. Interest rate combines EURIBOR and margin.

9.7 - Costs linked to Amounts owed to credit institutions

In 2022, the credit facilities, unsecured term loans and Schuldschein generated expenses in the amount of EUR 3,939 thousand (2021: EUR 27,305 thousand), see Note 22.2.

9.8 - Covenants on bank loans

Bank loans are subject to covenants. The covenants were met as at 31 December 2022 and 2021. The bank loans covenants are fully aligned with the Company's EMTN programme.

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 10 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

10.1 - Amounts owed to affiliated undertakings, becoming due and payable within one year

	2022	2021
Principal	56	54
Interest	118,084	98,338
Other	12,939	11,866
Total	131,079	110,258

The Company concluded Cash pooling framework agreement with CPI FIM SA (Sub-pool leader) in February 2020. The principal in the amount of EUR 987 thousand (2021: EUR 614 thousand) and EUR 3 interest (2021: nil) are reported as Other.

10.2 - Amounts owed to affiliated undertakings, becoming due and payable after more than one year

	2022	2021
Principal	2,559,714	2,820,098
Interest	1,543	771
Total	2,561,257	2,820,869

The Company received loans with interest range 1.5% - 6% p.a. (2021:1.5% - 6%) with maturity until at 6 August 2030.

NOTE 11 - OTHER CREDITORS BECOMING PAYABLE WITHIN ONE YEAR

	2022	2021
Interest	425	425
Others	349	1,571
Total	774	1,996

From its subsidiary CPI Hungary Investments, the Company borrowed 30 billion Hungarian Forint (see Note 10.2) and converted this amount into Euro through a cross-currency interest rate swap (see Note 8.22). The Company recognizes interest payable from this cross-currency interest rate swap in the amount of EUR 425 thousand (see Note 4.3).

NOTE 12 - DEFERRED INCOME

Deferred income consists of premium that arose from the issuance of notes under EMTN programme (see Note 8.15).

	Within one year	Within 5 years	After more than 5 years	2022	Within one year	Within 5 years	After more than 5 years	2021
				Total				Total
Deferred income on Notes	1,701	6,802	992	9,495	823	186	--	1,009
Total	1,701	6,802	992	9,495	823	186	--	1,009

NOTE 13 - OTHER OPERATING INCOME

The other operating income includes remuneration for providing comprehensive and professional services in expert and in an efficient manner.

	2022	2021
Services provided to affiliated	858	401
Others	--	177
Total	858	578

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 14 - OTHER EXTERNAL EXPENSES

Other external expenses are compose as follows:

	2022	2021
Rental, maintenance and repairs	12	12
Financial services	1,394	269
Bank fees	108	213
Professional fees:	4,208	4,232
<i>legal fee</i>	<i>500</i>	<i>1,568</i>
<i>audit fee</i>	<i>300</i>	<i>248</i>
<i>advisory fee</i>	<i>96</i>	<i>59</i>
<i>other fee</i>	<i>180</i>	<i>89</i>
<i>management fee from affiliated</i>	<i>507</i>	<i>--</i>
<i>share capital increase fee</i>	<i>2,625</i>	<i>2,268</i>
Advertising, publications, public relations	176	291
Insurance fee	71	--
Travelling costs	83	32
Other various fees	60	56
Total	6,112	5,105

NOTE 15 - STAFF COSTS

The Company had five employees in 2022 (2021: five).

	2022	2021
Wages and salaries	461	306
Social security cost	70	39
Total	531	345

NOTE 16 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

	2022	2021
Affiliated undertakings	593	(1,036)
Others	--	--
Total	593	(1,036)

The positive value represents partial release of value adjustments.

NOTE 17 - OTHER OPERATING EXPENSES

	2022	2021
Usage of provision for Khan litigation	--	4
Shareholder cost on behalf affiliated undertakings	--	3,949
Directors - attendance fees	126	125
Audit Committee - attendance fees	6	7
Others	572	709
Total	704	4,794

NOTE 18 - INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

	2022	2021
Dividend	91,331	115,806
Gain from sale of affiliated undertakings – CPI Hotels Italy S.r.l. to CPI Facility Slovakia, a.s.	--	2,885
Gain from sale of affiliated undertakings – Airport City Phase B Kft. to third party	7,097	--
Indemnity compensation provided by Radovan Vitek	4,110	--
Total	102,538	118,691

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 19 - INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

In 2022, the loans provided generated interest income of EUR 131,161 thousand (2021: EUR 168,155 thousand).

In 2022, the Company received dividends from other shares in the amount EUR 8,383 thousand (2021: EUR 231 thousand), interest in the amount of EUR 2,688 thousand and recognized nil gain from disposal of other shares (2021: EUR 3,065 thousand).

NOTE 20 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

20.1 - Derived from affiliated undertakings

	2022	2021
Interest	21	14,438
Foreign currency exchange gains	4,364	862
Other	--	1
Total	4,385	15,301

20.2 - Other interest and similar income

Other interest and similar income includes primarily interest from cross-currency interest rate swaps.

	2022	2021
Interest	41,159	34,762
Foreign currency exchange gains	6,924	1,619
Other	6,480	1,328
<i>cross-currency swap settlement</i>	<i>5,839</i>	<i>--</i>
<i>other</i>	<i>641</i>	<i>1,328</i>
Total	54,563	37,709

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

NOTE 21 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS

Value adjustments of financial assets are composed as follows:

	2022	2021
Shares	(4,359)	2,158
APULIA INVESTMENTS 1 S.R.L.	(11)	(11)
APULIA INVESTMENTS 2 S.R.L.	(40)	(21)
APULIA INVESTMENTS 3 S.R.L.	(4)	(3)
APULIA INVESTMENTS 4 S.R.L.	(4)	(3)
Baron Puglia S.r.l.	(602)	10
CPI Alberghi HI Roma S.r.l.	--	6,813
CPI Finance CEE, a.s.	2	3
CPI Hotels Italy S.r.l.	--	3,726
CPI Italy - S.r.l.	10	(10)
CPI PARKING S.r.l.	(1,208)	(10)
CPI Sicilia -S.r.l.	5	(5)
Duca Puglia S.r.l.	(821)	21
Freccia Alata 2 S.r.l.	--	(5,334)
Moritzstr. 23 GmbH	7	(357)
Parco delle Case Bianche, S.r.l.	(3,876)	(4,202)
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED	--	(1)
Rathenower Str. 63-64 GmbH	(242)	(1,068)
Remontées Mécaniques Crans Montana Aminona (CMA) SA	2,447	4,231
Ritterstr. 120 GmbH	--	(1,621)
SCP reflets	(20)	--
Other	(3)	--
Investments held as fixed assets	(1,732)	(1,662)
Fair value adjustments	(1,732)	(1,662)
Loans	(20,041)	2,636
Affiliated undertakings	(20,041)	2,636
Other	--	--
Total	(26,132)	3,132

Positive value represents partial release of value adjustments.

NOTE 22 - INTEREST PAYABLE AND SIMILAR EXPENSES

22.1 - Concerning affiliated undertakings

	2022	2021
Interest	75,985	68,212
Foreign currency exchange losses (reversal of FX losses of previous year)	13,046	(11,592)
Other	37,447	3,726
<i>loss of sale of affiliated undertakings – S IMMO AG to IMMOFINANZ AG</i>	<i>37,390</i>	<i>3,726</i>
<i>other</i>	<i>57</i>	<i>--</i>
Total	126,478	60,346

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

22.2 - Other interest and similar expenses

Other interest and similar expenses includes primarily interest from notes and cross-currency interest rate swaps.

	2022	2021
Interest	207,672	177,768
<i>linked to Notes</i>	<i>189,131</i>	<i>176,405</i>
<i>linked to credit institutions</i>	<i>18,538</i>	<i>1,336</i>
<i>other</i>	<i>3</i>	<i>27</i>
Foreign currency exchange losses	18,240	7,613
Other	61,248	59,950
<i>costs linked to Notes – regular</i>	<i>25,469</i>	<i>19,168</i>
<i>costs linked to Notes – repayment</i>	<i>11,680</i>	<i>35,340</i>
<i>costs linked to credit institutions</i>	<i>8,767</i>	<i>2,603</i>
<i>financial provision – Vitericon litigation</i>	<i>14,119</i>	<i>--</i>
<i>other</i>	<i>1,183</i>	<i>2,839</i>
Total	287,160	245,331

NOTE 23 - TAX ON PROFIT OR LOSS

The Company is subject to Luxembourg income and net wealth taxes. As at 31 December 2022, the Company reported payables against the Luxembourg Tax Administration in the amount of EUR 1 thousand (2021: EUR 15 thousand).

	2022	2021
Tax on profit or loss – withholding tax	2,113	62
Other taxes	1,697	5
<i>net wealth tax</i>	<i>3</i>	<i>5</i>
<i>foreign taxes</i>	<i>1,694</i>	<i>--</i>
Total	3,810	67

NOTE 24 - OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Subordination of loan

The Company issued a subordination of loan and a comfort letter without any limit to the following affiliated companies:

- CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)
- GSG Berlin Invest GmbH
- Gebauer Höfe Liegenschaften GmbH

Comfort letter

In 2012, the Company issued the following comfort letters to GSG Asset KG for their contracting partner Techem Energy Contracting GmbH still valid in 2023:

- Wattstrasse, limited to EUR 50,667
- Geneststrasse, limited to EUR 56,000
- Zossener Strasse, limited to EUR 51,067
- Adalbertstrasse, limited to EUR 20,537
- Waldemarstrasse, limited to EUR 47,463
- Gneisenaustrasse, limited to EUR 45,867

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

British entities guarantee

The Company has given a guarantee in accordance with s479C of the Companies Act 2006 which has the effect that the Company guarantees all outstanding liabilities to which 1 Bishops Avenue Limited and 7 St James’s Square Limited is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full. The guarantee is enforceable against the Company by any person to whom 1 Bishops Avenue Limited or 7 St James’s Square Limited is liable in respect of those liabilities.

In accordance with section 479A of the Companies Act, by virtue of this guarantee, 1 Bishops Avenue Limited and 7 St James’s Square Limited are exempt from the requirements of the Companies Act relating to the audit of their individual accounts.

Other Guarantee, warranties

CPI Hotels Italy

The Company concluded an agreement with HSBC France, acting through its branch HSBC France – pobočka Praha (“HSBC”), in relation to a bank guarantee for its affiliated entity CPI Hotels Italy S.r.l. Under this agreement, HSBC will provide a guarantee to IHG Hotels Limited up to amount of EUR 50,000 until December 31, 2031.

Credit Facility Agreements

As at balance sheet date, the Company has contracted below the credit facility agreements with its undertakings affiliated:

Undertakings	2022 Drawdown Limit (MEUR)	2021 Drawdown Limit (MEUR)
1 Bishops Avenue Limited	17	16
7 St James's Square Limited	69	71
APULIA INVESTMENTS 2 S.R.L.	2	2
Baron Puglia S.r.l.	35	35
CPI Alberghi HI Roma S.r.l.	5	5
CPI FIM SA	9,214	6,089
CPI Hibiscus S.r.l. (formerly CPI Air Italy S.r.l.)	55	21
CPI Italy - S.r.l.	4	1
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	57	57
CPI PARKING S.r.l.	6	--
CPIPG Management S.à r.l.	230	230
Duca Puglia S.r.l.	8	8
Freccia Alata 2 S.r.l.	4	2
GSG Energiemanagement GmbH	5	5
IMMOFINANZ AG	337	--
Millennium S.r.l. Unipersonale	2	2
Moritzstr. 23 GmbH	4	3
Next RE Siiq S.p.A	58	58
Parco Delle Case Bianche, S.R.L	30	30
Peabody Lamaro Roma S.r.l.	2	2
Rathenower Str. 63-64 GmbH	3	2
Ritterstr. 120 GmbH	7	7
Savile Row 1 Limited	8	7
SCI MAS Cantagrelì	20	20
SCP AILEY	20	20
SCP CISKEY	57	47
SCP KANDLER	20	23
SCP MADRID	20	20
SCP NEW BLU BIRD	20	20
SCP PIERRE CHARRON	20	20
SCP VILLADETAHITI	20	20
Spojené farmy, a.s.	4	4
TEVAT LIMITED	1	1
Uchaux Limited	2	--
WXZ1 a.s.	2	1

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

As at balance sheet date, the Company has contracted below the credit facility agreements with related party:

Related party	2022 Drawdown Limit (MEUR)	2021 Drawdown Limit (MEUR)
GAMALA LIMITED*	--	500
Senales Invest S.à r.l.	450	--

(*) In 2022 reported as undertakings affiliated

Kingstown dispute in Luxembourg

On 20 January 2015, the Company was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown“), claiming to be the shareholders of CPI FIM SA, filed with the Tribunal d´ Arrondissement de et a Luxembourg (the “Luxembourg Court”). The petition seeks condemnation of the Company together with CPI FIM SA and certain members of CPI FIM SA's board of directors as jointly and severally liable to pay damages in the amount of EUR 14.5 million and compensation for moral damage in the amount of EUR 5 million. According to Kingstown's allegation the claimed damage has arisen as a consequence of inter alia alleged violation of CPI FIM SA's minority shareholders rights.

To the best of Company´s knowledge, Kingstown was not at the relevant time a shareholder of the Company. Therefore, and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio iudicatum solvi plea, which consists in requiring the entity who initiated the proceedings and who does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. On 19 February 2016 the Luxembourg Court rendered a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the “Caisse de Consignation” in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157.0 million. The Company continues to believe the claim is without merit.

On 21 June 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPIPG. The Court dismissed the claim against CPIPG because the claim was not clearly pleaded (“libellé obscur”). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPIPG and failed to demonstrate how CPIPG committed any fault.

In December 2020, the Luxembourg Court declared that the inadmissibility of the claim against the Company and certain other defendants has not resulted in the inadmissibility of the litigation against the Company's subsidiary CPI FIM SA and the remaining defendants. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA. On 28 March 2023 the court of appeal has rejected the appeal and therefore the case will be heard on the merits before the first instance Luxembourg Court during 2023.

Kingstown dispute in the United States

On 10 April 2019, a group of Kingstown companies, Investhold LTD and Verali Limited (together, the “Kingstown Plaintiffs”) filed a claim in the United States District Court of the Southern District of New York (the “SDNY Court”) against, among others, the Company and Mr. Radovan Vitek (together, the “CPIPG Defendants”). The claims brought by the Kingstown Plaintiffs against CPIPG include alleged violations of RICO.

The Company believes that the claims are without merit and were designed to create negative press attention for the Company and to force an undue settlement. The Group's business has been totally unaffected by the New York lawsuit and by similar attempts by the Kingstown Plaintiffs to harm the reputation of the Compapny and Mr. Vitek. The Company reported superb preliminary operating results for 2019 and is pleased to have successfully issued nearly EUR 2 billion of bonds on the international capital markets since the New York lawsuit was filed.

On 10 September 2019, the CPIPG Defendants filed a motion to dismiss the case in the SDNY Court. On 22 November 2019, the Kingstown Plaintiffs filed an amended complaint in the SDNY Court. The amended complaint adds new non-US defendants and simply continues the false campaign against CPIPG and Mr. Vitek. The amended complaint does nothing to cure the serious jurisdictional deficiencies and pleading defects present in the original complaint.

On 14 February 2020, the CPIPG Defendants filed a motion to dismiss the amended complaint. The arguments presented in the motion resemble those presented by the CPIPG Defendants in September 2019 and are further refined given the new allegations:

- i. The Kingstown Plaintiffs have failed to justify the application of RICO outside the United States;
- ii. The SDNY Court lacks jurisdiction over the CPIPG Defendants;
- iii. The Kingstown Plaintiffs' alleged RICO claims are time-barred under RICO's four-year statute of limitations;

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

iv. The SDNY Court is an improper forum to hear the case given that, among other things, Kingstown initiated nearly identical proceedings in Luxembourg in January 2015 which are still pending against some of the CPIPG Defendants;

v. The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the CPIPG Defendants.

On 4 September 2020, the SDNY Court granted the CPIPG Defendants' motions to dismiss. The SDNY Court ruled that the case should defer to the existing proceedings in Luxembourg, which is the locus where most of the relevant evidence in the case is located. The SDNY Court also determined that Luxembourg would be a more convenient forum for litigation, and that Luxembourg's legal system was sufficiently adequate to allow for the resolution of Kingstown Plaintiffs' claims.

The Kingstown Plaintiffs appealed the dismissal decision to the Second Circuit Court of Appeals on 5 October 2020, which they were entitled to do as of right under U.S. law. The Kingstown Plaintiffs' appeal is limited to identifying certain purported errors that the District Court made in reaching its decision and cannot introduce new facts or arguments that were not raised before the District Court during the motion to dismiss briefing.

The hearing on the appeal took place on 10 December 2021. On 1 September 2022, the Court of Appeals issued a summary order affirming the judgement of the SDNY Court. The Court of Appeals considered the Claimants' arguments and found them without merit. The RICO case is thus over and the Court of Appeals confirmed the Company Defendants' position..

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

On 18 September 2020, the Company moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law. On 6 April 2021, the defamation claim filed in June 2020 by Kingstown was dismissed in its entirety. Kingstown appealed the dismissal, but on 5 May 2022 the Supreme Court of the State of New York, Appellate Division, affirmed the decision of the lower court, dismissing Kingstown's defamation case. The court stated that "plaintiffs failed to establish personal jurisdiction over defendants and failed to demonstrate an articulable nexus between defendants' New York activities and the cause of action for defamation."

The Company did not account for any provision in respect of the Kingstown disputes.

Vitericon litigation

On 15 March 2019, the Company received a summons from the Berlin Court. The Company was sued by an insolvency administrator of the Company's former subsidiary Vitericon. The insolvency administrator was claiming invalidity of an intragroup debt settlement from 2013 and demanded a payment of EUR 10.4 million from the Company. The first instance court fully rejected the claim of the insolvency administrator, but in February 2023 the second instance court decided in his favor. Accordingly, the Company will have to pay the full amount, including interest, totalling approximately to EUR 17 million.

Cyprus litigation

At the beginning of January 2023, CPIPG received information about the filing of a lawsuit in the District Court of Nicosia, Republic of Cyprus, by Mr Marek Čmejla, Mr Jiří Diviš and entities controlled by them. CPIPG has not been served with the lawsuit. CPIPG expects that the lawsuit simply recycles old allegations and claims pursued in previous lawsuits, which have been consistently and categorically denied. Furthermore, CPIPG believes that Cyprus is not an appropriate forum. The alleged claim is for €535 million, a figure without any factual basis. As always, CPIPG will take all appropriate action to defend our company and our stakeholders.

NOTE 25 - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors attendance compensation for the year 2022 amounts to EUR 126,000 (2021: EUR 125,000 - see Note 17). The Annual General Meeting held on May 28, 2014 resolved to approve, with the effect as of 1 January 2014, the payment of attendance fees to all independent, non-executive Directors of the Company in the amount of EUR 3,000 per calendar month as a base fee and empowered the Board of Directors to decide at its sole discretion about the payment of additional fees up to EUR 3,000 per calendar month to independent, non-executive Directors of the Company.

NOTE 26 - RELATED PARTY TRANSACTIONS

Entity owned by the Company (directly and indirectly)

The list contains only affiliated, with whom the Company considers transaction in 2022 and 2021. The full list of subsidiaries is presented in the CPI PG's annual report, available at www.cpipg.com.

1 Bishops Avenue Limited	CM Hotels SA	CPI Air Italy S.r.l.
7 ST JAMES'S SQUARE LIMITED	CMA Immobilier SA	CPI Alberghi HI Roma S.r.l.
APULIA INVESTMENTS 1 S.R.L.	CODIAZELLA LTD	CPI Bologna S.P.A.
APULIA INVESTMENTS 2 S.R.L.	CPI - Bor, a.s.	CPI Facility Slovakia, a.s.
Baron Puglia S.r.l.	CPI - Land Development, a.s.	CPI FIM SA

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

CPI Finance (BVI) Limited	Globalworth Real Estate Investments Limited	Remontées Mécaniques Crans Montana Aminona (CMA) SA
CPI Hotels Italy S.r.l.	GSG Energiemanagement GmbH	Ritterstr. 120 GmbH
CPI Hotels Poland sp. z o.o.	GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	S IMMO AG (from 28 June 2023)
CPI Hotels, a.s.	GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	Savile Row 1 Limited
CPI Hungary Investments Kft.	GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	SCI MAS CANTAGRELI
CPI Italy - S.r.l.	GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	SCP AILEY
CPI Lambrate S.r.l.	GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	SCP CISKEY
CPI Medici S.r.l.	IMMOFINANZ AG (from 1 March 2022)	SCP KANDLER
CPI Next Level Ventures GmbH	Land Properties, a.s.	SCP MADRID
CPI Park Žďárek, a.s.	Mercuda, a.s.	SCP NEW BLUE BIRD
CPI PARKING S.r.l.	Millennium S.r.l. Unipersonale	SCP PIERRE CHARRON
CPI Services, a.s.	Moritzstr. 23 GmbH	SCP VILLA DE TAHITI
CPI Sicilia -S.r.l.	Next RE Siiq S.p.A	Spojené farmy a.s.
CPI Torrenova S.p.A.	Parco delle Case Bianche, S.r.l.	Statenice Property Development, a.s.
CPIPG Management S.à r.l.	Peabody Lamaro Roma S.r.l.	Sunčani Hvar d.d.
Czech Property Investments, a.s.	Rathenower Str. 63-64 GmbH	TEVAT LIMITED
Duca Puglia S.r.l.		Uchaux Limited
Estate Grand, s.r.o.		Vitericon Projektentwicklung GmbH
Freccia Alata 2 S.r.l.		WXZ1 a.s.
GAMALA LIMITED		
Gewerbesiedlungs-Gessellschaft mbH		

Related party reported as affiliated undertaking in 2021

- Mr. Radovan Vitek
- GAMALA LIMITED, owned by Mr. Radovan Vitek

Related party owned by/linked to Mr. Radovan Vitek reported as other in 2022

- GAMALA LIMITED
- Senales Invest S.à r.l.
- Larnoya Invest S.à r.l.

Related party balances

2022					2021			
Receivables	Financial fixed assets	Current assets within one year	Current assets after more than one year	Total	Financial fixed assets	Current assets within one year	Current assets after more than one year	Total
Note	3.2	4.1	4.2	--	3.2	4.1	4.2	--
Owned by the Company (directly, indirectly) - affiliated	4,766,335	328,546	4,100	5,098,981	5,445,314	438,305	3,646	5,887,265
1 Bishops Avenue Limited	15,016	--	--	15,016	13,712	--	--	13,712
7 ST JAMES'S SQUARE LIMITED	62,081	--	4,100	66,181	58,021	--	2,946	60,967
APULIA INVESTMENTS 1 S.R.L.***	29	--	--	29	--	--	--	--
APULIA INVESTMENTS 2 S.R.L.***	--	--	--	--	40	2	--	42
Baron Puglia S.r.l.	19,638	1,555	--	21,193	19,373	--	700	20,073
CM Hotels SA*	--	--	--	--	--	--	--	--
CMA Immobilier SA****	22,292	411	--	22,703	35,980	385	--	36,365
CPI Alberghi HI Roma S.r.l.	160	1	--	161	155	11	--	166
CPI Bologna S.P.A.	8,411	--	--	8,411	8,719	--	--	8,719
CPI FIM SA	4,068,068	222,480	--	4,290,548	5,069,148	97,728	--	5,166,876
CPI Hibiscus S.r.l. (formerly CPI Air Italy S.r.l.)	45,718	222	--	45,940	42,330	921	--	43,251
CPI Italy - S.r.l.***	622	16	--	638	--	--	--	--
CPI Lambrate S.r.l.	13,678	121	--	13,799	18,905	302	--	19,207

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

	2022				2021			
Receivables	Financial fixed assets	Current assets within one year	Current assets after more than one year	Total	Financial fixed assets	Current assets within one year	Current assets after more than one year	Total
Note	3.2	4.1	4.2	--	3.2	4.1	4.2	--
CPI Medici S.r.l.	5,116	15	--	5,131	5,137	39	--	5,176
CPI Next Level Ventures GmbH**	2,916	737	--	3,653	--	--	--	--
CPI PARKING S.r.l.	4,200	32	--	4,232	889	5	--	894
CPI Services, a.s.	--	729	--	729	--	--	--	--
CPI Sicilia -S.r.l.***	31	6	--	37	5	--	--	5
CPI Torrenova S.p.A.	--	--	--	--	--	500	--	500
CPIPG Management S.à r.l.	--	97,581	--	97,581	--	226,770	--	226,770
Czech Property Investments, a.s.	--	8	--	8	--	107,356	--	107,356
Duca Puglia S.r.l.***	5,367	244	--	5,611	7,373	258	--	7,631
Freccia Alata 2 S.r.l.**	--	--	--	--	--	--	--	--
GSG Energiemanagement GmbH****	4,217	78	--	4,295	3,804	77	--	3,881
IMMOFINANZ AG	337,448	48	--	337,496	--	--	--	--
Mercuda, a.s.	--	--	--	--	--	54	--	54
Millennium S.r.l. Unipersonale	659	24	--	683	400	11	--	411
Moritzstr. 23 GmbH	3,665	177	--	3,842	3,244	83	--	3,327
Next RE Siiq S.p.A***	57,971	1,524	--	59,495	57,971	1,105	--	59,076
Parco delle Case Bianche, S.r.l.***	22,561	1,927	--	24,488	19,918	2,442	--	22,360
Peabody Lamaro Roma S.r.l.	221	8	--	229	200	6	--	206
Rathenower Str. 63-64 GmbH	2,390	132	--	2,522	2,348	60	--	2,408
Ritterstr. 120 GmbH	7,294	362	--	7,656	6,719	174	--	6,893
Savile Row 1 Limited***	--	--	--	--	7,061	--	--	7,061
SCI MAS CANTAGRELI****	--	--	--	--	3,036	--	--	3,036
SCP AILEY****	2,484	--	--	2,484	2,495	--	--	2,495
SCP CISKEY****	15,854	--	--	15,854	18,248	--	--	18,248
SCP KANDLER****	502	--	--	502	6,312	--	--	6,312
SCP MADRID	3,089	--	--	3,089	3,011	--	--	3,011
SCP NEW BLUE BIRD	2	--	--	2	--	--	--	--
SCP PIERRE CHARRON	13,019	--	--	13,019	13,659	--	--	13,659
SCP VILLA DE TAHITI	14,729	--	--	14,729	14,245	--	--	14,245
Spojené farmy a.s.	3,531	100	--	3,631	984	14	--	998
TEVAT LIMITED***	339	8	--	347	339	2	--	341
Uchaux Limited	1,669	--	--	1,669	1,488	--	--	1,488
Vitericon	--	--	--	--	--	--	--	--
Projektentwicklung GmbH**	--	--	--	--	--	--	--	--
WXZ1 a.s.	1,348	--	--	1,348	45	--	--	45
Mr. Radovan Vřtek and his entity	169,589	2,689	--	172,278	--	14,437	69,728	84,165
GAMALA LIMITED	--	--	--	--	--	14,437	69,728	84,165
Senales Invest S.à r.l.	169,589	2,689	--	172,278	--	--	--	--
Total	4,935,924	331,235	4,100	5,271,259	5,445,314	452,742	73,374	5,971,430

* The Company recognised value adjustments on principal and interest in 2022

**The Company recognised value adjustments on principal and interest in 2022 and 2021

***The Company recognised partial value adjustments on principal/interest in 2022

****The Company recognised partial value adjustments on principal in 2022 and 2021

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

	2022			2021		
Payables	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Total	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Total
Note	10.1	10.2	--	10.1	10.2	--
Owned by the Company (directly, indirectly) - affiliated	131,081	2,561,258	2,692,339	110,259	2,820,869	2,931,128
CODIAZELLA LTD	9,143	--	9,143	9,161	--	9,161
CPI - Bor, a.s.	18	--	18	--	--	--
CPI - Land Development, a.s.	15	--	15	--	--	--
CPI FIM SA	108,342	2,159,961	2,268,303	91,752	2,488,310	2,580,062
CPI Finance (BVI) Limited	2,083	--	2,083	2,083	--	2,083
CPI Hotels Poland sp. z o.o.	1	--	1	--	--	--
CPI Hungary Investments Kft.	705	88,447	89,152	773	88,447	89,220
CPI Park Žďárek, a.s.	14	--	14	--	--	--
CPI Services, a.s.	507	--	507	--	--	--
Czech Property Investments, a.s.	9,554	199,783	209,337	5,983	184,553	190,536
Estate Grand, s.r.o.	4	--	4	--	--	--
Gewerbesiedlungs-Gessellschaft mbH	--	104,132	104,132	--	51,130	51,130
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	83	1,375	1,458	78	1,298	1,376
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	102	1,694	1,796	96	1,598	1,694
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	96	1,608	1,704	91	1,517	1,608
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	128	2,134	2,262	121	2,013	2,134
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	127	2,124	2,251	120	2,003	2,123
Land Properties, a.s.	2	--	2	--	--	--
SCI MAS CANTAGRELI	151	--	151	--	--	--
Statenice Property Development, a.s.	5	--	5	--	--	--
TEVAT LIMITED	1	--	1	1	--	1
Total	131,081	2,561,258	2,692,339	110,259	2,820,869	2,931,128

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

Related party transactions

2022						2021				
Income	Other operati ng income	Financi al income from affiliate d	Income from Financi al fixed assets	Financi al income	Total	Other operati ng income	Financi al income from affiliate d	Income from Financi al fixed assets	Financi al income	Total
Note	13	18	19	20	--	13	18	19	20	--
Owned by the Company (directly, indirectly) - affiliated	729	91,331	137,182	4,386	233,628	401	115,806	168,156	854	285,217
1 Bishops Avenue Limited	--	--	--	6	6	--	--	--	--	--
7 ST JAMES'S SQUARE LIMITED	--	--	1,237	--	1,237	--	--	1,184	--	1,184
APULIA INVESTMENTS 2 S.R.L.	--	--	--	--	--	--	--	2	--	2
Baron Puglia S.r.l.	--	--	855	--	855	--	--	700	--	700
CM Hotels SA	--	--	29	1	30	--	--	23	--	23
CMA Immobilier SA	--	--	414	499	913	--	--	385	394	779
CPI Alberghi HI Roma S.r.l.	--	--	2	--	2	--	--	7	--	7
CPI Bologna S.P.A.	--	--	--	500	500	--	--	--	--	--
CPI FIM SA	--	--	117,586	303	117,889	401	--	157,429	112	157,942
CPI Finance CEE, a.s.	--	--	--	--	--	--	--	--	--	--
CPI Hibiscus S.r.l. (formerly CPI Air Italy S.r.l.)	--	--	--	--	--	--	--	1,771	--	1,771
CPI Hotels Italy S.r.l.	--	--	--	--	--	--	--	60	--	60
CPI Hungary Investments Kft.	--	--	--	94	94	--	--	--	--	--
CPI Italy - S.r.l.	--	--	16	--	16	--	--	--	--	--
CPI Lambrate S.r.l.	--	--	1,503	--	1,503	--	--	302	--	302
CPI Medici S.r.l.	--	--	173	--	173	--	--	39	--	39
CPI Next Level Ventures GmbH	--	--	841	--	841	--	--	819	--	819
CPI PARKING S.r.l.	--	--	366	--	366	--	--	5	--	5
CPI Services, a.s.	729	--	--	--	729	--	--	--	69	69
CPI Sicilia -S.r.l.	--	--	6	--	6	--	--	--	--	--
CPI Torrenova S.p.A.	--	--	--	(500)	(500)	--	--	--	--	--
Czech Property Investments, a.s.	--	72,121	--	3,433	75,554	--	107,356	479	71	107,906
Duca Puglia S.r.l.	--	--	301	--	301	--	--	268	--	268
Freccia Alata 2 S.r.l.	--	--	118	--	118	--	--	7	--	7
Globalworth Real Estate Investments Limited	--	--	700	--	700	--	--	1	--	1
GSG Energiemanagement GmbH	--	--	78	--	78	--	--	77	--	77
IMMOFINANZ AG	--	--	238	--	238	--	--	--	--	--
Mercuda, a.s.	--	--	1	5	6	--	--	2	--	2
Millennium S.r.l. Unipersonale	--	--	24	--	24	--	--	11	--	11
Moritzstr. 23 GmbH	--	--	211	--	211	--	--	83	--	83
Next RE Siiq S.p.A	--	--	1,217	--	1,217	--	--	1,105	--	1,105
Parco delle Case Bianche, S.r.l.	--	--	1,708	--	1,708	--	--	1,597	--	1,597
Peabody Lamaro Roma S.r.l.	--	--	8	--	8	--	--	6	--	6
Rathenower Str. 63-64 GmbH	--	--	157	--	157	--	--	60	--	60
Ritterstr. 120 GmbH	--	--	432	--	432	--	--	174	--	174
S IMMO AG***	--	--	7,682	--	7,682	--	--	--	--	--
SCI MAS CANTAGRELI	--	--	45	--	45	--	--	135	--	135
SCP AILEY	--	--	47	--	47	--	--	45	--	45

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

2022						2021				
Income	Other operati ng income	Financi al income from affiliate d	Income from Financi al fixed assets	Financi al income	Total	Other operati ng income	Financi al income from affiliate d	Income from Financi al fixed assets	Financi al income	Total
Note	13	18	19	20	--	13	18	19	20	--
SCP CISKEY	--	--	498	--	498	--	--	486	--	486
SCP KANDLER	--	--	53	--	53	--	--	160	--	160
SCP MADRID	--	--	43	--	43	--	--	42	--	42
SCP NEW BLUE BIRD	--	--	86	--	86	--	--	202	--	202
SCP PIERRE CHARRON	--	--	191	--	191	--	--	194	--	194
SCP VILLA DE TAHITI	--	--	204	--	204	--	--	200	--	200
Spojené farmy a.s.	--	--	104	45	149	--	--	94	208	302
TEVAT LIMITED	--	19,210	8	--	19,218	--	8,450	2	--	8,452
Mr. Radovan Vitek and his entity	--	4,110	2,689	6,220	13,019	--	--	--	14,445	14,445
GAMALA LIMITED**	--	--	--	6,220	6,220	--	--	--	14,437	14,437
Senales Invest S.à r.l.*	--	--	2,689	--	2,689	--	--	--	--	--
Vitek Radovan	--	4,110	--	--	4,110	--	--	--	8	8
Total	729	95,441	139,871	10,606	246,647	401	115,806	168,156	15,299	299,662

* includes total impact nil of assignment of loan provided to GAMALA LIMITED to Senales Invest S.à r.l. (assignment at nominal value)

** reported as affiliated in 2021

*** not reported as affiliated in 2021, affiliated from June 2022

113 Declaration letter

113 Consolidated financial statements

159 Independent auditor’s report CFS

163 Statutory financial statements

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

2022					2021			
Expenses	Other external expenses	Financial expenses affiliated	Financial expenses other	Total	Other external expenses	Financial expenses affiliated	Financial expenses other	Total
Note	14	22.1	22.2	--	14	22.1	22.2	--
Owned by the Company (directly, indirectly) - affiliated	536	126,478	--	127,014	30	56,621	--	56,651
1 Bishops Avenue Limited	--	102	--	102	--	(72)	--	(72)
7 ST JAMES'S SQUARE LIMITED	--	558	--	558	--	(961)	--	(961)
CMA Immobilier SA	--	3	--	3	--	(45)	--	(45)
CPI - Bor, a.s.	--	18	--	18	--	--	--	--
CPI - Land Development, a.s.	--	15	--	15	--	--	--	--
CPI FIM SA	24	73,903	--	73,927	24	42,760	--	42,784
CPI Hotels Poland sp. z o.o.	1	--	--	1	--	--	--	--
CPI Hungary Investments Kft.	--	1,795	--	1,795	--	1,975	--	1,975
CPI Park Žďárek, a.s.	--	14	--	14	--	--	--	--
CPI Services, a.s.	511	--	--	511	6	--	--	6
Czech Property Investments, a.s.	--	9,210	--	9,210	--	11,034	--	11,034
Estate Grand, s.r.o.	--	4	--	4	--	--	--	--
Gewerbesiedlungs-Gesellschaft mbH	--	1,543	--	1,543	--	771	--	771
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	--	83	--	83	--	78	--	78
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	--	102	--	102	--	96	--	96
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	--	96	--	96	--	91	--	91
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	--	128	--	128	--	121	--	121
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	--	127	--	127	--	120	--	120
IMMOFINANZ AG*	--	37,390	--	37,390	--	--	--	--
Land Properties, a.s.	--	2	--	2	--	--	--	--
Remontées Mécaniques Crans Montana Aminona (CMA) SA	--	1,092	--	1,092	--	656	--	656
Savile Row 1 Limited	--	244	--	244	--	--	--	--
Spojené farmy a.s.	--	--	--	--	--	(3)	--	(3)
Statenice Property Development, a.s.	--	5	--	5	--	--	--	--
Uchaux Limited	--	44	--	44	--	--	--	--
Total	536	126,478	--	127,014	30	56,621	--	56,651

* loss on disposal of shares in S IMMO AG to IMMOFINANZ AG (proceeds EUR 337,448 thousand, book value EUR 374.838 thousand)

CPI Property Group Société Anonyme

R.C.S. Luxembourg B 102.254

2022				2021		
Value adjustments	Value adjustments of current assets	Value adjustments of fixed assets	Total	Value adjustments of current assets	Value adjustments of fixed assets	Total
Note	16	21	--	16	21	--
Owned by the Company (directly, indirectly) - affiliated	592	(20,041)	(19,449)	(1,037)	2,636	1,599
APULIA INVESTMENTS 1 S.R.L.	--	(97)	(97)	--	--	--
APULIA INVESTMENTS 2 S.R.L.	(2)	--	(2)	--	--	--
CM Hotels SA	(6)	(68)	(74)	(1)	(353)	(354)
CMA Immobilier SA	--	(14,324)	(14,324)	--	(765)	(765)
CPI Alberghi HI Roma S.r.l.	10	--	10	(10)	--	(10)
CPI Hotels Italy S.r.l.	--	--	--	--	5,448	5,448
CPI Italy – S.r.l.	--	18	18	--	(18)	(18)
CPI Next Level Ventures GmbH	715	2,097	2,812	(13)	(1,676)	(1,689)
CPI PARKING S.r.l.	--	99	99	--	(99)	(99)
Duca Puglia S.r.l.	(108)	(1,324)	(1,432)	(10)	--	(10)
Freccia Alata 2 S.r.l.	7	(3,034)	(3,027)	(7)	(745)	(752)
GSG Energiemanagement GmbH	--	337	337	--	105	105
Moritzstr. 23 GmbH	--	13	13	--	(13)	(13)
Next RE Sliq S.p.A	(799)	--	(799)	--	--	--
Parco delle Case Bianche, S.r.l.	777	--	777	(996)	--	(996)
Rathenower Str. 63-64 GmbH	--	(497)	(497)	--	--	--
Ritterstr. 120 GmbH	--	(29)	(29)	--	(85)	(85)
Savile Row 1 Limited	--	(7,081)	(7,081)	--	--	--
SCI MAS CANTAGRELI	--	4,551	4,551	--	(195)	(195)
SCP AILEY	--	(112)	(112)	--	(19)	(19)
SCP CISKEY	--	(3,273)	(3,273)	--	916	916
SCP KANDLER	--	2,857	2,857	--	374	374
SCP NEW BLUE BIRD	--	(174)	(174)	--	(239)	(239)
TEVAT LIMITED	(2)	--	(2)	--	--	--
Total	592	(20,041)	(19,449)	(1,037)	2,636	1,599

The positive value is decrease of value adjustments, the negative value is increase of value adjustments.

NOTE 27 - POST BALANCE SHEET EVENTS

EUR 100 million term facility agreement

On 3 March 2023, the Company signed Sustainability-linked loan through a bilateral term facility agreement with MUFG in the amount of EUR 100 million with maturity in March 2028.