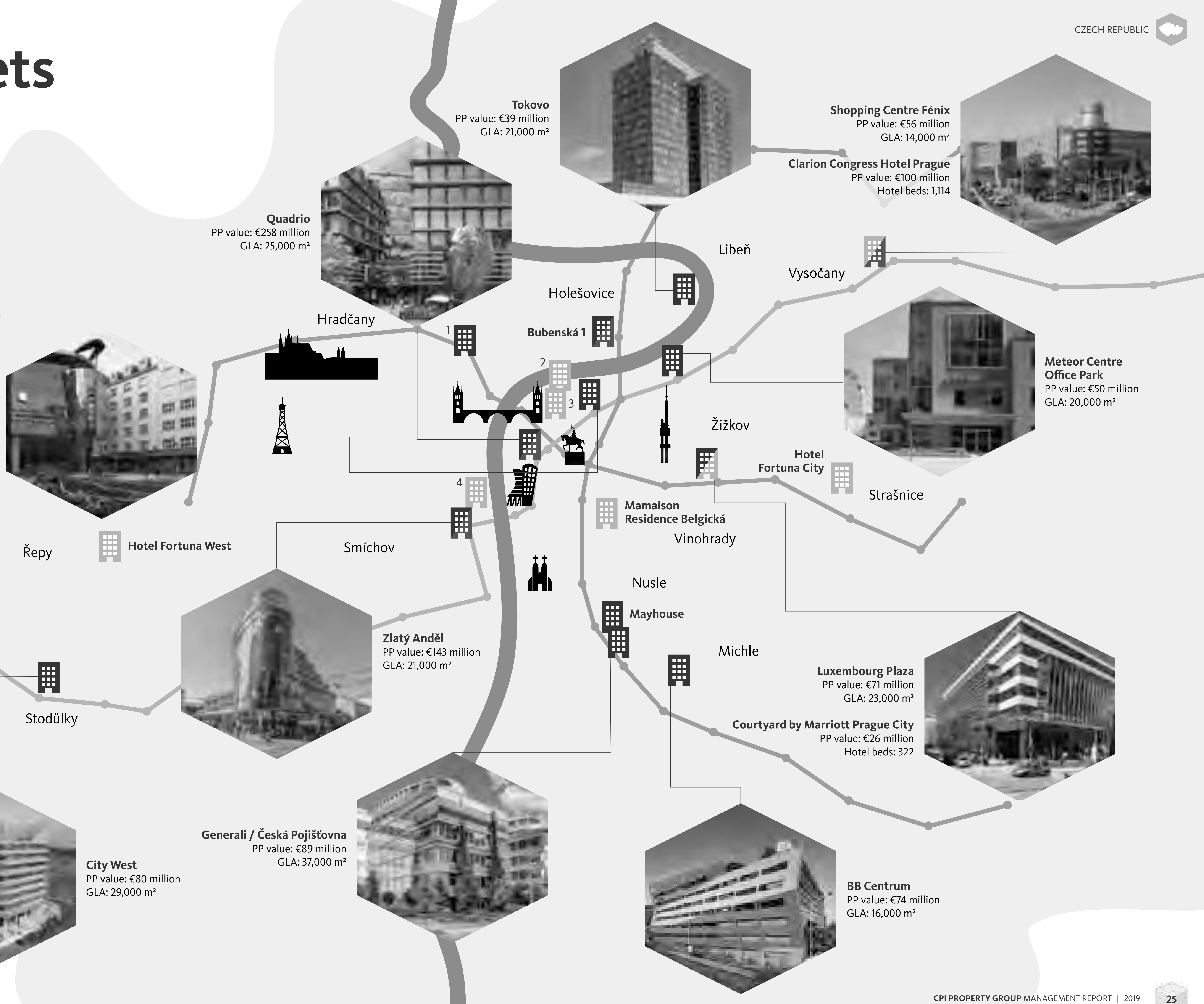
Top **Assets**

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**



Top **Assets**

in the Czech Republic (outside of Prague)

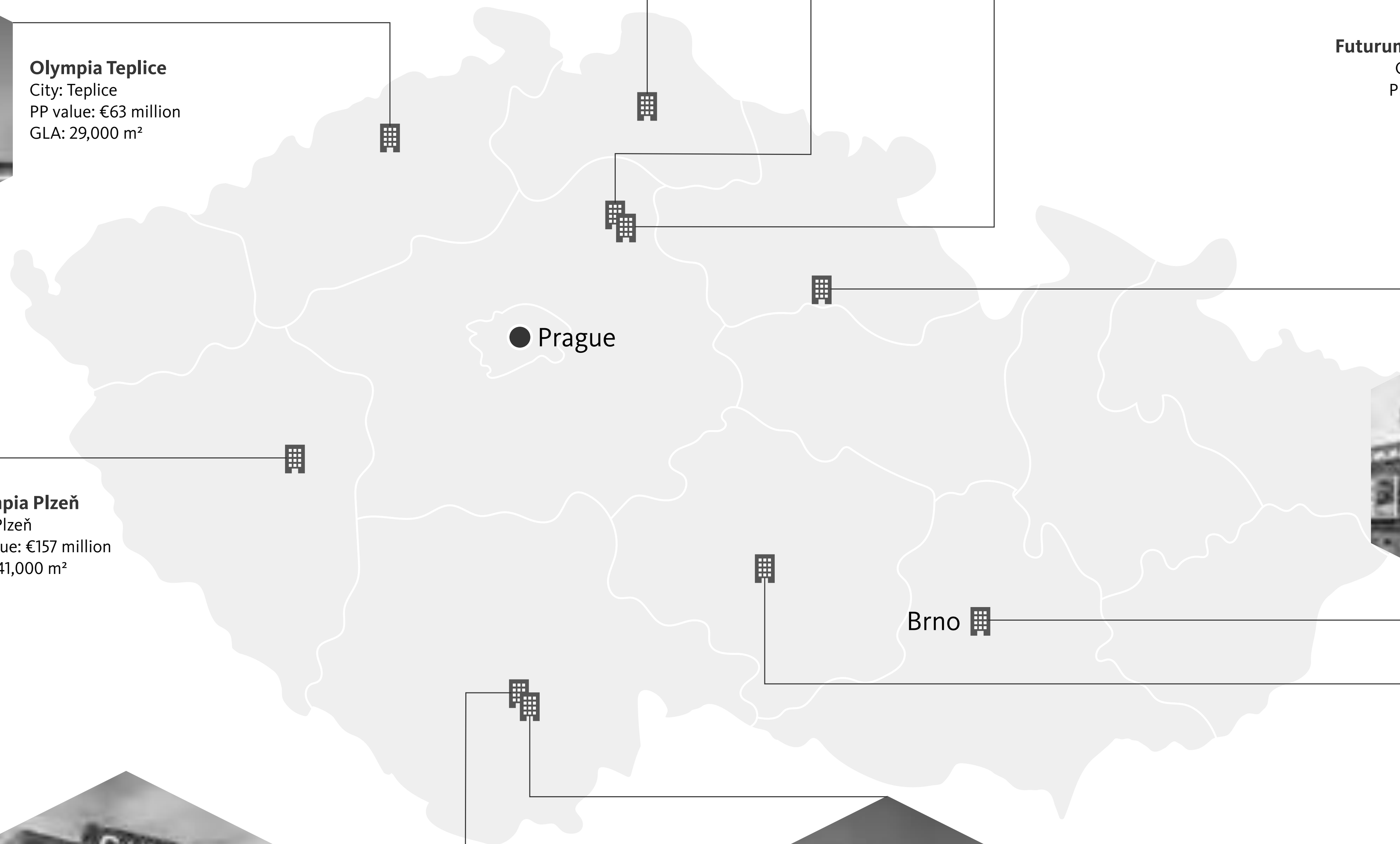
Nisa
City: Liberec
PP value: €105 million
GLA: 50,000 m²

Bondy
City: Mladá Boleslav
PP value: €63 million
GLA: 21,000 m²

Olympia Mladá Boleslav
City: Mladá Boleslav
PP value: €55 million
GLA: 20,000 m²

Olympia Teplice
City: Teplice
PP value: €63 million
GLA: 29,000 m²

Futurum Hradec Králové
City: Hradec Králové
PP value: €131 million
GLA: 39,000 m²



Olympia Plzeň
City: Plzeň
PP value: €157 million
GLA: 41,000 m²

Královo Pole
City: Brno
PP value: €69 million
GLA: 27,000 m²

Géčko
City: České Budějovice
PP value: €35 million
GLA: 12,000 m²

IGY I
City: České Budějovice
PP value: €75 million
GLA: 26,000 m²

IGY II
PP value: €27 million
GLA: 8,000 m²

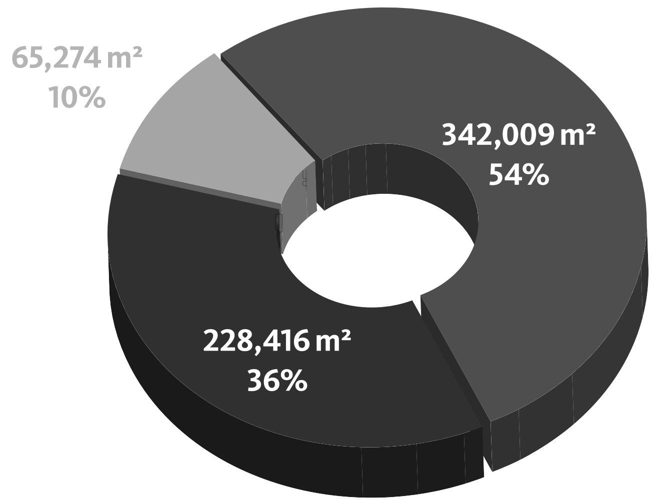
Citypark
City: Jihlava
PP value: €121 million
GLA: 28,000 m²

Retail Properties

Fénix Shopping Centre, Prague, Czech Republic

Retail Assets by Type (GLA)

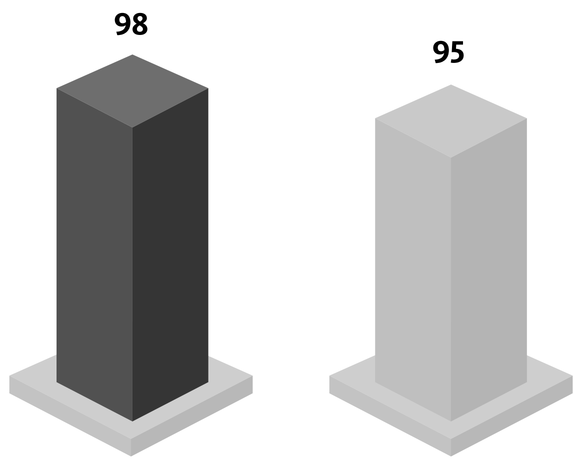
- Shopping centres
- Retail parks and warehouses
- Convenience shops



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)



At the end of 2019, the valuation of the Czech retail portfolio increased slightly (3.1%) to **€1,633 million,** of which about 76% by value is attributed to our shopping centres. CPIPG owned 122 retail properties at the end of 2019, compared to 182 in 2018, as the Group focused the portfolio on the best-performing locations and asset types.

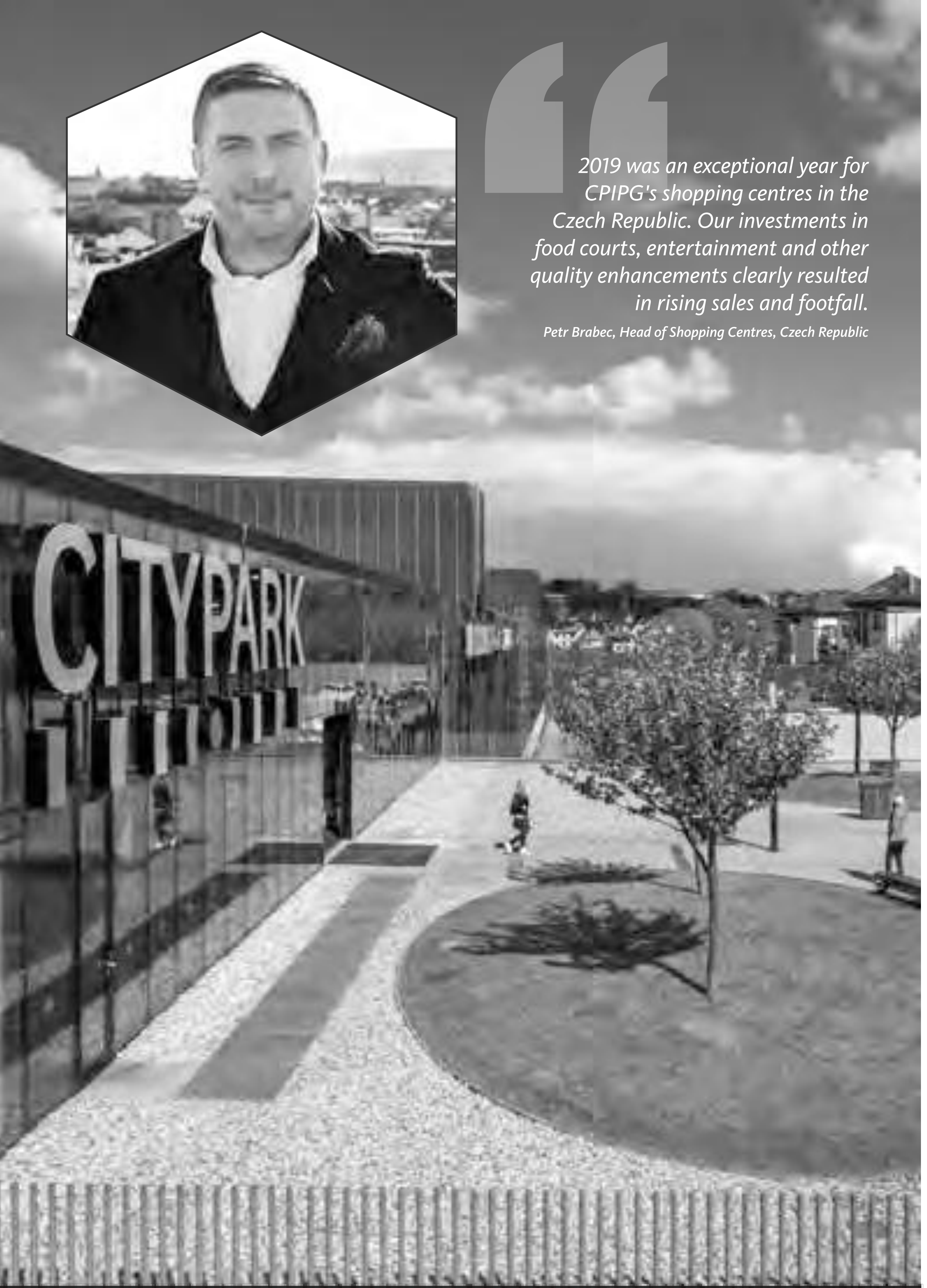
Footfall in our shopping centres increased by **5.8%** in 2019 to **77.2 million** visitors compared to 73.0 million in the prior year. Total sales achieved by our tenants also increased by **8.8%** to **CZK 15.1 billion,** from CZK 13.9 billion in 2018. Footfall and tenant sales increased in all shopping centres apart from Citypark Jihlava, which was undergoing extensive refurbishment until it fully reopened in November 2019.

Total occupancy (across all formats) increased significantly from 93.6% at the end of 2018 to **96.9%** at the end of 2019. The increase was driven by our shopping centre portfolio, where occupancy increased by **4.6%** to **97.2%,** owing to very strong leasing activity as a record number of retailers extended leases or entered into new contracts. Over the course of the year, we signed over 125 new tenant contracts and also extended more than 210 leases within the shopping centre portfolio. We also signed a deal with LPP Group for the bulk renewal of ten lease contracts across more than 15,000 m² of space. In fact, during the year the Group renegotiated leases covering about 53,000 m² GLA in our shopping centres, where we were able to achieve an increase in contracted like-for-like rents of **7.1%.**

Our retail parks continue to demonstrate resilient, stable performance, with occupancy close to 100% across the portfolio and average lease maturities of 6+ years. We renewed or extended 33 leases during the period, with an average extension of lease maturities by six years.

Net rental income achieved overall in the Czech retail segment decreased slightly to €95 million from €98 million in the prior year. This was largely due to the impact of asset sales at the end of 2018, together with higher refurbishment and fit-out costs in 2019. Excluding the impact of asset sales, growth of net rental income would have increased slightly.

	Retail 2019				Retail 2018			
	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties
Prague	**377**	**96.1%**	**95,000**	**38**	349	94.5%	94,000	38
Major cities	**932**	**96.7%**	**343,000**	**27**	895	93.1%	346,000	27
Other	**325**	**98.1%**	**197,000**	**57**	341	93.9%	232,000	117
Total	1,633	96.9%	636,000	122	1,584	93.6%	672,000	182

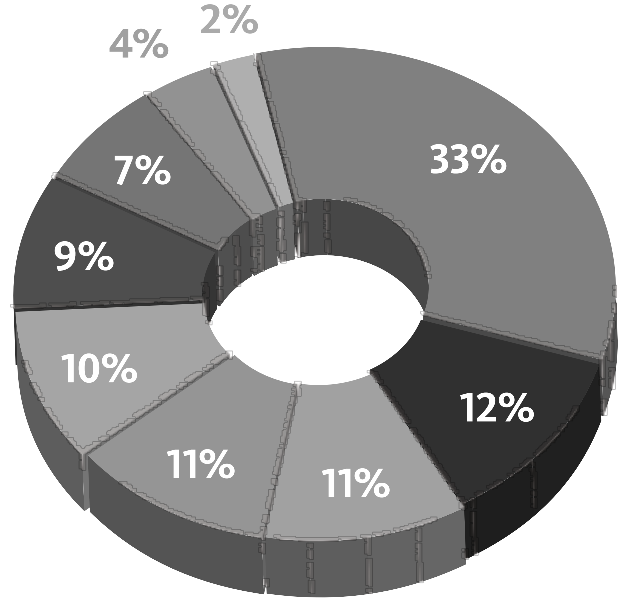


2019 was an exceptional year for CPIPG's shopping centres in the Czech Republic. Our investments in food courts, entertainment and other quality enhancements clearly resulted in rising sales and footfall.

Petr Brabec, Head of Shopping Centres, Czech Republic

Citypark Shopping Centre, Jihlava, Czech Republic

Shopping Centre Tenants by Type (according to headline rent)



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

Market Overview

Total retail sales in the Czech Republic grew by close to 5% year-on-year in 2019, buoyed by strong economic growth, seasonally adjusted unemployment of only 2% at the end of the year, and nominal wage growth around 7%. Despite a cooling of the economy as the year progressed, the Czech Republic remains a strong performer compared to the European average.

Significant growth of sales was registered in non-food products, such as fashion, electronics and equipment. However, as in previous years, the highest dynamics were seen in e-commerce, reaching a penetration level of 11% by year end, the highest level of penetration and number of e-shops per capita in Europe. The sector also recently saw the entry of big e-commerce retailers such as About You and Zalando.

Despite the continued growth of e-commerce, Czech Republic prime rents continued to grow in shopping centres (+3.4% year-on-year) in excess of the high street (+2.2% year-on-year). Shopping centre prime yields increased slightly to around 5.0% in Prague, while prime high street yields remain c. 100 basis points lower, albeit having widened by a greater margin than shopping centres since 2018. Prime retail locations continue to attract new tenants in all segments of the market.

New development in shopping centres remains limited and activity is primarily focused on refurbishments and extensions. With only two new shopping centre deliveries on the Czech market, the Czech shopping centre market grew by only 21,500 m² and totalled 2.44 million m² by the end of 2019. Due to very marginal supply, shopping centre density remained stable at 229 m²/1,000 inhabitants. New supply is expected to be mainly driven by retail parks in the regions for at least the next three years.

About 19 new brands entered the Czech market in 2019, a declining number compared to previous years (30 in 2018). Around the same amount of retailers confirmed their entry into the Czech market at the beginning of 2020, thus proving the continued attractiveness of the Czech market.

Sources: Cushman & Wakefield, CBRE, Savills

Significant Investment in Our Shopping Centres is Driving **Record Performance**

IGY – since refurbishment, IGY has achieved growth in footfall of **44%** and tenant sales of **57%**.

In 2019 alone, these figures were **12%** and **15%** respectively.

2019 performance versus year prior to commencing refurbishment (2015)

Value	+66%
Footfall	+44%
Tenant Sales	+57%
Turnover per sqm/month	+55%

Quadrio – since refurbishment, Quadrio has achieved growth in footfall of **+24%** and tenant sales of **+79%**.

In 2019 alone, these figures were **+4%** and **+11%** respectively.

2019 performance versus year prior to commencing refurbishment (2016)

Value	+27%
Footfall	+24%
Tenant Sales	+79%
Turnover per sqm/month	+81%

Fenix – since refurbishment, Fenix has achieved growth in footfall of **+5%** and tenant sales of **+23%**.

In 2019 alone, these figures were **+10%** and **+6%** respectively.

2019 performance versus year prior to commencing refurbishment (2016)

Value	+28%
Footfall	+5%
Tenant Sales	+23%
Turnover per sqm/month	+19%

Preparing Our Assets **for the Future**

Focused on *enhancing* shopping experiences and **optimising tenant mix** to preserve the **destination status** of our assets.

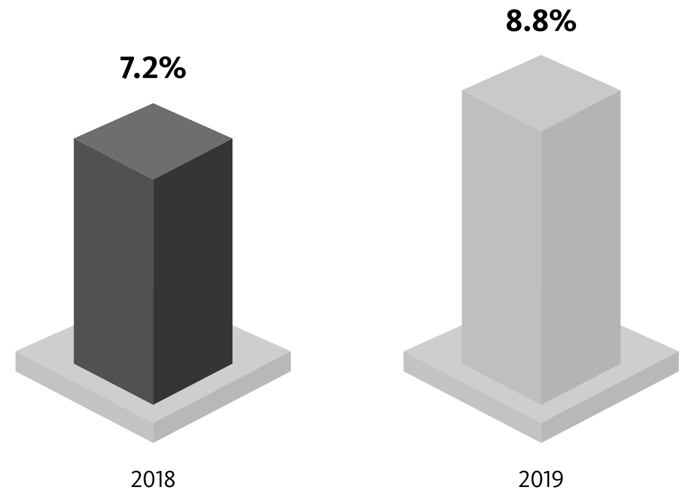
Food court, IGY Shopping Centre, České Budějovice, Czech Republic

Physical retail continues to perform robustly in the Czech Republic, supported by:

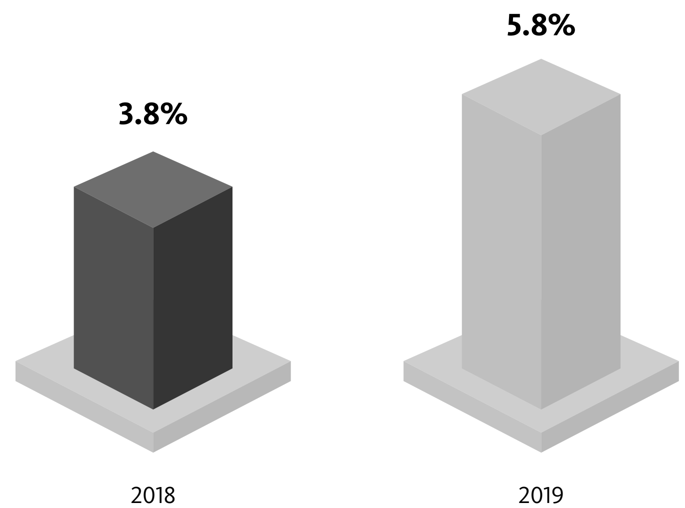
- **solid economic growth drivers;**
- **lower physical retail density** compared to more developed Western European or US retail markets;
- **low exposure** to department store tenants, and;
- very **limited high street retail.**

CPIPG's shopping centres are typically the dominant centre in a regional city, with a large catchment area and strong transportation connections. E-commerce has been a factor in the Czech Republic for several years, with both local and international retailers active in the sector. E-commerce penetration (as a % of total sales) in the Czech Republic reached 11% in 2019, compared to the EU average of 6%.

Increase in Tenant Sales



Increase in Footfall



Despite the presence of E-commerce, CPIPG's shopping centres continue to see increasing footfall and sales. Our centres are considered destinations by the local populations, and we are consistently undertaking new measures to improve customer experience and shopping centre performance, including:

Refurbishments

- Almost every shopping centre in our portfolio has either recently been refurbished, or is soon to be refurbished.
- Right-sizing and recalibration to ensure focus remains on food retail, whilst also scaling back our exposure to hypermarkets.

Working with Tenants and Employees

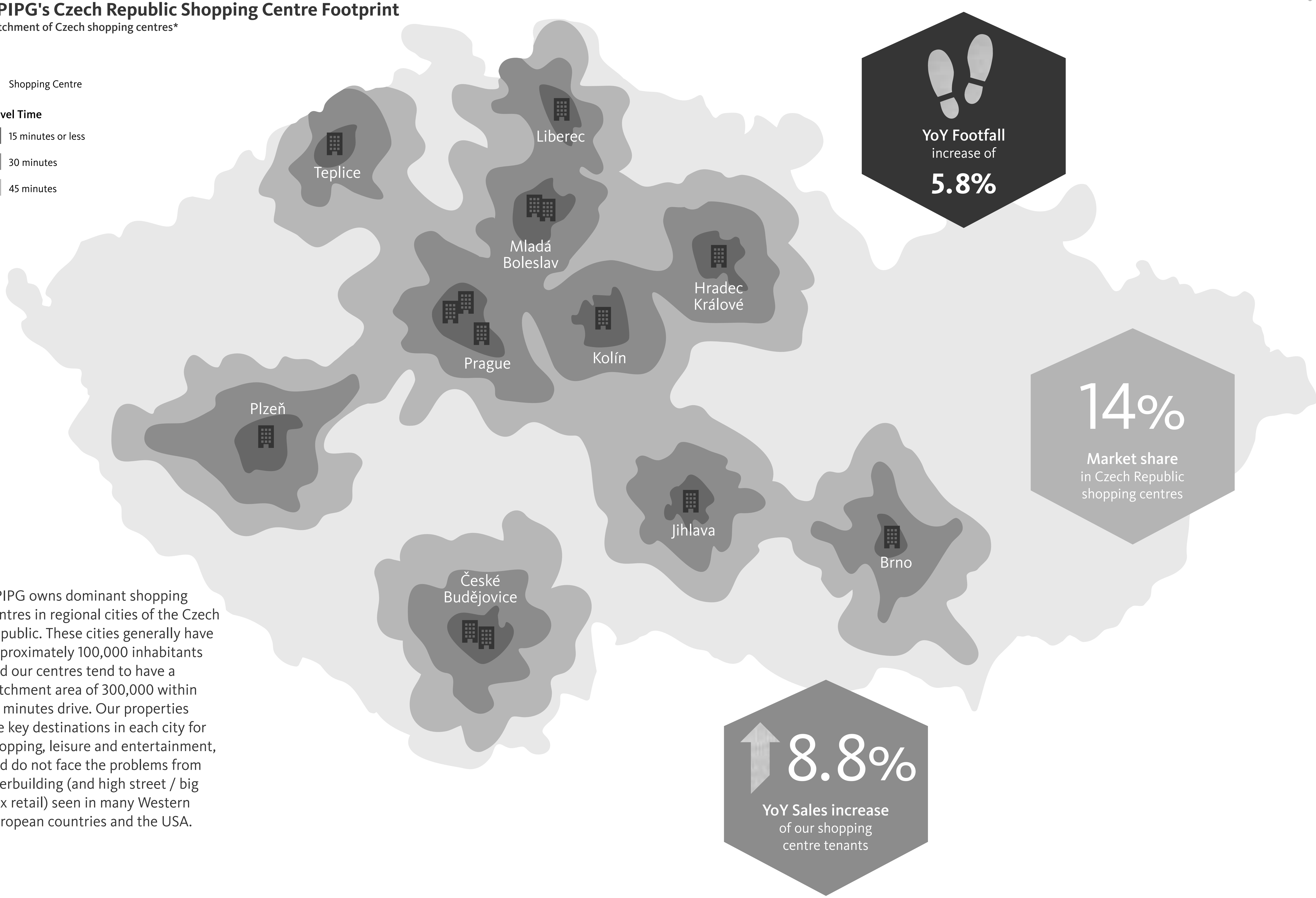
- In March we launched our CPI Akademie Retail development and educational programme to help shop managers better respond to the evolving retail market and create an enhanced customer experience at the point-of-sale. The programme attracted almost 170 shops across nine shopping centres with more than 700 attendees. In 2020, CPIPG will conduct another workshop and expand to 13 shopping centres.
- We also launched an employee benefit program. Every employee within the shopping centre is allowed to receive special discounts, prices or products within almost all units, in an effort to mutually support employee loyalty sales within the centres (on average there are 700 employees in regional centres).

Understanding Consumer Behaviour

- CPIPG conducted an extensive and unique customer behaviour research survey, Mall Shoppers Connection Typology, with more than 10,000 respondents in 2019, which will help us to better understand customer preferences and needs.

CPIPG's Czech Republic Shopping Centre Footprint

Catchment of Czech shopping centres*



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

Office Properties

New terrace at Tokovo high-rise, Prague, Czech Republic

Regional Headquarters

GENERALI

CEZ GROUP

WPP

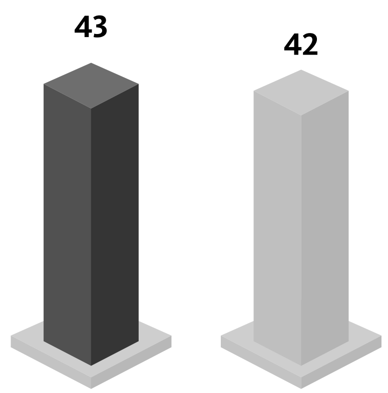
CTP

SIEMENS

CUSHMAN & WAKEFIELD

Net Rental Income – Office

(€ million)



The valuation of CPIPG's office portfolio in the Czech Republic increased by **7.7%** in 2019 to **€814 million.** The majority of the increase was driven by positive revaluations in Prague as well as the completion of Mayhouse, a newly developed office in Prague 4. The removal of Longin from the office portfolio at the end of 2019 (reclassified to hotels) means that the underlying valuation increase was even higher than the headline figure.

Net rental income decreased slightly to €42 million in 2019 compared to €43 million in the prior year, primarily due to the sale of Modřanská (Nestlé building) in late 2018, investments in tenant incentives in the City West building, as well as the temporary effect of tenant changes in Luxembourg Plaza in 2019. In Luxembourg Plaza, vacancy was temporarily elevated for a short period early in 2019. The vacant space could have been leased very quickly, but we strategically focused on securing a **new lease with Exxon Mobil** with an attractive rent, extending their space by more than 50% in the property, which took a few months to successfully negotiate. However, 2019 results do not fully reflect the resulting improvement to annualised net rental income of the portfolio; this should be clearer in future.

Occupancy in our office portfolio declined slightly to 94.5% from 96.8% at the end of 2019. The decrease is primarily due to temporary vacancy in the recently completed development Mayhouse, as well as some tenant rotation in Marisa West. Given continued **robust demand dynamics for Prague offices,** we actively took the decision to bring Mayhouse to the market when it was 33% let. Negotiations are ongoing with potential tenants to lease the remaining space. In Marisa West, we have already signed a lease with a new tenant to fill part of the space vacated during the year, with a higher rent. Discussions are ongoing for remaining vacant space to be filled in the near term. Excluding these exceptions, vacancy across CPIPG's Prague office portfolio was 3.2%, significantly lower than the 5.5% market average at the end of 2019.

Later in 2020, our portfolio will benefit from the completion of ZET.Office, a 20,000 m² office development which is part of the Nová Zbrojovka project in Brno. During December 2019 we signed two leases with KIWI.com (c. 10.900 m²) and Axians (c. 1,700 m²), bringing pre-let occupancy to 63%, despite opening of the building not being scheduled until summer 2020.

Overall, leasing activity in 2019 has been strong, enabling CPIPG to increase headline rents with new and existing tenants. During the year, **we signed 106 leases with new and existing tenants,** achieving headline rent increases of over 20% against previous contracted rents.

	Office 2019				Office 2018			
	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ m)	Occupancy (%)	GLA (m²)	No. of properties
Prague	**772**	**95.1%**	**277,000**	**19**	713	96.9%	278,000	19
Major cities	**42**	**85.3%**	**27,000**	**5**	43	95.1%	27,000	5
Total	814	94.5%	304,000	24	756	96.8%	306,000	24

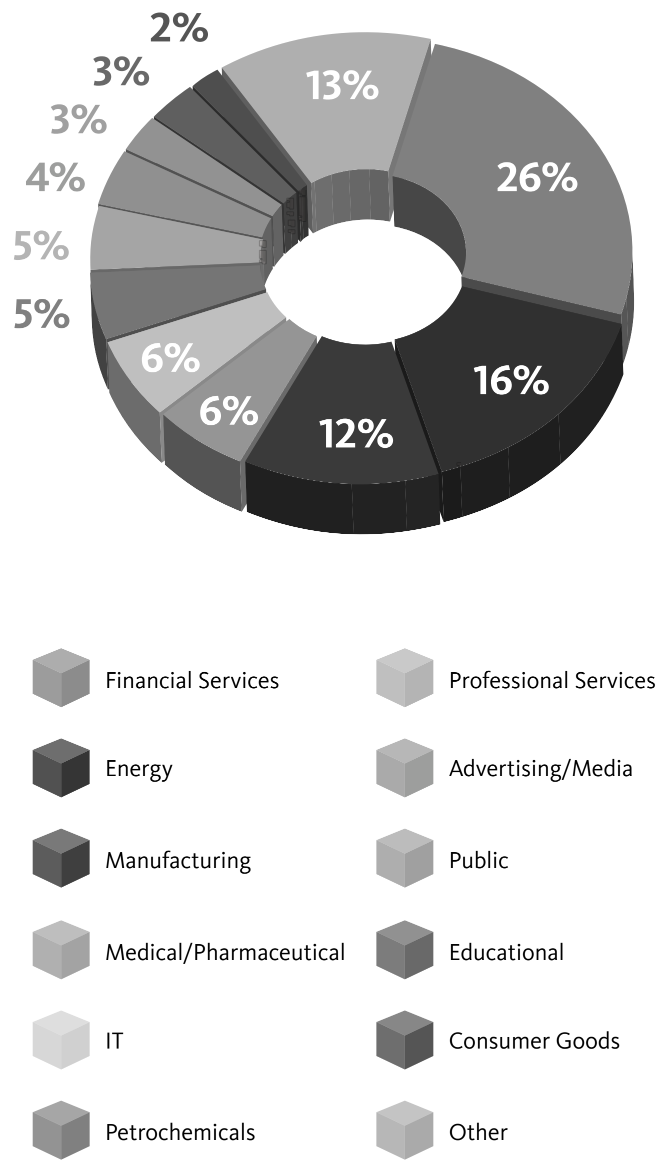
Office **Market**

Thanks to the expertise of our team and the quality of our assets in the Czech Republic, we signed some of the largest leasing transactions of the year including Exxon Mobil in Prague and KIWI.com in Nová Zbrojovka, Brno.

Pavel Semrád, Asset Management Director for Czech Republic & Slovakia

ZET.office of Nová Zbrojovka Development, Brno, Czech Republic

Office Tenants by Type
(according to headline rent)



New supply of almost 214k m² in 2019 (+36% versus 2018) brought total office stock in Prague to nearly 3.67 million m² at the end of the year. About 247k m² of office space was under construction at the end of 2019, more than 70% of which is due to be completed by the end of 2020. The new development activity has been recently expanding to districts of Prague that have previously been deemed less attractive or appealing, such as Prague 9 and 10. Nevertheless, total office stock per capita still remains relatively low compared to other major financial centres in CEE and Western Europe.

Gross take-up in 2019 reached close to 445k m², representing a decrease of 7% compared to 2018. Net take-up slowed down more sharply, decreasing 17% since 2018 to about 274k, with the share of renegotiations remaining stable at around 40% of total take-up. IT and professional services firms continue to exhibit the strongest growth in annual take-up.

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

Despite pressures on vacancy rates, prime rents increased by 2.2% since 2018 to €23.5/m², continuing the steady rate of increase prevalent over the past five years, and rising faster than other CEE major cities. Office location still plays a very important role and differences in the speed of leasing of available space are large among individual office hubs. Average asking rents across districts varies, but tends to be in the €10–€17/m² range, with the exception of Prague 1 (€17–€23.5/m²).

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

Sources: Cushman & Wakefield, www.praguecitytourism.cz/en/our-services/statistics/guests-and-nights-revised-data-2012-2019-14836

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

CPIPG's residential platform, CPI BYTY, owns a stable portfolio of residential properties in prosperous industrial regions of the Czech Republic as well as in Prague. The portfolio was valued at €473 million at the end of 2019, increasing slightly since 2018.

Gross rental income exhibited solid growth of **€0.8 million (4.0%)** compared to the prior year, attributed to a combination of an increase in overall portfolio occupancy from 89.1% to **90.7%,** together with growth in like-for-like rents.

Receivables remain stable across all regions, where we continue to maintain tenant default rates below 1%.

Occupancy increased across all regions, especially in regions such as Ostrava and Ústí nad Labem where occupancy is improving from a lower base. However, even in regions such as Prague and Liberec where occupancy is close to 100%, increases were also recorded.

CPI BYTY has established a strong track record of improving occupancy throughout the portfolio, with further improvement expected in future. In the second half of 2019, the portfolio underwent the first phase of a refurbishment of 351 units in the Litvínov, Ústí nad Labem and Třinec portfolios. In addition, CPI BYTY is making selective disposals of dilapidated or vacant units in the Ústí nad Labem and Třinec portfolios, of which 20 were sold in 2019.

Both of these measures are aimed to boost occupancy in 2020.

Average market rents in our regions are higher than the rents we charge in our portfolio. While our strategic priority has historically been focused on improving occupancy, there is significant potential for improvement in rental income.

The rental market for residential properties in the Czech Republic remains robust. Market rents have been consistently rising in Prague and major regional cities for a number of years, buoyed by economic factors such as very low unemployment, population growth, rising wages and solid inflation. Furthermore, the rental market has been supported by the increasing unaffordability of housing in the country, rising interest rates and mortgage lending restrictions imposed in late 2018.

Region	Residential 2019				Residential 2018			
	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units	PP value (€ million)	Occupancy* (%)	No. of units	No. of rented units
Prague	**72**	**98.9%**	**461**	**456**	72	98.7%	465	459
Ostrava region	**171**	**87.9%**	**4,322**	**3,798**	172	87.0%	4,322	3,758
Ústí region	**139**	**89.2%**	**5,004**	**4,462**	127	86.9%	5,013	4,357
Liberec region	**86**	**98.5%**	**2,018**	**1,987**	76	96.7%	2,018	1,952
Central Bohemia	**5**	**100.0%**	**77**	**77**	5	98.7%	77	76
Total	473	90.7%	11,882	10,780	452	89.1%	11,895	10,602

* *Occupancy based on rented units.*

Development **Properties**

Selective development is an attractive way to continue growing our portfolio of income-generating assets. Our approach towards development is conservative, and we typically develop to hold.

Bubenská Redevelopment Prague

- Bubenská 1 is a 26,400 m² office redevelopment in Prague 7
- Due for completion in 2020, built to the highest technological standards
- It will become the Prague headquarters of WPP, with a lease for 18 years
- Primarily office space as well as retail, wellness, big hall, storage and common space
- Located close to critical transportation infrastructure

Overall development activity in the Czech Republic remains subdued given the challenges associated with obtaining building permits.

CPIPG's development activities in the Czech Republic include both new developments and redevelopments of existing office and retail properties. The Company benefits from an extensive land bank which can be developed over time.

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.

Spektrum Redevelopment, Čestlice

- The redevelopment of Spektrum shopping centre in Čestlice began in 2019
- Creation of a 6,500 m² modern and convenience-oriented shopping experience
- Premium and minimalistic design, created by the renowned Chapman Taylor Architects
- Set to open in the spring of 2021, housing up to 20 retail units

ZET.office Development in Nová Zbrojovka, Brno

- The ZET.office development is a 20,000 m² modern office development in Brno
- The first modern development in the disused area of the former Zbrojovka factory
- ZET.office will offer modern office and co-working spaces, cafes and a fitness facility
- We have already signed two leases with KIWI.com and Axians, bringing pre-let occupancy to 63%
- Handover is scheduled for summer 2020

	Development 2019			Development 2018		
	PP value (€ million)	Potential GLA (m²)	Potential GSA (m²)	PP value (€ million)	Potential GLA (m²)	Potential GSA (m²)
Prague	**57**	**26,000**	**10,000**	42	34,000	20,000
Major cities	**23**	**20,000**	**–**	9	20,000	–
Other	**13**	**14,000**	**–**	6	7,000	–
Total	93	60,000	10,000	57	61,000	20,000

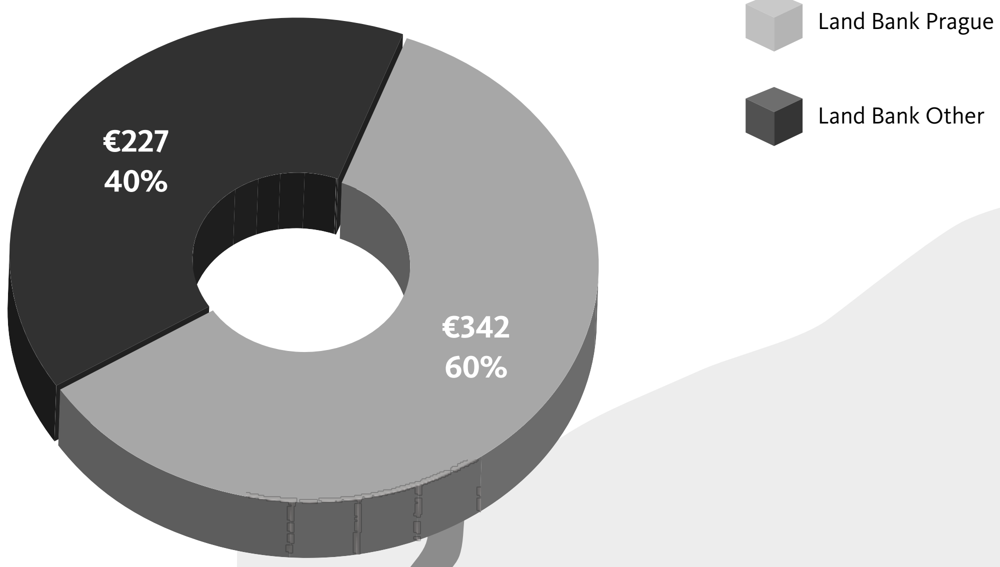
Land Bank in the Czech Republic

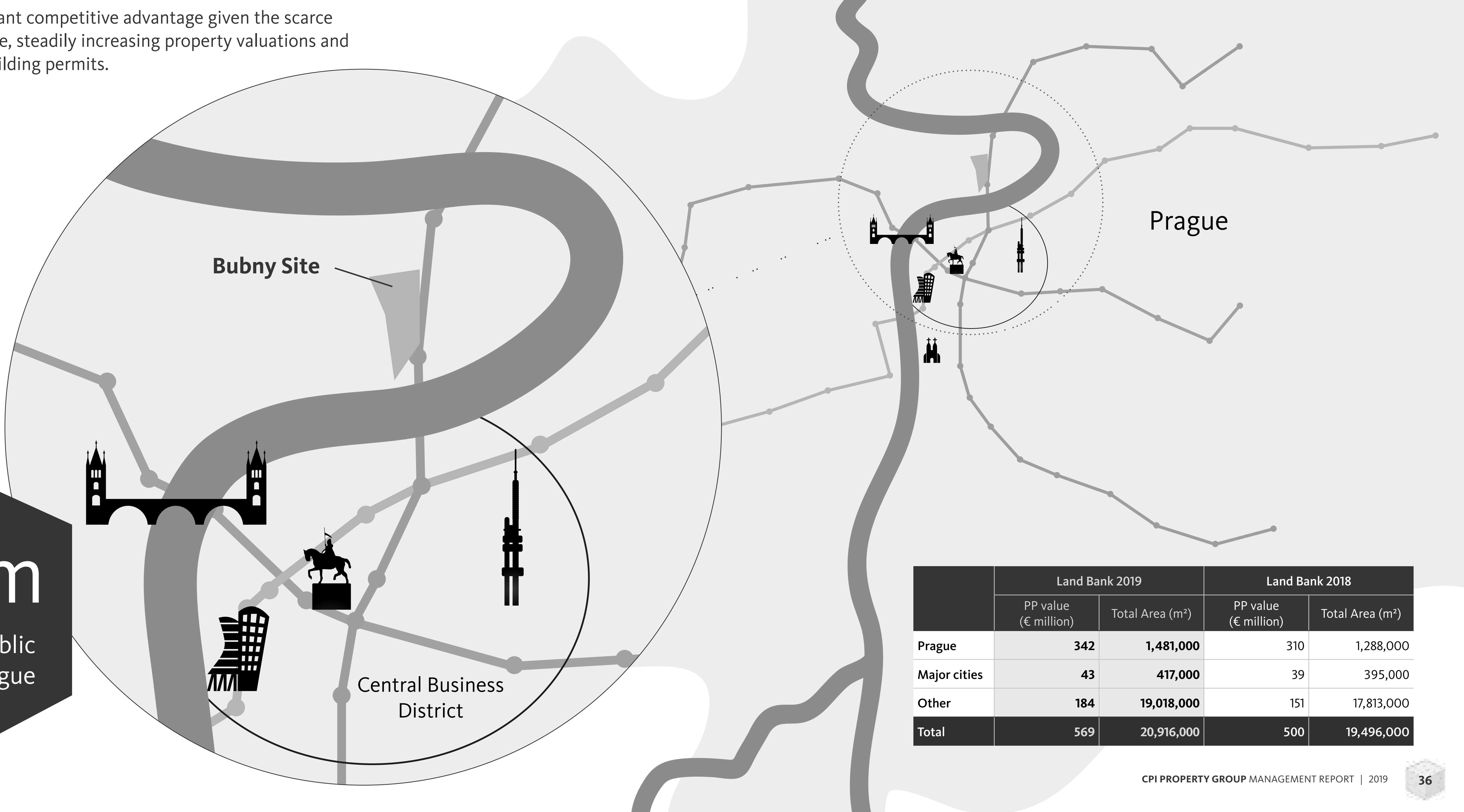
The Group's land bank of close to €570 million in the Czech Republic is a key strategic asset which can be held and developed over the long-term.

€342 million (60%) of the Czech land bank is in Prague, largely relating to Bubny, a 202,000 m² area strategically located close to the CBD and where we are already redeveloping one of our flagship offices, Bubenská 1, due for completion in 2020.

Our land bank is an important competitive advantage given the scarce availability of land in Prague, steadily increasing property valuations and constraints in obtaining building permits.

Land Bank in the Czech Republic
(€ million and %)





€342m
of our Czech Republic land bank is in Prague

	Land Bank 2019		Land Bank 2018	
	PP value (€ million)	Total Area (m²)	PP value (€ million)	Total Area (m²)
Prague	342	1,481,000	310	1,288,000
Major cities	43	417,000	39	395,000
Other	184	19,018,000	151	17,813,000
Total	569	20,916,000	500	19,496,000

Berlin

GSG BERLIN

Our subsidiary, Gewerbesiedlungs-Gesellschaft mbH ("GSG"), had a superb year in 2019, achieving record increases in valuations, net rental income, average rents and WAULTs.

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 start-up 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.

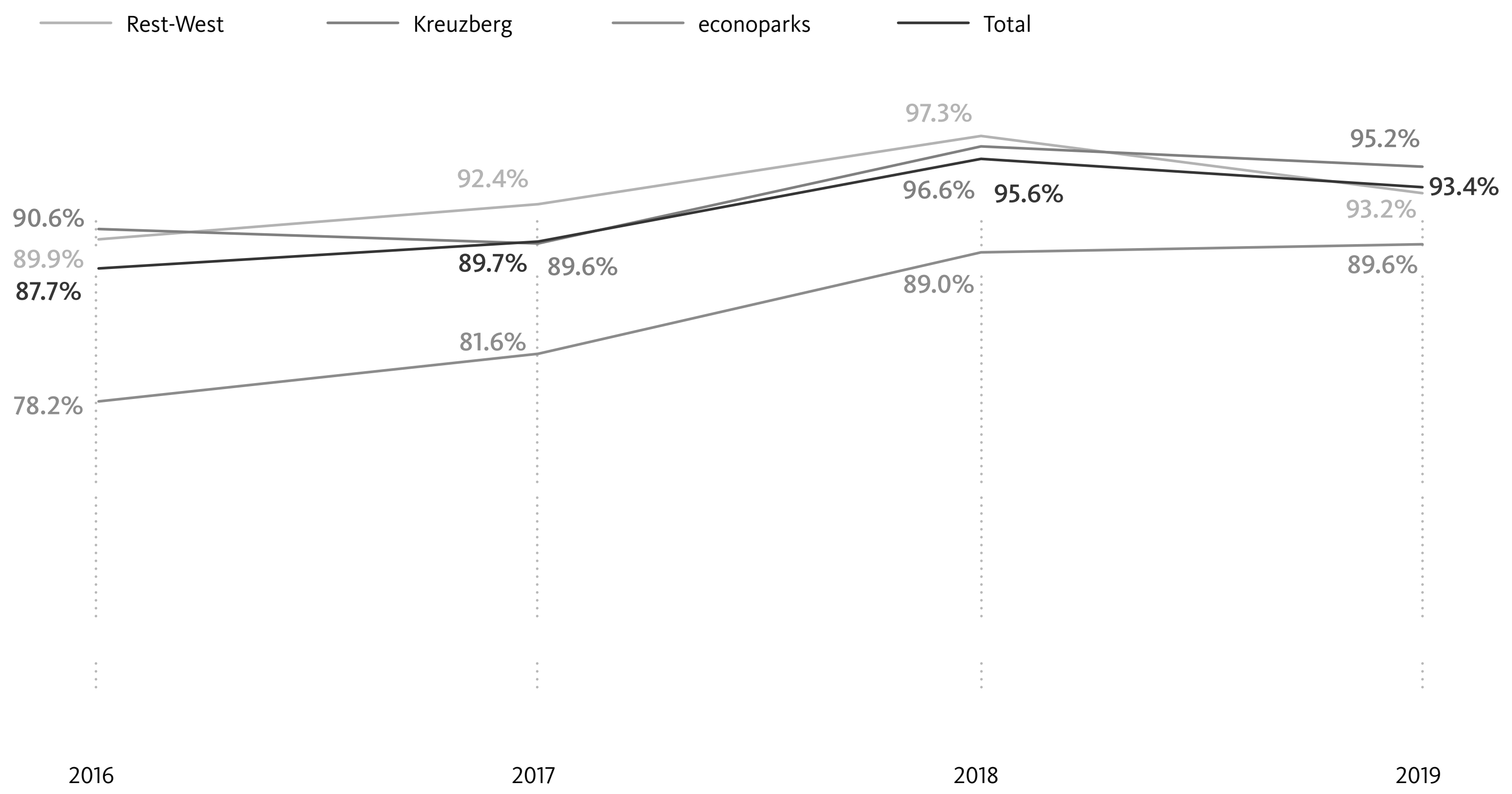
History of GSG

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.

93.4% Occupancy

10.5% Like-for-Like Growth

Occupancy Rate
(based on Estimated Rental Value)



> **Berlin** is the most international city in Germany and *continues to attract* new residents and jobs, driving **consistent demand for office space.**

- #1 commercial real estate platform in Berlin
- Portfolio uniquely suited to creative and IT sectors
- Nearly 2,000 tenants
- Strong market with 1.6% overall vacancy

Oliver Schlink
CFO, GSG Berlin

Summary

GSG is proud of our 55-year track record of working closely with tenants to deliver space which fits their needs.

Oliver Schlink, CFO, GSG Berlin

Sebastian Blecke, COO and Oliver Schlink, CFO, GSG Berlin

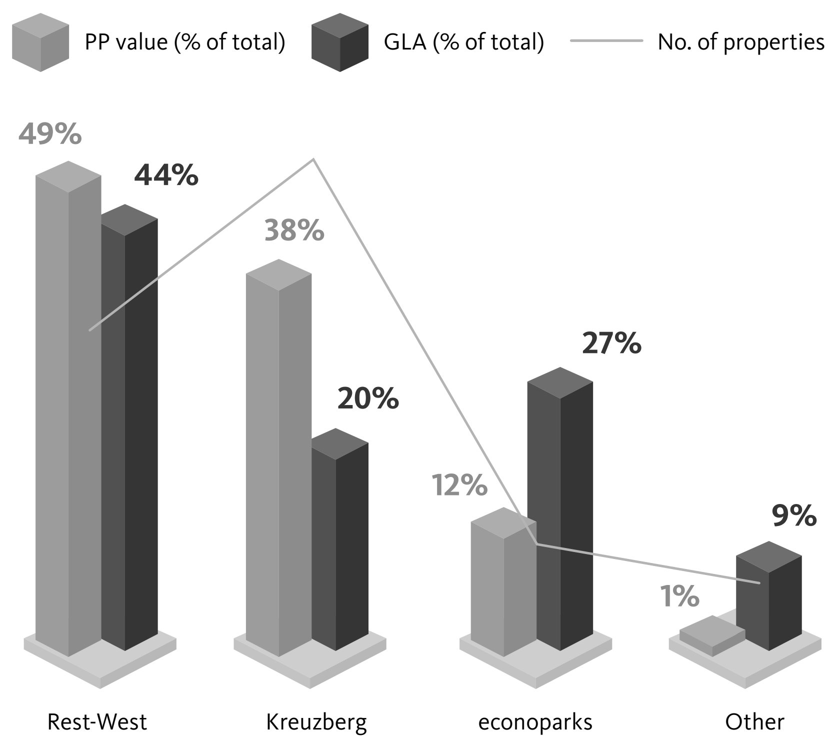
photo: GSG Berlin © CHL

The value of the portfolio increased significantly by more than **€0.4 billion,** standing close to **€2.5 billion** at the end of the year. The increase was attributed to positive revaluations primarily in West Berlin (our Kreuzberg and Rest-West clusters), where the commercial real estate market is especially strong.

Net rental income increased by almost **13%** to **€71.4 million** in 2019. The majority of this increase is attributed to like-for-like growth in rents. Completed developments also contributed to the increase, given the successful redevelopment of AQUA-Höfe in the second half of 2018, as well as the opening of "The Briq" in early September 2019. GSG expects the strong trajectory in increasing rental income and average rents to continue, further bolstered by upcoming development projects.

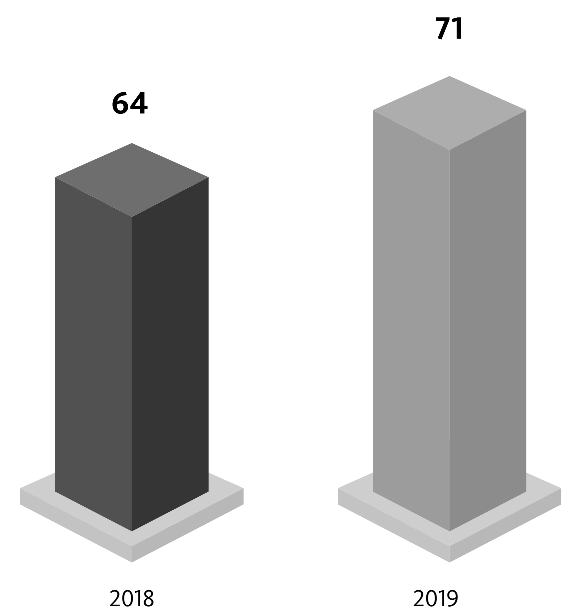
Overall occupancy declined slightly to 93.4% at the end of 2019, compared to 95.6% at the end of 2018. This was primarily due to investments we made to upgrade vacant space (mostly in West Berlin), which resulted in an increase in the value of vacant space at year-end when revalued, impacting EPRA occupancy. These **investments are strategic and will enhance GSG's portfolio value** as well as our ability to rent vacant space more easily and at a higher rent in future. Occupancy in terms of GLA actually increased by about 0.5% in 2019, which in this case is a more relevant and less distorted indicator of demand for space in our portfolio. We also see a positive outlook for occupancy rates, especially in our econoparks cluster where the vacancy rate remains over 10%. Increasingly, some tenants are seeking more affordable locations away from the CBD. Here we offer great opportunities with our high quality assets.

Our Berlin Portfolio



Net Rental Income

(€ million)



	Berlin 2019				Berlin 2018			
	PP value (€ m)	Occupancy* (%)	GLA (m²)	No. of properties	PP value (€ m)	Occupancy* (%)	GLA (m²)	No. of properties
Rest-West	**1,197**	**93.2%**	**428,000**	**16**	958	97.3%	430,000	16
Kreuzberg	**941**	**95.2%**	**198,000**	**25**	794	96.6%	204,000	25
econoparks	**304**	**89.6%**	**262,000**	**5**	277	89.0%	263,000	5
Other*	**26**	**100.0%**	**84,000**	**3**	27	100.0%	84,000	3
Total	2,468	93.4%	971,000	49	2,056	95.6%	981,000	49

** "Other" consists of Wupperstraße and Ettlingen*

Top **Assets**

in Berlin

Reuchlinstraße 10-11
PP value: €151 million
GLA: 49,000 m²

Gustav-Meyer-Allee 25
PP value: €137 million
GLA: 75,000 m²

Voltastraße 5
PP value: €104 million
GLA: 33,000 m²

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

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

Helmholtzstraße 2-9
PP value: €139 million
GLA: 37,000 m²

Franklinstraße 9 – 15a
PP value: €131 million
GLA: 31,000 m²

Plauener Straße 163-165
PP value: €84 million
GLA: 82,000 m²

Geneststraße 5
PP value: €101 million
GLA: 33,000 m²

Schlesische Straße 26
PP value: €121 million
GLA: 25,000 m²

Waldemarstraße, Berlin, Germany

photo: GSG Berlin © CHL

€26/m²
Market average in Berlin

€7.3/m²
Our average rent for Berlin

€14/m²
Savills estimated average market rent for our portfolio

Record increases in rents in 2019, continued upside potential

The continued structural supply/demand imbalance in Berlin continues to drive average rents higher across the city. GSG's average rents increased by **10%** year-on-year to **€7.3/m²** (versus €6.6/m² in the prior year), driven predominantly by increases achieved with existing tenants in Kreuzberg (+14.7%) and Rest-West (+9.3%). For example, in 2019 we managed to achieve a rent of €30/m² at Lobeckstraße, a first for our portfolio. Nevertheless, increases were also achieved in our econoparks cluster, where we achieved a **4.7% increase in average rents.**

According to management analysis in consultation with external advisors, **GSG's average rents are still well below the Berlin market average.** Savills places our estimated average market rents at €14 per m², in contrast to the Berlin average of €26 per m².

The Group sees significant upside potential in the Berlin portfolio. Not only are we able to consistently increase rents in our existing assets, we are also able to lease new developments at rents in line with the market. For example, in "The Benjamin" a development in the Franklinstraße area due for completion towards the end of 2020, in the second half of the year we signed a new lease contract with Flaconi for the entire building. Similarly, in "TorHaus²" a recently-started 9,000 m² development on Helmholtzstraße, the property was fully let to a software developer for the automotive industry in the second half of the year. On 1st September 2019, a subsidiary of a blue-chip automotive company moved into our recently-completed development "The Briq" in the Franklinstraße area. In each of these cases, **we were able to sign leases which are longer than our overall WAULT** and in the range of **€25 to €30/m²,** reflecting current market rents. This – and other deals – also helped to support an increase in GSG's WAULT by 0.1 years to 3.2 years at the end of 2019. Nevertheless, our rents are expected to remain comparatively affordable compared to most prime office real estate in Berlin for some time.

Average Rent
(per m² by Berlin clusters)

	2015	2016	2017	2018	2019
Rest West	€5.95	€6.30	€6.62	€6.80	**€7.43**
Kreuzberg	€7.22	€8.00	€9.00	€10.44	**€11.98**
econoparks	€4.41	€4.44	€4.48	€4.56	**€4.78**
Other*	€1.20	€2.03	€2.05	€2.98	**€3.14**
Total	**€5.49**	**€5.86**	**€6.22**	**€6.63**	€7.27

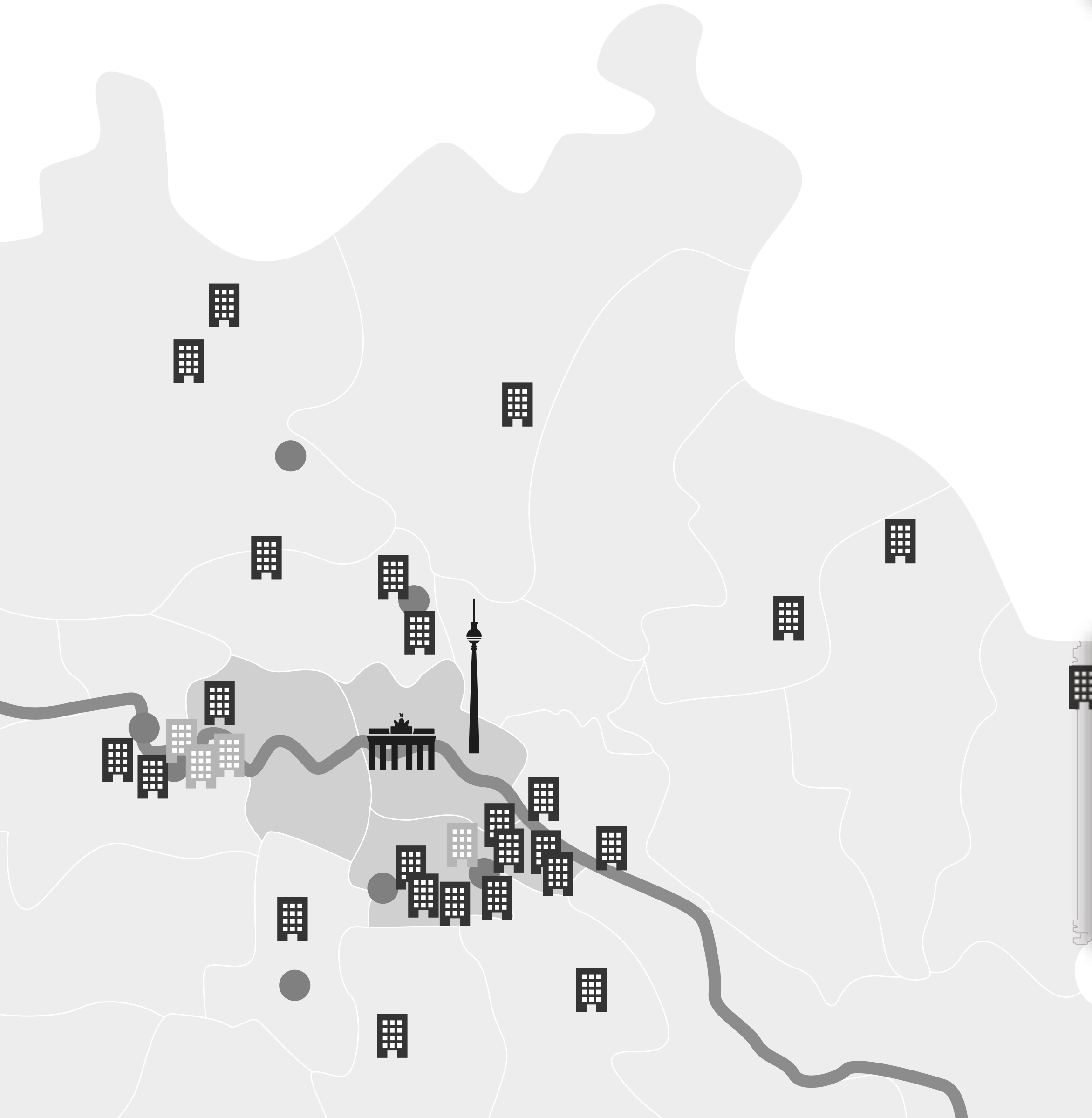
** "Other" consists of Wupperstraße and Ettlingen*

Development Properties & **Land Bank** in Berlin

GSG owns land bank plots in attractive areas, with close proximity to our existing assets. This provides opportunities for low risk extensions and developments.

Given the magnitude of office demand in Berlin, which continues to exceed supply, property prices are rising. Besides significant growth in rents and falling yields, development of our strategic land bank plots provides another source of growth for portfolio value and rents. In our new developments we are able to attract blue-chip tenants with rents in line with the Berlin market.

For significant new-build developments, GSG always applies for BREEAM certification, which helps support the Group's ESG objectives.



The Briq

- Comprises the conversion of an existing storage building into a modern office
- Highly attractive location in the Franklinstraße area of Charlottenburg, close to the Spree river
- Over 1,400 m² of new GLA
- Was completed in the second half of 2019
- Fully pre-let to three separate tenants prior to completion
- Attractive rent in line with the market

Prinzessinnen-Höfe

- Comprises the conversion of an existing storage building into a modern office
- Highly attractive location in the Franklinstraße area of Charlottenburg, close to the Spree river
- Over 8,800 m² of new GLA
- Scheduled for completion in the second half of 2020
- Fully pre-let to the subsidiary of a blue-chip automotive manufacturer
- Attractive rent in line with the market

The Benjamin

- A new landmark building in the Franklinstraße area of Charlottenburg
- Desirable location, directly on the Spree river
- Due for completion in Q4 2020
- Over 5,000 m² of new GLA
- We have leased the entire building to Flaconi
- Attractive rent in line with the market

TorHaus²

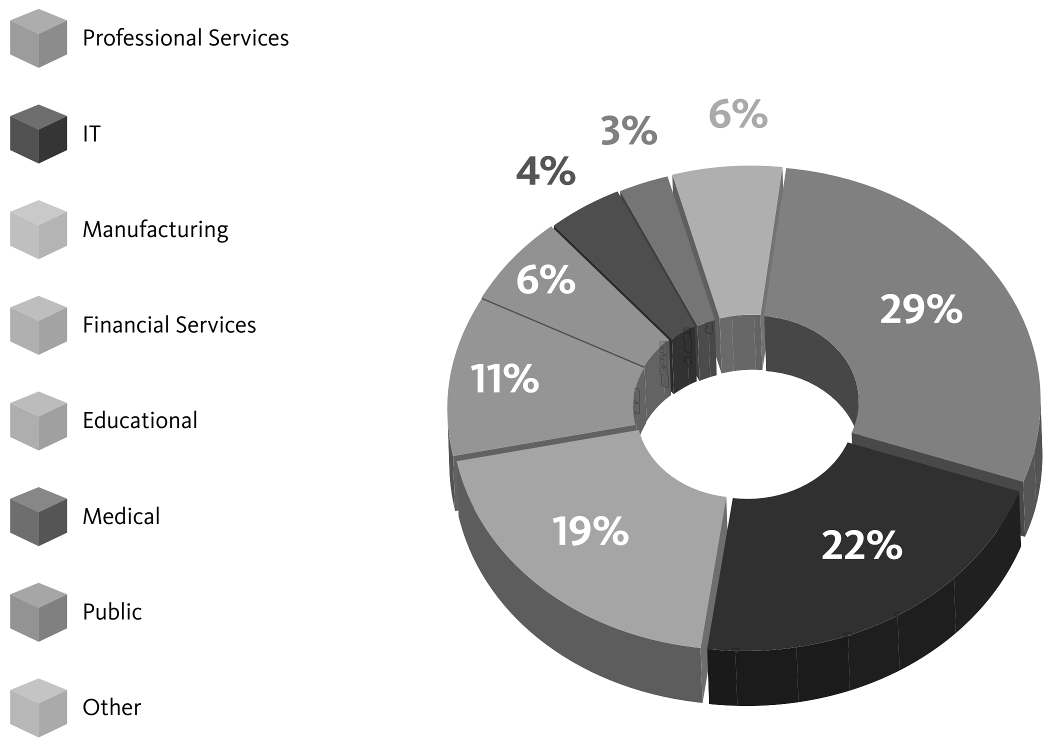
- A new development comprising an extension to the existing GSG courtyard at Helmholtzstraße, Charlottenburg
- Desirable location, directly on the Spree river
- Due for completion in Q4 2021 and tenant handover in Q1 2022
- Over 8,000 m² of new GLA
- We have leased the entire building to a software developer for the automotive industry
- Attractive rent in line with the market

Our Tenants

GSG has about 2,000 tenants across nearly one million square metres of space in Berlin. Strong markets and active asset management allows us to retain tenants, even as rents are rising across the portfolio; **the "churn" rate of tenants continues to improve, having fallen to around 2.1% at the end of 2019 compared to 5.7% at the end of 2018.**

Our offices cater to burgeoning demand from dynamic, creative IT and professional services-focused companies and other small businesses. At the same time, tenant diversity as well as granularity is a key strength as GSG also attracts large international companies. For example, we recently signed a new lease with a Dax 30-listed company for the first time in our portfolio.

GSG Tenants by Type



GSG Berlin leadership team

Market Overview

At 1,016,900 m² of office take-up, rising by 17% from the previous year, 2019 set a record for the strongest year ever in Berlin. This record level was largely due to leases in development projects. 490,100 m² of take-up was in this segment, almost half of the total take-up. The third quarter was the strongest with 361,300 m² let between July and September alone.

The vacancy rate remained unchanged year-on-year, at a very low 1.6%. Especially in the central office locations there is a lack of space that is available for immediate occupancy – only 27% of this space, approximately 81,500 m², is located here, and this is also limited to small and medium-sized spaces. At 634,200 m², a historically large amount of space from new construction and core renovation is expected to be completed in 2020, but 80% of this space has already been pre-let.

In the last twelve months the prime rent increased by 18% to €39.00/m²/month, the weighted average rent increased by 26% to €26.10/m²/month, higher than any other office market in Germany.

Office investment volume totaled almost €9 billion making Berlin the top market. Prime yields in central and peripheral locations fell by 20 and 15 basis points respectively, in the first nine months of 2019, but have remained stable since then and are now standing at 2.90% and 4.15% respectively.

Part of the driving force behind the trajectory of the Berlin market is the burgeoning growth of technology-focused start-ups. Despite only representing 4.4% of the German population and 4.3% of national GDP, close to 60% of all investment in German start-ups was invested in Berlin-based companies in 2019 (in contrast, Bavaria has a market share of only 25% while all other 14 federal states have a combined market share of 15%). Berlin plays a dominating role in the fin-tech/insure-tech segments, with about 80% market share of invested capital and financing rounds, as well as a dominant 72% share in the e-commerce sector.

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

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.

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

Congress & Convention Centres: operating under the Clarion, Quality, Comfort and Holiday Inn brands, these hotels are 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.

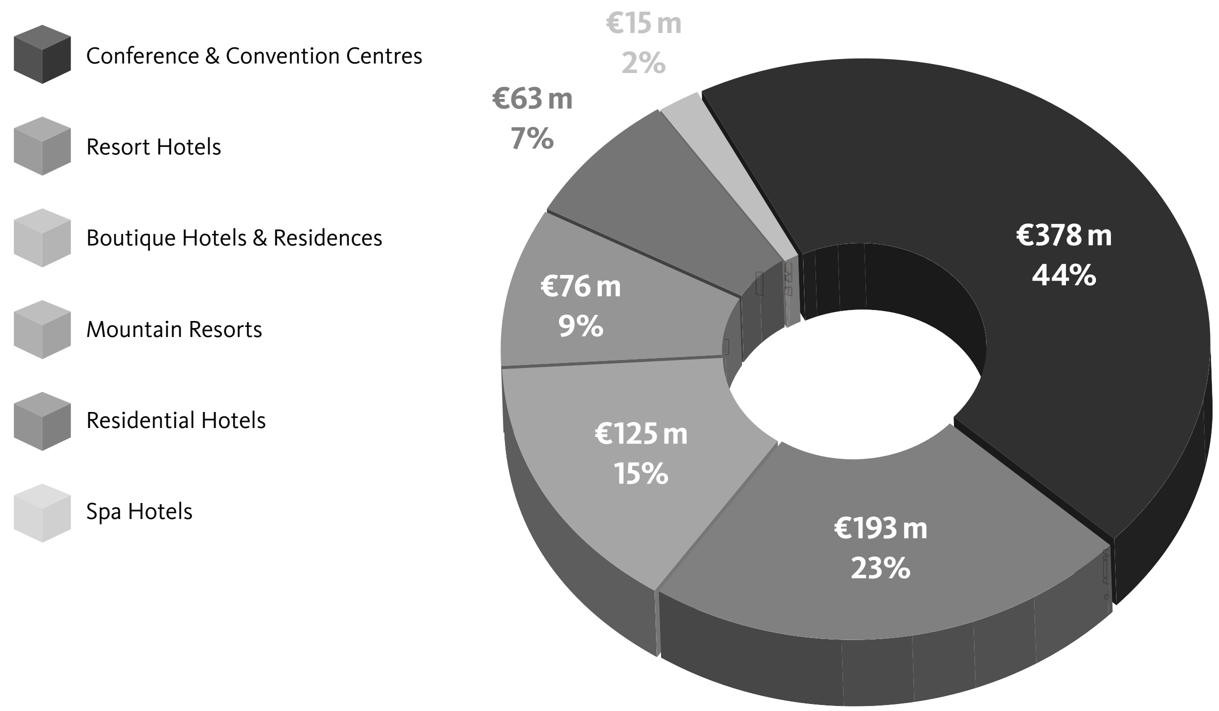
Residential Hotels: these hotels are well-suited for long-term accommodation and are popular with business travellers and tourists. Our properties in this segment are primarily located in Prague.

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)



Summary

	Hotels & Resorts 2019					Hotels & Resorts 2018				
	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	431	8,971	6	6	23	332	7,855	7	9	20
Croatia	193	1,646	(1)	(4)	7	178	1,646	(5)	1	7
Hungary	61	756	10	7	4	58	756	9	7	4
Italy	36	543	(9)	1	1	38	543	–	–	1
Poland	30	216	(3)	(2)	2	26	216	(9)	(4)	2
Russia	24	184	(12)	(12)	1	21	184	20	16	1
Switzerland	76	–	–	–	1	74	–	–	–	1
Slovakia	–	100	19	15	–	–	100	1	(1)	–
Total	851	12,416	1	1	39	726	11,300	8	9	36

Note: Czech Republic & Slovakia includes hotels operated, but not owned by the Group.

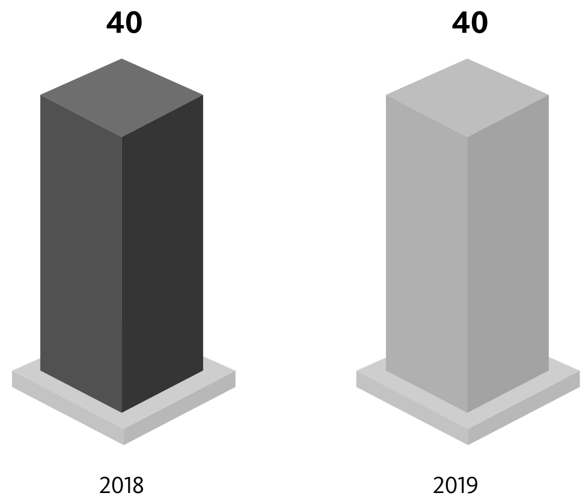
Holiday Inn Brno, Czech Republic

Our Hotel Brands and Partnerships

The value of CPIPG's hotels and resorts portfolio increased to **€0.9 billion** at the end of 2019, rising from €0.7 billion at the end of 2018, primarily due to the **acquisition of two properties** in the Czech Republic in the first half of the year (Quality Ostrava City and Holiday Inn Brno), together with the opening of the Palace Elisabeth Hotel on Hvar towards the end of the third quarter. Longin Business Center has also been reclassified from our office portfolio into the hotels & resorts portfolio at the year-end under the Mamaison Hotels & Residences brand.

The profile of our owned and operated hotels portfolio remained very similar to the end of 2018, with just less than half (44%, €378 million value) relating to conference and convention centres, around a quarter (€193 million) relating to resort hotels in Hvar, with the other quarter split between primarily boutique hotels (€125 million), the Crans-Montana mountain resort (€76 million) and residential and spa hotels (€78 million).

Net Hotel Income (€ million)



Performance Overview

Palace Elisabeth Hotel, Hvar, Croatia

Hotels

In our hotels portfolio, we achieved a RevPAR and ADR **increase of about 1%** in 2019. Combined with stable average occupancy figures of 67%, overall hotel **revenues grew significantly to €134 million** (+10%). The strong year-on-year growth was also boosted significantly by the acquisition of the Holiday Inn Hotel in Rome in June 2018, and to a lesser extent two acquisitions made in the Czech Republic in the first half of 2019.

Our largest market, the Czech Republic, which represents more than 50% of our hotel revenues, achieved year-on-year **revenue growth of 12%**. On a like-for-like basis excluding 2019 acquisitions, ADR and RevPAR increased by 5% and 7% respectively, together with a 1% increase in average occupancy.

The strong performance in our Czech Republic portfolio was broad-based, with close to 90% of our hotels achieving revenue increases in 2019, with the largest contributor being our congress hotels. The Group announced the acquisition of a four-star congress hotel in Brno at the end of the first half of 2019, expanding our congress hotel portfolio and our regional presence. This was our first hotel acquisition in Brno, the second largest city in the Czech Republic, and will be rebranded to Quality Hotel Brno Exhibition Center in early 2020. The hotel is in a strategic location close to the trade fair and exhibition compound in Brno. CPI Hotels further strengthened its position in the regional cities in the Czech Republic, in February acquiring the Park Inn Hotel in Ostrava with the following rebranding to Quality Hotel Ostrava City. Quality Hotel Ostrava City is a modern four-star conference hotel with 185 rooms and conference space for up to 400 delegates. CPIPG at the end of the year finished the full renovation of a Comfort Hotel Prague City East. It is the latest addition to the congress hotels segment and introduces to the market a whole new hotel experience in the selected service conference hotel. The property opened on January 2nd 2020.

Sunčani Hvar, our resorts business in Croatia, is the **#1 owner of hotels on the island of Hvar**. Performance in 2019 was Sunčani Hvar's best year to date, supported by a record pre-season, followed by the opening of Palace Elisabeth in the second half. An increase in room nights sold of 4.9% drove average occupancy across the portfolio from 74% to 76%. Despite stable RevPAR and a slight decrease in ADR of 4%, the higher occupancy was sufficient to drive revenues 2.6% higher in 2019 to **€29.6 million**. Our five largest resorts, which together represent close to 90% of Sunčani Hvar's revenues (Amfora, Adriana, Riva, Pharos and Vela Vala Beach), all achieved average revenue growth over the prior year of close to 3%.

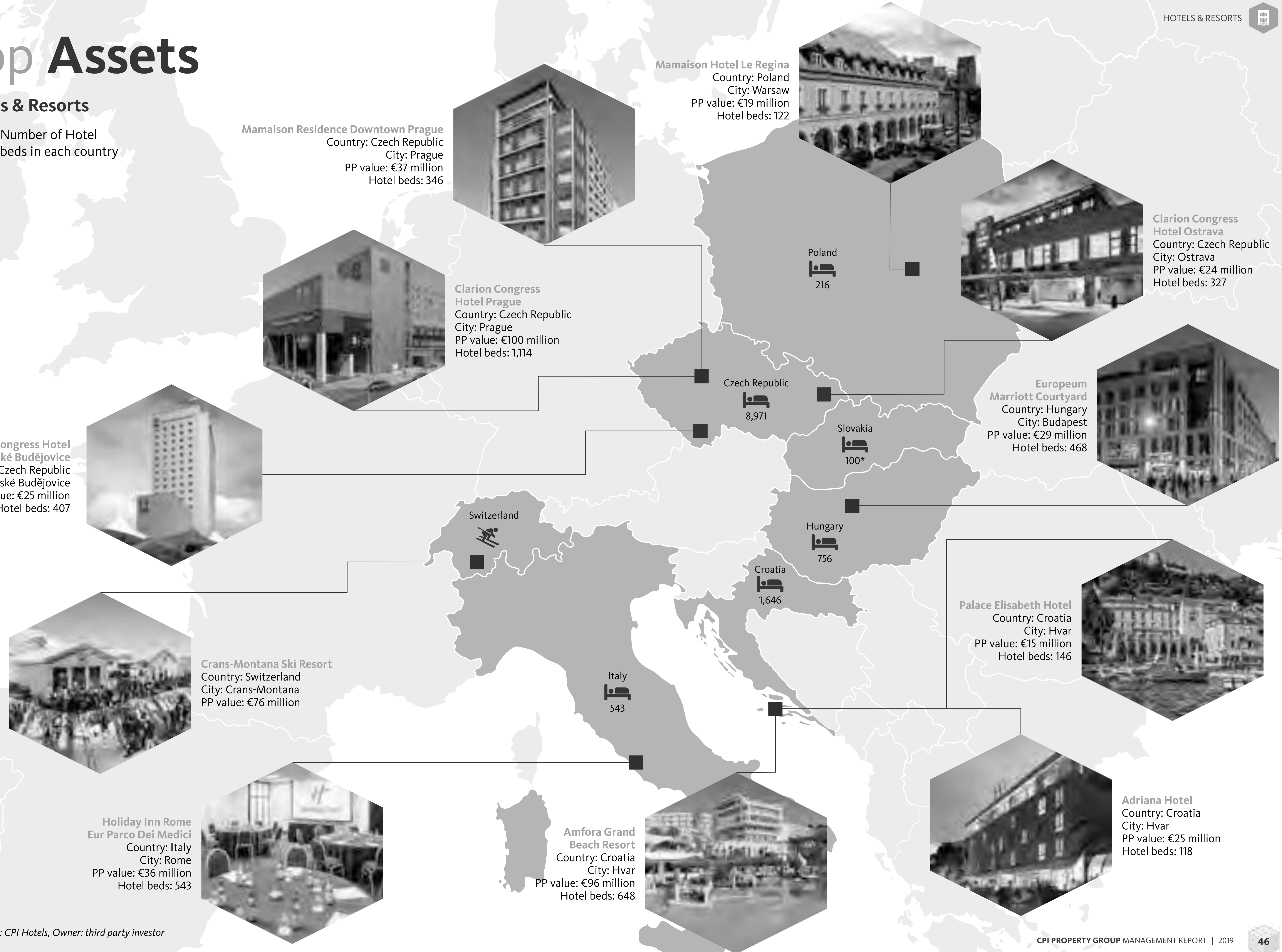
On 1st September 2019, we opened the doors of Palace Elisabeth, the first and only 5-star hotel on the island of Hvar, and the first member of the “Leading hotels of the world in Split-Dalmatia County”. The hotel boasts 45 luxury rooms and suites, and some of the finest views of the island.

Given many of our visitors come from demanding and technology-driven tourism markets such as the USA and UK (representing 44% of overnight stays in 2019), digital marketing is fundamental to our marketing strategy. Besides continued investment in social media and PR in order to increase brand recognition and awareness, we continue to improve user access and experience through digital innovation (e.g. “mobile first” philosophy, Google smart bidding in the US market, new software that will enable a "360 degree view" of our guests and their preferences).

Top **Assets**

Hotels & Resorts

Number of Hotel beds in each country



Mamaison Hotel Le Regina
Country: Poland
City: Warsaw
PP value: €19 million
Hotel beds: 122

Mamaison Residence Downtown Prague
Country: Czech Republic
City: Prague
PP value: €37 million
Hotel beds: 346

Clarion Congress Hotel Ostrava
Country: Czech Republic
City: Ostrava
PP value: €24 million
Hotel beds: 327

Clarion Congress Hotel Prague
Country: Czech Republic
City: Prague
PP value: €100 million
Hotel beds: 1,114

Europeum Marriott Courtyard
Country: Hungary
City: Budapest
PP value: €29 million
Hotel beds: 468

Clarion Congress Hotel České Budějovice
Country: Czech Republic
City: České Budějovice
PP value: €25 million
Hotel beds: 407

Palace Elisabeth Hotel
Country: Croatia
City: Hvar
PP value: €15 million
Hotel beds: 146

Crans-Montana Ski Resort
Country: Switzerland
City: Crans-Montana
PP value: €76 million

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

Holiday Inn Rome Eur Parco Dei Medici
Country: Italy
City: Rome
PP value: €36 million
Hotel beds: 543

Amfora Grand Beach Resort
Country: Croatia
City: Hvar
PP value: €96 million
Hotel beds: 648

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

The successful opening of Palace Elisabeth, the first and only five-star hotel on Hvar, marked the pinnacle of 2019 for Sunčani Hvar. This not only consolidated our leading position on the island, but will enhance the breadth and quality of our offering for future visitors.

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

Palace Elisabeth Hotel, Hvar, Croatia

Hotel Markets

Czech Republic and Prague

Tourism numbers increased again in the Czech Republic in 2019, the seventh consecutive year of growth. The total number of guests was up 4.1% compared to the same time last year, with overnight stays growing by 3.5%. There was a roughly 50:50 split between Czech nationals and foreigners, though growth of the former is slightly faster at 4.4% vs. 2.6%. In 2019, all regions except Vysočina saw an increase in guests and overnight stays. Broad-based growth across the country shows encouraging increases in tourism beyond Prague to many of the country's other notable urban and natural sights. Germany was the biggest source of foreign tourists visiting the Czech Republic, up 2.2%, followed by Slovakia (+2.6%) and Poland (+8.4%).

In Prague, the total number of guests was up 1.6% compared to the same time last year, with overnight stays growing by 0.9%. Of the 18.4 million overnight stays in 2019, only roughly 11.5% related to Czech residents vs. foreign tourists, also the driving factor behind the growth in total overnight stays. Prague's largest source of incoming foreign tourists is from Germany, making up close to 13% of all tourist overnight stays in 2019, albeit slightly lower than in 2018, while the top 10 countries account for close to 60%. In 2019, the top 10 saw an increase in both guests and overnight stays, with strong increases from the USA, France, UK, Poland and Slovakia. In addition, while the number of guests and overnight stays from China and Korea declined slightly, there was significant growth from Taiwan (+16.3% / +9.6% respectively) and other Asian countries collectively (+20.4% / +16.8% respectively).

Croatia and Hvar

In 2019, 19.57 million tourist arrivals and 91.24 million tourist nights were realised in commercial accommodation in Croatia, which is 4.8 percent and 1.8 percent more (respectively) than in 2018. Structurally, 2019's growth in tourist nights resulted from an increase in the number of overnight stays by domestic (9.5%) and foreign (1.2%) tourists.

In the structure of overnight stays made up by foreign tourists, the most overnight stays were recorded by tourists from Germany (19.94 million), Slovenia (7.50 million) and Austria (7.06 million), with the strongest growth coming from Slovenian tourists (+3.1%). Tourists from these three countries alone accounted for as much as 41% of overnight stays realised by foreign tourists, although the last five years has seen consistent growth in tourism from the UK and Far East.

In the Split-Dalmatia region, visits increased 4.9% and overnight stays increased by 1.9%. Hvar specifically saw visitors up 1.7%, nights down 2.4% overall. Sunčani Hvar's 2019 performance therefore significantly outperformed the overall market.

Hvar continues to establish itself as a holiday destination of choice for both long and short haul travellers and the island continues to win numerous industry accolades. Among them, **Hvar was voted the "#1 island in Europe"** by Conde Nast Traveler Readers Choice Awards 2019.

Hvar's guests come from all over the world, with heavy demand from the USA, followed by the UK, Canada, Australia, Brazil, and more latterly strong demand from the Far East, especially China and Korea. Visits to the island and to our hotels were also enhanced during the year due to an increase in the number of catamaran lines between Split and Hvar.

Sources: Czech Statistical Office, Croatia Central Bureau of Statistics, https://www.dalmatia.hr/hr/statistike/turisticki-promet-u-2019-godini

Complementary Assets

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

Overall portfolio value increased significantly to **€2.0 billion** at the end of 2019 from €1.3 billion in the prior year, primarily as a result of **office acquisitions in Warsaw, Poland** towards the end of 2019. In addition, the increase was also supported by completed developments and positive revaluations in Hungary, together with two acquisitions in London: 7 St James's Square and seven homes in West Village, Notting Hill.

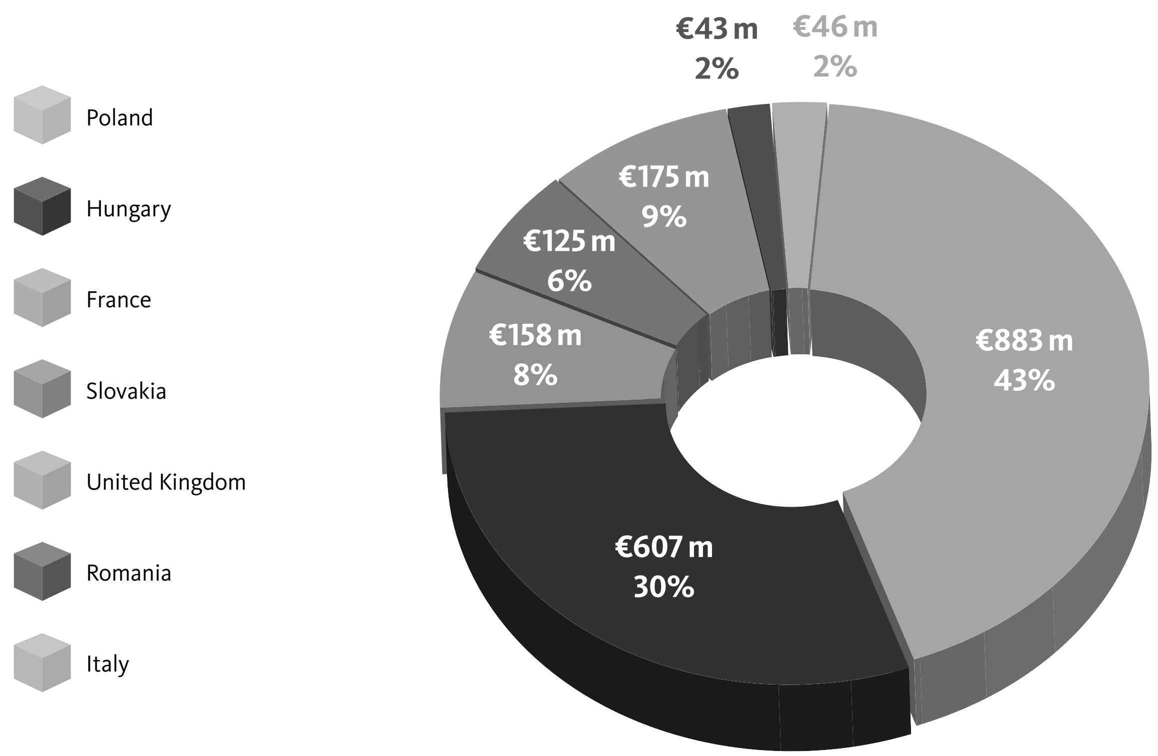
NRI increased to **€69 million** in 2019 compared to €57 million in the prior year. This was mainly driven by office and retail acquisitions in Poland at the end of the first half of 2018, but also bolstered by robust like-for-like growth in rents in Hungary. Acquisitions in Poland completed in the last two months of 2019 had a less significant impact on rental income in 2019, but are expected to have a more significant impact on results in 2020.

Occupancy declined slightly to 93.6% from 95.2% at the end of 2018, somewhat skewed by exceptional and temporary factors – primarily, completed developments in Hungary where occupancy has continued to increase after the year-end, together with tenant changes in existing office assets in the Poland portfolio.

CPIPG has a positive outlook for its main markets within the Complementary Assets cluster, Poland and Hungary, especially the office markets of Warsaw and Budapest. In early October 2019, CPIPG announced that the Group was targeting a pipeline of office acquisitions in Warsaw over the fourth quarter of 2019 and the first quarter of 2020. By the end of 2019, the Group had already executed over €560 million of acquisitions across three properties, significantly increasing the emphasis on Warsaw offices within our overall portfolio. CPIPG completed additional acquisitions in Warsaw in early 2020, hence Poland is likely to continue to gain in prominence not only within the Complementary Assets cluster, but also for CPIPG as a whole.

- Assets primarily in Poland and Hungary, with local teams and platforms
- Net rental income increased by 21% in 2019
- Provides the Group with an additional level of diversification
- Significant expansion in Warsaw offices began in Q4 2019

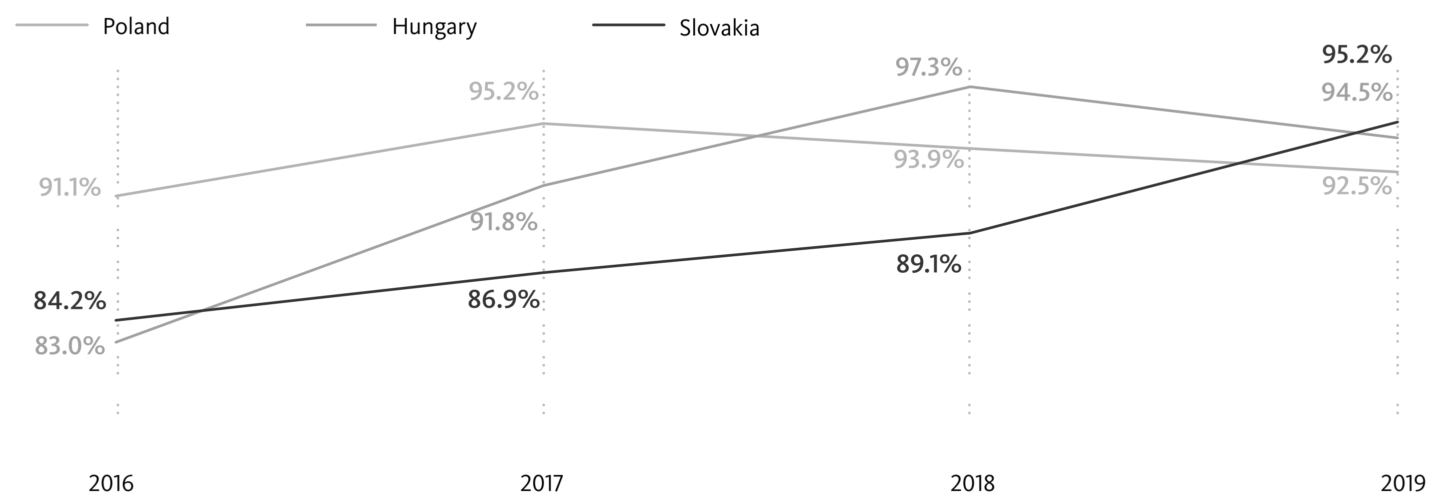
Complementary Assets Portfolio (by value)



> *We believe in providing modern, enjoyable and sustainable environments for our tenants, which ultimately enhance their experience in our properties. Our recent award-winning development, Balance Hall, is the ultimate expression of this ethos.*
>
> *Mátyás Gereben, Country Manager, Hungary*

Quadra Building, Budapest, Hungary

Occupancy Rate



Significant Investments in Green Certified Assets

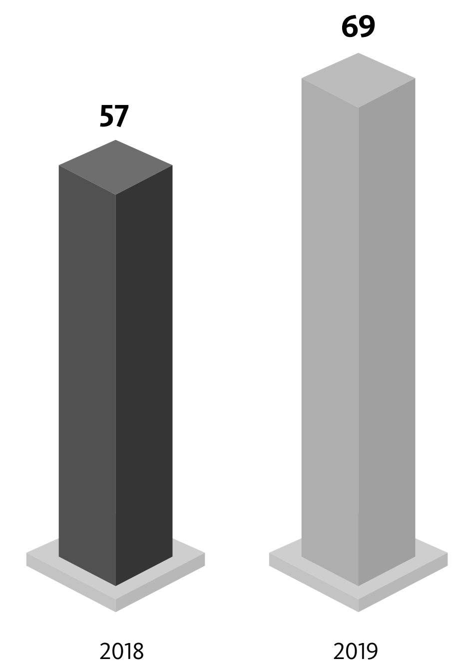
Many of the assets in the Complementary Assets portfolio have received strong green certifications, and this has increased significantly this year in light of recent acquisitions in Poland and new certifications in Hungary.

In Poland, the green portfolio was significantly enhanced in 2019 through the acquisitions of Eurocentrum and Green Corner A **(LEED Platinum)**, Warsaw Financial Centre **(LEED Gold)** and Equator IV **(BREEAM Very Good)**. Ogrody shopping centre is also certified **BREEAM Very Good.** Three of the four acquisitions in Warsaw in the first quarter of 2020 are also certified.

In Hungary, office buildings certified as **BREEAM Very Good** include Balance Hall (received during the first quarter of 2020), Balance Building (received in December 2019), Arena Corner, Gateway Office Park, Quadra Building, Balance Loft and Andrássy Palace.

Net Rental Income

(€ million)



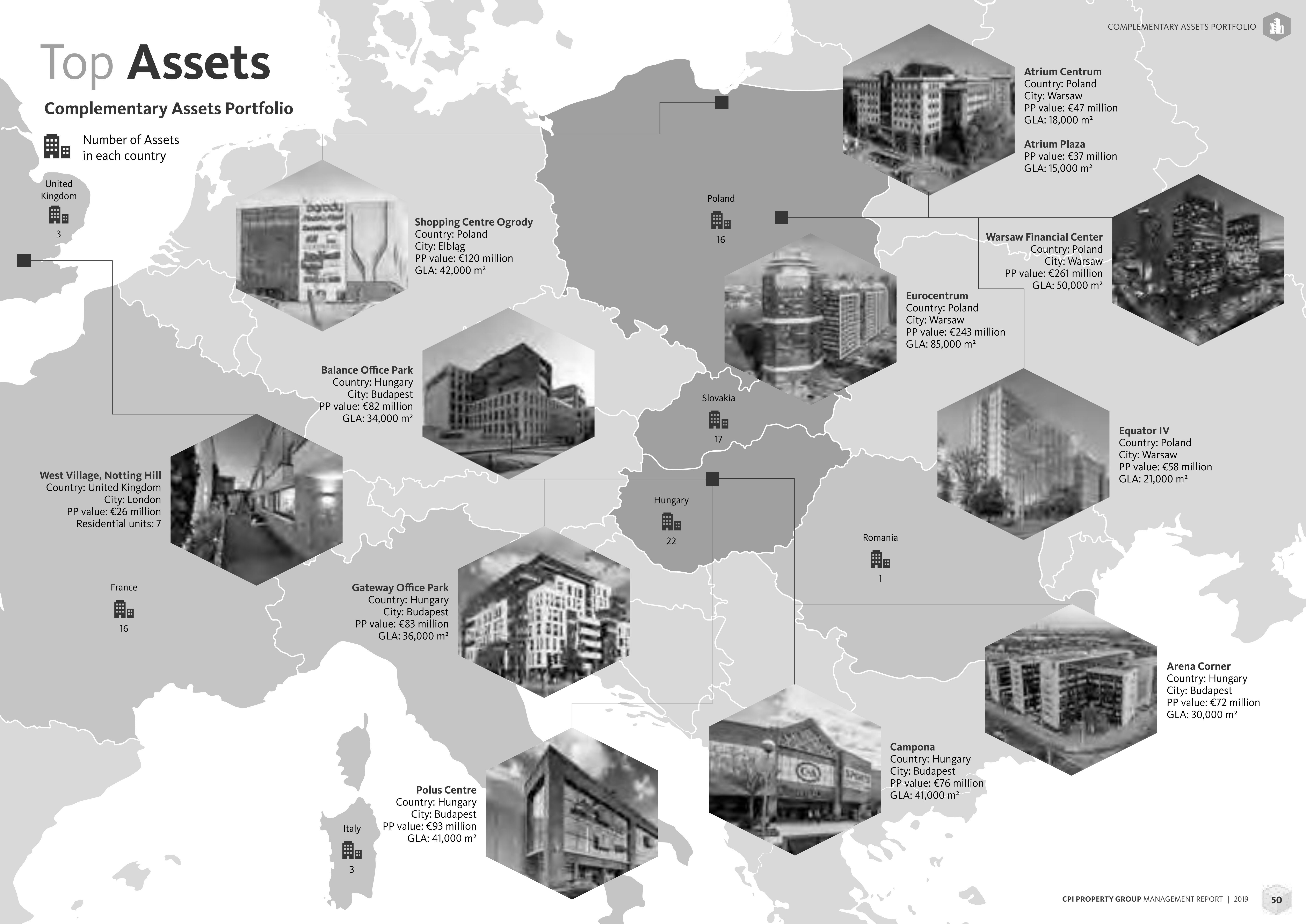
	Complementary Assets Portfolio 2019				Complementary Assets Portfolio 2018			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA* (m²)	No. of properties
Poland	**883**	**92.5%**	**284,000**	**16**	316	93.9%	128,000	13
Hungary	**607**	**94.5%**	**325,000**	**22**	549	97.3%	293,000	18
United Kingdom	**175**	**–**	**9,000**	**3**	91	–	5,000	1
France	**158**	**–**	**7,000**	**16****	132	–	6,000	13**
Slovakia	**125**	**95.2%**	**88,000**	**17**	126	89.1%	94,000	18
Italy	**46**	**–**	**1,000**	**3**	15	–	–	1
Romania	**43**	**100.0%**	**11,000**	**1**	41	96.9%	11,000	1
Total	2,037	93.6%	726,000	78	1,270	95.2%	536,000	65

* *Excluding GLA under development.*
** *Includes residential properties.*

Top **Assets**

Complementary Assets Portfolio

Number of Assets in each country



Atrium Centrum
Country: Poland
City: Warsaw
PP value: €47 million
GLA: 18,000 m²

Atrium Plaza
PP value: €37 million
GLA: 15,000 m²

Shopping Centre Ogrody
Country: Poland
City: Elbląg
PP value: €120 million
GLA: 42,000 m²

Warsaw Financial Center
Country: Poland
City: Warsaw
PP value: €261 million
GLA: 50,000 m²

Eurocentrum
Country: Poland
City: Warsaw
PP value: €243 million
GLA: 85,000 m²

Balance Office Park
Country: Hungary
City: Budapest
PP value: €82 million
GLA: 34,000 m²

Equator IV
Country: Poland
City: Warsaw
PP value: €58 million
GLA: 21,000 m²

West Village, Notting Hill
Country: United Kingdom
City: London
PP value: €26 million
Residential units: 7

Gateway Office Park
Country: Hungary
City: Budapest
PP value: €83 million
GLA: 36,000 m²

Arena Corner
Country: Hungary
City: Budapest
PP value: €72 million
GLA: 30,000 m²

Campona
Country: Hungary
City: Budapest
PP value: €76 million
GLA: 41,000 m²

Polus Centre
Country: Hungary
City: Budapest
PP value: €93 million
GLA: 41,000 m²

Poland Overview

91.4%
Office occupancy

Equator IV, Warsaw, Poland

Offices

Portfolio Overview

In 2019, CPIPG significantly expanded our presence in Warsaw, establishing the Group as one of the leaders in the market. For the majority of 2019, CPIPG's office portfolio in Poland consisted of five properties in Warsaw's Central Business District ("CBD"). However, on 8 October 2019, CPIPG announced **plans to acquire more than €800 million of office properties** in central Warsaw during the fourth quarter of 2019 and first quarter of 2020. In total during the final quarter of 2019, the Group acquired three properties in Warsaw for over €560 million, significantly increasing the size of the portfolio, with a total gross lettable area (GLA) exceeding 156,000 m². Warsaw Financial Center is located in the strict CBD (Central Business District) of Warsaw whereas the remaining two new acquisitions are situated along Aleje Jerozolimskie (one of the most sought-after business districts close to the city centre). Furthermore in the first quarter of 2020, CPIPG has acquired four more properties – Equator II, Green Corner A, Equator I and Moniuszki 1A.

As a result of these acquisitions, the office portfolio increased from €146.5 million at the end of 2018 to **€712.7 million** at the end of 2019. Excluding new acquisitions, the value of the existing portfolio was relatively unchanged.

Occupancy across the portfolio was stable compared to the end of 2018, declining slightly to 91.4% from 91.9%. The positive impact on occupancy from the properties acquired in the final quarter of 2019, which are all close to 100% occupied, was slightly offset by temporary reductions in the existing portfolio – primarily a tenant departure from Prosta 69 and tenant rotation across the other existing assets. We are currently in discussions with numerous parties to fill vacant space.

The existing portfolio delivered robust growth in net rental income for the year compared to 2018 – **up to €10.2 million from €6.0 million.** The majority of the increase is due to the full year contribution of Atrium Complex, acquired in May 2018. NRI also increased in Central Tower, while a decrease was recorded in Prosta 69 due to tenant changes. New acquisitions made in November and December 2019 had a relatively small impact on rental income generation in 2019, but together with acquisitions already completed in 2020, will have a material impact in the current financial year.

Despite an uptick in vacancy, our portfolio demonstrated resilience in rents with **average rents increasing by 3.3% year-on-year.** Noticeably, the best result was delivered by Central Tower with tenants recognizing its superior location and the upgrades carried out by the Group over the years. The balance of the rental growth is attributable to indexation.

Market Overview

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

2019 saw an all-time-high result in terms of demand for office space in Warsaw, with close to 880,000 m² transacted (2.3% higher than 2018). Companies from the financial sector were responsible for 23% of the total demand in Warsaw and 42% in central parts of the city. Pre-letting activity set a new record, making up almost 26% of total transactions, while close to two thirds of all transactions related to new contracts.

The new supply in 2019 totalled 162,200 m² across 17 projects. It was the lowest level of supply recorded in the last 10 years, exacerbating the supply shortage in the market.

Almost 5.6 million m² of office stock was outstanding in Warsaw at the end of 2019. The total under-construction pipeline includes close to 800,000 m² to be completed by 2022. Notably, approximately 40% of that volume is already pre-leased. Construction activity is highly focused in the city centre (57% of construction activity), while CBD accounts for 24%. Jerozolimskie corridor (where CPIPG has acquired a handful of properties in recent months) represents less than 5% of construction activity, but is the third highest area in terms of demand (16%).

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

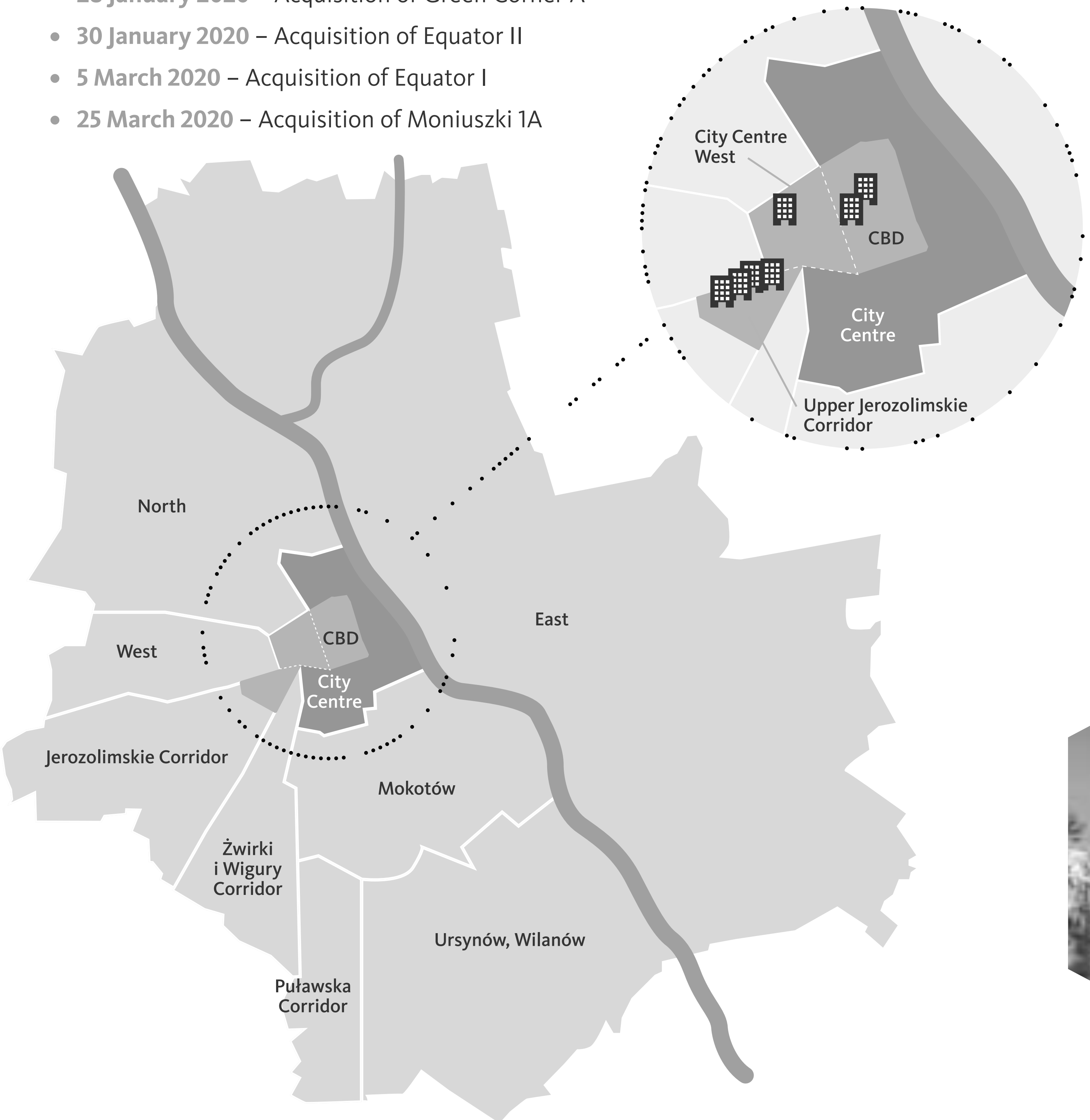
Prime headline rents rose in the central areas of Warsaw, due to the high demand, the low vacancy rate and increasing construction costs. One of the most dynamic areas in that respect continues to be the city centre west. Prime rents in Warsaw are currently quoted at €18.0 to €24.0/m²/month, while prime assets in the best non-central areas lease for €11.0 to €16.0/m²/month.

Sources: JLL, Colliers

Strong Progress on Warsaw Office Acquisition Pipeline

Acquisition Timeline

- **8 October** – Announcement of €800 million pipeline
- **7 November** – Acquisition of Equator IV
- **27 November** – Acquisition of Eurocentrum
- **5 December** – Acquisition of Warsaw Financial Center
- **28 January 2020** – Acquisition of Green Corner A
- **30 January 2020** – Acquisition of Equator II
- **5 March 2020** – Acquisition of Equator I
- **25 March 2020** – Acquisition of Moniuszki 1A



Eurocentrum

- Over 85,100 m² GLA
- Located on Aleje Jerozolimskie, in one of the most sought-after business districts close to the city centre
- LEED Platinum certified and the largest green certified office complex in Warsaw
- Occupancy close to 100%
- High-quality tenants – Unilever, COTY, Group One, Randstad, SAGE, PSE S.A., and Urząd Transportu Kolejowego among others

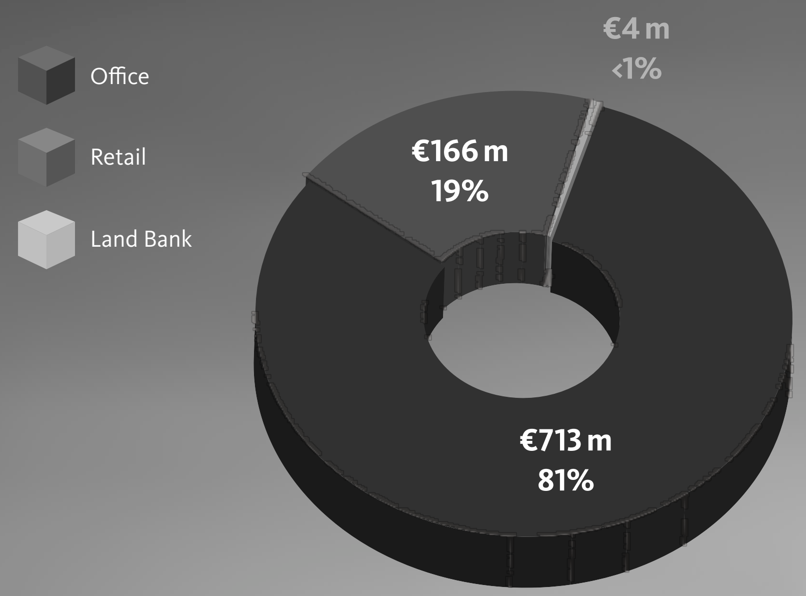
Warsaw Financial Center

- 50,000 m² GLA of grade-A office space across 32 floors
- Located at the intersection of Emilii Plater and Świętokrzyska Streets in Central Warsaw
- Certified LEED gold
- Occupancy close to 100%
- High quality tenants – Google, Bloomberg and Kompania Piwowarska (owned by Asahi)

Equator IV

- Over 21,000 m² of GLA
- Located at Jerozolimskie Aleje close to transport hubs
- About 90% occupied
- Significant further upside potential

Polish Assets (by PP Value)



96.8%
Retail occupancy

Shopping Centre Ogrody, Elbląg, Poland

Retail

Portfolio Overview

Our retail assets in Poland delivered solid growth in net rental income in 2019 compared to 2018 – **up by 11% to €10.5 million.** The increase was also partly due to the full-year contribution of rent from four retail parks acquired in April 2018.

In our retail portfolio, we are seeing increased tenant sales despite the impact of the Sunday trading ban which increased the number of non-trading days in 2019 to 46 versus 32 in 2018.

Ogrody, a 41,900 m² GLA food-anchored shopping centre in Elblag, is the only modern shopping mall in the city. In 2019, occupancy increased from 96.1% to **97.7%** at the end of the year. Absolute footfall in 2019 fell by 5.1% compared to 2018, though **tenant sales increased by 3.2%,** demonstrating not only higher average spend per customer but also the muted impact of the Sunday trading ban on sales.

The performance at Orkana (8,000 m² convenience-oriented local shopping centre based in Lublin) further demonstrates this trend – while total footfall declined slightly (-2.2%), **tenant sales increased by 3.8%.** Occupancy fell slightly to 92.0% due to the closure of Tesco situated next to Orkana, but is expected to quickly reverse with the space due to be taken up by Kaufland.

Our shopping centres recorded **average rent increases of 1.1%** over 2019 on a like-for-like basis despite challenges facing the sector. We attribute the positive outcome to our CAPEX programme successfully implemented in Ogrody as well as improving market fundamentals in Lublin, where Orkana is located.

The Group also owns six retail parks in Poland. Four were acquired in April 2018, currently operating under the HopStop brand, but are soon to be rebranded under City Market in April 2020. Occupancy increased during the year and remains close to 100% across the portfolio, which exhibited very resilient performance over the year.

Market Overview

The vacancy ratio in shopping centres in the main markets remains low at around 4%. In addition, the Polish market still attracts large international brands – 20 international brands signed lease agreements or opened their first stores in Poland last year, including iconic luxury brand Hermes, Monki, Weekday, Under Armour and Primark, to name just a few.

The sector remains resilient to challenges such as the ban on Sunday trading, the steady rise of the e-commerce sector and fierce competition on the market.

Although shopping centres remain the most widespread format on the market, developers' activity in this segment is consistently falling. 169,000 m² of GLA in shopping centres were delivered in 2019 (out of total retail stock added of 391,000 m² GLA), 100,000 m² less than in 2018. As a result of recent openings, the total modern retail stock in Poland, covering large scale formats, reached the level of 14.6 million m² of GLA at the end of 2019. Total shopping centre density stands at 266 m²/1,000 inhabitants, slightly below the West-European average of 279 m².

Prime rents have remained relatively stable over the year, peaking at €135/m²/month in Warsaw, while in regional cities they range between €45 and €60/m²/month. Prime shopping centre yields achievable for best-in-class, dominant, major schemes in Poland currently stand at the level of 4.9%, while prime retail parks are expected to trade in the region of 6.8%.

Further Sunday trading ban restrictions are due to be implemented from January 2020, when the only allowed trading Sundays (seven specified Sundays in a year) will be before Christmas and Easter to accommodate seasonal sales. Throughout 2019 one Sunday per month was allowed for trading.

Sources: JLL

Hungary Overview

The value of the Hungary portfolio increased to **€607 million** at the end of 2019 from €549 million, primarily due to completed developments and positive revaluations.

In April 2019, we completed the new E-F hall of Airport City Park, offering an additional 13,000 m² of logistics and office space. Subsequently, in December 2019 tenants moved into **Balance Hall,** a 16,000 m² **ultra-modern and sustainable office property** on the Váci Corridor.

Overall occupancy of the portfolio decreased slightly to 94.5% at year-end 2019 from 97.3%. This was skewed primarily by the temporarily elevated vacancy levels in Balance Hall at year-end. Balance Hall was nearly 60% occupied in December on an EPRA basis, when it was handed over to tenants. However, forward-looking committed occupancy (based on signed lease agreements) was 74%.

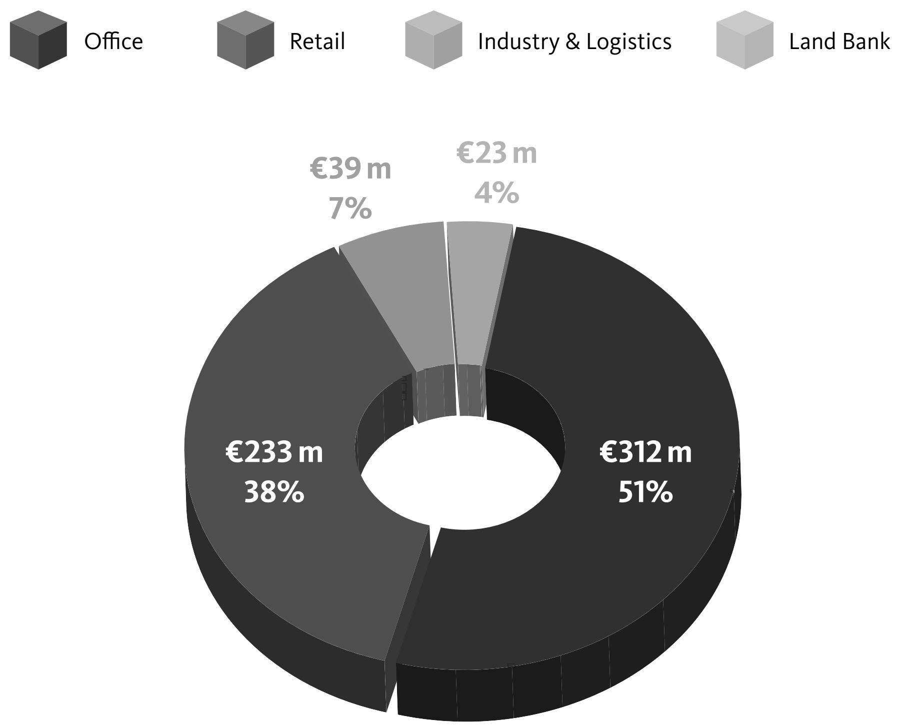
Nevertheless, occupancy across all segments paints a strong picture. In the office segment, all properties except for Balance Hall were either fully or close to fully occupied at the end of the year – with strong increases in Gateway, Balance Loft, BC30, BC91 and Arena Corner, each with **occupancy of 99%**. Apart from a small decrease in Campona, occupancy held firm across all other assets in the retail segment, which were also all either fully or close to fully occupied at the end of 2019. In the Industry & Logistics segment, apart from the new E-F hall at Airport City Park, all other properties either recorded occupancy increases or remained fully let.

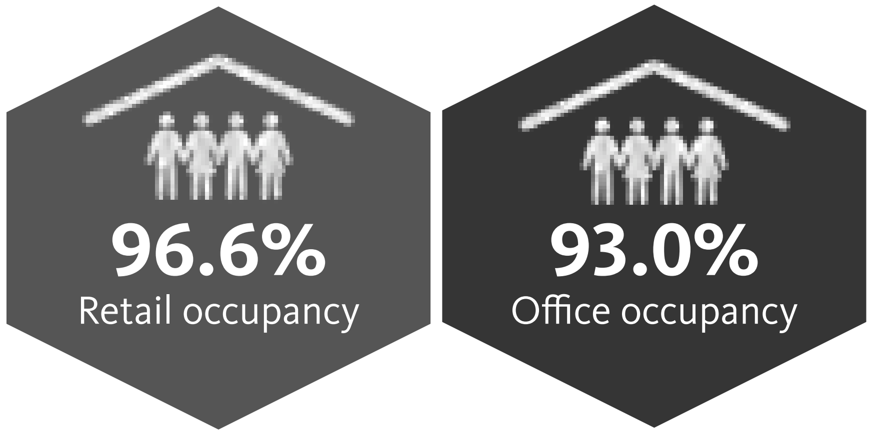
Reported NRI growth for the whole Hungarian portfolio was **outstanding at +15.3%** for 2019. This was primarily driven by strong like-for-like growth in rents, mainly in the office segment, as well as the up-tick in occupancy across numerous assets. The contribution from new developments (primarily the E-F hall of Airport City Logistics Park) and lower fit-out costs in 2019 also supported the increase.

Like-for-like GRI growth was **+4.1%** across the portfolio in 2019. The office segment alone was **+10.5%**, driven by the combined impact of occupancy increases and expiry of rent-free periods. Like-for-like growth in the retail segment was also positive, at +0.2%.

Airport City Logistics Park, Budapest, Hungary

Hungarian Assets (by PP Value)





Retail Market

In line with previous years' trends, domestic consumption growth remained robust leading to an expansion in retail trade by 6% y/y. Although this indicates a 0.7 p.p. slowdown from the preceding year, it is more than double the Eurozone average, and ranks second only to Romania in the region. The expansion remained driven by the growth in non-food sector (+ 9.3% y/y). Fashion sales growth accelerated to 4.8% last year. Purchasing power also increased by 11.4% year-on-year.

11 new brands entered the Hungarian retail market in 2019. E-commerce retail, while growing rapidly, still remains below 6% of total retail, significantly less than other CEE countries.

Vacancy rates continue to decline due to continued strong demand combined with little new retail supply. After several quarters of no new supply volume, the first new additions to the modern stock were recorded in H2 2019, albeit only two deliveries totalling 10,700 m².

Average prime rents fell slightly for shopping centres (-4%) in Budapest to €97/m² owing to the unfavourable VAT environment, along with high labour costs, though the rental market remains robust.

Source: CBRE Research, KSH, GFK, Euromonitor

Office Market

The Budapest office market continued in 2019 on the strong trajectory of previous years, given continued robust demand pressure was still met by rather modest new supply, sending the citywide vacancy rate to a new record low. As a consequence, the rent appreciation carried on as well, with developments in the pipeline exhibiting the largest moves. Nevertheless, pre-leasing activity in new developments continues to remain buoyant.

Overall, 571,400 m² is under construction as of January 2020, **up by 18%** from a year ago. Some developments that were expected to be delivered in the fourth quarter have dragged into 2020. The modest new supply trend witnessed throughout the year continued in the fourth quarter, with only two new office completions in Budapest spanning 24,300 m² altogether (-45% y/y), the largest of which was Balance Hall. This resulted in a rather conservative 2019 completion figure of 70,500 m², only a third of the level seen in 2018.

At the end of 2019, the citywide average vacancy rate declined further by 0.3 p.p. quarter-on-quarter and 1.7 p.p. year-on-year to 5.6%, hitting its lowest level on record. All areas of the city apart from Central Buda and in the periphery saw vacancy rates remain stable or decrease.

Average rents in Budapest continued to climb, reaching €13/m² per month from €12.2/m² per month at the beginning of the year. Given scarcity of available space, Grade A rents also climbed 3.6% in 2019 to €15.3/m² per month and rents amongst new developments are generally still on an upward trajectory. The largest appreciation was again seen in Central Pest and Váci Corridor.

Leasing demand increased further in the fourth quarter with agreements signed for 202,500 m², up by 6% quarter-on-quarter and 18% year-on-year. This helped raise the annual leasing activity figure to 637,100 m², which is by far the highest on record, even though net take-up fell 6% year-on-year. In addition, annual net absorption volume amounted to 128,400 m², down by 44% year-on-year, but still far above the level of new supply delivered.

Source: CBRE, BRF

Balance Hall – Hungary's first “Conscious Building”

Balance Hall, Budapest, Hungary

Balance Hall, CPIPG's and Hungary's first “Conscious Building”, opened its doors in late 2019. The 16,000 m² building is an ultra-modern office with a focus on sustainability and technology. Balance Hall is designed to fulfil all 21st century requirements in terms of cost and energy-efficient operation, as well as conscious application of sustainable and modern technologies. The building includes tools to cut energy consumption: electricity and water consumption can be traced in real time, heating and cooling can be set separately for different zones, and lighting can be adjusted according to the intensity of natural light.

An award-winning platform

- In recognition of the “Conscious Building” initiative, the company received the CIJ Innovation of The Year Award (2018) and HOF Award CEE (2019) in the category New Concept/Innovation
- Balance Hall was named the “Office Development of the Year” and CPI Hungary named “Office Developer of the Year” at the Europa Property Real Estate Awards gala
- “Best Asset Management Firm of 2019” was awarded to CPI Hungary for the second consecutive year at the Real Estate Award Gala dinner organized by Iroda.hu
- “Asset Management Company of the Year 2018” at this year's Real Estate Awards Gala
- CPI Hungary's next office development project “New Age” was awarded the “Concept of the Year” award at the 2019 Portfolio Property Awards

At the forefront of CSR and ESG initiatives in Hungary

CPIPG is proud to be at the forefront of CSR and ESG-related activities, through supporting innovative programmes such as:

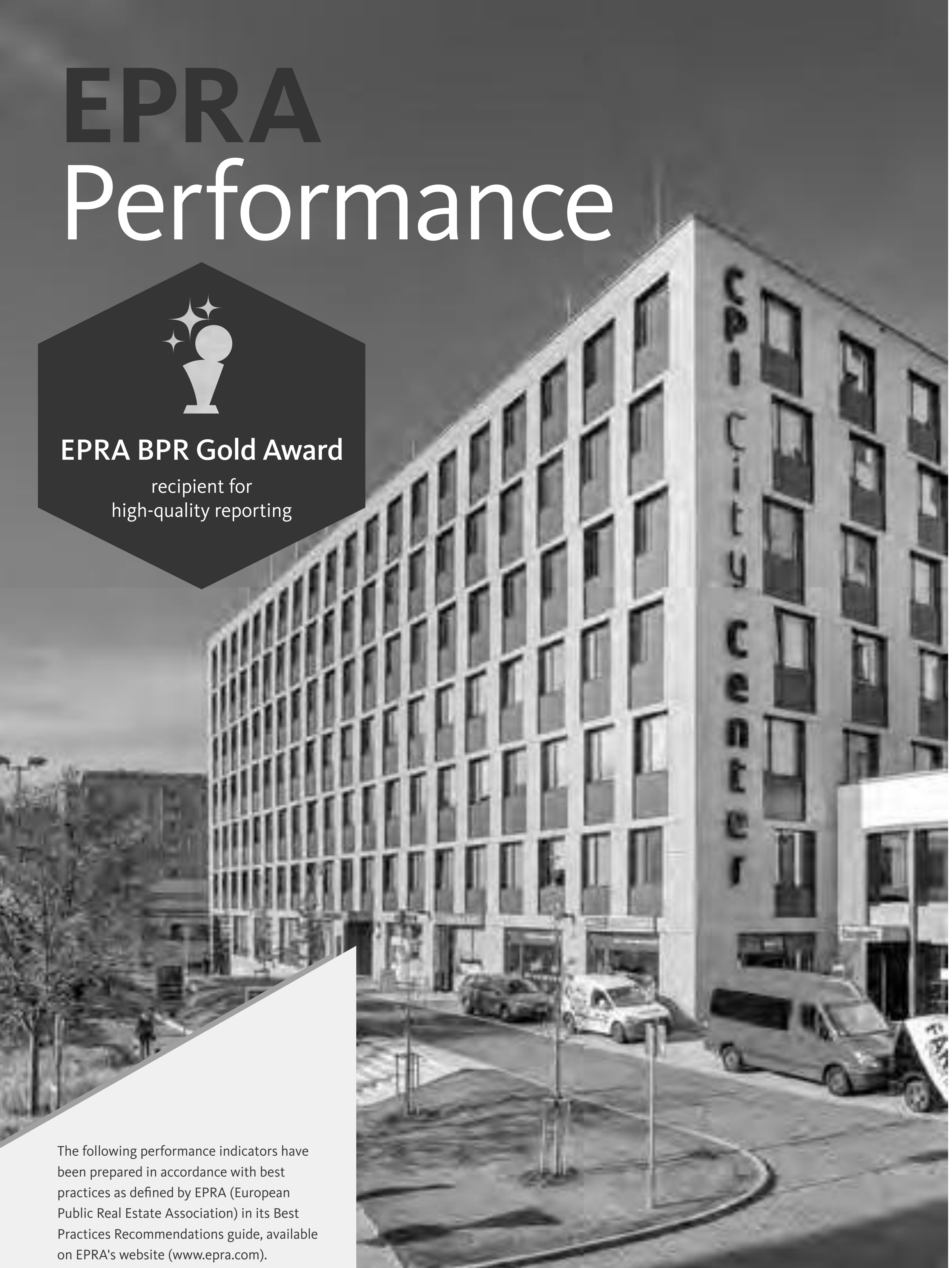
- **Human Innovation Program (“HIP”)** is a support programme provided to tenants in our office buildings aimed at supporting and improving their mental and physical health and well-being
- **Access4you** is a company that audits and certifies buildings based on their access to people with special needs. We are the first real estate company in Hungary to be certified
- **Spaceflow** is an app that will enable tenants in “HIP” office buildings to follow events and programmes organised by the HIP community managers
- **Recobin** is a range of bins made of recycled materials for selective waste collection. They can reduce waste transportation costs by as much as 50% and the services comply with the ISO14001 and the EMAS office standards regarding waste recycling

EPRA Performance

EPRA BPR Gold Award

recipient for high-quality reporting

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



CPI City Center Olomouc, Czech Republic

EPRA Earnings

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

EPRA Earnings (€ million)

	2019	2018
Earnings per IFRS income statement	**685**	**631**
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	550	579
Profits or losses on disposal of investment properties, development properties held for investment and other interests	2	1
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	2	3
Tax on profits or losses on disposals	0	0
Negative goodwill / goodwill impairment	(7)	(13)
Changes in fair value of financial instruments and associated close-out costs	2	-2
Acquisition costs on share deals and non-controlling joint venture interests	0	0
Deferred tax in respect of EPRA adjustments	(45)	(51)
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	0	(1)
Non-controlling interests in respect of the above	0	0
EPRA Earnings	**181**	**116**
Weighted average number of shares	8,573,605,213	8,832,966,895
EPRA Earnings per Share (EPS) (in €)	**0.021**	**0.013**
Company specific adjustments:		
Impairments	1	(20)
Amortisation, depreciation	(33)	(33)
Net foreign exchange gain – unrealised	0	0
Net foreign exchange loss – unrealised	19	0
Company specific Adjusted Earnings	**194**	**168**
Company specific Adjusted EPS	**0.023**	**0.019**

EPRA Net Asset Value

EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term.

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

EPRA Net Asset Value (€ million)

	2019	2018
IFRS Equity attributable to owners	**4,334**	**3,776**
Include / Exclude		
Hybrid instruments	0	0
Diluted NAV	**4,334**	**3,776**
Include		
Revaluation of investment properties (if IAS 40 cost option is used)	0	0
Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	0	0
Revaluation of other non-current investments	0	0
Revaluation of tenant leases held as finance leases	0	0
Revaluation of trading properties	2	7
Exclude		
Fair value of financial instruments	0	5
Deferred tax	(807)	(745)
Goodwill as a result of deferred tax	43	43
EPRA NAV	**5,100**	**4,480**
Fully diluted number of shares	8,332,414,083	8,761,566,410
EPRA NAV per share (in €)	0.612	0.511

EPRA Vacancy Rate

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

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

EPRA Vacancy Rate (€ million)

	2019	2018
Estimated rental value of vacant space	**24**	20
Estimated rental value of the whole portfolio	**427**	358
EPRA Vacancy Rate	5.7%	5.5%

EPRA Triple Net Asset Value (NNNAV)

EPRA NNNAV is similar to EPRA NAV except it includes the fair value of deferred tax liabilities, debt, and financial instruments. The measure can be considered a 'spot' measure of the fair value of all assets and liabilities. The objective of the EPRA NNNAV measure is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.

EPRA Triple Net Asset Value (€ million)

	2019	2018
EPRA NAV	**5,100**	**4,480**
Include		
Fair value of financial instruments	0	5
Fair value of debt	(62)	31
Deferred tax*	(320)	(244)
EPRA NNNAV	**4,718**	**4,273**
Fully diluted number of shares	8,332,414,083	8,761,566,410
EPRA NNNAV per share (in €)	0.566	**0.488**

* *(1.) The Company assumes disposals through share deals. (2.) The Company considers local tax legislation and incorporation of the "Directive on the Common System of Taxation Applicable in the Case of Parent Companies and Subsidiaries of Different Member States". (3.) The Company considers disposals of companies with material properties.*

EPRA Net Initial Yield and EPRA "Topped-Up" Net Initial Yield

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

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

EPRA NIY and "topped-up" NIY (€ million)

	2019	2018
Investment property – wholly owned	8,157	6,687
Investment property – share of JVs/Funds	0	0
Trading property (including share of JVs)	0	0
Less: Developments	**943**	**701**
Completed property portfolio	7,214	5,986
Allowance for estimated purchasers' costs	0	0
Gross up completed property portfolio valuation	**7,214**	**5,986**
Annualised cash passing rental income	354	301
Property outgoings	39	39
Annualised net rents	**315**	**262**
Add: Notional rent expiration of rent free periods or other lease incentives	**12**	**15**
Topped-up net annualised rent	**328**	**277**
EPRA NIY	**4.37%**	**4.38%**
EPRA "topped-up" NIY	**4.54%**	**4.63%**

Mamaison Hotel Andrassy Budapest, Hungary

EPRA Cost Ratio

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

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

EPRA Cost Ratios (€ million)

	2019	2018
Include:		
Administrative/operating expense line per IFRS income statement	113	105
Net service charge costs/fees	(35)	(26)
Management fees less actual/estimated profit element	0	0
Other operating income/recharges intended to cover overhead expenses less any related profits	0	0
Share of Joint Ventures expenses	0	0
Exclude (if part of the above):		
Investment property depreciation	0	0
Ground rent costs	1	1
Service charge costs recovered through rents but not separately invoiced	0	0
EPRA Costs (including direct vacancy costs)	**77**	**78**
Direct vacancy costs	3	3
EPRA Costs (excluding direct vacancy costs)	**73**	**75**
Gross Rental Income less ground rents – per IFRS	**318**	**301**
Less: service fee and service charge costs components of Gross Rental Income (if relevant)	0	0
Add: share of Joint Ventures (Gross Rental Income less ground rents)	0	0
Gross Rental Income	318	301
EPRA Cost Ratio (including direct vacancy costs)**	**0.24**	**0.26**
EPRA Cost Ratio (excluding direct vacancy costs)**	**0.23**	**0.25**

* *Our EPRA cost ratio is higher than some peers because of CPIPG's consistent reinvestment in our properties to improve rents, occupancy and valuations.*

Valuation Summary

> *CPIPG works with international appraisers to value our properties every year. This is a core element of our approach to external reporting.*
>
> *Petr Mizera, Head of External Reporting*

Property Valuation

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

Valuation reports are prepared in accordance with RICS Standards (RICS Valuation - Professional Standards January 2014), whilst an immaterial amount are prepared according to Czech valuation standards. The Group revalues the entire portfolio on an annual basis; for semi-annual periods, CPIPG revalues properties where performance has been exceptional (positively or negatively). Under the terms of the Group´s EMTN programme, 90% of the portfolio must be externally valued by reputable independent valuation company on an annual basis.

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

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

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

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

Split by Appraisers and Clusters (as at 31 December 2019)

Appraisers	Clusters	Number of properties	Valuation	% of total PP value
Jones Lang Lasalle	Czech Republic	100	3,314	36%
	Hotels & Resorts	4	184	2%
	Complementary Assets Portfolio	43	909	10%
Savills	Berlin	49	2,462	27%
Cushman & Wakefield	Czech Republic	49	144	2%
	Hotels & Resorts	24	491	5%
	Complementary Assets Portfolio	3	175	2%
RSM Tacoma	Czech Republic	3	34	0%
	Hotels & Resorts	9	100	1%
CBRE	Czech Republic	1	101	1%
BNP	Hotels & Resorts	1	36	0%
	Complementary Assets Portfolio	12	131	1%
Knight Frank	Complementary Assets Portfolio	8	166	2%
Other	Czech Republic	13	128	1%
	Berlin	0	6	0%
	Hotels & Resorts	1	40	0%
	Complementary Assets Portfolio	7	59	1%
Acquisition costs	Czech Republic	0	34	0%
	Complementary Assets Portfolio	5	597	7%
Total		332	9,111	100%

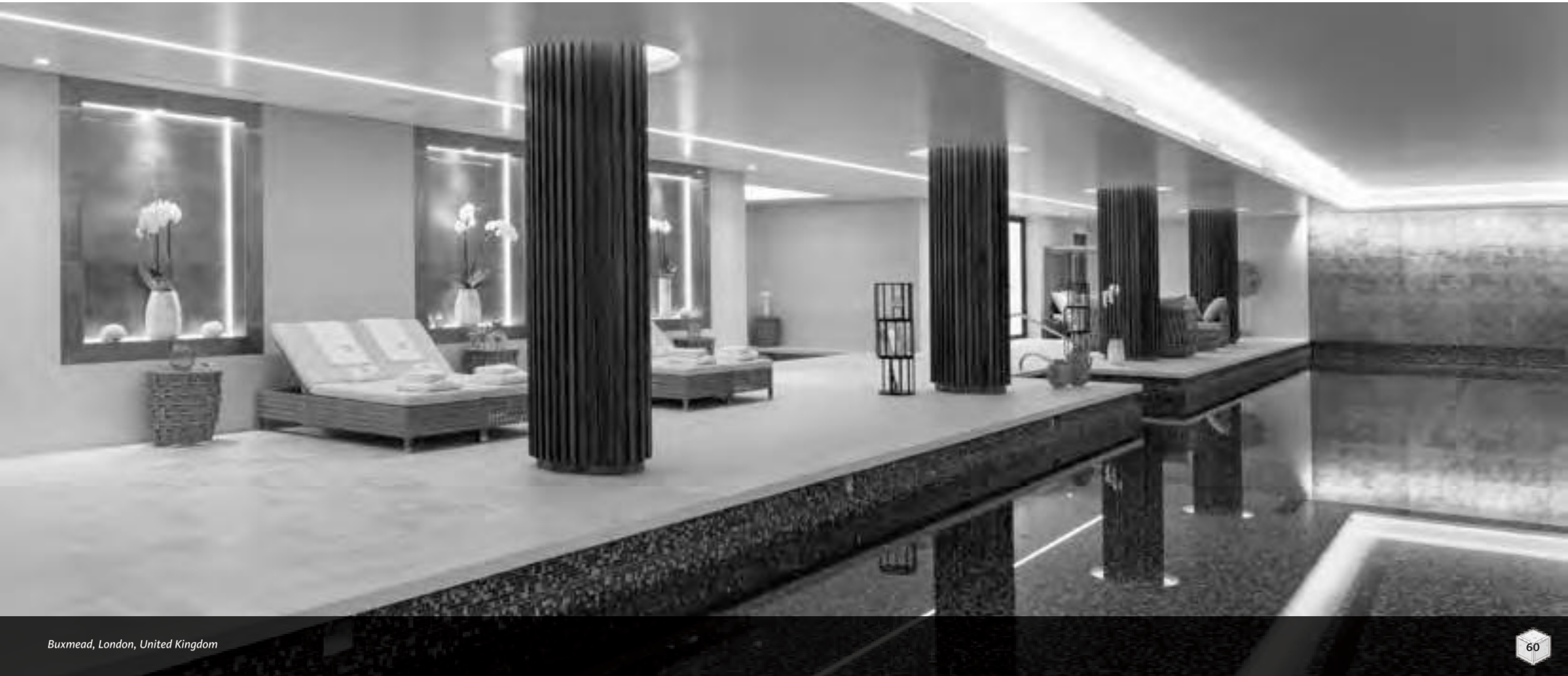
Portfolio Net Yields

	EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Net Equivalent Yield	Prime Yield
Czech Republic	**4.9%**	**5.1%**	**5.4%**	
Retail	5.5%	5.6%	5.9%	4.9%
Office	4.7%	5.2%	5.5%	4.3%
Berlin	**3.3%**	**3.3%**	**3.3%**	
Office	3.3%	3.3%	3.3%	2.7%
Complementary Assets Portfolio	**5.5%**	**5.8%**	**5.9%**	
Retail	6.7%	7.0%	7.7%	5.2%
Office	4.8%	5.1%	4.8%	4.6%
Total	4.4%	4.5%	4.8%	

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

The relatively lower EPRA "Topped-up" Yields in comparison to Net Equivalent Yields are mainly due to excluding income on vacant spaces.

On a Group basis, the EPRA Net Initial Yield of our portfolio remained at the level of 4.4% compared to the end of 2018.



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