Issuer Filing Information

CPI Property Group

ISSUER FILING INFORMATION

Type of Information:	Issuer Filing Information
Date of Submission (DD/MM/YY)	1 April 2019
Issuer Name:	CPI Property Group
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Matters related to Financial Instruments Exchange Market, etc.:	Not applicable
Address of Website for Announcement:	https://www.jpx.co.jp/equities/products/tpbm/announcement/index.html

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Toushika tou*) as defined in Article 2, Paragraph 3, Item 2(b)(2) of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "**Act**") (the "**Professional Investors, Etc.**"). Notes listed on the market ("**Listed Notes**") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Notes on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Issuer Filing Information.

2. Where this Issuer Filing Information (a) contains any false statement on important matters, or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content, a person who, at the time of announcement of this Issuer Filing Information, is an officer (meaning an officer stipulated in Article 21, Paragraph 1 of the Act (meaning a director of the board (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these) (each an "**Officer**") of the issuer) that announced this Issuer Filing Information shall be liable to compensate persons who acquired the Notes for any damage or loss arising from the false statement or lack of information in accordance with the provisions of Article 21, Paragraph 1, Item 1 of the Act applied mutatis mutandis in Article 27-33 of the Act and the provisions of Article 22 of the Act applied mutatis mutandis in Article 27-34 of the Act. However, this shall not apply to cases where the person who acquired the Notes was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition of the Notes. Additionally, the Officer shall not be required to assume the liability prescribed above, where he/she proves that he/she was not aware of, and was unable to obtain knowledge of, even with reasonable care, the existence of the false statement or the lack of information.

3. The regulatory framework for TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the website of Japan Exchange Group, Inc.

4. Tokyo Stock Exchange, Inc. ("**Tokyo Stock Exchange**") does not express opinions or issue guarantees, etc. regarding the content of the Issuer Filing Information (including but not limited to, whether the Issuer Filing Information (a) contains a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.

5. All prospective investors who consider purchasing the Notes of CPI Property Group issued or to be issued under the Program Information dated 28 September 2018 (as amended and/or supplemented, the "**Program Information**") (the "**Notes**") should read the Program Information and relevant Specified Securities Information before making an investment decision. Among other things, all prospective investors should be aware that the Notes are subject to certain selling restriction as set forth in the Program Information and the relevant Specified Securities Information.

CPI Property Group

Management Report 2018

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Letter from the **Chairman**

Property is a **local business,** and *we are locals.*

To our tenants, employees, and other stakeholders,

On behalf of the Board of Directors, I am pleased to present the 2018 management report of CPI Property Group (herein after also the “Company” or “CPIPG,” and together with its subsidiaries the “Group”). As chairman of the board since 2014, I have been proud to see CPIPG's evolution from a local champion into an international standard-bearer. Today, CPIPG is a Luxembourg-domiciled, Frankfurt-listed company with €8 billion in assets and over 3,500 employees across more than 10 countries. The size and scale of our platform carries an immense responsibility to tenants, employees, customers, communities and other stakeholders.

Harnessing Local Strength to become an International Leader
CPIPG is a unique example of the successful development of entrepreneurial spirit that was released in Central Europe after the fall of the Berlin wall. While numerous companies and funds invested in the region, with many flying in foreign executives to run businesses, CPIPG originated in the local market. Over 25+ years, CPIPG has built a formidable team of executives who were born locally, understand regional business and culture, and are able to import international experience and best practices into the company’s operations. Originating from the Czech Republic, we have been able to develop our quality teams, platforms, and asset management activities in Berlin, Warsaw, Budapest and beyond.

Caring for our Employees, Tenants and Community
Each year, CPIPG elevates our standards of disclosure regarding corporate governance and corporate social responsibility (CSR). The Board of Directors recently established a CSR committee, which I will chair, to set policy and monitor progress on CSR topics. Management also conducted a thorough external review of corporate policies and engaged the Czech Technical University to assist with collecting and aggregating information about the Group's environmental performance.

In a recent employee survey, 97% of CPIPG's employees indicated they were proud to work for the company and would recommend employment to a friend. Furthermore, 95% of employees believe CPIPG is a socially responsible member of the community. As chairman, I am also proud to be associated with a company that is performing so well and attracting great talent, while also keeping a close eye on our responsibilities for the future.

On behalf of the Board of Directors, thank you for your interest in CPI Property Group.

Sincerely,

Edward Hughes
Chairman of the Board

The CEO's **Message**

IGY Shopping Centre, České Budějovice, Czech Republic

By *every measure,*
CPIPG is doing
better than ever.

Martin Němeček
CEO

To our tenants, employees and other stakeholders,

2018 was an extraordinary year for CPI Property Group. Our core markets of the Czech Republic, Berlin and the CEE region are among the strongest economies in Europe, and demand for real estate remains vibrant. Our asset management teams achieved higher levels of occupancy and rents, leading to record income for the Group. The Group's capital structure was transformed through refinancing, accelerating the process which began in 2017, and our reputation as a leader on the international capital markets is now firmly established. By every measure, CPIPG is doing better than ever.

Over the past five years, the Group has established a reputation for growth through smart acquisitions and asset management. Our success is primarily due to the knowledge and dedication of our local teams. Being "local" is a key competitive advantage of our approach to asset management: we are not remote owners of properties, managing from a distance. Our teams are based locally, speak the language, are respected in the business community and interact with tenants on a regular basis. Because we have local platforms, we can deliver more expertise, choices and value to our tenants.

The Group's occupancy reached 94.5% in 2018. Combined with 4.9% like-for-like growth in rents, this allowed the Group to increase total revenue by 17% to €604 million. Net business income also improved by 17% to a record €320 million. While strong regional real estate markets and economic conditions contributed to our growth, our platforms have clearly outperformed the market: for instance, vacancy in the Group's Prague office portfolio was 3.1% relative to the market of 5.1%, while our office vacancy in Hungary was 3.1% relative to the market of 7.3%.

> Because we have **local platforms,** we can deliver more *expertise, choices* and *value* to our tenants.

Berlin remains one of the best office markets in Europe, with strong demand from technology, creative, and unique companies of all sizes. Appetite for space has consistently exceeded supply, and the pace of job creation in Berlin remains solid despite softer conditions in other German cities more closely linked to manufacturing. Like-for-like rental growth in our Berlin portfolio was 10% for 2018 and occupancy rose to 95.6%, clear indicators of the market's strength. Based on analysis from external advisors, and our experience as locals, we see continued upside in Berlin as rents in our portfolio remain well below the market average.

The Group continues to benefit from our long-term investment horizon. In alignment with our founder and primary shareholder, CPIPG is not motivated by short-term earnings or growth targets. The Group does not pay a dividend. Therefore, CPIPG can flexibly invest back into our properties to support sustainable growth in long-term income. During 2018, the Group invested alongside our office tenants in Prague (Siemens, WPP) to cement long-term leases for their corporate headquarters. In retail, we continued investing in refurbishments (IGY and Fénix shopping centres) which have directly contributed to footfall and turnover. In Berlin, we completed the successful redevelopment of AQUA-Höfe and saw a dramatic impact on occupancy and rents.

With total assets of €8 billion and a property portfolio of €7.6 billion, CPIPG is clearly an established leader in our region and all of Europe. Our acquisition activity moderated in 2018 primarily because high quality, attractively priced income-generating assets are scarce in the Czech Republic and Berlin. However, CPIPG's large presence on the market means attractive opportunities can still emerge. Our acquisition of Futurum in Hradec Králové added a strong-performing regional shopping centre to our Czech Republic platform; Atrium Centrum and Atrium Plaza offices added to our well-located portfolio in Warsaw; Buxmead in London was priced attractively and offers current yield and long-term upside.

Investing in our capital structure was a key priority for the Group in 2018. Throughout the year, CPIPG strengthened its credit ratings and issued unsecured bonds to repay secured bank loans and subsidiary bonds. In April 2018, CPIPG was awarded a new "BBB" rating from S&P and our Moody's Baa3 rating was placed on positive outlook. In May, CPIPG issued a €550 million hybrid bond, which positively enhanced the Group's credit metrics by introducing an element of equity. In October, Moody's upgraded CPIPG's rating to Baa2 and the Group issued €600 million of senior unsecured bonds. Our bond transactions received strong demand from existing and new investors, and I am proud that we have developed many good relationships with the market.

View from Quadrio roof terrace, Prague, Czech Republic

Later in 2018, the Group focused on diversifying our funding sources by accessing new markets and currencies. The Group established ISDA agreements with our relationship banks to facilitate hedging foreign currency issuance to EUR, and broadened our global investor dialogue. In October, the Group issued CHF 165 million of senior unsecured bonds. In November, the Group was awarded an "A-" rating by Japan Credit Rating Agency and issued JPY 11 billion of senior unsecured bonds, becoming the first European real estate company to issue a TOKYO PRO-BOND. During Q1 2019, CPIPG continued our global journey by accessing the Hong Kong Dollar and US Dollar bond markets.

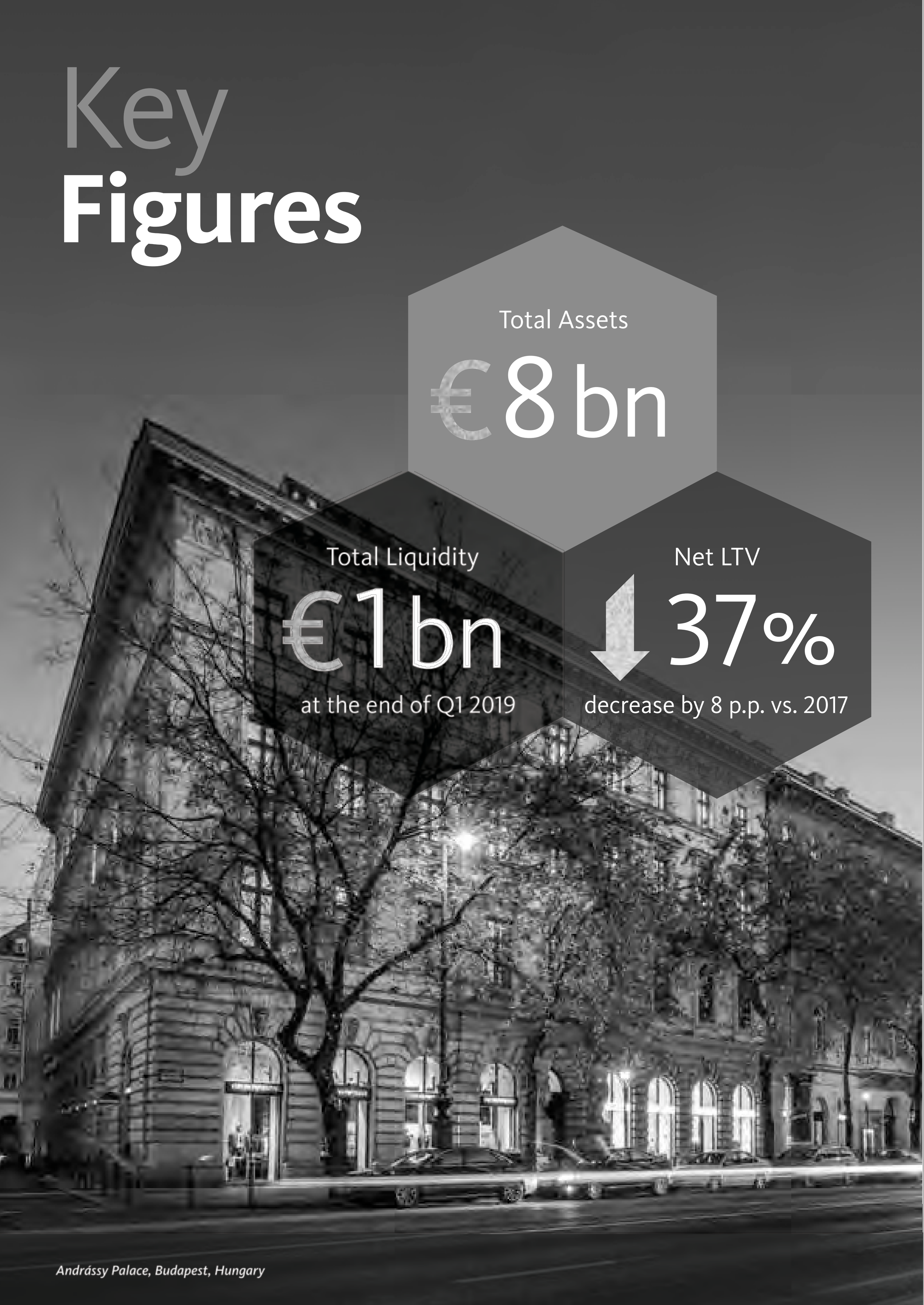
In total, CPIPG issued about €1.4 billion of senior unsecured bonds and hybrids during 2018 and used the proceeds (and cash) to repay about €1.5 billion of subsidiary bonds and secured loans. These actions had a significant positive effect on our credit metrics, with net LTV dropping to the lowest level ever (37%) and ICR rising to the highest level ever (4.2x). The Group's funding structure has been streamlined, with unsecured bonds now representing 58% of total funding versus 41% at the end of 2017. The Group's unencumbered assets ratio rose to 65%, from 43% in 2017.

Our financial flexibility was also greatly enhanced in March and August, when CPIPG signed a total of €230 million of 2-year revolving credit facilities with nine relationship banks. I am pleased to report that in Q1 2019, we replaced these facilities with a new €510 million 3-year revolving credit facility and added two new banks to our lending group. Deep access to short-term liquidity, combined with CPIPG's limited refinancing requirements in coming years, is a competitive advantage.

While we are proud of our success, CPIPG is not standing still. The Group will continue focusing on the long-term performance of our properties and the satisfaction of our tenants and communities. We will remain engaged with the capital markets and all of our stakeholders to ensure CPIPG maintains a strong capital structure and liquidity profile. Most importantly, we will continue investing in the heart of our business: our local teams, who bring their enthusiasm to work every day. Working together, I am certain that CPIPG will enjoy a successful 2019.

Sincerely,

Martin Němeček



Key Figures

Total Assets
€8 bn

Total Liquidity
€1 bn
at the end of Q1 2019

Net LTV
37%
decrease by 8 p.p. vs. 2017

Andrássy Palace, Budapest, Hungary

Property Portfolio
€7.6 bn
up over 12% versus 2017

EPRA NAV
€4.5 bn
up nearly 14% versus 2017

Total Revenues
€604 m
up 17% vs. 2017

Unencumbered Assets
65%
up by 22 p.p. versus 2017

Net Interest Coverage Ratio
4.2x
up by 1.6x versus 2017

Cost of Financing
1.6% p.a.
versus 2.6% p.a. in 2017

Occupancy
94.5%
up by 1.7 p.p. versus 2017

Like-for-Like Gross Rental Growth
4.9%
versus 5.4% in 2017

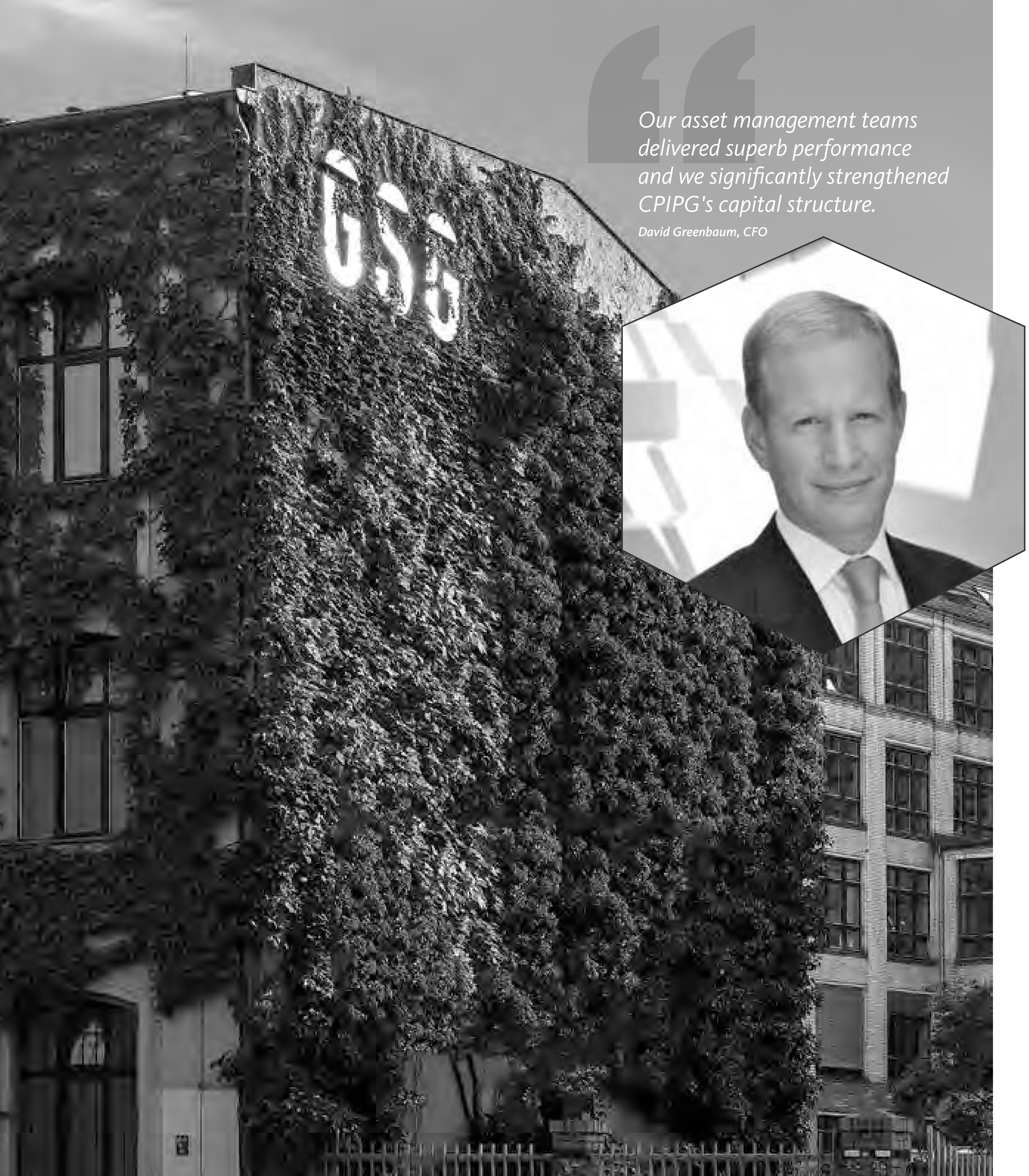
Funds from Operations (FFO)
€164 m
up 29% versus 2017

Credit Ratings

Baa2
by Moody's
(stable)

BBB
by Standard & Poor's
(stable)

A-
by Japan Credit Rating Agency
(stable)



Our asset management teams delivered superb performance and we significantly strengthened CPIPG's capital structure.

David Greenbaum, CFO

Zossener Straße, Berlin, Germany

Performance

		31 December 2018	31 December 2017	Change
Gross rental income	€ million	302	262	15%
Total revenues	€ million	604	515	17%
Net business income	€ million	320	272	17%
Consolidated adjusted EBITDA	€ million	270	230	17%
Funds from operations (FFO)	€ million	164	127	29%
Profit before tax	€ million	649	841	(23%)
Interest expense	€ million	78	99	(21%)
Net profit for the period	€ million	631	695	(9%)

Assets

		31 December 2018	31 December 2017	Change
Total assets	€ million	8,259	7,529	10%
Property portfolio	€ million	7,555	6,722	12%
Gross leasable area	m²	3,318,000	3,329,000	0%
Occupancy	%	94.5%	92.8%	1.7 p.p.
Like-for-like gross rental growth	%	4.9%	5.4%	(0.5 p.p.)
Total number of properties*	No	375	432	(13%)
Total number of residential units	No	11,917	12,402	(4%)
Total number of hotel beds**	No	11,300	11,406	(1%)

* *Excluding residential properties in the Czech Republic*
** *Including hotels operated, but not owned by the Group*

Financing structure

		31 December 2018	31 December 2017	Change
Total equity	€ million	4,362	3,315	32%
EPRA NAV	€ million	4,480	3,934	14%
Net debt	€ million	2,775	3,015	(8%)
Loan to value ratio (Net LTV)	%	36.7%	44.9%	(8.2 p.p.)
Secured consolidated leverage ratio	%	12.9%	25.7%	(12.8 p.p.)
Secured debt to total debt	%	36.7%	58.5%	(21.8 p.p.)
Unencumbered assets to total assets	%	65.1%	42.9%	22.2 p.p.
Net ICR		4.2x	2.6x	1.6x

Group Overview

CPIPG is the largest owner of income-generating real estate in the Czech Republic, Berlin and the CEE region.

Our property portfolio continues to grow and improve in quality, driven by complementary acquisitions and the positive impact of our asset management strategy. Because of the Group's long-term time horizon, our teams are able to focus their efforts and expertise on investments and strategies to improve the performance (rents, occupancy, tenant and lease profile) of each asset in our portfolio.

Long-term investor

78% **Czech Republic** and **Berlin**

€7.6 bn property portfolio

Active asset manager

Local expertise and platforms

Focus on **income generating** properties

<10% Development Exposure

Office and retail Largest segments

Investment grade credit ratings

Stable and supportive majority shareholder

At the end of 2018, 78% of the Group's property portfolio was located in the Czech Republic and Berlin, unchanged from 2017. While the Group continues to explore acquisitions across all of our geographies, CPIPG expects that Berlin and the Czech Republic will remain more than 70% of the portfolio over the long-term.

Office and retail (primarily shopping centres) accounted for 70% of the Group's portfolio at the end of 2018. CPIPG will continue to focus on investments and acquisitions in these sectors; however we intend to maintain a diversified portfolio and expect that neither sector would exceed 50% of the portfolio over the long-term.

CPIPG has a positive outlook for our portfolios in Czech Republic residential and hotels & resorts. We will continue to selectively invest in these sectors, but expect each to be maximum 10% of our portfolio over the long-term. Development will remain 10% or less of the Group's portfolio and is mostly comprised of high-quality land bank which is primarily located in Prague.

Mamaision Riverside Hotel, Prague, Czech Republic

Group Management

Historical **Milestones**

1965
Foundation of GSG by the city of Berlin

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

1999–2003
Residential portfolio acquired
Purchase of residential assets which today make up CPI BYTY's portfolio

2002
Issuance of bonds in the Czech Republic
CPI a.s. moves to the forefront of the most significant Czech real estate investors

2013
Expansion abroad
Acquisition of ABLON Group, a significant property portfolio in the CEE region

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

This step created an extraordinarily strong Luxembourg-based European property group with a diversified portfolio in the Czech Republic, Berlin and the CEE region

2014
Quadrio project completed
Most significant development completed by CPIPG and our flagship property in Prague

2016
Local bond leader
Active issuance in local bond markets to capture strong credit appetite, further enhancing our funding profile

2017
Acquisition of retail portfolio from CBRE Global Investors

The largest acquisition by the Group
A retail portfolio of 11 shopping centres in the Czech Republic, Hungary, Poland and Romania

2017
Investment grade rating and bond issues
Baa3 rating by Moody's and issuance of inaugural senior unsecured bonds of €825 million

2018
Positive rating developments
New BBB rating by S&P, upgrade to Baa2 by Moody's, new A- rating from JCR

2018
Capital structure transformation
Hybrid bonds, senior unsecured bonds in EUR, CHF and JPY used to repay secured / subsidiary debt

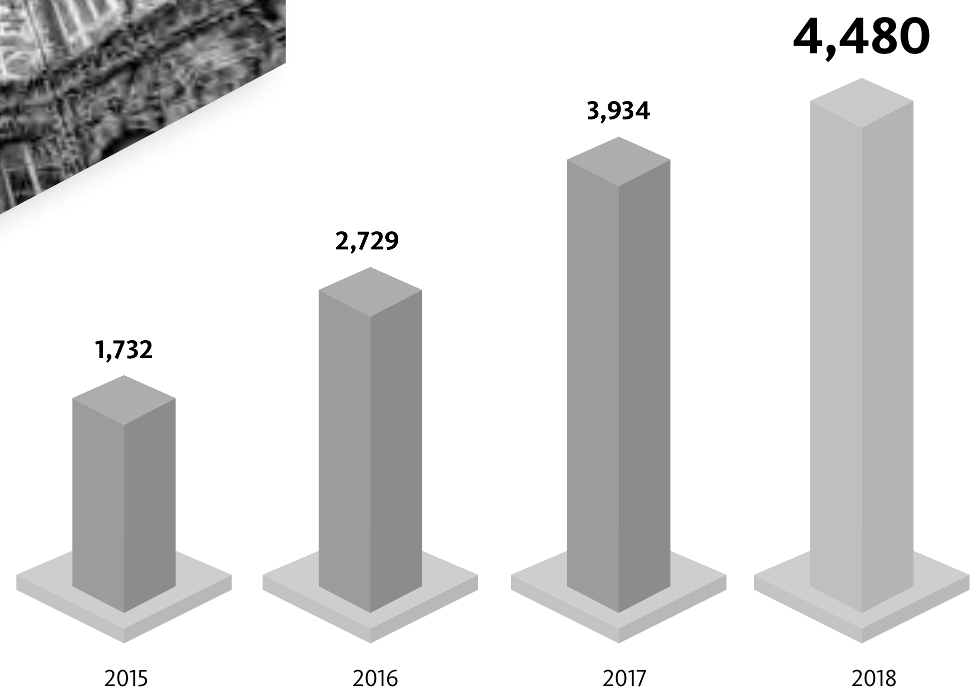
Rašínova, Brno, Czech Republic

CPIPG is *growing* our portfolio while maintaining a **strong commitment** to financial policy.

Waldemarstraße, Berlin, Germany

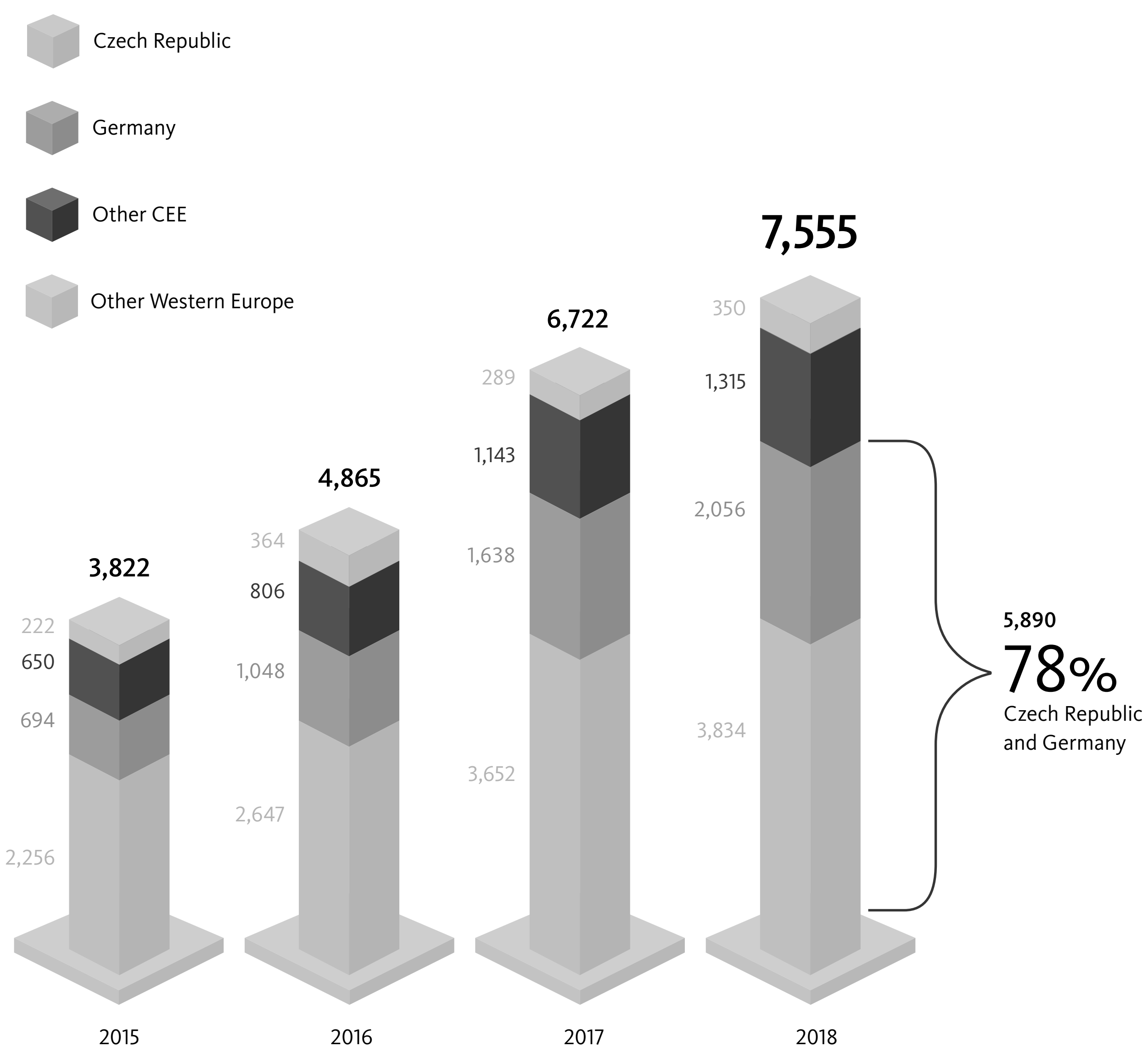
EPRA NAV

(€ million)

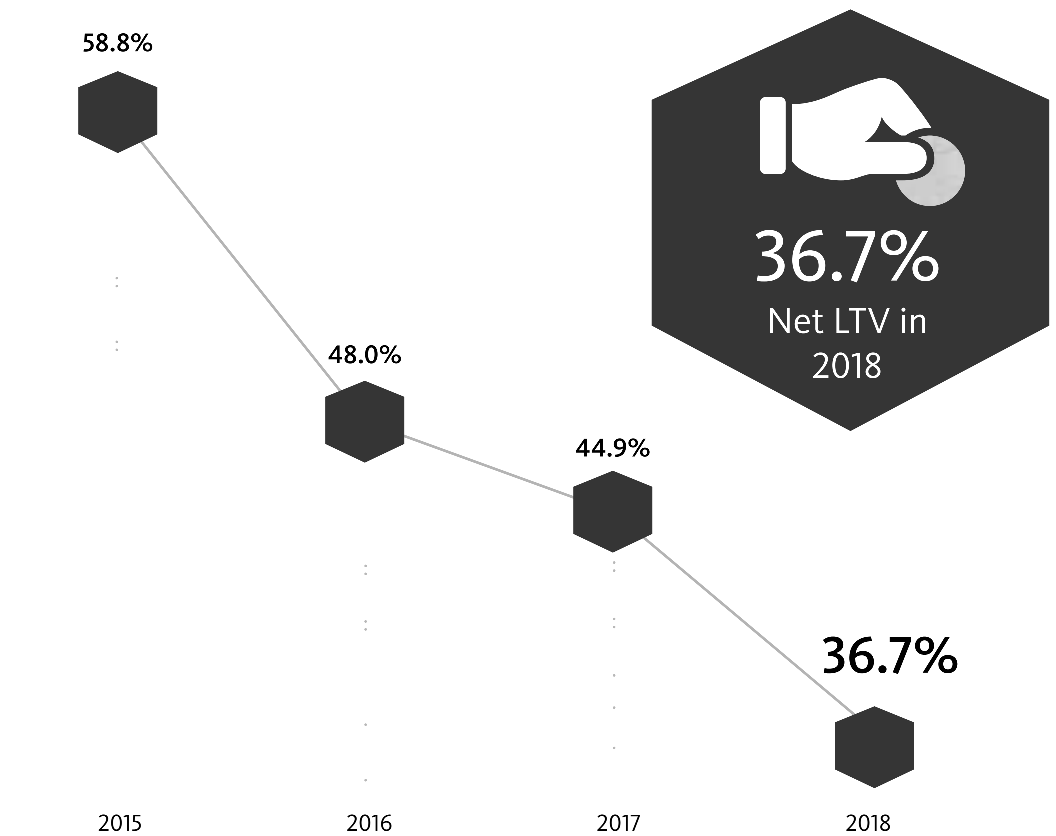


Growth of the Group's property portfolio

(€ million)



Net LTV



During 2018, CPIPG benefited from strong performance across our property portfolio and maintained our dominant position in the Czech Republic, Berlin and the CEE region.

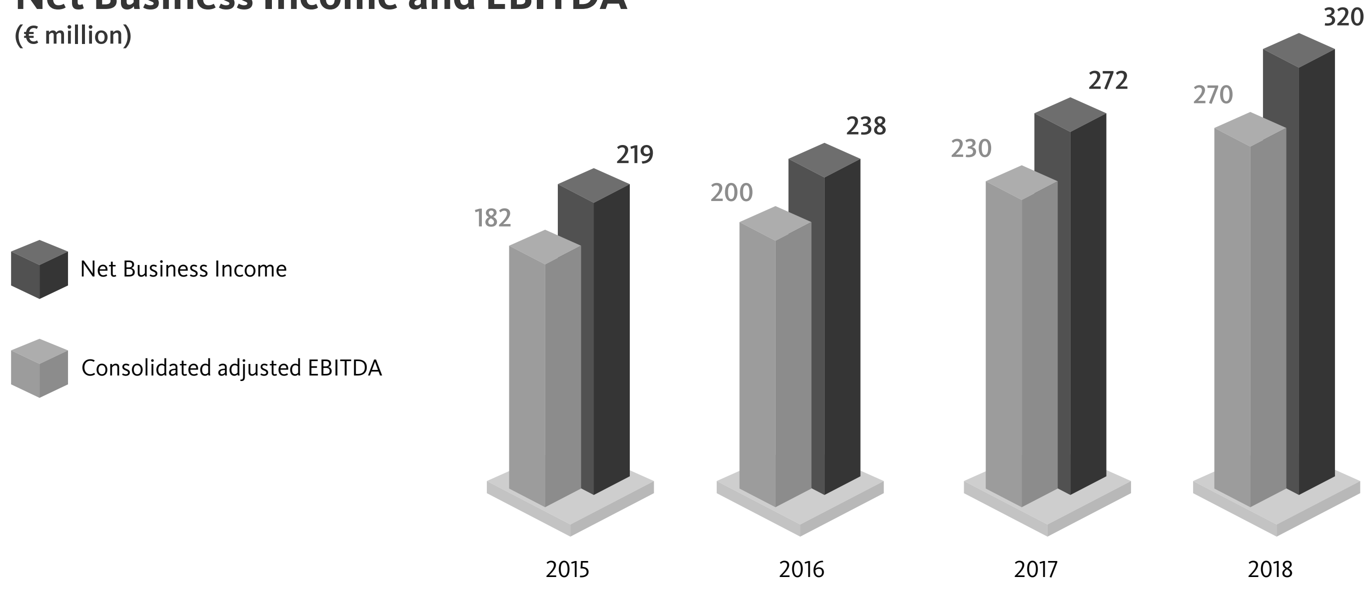
The Group's property portfolio increased primarily due to acquisitions and revaluation reflecting the high performance of our properties and favourable market conditions. Net LTV declined significantly as we strengthened our capital structure via hybrid bonds and through continued reinvestment of profit by our shareholder in support of our conservative financial policy. EPRA NAV rose by 14%, reflecting the combined effects of our activities during 2018.

CPIPG is an active owner and asset manager. Our focus is to continually improve the performance and quality of our assets through strong local asset management teams. The advantages of this strategy are clear: CPIPG achieved record levels of occupancy and income during 2018 and sees positive fundamentals in our core geographies and segments.

Nisa Shopping Centre, Liberec, Czech Republic

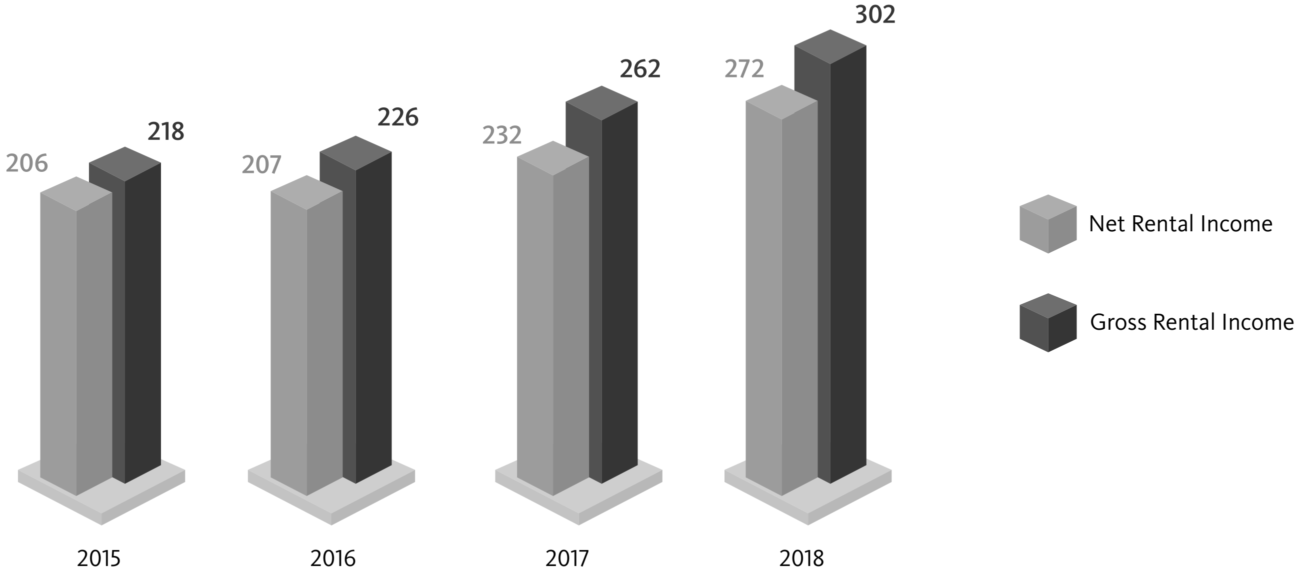
Net Business Income and EBITDA

(€ million)

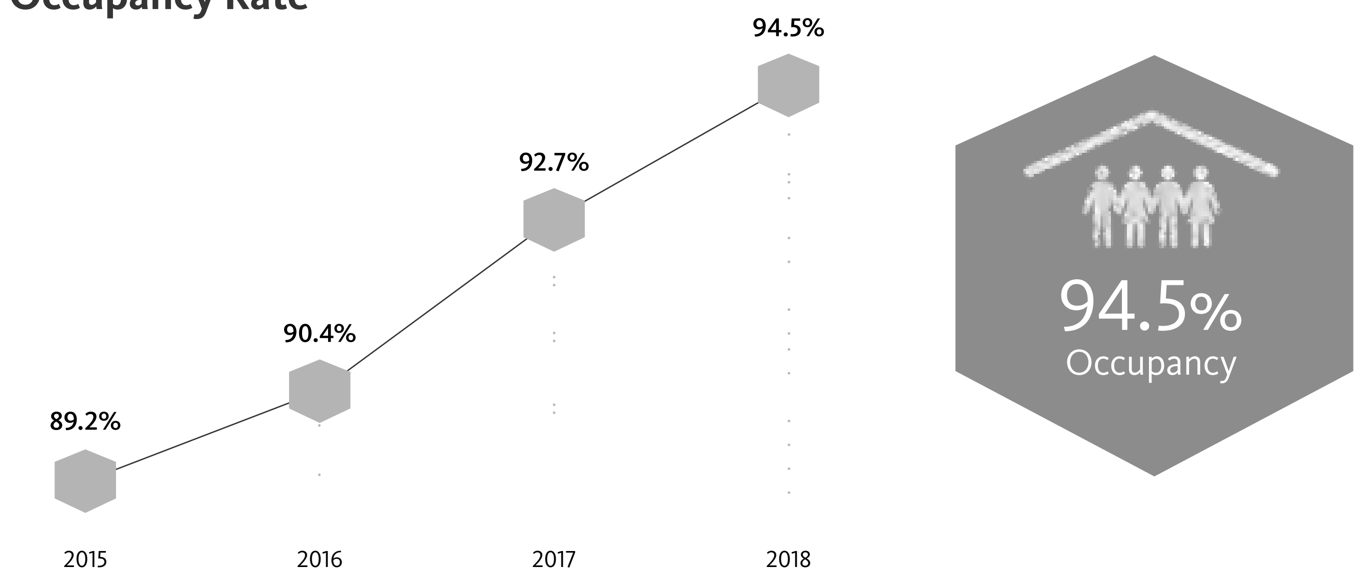


Gross and Net Rental Income

(€ million)



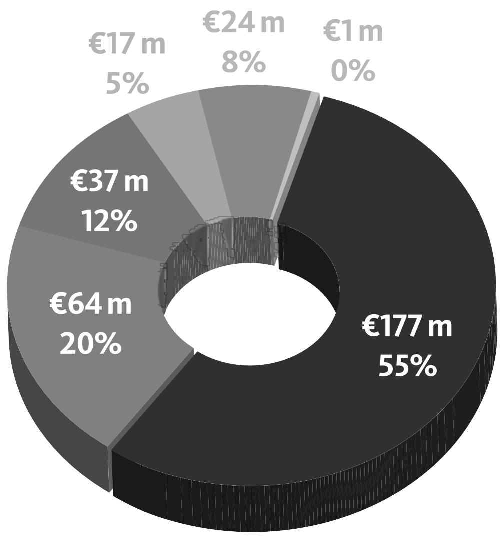
Occupancy Rate



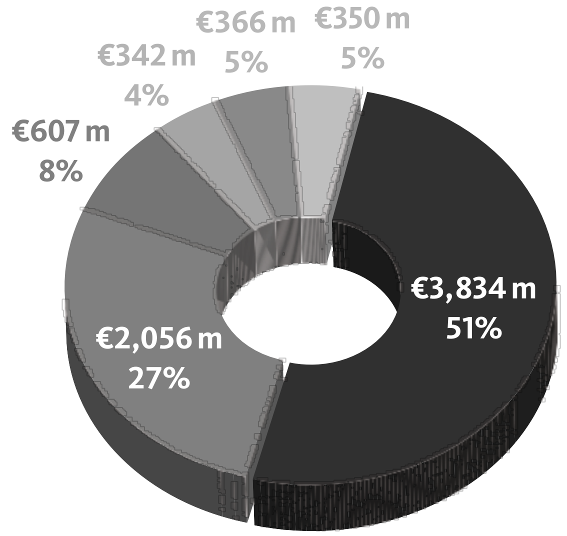
Property Portfolio by Geography

Czech Republic | Germany | Hungary | Poland | Other CEE | Other Western Europe

Net business income
€320 million



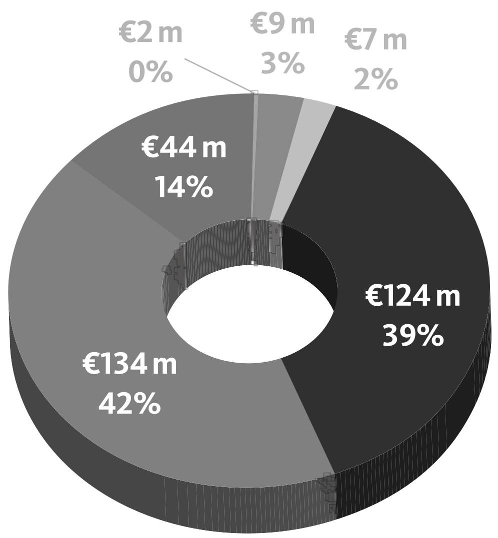
Property portfolio
€7,555 million



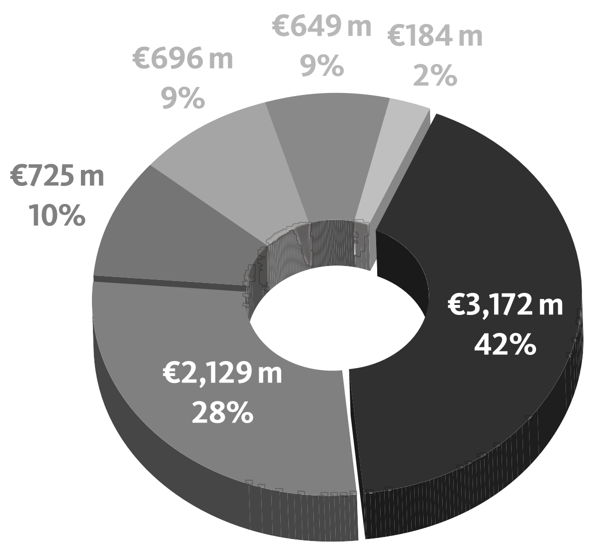
Property Portfolio by Segment

Office | Retail | Hotels & Resorts | Land Bank & Development | Residential | Other

Net business income
€320 million



Property portfolio
€7,555 million



Our Group Operates in Four Key Segments

CPIPG's four operating segments are the **Czech Republic, Berlin, Hotels & Resorts,** and our **Complementary Assets Portfolio.** The Czech Republic segment encompasses our retail, office, land bank, residential and other properties. The Berlin segment is comprised of GSG, our office platform in Berlin. Hotels & Resorts includes our congress and convention hotels, city hotels, mountain resorts and other hotels in the CEE region, Switzerland and Italy. Our Complementary Assets Portfolio includes mostly retail and office assets primarily in Hungary and Poland.

Specialised teams locally and in headquarters work together to optimise the performance of each asset. In each segment, we believe strongly in owning platforms which are able to meet the long-term needs of a diverse range of tenants. We look to expand only in markets we fully understand and focus on acquisitions which complement our existing portfolio.

Property Portfolio Detail

Country	Sector	€ million	Share of total
Czech Republic		**3,834**	**51%**
	Retail	1,584	21%
	Office	756	10%
	Hotels & Resorts	330	4%
	Residential	452	6%
	Land Bank & Development	559	7%
	Other	153	2%
Germany		**2,056**	**27%**
	Office	2,020	27%
	Land Bank & Development	32	0%
	Other	4	0%
Hungary		**607**	**8%**
	Retail	228	3%
	Office	243	3%
	Hotels & Resorts	58	1%
	Land Bank & Development	51	1%
	Other	26	0%
Poland		**342**	**5%**
	Retail	166	2%
	Office	146	2%
	Hotels & Resorts	26	0%
	Land Bank & Development	4	0%
Croatia	Hotels & Resorts	**178**	**2%**
France		**132**	**2%**
	Residential	106	1%
	Land Bank & Development	26	0%
Slovakia		**126**	**2%**
	Retail	120	2%
	Office	7	0%
Switzerland	Hotels & Resorts	**74**	**1%**
Italy		**53**	**1%**
	Hotels & Resorts	38	0%
	Land Bank & Development	15	0%
Romania		**41**	**1%**
	Retail	31	0%
	Land Bank & Development	9	0%
United Kingdom	Residential	**91**	**1%**
Russia	Hotels & Resorts	**21**	**0%**
Total		7,555	100%

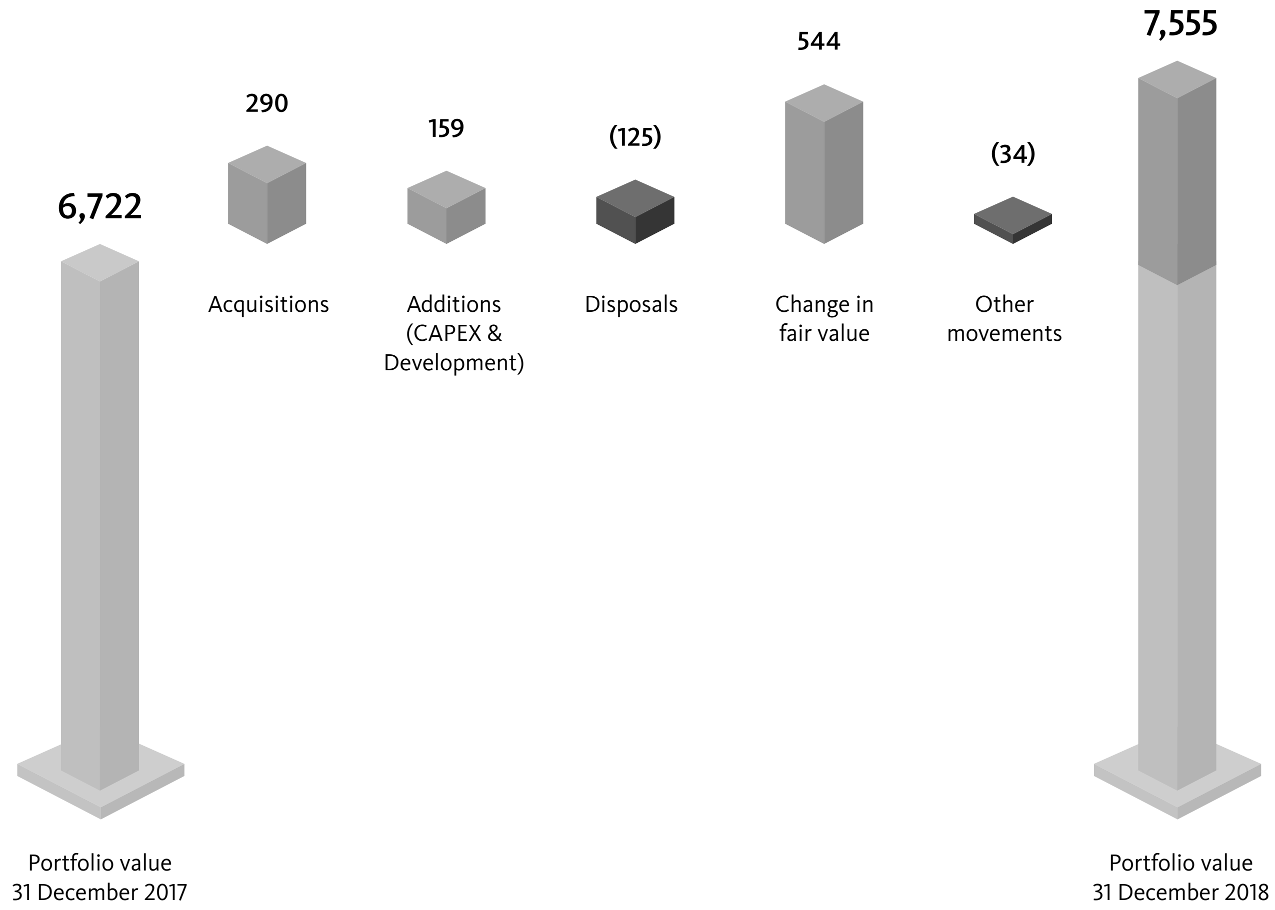
Data disclosed in this report might include rounding difference which resulted from data processing of rounded amounts and percentage rates.

Ogrody Shopping Centre, Warsaw, Poland

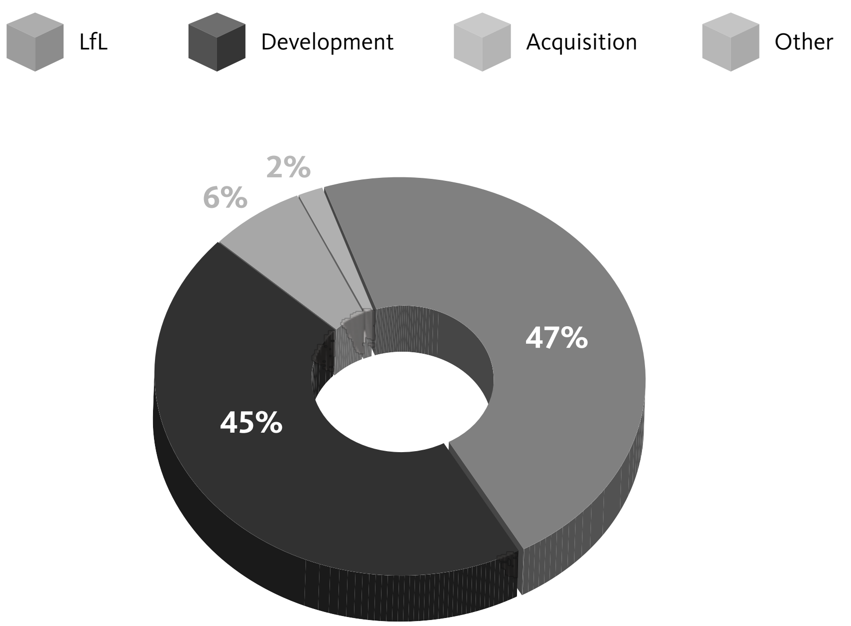
Changes to the total property portfolio value in 2018 were as follows:

- Acquisitions of **€290** million, including the shopping centre Futurum in Hradec Králové, two office buildings in Warsaw, a portfolio of five retail parks in Poland and 11 luxury apartments in London;
- Capital expenditure and development of **€159 million**;
- Disposals of **€125 million**, primarily office buildings in Prague and Budapest and small retail assets in the Czech Republic;
- Valuation gain of **€544 million**, of which **67%** came from Berlin and **15%** from the Czech Republic;
- Other movements include depreciation and other transfers.

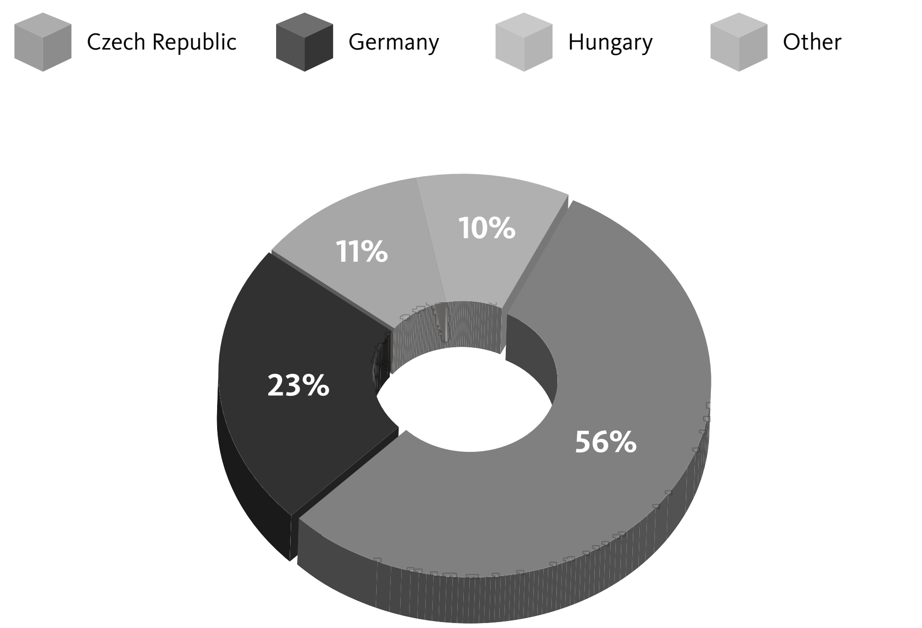
Property portfolio growth in 2018 (€ million)



Additions by type



Additions by Country



* *LfL represents CAPEX spent on an existing portfolio on a like-for-like basis. Development comprises refurbishment and development projects. Acquisition represents CAPEX spent on properties acquired in 2017 or 2018. Other includes disposals and other transfers.*

City West Siemens, Prague, Czech Republic

Our Tenants

The strength of the Group's property portfolio is reflected in the international nature and diversity of our tenant base. Our offices in the Czech Republic host the regional headquarters of ČEZ, Generali, Siemens and others. Our largest tenant (Ahold Delhaize) accounts for 3.3% of gross rental income, while our top 10 tenants represent 14.9% of gross rental income. In Berlin, our unique office platform continues to meet the needs of a wide variety of tenants, including the vibrant technology and creative sectors.

The Group's lease maturity profile is well balanced, with no more than 25% of leases up for renewal in any year and a WAULT of 3.5 years. While the Group typically prefers lease terms of 5 to 10 years in office and 5 years in retail, maintaining a slightly shorter WAULT in areas like Berlin has allowed us to capture the benefits of rising market rents.

Our asset management teams work actively with our tenants to renew contracts or arrange new tenants well before the lease maturity. The quality of our tenant base is also reflected in a rental delinquency rate of less than 1%.

Top 10 tenants by rental income

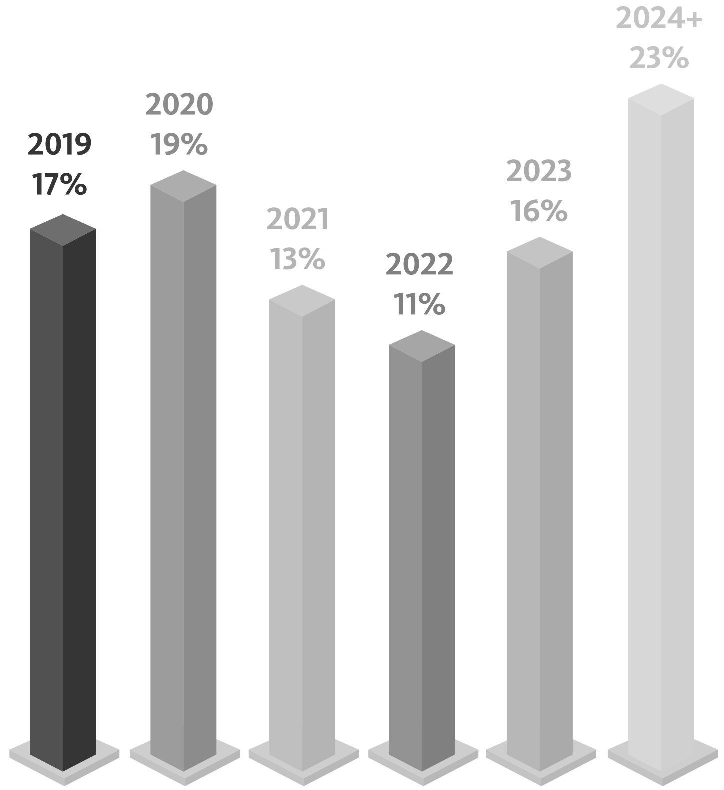
Tenant	€ million	Rent as % of GRI*	WAULT** (years)
Ahold	10.3	3.3%	5.4
TESCO	6.3	2.0%	8.1
ČESKÁ POJIŠŤOVNA	6.3	2.0%	4.8
SIEMENS	4.7	1.5%	8.5
CEZ GROUP	4.7	1.5%	8.3
PENNY	3.6	1.1%	5.3
BILLA	3.6	1.1%	2.6
TAKKO FASHION	2.7	0.8%	2.9
Continental	2.6	0.8%	9.6
dm	2.4	0.7%	3.8
Total	47.0	14.9%	6.1

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

WAULT by Country and Segment

Country	Segment	WAULT (years)
Czech Republic	Retail	3.7
	Office	4.5
Total Czech Republic		**3.6**
Germany	Office	3.1
Total Germany		**3.1**
Hungary	Retail	2.4
	Office	3.8
Total Hungary		**3.0**
Poland	Retail	3.6
	Office	3.6
Total Poland		**3.6**
Slovakia	Retail	6.6
	Office	3.1
Total Slovakia		**6.3**
Total Group		3.5

Maturity profile of fixed rental agreements



Excluding residential properties and reflecting the first break option.

Development and land bank

82%
of our development portfolio is land bank,
primarily in Prague

Mayhouse office development, Prague, Czech Republic

CPIPG is *primarily focused* on **income-generating** properties; our land bank is an important **long-term strategic asset** which allows the Group to *selectively develop* assets to hold.

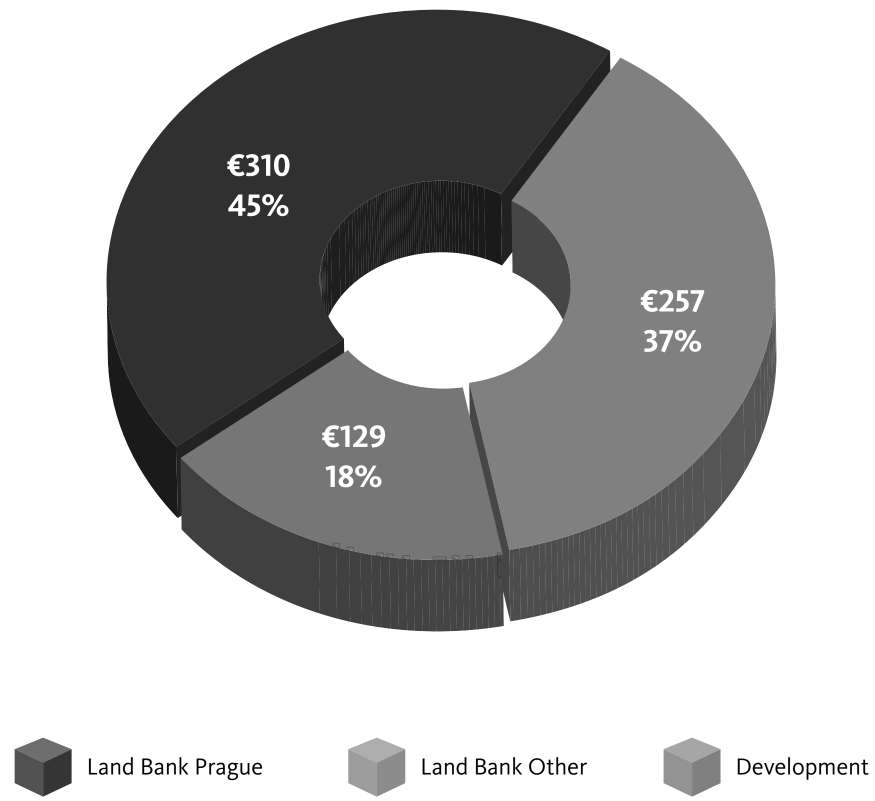
CPIPG's Approach to Development

The Group targets less than 10% of our total property portfolio classified as development. Development and land bank comprised 9% of our total portfolio at the end of 2018, of which 82% was land bank. The largest portion of our land bank is in Prague. Our land bank is both high-quality and unencumbered, and could be considered another potential source of liquidity for the Group. Development primarily includes properties under refurbishment or redevelopment; green or brown-field developments, such as the Mayhouse office building in Prague, are undertaken selectively when we see an opportunity to develop and hold for the long-term.

2018 Development and Land Bank Portfolio

(€ million and %)

€696 million



Our Team

Our tenants see the value of our strong and stable teams. We have the experience and depth to provide full in-house letting services in all of our retail properties in the future.

Petr Žahour, Head of Retail letting

Petra Hájíčková, Letting Manager; Petr Žahour, Head of Retail Letting; Veronika Chválová, Junior Letting Manager; Monika Zárišová, Letting Manager; Stefan Krajčinovič, Letting Manager, Prague, Czech Republic

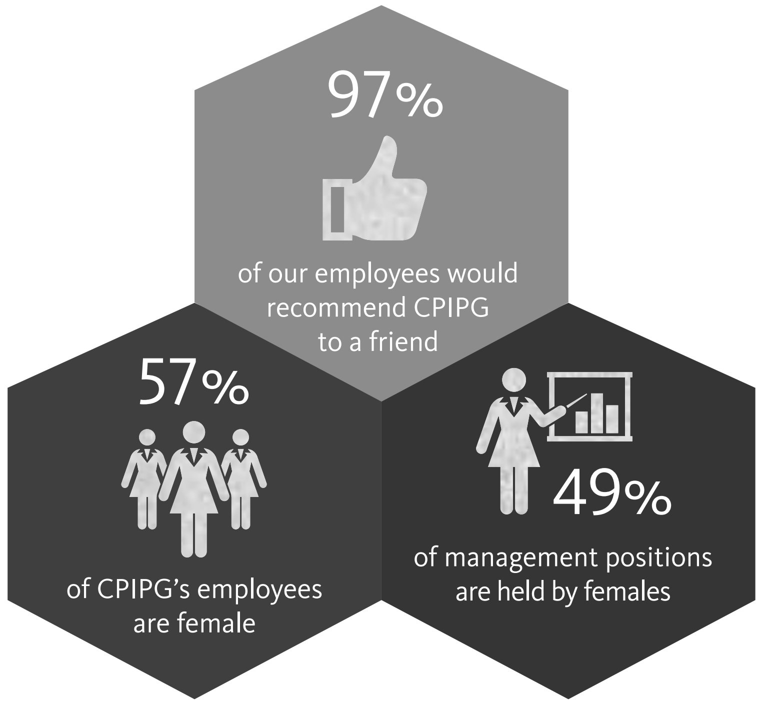
As one of the largest owners of income-generating real estate in Europe, CPIPG has demonstrated the ability to attract and retain high-quality talent.

CPIPG has strong local teams in each of our regions reporting to the headquarters team in Luxembourg. Although CPIPG has grown in size over the years, the Group has retained the respectful character of a family business. Each employee is motivated and encouraged to develop on a professional and personal level.

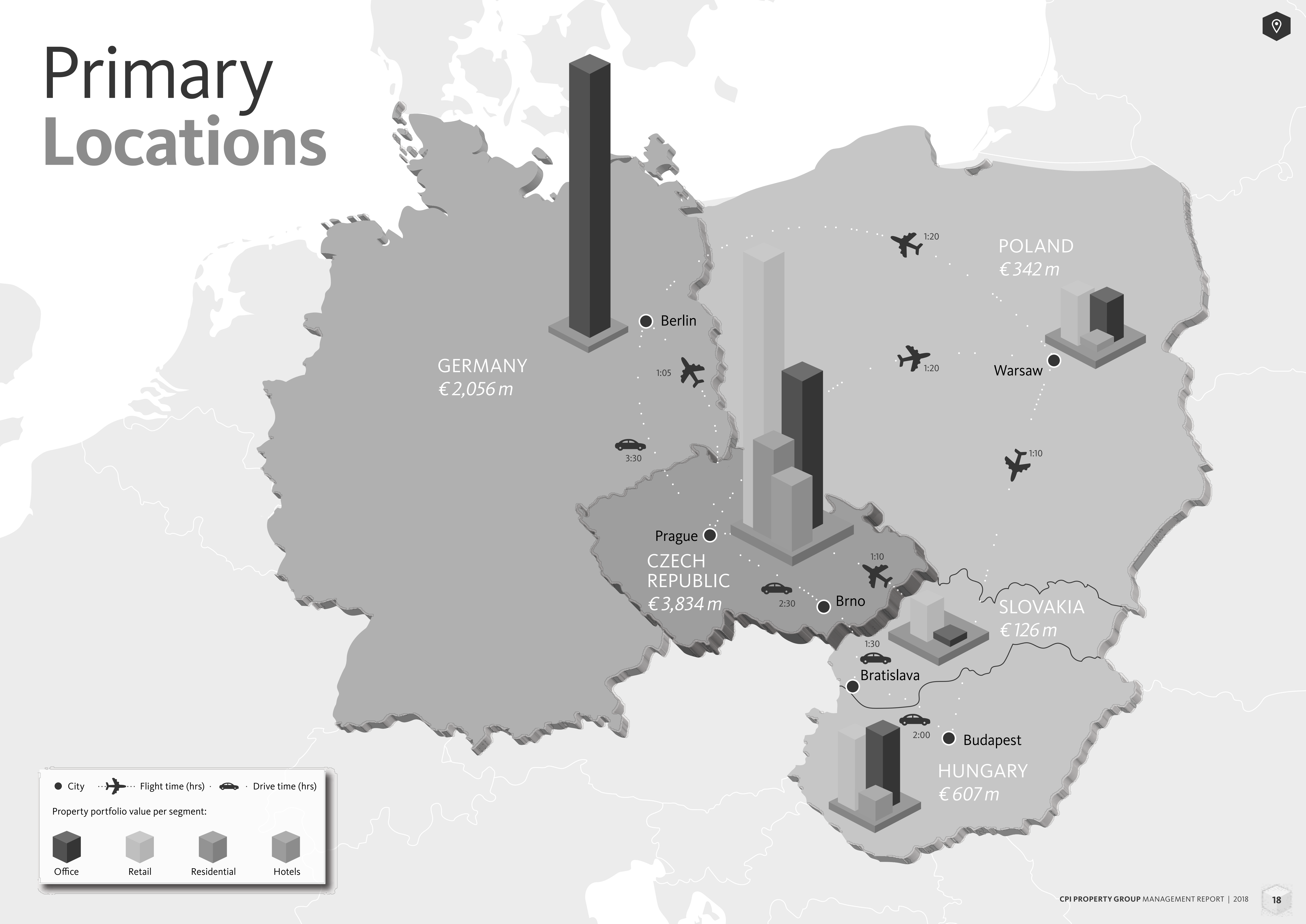
Managers are encouraged to give their teams as much responsibility as possible coupled with mentoring and regular feedback. The Group promotes short and long-term training programmes to provide our employees the skills they need to perform their current and future duties optimally. Managers support employees in determining their needs and work together on further training activities.

Wherever possible, the Group allows employees to work remotely and applies a flexible working schedule. The Group respects statutory leave and daily and weekly resting time so that our employees can rejuvenate and lead satisfying personal lives. Healthy and sound relationships represent one of the Group's core values.

In 2019, the Group conducted an anonymous employee survey covering over 750 of our employees in the Czech Republic, Germany, Hungary, Slovakia, Poland and Croatia. The response rate was more than 95% with a large majority indicating a high degree of satisfaction.



Primary Locations



Portfolio **Highlights**

Atrium Centrum and Atrium Plaza are centrally located, with good existing tenants. Since the properties were acquired in June, we have reduced vacancy from 13.1% to 9.6% and are confident that our asset management platform can continue to improve performance.

Barbara Topolska, Country Manager, Poland

Atrium Office Centrum, Warsaw, Poland

Acquisitions in 2018 further *enhanced* the depth quality of our **market-leading platforms.**

Acquisition of Futurum Hradec Králové Shopping Centre
In March 2018, the Group acquired Futurum Hradec Králové Shopping Centre, the dominant shopping centre in Hradec Králové, Czech Republic. It was opened in 2000 and was substantially extended and modernised in 2012. The centre has a total floor area of 39,000 m² and 1,350 parking spaces and consists of 110 stores including an anchor Tesco hypermarket and a multiplex cinema.

Acquisition of Retail Parks In Poland
In April 2018, the Group purchased a portfolio of four retail parks in Poland along with an option to acquire another retail park under development. The portfolio, which totals 19,000 m² of gross leasable area, is operated under the HopStop brand and is located in Warsaw and regional cities of Poland.

Acquisition of Atrium Centrum & Atrium Plaza Office Buildings In Warsaw
In May 2018, the Group acquired Atrium Centrum & Atrium Plaza office buildings in Warsaw, Poland. Atrium Centrum & Atrium Plaza are seven-storey office buildings located in the centre of Warsaw, near the most important transportation and business hub of Warsaw – Rondo ONZ. The two office buildings have an aggregate GLA of 31,869 m² and include a medical centre, a restaurant, a bank, a pharmacy, a premium fashion store and 410 parking spaces.

Acquisition of 11 Luxury Apartments In London
In December 2018, the Group acquired 11 luxury apartments at Buxmead, a recently completed development in North London. The price paid was slightly above £1,000/square foot, a discount of about 50% relative to where the other 9 apartments at Buxmead were previously sold. The apartments will be rented and held for the long-term.

Disposal of Budaörs Office Park
In January 2018, the Group disposed of Budaörs Office Park in Hungary. Budaörs Office Park is located near Budapest and has 18,512 m² of gross area and a 23,941 m² plot.

Disposal of Small Retail Assets In the Czech Republic
In June and December 2018, the Group disposed of several small retail properties located in regional cities in the Czech Republic. The disposal was consistent with the Company's strategy, which is focused on dominant shopping centres in the Czech Republic and other core CEE countries.

Disposal of Office Building In Prague
In August 2018, the Group disposed of an office building in Prague with approximately 10,000 m² of usable space, which serves as the headquarters of Nestlé for the Czech Republic and Slovakia.

Corporate **News**

We **strengthened** our *team*, *credit ratings*, *property portfolio* and **capital structure** during 2018.

Appointment of a new Chief Financial Officer

In February 2018, the Group appointed David Greenbaum to the role of Chief Financial Officer. In this role, David focuses primarily on the Group's capital structure, external financing, corporate finance and other strategic matters. David joined CPIPG after 15 years at Deutsche Bank, where he was most recently co-head of debt capital markets for the CEEMEA region.

Approval of Share Buyback Programme and repurchase of shares

The extraordinary general meeting of the shareholders of the Company held on 1 March 2018 (the "2018 EGM") approved the terms and conditions of a buy-back programme enabling the repurchase by the Company of a maximum of one billion (1,000,000,000) of its own shares. On the basis of the authorization by the 2018 EGM, the board of directors decided on 1 March 2018 to proceed with a buy-back of certain shares under the programme. A total of 724,853,952 Company shares were acquired for the proposed acquisition price of €0.20 per share (representing in aggregate app. €145 million). The shares were bought-back from an entity affiliated with Mr. Radovan Vítek. At the time of buy-back this represented a direct holding of 7.64% of the Company's share capital. The 2018 EGM further resolved to modify, renew and replace the existing authorised share capital and to set it to an amount of five billion Euros (€5,000,000,000) for a period of five (5) years from the date of the 2018 EGM, which would authorize the issuance of up to forty billion (40,000,000,000) new ordinary shares of the Company and up to ten billion (10,000,000,000) new non-voting shares of the Company. The 2018 EGM also approved the modifications of the Company's articles of association reflecting the above resolutions taken during the 2018 EGM.

New capital increase

In April 2018, the Company issued 250,000,000 new ordinary shares for a global subscription price of €50 million. The new ordinary shares, having a par value of €0.10, were issued at a subscription price of €0.20 per new ordinary share in a reserved capital increase under the Company's authorized share capital. All the new shares were subscribed by an entity closely associated with Mr. Radovan Vítek. The new shares were fully paid up by a cash contribution further strengthening the Company's equity. The corporate share capital of the Company was thus increased on 10 April 2018 from €948,872,261 represented by 9,488,722,610 ordinary shares to €973,872,261 represented by 9,738,722,610 ordinary shares.

New S&P rating and Moody's outlook change

In April 2018, S&P Global Ratings assigned a new "BBB" long-term issuer credit rating to the Group. Moody's Investor Service also changed the outlook on CPIPG's "Baa3" rating from stable to positive. These actions reflected CPIPG's operating performance and capital structure transformation in 2017, along with our commitment to conservative financial policies.

Extraordinary general meeting of shareholders held on 14 May 2018

The extraordinary general meeting of shareholders of the Company was held on 14 May 2018 in front of a notary public (the "EGM").

The EGM resolved to decrease the corporate capital of the Company by the amount of €72,485,395.20 by means of cancellation of 724,853,952 shares held in treasury by the Company. The total number of shares comprising the share capital of the Company was 9,013,868,658 as of 14 May 2018.

Annual general meeting of shareholders held on 31 May 2018

The annual general meeting of the shareholders of the Company was held on 31 May 2018 in Luxembourg (the "AGM"). The AGM approved the statutory and consolidated annual accounts, as well as the allocation of financial results for the financial year ending 31 December 2017. The AGM also granted a discharge to the members of the Company's board of directors and the auditors for the performance of their duties during the financial year ending 31 December 2017.

The AGM further resolved to re-appoint the following persons as members of the Company's board of directors as of the date of the AGM and until the annual general meeting of 2019: Edward Hughes, Philippe Magistretti, Martin Němeček, Tomáš Salajka, Oliver Schlink, Radovan Vítek, and Marie Vítek. Martin Němeček was also appointed as the Managing Director (*administrateur délégué*) of the Company. Finally, the AGM approved KPMG Luxembourg as auditors of the Company until the annual general meeting of 2019.

Moody's upgrade and new rating from JCR

In October, CPIPG was upgraded to "Baa2" by Moody's. The upgrade was based on the Group's operating performance and capital structure improvements. In November, CPIPG was rated "A-" by Japan Credit Rating Agency (JCR), representing the first-ever credit rating for a foreign real estate issuer in Japan.

Financing activity

Refinancing of Quadrio in Prague

In February 2018, the Group agreed with UniCredit Bank on the refinancing of our flagship Quadrio property. The five year financing totaled €114.8 million at extremely attractive pricing for the Group.

Successful issuance of undated subordinated ("hybrid") notes

In May 2018, the Company issued €550 million of undated 4.375% fixed rate resettable subordinated notes (the "Hybrid Notes"). The Hybrid Notes have no fixed maturity date and are callable by the Company from 11 August 2023.

The Hybrid Notes, which were issued under CPIPG's €3 billion Euro Medium Term Note programme, are listed on the regulated market of Euronext Dublin, will be accounted as equity under IFRS, and receive 50% equity credit treatment from Moody's and S&P.

Establishment of revolving credit facilities

In March 2018, the Company signed a €150 million 2-year unsecured revolving credit facility with Barclays, Credit Suisse, Deutsche Bank, J.P. Morgan, Komercni banka and UniCredit.

In August 2018, the Company signed a new €80 million 2-year revolving credit facility, bringing the Group's total revolving credit lines to €230 million. Lenders in the new facility were HSBC, Nomura and Raiffeisen.

In Q1 2019, the Group signed a new €510 million 3-year revolving credit facility, replacing the facilities signed in 2018. All nine of the group's revolving credit facility lenders increased and extended their commitments, while Goldman Sachs and Bank of China also joined the facility.

Refinancing of IGY shopping centre in České Budějovice

In October, the Group agreed with Komercni Banka on the refinancing of IGY shopping centre in České Budějovice, Czech Republic. The loan totalled €60 million for a term of five years, with attractive pricing in light of the recently completed extensive and positive redevelopment of IGY centre.

Senior Unsecured Financings

CPIPG issued €840 million of senior unsecured bonds under our EMTN programme during the fourth quarter of 2018. €610 million were issued in Euro with a maturity in 2022, followed by about €145 million (CHF 165 million) in Swiss Franc bonds which mature in 2023. In December, the Group became the first European real estate company to complete a public bond offering in Japan by issuing about €85 million (¥11 billion) in Japanese Yen bonds maturing in 2022 and 2028. The majority of the CHF and JPY bond proceeds were swapped into Euros. CPIPG also signed a €50 million 3-year term loan with one of our relationship banks. Proceeds were used to repay debt, including secured loans and subsidiary bonds.

In 2019, CPIPG issued bonds in Hong Kong Dollars and US Dollars totaling €362 million equivalent via our EMTN programme, and completed schuldschein loans for €170 million. Proceeds were used to refinance debt including a bridge loan related to our UK acquisition and drawings under our revolving credit facility; some of the proceeds will also be held in cash.

Repayments of bonds and bank loans

Proceeds from both hybrid and senior unsecured issuances were used for repayment of subsidiary bonds (€640 million) and secured bank loans (€820 million), many of which were repaid well before the scheduled maturity date. CPIPG incurred costs of €43 million to retire the debt early; the Group viewed the costs as a worthwhile investment in long-term capital structure health.

The Group has eliminated all secured project bonds issued by CPI Retail Portfolio I, a.s. (€44 million) and by a residential subsidiary CPI BYTY, a.s. (€115 million). We also repaid all unsecured notes issued by Czech Property Investments, a.s. (€330 million), CPI Finance Slovakia, a.s. (€80 million) and CPI Finance Slovakia II, a.s. (€100 million). Following these bond repayments, the Group has eliminated all subsidiary bonds and therefore has reduced structural subordination and complexity.

The Group also repaid a significant portion of secured bank loans, and greatly improved the size and quality of our unencumbered asset portfolio. Because many of the instruments repaid were high-cost, the Group was able to significantly improve our interest coverage (ICR) ratio.

Economic Review

GSG-Hof Köpenicker Straße, Berlin, Germany

Europe

The growth trend of the European economy continued through the year, but at a more moderate pace. Factors such as improving labour market conditions and low financing costs supported growth and are also expected to positively influence the economy in the coming year. The risks that affected the economy and should be considered in the forecast include trade/tariff issues and market volatility. The European Central Bank (ECB) left the main interest rate and deposit rate unchanged (at 0.0% and -0.4%, respectively). As expected, the ECB ended its quantitative easing programme of new asset purchases in December 2018. Annual inflation remained 1.7% in Q4 2018 (unchanged from Q4 2017) and decreased by 0.5 p.p. relative to Q3 2018.

Berlin

Berlin is not only the largest city in Germany, but also is one of the best-performing cities in Germany and within Europe. The city's population increases every year. Like the rest of Europe, the German economy has grown less than expected in 2018. However, the country continues to benefit from strong fundamentals and remains the largest economy in Europe by a significant margin. The annual inflation rate decreased to 1.7% from 2.0% in Q2 2018 and reached the same level as in Q4 2017, similar to the average in the EU.

United Kingdom

The UK economy continues to be impacted by uncertainty surrounding Brexit. The expected withdrawal of the UK from the EU would, in the worst case, have a negligible impact on the Group's financial or operating results, given that only 1% of the Group's property portfolio is located in the UK and cross-border trade is not a significant factor for CPIPG's business.

Czech Republic

Strong fundamentals, such as the lowest unemployment rate among EU states, positively affected the economy in the Czech Republic in 2018. Increasing wages stimulated household spending. Overall GDP continued to grow, but at lower pace than in 2017. The Czech Republic has maintained low levels of government debt relative to GDP; in Q3 2018 the level was the fourth lowest in the EU. The Czech National Bank (CNB) remains focused on fiscal stability. The CNB forecasts GDP around 3% over the next three years – which is above the EU average – and modestly higher interest rates. The CNB also calls for a modest strengthening in the Czech Koruna (CZK) over the next year, although the currency weakened slightly during 2018.

Central and Eastern Europe

Poland, Hungary, Slovakia and the Czech Republic reached top positions with the highest GDP growth among European countries. Strong fundamentals included young and well-educated labour forces, low levels of unemployment, increasing domestic consumption and strong levels of local business activity and foreign investment. Higher wages have driven consumer spending and investment, although concerns have emerged about possible labour shortages and the potential impact on the pace and sustainability of future growth. In December 2018, the seasonally-adjusted unemployment rate in the EU dropped by 0.3 p.p. to 6.6%. The Czech Republic, Poland and Hungary ranked first, third and fifth based on the lowest unemployment rates among EU members.

Key macro figures for group core economies

	Growth rate of real GDP (in %)	Annual inflation rate (in %)	Unemployment rate (in %)	Gross public debt (% of GDP)
Germany	0.6	1.7	3.3	61.0
Czech Republic	2.8	1.6	2.1	33.9
Hungary	4.9	2.8	3.5	72.4
Slovakia	4.0	1.9	6.1	51.5
Poland	4.6	0.9	3.7	49.4
EU average	**1.4***	**1.7**	**6.6**	**80.8**

Source: Eurostat, Federal Statistical Office (Destatis), Czech National Bank, Czech Statistical Office, European Central Bank
*Note: * Q4 GDP data for Malta, Luxembourg and Ireland were not available.*
The table uses December 2018 annual inflation rates and unemployment rates. Q3 2018 data on Gross public debt as a percentage of GDP were used due to data limitations (the corresponding value for Q4 2018 will be available in April 2019 according to Eurostat release calendar).

Business Segments

The group operates in four segments: **Czech Republic, Berlin, Hotels & Resorts and our Complementary Assets Portfolio.** In each segment we have a market-leading platform and benefit from scale, experience and active asset management.

Property Portfolio
€3.5 bn
Net Business Income
€156 m

Czech Republic

Largest owner of real estate nationally

#1 retail owner nationally

#1 office owner in Prague

Berlin

Largest owner of commercial property

#1 office landlord

Nearly 1 million square metres of GLA

Property Portfolio
€2.1 bn
Net Business Income
€64 m

Property Portfolio
€0.7 bn
Net Business Income
€45 m

Hotels & Resorts

Regional leader

#1 congress & convention hotel owner in the Czech Republic

Resorts in Hvar, Croatia and Crans-Montana, Switzerland

Complementary Assets

Platforms in Hungary and Poland

Long-term presence in Slovakia

Western European assets

Property Portfolio
€1.3 bn
Net Business Income
€55 m

Tomáš Salajka
Director of Acquisitions,
Asset Management & Sales

Czech Republic

Our history in the Czech Republic dates back to the founding of Czech Property Investments, a.s., in 1991 by the Group's primary shareholder, Radovan Vítek. This is CPIPG's largest market, where our experience and local expertise are unparalleled.

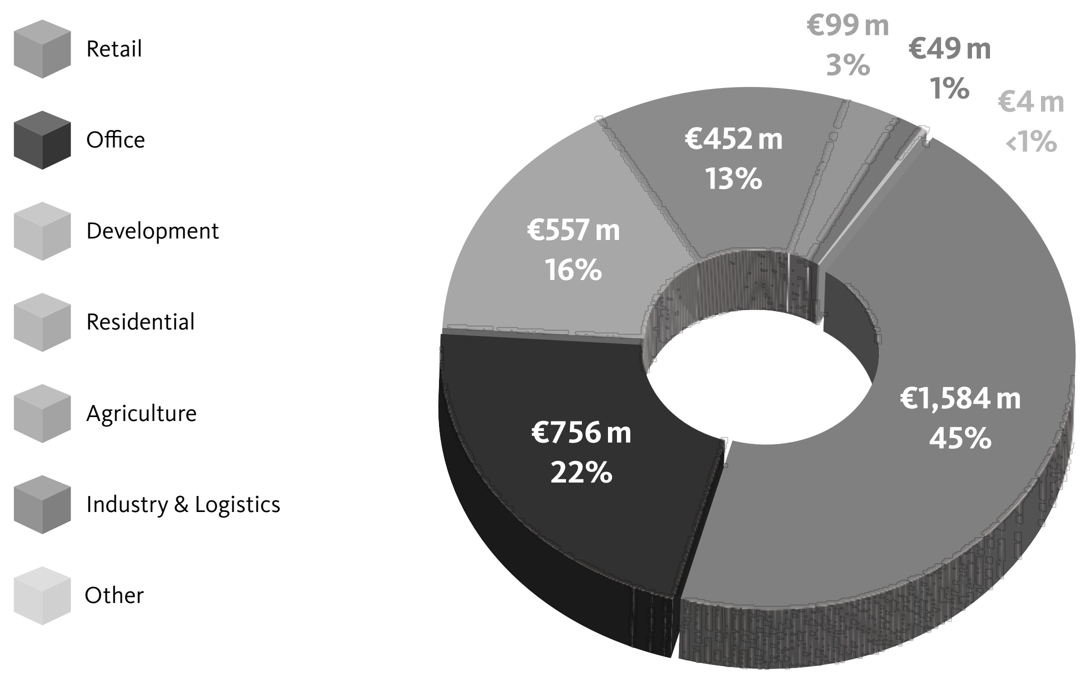
The Group owns the largest real estate portfolio in the Czech Republic, with leading market positions in office, retail and residential. We actively manage our portfolio, work closely with our tenants, and have a long history in the local market.

In the office segment, CPIPG is focused on Prague where we have a #1 position including headquarters of prominent multinational companies. In the retail segment, we also have a #1 position comprising dominant shopping centres in regional cities of the Czech Republic, retail parks and well-positioned assets in Prague. The Group is also the second largest residential landlord in the Czech Republic and owns hotels, which are reported as part of our “Hotels & Resorts” segment.

- Over 1.8 million square metres of GLA
- #1 retail landlord in the Czech Republic
- #1 office landlord in Prague
- #2 residential landlord in the Czech Republic
- 14% market share in Czech shopping centres
- 7.4% market share in the Prague office market
- High-quality portfolio with an average age of 13.6 years

Zdeněk Havelka
Executive Director

Czech Property Portfolio by Sector



Note: shopping centre market share based on centres with GLA above 5,000 m².
The Group's hotels in the Czech Republic are reported as part of the “Hotels & Resorts” segment.

Segment **Summary**

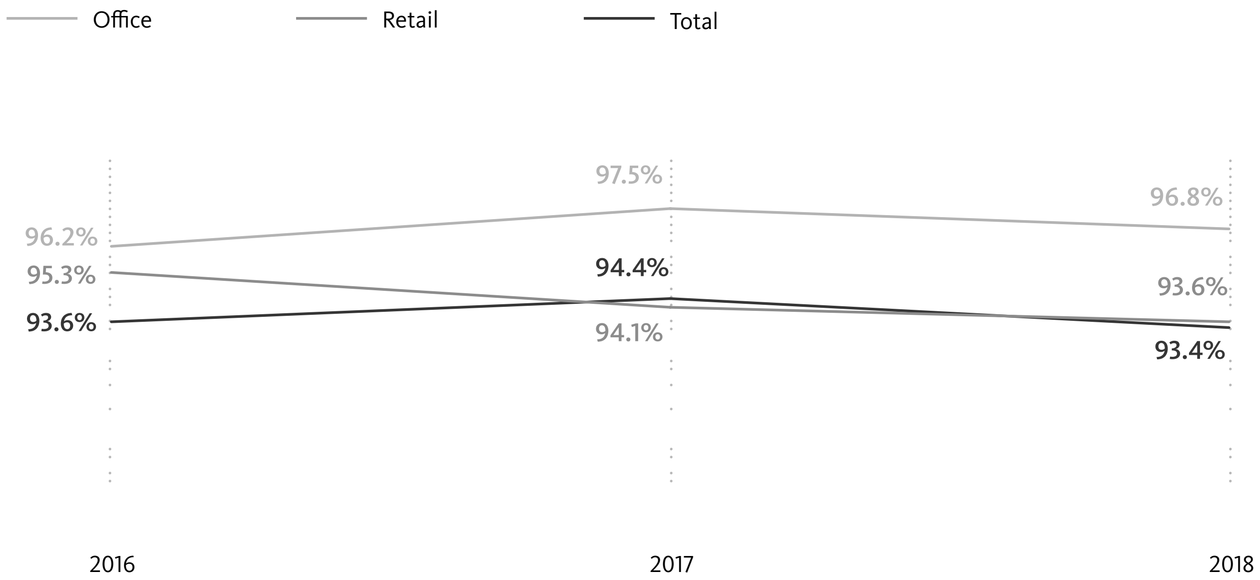
The portfolio value of the Czech Republic segment rose slightly in 2018 to €3.5 billion (€3.8 billion including hotels valued at €330 million). Valuations increased due to strong underlying economic conditions, higher rents and stable levels of occupancy with relatively limited supply in the market.

During 2018, CPIPG acquired a dominant regional shopping centre, Futurum Hradec Králové. The Group also disposed of an office building in Prague-Modřany and small retail assets.

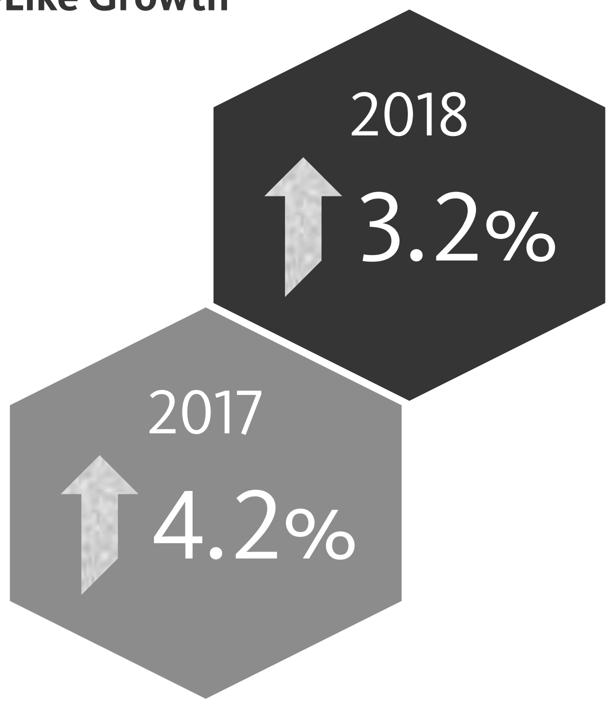
Occupancy remains high at 93.4%, a slight decline versus 2017. This is primarily due to CPIPG's active refurbishment efforts. The Group believes the current environment is ideal for investing into our portfolio with a focus on long-term sustainability of rents, occupancy and value.

Futurum Shopping Centre, Hradec Králové, Czech Republic

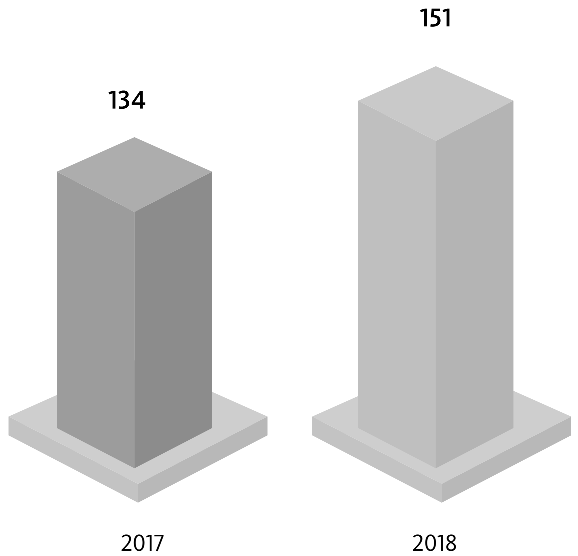
Occupancy Rate (based on Estimated Rental Value)



Like-for-Like Growth



Net Rental Income (€ million)



	Czech Republic 2018					Czech Republic 2017				
	PP value (€ million)	Occupancy (%)	GLA (m²)	Land area (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	Land area (m²)	No. of properties
Retail	1,584	93.6%	672,000	–	182	1,444	94.1%	730,000	–	244
Office	756	96.8%	306,000	–	24	817	97.5%	330,000	–	26
Development	557	–	–	19,585,000	7	502	–	–	19,558,000	6
Residential	452	85.7%	741,000	–	–	420	89.6%	705,000	–	–
Agriculture	99	–	–	223,320,000*	–	95	–	–	232,510,000*	–
Industry & logistics	49	91.8%	83,000	–	12	45	90.5%	90,000	–	13
Other	4	–	–	–	–	–	–	–	–	–
Total	3,502	93.4%	1,802,000	242,905,000	225	3,323	94.4%	1,855,000	252,068,000	289

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

Top **Assets**

in the Czech Republic (outside of Prague)

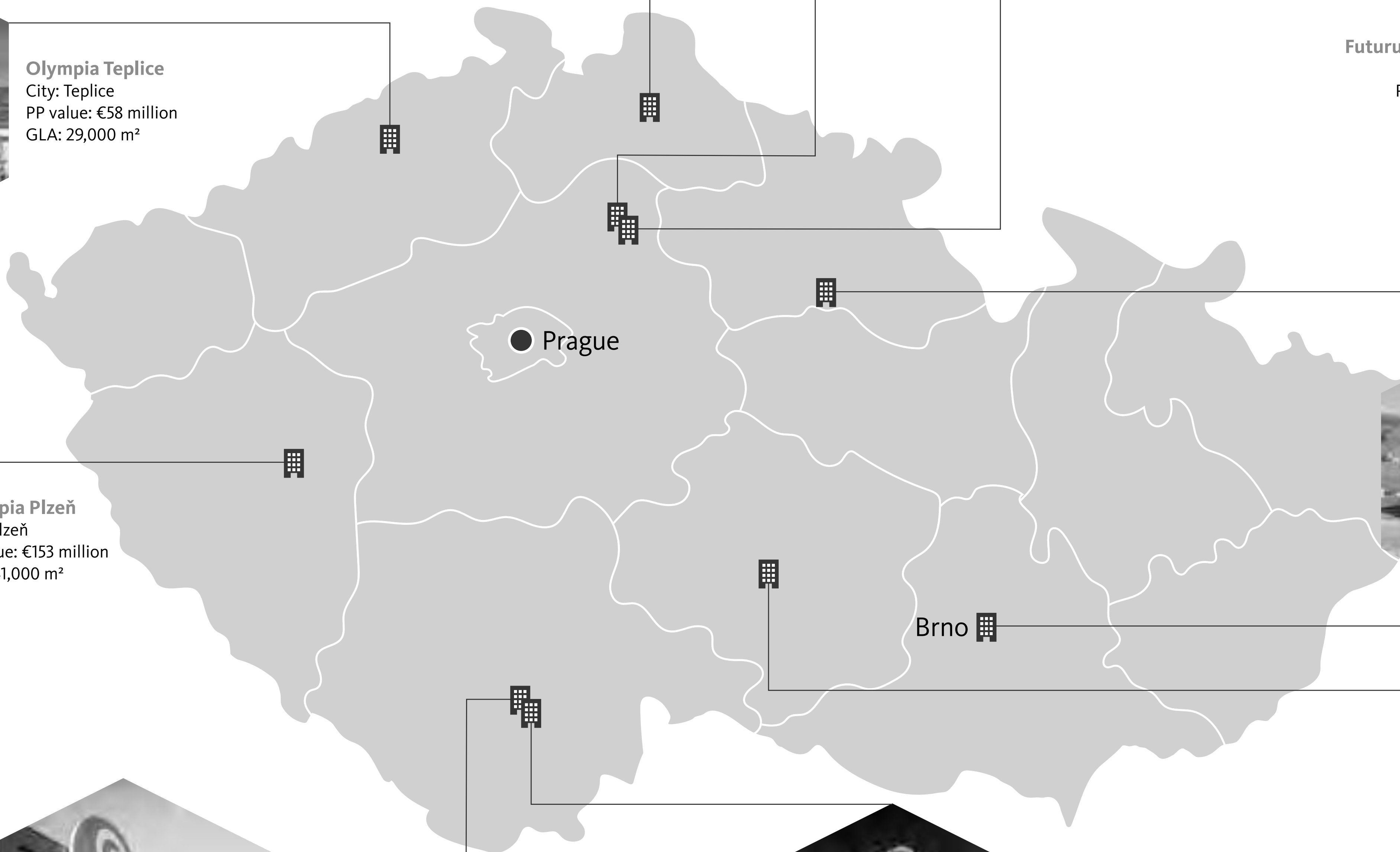
Nisa
City: Liberec
PP value: €101 million
GLA: 50,000 m²

Bondy
City: Mladá Boleslav
PP value: €61 million
GLA: 21,000 m²

Olympia Mladá Boleslav
City: Mladá Boleslav
PP value: €52 million
GLA: 22,000 m²

Olympia Teplice
City: Teplice
PP value: €58 million
GLA: 29,000 m²

Futurum Hradec Králové
City: Hradec Králové
PP value: €129 million
GLA: 39,000 m²



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

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

Géčko
City: České Budějovice
PP value: €33 million
GLA: 11,000 m²

IGY
City: České Budějovice
PP value: €68 million
GLA: 25,000 m²

City Park
City: Jihlava
PP value: €114 million
GLA: 29,000 m²

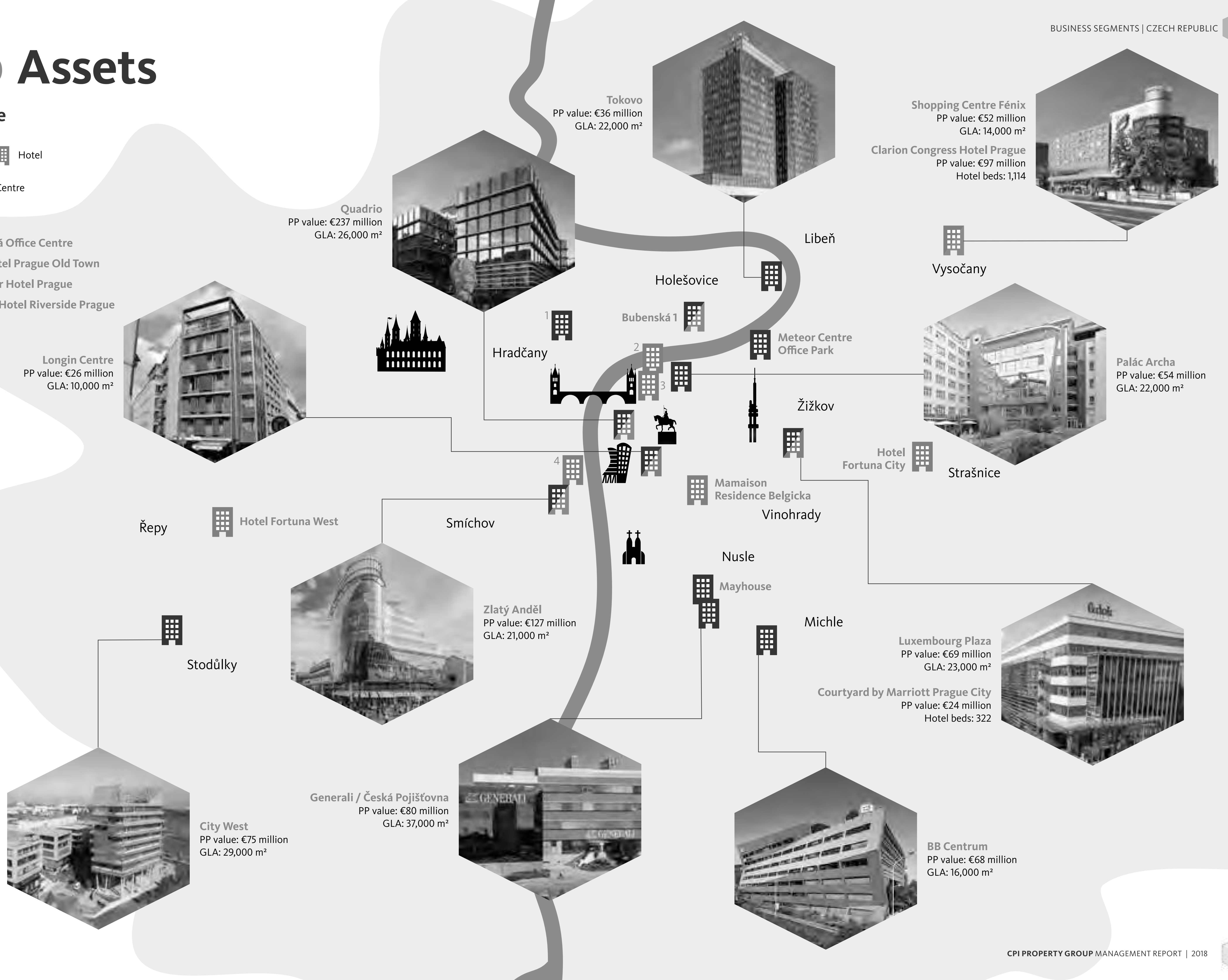
Top **Assets**

in Prague

Office Hotel

Shopping Centre

1 Hradčanská Office Centre
2 Clarion Hotel Prague Old Town
3 Buddha-Bar Hotel Prague
4 Mamaison Hotel Riverside Prague



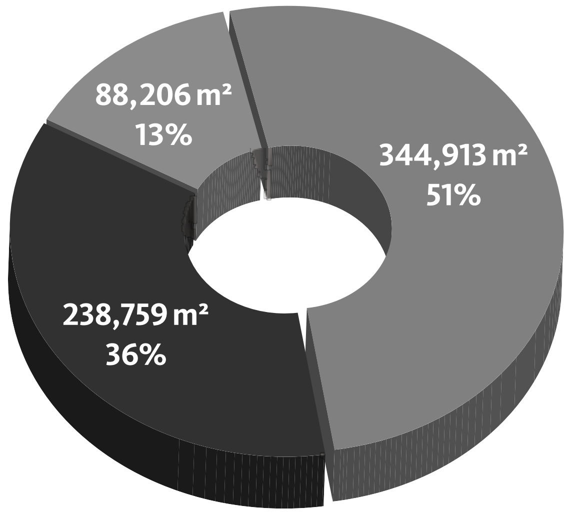
Retail **Properties**

"Fenix shopping centre has been revitalised with a new food court, flooring and entrance façade to maintain our competitive edge with customers and tenants. Fenix is well-located on the Vysočanská metro station and is connected to our Clarion Congress Hotel in Prague.

Eva Cermanová, Project Manager, Czech Republic

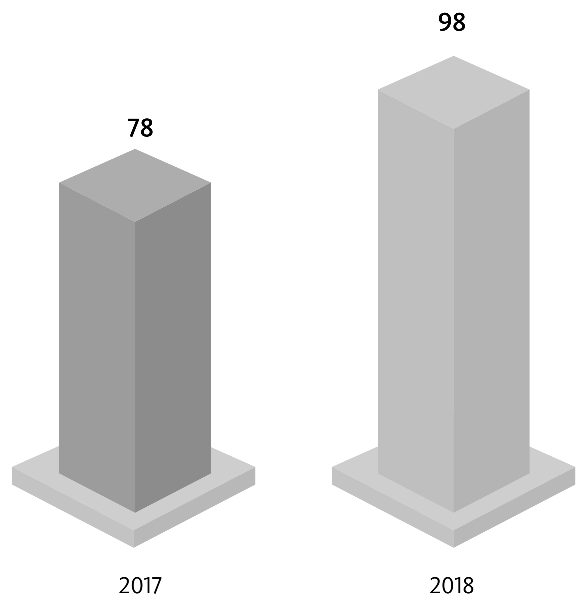
Fénix Shopping Centre, Prague, Czech Republic

Retail assets by type (GLA)



Retail parks are multi-store assets with no common areas/common indoor space; retail warehouses are stand-alone retail assets. Convenience shops include small retail assets (i.e., individual shops).

Net Rental Income – Retail (€ million)



Focused on regionally dominant shopping centres and retail parks

The Group primarily owns dominant shopping centres in regional cities of the Czech Republic, along with several high-quality, well-located retail assets in Prague. The company also owns retail parks, retail warehouses and smaller retail assets. The Group's retail portfolio benefits from the strength and stability of the Czech economy, which is characterised by low unemployment and rising wages. The Group also benefits from low density and limited new supply of modern retail in the Czech Republic.

Performance of the retail portfolio remains strong. Turnover in CPIPG's shopping centres increased by 7.2% in 2018, well above the pace of the market. Turnover at IGY Centre in České Budějovice increased by 54.2% following the extensive redevelopment that was completed in H1 2018.

Footfall across the portfolio increased by 3.8% in 2018. Quadrio in Prague keeps showing its potential with an increase in annual footfall by more than 7.7%.

The value of our retail portfolio increased in total by 10% or €140 million. The key driver was the acquisition of Futurum Hradec Králové.

Retail occupancy was 93.6% at year-end 2018, versus 94.1% in 2017. This is primarily due to our efforts to downsize and assist with the redesign of two Albert supermarkets, where sales subsequently increased by more than 10%.

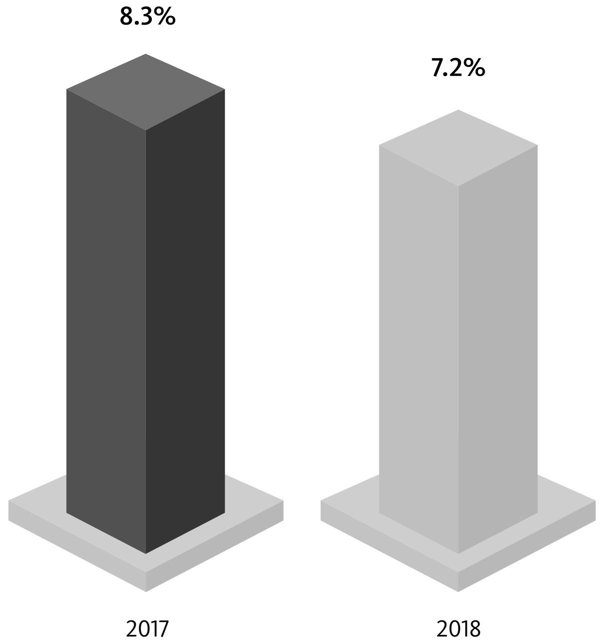
	Retail 2018				Retail 2017			
	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties
Prague	349	94.5%	94,000	38	265	86.5%	101,000	41
Major cities	895	93.1%	346,000	27	754	94.2%	305,000	26
Other	341	93.9%	232,000	117	425	98.0%	324,000	177
Total	1,584	93.6%	672,000	182	1,444	94.1%	730,000	244

Sustainable **Retail Performance**

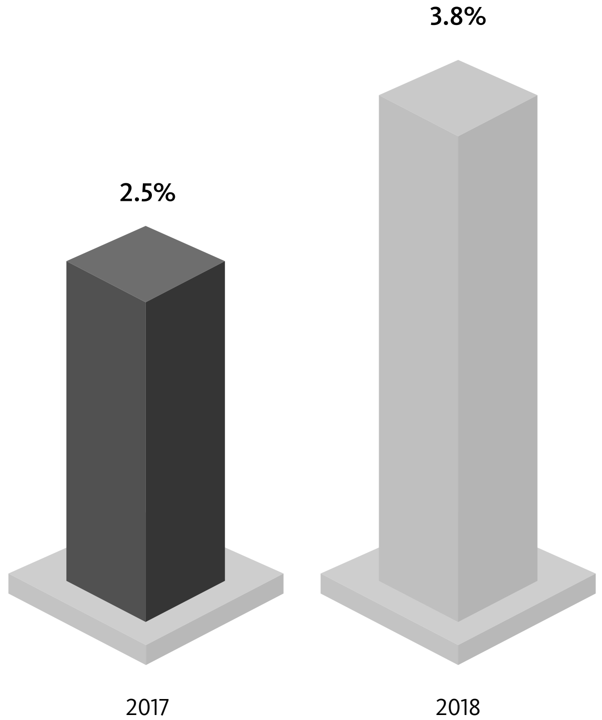
> We are **investing** in our retail assets to ensure *long-term dominance* and attractiveness as a **destination for shoppers**.

New food court, Quadrio, Prague, Czech Republic

Increase in tenant turnover



Increase in footfall



Density of Retail

Modern shopping centre construction in the Czech Republic began in the late 1990s and early 2000s. The Group's retail portfolio in the Czech Republic therefore benefits from relative young age (less than 16 years on average) and high quality. Because developments in modern retail are relatively new, the Czech Republic has not experienced the same level of over-building in shopping centres as experienced in other markets. As a result, the "density" of shopping centres (as measured by GLA per inhabitants) is well below the level of Western Europe and the United States. High street shopping is also limited in the Czech Republic, which reduces competition.

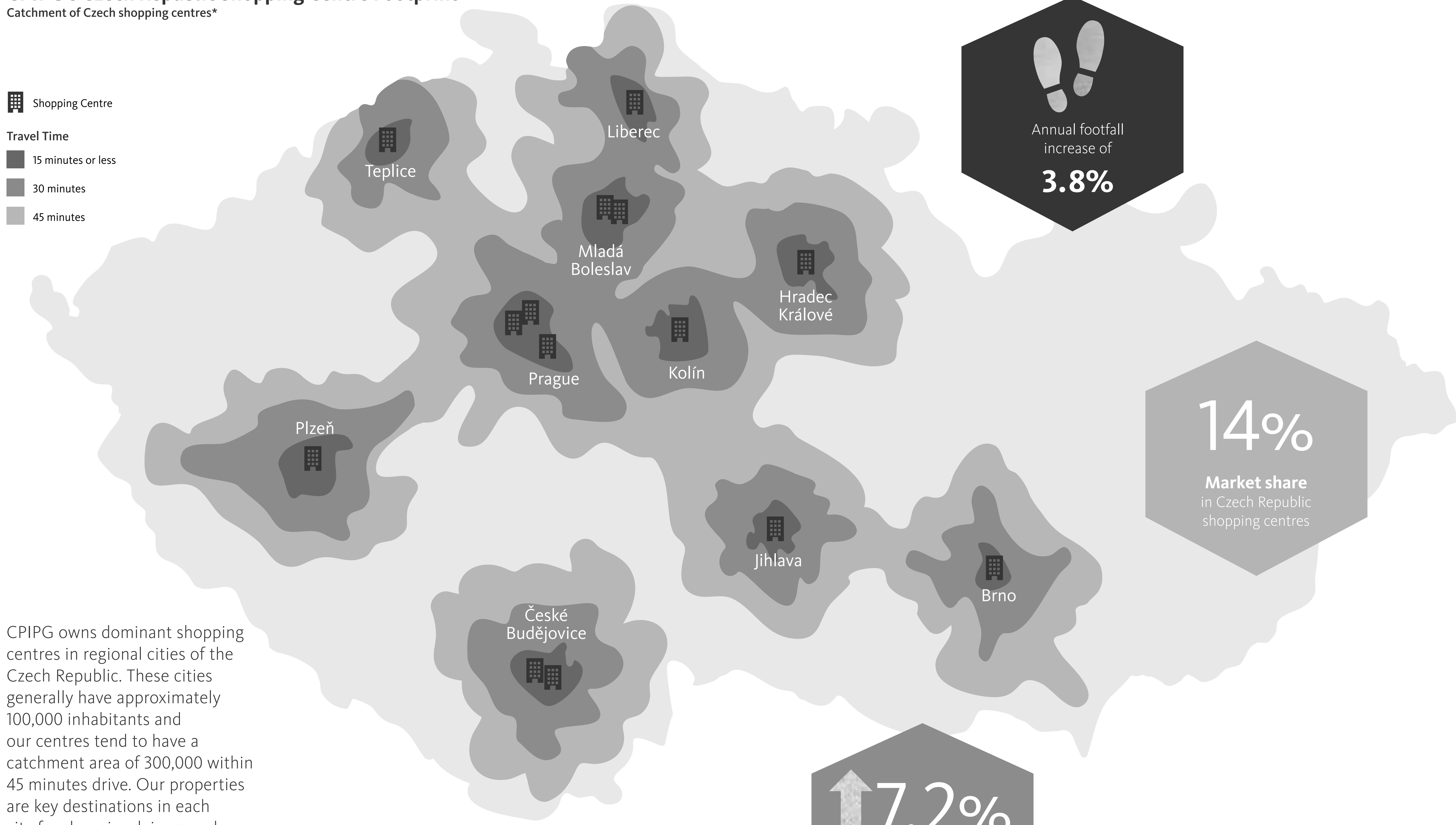
Despite the strong environment, the Group is not complacent and continues to invest in our shopping centres. Recently completed investments in IGY, Quadrio, Fénix and Olympia Plzeň focused on food, entertainment and shopping "experiences." Similar projects at Olympia Mladá Boleslav and Olympia Teplice began in 2018. CPIPG also launched our "CPI Akademie Retail development and education programmme" which provides training to tenants on sales and customer service.

Impact of Online Retail

Online retail has been popular in the Czech Republic for many years. Based on some estimates, the Czech Republic is the second-most penetrated European country (for internet retail) after the United Kingdom. Despite the growth in online retail, turnover in our shopping centers continues to rise. Increasing usage of "click and collect" is positive for our tenants, who are able to draw customers into the store and sell additional products.

CPIPG's Czech Republic Shopping Centre Footprint

Catchment of Czech shopping centres*



Annual footfall increase of

3.8%

14%

Market share in Czech Republic shopping centres

7.2%

Sales Increase of our shopping centre tenants

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

*GfK for CPI, August 2017

In Olympia Mladá Boleslav and Olympia Teplice shopping centres we worked with Ahold (Albert) to introduce a refreshed floor design in a smaller format, which led to sales increasing by more than 10%.

Pavel Semrád, Asset Management Director for Czech Republic & Slovakia

Ahold Supermarket, Olympia Teplice, Czech Republic

Our tenants

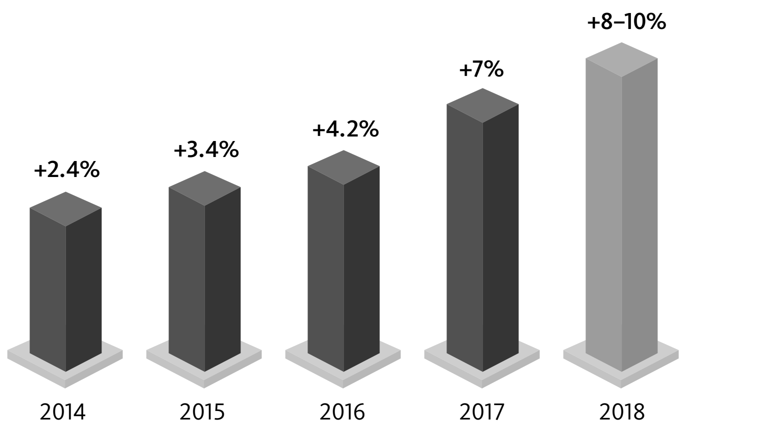
Our largest tenants in the retail segment are Ahold Delhaize, Tesco and Penny Market. During 2018, the Group entered into new rental contracts with well-known tenants and extended a number of rental contracts. New lease agreements were signed with Intersport, New Yorker, Humanic, C&A Moda, Decathlon and Kaufland. Prolongations were made in the case of contracts with KIK Textil, TAKKO Fashion, LPP Group, BILLA and others.

In Olympia Mladá Boleslav and Olympia Teplice shopping centres, we worked with Albert (Ahold) hypermarkets to reduce their floor area to a more suitable size of around 4,500 m². These efforts resulted in a 10% increase in same-store sales.

Retail Market

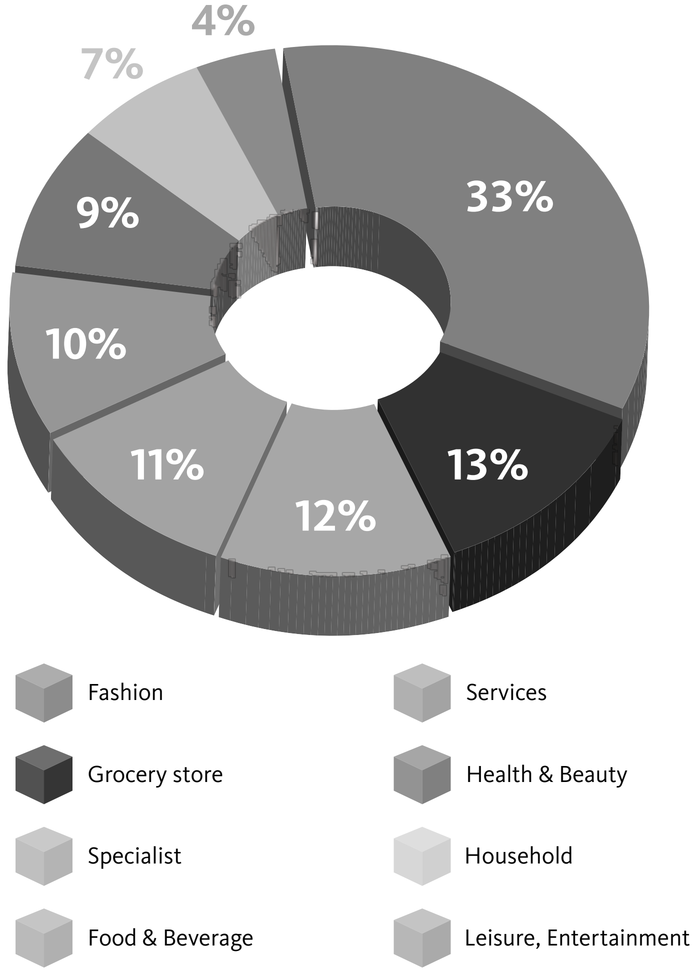
Retail markets in the Czech Republic continue to benefit from strong economic conditions and rising wages.

Salaries in the Czech Republic
(annual growth)



Source: Czech Statistical Office, Cushman & Wakefield, BNP Paribas Real Estate

Shopping Centre tenants by type
(according to headline rent)



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

In December 2018, retail trade volume, adjusted for calendar effects, rose by 4.3%, y-o-y. Although the magnitude of this increase is considerable, it is somewhat smaller compared to the growth achieved in Q4 2017 (7.1%). Retail sales growth reached 6.1% in November. Shopping centres and retail transactions constituted 38% of all investment transactions in Q3 of 2018.

During 2018, The Style Outlet opened Galerie Butovice and OC Letňany underwent major refurbishment in Prague. Furthermore in 2019, the construction of a new shopping centre, OC Letná (15,700 m²) and the refurbishment of MY Národní are planned.

Office **Properties**

7.4% market share in Prague Office

CPIPG cares deeply about the sustainable appeal and performance of our properties. We are investing in lobbies, common areas, sport facilities, terraces, courtyards and bike rooms to create a desirable atmosphere for tenants and their employees.

Pavel Hain-Schmiedberský, Senior Asset Manager, Czech Republic

Generali / Česká Pojišťovna, Prague, Czech Republic

Regional Headquarters

WPP

SIEMENS

CEZ GROUP

CTP

CUSHMAN & WAKEFIELD

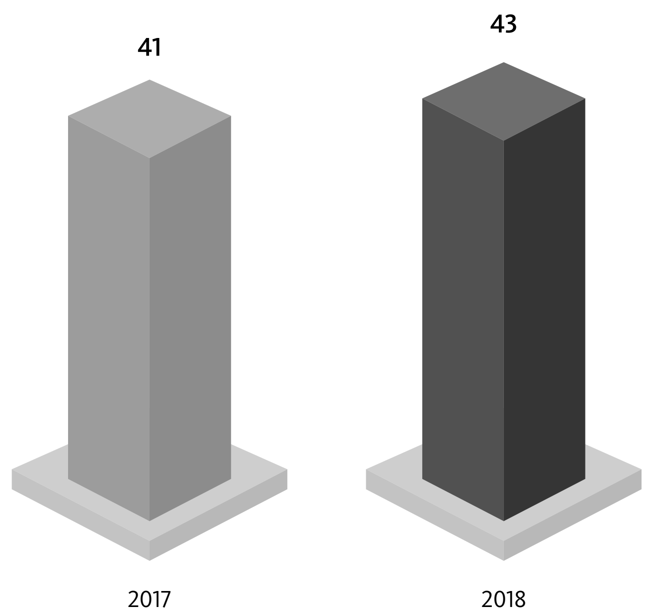
Our properties continue to outperform the market and remain the destination of choice for multinational and regional company headquarters. Vacancy in Prague of 3.1% was significantly below the market of 5.1%.

The portfolio includes both new ("Class A") and more historical ("Class B+") properties with an average age of less than 13 years.

The total property portfolio value in our office segment decreased by 8% primarily due to the sale of Modřanská in Prague 4 (Nestlé building) and the refurbishment of Bubenská to prepare for our new tenant, WPP.

The largest tenants in the Prague office segment are Česká pojišťovna, Siemens and ČEZ. New lease agreements were signed with Zaplo, 4finance, Group M and WPP (18 years for 16,000 m²). Prolongations and extensions were made with Siemens (until 2027 for 23,000 m²), SOTIO (until 2023 for 4,400 m²), MAPEI and others.

Net Rental Income – Office (€ million)



	Office 2018				Office 2017			
	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties
Prague	713	96.9%	278,000	19	775	97.7%	303,000	21
Major cities	43	95.1%	27,000	5	42	94.4%	27,000	5
Total	756	96.8%	305,000	24	817	97.5%	330,000	26

Office **Market**

Zlatý Anděl, Prague, Czech Republic

Office markets in the Czech Republic are concentrated in Prague and Brno. The market has benefited from continued demand from multinational companies for headquarters and the growth of Central and Eastern Europe as an attractive location for shared service centres, along with positive economic conditions and relatively low supply.

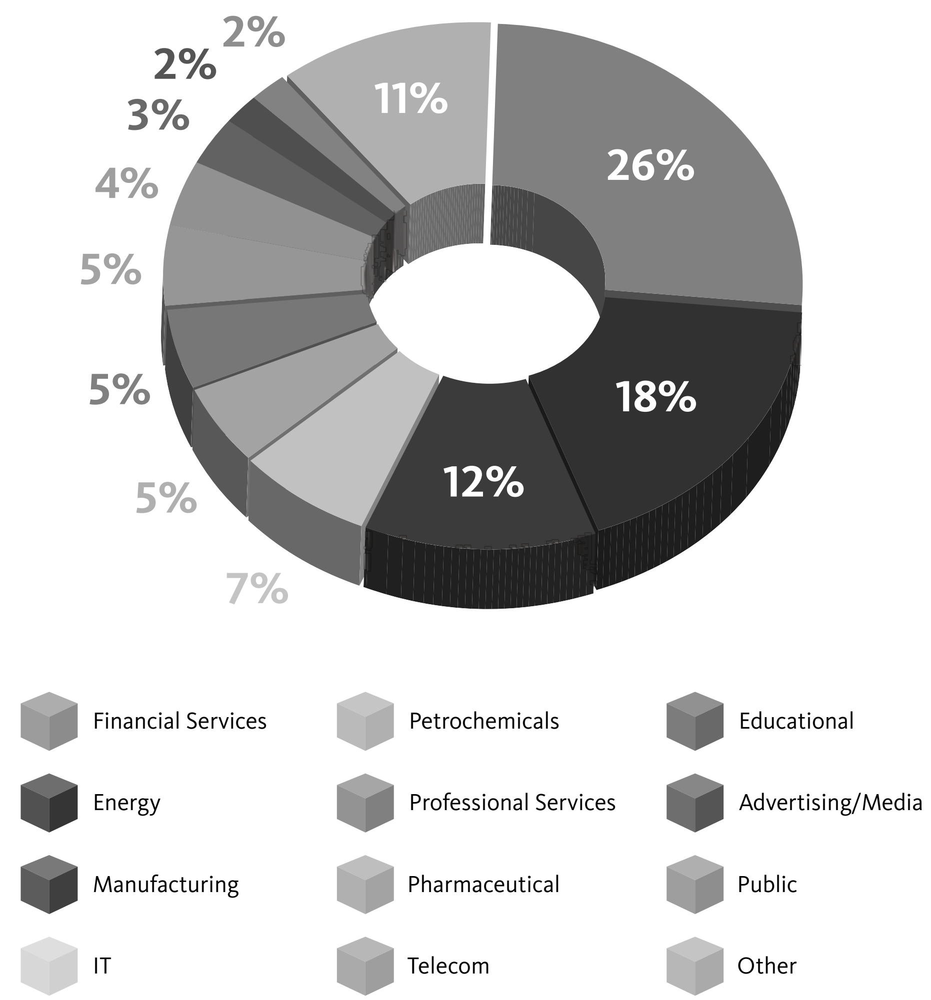
Due to robust leasing activity, the vacancy rate in Prague fell to 5.1% in Q4 2018, the lowest ever. This was still higher than the Group's office vacancy of 3.1%.

Office take-up in Prague was 488,400 m² in 2018. At the end of 2018, 340,600 m² were under construction.

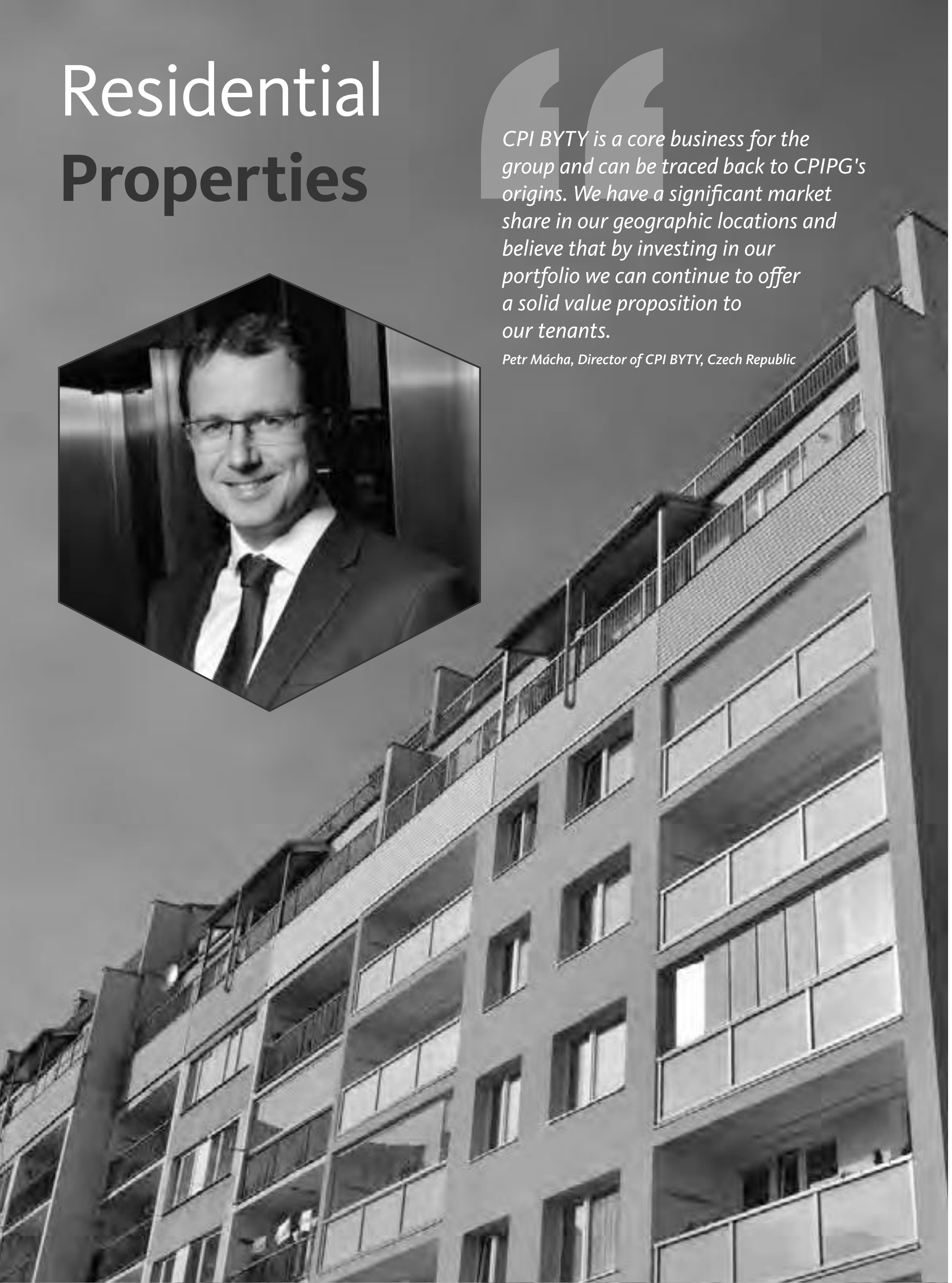
During the second half of 2018, prime headline rents in the centre of Prague were roughly unchanged at €22.5 m²/month, while in Brno the average was €14.5 m²/month.

Source: Cushman & Wakefield, JLL

Office tenants by type (according to headline rent)



Residential **Properties**



CPI BYTY is a core business for the group and can be traced back to CPIPG's origins. We have a significant market share in our geographic locations and believe that by investing in our portfolio we can continue to offer a solid value proposition to our tenants.

Petr Mácha, Director of CPI BYTY, Czech Republic

Letňany Apartments, Prague, Czech Republic

Second Largest Residential Platform

CPIPG is the largest owner of residential real estate in the cities and regions where CPI BYTY is present. The level of housing stock in CPI BYTY's markets is relatively stable, with no significant development activity (primarily individual small projects and upgrades).

CPI BYTY focuses on tenants with stable recurring income. As a result, the level of delinquency as a percentage of CPI BYTY's receivables has been consistently declining and was below 1% for 2018. CPI BYTY invests in the portfolio, with a primary focus on quality maintenance, efficiency improvements and general repairs.

Residential Market

Prices of residential assets on the Czech market are increasing and the Group's portfolio has benefited, with valuation increasing by €32 million in 2018. However, the Czech National Bank has undertaken efforts to cool the housing market, including higher interest rates and stricter lending standards. During 2018, the volume of new mortgage loans (without refinancing) reached CZK 232 billion, an increase of 7%. However, some market observers noted that mortgage loan activity may have been “front-loaded” in anticipation of a tighter market environment and are calling for lower levels of mortgage loan activity in 2019.

Region	Residential 2018				Residential 2017			
	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units
Prague	72	98.7%	465	459	70	94.4%	484	457
Ostrava region	172	87.0%	4,322	3,758	168	86.7%	4,323	3,746
Ústí region	127	86.9%	5,013	4,357	111	78.3%	5,486	4,296
Liberec region	76	96.7%	2,018	1,952	66	94.0%	2,019	1,898
Central Bohemia	5	98.7%	77	76	5	98.7%	77	76
Total	**452**	**89.1%**	**11,895**	**10,602**	**420**	**84.5%**	**12,389**	**10,473**

* *Occupancy based on rented units.*

Development **Properties**

Selective development of our land bank, focused on **long-term properties** *we intend to hold*

Spektrum redevelopment, Prague-Čestlice, Czech Republic

Development properties consist of land bank and assets under development.

CPIPG's land bank is primarily located in Prague. This includes the 202,000 m² Bubny site in central Prague, which has significant long-term development potential.

Once work on a development project is commenced, the area is presented either as a future sale (potential gross saleable area) or as a future rental (potential gross leasable area). The group primarily develops properties to hold and rent.

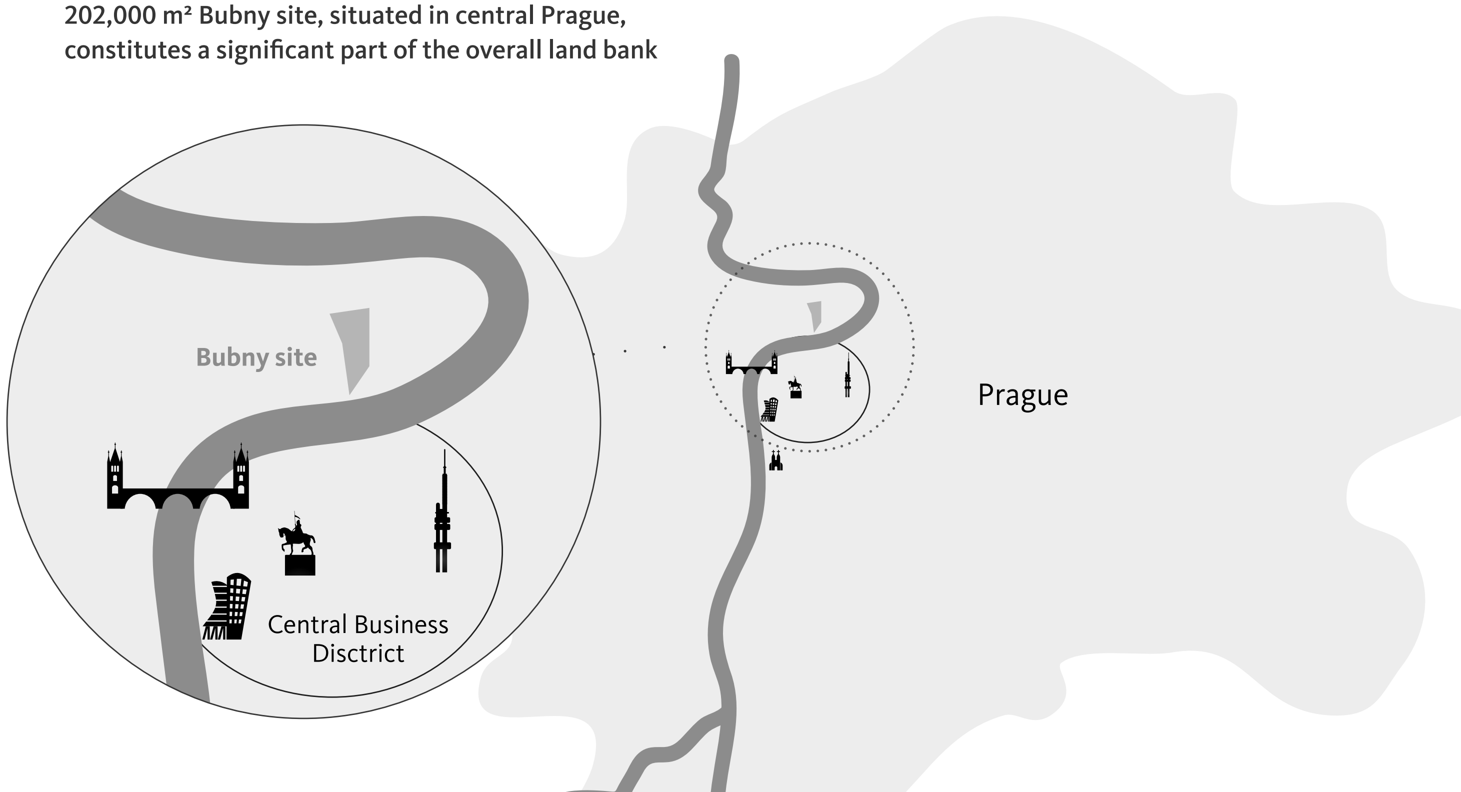
Our Mayhouse office project in Prague 4 is scheduled to open in June 2019, and was 62% pre-let as of year-end 2018. The fresh design and good location are expected to support strong performance.

The Bubenská 1 redevelopment in Prague 7 is ongoing, and in 2020 will become the Prague headquarters of WPP, who signed a lease for 18 years.

Construction on the complete redevelopment of our retail asset Spektrum in Prague-Čestlice begins in June 2019, with a new design and an increased focus on food & beverage.

Land bank – Bubny Site

202,000 m² Bubny site, situated in central Prague, constitutes a significant part of the overall land bank



	Development 2018					Development 2017				
	Land Bank		Development			Land Bank		Development		
	PP value (€ million)	Total Area (m²)	PP value (€ million)	Potential GLA (m²)	Potential GSA (m²)	PP value (€ million)	Total Area (m²)	PP value (€ million)	Potential GLA (m²)	Potential GSA (m²)
Prague	310	1,288,000	42	34,000	20,000	285	1,313,000	26	8,000	22,000
Major cities	39	395,000	9	20,000	–	38	401,000	–	–	–
Other	151	17,813,000	6	7,000	–	149	17,844,000	4	–	–
Total	**500**	**19,496,000**	**57**	**61,000**	**20,000**	**472**	**19,558,000**	**30**	**8,000**	**22,000**

Berlin GSG BERLIN

Our subsidiary, Gewerbesiedlungs-Gesellschaft mbH (“GSG”), is the largest owner of commercial property in Berlin with nearly 1 million m² of office space.

GSG provides multi-functional premises for all kinds of small and medium sized companies from the technology, creative, services and light manufacturing sectors. The strong market for office space in Berlin and GSG's asset management have driven consistently improving performance in terms of occupancy, rents and valuation.

GSG's portfolio is comprised of three main clusters:

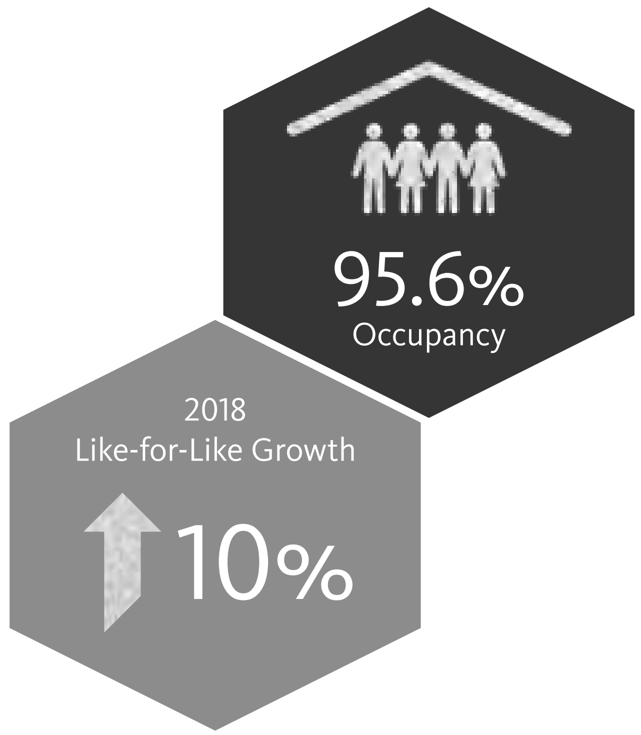
Kreuzberg is a district which has become a hub for the tech and startup industries, which continue to experience strong employment growth.

Rest-West includes assets which are located in several western districts in Berlin. Most of these buildings have served industrial tenants in the past, but there is an increasing demand by tenants from the service, technology and creative industries.

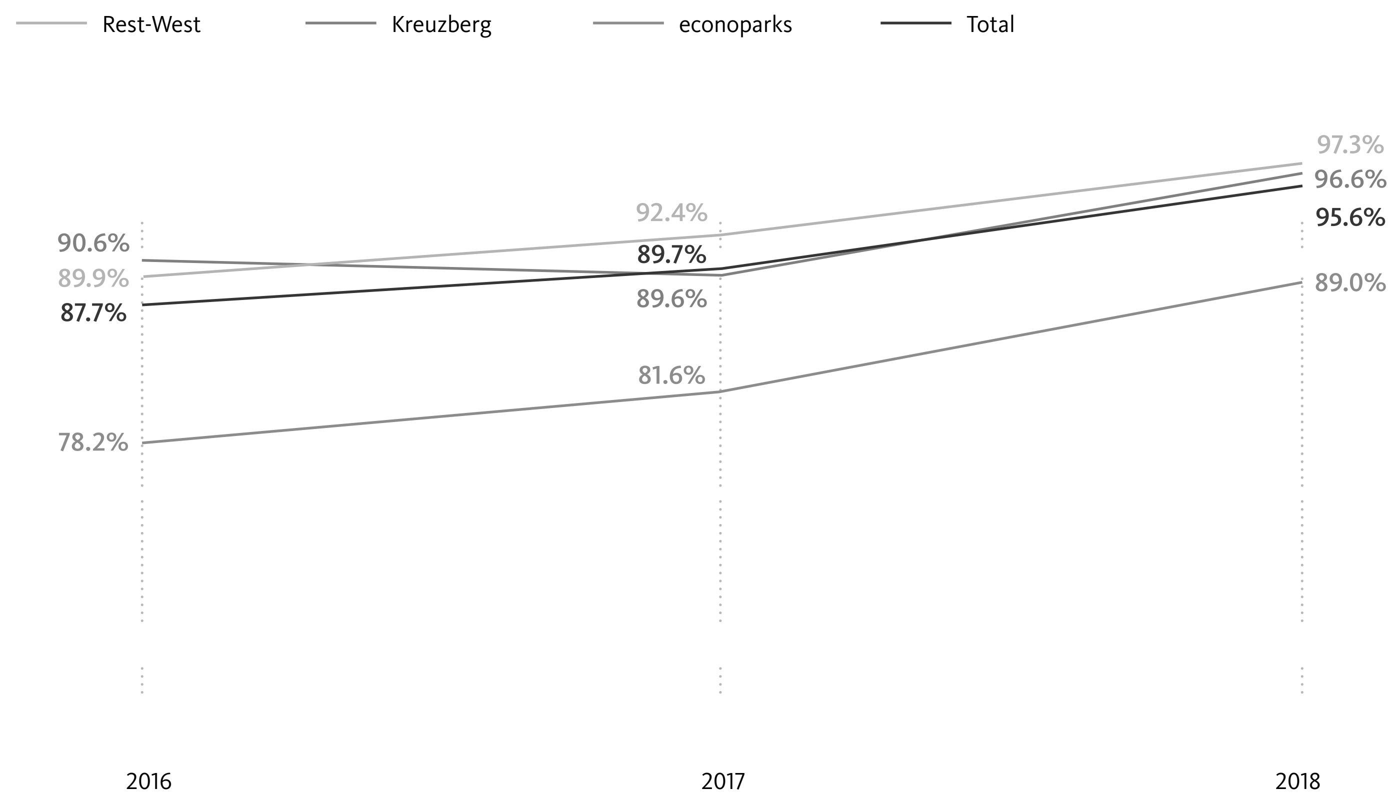
econoparks include assets from Eastern parts of Berlin with good inner city connections and competitively priced space which tenants can tailor to meet their business needs and development/growth plans.

History of GSG

GSG was founded in 1965 as a joint venture by the Federal State of Berlin and local trade organizations to promote the development of economic infrastructure in West Berlin by developing or redeveloping suitable office and commercial space to offer to small and medium sized enterprises and start-ups. The company was privatized in 2007, and was acquired by the Group in 2014.



Occupancy Rate (based on Estimated Rental Value)



Berlin is one of the *best-performing* German cities, and our portfolio is **uniquely positioned** for **continued strong performance.**

- #1 commercial real estate platform in Berlin
- Portfolio uniquely suited to creative and IT sectors
- Nearly 2,000 tenants
- Strong market with 1.5% overall vacancy

Oliver Schlink
CFO, GSG Berlin

Segment **Summary**

By investing in our properties and through active asset management, GSG has delivered consistent improvement in rents and occupancy.

COO Sebastian Blecke, GSG Berlin

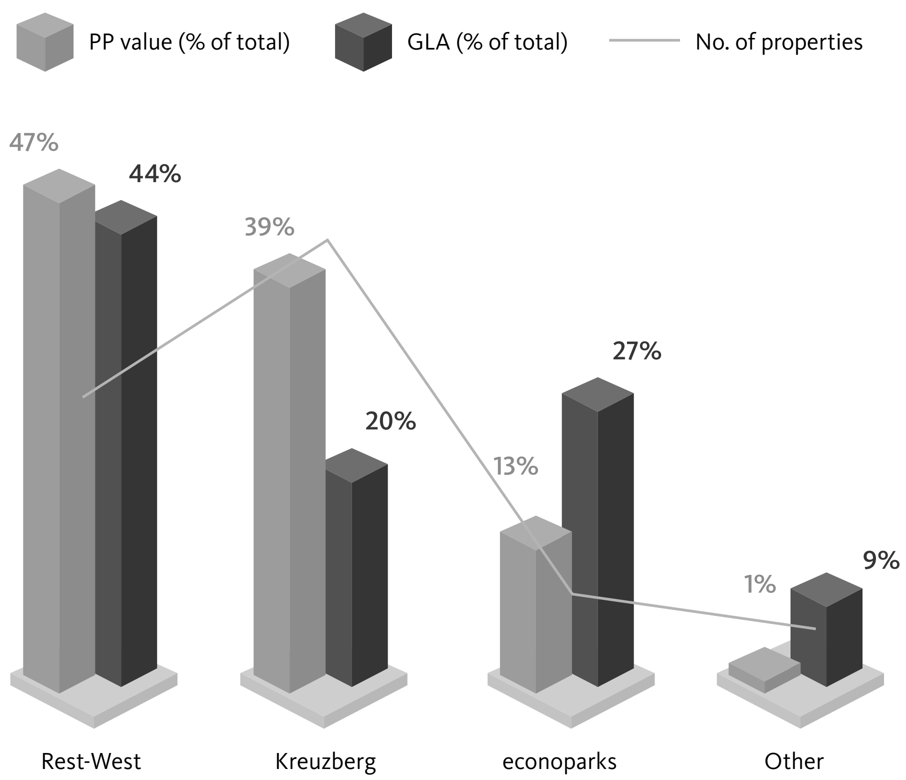
The total valuation of the Group's Berlin portfolio exceeded €2 billion in 2018.

CPIPG attributes the valuation uplift to our strong asset management (increasing occupancy and rents), the positive economic performance of Berlin relative to other cities in Germany, and a continued supply / demand imbalance for new space in Berlin.

Net rental income increased by 18% to €64 million in 2018. In certain properties, such as Geneststraße and Helmholtzstraße, we were able to increase rents by more than 35%. Successful redevelopments of AQUA-Höfe and refurbishments in Geneststraße also contributed to higher occupancy. GSG did not make any acquisitions during 2018 and focused instead on investments in our existing portfolio.

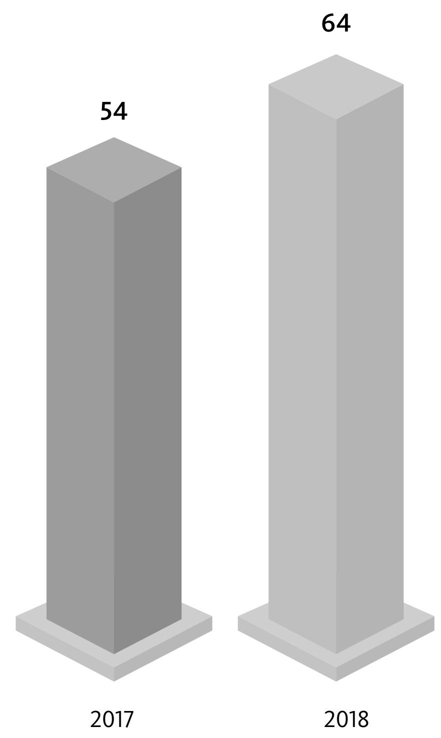
At the end of 2018, the WAULT for the Berlin portfolio was 3.1 years, compared to 3.3 years in 2017. The Group intentionally focuses on 3-year leases in Berlin to capture the benefits of rising market rents.

Our Berlin Portfolio



Net Rental Income

(€ million)

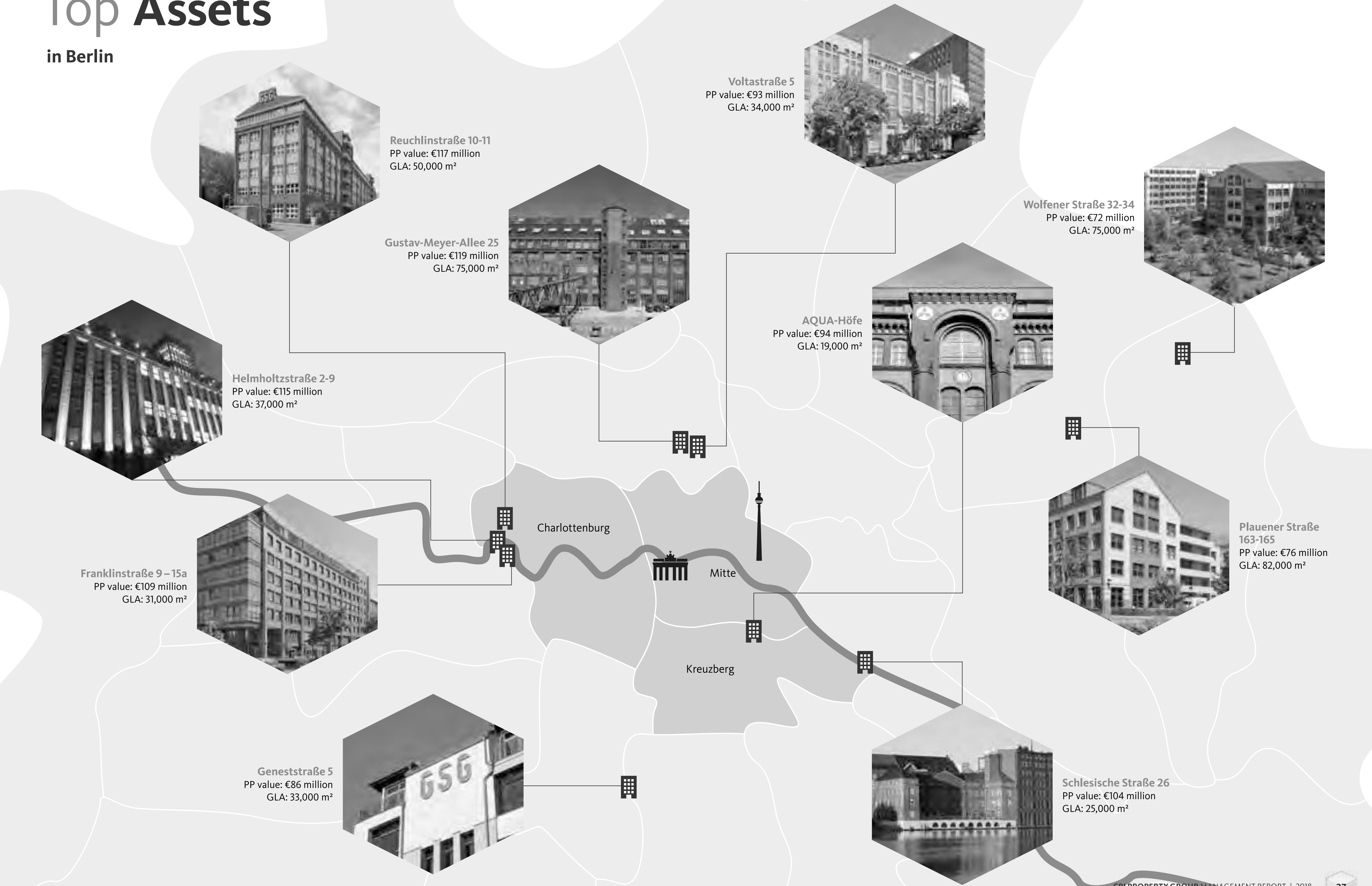


	Berlin 2018				Berlin 2017			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties
Rest-West	958	97.3%	430,000	16	753	92.4%	430,000	16
Kreuzberg	794	96.6%	204,000	25	619	89.6%	198,000	25
econoparks	277	89.0%	263,000	5	234	81.6%	263,000	5
Other*	27	100.0%	84,000	3	32	100.0%	84,000	3
Total	2,056	95.6%	981,000	49	1,638	89.7%	975,000	49

* "Other" consists of Wupperstraße and Ettlingen

Top **Assets**

in Berlin



Occupancy in our econoparks has grown rapidly because GSG can offer an alternative to tenants who are looking to expand or relocate without paying central Berlin prices.

Bernd Langer, Head of Asset Management & Birgit Stewart, Associate Asset Manager, GSG Berlin

Wolfener Straße, Berlin, Germany

Outlook for our Berlin Properties

Based on management analysis in consultation with external advisors, we believe GSG's overall rental income remains well below market rates and we expect continued growth going forward.

As the Group's properties are not typical "prime" and offer great locations, more unique/creative environments and historical settings, we have been able to achieve yields which are above prime. GSG's average rents are well below the Berlin average (about €22/m²) and Berlin prime (above €35/m²).

GSG sees the potential to continue increasing rents in coming years, but also expects our space to remain comparatively affordable for tenants and therefore more resilient in the event of a significant change in economic or real estate market conditions.

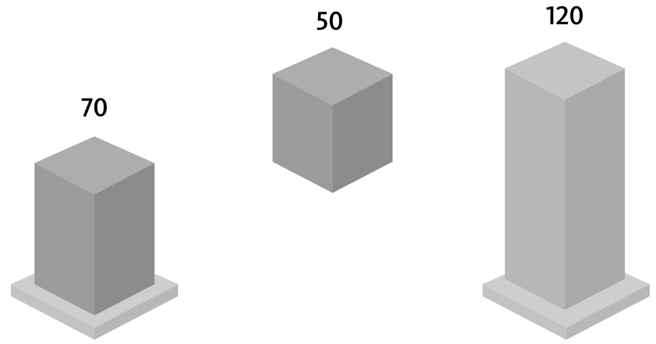
While the Group recognises that the office development pipeline has grown with over 1.4 million m² under construction scheduled to be delivered through 2021, the level of demand for office space, pace of job creation and population growth continue to exceed the speed of completion for new space.

In 2018, GSG finalised the redevelopment of AQUA-Höfe, a complex project to create 6,000 m² of additional GLA. The project was completed on time and on budget, and achieved above-market rents.

In 2019, GSG plans to develop one small office asset (about 5,000 m²), to convert a former storage unit into office (about 1,400 m²) and has already closed another small asset for redevelopment (including the construction of a new 2,300 m² building).

Estimated potential upside

(Berlin gross rental income, Savills estimate)



GSG rental income (2018, based on December run-rate) | Potential upside | Savills estimated market rent (2018)

Average rent

(per m² by Berlin clusters)

	2015	2016	2017	2018
econoparks	€4.41	€4.44	€4.48	€4.56
X-Berg	€7.22	€8.00	€9.00	€10.44
Rest-West	€5.95	€6.30	€6.62	€6.80
Other	€1.20	€2.03	€2.05	€2.98
Total	**€5.49**	**€5.86**	**€6.22**	**€6.63**

Note: "Other" consists of Wupperstraße and Ettlingen

€22/m²
market average in Berlin

€6.6/m²
our average rent for Berlin

€11/m²
Savills estimated average market rent for our portfolio

Source: Savills Global Property Experts

Before redevelopment, Aqua-Hofe was an asset with many small tenants and rents of €5-6/m². Today, Aqua-Hofe has attracted a wider range of innovative and international tenants and is able to command rents above €20/m².

Sebastian Blecke & Oliver Schlink, GSG Berlin

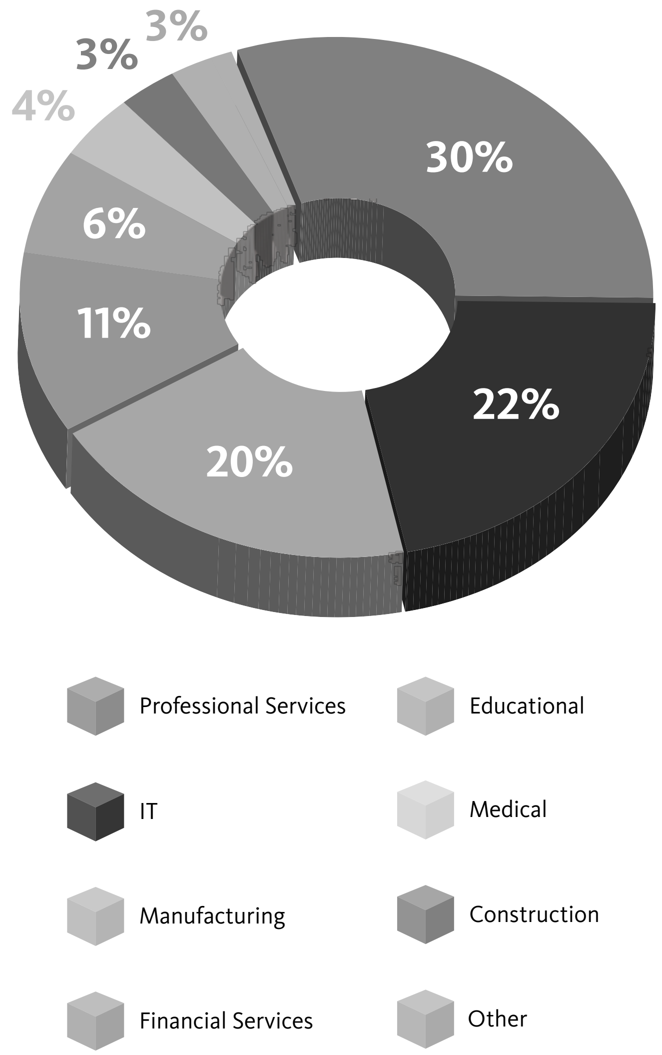
AQUA-Höfe, Berlin, Germany

Our tenants

GSG has about 2,000 individual tenants across nearly 1 million square metres of space in Berlin. Strong markets and active asset management allow GSG to retain our tenants, even as rents are rising across the portfolio; the "churn" rate of tenants was 5.7% for 2018 versus 7.5% in 2017.

Berlin offices are seeing increasing demand from creative and IT-focused companies, along with a broad range of other small businesses. GSG's spaces have particular appeal for these companies, given the size of our platform and unique "Gewerbehof" setup which offers community feeling and historical appeal.

GSG tenants by type



Berlin Markets

Berlin is a booming city, and continues to outperform the rest of Germany. While German GDP grew by 1.2% p.a. between 2007 and 2017, Berlin grew by 2.1% p.a over the same period. Berlin's government expects a growth rate of 2.3% will be recorded in 2018 – #1 among German federal states.

In 2018, the number of jobs in Berlin increased by 49,000 or 2.5% relative to 2017, also #1 among German federal states. The population of Berlin increased by 27,000 in 2018 (even more if surrounding suburbs are included) as the city continues to offer an attractive environment for both employees and employers.

Property prices in Berlin have risen across all sectors, but the Group believes our properties are extremely well-positioned in terms of quality, market segment, tenant and lease profile. We see continued upside in our portfolio particularly relating to rental income, but also in terms of valuation.

In period of January to September of 2018, properties for more than €4.2 billion were traded on the Berlin commercial real estate market, 32% less than 2017. Approximately 42% of the transaction volume was accounted by office properties, followed by retail properties with 29% ands hotels with around 8%. Prime yields in CBD and non-CBD locations in Berlin reached 2.9% and 3.4% respectively.

Source: Federal Statistical Office (Destatis), Savills, RBB24, Berlin.de

Hotels & Resorts

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

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 and Holiday Inn brands, these hotels are designed for conferences and events with a dedicated sales force to attract and retain corporate groups.

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: well established brand Mamaison Hotels & Residences and Buddha-Bar Hotel, located in the heart of European capitals. The very highest quality of accommodation and personal touch.

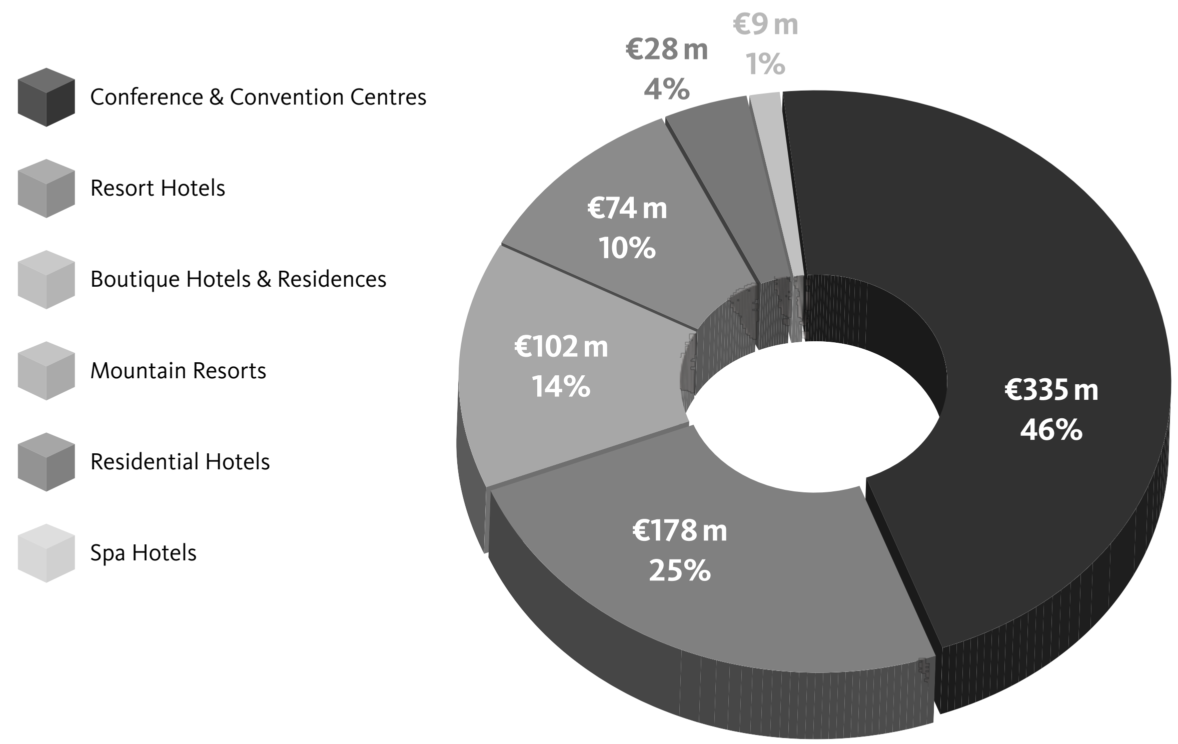
Residential Hotels: these hotels are well-suited for long-term accommodation and are popular with business travellers and tourists. Our properties in this segment are primarily located in Prague.

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 newly established brand Spa & Kur Hotels offers wellness and spa treatment properties located in the world famous spa city Františkovy Lázně.

Jan Kratina,
Director of CPI Hotels

CPIPG Hotels by type (based on property portfolio value)



Segment **Summary**

At Mamaison Downtown we are upgrading our rooms, lobby and bar to appeal to newer generations of hotel guests. We offer serviced apartments and hotel rooms in the heart of Prague, which has great appeal to business and leisure travellers.

Jiří Maca, Project Manager; Martina Černá, Hotel Director; Michal Marek, Business Development Director

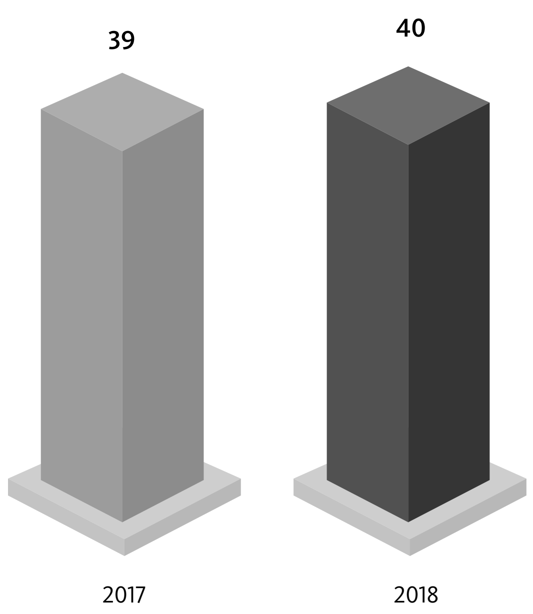
Mamaison Hotel & Residence Downtown Prague, Czech Republic

Hotel revenue and net income continued to rise in 2018; RevPAR increased by **7.5%** and ADR increased by **8.9%**. CPIPG believes these results are attributable to strong markets and also to the benefits of being an owner/operator.

In the CEE region, CPI Hotels closed two properties in Prague for complete renovation. The hotels will reopen in 2019 under the Mamaison Hotel and Residences and Comfort Hotel brands. In June, CPI Hotels assumed the operations of our Holiday Inn in Rome, which is a strongly-performing conference hotel with 320 rooms. CPI Hotels also rebranded two properties in the Czech Republic under the Choice Hotels brand, as part of a new agreement.

In Croatia, the Group continues to experience strong performance across our platform and has significantly extended the season. Guest arrivals from the UK and US have continued to increase. Redevelopment efforts in 2018 have also been successful: Adriana has benefited from a new spa and gourmet concepts, while Amfora has received positive responses to recent interior upgrades. The Group also began the renovation of Palace Elisabeth, which will be the first five-star heritage boutique hotel in Hvar and the first member of the Leading Hotels of the World in Central Dalmatia.

Net Hotel Income (€ million)



Our hotel brands and partnerships

Clarion Hotel – Choice Hotels
Comfort Hotel – Choice Hotels
mamaison Hotels & Residences
sunčani hvar hotels
buddha-bar hotel Prague
Holiday Inn
FORTUNA HOTELS
SPA & KUR HOTELS
PRIVATE LABEL HOTELS

	Hotels & Resorts 2018					Hotels & Resorts 2017				
	PP value (€ million)	Hotel Beds	RevPAR YoY increase (%)	ADR YoY increase (%)	No. of properties	PP value (€ million)	Hotel Beds	RevPAR YoY increase (%)	ADR YoY increase (%)	No. of properties
Czech Republic	332	7,855	7	9	20	330	7,961	6	3	20
Croatia	178	1,646	(5)	1	7	171	1,646	9	4	7
Hungary	58	756	9	7	4	52	756	8	13	4
Italy	38	543	–	–	1	38	543	–	–	1
Poland	26	216	(9)	(4)	2	26	216	3	5	2
Russia	21	184	20	16	1	23	184	2	(2)	1
Switzerland	74	–	–	–	1	88	–	–	–	1
Slovakia	–	100	1	(1)	–	–	100	(17)	3	–
Total	726	11,300	8	9	36	728	11,406	5	3	36

Note: Czech Republic & Slovakia includes hotels operated, but not owned by the Group.
Note: Croatia includes a decrease in RevPAR due to extension of the season by 14 days.

Top **Assets**

Hotels & Resorts

Number of Hotel beds in each country

Poland 216
Czech Republic 7,855
Slovakia 100*
Switzerland
Hungary 756
Croatia 1,646
Italy 543

Courtyard by Marriott Prague City
Country: Czech Republic
City: Prague
PP value: €24 million
Hotel beds: 322

Mamaison Hotel Le Regina
Country: Poland
City: Warsaw
PP value: €17 million
Hotel beds: 122

Clarion Congress Hotel Prague
Country: Czech Republic
City: Prague
PP value: €97 million
Hotel beds: 1,114

Clarion Congress Hotel Ostrava
Country: Czech Republic
City: Ostrava
PP value: €23 million
Hotel beds: 327

Europeum Marriott Courtyard
Country: Hungary
City: Budapest
PP value: €26 million
Hotel beds: 468

Clarion Congress Hotel České Budějovice
Country: Czech Republic
City: České Budějovice
PP value: €24 million
Hotel beds: 407

Pharos Hotel
Country: Croatia
City: Hvar
PP value: €25 million
Hotel beds: 400

Crans-Montana Ski Resort
Country: Switzerland
City: Crans-Montana
PP value: €74 million

Holiday Inn Rome Eur Parco Dei Medici
Country: Italy
City: Rome
PP value: €38 million
Hotel beds: 543

Amfora Grand Beach Resort
Country: Croatia
City: Hvar
PP value: €94 million
Hotel beds: 648

Adriana Hotel
Country: Croatia
City: Hvar
PP value: €25 million
Hotel beds: 118

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

Croatia is an attractive destination for foreign tourists, and Hvar is one of the hot spots. Suncani Hvar is the #1 owner of hotels on the island, and we have continued to grow revenue while investing in our properties to maintain fresh appeal and proper market positioning.

Gordana Tomičić, President of the Management Board, Sunčani Hvar Hotels

Adriana Hotel, Hvar, Croatia

Preparing for the future

Keeping pace with new technologies is a long-term challenge in the hospitality industry. In 2018, CPI Hotels began a major transformation of its Property Management System and Point of Sales technology. The changes will allow CPI Hotels to be more flexible with all new technologies, including automated check-in kiosks and online check-in procedures.

Cost management remains a key focus. CPI Hotels now has a fully integrated online bidding and purchasing system to enhance cost management.

Another challenge throughout the year has been the lack of available personnel in the Czech Republic. The Company is constantly updating and improving programmes to attract and retain talent.

As one example of staff training and retention initiatives, CPI Hotels has begun rotating hotel managers across all properties in the CEE region. This allows managers to share best practices and enjoy new challenges, while delivering fresh ideas to our properties.

Hotel Markets

Prague

Prague is one of the most popular destinations in Europe. In 2018, the number of guests in Prague hotels increased by **3%**, y-o-y (the total increase in Czech Republic was **6.4%**, y-o-y). The highest volume of foreign tourists came from neighbouring countries; Germany, Slovakia and Poland. Visitors from China are the most dynamic group of arrivals with an annual increase of **26.5%**. Prague is forecasted to have high occupancy across the hotel sector of **over 80%** in 2019. Other key performance indicators, such as RevPAR and ADR, are estimated to rise during 2019.

Croatia

The rapidly growing number of tourist arrivals and overnight stays show that Croatia's tourism market is expanding. Croatia recorded the third largest share of nights spent by non-residents among EU member states in 2018. International tourists were **93%** of total nights spent (Cyprus 95% and Malta 96%). The County of Split-Dalmatia recorded a **9.9%** rise in arrivals and **5.8%** more tourist nights realised.

Croatia has a highly developed and diversified hotel supply. Croatia attracts developers of luxury, high-end hotels due to its higher availability of good sea side locations compared to other Mediterranean countries.

Budapest

The main tourist destination in Hungary is its capital, Budapest. Both foreign and domestic visitors are attracted by unique historical sights, such as Buda castle and the parliament, thermal baths and a rich and diverse cultural history. Budapest experiences some of the highest hotel occupancy in Europe. In 2018, guest nights registered increased by **5.2%** compared to 2017, while commercial accommodation grew by **3.8%**.

Source: Prague: Czech Statistical Office, Prague City Tourism, Mazars, Cushman & Wakefield
Source: Croatia: Eurostat, Cushman & Wakefield
Source: Budapest: Hungarian Central Statistical Office, Eurostat, Mazars

Complementary Assets Portfolio

The complementary assets portfolio primarily consists of the Group's platforms in Hungary and Poland. This segment also includes investments in Slovakia, France, Italy, the UK and Romania.

Strong economic growth across the CEE region continues to impact demand for offices, while supporting higher levels of consumer spending. As a result, the Group's properties in the CEE region have benefited from a high level of stability and consistent demand.

Occupancy in the complementary assets portfolio was 95.2% for 2018, versus 92.1% at the end of 2017. Like-for-like rental growth remained positive in 2018, with Poland at 1.9% and Hungary at 4.0%.

CPIPG has a positive outlook for both Poland and Hungary, and believes our platforms are well-positioned for future growth in both office and retail. Slovakia is a small market; however, the Group's assets nicely complement the Czech Republic portfolio. The UK investment by the group relates to the acquisition of 11 luxury apartments at Buxmead in North London; further UK investments may be considered over time. Assets in Romania, France, and Italy are considered non-core and can be considered for disposal in the future.

- Assets primarily in Hungary and Poland, with local teams and platforms
- Occupancy increased by 3.1 p.p. in 2018
- Successful acquisitions in Poland and London during 2018
- Potential to consider further acquisition opportunities during 2019

Complementary Assets Portfolio (by value)