DECLARATION LETTER

FINANCIAL REPORT

AS AT 31 DECEMBER 2019

1.1. Person responsible for the Annual Financial Report

Mr. Martin Němeček, acting as Chief Executive Officer and Managing Director of the Company, with professional address at 40 rue de la Vallee, L-2661 Luxembourg, Grand-Duchy of Luxembourg, m.nemecek@cpipg.com.

1.2. Declaration by the persons responsible for the Annual Financial Report

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

- the consolidated financial statements of the Company as at 31 December 2019, prepared in accordance with the International Accounting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company and its subsidiaries included in the consolidation taken as a whole; and
- the Management report as at 31 December 2019, provides a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. Martin Němeček.

Luxembourg, 31 March 2020

Mr. Martin Němeček

CEO & Managing Director

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Space means opportunity

CPI PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

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

Consolidated statement of comprehensive income

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

	Note	12 month period ended 31 December 2019	31 December 2018
Gross rental income	5.1	319.1	301.7
Service charges and other income	5.2	123.1	111.2
Cost of service and other charges	5.2	(88.0)	(85.0)
Property operating expenses	5.3	(59.8)	(56.0)
Net rental income		**294.4**	**271.9**
Development sales	5.4	50.1	30.3
Development operating expenses	5.4	(46.3)	(30.7)
Net development income		**3.8**	**(0.4)**
Hotel revenue	5.5	133.8	122.1
Hotel operating expenses	5.5	(93.8)	(82.1)
Net hotel income		**40.0**	**40.0**
Other business revenue	5.6	45.7	38.4
Other business operating expenses	5.6	(39.0)	(30.4)
Net other business income		**6.7**	**8.0**
Total revenues		671.8	603.7
Total direct business operating expenses		(326.9)	(284.2)
Net business income		**344.9**	**319.5**
Net valuation gain	5.7	550.0	578.9
Net gain on disposal of investment property and subsidiaries	5.8	2.0	0.5
Amortization, depreciation and impairment	5.9	(41.5)	(64.4)
Administrative expenses	5.10	(53.2)	(49.2)
Other operating income		10.2	6.7
Other operating expenses		(7.3)	(6.5)
Operating result		**805.1**	**785.5**
Interest income		13.5	14.3
Interest expense	5.11	(54.2)	(78.4)
Other net financial result	5.12	0.4	(72.0)
Net finance costs		**(40.3)**	**(136.1)**
Share of profit of equity-accounted investees (net of tax)	6.5	(0.2)	(0.7)
Profit before income tax		**764.6**	**648.7**
Income tax expense	5.13	(80.0)	(17.9)
Net profit from continuing operations		**684.6**	**630.8**
Items that may or are reclassified subsequently to profit or loss			
Translation difference		25.1	(22.9)
Cash flow hedges		7.7	(6.6)
Income tax on other comprehensive income items		(2.6)	0.9
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	6.3	25.1	22.7
Defined benefit plan actuarial loss		(0.4)	(0.4)
Income tax on other comprehensive income items		(9.3)	(3.0)
Other comprehensive income for the period, net of tax		**45.6**	**(9.3)**
Total comprehensive income for the year		**730.2**	**621.5**
Net profit attributable to:			
Owners of the parent		633.2	607.2
Non controlling interests		8.0	6.5
Perpetual notes holders		43.4	17.1
Profit for the year		**684.6**	**630.8**
Total comprehensive income attributable to:			
Owners of the parent		678.8	597.9
Non controlling interests		8.0	6.5
Perpetual notes holders		43.4	17.1
Total comprehensive income for the year		**730.2**	**621.5**
Earnings per share			
Basic earnings in EUR per share	6.12	**0.07**	**0.07**
Diluted earnings in EUR per share	6.12	0.07	0.07

Consolidated statement of financial position

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

	Note	31 December 2019	31 December 2018
Non-current assets			
Intangible assets and goodwill	6.1	107.0	110.3
Investment property	6.2	8,156.8	6,687.1
Property, plant and equipment	6.3	885.7	736.2
Hotels	6.3	*761.6*	*626.0*
Other property, plant and equipment	6.3	*124.1*	*110.2*
Biological assets		4.2	1.7
Equity accounted investees	6.4	3.7	3.9
Other financial assets	6.5	38.1	15.1
Loans provided	6.6	200.2	69.9
Deferred tax assets	5.13	168.1	195.2
Total non-current assets		**9,563.8**	**7,819.4**
Current assets			
Inventories	6.7	51.2	71.5
Biological assets		2.5	3.7
Income tax receivables		6.2	7.6
Trade receivables	6.8	80.9	68.4
Loans provided	6.6	71.5	63.8
Cash and cash equivalents	6.9	804.5	99.2
Other financial assets		21.8	17.8
Other non-financial assets	6.10	48.9	40.9
Assets linked to assets held for sale	6.11	21.5	66.7
Total current assets		**1,109.0**	**439.6**
Total assets		**10,672.8**	**8,259.0**
Equity			
Equity attributable to owners of the parent	6.12	4,334.2	3,775.6
Share capital	6.12	*833.2*	*876.2*
Share premium	6.12	*911.1*	*1,013.4*
Other reserves	6.12	*400.0*	*328.2*
Retained earnings	6.12	*2,189.9*	*1,557.8*
Non-controlling interests	6.12	49.8	44.2
Perpetual notes	6.12	1,085.5	542.5
Total equity		**5,469.5**	**4,362.3**
Non-current liabilities			
Bonds issued	6.13	2,870.9	1,648.4
Financial debts	6.14	1,165.3	1,061.6
Deferred tax liability	5.13	805.9	761.6
Provisions	6.16	10.1	8.9
Other financial liabilities	6.17	63.8	44.0
Total non-current liabilities		**4,916.0**	**3,524.5**
Current liabilities			
Bonds issued	6.13	20.8	6.7
Financial debts	6.14	47.7	157.6
Trade payables	6.18	86.0	97.5
Income tax liabilities		13.7	8.3
Other financial liabilities	6.19	98.1	82.2
Other non-financial liabilities		20.3	17.3
Liabilities linked to assets held for sale	6.11	0.7	2.6
Total current liabilities		**287.3**	**372.2**
Total equity and liabilities		**10,672.8**	**8,259.0**

Consolidated statement of changes in equity

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

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to perpetual notes investors	Equity attributable to shareholders of the parent and perpetual notes holders	Non controlling interests	Total equity
Balance as at 1 January 2019		876.2	1,013.4	23.9	5.8	7.6	290.9	1,557.8	3,775.6	542.5	4,318.1	44.2	4,362.3
Profit for the period		-	-	-	-	-	-	633.2	633.2	43.4	676.6	8.0	684.6
Translation difference		-	-	25.1	-	-	-	-	25.1	-	25.1	-	25.1
Defined benefit plan actuarial loss	6.16	-	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)	-	(0.4)
Cash flow hedges		-	-	-	-	7.7	-	-	7.7	-	7.7	-	7.7
Revaluation of property, plant and equipment	6.3	-	-	-	-	-	25.1	-	25.1	-	25.1	-	25.1
Income tax on other comprehensive income		-	-	-	-	(2.6)	(9.3)	-	(11.9)	-	(11.9)	-	(11.9)
Total other comprehensive income/ (expense)		-	-	25.1	-	5.1	15.8	(0.4)	45.6	-	45.6	-	45.6
Total comprehensive income for the period		-	-	25.1	-	5.1	15.8	632.8	678.8	43.4	722.2	8.0	730.2
Common control transaction	3.4	-	-	-	-	-	25.8	-	25.8	-	25.8	-	25.8
Acquisition own shares	6.12	(6.7)	(29.8)	-	-	-	-	-	(36.5)	-	(36.5)	-	(36.5)
Share buy-back	6.12	(36.3)	(72.5)	-	-	-	-	-	(108.8)	-	(108.8)	-	(108.8)
Issuance of perpetual notes	6.12	-	-	-	-	-	-	-	-	537.2	537.2	-	537.2
Amount paid to perpetual notes holders	6.12	-	-	-	-	-	-	-	-	(37.6)	(37.6)	-	(37.6)
Acquisition of NCI	6.12	-	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)	(2.4)	(3.1)
Balance as at 31 December 2019		833.2	911.1	49.0	5.8	12.7	332.5	2,189.9	4,334.2	1,085.5	5,419.7	49.8	5,469.5

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to perpetual notes investors	Equity attributable to shareholders of the Company and perpetual notes investors	Non controlling interests	Total equity
Balance as at 1 January 2018		923.6	1,060.8	46.8	5.8	13.3	271.2	955.9	3,277.4	-	3,277.4	37.8	3,315.2
Profit for the period		-	-	-	-	-	-	607.2	607.2	17.1	624.3	6.4	630.8
Translation difference		-	-	(22.9)	-	-	-	-	(22.9)	-	(22.9)	-	(22.9)
Defined benefit plan actuarial loss		-	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)	-	(0.4)
Cash flow hedges		-	-	-	-	(6.6)	-	-	(6.6)	-	(6.6)		(6.6)
Revaluation of property, plant and equipment		-	-	-	-	-	22.7	-	22.7	-	22.7	-	22.7
Income tax on other comprehensive income		-	-	-	-	0.9	(3.0)	-	(2.1)	-	(2.1)	-	(2.1)
Total other comprehensive income/ (expense)		-	-	(22.9)	-	(5.7)	19.7	(0.4)	(9.3)	-	(9.3)	-	(9.3)
Total comprehensive income for the period		-	-	(22.9)	-	(5.7)	19.7	606.8	597.9	17.1	615.0	6.4	621.5
Capital increase	6.12	25.0	25.0	-	-	-	-	-	50.0	-	50.0	-	50.0
Share buy-back	6.12	(72.4)	(72.4)	-	-	-	-	-	(144.8)	-	(144.8)	-	(144.8)
Issuance of perpetual notes	6.12	-	-	-	-	-	-	-	-	537.9	537.9	-	537.9
Amount paid to perpetual notes holders	6.12	-	-	-	-	-	-	-	-	(12.5)	(12.5)	-	(12.5)
Balance as at 31 December 2018		876.2	1,013.4	23.9	5.8	7.6	290.9	1,557.8	3,775.6	542.5	4,318.1	44.2	4,362.3

Consolidated cash flow statement

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

	Note	12 month period ended 31 December 2019	31 December 2018
Profit before income tax		**764.6**	**648.7**
Adjusted by:			
Net valuation gain	5.7	(550.0)	(578.9)
Net gain on the disposal of investment property and subsidiaries	5.8	(2.0)	(0.5)
Depreciation and amortization	5.9	33.1	32.6
Impairment of assets	5.9	8.4	31.8
Net gain on the disposal of property, plant and equipment		-	(1.4)
Net interest expense		40.7	64.1
Other net finance expense		4.4	55.2
Share of loss of equity accounted investees	6.5	0.2	0.7
Unrealized exchange rate differences and other non-cash transactions		(8.0)	(0.3)
Profit before changes in working capital and provisions		**291.4**	**252.0**
Decrease in inventories		13.8	12.3
(Increase)/ decrease in trade receivables		(17.9)	7.2
Increase in trade payables		5.9	20.0
Increase/ (decrease) in other liabilities		0.7	(5.9)
Income tax paid		(13.2)	(16.0)
Net cash from operating activities		**280.7**	**269.6**
Acquisition of subsidiaries, net of cash acquired	3.2	(640.5)	(290.8)
Acquisition of other financial investments		(7.9)	-
Acquisition of non-controlling interest	6.12	(3.1)	-
Proceeds from disposals of subsidiaries, net of cash disposed		13.4	41.8
Purchase and expenditures on investment property	6.2	(264.5)	(117.7)
Purchase and expenditures on property, plant and equipment	6.3	(66.4)	(23.9)
Purchase of intangible assets	6.1	(4.9)	(1.5)
Purchase of biological assets		(1.2)	(0.4)
Proceeds from sale of investment property		8.2	4.8
Proceeds from sale of property, plant and equipment		-	3.5
Proceeds from sale of biological assets		0.1	0.2
Loans provided		(125.8)	(20.1)
Loans repaid		7.7	28.0
Interest received		1.2	12.0
Net cash used in investing activities		**(1,083.7)**	**(364.1)**
Proceeds from issue of share capital	6.12	-	50.0
Share buy-back	6.12	(108.8)	(145.0)
Proceeds from perpetual notes	6.12	537.2	537.9
Payment to perpetual notes investors	6.12	(37.6)	(12.5)
Proceeds from bonds issued	6.14	1,217.4	840.0
Repayment of bonds issued	6.14	-	(689.4)
Interest paid	6.14	(37.2)	(86.6)
Drawings of loans and borrowings	6.14	255.9	390.0
Repayments of loans and borrowings	6.14	(316.7)	(922.2)
Repayment of lease liabilities	6.14	(2.0)	(7.3)
Net cash from/ (used in) financing activities		**1,508.2**	**(45.1)**
Net increase/ (decrease) in cash		**705.2**	**(139.6)**
Cash and cash equivalents at the beginning of the period	6.9	99.2	238.9
Less: Cash and cash equivalents reclassified from/ (to) assets held for sale		0.1	(0.1)
Cash and cash equivalents at the end of the period		**804.5**	**99.2**

Notes to the consolidated financial statements

1 General information

CPI PROPERTY GROUP S.A. (hereinafter also the “Company” or “CPI PG”, and together with its subsidiaries as the “Group”) is a real estate group founded in 2004 as ORCO Germany S.A. Since its foundation the Group has been operating in Germany and concentrated mainly on commercial property, project development and asset management, principally in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the Group is the largest lessor of commercial property in the Berlin area. After the incorporation into Czech Property Investments a.s. (hereinafter also as “CPI” and together with its subsidiaries as “CPI Group”) in 2014, the Group expanded to a number of CEE countries primarily the Czech republic.

The Group is primarily focused on investment properties, as well as development and asset management for third parties.

CPI PROPERTY GROUP S.A. is the parent company of the Group. The Company is a Luxembourg *Société Anonyme*, whose shares registered under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

The registered office of the Company is located at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg.

Description of the ownership structure

As at 31 December 2019, Radovan Vítek is the primary shareholder of the Company holding indirectly 90.7% of the Company shares.

For the list of shareholders as at 31 December 2019, refer to note 6.12.

Board of Directors

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

Chairman:	Edward Hughes
CEO and Managing Director:	Martin Němeček
Members:	Philippe Magistretti
	Tomáš Salajka
	Omar Sattar
	Oliver Schlink
	Radovan Vítek
	Marie Vítek

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

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

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

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

(b) New and amended standards and interpretations

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

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

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

IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard allows two recognition exemptions for lessees – leases of low-value assets and short-term leases (leases with a lease term of 12 months or less). At the lease commencement date, a lessee recognised the lease liability and an asset during the lease term. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17.

The Group adopted IFRS 16 using the cumulative catch-up method of adoption with the date of initial application of 1 January 2019. Under this method the Group does not restate comparative information and measures assets at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. The outstanding liability is calculated using incremental borrowing rate last date of transition.

The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment and cars that are considered of low value.

Impact on the statement of financial position as at 31 December 2019:

	31 December 2019
Right-of-use assets (included in other property, plant and equipment)	10.3
Total assets	**10.3**
Retained earnings	(0.1)
Total equity	**(0.1)**
Interest-bearing loans and borrowings	10.4
Non-current liabilities	**10.4**
Total equity and liabilities	**10.3**

Impact on the statement of profit or loss for the year ended 31 December 2019:

	2019
Depreciation expense (included in hotel operating expenses)	(0.7)
Rent expense (included in hotel operating expenses)	0.9
Net business income	0.2
Operating result	**0.2**
Finance costs	(0.3)
Net finance costs	**(0.1)**
Profit before income tax	**(0.1)**
Net profit from continuing operations	**(0.1)**

Impact on the statement of cash flows for the year ended 31 December 2019:

	2019
Net cash flows from operating activities	0.6
Net cash flows from financing activities	(0.6)

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

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

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

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

New standards and interpretations issued but not yet effective

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

Amendments to IFRS 3: Definition of a Business

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

(c) Basis of measurement

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

- Investment property – measured at fair value;
- Property, plant and equipment, asset type Hotels – measured at fair value;
- Biological assets – measured at fair value less cost to sell;
- Derivative financial instruments are measured at fair value;

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

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

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

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

- Note 2.2 (a) – Contingent consideration;
- Note 2.2 (c) – Classification of investment property;
- Note 2.2 (n) – Service charges: Gross versus net revenue recognition.

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

- Note 2.2 (j) – Impairment test;
- Note 2.3 (b) – Determination of fair value
- Note 5.13 – Income tax expenses;
- Note 7 – Financial risk management.

2.2 Significant accounting policies

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

(a) Basis of consolidation

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

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

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

(ii) Business combinations involving entities under common control

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

(iii) Loss of control

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

(iv) Equity accounted investees

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

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

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

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

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

(v) Property asset acquisition

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

(b) Foreign currency

(i) Functional currencies

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

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

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

Country	Functional currency
Croatia	HRK
Czech Republic	CZK
Hungary	HUF
Luxembourg	EUR or RUB
Poland	PLN
Romania	RON
Russia	RUB
Switzerland	CHF
United Kingdom	GBP

(ii) Foreign currency transactions

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

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

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

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

(c) Investment property and investment property under development

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

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

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

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

(d) Right of use assets (leased assets)

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

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

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

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured either at cost less accumulated depreciation (see below) and impairment losses (see note 2.2(j)), or at revaluated amounts.

(ia) Hotels and resorts

Hotels are stated at revalued amounts that are fair values based on appraisals prepared by external professional valuers each year or more frequently if market factors indicate a material change in fair value. Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

An increase in carrying value of an asset as a result of revaluation is recognised in OCI and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

A decrease in carrying value of an asset as a result of revaluation is recognised in profit or loss. However, the decrease shall be recognised in OCI to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in OCI reduces the amount accumulated in equity under the heading of revaluation surplus.

(ib) Other items of property, plant and equipment

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

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

(iv) Depreciation

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

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

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

Assets	2019	2018
Property	30 - 50 years	30 - 50 years
Equipment	5 - 10 years	5 - 10 years
Motor vehicles	5 years	5 years
Fittings	3 - 5 years	3 - 5 years
Computers	3 years	3 years

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

(f) Intangible assets

(i) Goodwill

Business combinations are accounted for by applying the acquisition method. For the measurement of goodwill at initial recognition, see note 2.2(a).

Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested for impairment annually (see accounting policy 2.2(j)).

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Trademarks

Acquired trademarks are shown at cost less accumulated impairment losses. When they have indefinite useful life, trademarks are tested for impairment annually or when there is an indication of impairment.

(v) Amortization

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

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

Assets	2019	2018
Software	3 - 8 years	3 - 8 years
Other intangible assets	3 - 5 years	3 - 5 years

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

(g) Inventories

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

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

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

(h) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

The Group recognises a biological asset or agriculture produce only when the entity controls the asset as a result of past events, it is probable that future economic benefits will flow to the entity, and the fair value or cost of the asset can be measured reliably. Biological assets within the scope of IAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured, in which case they are valued at cost. The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are included in profit or loss.

All costs related to biological assets that are measured at fair value, except for the acquisition costs, are recognised as expenses when incurred.

(i) Financial instruments

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition

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

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

(i) Non-derivative financial assets

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

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

Loans provided

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

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

The recoverable amount of the Group's provided loans is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate calculated at initial recognition of these financial assets).

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

Trade and other receivables

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

Cash and cash equivalents

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

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

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

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

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

Bond transaction costs

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

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

Lease liabilities

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

(iii) Share capital

Ordinary shares

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

Treasury shares

Treasury shares represent shares of the Company which were acquired by the Group. The cost of treasury shares is deducted from equity. When treasury shares are sold or reissued, the amount received is recognized as an increase in equity.

(iv) Derivative financial instruments and hedge accounting

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred.

The Group holds derivative financial instruments to hedge its interest rate and foreign currency risk exposures.

Cash flow hedges

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

The effective portion of changes in the fair value of derivative hedging instruments designated as a cash flow hedge are recognised in OCI and in the cash flow hedge reserve. To the extent that the hedge is ineffective, changes in the fair value of the derivative are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the anticipated transaction takes place, upon which it is reclassified in the profit and loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Other non-hedging derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(v) Perpetual bonds

The Group analyses the bonds issued if it holds unconditional rights to avoid delivering cash in respect of both, the principal and related interests. The bonds are classified as an equity instrument and classified separately as equity attributable to perpetual bond holders if the Group has an unconditional right to avoid delivering cash (or another financial instrument).

(j) Impairment

(i) Impairment of non-derivative financial assets

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

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

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

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

Determination of ECL for loans provided to the majority shareholder or entities controlled by majority shareholder considers the Group's credit rating.

(ii) Impairment of non-financial assets

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which the goodwill is monitored. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Impairment losses relating to goodwill cannot be reversed in future periods.

(k) Provisions

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

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

(l) Post-employment obligations

(i) Defined benefit plan

The Group has entered into defined benefit plans defined as an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the net defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of the net defined liability which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any), are charged or credited to OCI in the period in which they arise. Net interest expense and other expenses related to the defined benefit plans are recognized in the statement of comprehensive income.

The valuation of the pension obligation is performed by an independent actuary.

(ii) Defined contribution plans

Contributions are made to the Government's health, retirement benefit and unemployment plan at statutory rates applicable during the period and are based on gross salary payments. The arrangements of the Government's health, retirement benefit and unemployment plans qualify as defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The expense for the contributions is charged to profit and loss in the same period as the related salary expense.

(m) Assets held for sale and disposal groups

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

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

(n) Revenue

(i) Rental revenue

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

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

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

(ii) Service charges and other income

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

Other income is recognised in profit or loss when tenant obtains control of the goods or services.

(iii) Hotel revenue

Represents revenues derived from hotel operations, including room rentals, food and beverage sales and other ancillary goods and services. Revenue is recognized immediately when the customer obtains control of the goods or services.

(iv) Development sales

A sale of self-constructed trading property is generally a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. Revenue is recognized immediately when the customer obtains control of the property.

(v) Other business revenue

Other business is represented by mountain resort and agriculture operations. Other business revenue is recognised in profit or loss when the customer obtains control of the goods or services.

(vi) Government grants

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other business revenue when the grant becomes receivable. Other government grants are recognised where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

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

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

(o) Expenses

(i) Service costs and property operating expenses

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

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

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

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

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

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

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

(q) Income tax

(i) Current income tax

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

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

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

(ii) Deferred tax

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(r) Earnings per share

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

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

(s) Segment reporting

The Group has applied the criteria of IFRS 8, 'Operating Segments' to determine the number and type of operating segments. Operating segments were determined based on the nature of the business and how the business is managed by the Board of Directors, the Group's chief operating decision maker.

The Group reports four operating segments: Czech Republic, Berlin, Hotels & Resorts in Europe and Complementary assets in Europe.

Segment results that are reported to the Board of Directors include items directly attributable to a segment or items that can be allocated on a reasonable basis. Unallocated items comprise primarily head office expenses, financing and income tax assets and liabilities.

The operating segments are determined based on the Group's management and internal reporting structure.

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

Inter-segment pricing is determined on an arm's length basis.

(t) Key management personnel

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

2.3 Determination of fair value

(a) Investment property and Property, plant and equipment

Investment properties are stated at fair value as at 31 December 2019 and 2018 based on external valuations prepared by professionally qualified valuers, except for an insignificant part of the portfolio valued by an internal expert (see note 6.2). The Group's property portfolio in the Czech Republic is valued mainly by Jones Lang LaSalle, Cushman & Wakefield and CBRE, selected properties are valued also by Mazars and RSM; Slovak portfolio is valued by JLL. The property portfolios in Hungary, Poland, Romania and the United Kingdom are valued by Jones Lang LaSalle, Knight Frank and Cushman & Wakefield. The valuation of the German portfolio is undertaken by Savills. Assets located in France, Italy and Switzerland are valued by BNP Paribas, Cushman & Wakefield and Mazars. The Group also uses its valuation department for providing an internal valuation of part of the residential segment and land banks located in the Czech Republic. As at 31 December 2019, the Group did not revalue recent acquisitions (see note 3.2 and 3.4) and leased properties.

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

Valuations reflect, where appropriate, the type of tenants and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

The real estate market in Central and Eastern Europe is considered small and transactions with real estate portfolios of the size similar to that of the Group's portfolio are rather rare. Due to the need to use the market knowledge and professional judgements of the valuers to a greater extent, there is a higher degree of uncertainty than which would exist in more developed and active markets.

The following valuation methods of investment property were used:

For a breakdown of assumptions used by valuers refer to 7.5.

(i) Retail, Office, Industry and Logistics properties

Retail, office, industry and logistics properties have been valued using predominantly income capitalization and discounted cash flow (DCF) valuation methods.

DCF is a valuation of estimated income considering costs of ownership and operation of the property. The estimated cash flows are discounted using a discount rate reflecting the current income risk and value for money.

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

(ii) Residential properties

Residential properties have been valued primarily using the direct comparison method based on data from comparable transactions. The data was obtained from Cadastral offices or purchase agreements, except for related party transactions.

(iii) Land and vacant buildings

Land and vacant buildings have been valued using the direct comparison method to arrive at the value of the property in its existing state. A comparison was performed with other similarly located and zoned plots of land or buildings that are currently on the market.

The sales price of the properties that are judged to be most comparable tend to indicate a range in which the value indication for the subject property will fall. The valuer estimated the degree of similarity or difference between the subject property and the comparable sales by considering various elements of comparison.

(iv) Hotels

Hotels have been valued primarily using the DCF valuation method.

(v) Investment property under development

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

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

(vi) Agriculture properties

Agriculture properties have been valued using the direct comparison method of valuation.

(b) Biological assets

Biological assets are stated at fair value less cost to sell based on internal valuations performed by the Group.

Valuation of livestock is measured at fair value. The livestock has been divided into categories according the species and age, e.g. vealer 0 – 6 month, heifer 6 - 24 month, chicken etc. Each category has been valued using the sales price per kilogram for specific category of livestock and the average weight (in kg) per head of cattle. The average weight represents Group management's best estimate.

The sales prices are derived from the average of actual sales price on different markets as the Group sells its products on several European markets.

3 The Group structure

CPI PG is the Group's ultimate parent company.

As at 31 December 2019, the Group comprises its parent company and 364 (353 subsidiaries as at 31 December 2018) and three joint ventures. For list of subsidiaries refer to Appendix I.

3.1 Changes in the Group in 2019

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

Entity	Change	Group's share	Date
One Crans-Montana SA (1)	Acquisition	99.70%	6 February 2019
Orchard Hotel a.s.	Acquisition	100.00%	27 February 2019
Brno INN, a.s.	Acquisition	100.00%	28 June 2019
Tachov Investments, s.r.o. (2)	Acquisition	100.00%	2 July 2019
AVENA, VOD	Acquisition	98.56%	18 July 2019
GCA Property Development Sp. z o.o. (3)	Acquisition	100.00%	5 August 2019
CT Development Sp. z o.o. (4)	Acquisition	100.00%	3 September 2019
Equator II Development Sp. z o.o. (5)	Acquisition	100.00%	3 September 2019
Equator IV Offices Sp. z o.o. (6)	Acquisition	97.31%	7 November 2019
Eurocentrum Offices Sp. z o.o. (7)	Acquisition	97.31%	27 November 2019
LES MAS DU FIGUIER	Acquisition	97.31%	29 November 2019
Pietroni, s.r.o.	Acquisition	97.31%	29 November 2019
SCP Reflets	Acquisition	97.31%	29 November 2019
Castor Investments Sp. z o.o.	Acquisition	97.31%	5 December 2019
Castor Investments Sp. z o.o. S.K.A.	Acquisition	97.31%	5 December 2019
WFC Investments Sp. z o.o.	Acquisition	97.31%	5 December 2019
7 St James´s Square Limited	Founded	100.00%	27 March 2019
Vysočany Office, a.s.	Founded	99.26%	23 April 2019
Kosmonosy Investments, s.r.o.	Founded	100.00%	10 July 2019
Kravařská zemědělská, a.s.	Founded	100.00%	15 July 2019
Olomouc Building, a.s.	Founded	100.00%	1 October 2019
Brno Development Services, s.r.o.	Founded	100.00%	9 October 2019
CPI Pigna S.r.l.	Founded	97.31%	18 October 2019
CPI REV Italy II S.r.l.	Founded	97.31%	18 October 2019
Moniuszki Office Sp. z o.o.	Founded	100.00%	24 October 2019
CPI Kvarta, s.r.o.	Founded	100.00%	4 November 2019
CPI Green, a.s.	Founded	100.00%	5 November 2019
CPI Kvinta, s.r.o.	Founded	100.00%	5 November 2019
CPI Omikrón, a.s.	Founded	100.00%	5 November 2019
CPI Orange, a.s.	Founded	100.00%	5 November 2019
CPI Prima, s.r.o.	Founded	100.00%	5 November 2019
CPI Sekunda, s.r.o.	Founded	100.00%	5 November 2019
CPI Tercie, s.r.o.	Founded	100.00%	5 November 2019
CPI Théta, a.s.	Founded	100.00%	5 November 2019
CPI Yellow, a.s.	Founded	100.00%	5 November 2019
Oxford Tower Sp. z o.o.	Founded	100.00%	19 November 2019
CPI Poland Property Management Sp. z o.o.	Founded	100.00%	2 December 2019
BARON PUGLIA S.a.r.l.	Founded	100.00%	2 December 2019
WFC Offices Sp. z o.o.	Founded	100.00%	18 December 2019
CPI Poland Offices Sp. z o.o.	Founded	100.00%	18 December 2019
Třebíč Investment, s.r.o.	Demerger (within the group)	100.00%	1 July 2019
Kosmonosy Property Development, s.r.o.	Demerger (within the group)	100.00%	1 November 2019
Prostějov Investments, a.s.	Demerger (within the group)	100.00%	1 November 2019
Vysočina Investments, a.s.	Demerger (within the group)	100.00%	1 November 2019

(1) Changed its name from Régie du Rhộne Crans-Montana SA to One Crans-Montana SA with effective date of 18 July 2019.
(2) Changed its name from JD-THOM s.r.o. to Tachov Investments, s.r.o. with effective date of 11 July 2019.
(3) Changed its name from Saint Barthelemy Sp. z o.o. to GCA Property Development Sp. z o.o. with effective date of 6 September 2019.
(4) Changed its name from San Andres Sp. z o.o. to CT Development Sp. z o.o. with effective date of 8 November 2019.
(5) Changed its name from Gimsoy Sp. z o.o. to Equator II Development Sp. z o.o. with effective date 30 September 2019.
(6) Changed its name from Cirrus Real Sp. z o.o. to Equator IV Offices Sp. z o.o. with effective date 18 December 2019.
(7) Changed its name from Dakota Investments Sp. z o.o. to Eurocentrum Offices Sp. z o.o. with effective date 18 December 2019.

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

Entity	Change	Group's share	Date
Vinohrady S.a.r.l.	Disposal	97.31%	14 November 2019
Spišská Nová Ves Property Development, a.s.	Disposal	100.00%	20 November 2019
Třebíč Investment, s.r.o.	Disposal	100.00%	29 November 2019
Vysočina Investments, a.s.	Disposal	100.00%	20 December 2019
Avacero Limited	Liquidation	100.00%	8 May 2019
Avidano Limited	Liquidation	100.00%	8 May 2019
Derisa Limited	Liquidation	100.00%	8 May 2019
Gomendo Limited	Liquidation	100.00%	8 May 2019
Goranda Limited	Liquidation	100.00%	8 May 2019
Istafia Limited	Liquidation	100.00%	8 May 2019
Jonvero Limited	Liquidation	100.00%	8 May 2019
Pringipo Limited	Liquidation	100.00%	8 May 2019
Tunelia Limited	Liquidation	100.00%	8 May 2019
Brillant 1419. GmbH & Co. Verwaltungs KG	Liquidation	97.31%	13 October 2019
Osmania Limited	Liquidation	100.00%	25 December 2019

3.2 Property asset acquisitions in 2019

Acquisition of 7 St James' Square Limited

On 27 March 2019, the Group founded 7 St James's Square Limited. The entity had no assets as at that date.

On 7 June 2019, 7 St James's Square Limited acquired a building which was purchased in a shell condition and it will offer up to 33,000 square feet of gross leasable area. The total consideration paid for the building was EUR 54.3 million, fully allocated to the investment property.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

Acquisition of Tachov Investment, s.r.o.

On 2 July 2019, the Group acquired Tachov Investments, s.r.o. The consideration paid for 100% stake amounted to EUR 1.0 million, fully allocated to the investment property.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

Acquisition of AVENA, VOD

On 18 July 2019, The Group acquired AVENA, VOD for the purchase price of EUR 4.3 million.

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

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

	Fair value
Investment property	4.7
Property, plant and equipment	3.0
Biological assets	0.3
Inventories	0.9
Other financial current assets	0.5
Other non-financial current assets	0.4
Identifiable acquired assets	**9.8**
Financial debts	(3.4)
Trade payables and other current liabilities	(2.1)
Identifiable acquired liabilities	**(5.5)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 4.3 million.

The net cash outflow connected with the acquisition amounted to EUR 4.2 million.

Acquisition of offices in Warsaw, Poland

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

- Equator IV Offices sp. z o.o.

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

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

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

	Fair value
Investment property	56.6
Cash and cash equivalents	0.8
Other non-financial current assets	0.2
Identifiable acquired assets	**57.6**
Financial debts	(42.4)
Trade payables	(0.4)
Other financial current liabilities	(0.2)
Identifiable acquired liabilities	**(43.0)**

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

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

- Eurocentrum Offices sp. z o.o.

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

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

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

	Fair value
Investment property	242.5
Cash and cash equivalents	1.9
Identifiable acquired assets	**244.4**
Financial debts	(136.2)
Trade payables	(2.7)
Other non-financial current liabilities	(0.1)
Identifiable acquired liabilities	**(139.0)**

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

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

- WFC Investments sp. z o.o.

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

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

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

	Fair value
Intangible assets	0.2
Investment property	261.2
Trade receivables	1.3
Cash and cash equivalents	15.7
Identifiable acquired assets	**278.4**
Financial debts	(3.6)
Other non-current liabilities	(1.7)
Trade payables	(0.8)
Identifiable acquired liabilities	**(6.1)**

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

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

3.3 Acquisition through business combinations in 2019

Acquisition of Régie du Rhộne Crans-Montana SA

On 6 February 2019, the Group acquired Régie du Rhộne (renamed to One Crans Montana in 2019), a Swiss real estate company. The company engages in the following business activities: property management, sale of properties, co-ownership, sale sales brokerage and rentals, as well as real estate project development. The company operates in the Crans Montana ski resort which is operated by the Group.

The consideration paid for the 100% stake amounted to EUR 1.4 million. The company was renamed to One Crans Montana on 27 June 2019.

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

	Fair value
Trade receivables	0.1
Cash and cash equivalents	1.1
Other financial current assets	0.1
Identifiable acquired assets	**1.3**
Financial debts	(0.8)
Other financial non-current liabilities	(0.2)
Other financial current liabilities	(1.1)
Identifiable acquired liabilities	**(2.1)**

Net identifiable assets of this subsidiary acquired at the date of the acquisition amounted to EUR -0.8 million. As a result of this business combination, the Group recognized goodwill in the amount of EUR 2.2 million.

Due to the acquisition, the Group acquired cash and cash equivalents of EUR 1.1 million. The net cash outflow connected with the acquisition amounted to EUR 0.3 million.

If the acquisition had occurred on 1 January 2019 with all other variables held constant, Group total revenues in 2019 would have been EUR 672.3 million and net profit from continuing operations would have been EUR 684.7 million.

Acquisition of Orchard Hotel

On 27 February 2019, the Group acquired a 100% stake in Orchard Hotel in the center of Ostrava, the Czech Republic, with 185 rooms. The consideration paid was EUR 0.6 million.

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

	Fair value
Property, plant and equipment	10.5
Trade receivables	0.1
Cash and cash equivalents	0.2
Identifiable acquired assets	**10.8**
Financial debts	(9.9)
Other current liabilities	(0.3)
Identifiable acquired liabilities	**(10.2)**

Net identifiable assets of this subsidiary acquired at the date of the acquisition amounted to EUR 0.6 million.

Due to the acquisition, the Group acquired cash and cash equivalents EUR 0.2 million. The net cash outflow connected with the acquisition amounted to EUR 0.4 million.

If the acquisition had occurred on 1 January 2019 with all other variables held constant, Group total revenues in 2019 would have been EUR 672.5 million and net profit from continuing operations would have been EUR 684.2 million.

Acquisition of BRNO INN, a.s.

On 28 June 2019, the Group acquired a four-star congress hotel in Brno, the Czech Republic. The hotel offers 200 double rooms and a congress hall with capacity for up to 600 people in a strategic location close to the trade fair and exhibition compound in Brno.

The consideration paid represents EUR 16.6 million.

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

	Fair value
Property, plant and equipment	15.6
Cash and cash equivalents	2.5
Other current assets	0.5
Identifiable acquired assets	**18.6**
Deferred tax liabilities	(1.7)
Other current liabilities	(0.3)
Identifiable acquired liabilities	**(2.0)**

Net identifiable assets of this subsidiary acquired at the date of the acquisition amounted to EUR 16.6 million.

Due to the acquisition, the Group acquired cash and cash equivalents EUR 2.5 million. The net cash outflow connected with the acquisition amounted to EUR 14.1 million.

If the acquisition had occurred on 1 January 2019 with all other variables held constant, Group total revenues in 2019 would have been EUR 673.9 million and net profit from continuing operations would have been EUR 684.7 million.

3.4 Common control transaction in 2019

Acquisition of Pietroni, s.r.o.

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

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

	Fair value
Investment property	34.0
Property, plant and equipment	0.7
Trade receivables	0.1
Cash and cash equivalents	0.1
CPI PG shares	36.5
Identifiable acquired assets	**71.4**
Financial debts	(35.5)
Other financial current liabilities	(10.1)
Identifiable acquired liabilities	**(45.6)**

The fair value of the Company's shares held by Pietroni, s.r.o. was determined based on the EPRA NAV per CPI PG's share (net asset value per share determined based on the methodology of European Public Real Estate Association) calculated as at 30 September 2019. The value of the investment property was determined by the independent valuer as of the date of acquisition.

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

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

3.5 Disposal of subsidiaries in 2019

The Group disposed the following subsidiaries, since they were considered as a non-core assets:

- Vinohrady S.a.r.l. in France was sold for EUR 0.5 thousand on 14 November 2019.
- Spišská Nová Ves Property Development, a.s. was sold for EUR 0.1 million on 20 November 2019.
- Třebíč Investment, s.r.o. was sold for EUR 7.0 million on 29 November 2019.
- Vysočina Investments, a.s. was sold for EUR 1.1 million on 20 December 2019.

3.6 Changes in the Group in 2018

In 2018, the Group acquired or founded the following entities:

Entity	Change	Share owned by the Group in %	Date of acquisition/foundation
Zgorzelec Property Development Sp. z o.o.	Acquisition	100.00%	10 January 2018
Gewerbehöfe Services GmbH	Acquisition	100.00%	7 March 2018
Atrium Complex Sp. z o.o. (1)	Acquisition	100.00%	21 March 2018
MB Futurum HK s.r.o.	Acquisition	100.00%	6 April 2018
Rembertów Property Development Sp. z o.o. (2)	Acquisition	100.00%	17 April 2018
Zamość Property Development Sp. z o.o. (3)	Acquisition	100.00%	17 April 2018
Zamość Sadowa Property Development Sp. z o.o. (4)	Acquisition	100.00%	17 April 2018
Radom Property Development Sp. z o.o. (5)	Acquisition	100.00%	17 April 2018
CPI Property Development Sp. z o.o. (6)	Acquisition	100.00%	24 April 2018
1 Bishops Avenue Limited	Acquisition	100.00%	14 December 2018
Ekofarma Postřelná, s.r.o.	Founded	100.00%	25 January 2018
Farma Liščí, s.r.o.	Founded	100.00%	25 January 2018
Farma zelená sedma, s.r.o.	Founded	100.00%	25 January 2018
Jizerská farma, s.r.o.	Founded	100.00%	25 January 2018
Statek Petrovice, s.r.o.	Founded	100.00%	25 January 2018
Zákupská farma, s.r.o.	Founded	100.00%	25 January 2018
CPI Hotels Catering, s.r.o. (7)	Founded	100.00%	14 February 2018
CPI Hotels Italy S.r.l.	Founded	100.00%	13 March 2018
CPI Vestec, s.r.o.	Founded	100.00%	22 October 2018

(1) Changed its name from Montserrat Sp. z o.o. to Atrium Complex Sp. z o.o. with the effective date of 27 April 2018.
(2) Changed its name from HopStop 6 Sp. z o.o. to Rembertów Property Development Sp. z o.o. with effective date of 12 July 2018.
(3) Changed its name from HopStop Zamość 1 Sp. z o.o. to Zamość Property Development Sp. z o.o. with the effective date of 24 May 2018.
(4) Changed its name from HopStop Zamość 2 Sp. z o.o. to Zamość Sadowa Property Development Sp. z o.o. with effective date of 13 September 2018.
(5) Changed its name from RT Development Sp. z o.o. to Radom Property Development Sp. z o.o. with effective date of 20 August 2018.
(6) Changed its name from Sint Maarten Sp. z o.o. to CPI Property Development Sp. z o.o. with effective date of 17 August 2018.
(7) Changed its name from CPI Catering, s.r.o. to CPI Hotels Catering, s.r.o. with the effective date of 20 February 2018.

The following entities were either disposed or liquidated in 2018:

Entity	Change	Share owned by the Group in %	Date of disposal/liquidation
Budaörs Office Park Kft.	Disposal	100.00%	31 January 2018
Český Těšín Property Development, a.s.	Disposal	100.00%	2 May 2018
Trutnov Property Development, a.s.	Disposal	100.00%	21 June 2018
R40 Real Estate Kft.	Disposal	100.00%	27 June 2018
Modřanská Property, a.s.	Disposal	100.00%	30 August 2018
CPI Retail Portfolio III, s.r.o.	Disposal	100.00%	31 December 2018
CPI Retail Portfolio VII, s.r.o.	Disposal	100.00%	31 December 2018
ITL Alfa, s.r.o.	Disposal	100.00%	19 December 2018
CPI Finance Slovakia II, a.s.	Disposal	100.00%	31 December 2018
CPI Finance Slovakia, a.s.	Disposal	100.00%	31 December 2018
Orco Project Limited	Liquidation	97.31%	28 January 2018
Mondello, a.s.	Liquidation	100.00%	14 May 2018
Blue Yachts d.o.o.	Liquidation	67.50%	20 August 2018
CPI Finance Netherlands B.V.	Liquidation	100.00%	6 December 2018
CPI Finance Netherlands III B.V.	Liquidation	100.00%	6 December 2018
CPI Finance Ireland III Limited	Liquidation	100.00%	16 December 2018
CPI Finance Ireland Limited	Liquidation	100.00%	18 December 2018

3.7 Property asset acquisitions

Acquisition of Zgorzelec retail Park, Poland

On 10 January 2018, the Group acquired Zgorzelec Property Development Sp. z o.o., being the owner of the retail park in Zgorzelec, in Poland. The consideration paid for 100% stake amounted to PLN 2.9 million (approximately EUR 0.7 million).

The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

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

	Fair value
Investment property	2.3
Total non-current assets	**2.3**
Other financial current assets	0.2
Total current assets	**0.2**
Identifiable acquired assets	**2.5**
Financial debts	(0.6)
Total non-current liabilities	**(0.6)**
Financial debts	(0.9)
Trade payables	(0.3)
Total current liabilities	**(1.2)**
Identifiable acquired liabilities	**(1.8)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 0.7 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 25 thousand. The net cash outflow connected with the acquisition amounted to EUR 0.7 million.

Atrium Complex

On 21 March 2018, the Group acquired 100% share of Atrium Complex Sp. z o.o. (formerly Montserrat Sp. z o.o.) for the purchase price of EUR 2 thousand. The entity had no assets at the acquisition date.

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. The two office buildings have an aggregate GLA of 31,869 sqm and include a medical centre, a restaurant, a bank, a pharmacy, a premium fashion store and 410 parking lots.

Consideration paid for the two office buildings amounted to EUR 78.1 million, fully allocated to the investment property by the Group.

This acquisition was recognized as a property asset acquisition as the acquired company does not constitute business as defined by IFRS 3.

MB Futurum HK s.r.o.

On 26 March 2018, the Group acquired Futurum Hradec Králové Shopping Centre which was opened in 2000 and modernised in 2012 with a total floor area of 39,000 sqm and 1,350 parking spaces. Shopping Centre is the Group´s first prime shopping centre in the north-eastern part of the Czech Republic. The consideration paid for 100% stake was EUR 121 million.

This acquisition was recognized as a property asset acquisition as the acquired company does not constitute business as defined by IFRS 3.

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

	Fair value
Investment property	121.0
Total non-current assets	**121.0**
Trade receivables	2.4
Cash and cash equivalents	3.1
Other financial current assets	0.2
Other non-financial current assets	0.4
Total current assets	**6.1**
Identifiable acquired assets	**127.1**
Financial debts	(48.3)
Deferred tax liabilities	(0.7)
Other non-current liabilities	(1.1)
Total non-current liabilities	**(50.1)**
Financial debts	(1.1)
Trade payables	(0.9)
Derivative instruments	(0.2)
Other financial current liabilities	(1.0)
Other non-financial current liabilities	(0.3)
Total current liabilities	**(3.5)**
Identifiable acquired liabilities	**(53.6)**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 73.5 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 3.1 million. The net cash outflow connected with the acquisition amounted to EUR 70.4 million. As a part of the acquisition, financial debts of EUR 49.4 million were also repaid by the Group.

Acquisition of retail parks chain in Poland ("HopStop portfolio")

On 17 April 2018, the Group acquired, as a share deal, the four existing retail parks in Poland – Retail park HopStop Zamość 1, Retail park HopStop Zamość 2, Retail park HopStop Rembertów and Retail park Hop Stop Radom. The retail parks are operated under HopStop brand and are located in Warsaw and regional cities of Poland with totalling 19,000 sqm of a gross leasable area. The retail parks chain offers comfortable parking places, separated supply zone, some of the projects are also enriched with petrol stations and car washes, offering customers wide scope of services.

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

Retail park HopStop Rembertów

The acquisition was carried out through the purchase of 100% stake in Rembertów Property Development Sp. z o.o. (former HopStop 6 Sp. Z o.o.) for the consideration paid of EUR 0.1 million.

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

	Fair value
Investment property	4.2
Total non-current assets	**4.2**
Cash and cash equivalents	0.9
Other financial current assets	0.2
Total current assets	**1.1**
Identifiable acquired assets	**5.3**
Financial debts	(5.1)
Total non-current liabilities	**(5.1)**
Trade payables	(0.1)
Total current liabilities	**(0.1)**
Identifiable acquired liabilities	**(5.2)**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 0.1 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.9 million. The net cash inflow connected with the acquisition amounted to EUR 0.8 million.

As a part of the acquisition, financial debts of EUR 5.1 million were repaid.

Retail park HopStop Zamość 1

The acquisition was carried out through the purchase of 100% stake in Zamość Property Development Sp. z o.o. (former HopStop Zamość 1 Sp. z o.o.) for total consideration paid of EUR 1.2 million.

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

	Fair value
Investment property	6.4
Total non-current assets	**6.4**
Trade receivables	0.1
Cash and cash equivalents	0.6
Total current assets	**0.7**
Identifiable acquired assets	**7.1**
Financial debts	(5.7)
Other non-current liabilities	(0.1)
Total non-current liabilities	**(5.8)**
Other financial current liabilities	(0.1)
Total current liabilities	**(0.1)**
Identifiable acquired liabilities	**(5.9)**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 1.2 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.6 million. The net cash outflow connected with the acquisition amounted to EUR 0.6 million. As a part of the acquisition, financial debts of EUR 5.7 million were also repaid by the Group.

Retail park HopStop Zamość 2

The acquisition was carried out through the purchase of 100% stake in Zamość Sadowa Property Development Sp. z o.o. (former HopStop Zamość 2 Sp. z o.o.) for total consideration paid of EUR 1.5 million.

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

	Fair value
Investment property	8.4
Total non-current assets	**8.4**
Trade receivables	0.1
Cash and cash equivalents	0.4
Other non-financial current assets	0.1
Total current assets	**0.6**
Identifiable acquired assets	**9.0**
Financial debts	(7.1)
Total non-current liabilities	**(7.1)**
Other financial current liabilities	(0.3)
Other non-financial current liabilities	(0.1)
Total current liabilities	**(0.4)**
Identifiable acquired liabilities	**(7.5)**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 1.5 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.4 million. The net cash outflow connected with the acquisition amounted to EUR 1.1 million. As a part of the acquisition, financial debts of EUR 7.1 million were also repaid by the Group.

Retail park Hop Stop Radom

The acquisition was carried out through the purchase of 100% stake in Radom Property Development Sp. z o.o. (former RT Development Sp. z o.o. for the consideration paid of EUR 1.3 million.

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

	Fair value
Investment property	2.6
Total non-current assets	**2.6**
Cash and cash equivalents	0.2
Total current assets	**0.2**
Identifiable acquired assets	**2.8**
Financial debts	(1.5)
Total non-current liabilities	**(1.5)**
Identifiable acquired liabilities	**(1.5)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 1.3 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.2 million. The net cash outflow connected with the acquisition amounted to EUR 1.1 million. As a part of the acquisition, financial debts of EUR 1.5 million were also repaid by the Group.

1 Bishops Avenue Limited

On 13 December 2018, the Group acquired 100% share of 1 Bishops Avenue Limited ("Bishops") for the consideration of EUR 1. The entity had no assets at the acquisition date. On 17 December 2018, Bishops acquired 11 luxury apartments at Buxmead in North London.

The purchase price of the apartments was EUR 66.9 million, fully allocated to investment property by the Group.

This acquisition was recognized as a property asset acquisition as the acquired company does not constitute business as defined by IFRS 3.

3.8 Acquisition through business combinations in 2018

CPI Hotels Italy S.r.l.

On 13 March 2018, the Group founded CPI Hotels Italy S.r.l. In June 2018, CPI Hotels Italy purchased the hotel operator of Holiday Inn hotel in Rome. The acquisition of the hotel operator is treated as a business combination under IFRS 3.

Holiday Inn hotel in Rome was already owned by the Group prior the acquisition of its operator. Upon acquisition of its operator, the hotel was transferred from the investment property to PPE (see 6.2 and 6.3).

The consideration paid amounted to EUR 4.1 million.

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

	Fair value
Property, plant and equipment	0.1
Total non-current assets	**0.1**
Identifiable acquired assets	**0.1**
Trade payables	(0.2)
Other non-financial current liabilities	(0.2)
Total current liabilities	**(0.4)**
Identifiable acquired liabilities	**(0.4)**

As a result of this business combination, the Group recognized goodwill in the amount of 4.4 million (see note 6.1), which was written off in 2018.

If the acquisition had occurred on 1 January 2018, with all other variables held constant, the Group total revenues in 2018 would have been EUR 607.9 million and net profit from continuing operations would have been EUR 630.7 million.

3.9 Disposal of subsidiaries in 2018

The Group decided to dispose of the following subsidiaries, since they were considered as a non-core assets:

- Budaörs Office Park property in Hungary was sold for consideration paid of EUR 9.4 million on 31 January 2018.
- Český Těšín Property Development was sold for EUR 2.1 million on 2 May 2018.
- Five retail properties located in regional cities of northern Czech Republic were sold for EUR 5.2 million on 21 June 2018.
- Hungarian R40 Real Estate Kft. was sold for EUR 0.9 thousand on 27 June 2018.
- Office building located in Prague was sold for EUR 2.0 million on 30 August 2018.
- Three retail properties located in regional cities of northern the Czech Republic were sold for EUR 9.3 million on 18 December 2018.
- CPI Finance Slovakia, a.s. and CPI Finance Slovakia II, a.s. were sold for EUR 0.2 million on 31 December 2018.

4 Segment reporting

The management of the Group reviews financial information that is principally the same as that based on the accounting policies described in note 2.2.

The Board of Directors, which is the chief operating decision maker, also reviews the Segment adjusted EBITDA. Segment adjusted EBITDA is segment business income after administrative expenses. Segment adjusted EBITDA is one of the key metrics used to evaluated and manage operating segments as it is an important economic indicator showing operating efficiency. Segment adjusted EBITDA is not defined or recognised under IFRS and is considered as a non-IFRS financial measure used to evaluate current business performance.

For management purposes, the Group is structured into four operating segments corresponding primarily to geographic regions: Czech Republic, Berlin, Hotels & Resorts in Europe (including those in the Czech Republic) and Complementary assets in Europe.

The Group engages in the following business activities:

- The Group owns retail, office and residential office and land bank portfolio and operates agricultural farms in the Czech Republic;
- The Group is a leading office provider in Berlin, Germany;
- The Group operates primarily congress and convention hotels in the Czech Republic, in major CEE region cities, Moscow, Rome, Croatian island Hvar and ski mountain resorts in Switzerland;
- Group's complementary assets portfolio primarily consists of the office and retail portfolio in Hungary, Poland and Slovakia.
- The Group also operates residential portfolio in western Europe (primarily London, Monaco and France).

4.1 Income statement per operating segments

2019

	Czech Republic	Berlin	Hotels & resorts in Europe	Complementary assets in Europe	Corporate and not attributable	Total
Gross rental income	170.6	74.2	-	74.3	-	319.1
Service charge and other income	61.1	31.2	-	30.8	-	123.1
Cost of service and other charges	(45.6)	(15.8)	-	(26.6)	-	(88.0)
Property operating expenses	(32.0)	(18.1)	-	(9.7)	-	(59.8)
Net rental income	**154.1**	**71.5**	**-**	**68.8**	**-**	**294.4**
- Office portfolio	*42.2*	*70.2*	-	*23.6*	-	*136.0*
- Retail portfolio	*95.3*	-	-	*36.9*	-	*132.2*
- Residential portfolio	*11.9*	-	-	*(0.8)*	-	*11.1*
- Other	*4.7*	1.3	-	*9.1*	-	*15.1*
Development sales	29.2	-	-	20.9	-	50.1
Development operating expenses	(24.4)	-	-	(21.9)	-	(46.3)
Net development income	**4.8**	**-**	**-**	**(1.0)**	**-**	**3.8**
Hotel revenue	-	-	133.8	-	-	133.8
Hotel operating expenses	-	-	(93.8)	-	-	(93.8)
Net hotel income	**-**	**-**	**40.0**	**-**	**-**	**40.0**
Other business revenue	14.9	-	30.8	-	-	45.7
Other business operating expenses	(10.1)	-	(28.9)	-	-	(39.0)
Net other business income	**4.8**	**-**	**1.9**	**-**	**-**	**6.7**
Total revenues	275.8	105.4	164.6	126.0	-	671.8
Total direct business operating expenses	(112.1)	(33.9)	(122.7)	(58.2)	-	(326.9)
Net business income	**163.7**	**71.5**	**41.9**	**67.8**	**-**	**344.9**
Administrative expenses	(2.5)	(10.7)	(0.2)	(3.2)	(36.6)	(53.2)
Segment adjusted EBITDA	**161.2**	**60.8**	**41.7**	**64.6**	**(36.6)**	**291.7**
Valuation gain	164.6	383.7	-	67.0	-	615.3
Valuation loss	(39.4)	(0.9)	-	(25.0)	-	(65.3)
Net gain/(loss) on disposal of investment property and subsidiaries	(2.8)	1.1	-	3.7	-	2.0
Amortization, depreciation and impairments	(14.5)	(1.5)	(20.3)	(1.5)	(3.7)	(41.5)
Segment operating result	**269.1**	**443.2**	**21.4**	**108.8**	**(40.3)**	**802.2**
Other operating income					10.2	10.2
Other operating expenses					(7.3)	(7.3)
Operating result						**805.1**
Interest income					13.5	13.5
Interest expense					(54.2)	(54.2)
Other net financial result					0.4	0.4
Net finance costs					**(40.3)**	**(40.3)**
Share of profit of equity-accounted investees (net of tax)					(0.2)	(0.2)
Profit before income tax						**764.6**
Income tax expense					(80.0)	(80.0)
Net profit from continuing operations						**684.6**

2018

	Czech Republic	Berlin	Hotels & resorts in Europe	Complementary assets in Europe	Corporate and not attributable	Total
Gross rental income	171.5	65.6	-	64.6	-	301.7
Service charge and other income	56.6	28.9	-	25.7	-	111.2
Cost of service and other charges	(43.6)	(15.0)	-	(26.4)	-	(85.0)
Property operating expenses	(33.6)	(15.5)	-	(6.9)	-	(56.0)
Net rental income	**150.9**	**64.0**	**-**	**57.0**	**-**	**271.9**
- *Office portfolio*	*42.5*	*64.0*	-	*16.8*	-	*123.3*
- *Retail portfolio*	*98.0*	-	-	*37.7*	-	*135.7*
- *Residential portfolio*	*8.2*	-	-	*(0.7)*	-	*7.5*
- *Other*	*2.2*	-	-	*3.2*	-	*5.4*
Development sales	8.0	-	-	22.3	-	30.3
Development operating expenses	(5.9)	-	-	(24.8)	-	(30.7)
Net development income	**2.1**	**-**	**-**	**(2.5)**	**-**	**(0.4)**
Hotel revenue	-	-	122.1	-	-	122.1
Hotel operating expenses	-	-	(82.1)	-	-	(82.1)
Net hotel income	**-**	**-**	**40.0**	**-**	**-**	**40.0**
Other business revenue	12.2	-	26.2	-	-	38.4
Other business operating expenses	(8.9)	-	(21.5)	-	-	(30.4)
Net other business income	**3.3**	**-**	**4.7**	**-**	**-**	**8.0**
Total revenues	248.3	94.5	148.3	112.6	-	603.7
Total direct business operating expenses	(91.9)	(30.5)	(103.7)	(58.1)	-	(284.2)
Net business income	**156.4**	**64.0**	**44.6**	**54.5**	**-**	**319.5**
Administrative expenses	(5.6)	(7.0)	(0.4)	(0.7)	(35.5)	(49.2)
Segment adjusted EBITDA	**150.8**	**57.0**	**44.2**	**53.8**	**(35.5)**	**270.3**
Valuation gain	151.3	395.7	-	112.7	-	659.7
Valuation loss	(61.8)	(8.8)	-	(10.2)	-	(80.8)
Net gain/(loss) on disposal of investment property and subsidiaries	(0.4)	-	-	(0.3)	1.2	0.5
Amortization, depreciation and impairments	(2.4)	(2.8)	(61.1)	-	1.9	(64.4)
Segment operating result	**237.5**	**441.0**	**(16.9)**	**156.0**	**(32.3)**	**785.3**
Other operating income					6.7	6.7
Other operating expenses					(6.5)	(6.5)
Operating result						**785.5**
Interest income					14.3	14.3
Interest expense					(78.4)	(78.4)
Other net financial result					(72.0)	(72.0)
Net finance costs					**(136.1)**	**(136.1)**
Share of profit of equity-accounted investees (net of tax)					(0.7)	(0.7)
Profit before income tax						**648.7**
Income tax expense					(17.9)	(17.9)
Net profit from continuing operations						**630.8**

4.2 Revenues by countries

The following table presents revenues by countries:

	12 month period ended			
	31 December 2019		31 December 2018	
	Amount	In %	Amount	In %
Czech Republic	348.1	52%	313.1	52%
Germany	105.4	16%	94.5	15%
Hungary	66.9	10%	64.3	11%
Poland	40.1	6%	29.9	5%
Croatia	29.6	4%	28.9	5%
Other	81.7	12%	73.0	12%
Total revenues	**671.8**	**100%**	**603.7**	**100%**

4.3 Non-current assets by operating segments and countries

The following table presents investment property by operating segments and countries:

	31 December 2019		31 December 2018	
	Amount	In %	Amount	In %
By operating segments				
Czech Republic	3,703.0	46%	3,453.3	52%
- *Office portfolio*	*813.6*	*22%*	*751.9*	*22%*
- *Retail portfolio*	*1,625.2*	*44%*	*1,587.1*	*45%*
- *Residential portfolio*	*465.9*	*13%*	*447.1*	*13%*
- *Land bank and development*	*634.6*	*17%*	*523.7*	*16%*
- *Other*	*163.7*	*4%*	*143.5*	*4%*
Berlin	2,462.1	30%	2,049.8	31%
- *Office portfolio*	*2,298.3*	*93%*	*2,013.9*	*98%*
- *Land bank and development*	*160.3*	*6%*	*31.5*	*2%*
- *Other*	*3.5*	*1%*	*4.4*	-
Complementary assets in Europe	1,991.7	24%	1,184.0	17%
- *Office portfolio*	*1,073.9*	*54%*	*417.0*	*35%*
- *Retail portfolio*	*544.7*	*27%*	*513.8*	*43%*
- *Land bank and development*	*43.6*	*3%*	*50.7*	*4%*
- *Residential portfolio*	*290.3*	*15%*	*196.8*	*17%*
- *Other*	*39.2*	*1%*	*5.7*	*1%*
Total	**8,156.8**	**100%**	**6,687.1**	**100%**
By countries				
Czech Republic	3,703.0	46%	3,453.3	52%
Germany	2,462.1	30%	2,049.8	31%
Hungary	607.5	7%	548.5	8%
Poland	874.7	11%	312.2	5%
Other	509.5	6%	323.3	4%
Total	**8,156.8**	**100%**	**6,687.1**	**100%**

The following table presents property, plant and equipment by operating segments and countries:

	31 December 2019		31 December 2018	
	Amount	In %	Amount	In %
By operating segments				
Hotels and resorts	852.2	96%	704.8	96%
Czech Republic	22.9	3%	22.8	3%
Berlin	9.7	1%	8.2	1%
Complementary assets in Europe	0.9	0%	0.4	-
Total	**885.7**	**100%**	**736.2**	**100%**
By countries				
Czech Republic	454.7	51%	353.6	48%
Croatia	194.0	22%	178.0	24%
Switzerland	76.1	9%	74.4	10%
Hungary	61.3	7%	58.4	8%
Other	99.6	11%	71.8	10%
Total	**885.7**	**100%**	**736.2**	**100%**

The following table presents goodwill by operating segments and countries:

	31 December 2019 Amount	31 December 2018 Amount
Czech Republic	-	7.1
Berlin	42.6	42.6
Hotels and resorts	48.8	45.9
Complementary assets in Europe	1.9	1.9
Total	**93.3**	**97.5**

5 Consolidated statement of comprehensive income

5.1 Gross rental income

	12 month period ended 31 December 2019	31 December 2018
Gross rental income	319.1	301.7

An increase of gross rental income was primarily driven by growth of rents in the Berlin and Hungary portfolios, together with the impact of acquisitions in 2019 and 2018.

5.2 Net service charge and other income

	12 month period ended 31 December 2019	31 December 2018
Service revenue	7.6	5.2
Service charge income	100.6	93.1
Revenues from sales of utilities	14.9	12.9
Service charges and other income	**123.1**	**111.2**
Service charge expenses	(79.0)	(76.6)
Cost of utilities	(9.0)	(8.4)
Cost of service and other charges	**(88.0)**	**(85.0)**
Total net service charge and other income	**35.1**	**26.2**

In 2019 and 2018, revenue from sales of utilities relates primarily to the sale of water and electricity.

5.3 Property operating expenses

	12 month period ended 31 December 2019	31 December 2018
Building Maintenance	(26.9)	(28.5)
Personnel expenses (5.3.1)	(8.6)	(8.2)
Utility services	(4.9)	(4.4)
Real estate tax	(4.0)	(4.1)
Letting fee, other fees paid to real estate agents	(3.8)	(2.3)
Facility management	(3.9)	(2.1)
Other property related expenses	(7.7)	(6.4)
Total net property operating expenses	**(59.8)**	**(56.0)**

In 2019 and 2018, property operating expenses also include Group's expenses related to vacant premises.

5.3.1 Personnel expenses

	12 month period ended 31 December 2019	31 December 2018
Personnel operating expenses		
Wages and salaries	(6.4)	(6.1)
Social and health security contributions	(2.0)	(1.9)
Other social expenses	(0.2)	(0.2)
Total personnel operating expenses (note 5.3)	**(8.6)**	**(8.2)**
Personnel administrative expenses		
Wages and salaries	(19.8)	(18.6)
Social and health security contributions	(4.9)	(4.4)
Other social expenses	(0.7)	(0.5)
Total personnel administrative expenses (note 5.10)	**(25.4)**	**(23.5)**
Personnel expenses – hotel operations		
Wages and salaries	(29.7)	(24.1)
Social and health security contributions	(7.7)	(6.4)
Other social expenses	(0.8)	(0.5)
Total personnel expenses – hotel operations (note 5.5)	**(38.2)**	**(31.0)**
Personnel expenses – other business operations		
Wages and salaries	(16.6)	(12.8)
Social and health security contributions	(3.1)	(2.5)
Other social expenses	(0.6)	(0.4)
Total personnel expenses – other business operations (note 5.6)	**(20.3)**	**(15.7)**
Total personnel expenses	**(92.5)**	**(78.4)**

The Group has 4,353 employees as at 31 December 2019 (3,891 employees as at 31 December 2018).

5.4 Net development income

	12 month period ended 31 December 2019	31 December 2018
Development sales	50.1	30.3
Development operating expenses	(46.3)	(30.7)
Net development income	**3.8**	**(0.4)**

Development income and development operating expenses in 2019 and 2018 represent primarily sale of apartments in Nice, France (sales of EUR 20.9 million and operating expenses of EUR 21.9 million in 2019 and sales of EUR 22.3 million in 2018 and operating expenses of |EUR 25.0 million, respectively) and sales of family houses from the ongoing development project in Prague, the Czech Republic (sales of EUR 20.3 million and operating expenses of EUR 18.1 million in 2019 and sales of EUR 7.6 million and operating expenses of EUR 5.8 million in 2018, respectively).

5.5 Net hotel income

	12 month period ended 31 December 2019	31 December 2018
Hotel revenue	133.8	122.1
Personnel expenses (5.3.1)	(38.2)	(31.0)
Hotel other operating expenses	(55.6)	(51.1)
Net hotel income	**40.0**	**40.0**

5.6 Net other business income

	12 month period ended 31 December 2019	31 December 2018
Other business revenue	45.7	38.4
Personnel expenses (5.3.1)	(20.3)	(15.7)
Other business operating expenses (except for personnel expenses)	(18.7)	(14.7)
Net other business income	**6.7**	**8.0**

5.7 Net valuation gain

	12 month period ended 31 December 2019	31 December 2018
Fair value change, net of foreign exchange gain/(loss)	561.0	544.0
Net foreign exchange gain/(loss)	(11.0)	34.9
Net valuation gain	**550.0**	**578.9**

Valuation gains and losses per operating segments

	Czech Republic	Berlin	Complementary assets in Europe	Total
12 months period ended 31 December 2019				
Valuation gain	164.6	383.7	67.0	615.3
Valuation loss	(39.3)	(1.0)	(25.0)	(65.3)
Net valuation gain	**125.3**	**382.7**	**42.0**	**550.0**
12 months period ended 31 December 2018				
Valuation gain	151.3	395.7	112.7	659.7
Valuation loss	(61.8)	(8.8)	(10.2)	(80.8)
Net valuation gain	**89.5**	**386.9**	**102.5**	**578.9**

Czech Republic

In 2019, the most significant valuation gains related to revaluation of the Prague office portfolio (EUR 36.1 million), Czech residential portfolio (EUR 20.1 million), two significant retail and office projects in Prague, Czech Republic (EUR 17.5 million and EUR 14.2 million, respectively), and the retail portfolio (EUR 45.0 million) and land banks (EUR 17.2 million).

In 2019, the valuation loss primarily related to revaluation of retail portfolio and land banks (EUR 19.0 million and EUR 7.0 million).

In 2018, the main significant valuation gain related to residential portfolio (EUR 41.0 million).

In 2018, the valuation loss relates primarily to the revaluation of three shopping centres in the Czech Republic (EUR 24.4 million) and revaluation of reconstruction project of the retail building in Prague, the Czech Republic (EUR 12.0 million).

Berlin

Berlin's valuation gain in both 2019 and 2018 relates to Berlin's office portfolio and reflects continuously growthing real estate market in Berlin.

Complementary assets in Europe

In 2019, the most significant valuation gains related to revaluation of the Hungarian retail and office portfolio (EUR 45.9 million) and residential portfolio in Monaco (EUR 11.1 million).

In 2018, the most significant valuation gains related to revaluation of London's apartments (EUR 24.2 million) and retail and office portfolio in Hungary, Poland and Romania (in total of EUR 19.9 million).

For the assumptions used by the professional valuers in the preparation of appraisals as at 31 December 2019, refer to note 7.5.3.

5.8 Net gain on the disposal of investment property and subsidiaries

The following table summarizes effects of investment property disposals:

	12 month period ended 31 December 2019	31 December 2018
Net gain on the disposal of investment property	**1.4**	**2.0**
Proceeds from disposal of investment property	9.0	9.5
Carrying value of investment property disposed of and related cost	(7.6)	(7.5)
Net Gain on the disposal of subsidiaries	**0.6**	**(1.5)**
Proceeds from disposal of subsidiaries	8.7	22.3
Carrying value of subsidiaries disposed of and related cost	(8.1)	(23.8)
Total gain on the disposal of investment property and subsidiaries	**2.0**	**0.5**

The following table summarizes disposal effects of subsidiaries sold:

	12 month period ended 31 December 2019	31 December 2018
Investment property	30.2	21.7
Property, plant and equipment	-	5.6
Total non-current assets	**30.2**	**27.3**
Current income tax receivables	-	0.1
Trade receivables	0.7	1.5
Cash and cash equivalents	0.6	18.8
Other non-financial current assets	-	0.5
Assets held for sale	-	63.0
Total current assets	**1.3**	**83.9**
Identifiable disposed assets	**31.5**	**111.2**
Financial debts	(17.6)	(38.3)
Deferred tax liabilities	(4.2)	(1.3)
Other non-current liabilities	(0.6)	-
Total non-current liabilities	**(22.4)**	**(39.6)**
Financial debts	(0.3)	(6.8)
Trade payables	(0.3)	(1.4)
Advance payments	-	(5.5)
Other financial current liabilities	-	(20.5)
Other non-financial current liabilities	(0.4)	-
Liabilities from assets held for sale	-	(13.6)
Total current liabilities	**(1.0)**	**(47.8)**
Identifiable disposed liabilities	**(23.4)**	**(87.4)**
Net assets disposed of	8.1	23.8
Proceeds from disposal of subsidiaries	8.7	22.3
Net gain (loss) on disposal of subsidiaries	**0.6**	**(1.5)**

In 2019 and 2018, new owners repaid loans which were provided by the Group to disposed subsidiaries of EUR 5.3 million and EUR 38.3 million, respectively.

For details on sale of subsidiaries in 2019 and 2018, refer to note 3.5 and 3.9, respectively.

5.9 Amortization, depreciation and impairment

	12 month period ended 31 December 2019	31 December 2018
Depreciation and amortization	(33.1)	(32.6)
Impairment of assets	(8.4)	(31.8)
Amortization, depreciation and impairment	**(41.5)**	**(64.4)**

Movement of impairment of assets

	12 month period ended 31 December 2019	31 December 2018
Impairment/ reversal of impairment of property, plant and equipment	5.3	(19.7)
Impairment of goodwill	(7.0)	(13.2)
Impairment/ reversal of impairment of inventories	(2.2)	1.5
Impairment of trade receivables and loans provided	(4.5)	(0.4)
Total impairment of assets	**(8.4)**	**(31.8)**

In 2018, the Group recognized impairment of property, plant and equipment of EUR 15.8 million related to CMA mountain resort in Switzerland and agriculture properties, see note 6.3.

In 2019, the Group wrote-off goodwill related to the acquisition of agricultural group Spojené farmy in the amount of EUR 7.0 million (see note 6.1).

In 2018, the Group wrote-off goodwill related to the acquisition of Hospitality group and CPI Hotels Italy in the amount of EUR 8.8 million and EUR 4.4 million, respectively.

5.10 Administrative expenses

	12 month period ended 31 December 2019	31 December 2018
Personnel expenses (5.3.1)	(25.4)	(23.5)
Audit, tax and advisory services	(3.2)	(5.5)
Legal services	(6.4)	(4.8)
Advertising	(2.1)	(2.5)
IT expenses	(1.8)	(1.6)
Other administrative expenses	(14.3)	(11.3)
Total administrative expenses	**(53.2)**	**(49.2)**

In 2019, the audit, tax and advisory expenses also include the cost of services provided by the Group's auditor in total of EUR 1.8 million (EUR 2.0 million in 2018), of which EUR 1.4 million (EUR 1.6 million in 2018) related to audit services and EUR 0.4 million (EUR 0.4 million in 2018) related to other assurance and advisory services (primarily comfort letters for bonds issued, benchmarking for transfer pricing and due diligence).

In 2019 and 2018, the Group paid EUR 0.8 million and EUR 0.8 million to independent valuers for valuation of its investment property. The fees are classified as other administrative expenses.

5.11 Interest expense

	12 month period ended 31 December 2019	31 December 2018
Interest expense from bank and other loans	(18.2)	(33.9)
Interest expense on bonds issued	(35.2)	(43.8)
Interest expense related to leases	(0.5)	(0.5)
Interest expense on other non-current liabilities	(0.3)	(0.2)
Total interest expense	**(54.2)**	**(78.4)**

In 2019, the interest expense from bank and other loans decreased due to repayment of major part of the bank loans in 2018.

In 2019, the interest expense on bonds issued decreased due to improved terms of newly issued bonds.

5.12 Other net financial result

	12 month period ended 31 December 2019	31 December 2018
Change in fair value and realized result on derivative instruments not used for hedging	1.8	(2.4)
Net foreign exchange gain/ (loss)	8.7	(16.8)
Bank charges	(4.0)	(2.8)
Other net financial result	(6.1)	(50.0)
Total other net financial result	**0.4**	**(72.0)**

In 2018, the other net financial result primarily related to early repayment of bank loans and bonds issued (EUR 43.0 million).

5.13 Income tax expense

	12 month period ended 31 December 2019	31 December 2018
Income tax expense		
Current year income tax expense	(18.8)	(14.1)
Adjustment for prior years	0.1	(1.0)
Total current year income tax expense	**(18.7)**	**(15.1)**
Deferred income tax expense		
Temporary differences	(38.3)	(54.2)
Changes in income tax rate	1.2	0.2
(Utilization)/ recognition of tax losses carried forward	(23.9)	51.2
Other effects	(0.3)	-
Total deferred tax expense	**(61.3)**	**(2.8)**
Total income tax recognised in profit or loss	**(80.0)**	**(17.9)**

In 2019, the Group's effective tax rate in respect of continuing operations was 10.5% (2.75% in 2018). A significantly lower effective tax rate in 2018 was due to recognition of previously unrecognized deferred tax assets from tax losses carried forward by CPI FIM Group (deferred tax impact of EUR 51.7) and partially released deferred tax liability due to trade tax exemption of significant part of the rental income generated by the Group's office portfolio in Berlin, Germany (EUR 86.8 million).

Reconciliation of effective tax rate

	12 month period ended	
	31 December 2019	31 December 2018
Profit for the period	684.6	630.8
Total income tax recognised in profit or loss	80.0	17.9
Profit before income tax	**764.6**	**648.7**
Domestic corporate income tax rate	24.94%	26.01%
Income tax expense using the domestic corporate income tax rate	(190.7)	(168.7)
Effect of tax rates in foreign jurisdictions	13.0	10.3
Changes in income tax rates	1.2	0.2
Non-deductible expense	(22.4)	(17.3)
Tax exempt income	104.6	102.4
Change in unrecognized deferred tax asset	(5.7)	37.3
Income tax adjustment for prior years	(0.4)	(0.5)
Other	20.4	18.4
Total income tax recognised in profit or loss	**(80.0)**	**(17.9)**

The main tax rules imposed on the Group companies

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

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

Germany: Business profits are basically subject to two taxes, corporate income tax and trade tax. Corporate income tax and solidarity surcharge add up to a total of 15.825% rate. Trade tax rate varies by location. For Berlin, where the business of the Group is concentrated, it is 14.35%. Therefore, the nominal overall tax burden on profits earned in Berlin is 30.175%. However, the effective overall tax burden tends to be slightly higher because the trade tax base differs from the corporate income tax base as several business expenses are not fully deductible for trade tax purposes. In contrast, companies who only manage and let their own properties and capital assets may apply for a trade tax exemption of their property profits which is applicable on large parts of the Group's profits from German assets. Tax losses may be carried forward indefinitely and may be fully utilized against profit up to EUR 1 million and only 60% on the exceeding profits. A direct or indirect change in the ownership of corporations of more than 50% within five years result in complete forfeiture of the tax losses carried forward unless specific exemption clauses are applicable (e. g. sufficient hidden reserves in the corporation, certain share transfers within groups, continuation of unchanged business).

Slovakia: The corporate income tax rate is 21%. Tax losses may be carried forward and utilized equally over 4 years.

Hungary: The corporate income tax rate is 9%. Tax losses generated before 2015 may be carried forward until 2030, while tax losses generated after 2015 may be carried forward for 5 years. The utilization of tax losses in each year is capped at 50% of the tax base.

France: Corporate income tax rate is 28% on taxable income up to EUR 500 thousand and 31% on taxable income exceeding EUR 500 thousand for 2019. Tax losses may be carried forward indefinitely but may be fully utilized against profit up to EUR 1 million and 50% on the excess.

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

Romania: The corporate income tax rate is 16%. Tax rate for micro-enterprise companies with revenues not exceeding EUR 500 thousand is 1% (3% with companies with no employees). Tax losses may be carried forward for 7 years.

Italy: The corporate income tax ("IRES") rate is 24% plus the regional tax on productive activities ("IRAP") of 4.82% is applicable in Rome where the business of the Group is situated. For IRES purposes, tax losses may be carried forward indefinitely. However, tax losses may be offset only up to 80% of taxable income in each year (the "minimum tax" rule). Tax losses incurred during the first 3 years of new activity may be used to fully offset corporate taxable income. Utilization of the tax losses carried forward is limited upon business reorganizations and a change of control. For IRAP purposes, tax losses may not be carried forward.

Switzerland: Corporate income tax is imposed on the federal, cantonal and commune levels. Swiss federal corporate income tax rate is 8.5%. In canton Valais, where the business operations of the Group are situated, the both cantonal and commune tax rates are 3% for income up to CHF 150 thousand and 9.5% for income above CHF 150 thousand. Since the taxes are deductible the overall effective tax rate ranges from 12.66% (income up to up to CHF 150 thousand) to 21.55%. Tax losses may be carried forward for 7 years.

Croatia: The corporate income tax rate is 18%. Tax rate for companies with annual revenues under HRK 3 million (approx. EUR 400,000) is 12%. Tax losses may be carried forward for 5 years, certain limitations apply in the case of change of control.

Monaco: The corporate income tax rate is 33.33% for companies that generate above 25% of their turnover outside Monaco, otherwise 0%.

United Kingdom: The corporate income tax rate is 19%. Losses from property business can be carried forward without time limit. There are complex anti-avoidance rules that restrict the utilization of losses in case of a change in the ownership.

Russian Federation: The corporate income tax rate for the Moscow region is 20%. Losses can be carried forward without time limit, but utilization of losses cannot exceed a cap of 50% of the tax base of the current period.

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Investment property	12.5	12.4	(756.7)	(712.5)	(744.2)	(700.1)
Property, plant and equipment	14.9	14.7	(66.6)	(54.8)	(51.7)	(40.1)
Inventories	2.0	0.1	(0.9)	(0.6)	1.2	(0.5)
Financial debts	5.2	1.9	(0.4)	(1.2)	4.8	0.7
Derivative instruments	3.6	0.5	(9.7)	(6.0)	(6.1)	(5.5)
Tax losses carried-forward*	164.2	180.9	-	-	164.2	180.9
Other	3.7	2.1	(9.5)	(4.0)	(5.9)	(1.9)
Gross deferred tax assets/(liabilities)	206.1	212.6	(843.8)	(779.1)	(637.7)	(566.5)
Deferred tax offset by subsidiaries	(37.9)	(17.4)	37.9	17.5	-	-
Total	**168.2**	**195.2**	**(805.9)**	**(761.6)**	**(637.7)**	**(566.5)**
Deferred tax linked to AHFS	-	3.5	(0.3)	(4.9)	(0.3)	(1.4)
Total including AHFS	**168.2**	**198.7**	**(806.2)**	**(766.5)**	**(638.1)**	**(567.9)**

* The Group recognizes the deferred tax asset from tax losses carried forward by CPI FIM Group in amount of EUR 148.9 million as at 31 December 2019 (EUR 175.3 million as at 31 December 2018). The deferred tax asset is based on the future taxable profits that are expected to be generated. The expected profits reflect the Group's strategy in which CPI FIM renders financial services to the Group. The major part can be carried forward undefinitely. The Group's perspective of tax losses utilization is based on a 10 years budget of CPI FIM's taxable profits.

Unrecognised deferred tax assets and liabilities

	31 December 2019	31 December 2018
Investment property*	(125.3)	(79.4)
Tax losses carried-forward**	201.5	204.1

* Deferred tax liability arising from differences at initial recognition of asset acquisitions are not recognized in accordance with IAS 12.

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

Expiry of unrecognized tax losses carried forward

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
As at 31 December 2019	10.3	61.8	71.7	766.5	**910.3**
As at 31 December 2018	10.7	43.3	66.8	785.3	**906.1**

Movement in deferred tax

	12 month period ended	
	31 December 2019	31 December 2018
Deferred tax as at 1 January	(566.5)	(565.8)
Recognized in profit or loss	(61.3)	(3.8)
Recognized in other comprehensive income	(11.9)	(2.1)
Effect of business combinations	(1.7)	(0.7)
Disposal of subsidiaries	4.2	1.3
Transfers	(1.1)	1.2
Translation reserve	0.5	3.5
Total net deferred tax liabilities	**(637.8)**	**(566.5)**
Deferred tax linked to AHFS as at 1 January	(1.4)	(4.3)
Transfers	1.1	(1.2)
Recognized in profit or loss	-	0.9
Disposal of subsidiaries	-	3.2
Total net deferred tax liabilities linked to AHFS	**(0.3)**	**(1.4)**
Total including those linked to AHFS	**(638.1)**	**(567.9)**

In 2019, EUR 45.5 million (EUR 51.3 million in 2018) of deferred tax expense recognized in profit or loss related to revaluation of investment property and property, plant and equipment.

6 Consolidated statement of financial position

6.1 Intangible assets and goodwill

2019

	Goodwill	Software	Other	Total
Cost				
Balance as at 1 January 2019	112.7	7.1	11.6	131.4
Effect of business combinations (note 3.3)	2.2	-	-	2.2
Additions	-	1.3	1.4	2.7
Effect of movements in exchange rates	0.7	-	-	0.7
Balance at 31 December 2019	**115.6**	**8.4**	**13.0**	**137.0**
Amortization and impairment losses				
Balance as at 1 January 2019	15.2	4.1	1.8	21.1
Amortization for the period	-	1.4	0.5	1.9
Impairment loss / (reversal of impairment loss)	7.1	-	-	7.1
Disposals out of the Group	-	-	(0.1)	(0.1)
Balance as at 31 December 2019	**22.3**	**5.5**	**2.2**	**30.0**
Carrying amounts				
As at 1 January 2019	97.5	3.0	9.8	110.3
As at 31 December 2019	**93.3**	**2.9**	**10.8**	**107.0**

2018

	Goodwill	Software	Other	Total
Cost				
Balance as at 1 January 2018	108.7	5.4	12.8	126.9
Effect of business combinations (note 3.3)	4.4	-	-	4.4
Additions	-	1.3	0.3	1.6
Transfer	-	0.4	(0.8)	(0.4)
Other disposals	-	-	(0.7)	(0.7)
Effect of movements in exchange rates	(0.4)	-	-	(0.4)
Balance as at 31 December 2018	**112.7**	**7.1**	**11.6**	**131.4**
Amortization and impairment losses				
Balance as at 1 January 2018	2.0	3.3	1.3	6.6
Amortization for the period (+)	-	1.2	0.5	1.7
Impairment loss / (reversal of impairment loss)	13.2	-	-	13.2
Disposals out of the Group	-	(0.5)	-	(0.5)
Transfer to investment property	-	0.1	-	0.1
Balance at 31 December 2018	**15.2**	**4.1**	**1.8**	**21.1**
Carrying amounts				
At 1 January 2018	106.7	2.1	11.5	120.3
At 31 December 2018	**97.5**	**3.0**	**9.8**	**110.3**

As at 31 December 2019, the goodwill consists of:

- goodwill of EUR 42.6 million (EUR 42.6 million at 31 December 2018). The goodwill was recognized at the combination of CPI and CPI PG in 2014 and reflects pre-acquisition GSG's goodwill related to deferred tax liabilities. The amount is allocated to the Berlin operating segment;
- goodwill of EUR 1.9 million (EUR 1.9 million at 31 December 2018). The goodwill was recognized at acquisition of former Ablon Group in 2013 and is allocated to the complementary assets in Europe operating segment;
- goodwill of EUR 46.6 million (EUR 45.9 million at December 2018). The goodwill was recognized at acquisition of CPI Hotels, the goodwill is allocated to the hotels and resorts in Europe operating segment.
- goodwill of EUR 2.2 million (refer to note 3.3). The goodwill was recognized at acquisition of Régie du Rhône Crans-Montana SA in 2019.

In 2019, the Group wrote off goodwill of EUR 7.0 million, which was allocated to the Czech Republic operating segment (see note 5.9). The goodwill was recognized at acquisition of agricultural group Spojené farmy in 2014 and was written off by the Group in 2019 primarily due to decreased budgeted EBITDA. As at 31 December 2019 and 2018, the recoverable amount of the related CGU (Group's agricultural business) was EUR 73.1 million and EUR 97.5 million, respectively. The recoverable amount was calculated as value in use, the Group used pre-tax discount rate of 6.14% (6.17% as at 31 December 2018) in the calculation.

In 2018, upon acquisition of an operator of the hotel in Rome, the Group recognized a goodwill of EUR 4.4 million (refer to note 3.7). The amount was written off in 2018 (see note 5.9).

In 2018, the Group wrote off the goodwill of EUR 8.8 million (see note 5.9), recognized at acquisition of Hospitality Group in 2014. The goodwill was allocated to hotels and resorts in Europe operating segment.

None of the goodwill recognized is expected to be deductible for tax purposes.

Impairment of goodwill and trademark

The Group performed its annual impairment tests in December 2019. The recoverable amounts of related CGUs as at 31 December 2019, were primarily determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management for a five-year period.

Summary of impairment testing

The Group did not identify any impairment of GSG's goodwill and trademark as at 31 December 2019 as the CGU's recoverable amount is higher than its carrying value (calculated with the following assumptions):

- budgeted average annual EBITDA growth rate of 12.0% and 8.4% for next 5 years as at 31 December 2019 and 2018;
- pre-tax discount rate of 4.68% and 4.63% as at 31 December 2019 and 2018;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2019 and 2018.

The Group did not identify any impairment of CPI hotel's goodwill as at 31 December 2019 as the CGU's recoverable amount is higher than its carrying value. The recoverable amount was based on value in use. The fair values of individual hotels were assessed based on the reports by external valuers. The external valuations were determined using discounted cash flow projections based on the following significant unobservable inputs:

- budgeted average annual free cash flows (FCF) growth rate of 12% and 17% for next 5 years as at 31 December 2019 and 2018;
- pre-tax discount rate of 11.32% and 11.67% as at 31 December 2019 and 2018;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2019 and 2018.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use of CGUs is most sensitive to the following assumptions:

- Budgeted EBITDA (FCF)
- Discount rate
- Terminal value (perpetuity) growth rates

Budgeted EBITDA (FCF): the projection is updated on a regular basis and is approved by the senior management for a five-year period.

Pre-tax discount rates: discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC consists of cost of debt and cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the Groups interest-bearing borrowings. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the post-tax discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Terminal value growth rates: perpetuity growth rates used to extrapolate cash flows beyond the forecast period. Growth rates are based on published industry research.

Sensitivity to changes in assumptions

GSG's goodwill

The estimated recoverable amount exceeded its carrying amount by approximately EUR 97.0 million (2018: EUR 25.4 million). Based on the impairment test performed in both 2019 and 2018, the management has identified that a reasonably possible change in the three key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to equal to the carrying amount:

	Change required for carrying amount to equal recoverable amount	
	31 December 2019	31 December 2018
Pre-tax discount rate	0.12	0.04
Terminal value growth rate	(0.13)	(0.04)
Budgeted average annual EBITDA growth	(0.61)	(0.20)

CPI Hotels related goodwill

The estimated recoverable amount exceeded its carrying amount by approximately EUR 1.1 million (2018: EUR 14 million). The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to be equal to the carrying amount based on the assumptions used by the external valuer:

	Change required for carrying amount to equal recoverable amount	
	31 December 2019	31 December 2018
Pre-tax discount rate	0.25	5.54
Terminal value growth rate	(0.23)	(4.82)
Budgeted average annual FCF growth	(0.30)	(5.43)

6.2 Investment property

	Note	Czech Republic	Berlin	Complementary assets in Europe	Total
Balance at 1 January 2018		**3,224.7**	**1,627.7**	**955.5**	**5,807.9**
Acquisition of subsidiaries	3	121.0	-	169.0	290.0
Transfers to property, plant and equipment		(0.5)	-	(35.9)	(36.4)
Development costs and other additions		65.7	35.8	20.4	121.9
Disposals		(28.8)	(0.5)	(0.3)	(29.6)
Net valuation gain	5.7	93.6	386.9	100.4	580.9
Translation differences		(22.5)	-	(25.1)	(47.6)
Balance at 31 December 2018		**3,453.2**	**2,049.9**	**1,184.0**	**6,687.1**
Acquisition of subsidiaries	3	5.7	-	648.6	654.3
Transfers to property, plant and equipment		(27.3)	-	-	(27.3)
Transfers from inventory		4.0	-	0.4	4.4
Transfers from/ (to) assets held for sale		(5.7)	-	30.4	24.7
Development costs and other additions		143.1	30.5	90.9	264.5
Disposals		(33.6)	(0.9)	(3.7)	(38.2)
Net valuation gain	5.7	125.2	382.8	42.0	550.0
Translation differences		38.4	(0.2)	(0.9)	37.3
Balance at 31 December 2019		**3,703.0**	**2,462.1**	**1,991.7**	**8,156.8**

Acquisitions

In 2019, the Group acquired investment property in total value of EUR 654.3 million. The most significant investment property acquisitions were (see note 3.2 and 3.3):

- office buildings in Warsaw, Poland in total value of EUR 560.3 million;
- office buildings on 7 St James's Square, London, United Kingdom in value of EUR 54.3 million; and
- luxury apartments located in South of France in value of EUR 34.0 million.

In 2018, the Group acquired investment property in total value of EUR 290.0 million. The most significant investment property acquisitions were (see note 3.7 and 3.8):

- significant shopping centre in Hradec Králové, the Czech Republic in the value of EUR 121.0 million;
- luxury apartments in north London in the value of EUR 66.9 million;
- office complex in Warsaw, Poland in total value of EUR 78.1 million; and
- retail parks in Poland in total value of EUR 24.0 million.

Development costs and other additions

In 2019, the development costs primarily related to the office portfolio in Berlin, Germany of EUR 30.5 million and Hungary of EUR 28.5 million, to development project Nová Zbrojovka in Brno, Czech Republic in the amount of EUR 17.2 million and Prague's Bubenská project of EUR 17.2 million. There also were significant additions of EUR 28.3 million and EUR 25.1 million related to project Bubny in Prague, Czech Republic and Bishops in London, Great Britain.

In 2018, the most significant additions to investment property related to the office portfolio in Germany of EUR 35.7 million and refurbishment of shopping centres in Teplice, České Budějovice and Prague, the Czech Republic in total of EUR 16.5 million. In 2018, the Group further invested in reconstruction of the office complex Bubenská and development of the Mayhouse offices in Prague, the Czech Republic in the amount of EUR 5.6 million and EUR 6.2 million, respectively. Development costs of EUR 5.9 million related to revitalization of an old factory in Brno, the Czech Republic.

Disposals

In 2019 and 2018, the Group disposed primarily the Czech retail portfolio in the amount of EUR 27.2 million and EUR 27.9 million, respectively.

Transfers from investment property to property, plant and equipment

In 2019, the Group transferred primarily one building in Prague, the Czech Republic valued at EUR 26.3 million from investment property to property plant and equipment. This originally office building was refurbished to hotel in 2019. From assets held for sale, the Group reclassified one retail project in Romania of EUR 30.6 million in 2019.

In 2018, the Group acquired operator of the Holiday Inn hotel in Rome (see note 3.8). The hotel, previously classified as investment property, was after the acquisition of its operator, reclassified to property, plant and equipment (see note 6.3).

Reconciliation between the values obtained from the external valuers and the reported values

	31 December 2019	31 December 2018
Market value as estimated by the external valuer	7,482.7	6,668.1
Market value as estimated by the internal valuer	27.7	7.5
Market value based on letter of intent	26.0	6.5
Add: recent acquisitions	616.7	-
Add: leased assets	3.7	5.0
Reported value in consolidated financial statements	**8,156.8**	**6,687.1**

Translation differences

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

Leased investment properties

Investment properties in total amount of EUR 35.5 million as at 31 December 2019 (EUR 31.9 million as at 31 December 2018) are held under long-term lease arrangements, which expire between 2022 and 2033. For liabilities related to leased investment properties refer to note 6.14.

Pledged investment properties

For information related to pledged investment properties refer to note 6.14.

6.3 Property, plant and equipment

a) Hotels

In accordance with IAS 16, the Group uses revaluation model for the measurement of the property, plant and equipment under the hotels and resorts operating segment. The hotels and resorts are owned and operated by the Group.

	2019	2018
Gross carrying amounts		
Balance as at 1 January	685.5	639.9
Acquisition of subsidiaries	26.1	-
Development costs and other additions	32.4	11.8
Disposals	(2.0)	(6.2)
Transfers from investment property	29.1	37.4
Transfers from/ (to) assets held for sale	20.6	(23.5)
Transfers from other property, plant and equipment	14.9	-
Translation differences	6.1	3.4
Valuation gain or loss through OCI	25.1	22.7
Balance as at 31 December	837.8	685.5
Accumulated depreciation and impairment losses		
Balance as at 1 January	(59.5)	(41.0)
Depreciation	(21.1)	(18.7)
Impairment loss	5.2	(4.8)
Disposals	-	2.1
Transfer to assets held for sale	-	2.9
Translation differences	(0.8)	-
Balance as at 31 December	(76.2)	(59.5)
Net carrying amounts		
As at 1 January	626.0	598.9
As At 31 December	761.6	626.0

Acquisitions through business combination

In 2019, the Group acquired two hotels in the Czech Republic for total of EUR 26.1 million (see note 3.2).

Development costs and other additions

In 2019, the Group refurbished primarily hotels in Prague, the Czech Republic (EUR 14.1 million) and Hvar, Croatia (EUR 13.2 million).

Transfers from investment property

In 2019, the Group transferred one building in Prague, the Czech Republic valued at EUR 26.3 million from investment property to property plant and equipment. This originally office building was refurbished to hotel in 2019.

In 2018, the transfer from investment property relates to Holiday Inn Hotel in Rome, Italy (see note 6.2).

Transfers from assets held for sale

In 2019, the Group transferred hotel in Moscow, Russia of EUR 20.6 million from assets held for sale to hotels.

Transfers from other property, plant and equipment

Upon completion of its development in 2019, the Group transferred hotel in Hvar, Croatia of EUR 15.0 million from other property, plant and equipment under construction to hotels.

Valuation gain through OCI

As at 31 December 2019 and 2018 respectively, the fair values of Hotels are based on valuations performed by independent valuer. The fair value of hotels was determined using the discounted cash flow method. This means that valuations are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific hotel. For the key assumptions made in relation of hotel property valuations refer to note 7.5.3.

If the Group measured hotels using the cost model, the carrying amounts would be EUR 599.5 million as at 31 December 2019 (EUR 515.3 million as at 31 December 2018).

b) Other property, plant and equipment

	Owner occupied buildings	Plant and equipment	PPE under leases	Property under construction	Other	Total
Cost						
Balance at 1 January 2019	91.3	92.8	1.4	4.8	2.1	192.4
Acquisition of subsidiaries	3.0	-	-	-	0.6	3.6
Development costs and other additions	1.3	6.0	11.5	14.9	0.3	34.0
Disposals	(0.2)	(4.6)	-	(0.9)	-	(5.7)
Transfers	-	0.2	-	(15.3)	0.1	(15.0)
Translation differences	3.2	2.8	0.1	-	-	6.1
Balance at 31 December 2019	98.6	97.2	13.0	3.5	3.1	215.4
Accumulated depreciation and impairment losses						
Balance at 1 January 2019	(28.2)	(52.4)	(0.9)	(0.4)	(0.3)	(82.2)
Depreciation	(2.6)	(8.1)	(0.7)	-	-	(11.4)
Impairment loss/ (reversal of impairment loss)	(7.1)	7.6	-	-	-	0.5
Disposals	-	4.6	-	-	-	4.6
Translation differences	(1.3)	(1.4)	(0.1)	-	-	(2.8)
Balance at 31 December 2019	(39.2)	(49.7)	(1.7)	(0.4)	(0.3)	(91.3)
Carrying amounts						
Balance at 1 January 2019	63.1	40.4	0.5	4.4	1.8	110.2
At 31 December 2019	**59.4**	**47.5**	**11.3**	**3.1**	**2.8**	**124.1**

	Owner occupied buildings	Plant and equipment	PPE under leases	Property under construction	Other	Total
Cost						
Balance at 1 January 2018	82.7	88.6	1.4	2.7	5.9	181.3
Development costs and other additions	4.6	4.3	(0.1)	3.2	-	12.0
Disposals	-	(1.2)	-	(2.4)	(0.2)	(3.8)
Transfer from/to investment property	0.4	-	-	1.4	(3.6)	(1.8)
Effect of movements in exchange rates	3.6	1.1	0.1	(0.1)	-	4.7
Balance at 31 December 2018	91.3	92.8	1.4	4.8	2.1	192.4
Accumulated depreciation and impairment losses						
Balance at 1 January 2018	(21.4)	(32.4)	(0.9)	(0.4)	(1.4)	(56.5)
Depreciation for the period	(2.2)	(9.8)	-	-	-	(12.0)
Impairment loss/ (reversal of impairment loss)	(4.6)	(11.2)	-	-	-	(15.8)
Disposals	-	1.0	-	-	-	1.0
Transfer from/to investment property	-	-	-	-	1.1	1.1
Balance at 31 December 2018	(28.2)	(52.4)	(0.9)	(0.4)	(0.3)	(82.2)
Carrying amounts						
Balance at 1 January 2018	61.3	56.2	0.5	2.3	4.5	124.8
At 31 December 2018	**63.1**	**40.4**	**0.5**	**4.4**	**1.8**	**110.2**

Owner occupied buildings

As at 31 December 2019, the owner occupied buildings primarily represent buildings at CMA mountain resort EUR 47.9 million (EUR 54.8 million as at 31 December 2018) and agricultural farms of EUR 11.4 million (EUR 6.1 million as at 31 December 2018).

Plant and equipment

As at 31 December 2019, plant and equipment primarily represents ski lifts at CMA mountain resort, Switzerland of net amount of EUR 28.2 million (EUR 19.6 million as at 31 December 2018).

Development costs and other additions

In 2019, the development costs on property under construction related primarily to hotel at Hvar, Croatia (EUR 13.2 million).

In 2018, the most significant additions to property, plant and equipment related to CMA mountain resort (EUR 5.9 million) and hotel at Hvar, Croatia (EUR 1.6 million).

Impairment on other property, plant and equipment

As at 31 December 2019 and 2018, the Group accounts for accumulated impairment of CMA mountain resort of EUR 54.1 million and EUR 50.5 million, respectively. The impairment is recorded based on the valuation appraisals received from independent valuers as at 31 December 2019 and 2018, respectively. For key assumptions used in the valuation, refer to note 7.5.3.

For information about the carrying amount of property, plant and equipment pledged as collateral for liabilities, refer to note 6.14.

6.4 Equity accounted investees

The equity accounted investment in the amount of EUR 3.7 million (EUR 3.8 million as at 31 December 2018) represents investment in Uniborc S.A. Uniborc S.A. is a joint venture constituted in 2013 with Unibail Rodamco with aim to develop a shopping center in the Bubny area in Prague, the Czech Republic. The Group's shareholding is 34%.

	2019	2018
At 1 January	3.9	4.6
Share of loss	(0.2)	(0.7)
At 31 December	**3.7**	**3.9**

Condensed statement of financial position of Uniborc S.A.

	31 December 2019	31 December 2018
Investment property	52.4	50.6
Cash and cash equivalents	0.2	0.1
Total assets	**52.6**	**50.7**
Non-current financial liabilities	(34.3)	(31.6)
Deferred tax liabilities	(7.6)	(7.7)
Curent financial liabilities	(0.2)	-
Other current liabilities	-	(0.3)
Total liabilities	**(42.1)**	**(39.6)**
Net assets	**10.5**	**11.1**

Condensed statement of comprehensive income of Uniborc S.A.

	12 month period ended 31 December 2019	31 December 2018
Net valuation gain on investment property	1.6	(0.1)
Administrative expenses	(0.1)	-
Operating result	**1.5**	**(0.1)**
Interest expenses	(1.9)	(1.8)
Loss before taxes	**(0.4)**	**(1.9)**
Income taxes	(0.4)	-
Loss for the period	**(0.8)**	**(1.9)**

6.5 Other non-current financial assets

	31 December 2019	31 December 2018
Derivative instruments (see note 6.15)	25.2	10.1
Other non-current financial assets	12.9	5.0
Total other non-financial current assets	**38.1**	**15.1**

6.6 Loans provided

6.6.1 Non-current

	31 December 2019 Balance	Average interest rate	31 December 2018 Balance	Average interest rate
Loans provided - related parties and joint ventures	192.2	5.14%	65.9	5.34%
Loans provided - third parties	8.1	3.74%	4.1	5.97%
Total non-current loans provided	**200.3**		**70.0**	
Impairment to non-current loans provided to related parties	(0.1)		(0.1)	
Total non-current loans provided net of impairment	**200.2**		**69.9**	

The maturity of non-current loans provided was as follows:

31 December 2019	1-2 years	2-5 years	Total
Loans provided to related parties and joint ventures	180.3	11.9	192.2
Loans provided - third parties	-	8.1	8.1
Total the maturity of non-current loans provided	**180.3**	**20.0**	**200.3**
31 December 2018	1-2 years	2-5 years	Total
Loans provided to related parties and joint ventures	7.2	58.7	65.9
Loans provided - third parties	4.1	-	4.1
Total the maturity of non-current loans provided	**11.3**	**58.7**	**70.0**

6.6.2 Current

	31 December 2019 Balance	Average interest rate	31 December 2018 Balance	Average interest rate
Loans provided - related parties and joint ventures	65.2	5.00%	59.5	5.00%
Loans provided - third parties	2.4	5.97%	0.5	5.02%
Bills of exchange - third parties	3.9	5.26%	3.8	5.26%
Total current loans provided net of impairment	**71.5**		**63.8**	

The Group provides loans to related parties from the Luxembourg (see note 10).

6.7 Inventories

	31 December 2019	31 December 2018
Projects and property for resale	7.6	56.7
Impairment of projects and property for resale	(2.5)	(24.3)
Projects under development	41.4	34.3
Other inventories	4.7	4.8
Total inventories	**51.2**	**71.5**

As at 31 December 2019 and 2018, the projects and property for resale consist primarily of apartments in France in net amount of EUR 5.1 million and EUR 26.1 million, respectively.

As at 31 December 2019 and 2018, the projects under development consisted primarily of residential projects in the Czech Republic in the amount of EUR 21.5 million and EUR 18.4 million, respectively and residential projects in Italy of EUR 19.2 million and EUR 15.3 million, respectively.

6.8 Current trade receivables

	31 December 2019	31 December 2018
Trade receivables due from related parties	1.2	0.8
Trade receivables due from third parties	93.5	83.3
Impairment to trade receivables due from third parties	(13.8)	(15.7)
Total current trade and other receivables	**80.9**	**68.4**

As at 31 December 2019 and 2018, the trade receivables from third parties represent primarily trade receivables against tenants and receivables from sales of utilities.

The movement of the impairment of trade receivables:

	2019	2018
As at 1 January	(15.7)	(14.5)
Impairment of trade receivables – creation	(1.5)	(5.7)
Impairment of trade receivables – release	3.4	4.5
As at 31 December	**(13.8)**	**(15.7)**

6.9 Cash and cash equivalents

	31 December 2019	31 December 2018
Bank balances	802.2	98.3
Cash on hand	2.3	0.9
Total cash and cash equivalents	**804.5**	**99.2**

As at 31 December 2019 and 2018, restricted cash in banks amounts to EUR 26.4 million and EUR 24.8 million, respectively. Use of these accounts is subject to the respective bank approval. These accounts are held for special purposes under the loan agreements.

6.10 Other non-financial current assets

	31 December 2019	31 December 2018
Other advances paid to third parties	9.9	7.4
Value added tax receivables	8.1	6.2
Other tax receivables (excl. CIT and VAT)	1.9	2.0
Agricultural subsidies	6.2	5.4
Prepaid expenses	22.8	19.9
Total other non-financial current assets	**48.9**	**40.9**

Agricultural subsidies are obtained by the Group's agriculture business in the Czech Republic.

6.11 Assets and liabilities linked to assets held for sale

The following table summarizes the effect of the reclassifications made in relation to projects transferred to assets held for sale:

	31 December 2019	31 December 2018
Non-current assets		
Investment property	15.4	44.8
Property, plant and equipment	-	20.6
Current assets		
Inventories	5.3	-
Trade receivables	-	0.8
Cash and cash equivalents	0.3	0.4
Other financial current assets	0.5	-
Other non-financial current assets	-	0.1
Assets held for sale	**21.5**	**66.7**
Non-current liabilities		
Deferred tax liabilities	(0.3)	(1.4)
Other non-current liabilities	(0.2)	-
Current liabilities		
Trade payables	-	(0.3)
Advance payments	(0.2)	(0.2)
Other financial current liabilities	-	(0.4)
Other non-financial current liabilities	-	(0.3)
Liabilities linked to assets held for sale	**(0.7)**	**(2.6)**

As at 31 December 2019, the following projects are classified as assets held for sale:

- One retail project in Czech Republic and Slovakia with total fair value of EUR 3.9 million and EUR 3.1 million, respectively;
- One office center in Slovakia with total fair value of EUR 6.3 million; and
- Two land banks in the Czech Republic and Poland of EUR 2.2 million and EUR 5.3 million, respectively.

As at 31 December 2018, the following projects are classified as assets held for sale:

- One retail project in Romania with total value of EUR 29.9 million;
- Mamaison Hotel in Russia with value of EUR 20.5 million; and
- Land bank projects in Romania and Poland with total value of EUR 13.7 million.

6.12 Equity

Share capital and share premium

As at 31 December 2019, the aggregate share capital of the Company amounts to EUR 865.1 million and is represented by 8,651,716,331 ordinary fully paid shares with a nominal value of EUR 0.10 each. The Group holds 319,302,248 shares which represent treasury shares. Excluding the treasury shares, the share capital amounts to EUR 833.2 million.

The following table presents information regarding the ownership of the Company's shares:

Shareholder	Number of shares	Share held	31 December 2018 Voting rights
Mr. Vítek and entities controlled by Mr. Vítek	8,257,984,722	91.61%	94.25%
Others	503,581,688	5.59%	5.75%
Total except treasury shares	**8,761,566,410**		**100%**
Treasury shares held by the Group	252,302,248	2.80%	0.00%
Total shares	**9,013,868,658**	**100.00%**	**100.00%**
			31 December 2019
Mr. Vítek and entities controlled by Mr. Vítek	7,847,502,824	90.70%	94.18%
Others	484,911,259	5.60%	5.82%
Total except treasury shares	**8,332,414,083**		**100%**
Treasury shares held by the Group	319,302,248	3.70%	0.00%
Total shares	**8,651,716,331**	**100.00%**	**100.00%**

The share premium comprises the amount received in excess of the nominal value of the shares issued:

	Number of shares	Share Capital	Share premium
Balance at 1 January 2018	**9,488,722,610**	**923.6**	**1,060.8**
Share buy-back on 12 March 2018	-	(72.4)	(72.4)
Capital increase on 10 April 2018	250,000,000	25.0	25.0
Cancellation of treasury shares on 14 May 2018	(724,853,952)	-	-
Balance at 31 December 2018	**9,013,868,658**	**876.2**	**1,013.4**
Share buy-back on 1 July 2019	-	(36.3)	(72.5)
Cancellation of treasury shares on 18 December 2019	(362,152,327)	-	-
Acquisition of own shares (through acquisition of Pietroni s.r.o.)	-	(6.7)	(29.8)
Balance at 31 December 2019	**8,651,716,331**	**833.2**	**911.1**

Authorized capital not issued

The extraordinary general meeting of the shareholders of the Company held on 1 March 2018 (the "2018 EGM") resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of EUR 5,000 million for a period of 5 years from 1 March 2018, which would authorise the issuance of up to 40,000,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares of the Company.

The 2018 EGM approved the report issued by the Board of Directors relating to the possibility for the Board of Directors of the Company to cancel or limit preferential subscription rights of the shareholders of the Company upon increases of share capital in the framework of the authorised share capital of the Company.

As at 31 December 2019, the authorized share capital of the Company amounts to EUR 4,975 million which would authorize the issuance of up to 39,750,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding.

Share buy-back programme

The annual general meeting of the shareholders of the Company held on 29 May 2019 (the "2019 AGM") approved the terms and conditions of a buy-back programme of the Company. The buy-back programme enables the Company to repurchase its own shares and authorises the Company to redeem/repurchase its own shares under the terms and conditions set forth therein. In particular, the 2019 AGM authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 1,000,000,000 shares in the Company from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent EUR 0.01 and EUR 5, for a period of five years from the date of the 2019 AGM. The 2019 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company's available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

On the basis of the authorization by the 2019 AGM, the Board of Directors has decided on 17 June 2019, to proceed to a buy-back of certain shares of the Company. On 1 July 2019, the Company repurchased a total of 362,152,327 shares for the proposed acquisition price of EUR 0.30 per share (representing a total repurchase cost of about EUR 108.8 million). At the time of the repurchase, this represented a direct holding of 4.02% of the Company's share capital. The bought-back shares were cancelled by the extraordinary general meeting of shareholders of the Company held on 18 December 2019.

As at 31 December 2019, the Company is authorised to redeem/repurchase up to 637,847,673 own shares under the buy-back programme approved by the 2019 AGM. For further terms and conditions of buy-back please refer to the buy-back programme of the Company.

Hedging reserve

The Group uses cross currency swaps to manage its exposure to movements of foreign currency rates on its bonds issued, respectively. The hedging reserve includes effective portion of the fair value changes of hedging instruments designated as a cash flow hedge (see note 6.15).

Other reserves

Other reserves consist of legal reserves, assets' revaluation reserves, translation reserve and hedging reserve. Distribution by the way of dividends of the other reserves is restricted.

The legal reserves are created in accordance with the Luxembourg commercial law. The Company must appropriate to the legal reserve a minimum of 5% of the annual profit until such reserve equals 10% of the subscribed capital.

Retained earnings

Retained earnings are created from accumulated profits and losses and these reserves may be subject to the distribution of dividends.

Perpetual notes

On 16 April 2019, the Company issued another 5,500 undated 4.875% fixed rate resettable subordinated notes (perpetual notes) in total amount EUR 550 million. The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2027. The issue price of the notes was 98.676% of the nominal amount equating to EUR 542.7 million. Less the issue costs of EUR 5.4 million, the perpetual notes were initially recognized in the amount of EUR 537.3 million.

On 9 May 2018, the Company issued 5,500 undated 4.375% fixed rate resettable subordinated notes (perpetual notes) in total amount of EUR 550 million. The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2027. The issue price of the notes was 98.833% of the nominal amount equating to EUR 543.6 million. Less the issue costs of EUR 5.7 million, the perpetual notes were initially recognized in the amount of EUR 537.9 million.

The Company may, at its sole discretion, also elect to defer any payment of interest on the perpetual notes. As such, the notes contain features of both debt and equity. Based on the analysis of IAS 32, the Company concluded it holds unconditional rights to avoid delivering cash in respect of both, the principal and interest (until redemption option is called or payment of interest is declared, respectively). The perpetual notes therefore do not satisfy the financial liability definition and therefore are classified as equity instrument.

The notes are listed on the regulated market of Euronext Dublin and are accepted for clearance through Euroclear and Clearstream, Luxembourg. Both Moody's Investors Service Limited and S&P Global Ratings rated the perpetual notes Ba2 and BB+, respectively.

Movement of the perpetual notes:

	31 December 2019	31 December 2018
Opening balance as of 1 January	542.5	-
Issuance of the perpetual notes	537.2	537.9
Interest to perpetual notes holders	43.4	17.1
Payment of the interest to the perpetual notes holders	(37.6)	(12.5)
Closing balance	**1,085.5**	**542.5**

Acquisition of non-controlling interest

On 5 April 2019, the Group acquired its non-controlling interest in Croatian hotel complex Suncani Hvar for a consideration of EUR 3.1 million. The carrying value of the non-controlling interest as at the acquisition date was EUR 2.4. The difference of EUR 0.7 million was recognized against retained earnings.

Mandatory takeover bid for CPI FIM S.A. (former Orco Property Group) shares

On 8 June 2016 the Company's fully owned subsidiary Nukasso Holdings Limited directly and indirectly acquired approximately 97.31% of shares in CPI FIM. As a consequence, Nukasso Holdings Limited became obliged to launch a mandatory takeover bid to purchase any and all of the ordinary shares of CPI FIM (the "Mandatory Takeover Offer"). On 22 August 2016, the Czech Office for the Protection of Competition granted the merger clearance for the acquisition of CPI FIM by the Group, whereas its decision became final and binding on 23 August 2016.

On 8 December 2017 the CSSF published press releases in which it stated, inter alia, that it has decided not to approve the offer document in the Mandatory Takeover Offer as a consequence of the existence of an undisclosed concert action with respect to CPI FIM. On 15 March 2018 the CSSF published a press release informing that the decisions detailed in the above-mentioned CSSF press releases of 8 December 2017 have been challenged before the Luxembourg administrative courts.

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

Earnings per share

	31 December 2019	31 December 2018
Shares held by shareholders at the beginning of the period	8,761,566,410	9,236,420,362
Weighted average movements	(187,961,197)	(403,453,467)
Issue of new shares	-	182,005,495
Shares buy-back	(182,071,087)	(460,003,470)
Acquisition of own shares (through acquisition of Pietroni)	(5,890,110)	(125,455,492)
Weighted average outstanding shares for the purpose of calculating the basic EPS	8,573,605,213	8,832,966,895
Weighted average outstanding shares for the purpose of calculating the diluted EPS	8,573,605,213	8,832,966,895
Net profit attributable to owners of the parent	633.2	607.2
Net profit attributable to owners of the parent after assumed conversions/exercises	633.2	607.2
Total Basic earnings in EUR per share	**0.07**	**0.07**
Diluted earnings in EUR per share	**0.07**	**0.07**

Basic earnings per share are calculated by dividing the profit attributable to the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

6.13 Bonds issued

	31 December 2019		31 December 2018	
CPI Property Group, S.A.	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds (ISIN CH0441186472)	33,000	152.0	33,000	146.4
Proceeds from issued bonds (ISIN XS1894558102)	6,100	607.4	6,100	606.2
Proceeds from issued bonds (ISIN XS1917855337)	30	24.6	30	23.8
Proceeds from issued bonds (ISIN XS1917880012)	80	65.6	80	63.6
Proceeds from issued bonds (ISIN XS1693959931)	8,250	821.6	8,250	820.9
Proceeds from issued bonds (ISIN XS1955030280)	1,750	397.6	-	-
Proceeds from issued bonds (ISIN XS1950499639)	450	51.4	-	-
Proceeds from issued bonds (XS2008905155)	283	32.4	-	-
Proceeds from issued bonds (XS2069407786)	7,500	736.0	-	-
Less: transaction costs		(17.7)		(12.5)
Total non-current bonds issued		**2,870.9**		**1,648.4**
Accrued interest on bonds		20.8		6.7
Total current bonds issued		**20.8**		**6.7**
Total bonds issued		**2,891.7**		**1,655.1**

Bonds issued as at 31 December 2019

- ISIN XS1693959931: On 4 October 2017, the Company issued unsecured bonds of EUR 600 million. The bonds were issued under the Medium Term Notes (EMTN) program and bear a fixed interest at a rate of 2.125%. Interest is due annually on 4 October. The bonds were issued at 99.039% of their nominal amount and mature on 4 October 2024. The bonds are listed on the regulated market of Euronext Dublin. On 6 December 2017, the Company issued an additional EUR 225 million bearing interest of 2.125 % p.a. due on 4 October 2024. These bonds were issued at 100.323 % of their nominal amount plus accrued interest since 4 October 2017.
- ISIN XS1894558102: On 17 October and 19 October 2018, the Company issued unsecured bonds of EUR 600 million and EUR 10 million, respectively. The bonds were issued under the EMTN programme, mature on 14 April 2022 and bear a fixed interest at a rate of 1.45%. The bonds are listed on the regulated market of Euronext Dublin.
- ISIN CH0441186472: On 25 October 2018, the Company issued unsecured bonds of CHF 165 million. The bonds were issued under the EMTN programme, mature on 25 October 2023 and bear a fixed interest at a rate of 1.63% p.a. The bonds are listed on the SIX Swiss Exchange.
- ISIN XS1917855337 & XS1917880012: On 10 December 2018, the Company issued unsecured bonds on the Tokyo Pro-Bonds market, with total nominal value of JPY 11 billion (EUR 87.4 million). The bonds are split to two tranches: ISIN: XS1917880012 of JPY 8 billion (EUR 63.6 million) which bear a fixed interest at a rate of 1.414 % and mature on 10 December 2021 (subsequently hedged to a floating interest of at 6 months Euribor by the Group) and ISIN: XS1917855337 of JPY 3 billion (EUR 23.8 million) which bear a fixed interest at a rate of 1.995% and mature on 8 December 2028.
- ISIN XS1950499639: On 12 February 2019, the Company issued unsecured bonds of HKD 450 million. The bonds were issued under the EMTN Programme, mature on 12 February 2024 and bear fixed interest at a rate of 4.51% p.a. Interest is due annually on 12 February. The bonds are listed on the regulated market of Euronext Dublin. The Company converted the proceeds from HKD into Euros through a cross-currency swap.
- ISIN XS1955030280: On 8 March 2019, the Company issued unsecured bonds of USD 350 million. The bonds were issued under the EMTN programme, mature on 8 March 2023 and bear fixed interest at a rate 4.75% p.a. The bonds are listed on the regulated market of Euronext Dublin. The Company converted the US Dollar principal and coupons into Euros through cross-currency swaps.
- ISIN XS2008905155: On 6 June 2019, the Company issued bonds of HKD 283 million under the EMTN programme. The bonds mature on 6 June 2026 and bear a fixed interest at a rate of 4.45 % p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds were fully hedged to EUR.
- ISIN XS2034727144: On 29 July 2019, the Company issued an additional USD 100 million (EUR 89.9 million) of Reg S bonds under the Company's EMTN programme. The bonds, due 8 March 2023, are listed on the regulated market of Euronext Dublin. The Notes are consolidated with the existing USD 350 million notes and form a single series totalling USD 450 million with ISIN code XS1955030280. The Company converted the US Dollar proceeds into Euros through cross currency swaps.
- ISIN XS2069407786: On 28 October 2019, the Company issued unsecured green bonds of EUR 750 million. The bonds were issued under the EMTN programme, mature on 23 April 2027 and bear fixed interest at rate of 1.625% p.a. The bonds are listed on the regulated market of Euronext Dublin.

Covenants

Bonds issued by CPI PG are subject to covenants. The covenants were met as at 31 December 2019 and 2018.

Structure of bond financing

As at 31 December 2019 and 2018, the total value of unsecured bonds is EUR 2,891.7 million and EUR 1,655.1 million, respectively. Unsecured bonds are bonds that are not collateralized by any assets.

6.14 Financial debts

	31 December 2019	31 December 2018
Loans from related parties	0.3	2.6
Loans from third parties	9.6	9.7
Bank loans	1,124.8	1,032.0
Lease liabilities	30.6	17.3
Total non-current financial debts	**1,165.3**	**1,061.6**
Loans from related parties	1.2	-
Loans from third parties	2.2	5.3
Bank loans	41.9	150.2
Lease liabilities	2.4	2.1
Total current financial debts	**47.7**	**157.6**
Total financial debts	**1,213.0**	**1219,2**

In 2019, the Group repaid EUR 68.2 million loans provided by Barclays Bank and EUR 50 million provided by HSBC Bank and the revolving facility of EUR 34.0 million.

On 15 March 2019, the Group entered into three Schuldschein loans in total amount of EUR 170 million. The loans are unsecured and repayable in 4, 6 and 8 years respectively.

On 22 March 2019, the Company signed a new EUR 510 million 3-year unsecured revolving credit facility with a group of 11 leading international banks. The EUR 510 million facility aligns with Group's EMTN programme. The facility was not drawn as at 31 December 2019.

As an effect of acquisition of Pietroni (see note 3.4), the Group reports two new bank loans of EUR 35.5 million maturing between 2020 and 2030.

As at 31 December 2019 and 2018, the total value of unsecured financial debts amounts to EUR 195.8 million and EUR 164.2 million, respectively.

As at 31 December 2019 and 2018, financial debts in the amount of EUR 1,017.1 million and EUR 1,055.0 million, respectively represented secured financing.

Pledges

With respect of bank loans, the Group has pledged the following assets as collateral:

- Investment property with total value of EUR 3,050.8 million as at 31 December 2019 (EUR 2,673.5 million as at 31 December 2018).
- Property, plant and equipment with total value of EUR 135.0 million as at 31 December 2019 (EUR 162.4 million as at 31 December 2018).
- Trade receivables with total carrying amount of EUR 23.4 million as at 31 December 2019 (EUR 23.4 million as at 31 December 2018).
- Bank accounts in total amount of EUR 26.4 million as at 31 December 2019 (EUR 24.2 million as at 31 December 2018).
- Shares of subsidiaries: Agrome s.r.o., Angusland s.r.o., Biochov s.r.o., Biopark s.r.o., Biopotraviny s.r.o., Carpenter Invest, a.s., CB Property Development, a.s., CMA Immobilier SA, Conradian, a.s., CPI Jihlava Shopping, a.s., CPI Národní, s.r.o., Českolipská farma s.r.o., Českolipská zemědělská a.s., Děčínská zemědělská a.s., Ekofarma Postřelná, s.r.o., Farma Javorská, a.s., Farma Krásný Les, a.s., Farma Liščí, s.r.o., Farma Ploučnice a.s., Farma Poustevna, s.r.o., Farma Radeč, a.s., Farma Svitavka s.r.o., Farma Valteřice, a.s., Farma zelená sedma, s.r.o., Farmy Frýdlant a.s., Gebauer Höfe Liegenschaften GmbH, GSG Asset GmbH & Co. Verwaltungs KG, GSG Berlin Invest GmbH, GSG Gewerbehöfe Berlin 1. GmbH & Co. KG, GSG Gewerbehöfe Berlin 2. GmbH & Co. KG, GSG Gewerbehöfe Berlin 3. GmbH & Co. KG, GSG Gewerbehöfe Berlin 4. GmbH & Co. KG, GSG Gewerbehöfe Berlin 5. GmbH & Co. KG, GSG Gewerbehöfe Berlin 6. GmbH & Co. KG, GSG Solar Berlin GmbH, IGY2 CB, a.s., JAGRA spol. s r.o., Janovická farma, a.s., Jizerská farma, s.r.o., Limagro s.r.o., Marissa Tau, a.s., Marissa West, a.s., Marissa Yellow, a.s., Mařenická farma, a.s., Nymburk Property Development, a.s., Pastviny a.s., Prostějov Investments, a.s., PV - Cvikov s.r.o., Remontées Mécaniques Crans Montana Aminona (CMA) SA, Spojené farmy a.s., Statek Mikulášovice, s.r.o., Statek Petrovice, s.r.o., Šenovská zemědělská, s.r.o., Valdovská zemědělská, a.s., Valkeřická ekologická, a.s., Verneřický Angus a.s., Vigano, a.s., Zákupská farma, s.r.o., Zelená farma s.r.o., Zelená louka s.r.o., Zelená pastva s.r.o. and ZEMSPOL s.r.o.

Covenants

Bank loans are subject to covenants. The covenants were met as at 31 December 2019 and 2018.

Maturity of loans from third parties

31 December 2019	Less than one year	1 to 5 years	More than 5 years	Total
Loans from third parties	2.2	2.8	6.8	11.8
Bank loans	41.9	1,030.7	94.1	1,166.7
Total	**44.1**	**1,033.5**	**100.9**	**1,178.5**
31 December 2018	Less than one year	1 to 5 years	More than 5 years	Total
Loans from third parties	5.3	2.8	6.9	15.0
Bank loans	150.2	551.3	480.7	1,182.2
Total	**155.5**	**554.1**	**487.6**	**1,197.2**

Lease liabilities

31 December 2019	Less than one year	1 to 5 years	More than 5 years	Total
Nominal future minimum lease payments	2.6	10.7	21.2	34.5
Interest	(0.2)	(0.8)	(0.5)	(1.5)
Net present value of future minimum lease payments	**2.4**	**9.9**	**20.7**	**33.0**
31 December 2018	Less than one year	1 to 5 years	More than 5 years	Total
Nominal future minimum lease payments	2.3	7.4	11.5	21.2
Interest	(0.2)	(0.9)	(0.7)	(1.8)
Net present value of future minimum lease payments	**2.1**	**6.5**	**10.8**	**19.4**

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

	Loans and borrowings	Lease liabilities	Bonds issued	Total
Balance as at 1 January 2019	1,199.8	19.4	1,655.1	2,874.3
Proceeds from bonds issued	-	-	1,217.4	1,217.4
Interest paid	(15.6)	(0.5)	(21.1)	(37.2)
Drawings of loans and borrowings	255.9	-	-	255.9
Repayments of loans and borrowings	(316.7)	-	-	(316.7)
Repayment-net of lease liabilities	-	(2.0)	-	(2.0)
Total changes from financing cash flows	**(76.4)**	**(2.5)**	**1,196.3**	**1,117.4**
Changes arising from obtaining or losing control of subsidiaries	37.0	4.5	-	41.5
The effect of changes in foreign exchange rates	1.2	-	10.2	11.4
Interest expense	18.4	0.5	35.2	54.1
Other net financial result	-	-	(5.1)	(5.1)
Leases – effect of IFRS adoption	-	10.4	-	10.4
New lease contracts	-	0.7	-	0.7
Balance as at 31 December 2019	**1,180.0**	**33.0**	**2,891.7**	**4,104.7**

	Loans and borrowings	Lease liabilities	Bills of exchange	Bonds issued	Total
Balance as at 1 January 2018	1,720.0	26.6	11.1	1,489.2	3,246.9
Proceeds from bonds issued	-	-	-	840.0	840.0
Repayment of bonds issued	-	-	-	(689.4)	(689.4)
Interest paid	(34.1)	(0.4)	(0.9)	(51.2)	(86.6)
Drawings of loans and borrowings	390.0	-	-	-	390.0
Repayments of loans and borrowings	(911.7)	-	(10.5)	-	(922.2)
Repayment of lease liabilities	-	(7.3)	-	-	(7.3)
Total changes from financing cash flows	**(555.8)**	**(7.7)**	**(11.4)**	**99.4**	**(475.5)**
Changes arising from obtaining or losing control of subsidiaries	(5.1)	-	-	-	(5.1)
The effect of changes in foreign exchange rates	0.7	-	-	(5.7)	(5.0)
Interest expense	33.9	0.5	0.2	43.8	78.4
Other net financial result	11.4	-	-	28.4	39.8
Offset with trade and other payables	(5.3)	-	-	-	(5.3)
Balance as at 31 December 2018	**1,199.8**	**19.4**	**-**	**1,655.1**	**2,874.2**

6.15 Derivative instruments

The Group uses interest rate swaps and cross currency swaps to manage its exposure to interest rate movements on its bank loans and bonds issued, respectively.

The fair value of the open derivative instruments

	31 December 2019		31 December 2018	
Type of derivative	Assets	Liabilities	Assets	Liabilities
Interest rate swaps used for hedging	-	-	4.7	(3.7)
Cross currency swap contracts used for hedging	22.2	-	3.6	-
Other interest rate swaps	3.1	(4.7)	1.8	-
Total derivative instruments	**25.3**	**(4.7)**	**10.1**	**(3.7)**
Type of derivative				
Current	0.1	-	-	-
Non-current	25.2	(4.7)	10.1	(3.7)
Total derivative instruments	**25.3**	**(4.7)**	**10.1**	**(3.7)**

Cross currency swaps designated as hedging instruments

As at 31 December 2019, the cross currency swap contracts with nominal amount of EUR 666.8 million (2018: EUR 84.1 million) of which EUR 83.8 million relates to HKD denominated bonds, EUR 92.1 million relates to CHF denominated bonds, EUR 90.2 million relates to JPY denominated bonds and EUR 400.7 million relates to USD denominated bonds.

The bonds and cross currency swaps have the same critical terms. The Group applies hedge accounting, the derivative instruments are considered as highly effective.

For analysis of liabilities from derivatives with respect of its maturity refer to note 7.2.

Other interest rate swap contracts

Contracts with nominal amounts of EUR 471.8 million (2018: EUR 363.3 million) have fixed interest at an average rate of -0.70% (2018: 0.53 %) and have floating interest rate at Euribor.

The Group does not designate these derivative instruments as hedging instruments. The Group does not apply hedge accounting.

6.16 Provisions

	2019	2018
Balance at 1 January	8.9	14.2
Provisions created in the period	1.2	1.5
Provisions used in the period	-	(2.4)
Disposals and transfers	-	(4.6)
Effect of movements in the exchange rates	-	0.2
Balance at 31 December	**10.1**	**8.9**

Defined benefit pension plans

The Group operates a defined benefit plan in Switzerland. There is no separate vehicle to accumulate assets to provide for the payment of benefits. Rather, the employer sets up a book reserve in its balance sheet. Therefore, no contributions are expected to be paid by the Group to the plan for the next reporting period. In Switzerland, all companies must offer a sponsored pension plan. The plan will provide a contribution-based cash balance retirement and risk benefits to employees to meet its obligations under Switzerland's mandatory a company provided 2nd pillar pension system. The pension fund is either autonomous or established with an independent collective foundation – in both cases a legal entity separated from the Group. The pension fund is governed by a board that is legally responsible for the operation of the pension fund and empowered to decide on aspects such as the level and structure of the benefits and the fund's investment strategy. One half of the board of each fund consists of employee representatives elected by the members while the remaining members are appointed by the employer. Companies can set their pension plan design (e.g. the salary covered, level of retirement benefits) provided the benefits are always at least equal to the minimum requirements as defined by the pension law.

All plans must provide a minimum level of retirement benefit expressed by a cash balance formula with age-related contribution rates with a minimum insured salary defined by law, and a required interest-crediting rate which is set by the government. It also includes a predetermined conversion rate on the portion of the minimum level of benefits of 6.8%. Because of these guarantees the Swiss pension plans are a hybrid plan and are considered under IAS19 as defined benefit pension plans.

The changes in the defined benefit obligation were as follows:

1 January 2018	3.0
Interest cost	0.4
Remeasurement gains recognized in equity	0.1
31 December 2018	3.5
Interest cost	0.4
31 December 2019	**3.9**

As at 31 December 2019 and 2018, the principal actuarial assumptions used were: discount rate and interest credit rate of 0.75%, inflation of 1.00% and annual future salary increase of 1.25%.

6.17 Other financial non-current liabilities

Non-current trade and other payables	31 December 2019	31 December 2018
Tenant deposits	34.3	28.7
Advances received	8.4	1.4
Payables from retentions	8.0	3.1
Trade and other payables due to third parties	8.4	7.1
Derivative instruments (see note 6.15)	4.7	3.7
Total other non-current liabilities	**63.8**	**44.0**

As at 31 December 2019 and 2018, the deposits from tenants represent Group's payables from received rental related deposits. Their classification corresponds with terms of related rental contracts.

6.18 Trade payables

The decrease of trade payables from EUR 97.5 million as at 31 December 2018 to EUR 86.0 million as at 31 December 2019 relates primarily to projects of revitalization of the old factory to complex of offices located in Brno, the Czech Republic (decrease by EUR 3.4 million) and one shopping centre in the Czech Republic (decrease by EUR 2.1 million).

There are no significant overdue balances as at 31 December 2019 and 2018, respectively.

6.19 Other financial current liabilities

	31 December 2019	31 December 2018
Advances received from third parties	36.9	35.5
Tenant deposits	18.4	18.0
Deferred income and accrued liabilities	16.0	11.9
Other payables due to related parties	1.7	1.2
Other payables due to third parties	25.1	15.6
Total other financial current liabilities	**98.1**	**82.2**

Advances received from tenants as at 31 December 2019 and 2018 represent payments received from tenants for utilities that will be settled against trade receivables when final amount of utilities consumption is known and the final respective invoicing is performed.

6.20 Maturity of borrowings

The table below shows the carrying amount of the debts allocated by date of repayment. Most floating interest debt instruments have a fixing period of 3 months. The Group's borrowings are denominated in EUR, CZK, CHF, PLN, HRK, HKD , USD and JPY.

At 31 December 2019	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	20.8	2,083.4	787.5	2,891.7
Financial debts	47.7	1,043.6	121.7	1,213.0
Bank loans	41.9	1,030.7	94.1	1,166.7
Bank loans fixed rate	*6.3*	*338.0*	*35.4*	*379.7*
Bank loans floating rate	*35.6*	*692.7*	*58.7*	*787.0*
Loans from related parties	1.2	0.3	-	1.5
Loans from third parties	2.2	2.8	6.8	11.8
Other borrowings	2.4	9.8	20.8	33.0
Total	**68.5**	**3,127.0**	**909.2**	**4,104.7**

At 31 December 2018	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	6.7	810.2	838.2	1,655.1
Financial debts	157.6	563.2	498.4	1,219.2
Bank loans	150.2	551.3	480.7	1,182.2
Bank loans fixed rate	*6.0*	*85.9*	*320.1*	*412.0*
Bank loans floating rate	*144.2*	*465.4*	*160.6*	*770.2*
Loans from related parties	-	2.6	-	2.6
Loans from third parties	5.3	2.8	6.9	15.0
Other borrowings	2.1	6.5	10.8	19.4
Total	**164.3**	**1,373.4**	**1,336.6**	**2,874.3**

6.21 Leases where the Group acts as a lessor

The commercial property leases typically have lease terms of between 5 and 10 years and include clauses to enable periodic upward revision of the rental charge according to market conditions. Some contracts contain options to terminate before the end of the lease term.

The following table shows the future rental income from lease agreements where the terms are non-cancellable.

	31 December 2019	31 December 2018
Less than one year	342.9	291.6
Between one and five years	719.2	612.5
More than five years	190.9	185.4
Total operating leases	**1,253.0**	**1,089.5**

7 Financial risk management

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

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

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

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

7.1 Credit risk

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

Credit risks are addressed by top management through efficient operation of the sales, collection, legal and related departments to prevent excessive increase of bad debts. As at 31 December 2019 and 2018, there were no significant concentrations of credit risk to any single customer or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group limits the risk of rent receivables becoming doubtful by requesting its tenants to pay deposits before moving in. If the future rent is not collected, related receivable is settled against the deposit. The tenants are subject to credit verification procedure before the rent contract is approved. Receivables are monitored on an ongoing basis in order to manage the Group's exposure to bad debts. The Group maintains the creditor management database, creates the segmented reports and performs tenant's ratings to identify the risk factors and apply suitable measures to eliminate corresponding risks immediately.

Customer credit risk is managed reflecting the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard at the time of entering into a rental agreement. Outstanding customer receivables are regularly monitored.

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

At 31 December 2019	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	267.8	3.9	(0.1)	271.7
Derivatives	25.3	-	-	25.3
Trade and other receivables	69.2	15.9	(13.8)	85.1
Trade receivables presented as other financial assets – non current	*4.1*	*0.1*	-	*4.2*
Trade and other receivables – current	*65.1*	*15.8*	*(13.8)*	*80.9*
Other financial current assets	17.5	4.3	(1.0)	21.8
Cash and cash equivalents	804.5	-	-	804.5
Assets held for sale (excluding non-financial assets)	0.8	-	-	0.8
Total	**1,185.1**	**24.1**	**(14.9)**	**1,209.2**

At 31 December 2018	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	133.7	-	(0.1)	133.7
Derivatives	10.1	-	-	10.1
Trade and other receivables	63.4	9.5	(15.7)	72.9
Trade receivables presented as other financial assets – non current	*4.5*	-	-	*4.5*
Trade and other receivables – current	*58.9*	*9.5*	*(15.7)*	*68.4*
Other financial current assets	10.2	7.6	(0.9)	17.8
Cash and cash equivalents	99.2	-	-	99.2
Assets held for sale (excluding non-financial assets)	1.3	-	-	1.3
Total	**317.9**	**17.1**	**(16.7)**	**335.0**

The aging analysis of overdue trade and other receivables was as follows (net of impairment):

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Trade and other receivables as at 31 December 2019	12.3	1.9	0.5	0.5	0.7	15.9
Trade and other receivables as at 31 December 2018	6.7	1.2	0.6	0.2	0.8	9.5

The Group does not assume any credit risk related to its financial derivative contracts.

Cash and cash equivalents

Cash and cash equivalents classified per Moody´s ratings of respective counterparties:

	31 December 2019	31 December 2018
A1	121.4	19.3
A2	26.5	0.6
A3	73.3	14.2
Aa2	-	8.3
Aa3	453.1	0.1
Ba1	-	0.2
Ba2	-	5.4
Baa1	21.9	18.3
Baa2	0.8	1.9
Not rated	107.5	30.9
Total cash and cash equivalents	**804.5**	**99.2**

7.2 Liquidity risk

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

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

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

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lenders a right to call in the loan before its maturity. The Group monitors loan covenants on a regular basis.

Liquidity risk analysis

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

At 31 December 2019	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	2,891.7	10.4	46.5	129.7	2,141.3	819.4	3,147.3
Financial debts	1,213.0	14.3	47.5	207.7	883.3	128.6	1,281.4
- Loans from related parties	*1.5*	*0.1*	*1.2*	*0.3*	*-*	*-*	*1.6*
- Loans from third parties	*11.8*	*1.9*	*0.4*	*0.9*	*2.1*	*7.6*	*12.9*
- Bank loans	*1,166.7*	*10.9*	*44.4*	*201.7*	*874.2*	*97.4*	*1,228.6*
- Lease liabilities	*33.0*	*1.4*	*1.5*	*4.8*	*7.0*	*23.6*	*38.3*
Derivative instruments	4.7	-	-	0.2	4.5	-	4.7
Other non-current liabilities	59.1	-	-	14.3	32.1	12.7	59.1
Other current liabilities	184.1	128.2	55.9	-	-	-	184.1
Liabilities from assets held for sale	0.7	0.7	-	-	-	-	0.7
Total	**4,353.3**	**153.6**	**149.9**	**351.9**	**3,061.2**	**960.7**	**4,677.3**

At 31 December 2018	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	1,655.1	-	25.2	30.0	882.5	853.6	1,791.3
Financial debts	1,219.2	115.9	58.2	49.4	573.5	509.0	1,306.0
- Loans from related parties	*2.6*	*0.1*	*0.1*	*0.1*	*2.8*	*-*	*3.1*
- Loans from third parties	*15.0*	*1.8*	*3.7*	*0.8*	*2.2*	*7.9*	*16.4*
- Bank loans	*1,182.2*	*113.0*	*53.0*	*46.4*	*562.9*	*488.9*	*1,264.2*
- Lease liabilities	*19.4*	*1.0*	*1.4*	*2.1*	*5.6*	*12.2*	*22.3*
Derivative instruments	3.7	-	-	-	3.7	-	3.7
Other non-current liabilities	40.3	-	-	11.9	22.0	6.4	40.3
Other current liabilities	203.1	152.6	50.5	-	-	-	203.1
Liabilities from assets held for sale	2.6	2.6	-	-	-	-	2.6
Total	**3,124.0**	**271.1**	**133.9**	**91.3**	**1,481.7**	**1,369.0**	**3,347.0**

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

7.3 Market risks

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

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

The Group uses derivative financial instruments in a limited manner in order to reduce its exposure to the market risk.

Market risk exposures are measured using sensitivity analysis.

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

7.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk primarily in respect of cash and cash equivalents, loans provided, financial debts and bonds issued.

Sensitivity analysis – exposure to currency risk

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

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

31 December 2019	Original currency	MEUR	Change in MEUR (functional currency depreciated by 10%)	Change in MEUR (functional currency appreciated by 10%)
Cash and cash equivalents		**804.5**		
	EUR	345.3	-	-
	CZK	433.9	43.4	(43.4)
	GBP	0.9	0.1	(0.1)
	HRK	0.1	-	-
	HUF	8.3	0.8	(0.8)
	CHF	3.5	0.4	(0.4)
	PLN	11.4	1.1	(1.1)
	RON	1.1	0.1	(0.1)
Loans provided		**271.7**		
	EUR	233.1	-	-
	CZK	34.7	3.5	(3.5)
	USD	3.9	0.4	(0.4)
Financial debts		**(1,213.0)**		
	EUR	(1,139.2)	-	-
	CZK	(40.6)	(4.1)	4.1
	CHF	(21.3)	(2.1)	2.1
	HRK	(0.5)	(0.1)	0.1
	PLN	(11.4)	(1.1)	1.1
Bonds issued		**(2,891.7)**		
	EUR	(2,163.7)	-	-
	JPY	(89.9)	(9.0)	9.0
	USD	(401.0)	(40.1)	40.1
	CHF	(151.9)	(15.2)	15.2
	HKD	(85.2)	(8.5)	8.5
Net exposure to currency risk	CZK	428.0	42.8	(42.8)
	CHF	(169.7)	(17.0)	17.0
	HKD	(85.2)	(8.5)	8.5
	USD	(397.1)	(39.7)	39.7
	JPY	(89.9)	(9.0)	9.0
	HRK	(0.4)	-	-
	RON	1.1	0.1	(0.1)
	HUF	8.3	0.8	(0.8)
	GBP	0.9	0.1	(0.1)

31 December 2018	Original currency	MEUR	Change in MEUR (functional currency depreciated by 10%)	Change in MEUR (functional currency appreciated by 10%)
Cash and cash equivalents		**99.2**		
	EUR	42.4	-	-
	CZK	44.2	4.4	(4.4)
	HUF	6.7	0.7	(0.7)
	CHF	0.9	0.1	(0.1)
	PLN	3.3	0.3	(0.3)
	GBP	1.3	0.1	(0.1)
	RUB	0.2	-	-
	HRK	0.2	-	-
Loans provided		**133.7**		
	EUR	102.0	-	-
	CZK	26.7	2.7	(2.7)
	PLN	1.2	0.1	(0.1)
	USD	3.8	0.4	(0.4)
Financial debts		**(1,219.2)**		
	EUR	(1,116.2)	-	-
	CZK	(6.5)	(0.7)	0.7
	CHF	(24.9)	(2.5)	2.5
	PLN	(3.4)	(0.3)	0.3
	GBP	(68.2)	(6.8)	6.8
Bonds issued		**(1,655.1)**		
	EUR	(1,420.8)	-	-
	CHF	(146.9)	(14.7)	14.7
	JPY	(87.4)	(8.7)	8.7
Net exposure to currency risk	CZK	64.4	6.4	(6.4)
	HUF	6.7	0.7	(0.7)
	PLN	1.1	0.1	(0.1)
	GBP	(66.9)	(6.7)	6.7
	HRK	0.2	-	-
	USD	3.8	0.4	(0.4)
	CHF	(170.9)	(17.1)	17.1
	JPY	(87.4)	(8.7)	8.7
	RUB	0.2	-	-

The Group uses cross currency swaps to manage its exposure to movements of foreign currency rates on its bonds issued.

The total amount of bonds hedged is EUR 666.7 million as at 31 December 2019 (in original currency CHF 100 million, JPY 11,000 million, HKD 733 million and USD 450 million, respectively).

The total amount of bonds hedged is EUR 176.8 million as at 31 December 2018 (in original currency CHF 100 million and JPY 11,000 million, respectively).

7.3.2 Interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is described in 6.6 and 6.14, respectively. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

As the loans provided are based on fixed rates (except for the loan of EUR 11.9 million provided to Uniborc S.A.), and no financial debt is measured at fair value through profit and loss the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. These obligations primarily include bank loans, lease liabilities and bonds issued.

Bank loans have flexible interest rates based on Euribor or Libor rates for the reference period from 1 to 6 months increased by a fixed margin. Bonds issued comprise fixed rate instruments.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

Sensitivity analysis – exposure to interest rate risk for variable rate instruments

A change of interest rates by 100 basis points at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

A 100 basis points change in the interest rate would have the below effect to profit/(loss) or equity of the Group providing all other variables remaining constant:

31 December 2019	Effective interest rate	Liability with variable interest rate	Interest calculated
Loans & lease liabilities	0.95%	783.8	7.4
31 December 2018			
Loans & lease liabilities	1.40%	769.9	10.8

31 December 2019	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Loans & lease liabilities	1.95%	15.3	(7.8)	(0.05%)	-	7.4
31 December 2018						
Loans & lease liabilities	2.40%	18.5	(7.7)	0.40%	3.1	7.7

Effective interest rate and repricing analysis

The following tables indicate effective interest rates of financial debts and periods of their repricing.

31 December 2019	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	2.24%	2,891.7	-	-	2,891.7
Financial debts		1,213.0	635.8	160.7	416.5
- loans from related parties	*4.20%*	*1.5*	*0.3*	*-*	*1.2*
*- loans from third parties***	*1.09%*	*11.8*	*-*	*-*	*11.8*
- bank loans	*1.15%*	*1,166.7*	*626.2*	*160.7*	*379.8*
- lease liabilities	*1.74%*	*33.0*	*9.3*	*-*	*23.7*
Total		**4,104.7**	**635.8**	**160.7**	**3,308.2**

*Including unpaid interest of EUR 20.8 million.

**Including unpaid interest of EUR 0.4 million (fixed interest rate).

31 December 2018	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	1.81%	1,655.1	-	-	1,655.1
Financial debts		1,219.2	746.8	34.2	438.2
- loans from related parties	*3.23%*	*2.6*	*0.1*	*-*	*2.5*
*- loans from third parties***	*1.30%*	*15.0*	*-*	*-*	*15.0*
- bank loans	*1.44%*	*1,182.2*	*736.8*	*33.4*	*412.0*
- lease liabilities	*1.99%*	*19.4*	*9.9*	*0.8*	*8.7*
Total		**2,874.3**	**746.8**	**34.2**	**2,093.3**

*Including unpaid interest of EUR 6.7 million.

**Including unpaid interest of EUR 0.3 million (fixed interest rate).

7.3.3 Price risk

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

7.4 Capital management

The Group's objectives of the Group's capital management is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group as property investor is mainly influenced by the fact that it leverages its project financing by using bank debt and by bond issues. There is limited seasonality effect on the Group. It is rather volatility of financial markets what might positively or negatively influence the Group.

The Group monitors capital on the basis of the gearing ratio and loan to value.

Gearing ratio

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

	31 December 2019	31 December 2018
Debt	5,203.3	3,896.7
Equity	5,469.5	4,362.2
Gearing ratio in %	**95 %**	**89 %**

Loan to value ratio

This ratio is calculated as total net debt divided by total value of property portfolio. Net debt is defined as all non-current and current interest-bearing liabilities (bonds and financial debts) decreased by balance of cash and cash equivalents. Property portfolio consists of investment property, hotels, inventory and part of other PPE and part of assets held for sale.

	31 December 2019	31 December 2018
Bonds issued	2,891.7	1,655.1
Financial debts*	1,212.7	1,218.8
Cash and cash equivalents	804.5	99.2
Net debt	**3,299.9**	**2,774.7**
Property portfolio	**9,111.4**	**7,555.2**
Loan to value ratio in %	**36.2%**	**36.7 %**

*Including financial debts disclosed as liabilities linked to assets held for sale and adjusted by cash and cash equivalents disclosed as assets held for sale.

7.5 Fair value measurement

7.5.1 Fair value of financial instruments

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

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

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

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

Accounting classification and fair values

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

	31 December 2019		31 December 2018	
Financial assets measured at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivative instruments	25.3	25.3	10.1	10.1
Financial assets not measured at fair value				
Long-term Equity investments	8.7	8.7	0.5	0.5
Loans provided	271.7	278.6	129.9	137.4
Financial liabilities measured at fair value				
Derivative instruments	4.7	4.7	3.7	3.7
Financial liabilities not measured at fair value				
Bonds	2,891.7	2,950.4	1,655.1	1,622.0
Financial debt – bank loans (floating rate)	787.0	787.0	770.3	770.3
Financial debt – bank loans (fixed rate)	379.7	381.8	412	407.8
Financial debt – other	46.3	47.0	37	36.2

The Group classifies bonds and long-term equity investments as Level 1, derivative instruments as Level 2 and other positions as Level 3 in the fair value hierarchy.

Valuation technique used for measurement of fair value of derivatives

Liabilities from derivative are measured by discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

7.5.2 Fair value measurement of investment property, hotels and biological assets

The Group's investment properties, hotels and biological assets were valued at 31 December 2019 and 2018 in accordance with the Group's accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all these properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. The independent valuer provides appraisal of the Group's property portfolio annually.

7.5.3 Main observable and unobservable inputs

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at the end of 31 December 2019 and 2018 respectively.

Investment property

Class of property - Retail	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Retail Warehouse Level 3	48	19	Income capitalisation	ERV per sqm	€61-€125 (€107)	€58-€116 (€93)
				NRI per sqm	€55-€177 (€116)	€52-€114 (€94)
				Equivalent yield	6.8%-7.7% (7.1%)	7.2%-8.3% (7.5%)
				Vacancy rate	0%-7.3% (0.3%)	0%
Czech Republic - Retail Warehouse Level 3	268	310	DCF	ERV per sqm	€47-€137 (€105)	€44-€136 (€104)
				NRI per sqm	€14-€159 (€107)	€32-€178 (€108)
				Discount Rate	6.9%-8.9% (7.4%)	7.0%-8.8% (7.5%)
				Exit Yield	6.7%-7.9% (7.2%)	6.8%-8.0% (7.3%)
				Vacancy rate	0%-84.7% (2.7%)	0%-98.1% (2.5%)
Czech Republic - Shopping Centres and Galleries Level 3	17	14	Income capitalisation	ERV per sqm	€203-€210 (€206)	€131-€169 (€156)
				NRI per sqm	€188-€191 (€189)	€97-€174 (€157)
				Equivalent yield	4.0%-6.3% (5.0%)	6.4%-6.7% (6.5%)
				Vacancy rate	0%-1.2% (0.5%)	0%
Czech Republic, Prague - Shopping Centres and Galleries Level 3	297	138	DCF	ERV per sqm	€254-€627 (€540)	€211-€292 (€261)
				NRI per sqm	€255-€647 (€551)	€216-€305 (€271)
				Discount Rate	3.5%-6.3% (4.3%)	5.5%-6.5% (5.9%)
				Exit Yield	3.5%-6.0% (4.2%)	5.0%-6.3% (5.5%)
				Vacancy rate	0%-3.0% (1.4%)	5.6%-21.0% (15.1%)
Czech Republic - Shopping Centres and Galleries Level 3	934	893	DCF	ERV per sqm	€145-€256 (€195)	€137-€243 (€181)
				NRI per sqm	€130-€225 (€184)	€110-€219 (€176)
				Discount Rate	5.8%-7.3% (6.4%)	5.8%-7.5% (6.5%)
				Exit Yield	5.5%-6.5% (6.0%)	5.5%-6.5% (6.0%)
				Vacancy rate	0%-10.3% (3.7%)	0%-30.7% (7.5%)
Czech Republic - Other retail properties Level 3	65	62	Income capitalisation	ERV per sqm	€21-€171 (€95)	€21-€169 (€98)
				NRI per sqm	€0-€167 (€88)	€1-€164 (€88)
				Equivalent yield	5.5%-9.5% (7.0%)	5.5%-9.5% (7.1%)
				Vacancy rate	0%-100% (13.3%)	0%-100% (10.3%)
Complementary Assets Portfolio - Retail Warehouse Level 3	28	188	Income capitalisation	ERV per sqm	€112-€140 (€126)	€54-€137 (€101)
				NRI per sqm	€97-€124 (€111)	€1-€143 (€94)
				Equivalent yield	7.0%-7.8% (7.6%)	6.2%-11.1% (7.6%)
				Vacancy rate	0%-5.5% (2.3%)	0%-100% (6.8%)
Complementary Assets Portfolio - Retail Warehouse Level 3	158	0	DCF	ERV per sqm	€54-€117 (€97)	
				NRI per sqm	€47-€143 (€99)	
				Discount Rate	7.4%-9.0% (7.8%)	
				Exit Yield	7.15%-8.4% (7.5%)	
				Vacancy rate	0%-12.3% (1.9%)	
Complementary Assets Portfolio - Shopping Centres and Galleries Level 3	137	307	Income capitalisation	ERV per sqm	€185-€188 (€186)	€161-€219 (€184)
				NRI per sqm	€158-€175 (€172)	€125-€229 (€162)
				Equivalent yield	6.3%-7.3% (6.4%)	6.3%-8.3% (7.2%)
				Vacancy rate	3.1%-5.3% (3.4%)	1.5%-3.9% (2.9%)
Complementary Assets Portfolio - Shopping Centres and Galleries Level 3	220	19	DCF	ERV per sqm	€163-€254 (€195)	€191
				NRI per sqm	€128-€249 (€176)	€168
				Discount Rate	7.0%-9.5% (8.2%)	7.8%
				Exit Yield	6.8%-9.0% (7.8%)	7.5%
				Vacancy rate	0%-6.8% (3.3%)	0.1%

Class of property - Office	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Office Level 3	29	123	Income capitalisation	ERV per sqm	€100-€147 (€136)	€141-€234 (€201)
				NRI per sqm	€79-€123 (€112)	€118-€232 (€214)
				Equivalent yield	6.5%-7.9% (7.6%)	4.4%-8.0% (5.0%)
				Vacancy rate	0.3%-6.6% (1.9%)	0.0%-8.3% (6.9%)
Czech Republic - Office Level 3	785	595	DCF	ERV per sqm	€86-€255 (€181)	€81-€203 (€163)
				NRI per sqm	€0-€302 (€166)	€66-€298 (€153)
				Discount rate	4.5%-8.5% (5.8%)	5.5%-8.9% (6.6%)
				Exit Yield	4.5%-8.8% (6.0%)	5.5%-8.4% (6.3%)
				Vacancy rate	0%-60.6% (6.0%)	0%-11.4% (2%)
Berlin – Office Level 3	2298	2,011	DCF	ERV per sqm	€46-€298 (€185)	€19-€291 (€163)
				NRI per sqm	€46-€197 (€105)	€1-€184 (€91)
				Discount rate	3.3%-12.0% (4.8%)	2.5%-6.0% (5.2%)
				Exit Yield	3.8%-5.8% (5.0%)	3.5%-12.0% (4.8%)
				Vacancy rate	0%-20.8% (7.2%)	0%-98.6% (9.7%)

Class of property - Office	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Complementary Assets Portfolio - Office Level 3	63	-	Comparable	Fair value per sqm	€2,779-€19,241 (€16,636)	
Complementary Assets Portfolio - Office Level 3	445	62	DCF	ERV per sqm NRI per sqm Discount rate Exit Yield Vacancy rate	€96-€232 (€179) €87-€211 (€143) 6.0%-9.0% (7.0%) 6.5%-9.0% (7.5%) 0%-43.3% (9.2%)	€155-€226 (€199) €108-€199 (€167) 7.3%-8.3% (8.2%) 6.8%-8.0% (7.9%) 0%-8.0% (6.0%)

Class of property - Industry & Logistics	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Industry & Logistic Level 3	56	11	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Vacancy rate	€24-€106(€55) €13-€113 (€52) 6.5%-12.0% (7.3%) 6.5%-11.5% (7.1%) 0%-64.5% (6.2%)	€60-€105 (€76) €75-€112 (€85) 7.3%-7.9% (7.7%) 7.0%-7.6% (7.2%) (0%)
Germany - Industry & Logistic Level 3	4	-	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Discount rate	€19 €19 2.5% 5.0% 0%	
Complementary Assets Portfolio – Industry & Logistic Level 3	39	-	DCF	ERV per sqm NRI per sqm Discount rate Exit yield Discount rate	€41-€62(€57) €42-€60 (€49) 7.3%-7.5% (7.4%) 7.0%-7.0% (7.0%) 0%-18.3% (7.2%)	

Class of property - Residential	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Residential Level 3	394	372	Comparable	Fair value per sqm	€86-€1,078 (€602)	€105-€1,076 (€578)
Czech Republic, Prague - Residential Level 3	72	72	Comparable	Fair value per sqm	€2,099-€6,902 (€2,505)	€1,987-€6,309 (€2,354)
Complementary Assets Portfolio - Residential Level 3	274	197	Comparable	Fair value per sqm	€6,635-€36,800 (€21,819)	€5,714-€31,388 (€20,569)

Class of property – Landbank & Development	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Landbank Level 3	212	173	Comparable	Fair value per sqm	€1-€2,517 (€81)	€1-€2,544 (€101)
Czech Republic, Prague - Landbank Level 3	311	299	Comparable	Fair value per sqm	€6-€3,225 (€452)	€5-€3,280 (€693)
Czech Republic - Landbank Level 3	5		Residual	Total EMRV per sqm Gross development value per sqm Development margin	€15 €2,073 25%	
Czech Republic - Development Level 3	72	42	Development Appraisal	Total EMRV per sqm Gross development value per sqm Development margin	€55-€238 (€189) €925-€4,767 (€3,130) 7.5%-20.0% (13.6%)	€133-€172 (€161) €1,835-€3,074 (€2,654) 7.5%-15.0% (11.5%)
Germany - Landbank Level 3	102	32	Comparable	Fair value per sqm	€3,095-€6,229 (€4,381)	€3,143-€3,143 (€3,143)
Complementary Assets Portfolio - Landbank Level 3	33	22	Comparable	Fair value per sqm	€2-€1,124 (€373)	€2-€1,124 (€482)
Czech Republic - Development Level 3	72	42	Development	Gross development value per sqm	€55-€238 (€189)	€133-€172 (€161)

Class of property - Agriculture Land	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic - Agriculture Level 3	101	90	Comparable	Fair value per sqm	€0-€1 (€1)	€0-€1 (€1)

Hotels

Class of property – PPE Hotels & Resorts	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Czech Republic – Hotels & Resorts Level 3	423	322	DCF	Rate per key Exit yield Discount rate	€10,283-€477,004 (€152,036) 4.2%-8.3% (6.4%) 5.2%-10.8% (7.3%)	€17,223-€533,568(€141,376) 4.3%-8.3% (6.3%) 5.3%-9.8% (7.0%)
Complementary Assets Portfolio - Hotels & Resorts Level 3	147	121	DCF	Rate per key Exit yield Discount rate	€72,417-€298,333 (€192.948) 6.5%-7.3% (7.0%) 7.0%-10.5% (8.9%)	€111,111-€274,918(€166,220) 6.8%-7.3% (7.1%) 7.0%-10.3% (8.9%)
Croatia – Hotels & Resorts Level 3	192	177	DCF	Rate per key Exit yield Discount rate	€5,833-€790,833 (€469.077) 7.5%-9.5% (7.9%) 8.0%-11.2% (9.8%)	€8,861-€372,881(€230,463) 7.3%-9.5% (7.8%) 9.0%-11.0% (9.5%)

Mountain Resorts

Class of property – PPE Mountain resort	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Mountain resorts - hotel development Level 3	40	40	Development appraisal	Gross development value per sqm Development margin	€ 5 587 20 %	€5 396 20%
Mountain Resort Level 3	39	34	DCF	Discount rate Terminal Growth Rate	5.9% 1.6%	10.9% 1.0%

The tables above are net of properties classified as assets held for sale, recent acquisitions (see note 3.3) and selected leased properties.

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

Discounted cash flow method (DCF) – *application guidance provided by IVSC*

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Market comparable method – *application guidance provided by IVSC*

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied is the price per square metre (sqm).

Income capitalisation method - *application guidance provided by IVSC*

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor´s rate of return). The difference between gross and net rental income includes expense categories such as vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. When using the income capitalisation method, the mentioned expenses have to be included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised.

Sensitivity analysis on changes in assumptions of property valuation

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

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

- Equivalent yield or discount rate
- Estimated rental value (ERV), rental or terminal growth
- Development margin for development

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

As at 31 December 2019

Berlin office

		Discount rate		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	2,322	2,276	2,230
	-	2,345	2,298	2,252
	5.00%	2,367	2,320	2,274

Czech Republic - Retail - Income capitalisation

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	126	125	124
	-	132	130	129
	5.00%	137	135	134

Complementary - Retail Income - Capitalization

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	165	158	152
	-	172	165	159
	5.00%	179	172	166

Czech Republic - Retail - DCF

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	1,486	1,426	1,371
	-	1,561	1,498	1,440
	5.00%	1,637	1,571	1,510

Complementary Retail - DCF

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	373	361	350
	-	390	377	366
	5.00%	406	393	382

Czech Republic - Office - Income capitalisation

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	30	30	29
	-	29	29	29
	5.00%	28	28	28

Complementary Office - DCF

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	445	436	426
	-	455	445	436
	5.00%	465	454	445

Czech Republic - Office – DCF

		Yield		
ERV	MEUR	(0.25%)	-	MEUR
	(5.00%)	778	745	716
	-	818	785	754
	5.00%	859	824	791

Complementary Industry – DCF

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	39	39	38
	-	40	39	39
	5.00%	40	40	39

Czech Republic - Industry - DCF

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	55	53	52
	-	58	56	54
	5.00%	61	59	57

Croatia - Hotels - DCF

		Discount rate		
Growth	MEUR	(0.25%)	-	0.25%
	(5.00%)	183	182	180
	-	193	192	190
	5.00%	204	202	200

Czech Republic - Hotels - DCF

		Discount rate		
Rental growt	MEUR	(0.25%)	-	0.25%
	(5.00%)	408	395	384
	-	436	422	410
	5.00%	464	450	436

Complementary Hotels – DCF

		Discount rate		
Growth	MEUR	(0.25%)	-	0.25%
	(5.00%)	142	140	138
	-	150	147	145
	5.00%	157	154	152

CMA Mountain resort

		Discount rate		
Terminal Growth	MEUR	(0.25%)	-	0.25%
	(0.50%)	38	34	31
	-	43	39	35
	0.50%	50	45	40

Residual Value in MEUR	Czech Republic Development	Czech Republic Land Residual	Mountain resorts - Hotel Development
Developer´s Profit (5.00%)	78	6	49
Developer´s Profit (2.50%)	75	6	44
Developer´s Profit as set	72	5	40
Developer´s Profit 2.50%	69	5	36
Developer´s Profit 5.00%	67	4	32

As at 31 December 2018

Czech Republic - Retail - Income capitalisation

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	231	231	232
	-	239	240	240
	5.00%	248	248	248

Czech Republic - Retail - DCF

		Capitalisation rate		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	1,326	1,275	1,227
	-	1,394	1,341	1,291
	5.00%	1,463	1,407	1,354

Czech Republic - Industrial - DCF

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	11	10	10
	-	11	11	11
	5.00%	12	12	11

Czech Republic - Office - Income capitalisation

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	120	119	118
	-	125	123	123
	5.00%	130	129	128

Czech Republic - Office - DCF

		Capitalisation rate		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	588	566	545
	-	619	595	575
	5.00%	650	628	603

Czech Republic - Industrial – Income capitalisation

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	38	37	37
	-	39	39	38
	5.00%	40	40	40

Complementary - Retail - Income capitalisation

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	488	476	464
	-	508	495	483
	5.00%	529	515	502

Complementary Retail - DCF

		Discount rate		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	18	18	17
	-	19	19	18
	5.00%	20	20	19

Complementary assets - Office - DCF

		Discount rate		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	60	59	57
	-	64	62	60
	5.00%	67	65	63

Hospitality - Complementary assets portfolio - DCF

		Discount rate		
Growth	MEUR	(0.25%)	-	0.25%
	(5.00%)	120	116	112
	-	126	121	117
	5.00%	132	127	123

Complementary industry - Income capitalisation

		Discount rate		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	26	25	25
	-	26	26	25
	5.00%	27	26	26

Berlin - Office & Other

		Discount rate		
Market Rent	MEUR	(0.25%)	-	0.25%
	(5.00%)	1,948	1,907	1,866
	-	2,058	2,011	1,971
	5.00%	2,166	2,121	2,075

Complementary assets - Office - Income capitalisation

		Yield		
ERV	MEUR	(0.25%)	-	0.25%
	(5.00%)	328	320	312
	-	338	329	321
	5.00%	348	339	330

Czech Republic - Hotels - DCF

		Discount rate		
Rental growth	MEUR	(0.25%)	-	0.25%
	(5.00%)	310	299	290
	-	333	322	311
	5.00%	357	344	333

Croatia - Hotels - DCF

		Discount rate		
Rental growth	MEUR	(0.25%)	-	0.25%
	(5.00%)	174	171	169
	-	180	177	175
	5.00%	186	183	180

CMA Mountain resort

		Discount rate		
Terminal Growth	MEUR	(0.25%)	-	0.25%
	(0.50%)	35	34	33
	-	35	34	33
	0.50%	36	35	34

Residual Value in MEUR	Czech Republic Development	Landbank Hospitality Development	Office Development	Hospitality Development PPE	Mountain resorts - Hotel Development
Developer's Profit (5.00%)	48	10	27	10	49
Developer's Profit (2.50%)	45	10	26	9	44
Developer's Profit as set	42	10	26	9	40
Developer's Profit 2.50%	40	9	26	8	36
Developer's Profit 5.00%	37	9	26	8	32

The fair value used in the sensitivity analysis above includes properties, which were valued by income based or residual valuation method (with exception for development in Germany and German leasehold industry and logistics where no development margin was applied in the valuation). Properties valued by comparable method are not subject of Sensitivity analyses.

8 Contingencies and Litigations

Kingstown dispute in Luxembourg

On 20 January 2015, the Company was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown“), claiming to be the shareholders of CPI FIM SA, filed with the Tribunal d´Arrondissement de et a Luxembourg (the "Court"). The petition seeks condemnation of the Company together with CPI FIM SA and certain members of CPI FIM SA's board of directors as jointly and severally liable to pay damages in the amount of EUR 14.5 million and compensation for moral damage in the amount of EUR 5 million. According to Kingstown's allegation the claimed damage has arisen as a consequence of inter alia alleged violation of CPI FIM SA's minority shareholders rights. To the best of Company´s knowledge, Kingstown was not at the relevant time a shareholder of the Company. Therefore, and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio judicatum solvi plea, which consists in requiring the entity who initiated the proceedings and who does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. On 19 February 2016 the Court rendered a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the "Caisse de Consignation" in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157 million. The Company continues to believe the claim is without merit.

On 21 June 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPIPG. The Court dismissed the claim against CPIPG because the claim was not clearly pleaded ("libellé obscur"). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPIPG and failed to demonstrate how CPIPG committed any fault. In relation to the admissibility of Kingstown's claim against CPI FIM SA and other defendants, the Court is expected to rule only after it further examines positions of the remaining parties on certain procedural aspects; until then, the case will continue in a procedural stage. The merits of the case will be pleaded by any remaining defendants only if the Court declares the claim admissible.

Kingstown dispute in the United States

On 10 April 2019, a group of Kingstown companies, Investhold LTD and Verali Limited (together, the "Kingstown Plaintiffs") filed a claim in the United States District Court of the Southern District of New York (the "SDNY Court") against, among others, CPIPG and Mr. Radovan Vítek (together, the "CPI Plaintiffs"). The claims brought by the Kingstown Plaintiffs against CPIPG include alleged violations of RICO.

CPIPG believes that the claims are without merit and were designed to create negative press attention for CPIPG and to force an undue settlement. The Group's business has been totally unaffected by the New York lawsuit and by similar attempts by the Kingstown Plaintiffs to harm the reputation of CPIPG and Mr. Vitek. CPIPG reported superb preliminary operating results for 2019 and is pleased to have successfully issued nearly EUR 2 billion of bonds on the international capital markets since the New York lawsuit was filed.

On 10 September 2019, the CPIPG Defendants filed a motion to dismiss the case in the SDNY Court. On 22 November 2019, the Kingstown Plaintiffs filed an amended complaint in the SDNY Court. The amended complaint adds new non-US defendants and simply continues the false campaign against CPIPG and Mr. Vitek. The amended complaint does nothing to cure the serious jurisdictional deficiencies and pleading defects present in the original complaint.

On 14 February 2020, the CPIPG Defendants filed a motion to dismiss the amended complaint. The arguments presented in the motion resemble those presented by the CPIPG Defendants in September 2019 and are further refined given the new allegations:

i) The Kingstown Plaintiffs have failed to justify the application of RICO outside the United States;
ii) The SDNY Court lacks jurisdiction over the CPIPG Defendants;
iii) The Kingstown Plaintiffs' alleged RICO claims are time-barred under RICO's four-year statute of limitations;
iv) The SDNY Court is an improper forum to hear the case given that, among other things, Kingstown initiated nearly identical proceedings in Luxembourg in January 2015 which are still pending against some of the CPIPG Defendants;
v) The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the CPIPG Defendants.

CPIPG believes the amended complaint warrants dismissal and awaits a decision from the Court on the motion to dismiss in due course. The Group will continue to update all of our stakeholders on progress in the case and appreciates the steadfast support that CPIPG has received from our tenants, bond investors, banks and other stakeholders.

The Group did not account for any provision in respect of the Kingstown disputes.

Disputes related to warrants issued by CPI FIM SA

The Group's subsidiary CPI FIM SA was sued by holders of the warrants holders of 2014 Warrants registered under ISIN code XS0290764728 (the "2014 Warrants"). The first group of the holders of the Warrants sued CPI FIM for approximately EUR 1.2 million in relation to the Change of Control Notice published by CPI FIM SA, notifying the holders of the 2014 Warrants that the Change of Control, as defined in the Securities Note and the Summary for the 2014 Warrants, occurred on 8 June 2016. The second holder of the 2014 Warrants sued CPI FIM SA for approximately EUR 1 million in relation to the alleged change of control which allegedly occurred in 2013. These litigations, currently being in a procedural stage, are pending. CPI FIM SA will defend itself against these lawsuits.

It is reminded that in accordance with the judgement of the Paris Commercial Court pronounced on 26 October 2015 concerning the termination of the CPI FIM SA's Safeguard Plan, liabilities that were admitted to the Safeguard, but are conditional or uncalled (such as uncalled bank guarantees, conditional claims of the holders of 2014 Warrants registered under ISIN code XS0290764728, provided that they were admitted to the Safeguard plan), will be paid according to their contractual terms. Pre-Safeguard liabilities that were not admitted to the CPI FIM SA's Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the CPI FIM SA's Safeguard Plan, could be considered in respect of the present Change of Control. Claims of holders of the 2014 Warrants that were not admitted to the CPI FIM SA's Safeguard will be unenforceable against CPI FIM SA. To the best of Company's knowledge, none of the holders of the 2014 Warrants who sued CPI FIM SA filed their claims 2014 Warrants related claims in the CPI FIM SA's Safeguard Plan.

Hagibor Office Building dispute

In March 2016, the insolvency administrator of the CPI FIM SA's subsidiary HAGIBOR OFFICE BUILDING ("HOB"), filed a lawsuit, requesting that the CPI FIM SA returns to HOB in aggregate USD 16.49 million, paid by HOB to CPI FIM SA in 2012. CPI FIM SA is of the opinion that the lawsuit has no merit given that in 2012 HOB duly repaid its loan to CPI FIM SA. CPI FIM SA will defend itself against this lawsuit. In August 2016, the litigation has been stayed until litigation concerning the ownership of the Radio Free Europe building is resolved. In December 2016 CPI FIM SA filed a lawsuit claiming the non-existence of pledges registered on the Radio Free Europe building in favor of the financing bank. A hearing on the matter of the non-existence of pledges took place in November 2018. After the lawsuit was dismissed, CPI FIM SA filed a new claim in the matter of non-existence of pledges.

In November 2019, a global settlement agreement was agreed in relation to the above disputes relating to HOB and Radio Free Europe building. The settlement agreement was concluded along with extensive ancillary documentation, which included, inter alia, termination of all court proceedings and confirmations that concerned parties no claims against each other. The settlement became effective on 20 March 2020.

Vitericon

On 15 March 2019, the Company received a summons from the Berlin Court. The Company was sued by an insolvency administrator of the Company's former subsidiary. The insolvency administrator is claiming invalidity of a intragroup debt settlement from 2013 and claims a payment of EUR 10.4 million from the Company. The Company appointed a counsel and is prepared to defense itself in front of the Berlin Court. The first hearings are expected to occur in May 2020.

9 Capital and other commitments

Capital commitments

The Group has capital commitments in total amount of EUR 77.2 million in respect of capital expenditures contracted as at 31 December 2019 (EUR 73.6 million as at 31 December 2018).

10 Related party transactions

The Group has a related party relationship with its members of Board of Directors (current and former) and executive management (key management personnel), shareholder and companies in which these parties held controlling or significant influence or are joint ventures.

The remuneration of the key management personnel and members of Board of Directors are summarized in following table:

	31 December 2019	31 December 2018
Remuneration paid to the key management personnel and members of Board of Directors	1.5	0.8
Total remuneration	**1.5**	**0.8**

Balances and transactions with the key management personnel and members of Board of Directors and the Group:

	31 December 2019	31 December 2018
Loans provided	0.1	0.1
Trade receivables	0.6	-
Trade payables	0.1	-
Perpetual notes	0.4	0.2
Transactions		
Interest income and other revenues	0.5	0.7
Other costs	(1.4)	(0.1)

Balances and transactions with the majority shareholder of the Group:

	31 December 2019	31 December 2018
Loans provided	-	0.1
Trade receivables	0.4	0.6
Other receivables	5.2	4.7
Loans received	0.9	-
Other payables	0.1	0.4
Perpetual notes	-	4.9
Transactions		
Interest income	0.1	2.8

Balances and transactions with other related parties:

Entities over which the majority shareholder has control	31 December 2019	31 December 2018
Loans provided	245.4	114.0
Trade receivables	0.2	0.2
Loans received	0.3	2.5
Other payables	0.4	-
Transactions		
Other revenues	0.2	-
Interest income	8.9	7.6
Other costs	(0.1)	(0.4)
Lease and rental	(0.1)	-
Close family members/entities controlled by close family members of the majority shareholder	31 December 2019	31 December 2018
Other payables	1.2	0.8
Transactions		
Other revenues	0.1	-
Entities controlled by members of Board of Directors	31 December 2019	31 December 2018
Other receivables	-	0.2
Loans received	0.3	0.1
Transactions		
Proceeds from sale of subsidiaries, trading property or investment property	-	0.2
Other revenues	0.1	0.2
Advisory and accounting services	-	0.1
Lease and rental	(0.2)	-
Joint ventures	31 December 2019	31 December 2018
Loans provided	11.9	11.2
Transactions		
Interest income	0.8	0.7

Main transactions with related parties

Acquisition of Pietroni, s.r.o.

On 29 November 2019, the Group acquired 100% shares in Pietroni, s.r.o. from the majority shareholder for EUR 1 (see note 3.4). Pietroni, s.r.o. owned 67,000,000 of the CPI PG shares as of the acquisition date (see note 6.12). As part of the transaction, the Group acquired current financial liability of EUR 10.1 million provided by (and repaid to) the majority shareholder.

Loans provided by the Group to the majority shareholder and related parties

As at 31 December 2019, the Group provides loans to Gamala Limited company closely related to the majority shareholder, in the total outstanding balance of EUR 238.5 million (EUR 113.9 million as at 31 December 2018). The majority of these loans bear a fixed interest at a rate of 5% p.a and is repayable in 2020 and 2021.

Company shares

In March 2018, as part of its share buy-back, the Company acquired 724,853,952 of its shares from Rivaroli, a.s. (entity affiliated with the majority shareholder) for total of EUR 145.0 million.

In April 2018, the Company issued 250,000,000 new shares to CPI PG Holding (entity affiliated with the majority shareholder) for a global subscription price of EUR 50.0 million.

Acquisition of bonds issued by the Group

In August 2018, the Group acquired bonds issued by CPI BYTY in the amount of EUR 77.7 million from the majority shareholder. The bonds were repaid in September 2018. In October 2018, the Group acquired bonds issued by CPI, a.s. in the amount of EUR 77.7 million from the majority shareholder. The bonds were repaid in November 2018 (note 6.13).

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

11 Events after the reporting period

On 22 January 2020, the Group issued green bonds of GBP 350 million (EUR 411 million) maturing on 22 January 2028. The bonds are listed on the regulated market of Euronext Dublin (ISIN XS2106589471) and were fully hedged to EUR for a fixed rate of less than 2% p.a.

On 23 January 2020, the Group issued of SGD 150 million (EUR 99 million) of perpetual subordinated bonds which are callable beginning in 2025. The bonds carry a coupon of 5.8% p.a. in SGD, were fully swapped into EUR at a fixed rate of about 4% p.a.

On 27 January 2020, the Group acquired 13,391,959 shares of Globalworth Real Estate Investments Limited ("Globalworth") representing about 6% of outstanding shares. On 31 January 2020, the Group acquired Zakiono Enterprises Limited which owned 23,734,670 shares of Globalworth, representing additional 10.7% stake. On 3 February 2020, the Group acquired 24,258,408 shares in Globalworth, representing additional 11% stake. On 4 February 2020, the Group purchased additional 3,680,494 shares representing additional 1.7% stake. In total, the Group owns a total of 65,250,000 Globalworth shares representing 29.4% of voting rights. This makes the Group the largest shareholder in Globalworth. The total acquisition price of the Globalworh shares was EUR 687 million.

On 28 January 2020, the Group acquired Green Corner A office building in Warsaw, Poland for EUR 52.2 million. It is an office building spanning 14,860 square metres of leasable area over seven floors.

On 30 January, the Group acquired Equator II office building in Warsaw, Poland for EUR 58.7 million. The building spanning 23,100 square metres over 14 floors.

On 13 February 2020, the Group issued HKD 250 million bonds (EUR 29 million). The bonds are listed on the regulated market of Euronext Dublin (ISIN XS2117757182), matured in 2030 and were fully hedged to Euros at a fixed rate of less than 1.7% p.a.

On 6 March 2020, the Group acquired Equator I office in Warsaw, Poland for EUR 15.2 million.

On 25 March 2020, the Group acquired Moniuszki Tower in Warsaw, Poland for EUR 32.7 million.

Impact of COVID-19 pandemic on the Group

The current impact on the Group's property portfolio is the following:

- With limited exceptions, the Group's offices in Berlin, Prague, Warsaw, and Budapest remain open.
- Approximately 30% to 40% of retail space is open and continues to serve the local community;
- Group's hotels are mostly closed, the Group operates nearly all the hotels owned and was able to act quickly to reduce costs.
- Residential and other properties in the Czech Republic are generally operating normally.

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

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

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

Appendix I – List of group entities

Subsidiaries fully consolidated

Company	Country	31 December 2019	31 December 2018
"Diana Development" Sp. z o.o.	Poland	100.00%	100.00%
7 St James's Square Limited (12)	United Kingdom	100.00%	-
Agrome s.r.o.	Czech Republic	100.00%	100.00%
Airport City Kft.	Hungary	100.00%	100.00%
Airport City Phase B Kft.	Hungary	100.00%	100.00%
ALAMONDO LIMITED	Cyprus	100.00%	100.00%
Andrássy Real Kft.	Hungary	100.00%	100.00%
Angusland s.r.o.	Czech Republic	100.00%	100.00%
Arena Corner Kft.	Hungary	100.00%	100.00%
Armo Verwaltungsgesellschaft mbH	Germany	94.66%	94.66%
Aspley Ventures Limited	British Virgin Islands	100.00%	100.00%
Atrium Complex Sp. z o.o.	Poland	100.00%	100.00%
AVACERO LIMITED	Cyprus	-	100.00%
AVENA, VOD	Czech Republic	98.56%	-
AVIDANO LIMITED	Cyprus	-	100.00%
Balvinder, a.s.	Czech Republic	100.00%	100.00%
BARON PUGLIA S.a.r.l.	Italy	100.00%	-
Baudry Beta, a.s.	Czech Republic	100.00%	100.00%
Baudry, a.s. (1)	Czech Republic	-	100.00%
BAYTON Alfa, a.s.	Czech Republic	100.00%	100.00%
BAYTON Gama, a.s.	Czech Republic	91.16%	91.16%
BC 30 Property Kft.	Hungary	100.00%	100.00%
BC 91 Real Estate Kft.	Hungary	100.00%	100.00%
BC 99 Office Park Kft.	Hungary	100.00%	100.00%
Beroun Property Development, a.s.	Czech Republic	100.00%	100.00%
Best Properties South, a.s.	Czech Republic	100.00%	100.00%
Biochov s.r.o.	Czech Republic	100.00%	100.00%
Biopark s.r.o.	Czech Republic	100.00%	100.00%
Biopotraviny s.r.o.	Czech Republic	100.00%	100.00%
Bishops Avenue Limited (12)	United Kingdom	100.00%	100.00%
BPT Development, a.s.	Czech Republic	100.00%	100.00%
Brandýs Logistic, a.s.	Czech Republic	100.00%	100.00%
BREGOVA LIMITED	Cyprus	100.00%	100.00%
Brillant 1419 GmbH & Co. Verwaltungs KG	Germany	-	97.31%
Brillant 2800. GmbH	Germany	99.75%	99.75%
Brno Development Services, s.r.o.	Czech Republic	100.00%	-
BRNO INN, a.s.	Czech Republic	100.00%	-
Brno Property Development, a.s.	Czech Republic	91.16%	91.16%
Březiněves, a.s.	Czech Republic	100.00%	100.00%
Bubenská 1, a.s.	Czech Republic	97.31%	97.31%
Bubny Development, s.r.o.	Czech Republic	99.26%	99.26%
Buy-Way Dunakeszi Kft.	Hungary	100.00%	100.00%
Buy-Way Soroksár Kft.	Hungary	100.00%	100.00%
Byty Lehovec, s.r.o.	Czech Republic	100.00%	100.00%
BYTY PODKOVA, a.s.	Czech Republic	97.31%	97.31%
CAMPONA Shopping Center Kft.	Hungary	100.00%	100.00%
Camuzzi, a.s.	Czech Republic	97.31%	97.31%
Carpenter Invest, a.s.	Czech Republic	100.00%	100.00%
Castor Investments Sp. z o.o.	Poland	97.31%	-
Castor Investments Sp. z o.o. S.K.A.	Poland	97.31%	-
CB Property Development, a.s.	Czech Republic	100.00%	100.00%
CD Property s.r.o.	Czech Republic	97.31%	97.31%
CENTRAL TOWER 81 Sp. z o.o.	Poland	100.00%	100.00%
Centrum Ogrody Sp. z o.o.	Poland	100.00%	100.00%
CEREM S.A.	Luxembourg	97.31%	97.31%
City Gardens Sp. z o.o.	Poland	100.00%	100.00%
CM Hôtels SA	Switzerland	100.00%	100.00%
CMA Immobilier SA (2)	Switzerland	99.70%	99.70%
CMA Services S.à.r.l.	Switzerland	92.52%	92.52%
CODIAZELLA LTD	Cyprus	100.00%	100.00%
Conradian, a.s.	Czech Republic	100.00%	100.00%
Cordonier & Valério Sàrl (2)	Switzerland	-	59.82%
CPI - Bor, a.s. (3)	Czech Republic	100.00%	100.00%
CPI - Horoměřice, a.s.	Czech Republic	91.16%	91.16%
CPI - Krásné Březno, a.s.	Czech Republic	97.31%	97.31%
CPI - Land Development, a.s.	Czech Republic	97.31%	97.31%
CPI - Orlová, a.s.	Czech Republic	91.16%	91.16%
CPI - Real Estate, a.s.	Czech Republic	100.00%	100.00%

Company	Country	31 December 2019	31 December 2018
CPI - Štupartská, a.s. (4)	Czech Republic	-	100.00%
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI Alberghi HI Roma S.r.l.	Italy	100.00%	100.00%
CPI Alfa, a.s. (4)	Czech Republic	-	100.00%
CPI Beet, a.s.	Czech Republic	100.00%	100.00%
CPI Beta, a.s. (1)	Czech Republic	-	100.00%
CPI Blatiny, s.r.o.	Czech Republic	100.00%	100.00%
CPI BYTY, a.s. (5)	Czech Republic	-	100.00%
CPI BYTY, a.s. (5)	Czech Republic	100.00%	100.00%
CPI CYPRUS LIMITED	Cyprus	100.00%	100.00%
CPI Delta, a.s.	Czech Republic	100.00%	100.00%
CPI East, s.r.o.	Czech Republic	100.00%	100.00%
CPI Energo, a.s.	Czech Republic	100.00%	100.00%
CPI Epsilon, a.s. (1)	Czech Republic	-	100.00%
CPI Facility Management Kft.	Hungary	100.00%	100.00%
CPI Facility Slovakia, a.s.	Slovak Republic	100.00%	100.00%
CPI FIM S.A. (6)	Luxembourg	97.31%	97.31%
CPI FINANCE (BVI) LIMITED	British Virgin Islands	100.00%	100.00%
CPI Finance CEE, a.s.	Czech Republic	100.00%	100.00%
CPI Finance Ireland II Limited	Ireland	100.00%	100.00%
CPI Finance Netherlands II B.V.	Netherland	100.00%	100.00%
CPI Flats, a.s.	Czech Republic	100.00%	100.00%
CPI France, a SASU	France	100.00%	100.00%
CPI Green, a.s.	Czech Republic	100.00%	-
CPI Group, a.s.	Czech Republic	100.00%	100.00%
CPI Hotels Catering, s.r.o.	Czech Republic	100.00%	100.00%
CPI Hotels Europeum Kft. (7)	Hungary	100.00%	100.00%
CPI Hotels Hungary Kft.	Hungary	100.00%	100.00%
CPI Hotels Italy S.r.l.	Italy	100.00%	100.00%
CPI HOTELS POLAND Sp. z o.o.	Poland	100.00%	100.00%
CPI Hotels Properties, a.s.	Czech Republic	100.00%	100.00%
CPI Hotels Slovakia, s.r.o.	Slovak Republic	100.00%	100.00%
CPI Hotels, a.s.	Czech Republic	100.00%	100.00%
CPI Hungary Kft.	Hungary	100.00%	100.00%
CPI IMMO, S.a.r.l.	France	100.00%	100.00%
CPI Jihlava Shopping, a.s.	Czech Republic	100.00%	100.00%
CPI Kappa, s.r.o.	Czech Republic	100.00%	100.00%
CPI Kvarta, s.r.o.	Czech Republic	100.00%	-
CPI Kvinta, s.r.o.	Czech Republic	100.00%	-
CPI Lambda, a.s. (1)	Czech Republic	-	100.00%
CPI Management, s.r.o.	Czech Republic	100.00%	100.00%
CPI Meteor Centre, s.r.o.	Czech Republic	100.00%	100.00%
CPI Národní, s.r.o.	Czech Republic	100.00%	100.00%
CPI North, s.r.o.	Czech Republic	100.00%	100.00%
CPI Office Prague, s.r.o.	Czech Republic	100.00%	100.00%
CPI Omikrón, a.s.	Czech Republic	100.00%	-
CPI Orange, a.s.	Czech Republic	100.00%	-
CPI Palmovka Office, s.r.o.	Czech Republic	100.00%	100.00%
CPI Park Mlýnec, a.s. (3)	Czech Republic	-	100.00%
CPI Park Žďárek, a.s.	Czech Republic	97.25%	97.25%
CPI PG Management, S.á r.l	Luxembourg	100.00%	100.00%
CPI Pigna S.r.l.	Italy	97.31%	-
CPI Poland Offices Sp. z o.o.	Poland	100.00%	-
CPI Poland Property Management Sp. z o.o.	Poland	100.00%	-
CPI Poland Sp. z o.o.	Poland	100.00%	100.00%
CPI Prima, s.r.o.	Czech Republic	100.00%	-
CPI Property a Facility, s.r.o.	Czech Republic	100.00%	100.00%
CPI Property Development Sp. z o.o.	Poland	100.00%	100.00%
CPI Reality, a.s. (4)	Czech Republic	100.00%	100.00%
CPI Retail MB s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail One Kft.	Hungary	100.00%	100.00%
CPI Retail Portfolio Holding Kft.	Hungary	100.00%	100.00%
CPI Retail Portfolio I, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio II, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio IV, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio V, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VI, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VIII s.r.o.	Czech Republic	100.00%	100.00%
CPI Retails ONE, a.s.	Czech Republic	100.00%	100.00%
CPI Retails ROSA s.r.o.	Slovak Republic	100.00%	100.00%
CPI Retails THREE, a.s.	Slovak Republic	100.00%	100.00%
CPI Retails TWO, a.s.	Czech Republic	100.00%	100.00%
CPI REV Italy II S.r.l.	Italy	97.31%	-
CPI Romania S.R.L.	Romania	100.00%	100.00%
CPI Sekunda, s.r.o.	Czech Republic	100.00%	-
CPI Services, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping MB, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping Teplice, a.s.	Czech Republic	100.00%	100.00%
CPI South, s.r.o.	Czech Republic	97.58%	97.58%
CPI Tercie, s.r.o.	Czech Republic	100.00%	-
CPI Théta, a.s.	Czech Republic	100.00%	-
CPI Vestec, s.r.o.	Czech Republic	100.00%	100.00%
CPI West, s.r.o. (1)	Czech Republic	-	100.00%
CPI Yellow, a.s.	Czech Republic	100.00%	-
CT Development Sp. z o.o.	Poland	100.00%	-
Czech Property Investments, a.s. (1)	Czech Republic	100.00%	100.00%
Čadca Property Development, s.r.o.	Slovak Republic	100.00%	100.00%
Čáslav Investments, a.s.	Czech Republic	100.00%	100.00%
Českolipská farma s.r.o.	Czech Republic	100.00%	100.00%
Českolipská zemědělská a.s.	Czech Republic	100.00%	100.00%
Darilia, a.s.	Czech Republic	99.26%	99.26%
Děčínská zemědělská a.s.	Czech Republic	100.00%	100.00%
DERISA LIMITED	Cyprus	-	100.00%
Development Doupovská, s.r.o.	Czech Republic	72.98%	72.98%
Diana Property Sp. z o.o.	Poland	97.31%	97.31%
Dienzenhoferovy sady 5, s.r.o. (8)	Czech Republic	-	100.00%
DORESTO LIMITED	Cyprus	100.00%	100.00%
Ekofarma Postřelná s.r.o.	Czech Republic	100.00%	100.00%
EMH South, s.r.o.	Czech Republic	100.00%	100.00%
Endurance Hospitality Asset S.á r.l.	Luxembourg	100.00%	100.00%
Endurance Hospitality Finance S.á r.l.	Luxembourg	100.00%	100.00%
Endurance Real Estate Management Company	Luxembourg	97.31%	97.31%
Equator II Development Sp. z o.o.	Poland	100.00%	-
Equator IV Offices Sp. z o.o.	Poland	97.31%	-
ES Bucharest Development S.R.L.	Romania	100.00%	100.00%
ES Bucharest Properties S.R.L.	Romania	100.00%	100.00%
ES Hospitality S.R.L.	Romania	100.00%	100.00%
Estate Grand, s.r.o.	Czech Republic	97.31%	97.31%
Eurocentrum Offices Sp. z o.o.	Poland	97.31%	-
Europeum Kft.	Hungary	100.00%	100.00%
Farhan, a.s.	Czech Republic	100.00%	100.00%
Farma Javorská, a.s.	Czech Republic	100.00%	100.00%
Farma Krásný Les, a.s.	Czech Republic	100.00%	100.00%
Farma Liščí, s.r.o.	Czech Republic	100.00%	100.00%
Farma Ploučnice a.s.	Czech Republic	100.00%	100.00%
Farma Poustevna, s.r.o.	Czech Republic	100.00%	100.00%
Farma Radeč, a.s.	Czech Republic	100.00%	100.00%
Farma Svitavka s.r.o.	Czech Republic	100.00%	100.00%
Farma Valteřice, a.s.	Czech Republic	100.00%	100.00%
Farma zelená sedma, s.r.o.	Czech Republic	100.00%	100.00%
Farmy Frýdlant a.s.	Czech Republic	100.00%	100.00%
FELICIA SHOPPING CENTER SRL	Romania	100.00%	100.00%
Fetumar Development Limited	Cyprus	100.00%	100.00%
FL Property Development, a.s.	Czech Republic	91.16%	91.16%
Futurum HK Shopping, s.r.o. (9)	Czech Republic	100.00%	100.00%
GADWALL, Sp. z o.o.	Poland	100.00%	100.00%
GARET Investment Sp. z o.o.	Poland	100.00%	100.00%
GATEWAY Office Park Kft.	Hungary	100.00%	100.00%
GCA Property Development Sp. z o.o.	Poland	100.00%	-
Gebauer Höfe Liegenschaften GmbH	Germany	94.74%	94.74%
Gewerbehöfe Services GmbH	Germany	100.00%	100.00%
Gewerbesiedlungs-Gesellschaft GmbH	Germany	99.75%	99.75%
GOMENDO LIMITED	Cyprus	-	100.00%
GORANDA LIMITED	Cyprus	-	100.00%
GSG 1. Beteiligungs GmbH	Germany	99.75%	99.75%
GSG Asset GmbH & Co. Verwaltungs KG	Germany	99.75%	99.75%
GSG Berlin Invest GmbH	Germany	94.66%	94.66%
GSG Europa Beteiligungs GmbH	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	Germany	99.75%	99.75%

Company	Country	31 December 2019	31 December 2018
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 6. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Mobilien GmbH	Germany	99.75%	99.75%
GSG Solar Berlin GmbH	Germany	99.75%	99.75%
GSG Wupperstraße GmbH	Germany	99.75%	99.75%
HAGIBOR OFFICE BUILDING, a.s.	Czech Republic	97.31%	97.31%
HD Investment s.r.o.	Czech Republic	100.00%	100.00%
Hightech Park Kft.	Hungary	100.00%	100.00%
Hofnetz und IT Services GmbH	Germany	99.75%	99.75%
Hospitality Invest Sàrl	Luxembourg	100.00%	100.00%
Hotel Andrássy Zrt.	Hungary	100.00%	100.00%
Hotel Lucemburská, s.r.o.	Czech Republic	100.00%	100.00%
Hotel Pokrovka, org. Unit	Russia	100.00%	100.00%
Hotel Sirena d.o.o.	Croatia	100.00%	96.43%
HOTEL U PARKU, s.r.o.	Czech Republic	91.16%	91.16%
Hraničář, a.s.	Czech Republic	100.00%	100.00%
IGY2 CB, a.s.	Czech Republic	100.00%	100.00%
Industrial Park Stříbro, s.r.o.	Czech Republic	97.31%	97.31%
IS Nyír Kft.	Hungary	100.00%	100.00%
IS Zala Kft.	Hungary	100.00%	100.00%
Isalotta GP GmbH & Co.Verwaltungs KG	Germany	94.99%	94.99%
ISTAFIA LIMITED	Cyprus	-	100.00%
IVRAVODA LIMITED	Cyprus	100.00%	100.00%
Jagapa Limited	Cyprus	100.00%	100.00%
JAGRA spol. s r.o.	Czech Republic	100.00%	100.00%
Janáčkovo nábřeží 15, s.r.o. (8)	Czech Republic	100.00%	100.00%
Janovická farma, a.s.	Czech Republic	100.00%	100.00%
Jeseník Investments, a.s.	Czech Republic	100.00%	100.00%
Jetřichovice Property, a.s.	Czech Republic	91.16%	91.16%
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	97.31%	97.31%
Jizerská farma, s.r.o.	Czech Republic	100.00%	100.00%
JONVERO LIMITED	Cyprus	-	100.00%
Karviná Property Development, a.s.	Czech Republic	97.31%	97.31%
Kerina, a.s.	Czech Republic	100.00%	100.00%
KOENIG Shopping, s.r.o.	Czech Republic	100.00%	100.00%
Komárno Property Development, a.s.	Slovak Republic	100.00%	100.00%
Kosmonosy Investments, s.r.o.	Czech Republic	100.00%	-
Kosmonosy Property Development, s.r.o.	Czech Republic	100.00%	-
Kravařská zemědělská, a.s.	Czech Republic	100.00%	-
Labská Property, s.r.o.	Czech Republic	100.00%	100.00%
Land Properties, a.s.	Czech Republic	97.27%	97.27%
LD Praha, a.s.	Czech Republic	100.00%	100.00%
LE REGINA WARSAW Sp. z o.o.	Poland	100.00%	100.00%
Leriegos Kft.	Hungary	100.00%	100.00%
LERIEGOS LIMITED	Cyprus	100.00%	100.00%
LES MAS DU FIGUIER	France	97.31%	-
LES TROIS DILAIS	France	100.00%	100.00%
Levice Property Development, a.s.	Slovak Republic	100.00%	100.00%
Limagro s.r.o.	Czech Republic	100.00%	100.00%
Liptovský Mikuláš Property Development, a.s.	Slovak Republic	100.00%	100.00%
LN Est-Europe Development SRL	Romania	100.00%	100.00%
Lockhart, a.s.	Czech Republic	100.00%	100.00%
Lucemburská 46, a.s.	Czech Republic	100.00%	100.00%
Malerba, a.s. (1)	Czech Republic	-	100.00%
Marissa Gama, a.s.	Czech Republic	100.00%	100.00%
Marissa Kappa, a.s. (1)	Czech Republic	-	100.00%
Marissa Omikrón, a.s.	Czech Republic	100.00%	100.00%
Marissa Tau, a.s.	Czech Republic	100.00%	100.00%
Marissa Théta, a.s.	Czech Republic	100.00%	100.00%
Marissa West, a.s.	Czech Republic	100.00%	100.00%
Marissa Yellow, a.s.	Czech Republic	100.00%	100.00%
Marissa Ypsilon, a.s.	Czech Republic	100.00%	100.00%
Marissa, a.s. (1)	Czech Republic	-	100.00%
Marki Real Estate Sp. z o.o.	Poland	97.31%	97.31%
Mařenická farma, a.s.	Czech Republic	100.00%	100.00%
MB Futurum HK s.r.o. (9)	Czech Republic	-	100.00%
MB Property Development, a.s.	Czech Republic	100.00%	100.00%
Mercuda, a.s.	Czech Republic	100.00%	100.00%
MESARGOSA LIMITED	Cyprus	100.00%	100.00%
MH Bucharest Properties S.R.L	Romania	88.00%	88.00%
Michalovce Property Development, a.s.	Slovak Republic	100.00%	100.00%

Company	Country	31 December 2019	31 December 2018
MMR Russia S.à r.l	Luxembourg	100.00%	100.00%
Moniuszki Office Sp. z o.o.	Poland	100.00%	-
MQM Czech, a.s.	Czech Republic	99.26%	99.26%
MUXUM, a.s.	Czech Republic	100.00%	100.00%
Na Poříčí, a.s.	Czech Republic	100.00%	100.00%
New Age Kft.	Hungary	100.00%	100.00%
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	97.31%	97.31%
NUKASSO HOLDINGS LIMITED	Cyprus	100.00%	100.00%
Nupaky a.s.	Czech Republic	97.31%	97.31%
Nymburk Property Development, a.s.	Czech Republic	100.00%	100.00%
OC Nová Zdaboř a.s.	Czech Republic	100.00%	100.00%
OC Spektrum, s.r.o.	Czech Republic	100.00%	100.00%
OFFICE CENTER HRADČANSKÁ, a.s.	Czech Republic	100.00%	100.00%
Office Center Poštová, s.r.o.	Slovak Republic	100.00%	100.00%
Olomouc Building, a.s. (10)	Czech Republic	100.00%	-
Olomouc City Center, a.s. (10)	Czech Republic	-	100.00%
Olomouc Office, a.s. (10)	Czech Republic	-	100.00%
One Crans-Montana SA (11)	Switzerland	99.70%	-
Orco Immobilien GmbH	Germany	100.00%	100.00%
Orco Pokrovka Management o.o.o.	Russia	100.00%	100.00%
Orchard Hotel a.s.	Czech Republic	100.00%	-
OSMANIA LIMITED	Cyprus	-	100.00%
Outlet Arena Moravia, s.r.o.	Czech Republic	100.00%	100.00%
Oxford Tower Sp. z o.o.	Poland	100.00%	-
Ozrics, Kft.	Hungary	100.00%	100.00%
Parco delle Case Bianche SRL	Italy	100.00%	100.00%
Pastviny a.s.	Czech Republic	100.00%	100.00%
Peitroni, s.r.o.	Czech Republic	97.31%	-
Pelhřimov Property Development, a.s.	Czech Republic	100.00%	100.00%
Platnéřská 10 s.r.o.	Czech Republic	100.00%	100.00%
Pólus Shopping Center Zrt.	Hungary	100.00%	100.00%
Polus Társasház Üzemeltető Kft.	Hungary	100.00%	100.00%
Polygon BC, a.s.	Czech Republic	99.26%	99.26%
Považská Bystrica Property Development, a.s.	Slovak Republic	100.00%	100.00%
Prievidza Property Development, a.s.	Slovak Republic	100.00%	100.00%
PRINGIPO LIMITED	Cyprus	-	100.00%
Pro Tower Development S.R.L.	Romania	100.00%	100.00%
PROJECT FIRST a.s.	Czech Republic	91.16%	91.16%
Projekt Nisa, s.r.o.	Czech Republic	100.00%	100.00%
Projekt Zlatý Anděl, s.r.o.	Czech Republic	100.00%	100.00%
Prosta 69 Sp. z o.o.	Poland	100.00%	100.00%
Prostějov Investments, a.s.	Czech Republic	100.00%	-
Příbor Property Development, s.r.o.	Czech Republic	100.00%	100.00%
PTR PRIME TOURIST RE SORTS (CYPRUS) LIMITED	Cyprus	100.00%	100.00%
PV - Cvikov s.r.o.	Czech Republic	100.00%	100.00%
Radom Property Development Sp. z o.o.	Poland	100.00%	100.00%
Real Estate Energy Kft.	Hungary	100.00%	100.00%
Rembertów Property Development Sp. z o.o.	Poland	100.00%	100.00%
Remontées Mécaniques Crans Montana Aminona (CMA) SA	Switzerland	85.33%	85.33%
Residence Belgická, s.r.o.	Czech Republic	100.00%	100.00%
Residence Izabella, Zrt.	Hungary	100.00%	100.00%
Rezidence Jančova, s.r.o.	Czech Republic	100.00%	100.00%
Rezidence Malkovského, s.r.o.	Czech Republic	100.00%	100.00%
Rezidence Pragovka, s.r.o.	Czech Republic	97.31%	97.31%
RSL Est-Europe Properties SRL	Romania	100.00%	100.00%
RSL Real Estate Development S.R.L.	Romania	100.00%	100.00%
SASHKA LIMITED	Cyprus	100.00%	100.00%
SCI MAS CANTAGRELI	France	100.00%	100.00%
SCP AILEY	Monaco	100.00%	100.00%
SCP CAYO	Monaco	100.00%	100.00%
SCP CISKEY	Monaco	100.00%	100.00%
SCP KANDLER	Monaco	100.00%	100.00%
SCP MADRID	Monaco	100.00%	100.00%
SCP NEW BLUE BIRD	Monaco	100.00%	100.00%
SCP PIERRE CHARRON	Monaco	100.00%	100.00%
SCP Reflets	Monaco	97.31%	-
SCP VILLA DE TAHITI	Monaco	100.00%	100.00%
SHAHEDA LIMITED	Cyprus	100.00%	100.00%
Spišská Nová Ves Property Development, a.s.	Slovak Republic	-	100.00%
Spojené farmy a.s.	Czech Republic	100.00%	100.00%
ST Project Limited	Guernsey	100.00%	100.00%

Company	Country	31 December 2019	31 December 2018
Statek Blatiny, s.r.o.	Czech Republic	100.00%	100.00%
Statek Mikulášovice, s.r.o.	Czech Republic	100.00%	100.00%
Statek Petrovice, s.r.o.	Czech Republic	100.00%	100.00%
Statenice Property Development, a.s.	Czech Republic	100.00%	100.00%
Strakonice Property Development, a.s.	Czech Republic	97.31%	97.31%
STRM Alfa, a.s.	Czech Republic	99.26%	99.26%
STRM Beta, a.s.	Czech Republic	97.31%	97.31%
STRM Gama, a.s.	Czech Republic	97.31%	97.31%
Sunčani Hvar d.d.	Croatia	100.00%	96.43%
Svitavy Property Alfa, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Development, a.s.	Czech Republic	97.31%	97.31%
Šenovská zemědělská, s.r.o.	Czech Republic	100.00%	100.00%
Tachov Investments, s.r.o.	Czech Republic	100.00%	-
Tarnów Property Development Sp. z o.o.	Poland	100.00%	100.00%
Telč Property Development, a.s.	Czech Republic	91.16%	91.16%
Tepelné hospodářství Litvínov s.r.o.	Czech Republic	100.00%	100.00%
Trebišov Property Development, s. r. o.	Slovak Republic	100.00%	100.00%
Třinec Investments, s.r.o.	Czech Republic	100.00%	100.00%
Třinec Property Development, a.s.	Czech Republic	100.00%	100.00%
TUNELIA LIMITED	Cyprus	-	100.00%
Tyršova 6, a.s.	Czech Republic	100.00%	100.00%
U svatého Michala, a.s.	Czech Republic	100.00%	100.00%
Valdovská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Valkeřická ekologická, a.s.	Czech Republic	100.00%	100.00%
Verneřický Angus a.s.	Czech Republic	100.00%	100.00%
Vigano, a.s.	Czech Republic	100.00%	100.00%
Vinohrady s.a.r.l.	France	-	97.31%
VOLANTI LIMITED	Cyprus	100.00%	100.00%
Vysočany Office, a.s.	Czech Republic	99.26%	-
Vyškov Property Development, a.s. (4)	Czech Republic	-	100.00%
Wertpunkt Real Estate Experts GmbH	Germany	99.75%	99.75%
WFC Investments Sp. z o.o.	Poland	97.31%	-
WFC Offices Sp. z o.o.	Poland	100.00%	-
Zákupská farma, s.r.o.	Czech Republic	100.00%	100.00%
Zamość Property Development Sp. z o.o.	Poland	100.00%	100.00%
Zamość Sadowa Property Development Sp. z o.o.	Poland	100.00%	100.00%
Zelená farma s.r.o.	Czech Republic	100.00%	100.00%
Zelená louka s.r.o.	Czech Republic	100.00%	100.00%
Zelená pastva s.r.o.	Czech Republic	100.00%	100.00%
ZEMSPOL s.r.o.	Czech Republic	100.00%	100.00%
Zgorzelec Property Development Sp. z o.o.	Poland	100.00%	100.00%
ZLATICO LIMITED	Cyprus	100.00%	100.00%
Ždírec Property Development, a.s.	Czech Republic	100.00%	100.00%

Joint ventures

Company	Country	31 December 2019	31 December 2018
Beta Development, s.r.o.	Czech Republic	34.06%	34.06%
Brillant 1419. Verwaltungs GmbH	Germany	47.68%	47.68%
Uniborc S.A.	Luxembourg	34.06%	34.06%

(1) On 1 December 2019 Baudry, a.s.; CPI Beta, a.s.; CPI Epsilon, a.s.; CPI Lambda, a.s.; CPI West, s.r.o.; Malerba, a.s.; Marissa, a.s. and Marissa Kappa, a.s. has merged with Czech Property Investments, a.s. – the "successor company" (with effective date of 1 January 2019). All assets and liabilities of Baudry, a.s.; CPI Beta, a.s.; CPI Epsilon, a.s.; CPI Lambda, a.s.; CPI West, s.r.o.; Malerba, a.s.; Marissa, a.s. and Marissa Kappa, a.s. passed to the successor company.

(2) On 18 July Cordonier & Valério Sàrl has merged with CMA Immobilier – the "successor company" (with effective date of 1 January 2019). All assets and liabilities of Cordonier & Valério Sàrl passed to the successor company.

(3) On 8 July CPI Park Mlýnec, a.s. has merged with CPI – Bor, a.s. – the "successor company" (with effective date of 1 January 2019). All assets and liabilities of CPI Park Mlýnec, a.s. passed to the successor company.

(4) On 1 August 2019 CPI – Štupartská, a.s.; CPI Alfa, a.s. and Vyškov Property Development, a.s. has merged with CPI Reality, a.s. – the "successor company" (with effective date of 1 October 2018). All assets and liabilities of CPI – Štupartská, a.s.; CPI Alfa, a.s. and Vyškov Property Development, a.s. passed to the successor company.

(5) On 1 June 2019 CPI BYTY, a.s. has merged with CPI Residential, a.s. - the "successor company" (with the effective date of 1 July 2018). All assets and liabilities of CPI BYTY, a.s. passed to the successor company. CPI Residential, a.s. changed its name to CPI BYTY, a.s. on 1 July 2018.

(6) On 24 April 2019 Orco Property Group S.A. changed its name to CPI FIM S.A. ("CPI FIM").

(7) On 25 April 2019 CPI Retail Two Kft. changed its name to CPI Hotels Europeum Kft.

(8) On 1 July Dienzenhoferovy sady 5, s.r.o. has merged with Janáčkovo nábřeží 15, s.r.o. – the "successor company" (with effective date of 1 January 2019). All assets and liabilities of Dienzenhoferovy sady 5, s.r.o. passed to the successor company.

(9) On 1 March 2019 MB Futurum HK, s.r.o. has merged with BAYTON ONE, s.r.o. - the "successor company" (with the effective date of 7 April 2018). All assets and liabilities of MB Futurum HK, s.r.o. passed to the successor company. BAYTON ONE, s.r.o. changed its name to Futurum HK Shopping, s.r.o. on 7 April 2018.

(10) On 1 October 2019 Olomouc City Center, a.s. and Olomouc Office, a.s. has merged to new company Olomouc Building, a.s. – to the "successor company" (with effective date of 1 January 2019). All assets and liabilities of Olomouc City Center, a.s. and Olomouc Office, a.s. passed to the successor company.

(11) On 18 July 2019 Régie du Rhône Crans-Montana changed its name to One Crans-Montana SA.

(12) Exempt from statutory audit in UK (7 St James's Square Limited – registration number: 11909387 and Bishops Avenue Limited – registration number: 11675713).

Independent auditor's report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of CPI Property Group S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Valuation of investment property and property, plant and equipment

Description

The Group owns a portfolio of investment properties comprising residential, office and retail type of properties located in Europe. Investment property represents the single largest class of assets on the balance sheet, representing 70% of the total assets of the Group as at 31 December 2019. In addition, the Group operates hotels classified within property, plant and equipment representing 7% of the total assets of the Group as at 31 December 2019. Investment properties are valued at fair value and hotels, representing major part of the property, plant and equipment are stated at revalued amounts, that are fair values based, in accordance with the Group accounting policies.

Valuation of the investment property and property, plant and equipment is a significant judgemental area and is underpinned by a number of factual inputs and assumptions. The valuation is inherently subjective due to, among other factors, the individual nature of each property, the location and the expected cash flows generated by future rentals for investment property or expected EBITDA (earnings before interest, tax, depreciation and amortisation) generated by hotel operations for property, plant and equipment. The Board of Directors engaged independent external valuers to value 92% of the Group's investment property and property, plant and equipment (hereafter the "Valuers"). Acquisitions taking place mainly during the last quarter 2019 representing 7% of the Group's investment property and property plant and equipment, have been valued at acquisition cost.

In determining a property's valuation, the Valuers take into account property specific characteristics and information such as the correct tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to come up with their assessment of the fair value.

Due to the above mentioned matters, we consider valuation of investment property and property, plant and equipment as a key audit matter.

Auditors response

Our audit procedures over the valuation of investment property and property, plant and equipment included, but were not limited to, the following:

- We evaluated the competence, capabilities and objectivity of the valuers and read the terms of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.
- For a sample of the valuations across all asset classes, geographical locations and external valuers, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation.
- In particular, we assessed whether the applied valuation methods are appropriate for the purpose of the valuation of the underlying investment property and property, plant and equipment.
- We also involved our own real estate specialist to assist us in evaluating the reasonableness of the assumptions used in valuation models including yields and estimated market rent.
- We assessed the adequacy of the disclosures in the consolidated financial statements.

b) Contingencies and litigations

Description

The Company and some of its direct and indirect subsidiaries are involved as a party in legal proceedings being the most significant one in relation to a lawsuit being filed in April 2019 against the Company, among others, by a group of Kingstown companies alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") (further referred to as "Kingstown dispute"), as disclosed in note 8 of the consolidated financial statements.

This area is significant to our audit, since the accounting and disclosure for contingent liabilities is complex and judgemental (due to complexity of prediction of the outcome of the matter and estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the financial statements as a whole.

This matter was considered a key matter in our audit, since the aforementioned estimates are complex and require significant judgements by management of the Group.

Auditors response

Our audit procedures over the contingencies and litigations included, but were not limited to, the following:

- We obtained an understanding of and assessed the Group's internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Group as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress.
- We have obtained the summary of the significant legal cases from the in-house Group's legal counsel and compared the assessment of the Group's legal counsel with the information provided by the external Group's legal advisors. We made inquiries to the Group legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We have reviewed the minutes of the meetings Board of Directors, Audit Committee and General Shareholders' Meetings.
- We have involved our own legal specialists for the purpose of analysing the reasonableness of the conclusions reached by the Board of Directors on Kingstown dispute considering the various factors on which these conclusions were based.
- We assessed the completeness and adequacy of disclosures required in respect of the Contingencies and litigations in the notes to the consolidated financial statements pursuant to the relevant accounting and financial reporting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated annual report including the management report and the corporate governance statement but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

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The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Other matter

The corporate governance statement includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

The consolidated financial statements of CPI Property Group S.A. for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 March 2019.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 31 March 2020

CPI Property Group

Société Anonyme

R.C.S. Luxembourg B 102.254

ANNUAL ACCOUNTS AND REPORT

OF THE REVISEUR D'ENTREPRISES AGREE

DECEMBER 31, 2019

40, rue de la Vallée
L-2661 Luxembourg
Share Capital: EUR 865,171,633
R.C.S. Luxembourg B 102.254

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Independent auditor's report

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CPI Property Group S.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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a) Contingencies and litigations

Description

The Company and some of its affiliated undertakings are involved as a party in legal proceedings, being the most significant one in relation to a lawsuit being filed in April 2019 against the Company, among others, by a group of Kingstown companies alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") (further referred to as "Kingstown dispute"), as disclosed in note 24 of the financial statements.

This area is significant to our audit, since the accounting and disclosure for contingent liabilities is complex and judgmental (due to complexity of prediction of the outcome of the matter and estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the financial statements as a whole.

This matter was considered a key matter in our audit, since the aforementioned estimates are complex and require significant judgements by management of the Company.

Auditors response

Our audit procedures over the contingencies and litigations included, but were not limited to, the following:

- We obtained an understanding of and assessed the Company's internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Company as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress.
- We have obtained the summary of the significant legal cases from the in-house Company's legal counsel and compared the assessment of the Company's legal counsel with the information provided by the external Company's legal advisors. We made inquiries to the Company legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We have reviewed the minutes of the meetings of Board of Directors, Audit Committee and General Shareholders' Meetings.
- We have involved our own legal specialists for the purpose of analysing the reasonableness of the conclusions reached by the Board of Directors on Kingstown dispute considering the various factors on which these conclusions were based.
- We assessed the completeness and adequacy of disclosures required in respect of the Contingencies and litigations in the notes to the financial statements pursuant to the relevant accounting and financial reporting standards.

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b) **Valuation of financial assets (shares in affiliated undertakings and loans to affiliated undertakings)**

Description

Financial assets represent 92% of the total assets of the Company as at 31 December 2019.

The assessment of the valuation of financial assets requires significant judgement applied by the management in assessing the recovery value of the financial assets and the permanent nature of the impairment.

This matter was considered to be a key matter in our audit, since the aforementioned estimates are complex and require significant judgements by management of the Company.

Auditors response

Our audit procedures over the valuation of financial assets included, but were not limited to, the following:

- Ensured existence, initial cost of investment and ownership of the investment through inspection of acquisition agreements and commercial registers of the underlying investees.
- Understood the process of financial assets valuation and management's impairment assessment and evaluated the appropriateness of the application of the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.
- Tested the arithmetical accuracy of the management's impairment test based on comparison with the net equity of the underlying investees and assessed the conclusions reached by the management in respect of recognized impairment and/or reversal of historical impairment.
- Tested the accuracy and completeness of the provided loan database, on a representative sample basis, by tracing the loan terms to the underlying loan agreements, the repayments of principal and interest to the bank statements and the outstanding loan and accrued interest balances to the counterparties.
- Performed recalculation of the interest on loans to affiliated undertaking based on known data.
- Reviewed and ensured the completeness of the financial statements' disclosures.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report and the corporate governance statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 3 October 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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The corporate governance statement is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Other matter

The corporate governance statement includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

The financial statements of CPI Property Group S.A. for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 March 2019.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 31 March 2020

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RCSL Nr. : B102254	Matricule : 2004 2214 745
	eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2019 **to** 02 31/12/2019 *(in* 03 EUR *)*

CPI PROPERTY GROUP S.A.

40, rue de la Vallée
L-2661 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107		107		108	
C. Fixed assets	1109		109	6.409.098.864,00	110	4.115.253.321,00
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

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		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135	Note 3	135	6.409.098.864,00	136	4.115.253.321,00
1. Shares in affiliated undertakings	1137	Note 3.1	137	2.267.556.514,00	138	1.805.205.581,00
2. Loans to affiliated undertakings	1139	Note 3.2	139	4.133.617.350,00	140	2.310.045.240,00
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145	Note 3.3	145	7.925.000,00	146	2.500,00
6. Other loans	1147		147		148	
D. Current assets	1151		151	757.217.127,00	152	138.023.911,00
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	247.164.227,00	164	136.596.138,00
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	Note 4	171	246.563.961,00	172	136.326.216,00
a) becoming due and payable within one year	1173	Note 4.1	173	69.185.662,00	174	88.632.213,00
b) becoming due and payable after more than one year	1175	Note 4.2	175	177.378.299,00	176	47.694.003,00
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	600.266,00	184	269.922,00
a) becoming due and payable within one year	1185	Note 4.3	185	600.266,00	186	269.922,00
b) becoming due and payable after more than one year	1187		187		188	

		Reference(s)		Current year		Previous year
III. Investments	1189		189	2.420,00	190	2.420,00
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195	Note 4.4	195	2.420,00	196	2.420,00
IV. Cash at bank and in hand	1197	Note 4.5	197	510.050.480,00	198	1.425.353,00
E. Prepayments	1199	Note 5	199	65.953.347,00	200	33.321.672,00
TOTAL (ASSETS)			201	7.232.269.338,00	202	4.286.598.904,00

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CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	Note 6	301	1.578.088.995,00	302	1.678.451.941,00
I. Subscribed capital	1303		303	865.171.633,00	304	901.386.866,00
II. Share premium account	1305		305	647.906.757,00	306	1.039.046.471,00
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	56.727.853,00	310	56.727.853,00
1. Legal reserve	1311		311	56.727.853,00	312	56.727.853,00
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319	0,00	320	-303.524.863,00
VI. Profit or loss for the financial year	1321		321	8.282.752,00	322	-15.184.386,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331	Note 7	331	1.000.000,00	332	1.000.000,00
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337	1.000.000,00	338	1.000.000,00
C. Creditors	1435		435	5.649.678.822,00	436	2.606.535.428,00
1. Debenture loans	1437		437	4.042.792.906,00	438	2.228.945.055,00
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445	Note 8	445	4.042.792.906,00	446	2.228.945.055,00
i) becoming due and payable within one year	1447		447	29.946.122,00	448	10.120.033,00
ii) becoming due and payable after more than one year	1449		449	4.012.846.784,00	450	2.218.825.022,00
2. Amounts owed to credit institutions	1355	Note 9	355	170.960.156,00	356	152.306.426,00
a) becoming due and payable within one year	1357		357	960.156,00	358	102.306.426,00
b) becoming due and payable after more than one year	1359		359	170.000.000,00	360	50.000.000,00

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		Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	1.505.694,00	368	2.609.122,00
a) becoming due and payable within one year	1369		369	1.505.694,00	370	2.609.122,00
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379	Note 10	379	1.420.116.234,00	380	222.297.380,00
a) becoming due and payable within one year	1381	Note 10.1	381	37.054.889,00	382	130.366.552,00
b) becoming due and payable after more than one year	1383	Note 10.2	383	1.383.061.345,00	384	91.930.828,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Other creditors	1451	Note 11	451	14.303.832,00	452	377.445,00
a) Tax authorities	1393	Note 11.1	393	548.455,00	394	9.110,00
b) Social security authorities	1395		395	0,00	396	3.738,00
c) Other creditors	1397		397	13.755.377,00	398	364.597,00
i) becoming due and payable within one year	1399	Note 11.2	399	8.255.377,00	400	364.597,00
ii) becoming due and payable after more than one year	1401	Note 11.3	401	5.500.000,00	402	0,00
D. Deferred income	1403	Note 12	403	3.501.521,00	404	611.535,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	7.232.269.338,00	406	4.286.598.904,00

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RCSL Nr. : B102254	Matricule : 2004 2214 745
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2019 **to** 02 31/12/2019 *(in* 03 EUR)

CPI PROPERTY GROUP S.A.

40, rue de la Vallée
L-2661 Luxembourg

PROFIT AND LOSS ACCOUNT

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701		702	
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713	Note 13	713	3.830.632,00	714	531.100,00
5. Raw materials and consumables and other external expenses	1671		671	-2.389.198,00	672	-1.223.747,00
a) Raw materials and consumables	1601		601	0,00	602	-398,00
b) Other external expenses	1603	Note 14	603	-2.389.198,00	604	-1.223.349,00
6. Staff costs	1605	Note 15	605	-181.060,00	606	-168.491,00
a) Wages and salaries	1607		607	-171.511,00	608	-156.462,00
b) Social security costs	1609		609	-9.549,00	610	-10.868,00
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655	-9.549,00	656	-10.868,00
c) Other staff costs	1613		613	0,00	614	-1.161,00
7. Value adjustments	1657	Note 16	657	684.343,00	658	390.389,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661	684.343,00	662	390.389,00
8. Other operating expenses	1621	Note 17	621	-438.801,00	622	-5.666.860,00

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		Reference(s)		Current year		Previous year
9. Income from participating interests	1715	Note 18	715	40.285.000,00	716	17.344,00
a) derived from affiliated undertakings	1717		717	40.285.000,00	718	17.344,00
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721	Note 19	721	106.044.630,00	722	42.808.828,00
a) derived from affiliated undertakings	1723		723	106.044.630,00	724	42.808.717,00
b) other income not included under a)	1725		725	0,00	726	111,00
11. Other interest receivable and similar income	1727	Note 20	727	24.863.011,00	728	8.252.876,00
a) derived from affiliated undertakings	1729	Note 20.1	729	723.547,00	730	7.111.265,00
b) other interest and similar income	1731	Note 20.2	731	24.139.464,00	732	1.141.611,00
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	Note 21	665	-8.077.280,00	666	-5.183.915,00
14. Interest payable and similar expenses	1627	Note 22	627	-156.329.910,00	628	-54.932.190,00
a) concerning affiliated undertakings	1629	Note 22.1	629	-15.882.116,00	630	-6.322.049,00
b) other interest and similar expenses	1631	Note 22.2	631	-140.447.794,00	632	-48.610.141,00
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	8.291.367,00	668	-15.174.666,00
17. Other taxes not shown under items 1 to 16	1637	Note 23	637	-8.615,00	638	-9.720,00
18. Profit or loss for the financial year	1669		669	8.282.752,00	670	-15.184.386,00

NOTE 1 - GENERAL INFORMATION

CPI Property Group Société Anonyme (the "Company" or "CPI PG"), formerly named ORCO GERMANY S.A., was incorporated on July 22, 2004 and is organized under the laws of Luxembourg as a Société Anonyme for an unlimited period. On May 13, 2014 the Shareholders of the Company decided to change the name from ORCO GERMANY S.A. to GSG GROUP S.A. Subsequently, the General Meeting of the Shareholders, held on August 28, 2014, resolved to change the name: from GSG GROUP S.A. to CPI Property Group S.A.

The object of the Company is the investment in real estate, thus as the purchase, the sale, the construction, the exploitation, the administration and the letting of real estate as well as the property development, for its own account or through the intermediary of its affiliated companies. The Company has also for object the taking of participating interests, in whatsoever form in other, either Luxembourg or foreign, companies, and the management, control and development of such participating interests. The Company may in particular acquire all types of transferable securities, either by way of contribution, subscription, option, purchase or otherwise, as well as realize them by sale, transfer, exchange or otherwise. The Company may borrow and grant any assistance, loan, advance or guarantee to companies in which it has participation or in which it has a direct or indirect interest. The Company may carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property, which it may deem useful to the accomplishment of its purposes.

The registered office of the Company is established at 40, rue de la Vallée, L-2661 Luxembourg, R.C.S. Luxembourg B 102 254.

The financial year is from January 1, 2019 to December 31, 2019.

CPI PG is a real estate company which is listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard segment.

As at December 31, 2019, CPI PG is indirectly controlled by Radovan Vítek, ultimate beneficial owner, at 90.70% (2018: 91.61%) through his investment vehicles (Voting rights 2019: 94.18%; 2018: 94.25%).

The consolidated financial statements and separate annual accounts of the Company can be obtained at its registered office, 40, rue de la Vallée, L-2661 Luxembourg and at the following website: www.cpipg.com.

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

Basis of preparation and going concern

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of August 10, 1915, as subsequently amended ("the Commercial Company Law"), determined and applied by the Board of Directors.

The Board of Directors has concluded that it is appropriate to prepare the separate annual accounts as at December 31, 2019 on a going concern basis.

Significant accounting policies

Financial assets

Financial assets include shares in affiliated undertakings and loans to affiliated undertakings. Shares in affiliated undertakings are valued individually at the lower of their acquisition cost less permanent impairment or market value. Amounts owed by affiliated undertakings, amounts owed by undertakings with which the Company is linked by virtue of participating interest and other loans shown under "Financial assets" are recorded at their nominal value. A Value adjustments is recorded when the recovery value is lower than the nominal value.

Where there is a durable diminution in value in the opinion of the Board of Directors, Value adjustments are made in respect of financial assets so that they are valued at the lower figure to be attributed to them at the balance sheet date. The Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

Debtors

Trade debtors, amounts owed by affiliated undertakings and other debtors are valued at their nominal value. They are subject to Value adjustments where their recovery is compromised. These Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

Other investments

Other transferable securities are valued individually at the lower of purchase cost or market value. A Value adjustments is recorded where the market value is lower than the purchase cost. These Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year. Financing fees linked to the issuance of non-convertible loans are also recorded under the caption "Prepayments" and are amortised through profit and loss account over the period of the non-convertible loans under the caption "other interest and similar expenses".

Value adjustments

Value adjustments are deducted directly from the related asset.

Conversion of foreign currencies

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss account are expressed in this currency. All financial information presented in EUR has been rounded to the nearest thousand (KEUR), except when otherwise indicated.

During the financial year, the acquisitions and sales of financial assets as well as income and charges in currencies other than EUR are converted into EUR at the exchange rate prevailing at the transaction dates.

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At the balance sheet date, the acquisition price of the financial assets expressed in currency other than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are valued at the closing rate. The unrealised and realised losses, as well as the realised gains are recorded in the profit and loss account.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised in other interest and similar expenses.

Non-convertible loans

Non-convertible loans are recorded at their nominal value. Where the amount repayable is greater than the amount received, the difference is shown as an asset under the caption "Prepayments" and is written off over the period of the related non-convertible loans on a linear basis under the caption "Other interest and similar expenses".

When the amount repayable is lower than the amount received, the difference is shown as a liability under the caption "Deferred income" and is written off over the period of the non-convertible loans on a linear basis under the caption "Other interest and similar expenses" as decrease of costs relating to and the respective non-convertible loans.

Cross-currency swaps

Cross-currency swap Interest is recorded at its nominal value. The interest is reported in balance sheet together with converted source. The interest is reported separately in profit and loss account.

The Company records the fixed amounts on off-balance accounts. The same approach is used for fair value of a cross-currency swap.

Creditors

Creditors are valued at their nominal value.

Deferred income

This item includes income incurred during the financial year but relating to a subsequent financial year. Financing income linked to the issuance of non-convertible loans is also recorded under the caption "Deferred income".

Other operating income

Other operating income includes income from invoicing of operating costs and providing management services.

NOTE 3 - FINANCIAL ASSETS

2019	Shares in affiliated undertakings	Loans to affiliated undertakings
	KEUR	KEUR
Gross book value		
Balance at January 1, 2019	1,939,920	2,406,930
Additions for the year	460,366	2,031,130
Disposals for the year	--	(197,496)
Balance at December 31, 2019	2,400,286	4,240,564
Accumulated Value adjustments		
Balance at January 1, 2019	(134,714)	(96,885)
Additions for the year	(1,553)	(10,776)
Disposals for the year	3,538	714
Balance at December 31, 2019	(132,729)	(106,947)
Net book value as at January 1, 2019	**1,805,206**	**2,310,045**
Net book value as at December 31, 2019	**2,267,557**	**4,133,617**

3.1 Shares in affiliated undertakings

The Company during 2019:

- established:
  - 7 St. James's Square Limited.
- increased its investments in:
  - CPI Hotels Italy S.r.l.
  - Parco delle Case Bianche S.r.l.
- acquired:
  - Airport City Phase B Kft. from ST Project Limited,
  - Sunčani Hvar d.d. from PTR Prime Tourist Resort (Cyprus) Limited,
  - 97.31 % of CPI FIM SA (formerly Orco Property Group S.A.) from Nukasso Limited, Jagapa Limited, Fetumar Development Limited and Aspley Ventrures Limited,
  - Baron Puglia S.r.l. from Radovan Vítek, the ultimate benefical owner of the Company.
- entered with CPI FIM SA (formerly Orco Property Group S.A.) into Promissory Sale agreement with KOKSI Holding for future sale of shares of CSP CAYO (see Note 11.2, Note 27).

The Company compared acquisition cost with Net Equity of undertakings and applied value adjustments. The Management of the Company has decided to not fully impair the investment in Parco delle Case Bianche S.r.l. basing their decision on positive market value of the Company's project, that is not considered in Net Equity of the Undertakings. Results of Value adjustments are reported in Note 21.

Undertakings in which the Company holds participation in their share capital are detailed in the following table:

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (**)	Result of 2019
		as at	31.12.2019	31.12.2018	in 2019	31.12.2019	31.12.2018	in 2019	31.12.2019	31.12.2018	31.12.2019		
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
1 Bishops Avenue Limited	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	26,977	1,032
7 ST JAMES'S SQUARE LIMITED*	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	24,775	(108)
Airport City Phase B Kft.*	Hungary	HUF	100.00%	--	718	718	--	--	--	--	718	4,151	998
Baron Puglia S.r.l.*	Italy	EUR	100.00%	--	10	10	--	--	--	--	10	10	0
CM Hotels SA	Switzerland	EUR	100.00%	92	--	92	(92)	--	(92)	--	--	(2,090)	(423)
CPI Alberghi HI Roma S.r.l.	Italy	EUR	100.00%	31,662	--	31,662	--	--	--	31,662	31,662	35,519	60
CPI FIM SA (formerly ORCO Property Group S.A.)*	Luxembourg	EUR	97.31%	44	358,143	358,186	--	--	--	44	358,186	587,183	73,604
CPI Finance CEE, a.s.	Czech Republic	CZK	100.00%	75	--	75	(4)	--	(4)	71	71	71	(1)
CPI Hotels Italy S.à r.l.	Italy	EUR	100.00%	10	1,004	1,014	--	(1,014)	(1,014)	10	--	(6,632)	(2,464)
CPI North, s.r.o.	Czech Republic	CZK	100.00%	4	--	4	--	--	--	4	4	5;73	116
Czech Property Investments, a.s.	Czech Republic	CZK	100.00%	1,633,204	--	1,633,204	--	--	--	1,633,204	1,633,204	2,394,296	157,159
Gewerbesiedlungs-Gesellschaft mbH	Germany	EUR	94.99%	74,768	--	74,768	--	--	--	74,768	74,768	1,883,246	494,506
GSG Holding 2 GmbH	Germany	EUR	100.00%	198	--	198	(179)	2	(177)	19	21	21	3
Isalotta GP GmbH & Co. Verwaltungs KG	Germany	EUR	94.99%	3,765	--	3,765	--	--	--	3,765	3,765	95,471	24,767
IVRAVODA LIMITED	Cyprus	EUR	100.00%	640	--	640	--	(539)	(539)	640	101	101	6,351
Mercuda, a.s.	Czech Republic	CZK	100.00%	37,186	--	37,186	--	--	--	37,186	37,186	73,327	(1,366)
ORCO Immobilien GmbH	Germany	EUR	100.00%	12,906	--	12,906	(12,906)	--	(12,906)	--	--	(51,202)	(1,582)
Parco delle Case Bianche S.r.l.	Italy	EUR	100.00%	2,389	1,307	3,696	--	--	--	2,389	3,696	(1,576)	(1,586)
Remontées Mécaniques Crans Montana Aminoma (CMA) SA	Switzerland	EUR	83.42%	97,889	--	97,889	(81,055)	3,399	(77,655)	16,835	20,234	24,256	3,671
SCI MAS CANTAGRELI	France	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	(3,915)	(288)
SCP AILEY	Monaco	EUR	99.90%	1	--	1	(1)	--	(1)	--	--	(783)	(85)
SCP CAYO	Monaco	EUR	99.90%	1,377	--	1,377	(117)	117	--	1,261	1,377	1,775	513

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (**)	Result of 2019
		as at	31.12.2019	31.12.2018	in 2019	31.12.2019	31.12.2018	in 2019	31.12.2019	31.12.2018	31.12.2019		
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
SCP CISKEY	Monaco	EUR	99.90%	116	--	116	(116)	--	(116)	--	--	(9,698)	(2,139)
SCP KANDLER	Monaco	EUR	99.90%	14	--	14	(14)	--	(14)	--	--	(4,209)	(405)
SCP MADRID	Monaco	EUR	99.90%	1	--	1	(1)	1	--	--	1	307	444
SCP NEW BLUE BIRD	Monaco	EUR	99.90%	--	--	--	--	--	--	--	--	(5,339)	(539)
SCP PIERRE CHARRON	Monaco	EUR	99.90%	19	--	19	(19)	19	--	--	19	3,012	3,727
SCP VILLA DE TAHITI	Monaco	EUR	99.90%	3,348	--	3,348	--	--	--	3,348	3,348	7,068	3,179
Sunčani Hvar d.d.*	Croatia	HRV	100.00%	--	99,185	99,185	--	--	--	--	99,185	158,198	3,593
Viterícon Projektentwicklung GmbH	Germany	EUR	100.00%	40,210	--	40,210	(40,210)	--	(40,210)	--	--	--	--
ZLATICO LIMITED	Cyprus	EUR	0.10%	--	--	--	--	--	--	--	--	33,200	(24,033)
Total				**1,939,919**	**460,367**	**2,400,285**	**(134,715)**	**1,985**	**(132,729)**	**1,805,206**	**2,267,556**		

(*)Acquisition occurred during the financial year
(**)Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU

3.2 Loans to affiliated undertakings

The following amounts owed by affiliated undertakings have been considered:

	2019	2018
	KEUR	KEUR
Amount due	4,240,564	2,406,934
Value adjustments	(106,947)	(96,887)
Net value	**4,133,617**	**2,310,047**

The Company provides loans to affiliated undertakings with interest rate range 1.5-8% p.a. and maturity date until December 2028. The Company provides non-interest loan to British entities with maturity December 31, 2069 or the maturity date is not specified.

Results of Value adjustments are reported in Note 21.

In March 2019, the Company together with CPI FIM SA (formerly Orco Property Group S.A.) have entered into Promissory Sale Agreement with KOKSI Holding for future assignment of receivable of loans provided to CSP CAYO (see Note 11.2, Note 27) in the amount of KEUR 19,416 (2018: KEUR 19,124).

3.3 Investments held as fixed assets

As of December 31, 2019, the Company is holding investments held as fixed assets as follows:

Name of the undertaking	Country	Cur.	% held	Cost	Accumulated Impairment	Carrying Value	Carrying Value
		as at	31.12.2019	31.12.2019	31.12.2019	31.12.2018	31.12.2019
				KEUR	**KEUR**	**KEUR**	**KEUR**
Globalworth Real Estate Investments Limited	Guernsey	GBP	0.38%	7,905	--	--	7,905
Total undertakings				**7,905**	**--**	**--**	**7,905**
Deposit bank account						3	20
Total						**3**	**7,925**

On December 30, 2019, the Company acquired 0.0383 % of Globalworth Real Estate Investments Limited through a broker. Because of the acquisition date, the Company valued this investment at acquisition cost. The Company has acquired more shares in 2020 (see Note 27).

NOTE 4 - CURRENT ASSETS

4.1 Amounts owed by affiliated undertakings becoming due and payable within one year

The amounts owed by affiliated undertakings becoming due and payable within one year contain principals, accrued interest, other receivables and trade receivables on amounts owed by affiliated undertakings.

	2019				2018			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Amount due	--	53,347	17,499	70,846	35,106	34,244	21,627	90,977
Value adjustments	--	(1,373)	(287)	(1,660)	--	(2,058)	(287)	(2,345)
Net value	**--**	**51,974**	**17,212**	**69,186**	**35,106**	**32,186**	**21,340**	**88,632**

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4.2 Amounts owed by affiliated undertakings becoming due and payable after more than one year

The following amounts owed by affiliated undertakings have been considered:

	2019				2018			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Amount due	173,378	4,000	--	177,378	47,694	--	--	47,694
Value adjustments	--	--	--	--	--	--	--	--
Net value	**173,378**	**4,000**	**--**	**177,378**	**47,694**	**--**	**--**	**47,694**

The interest rate is 5% p.a. with maturity date December 31, 2021.

4.3 Other debtors becoming due and payable within one year

The following amounts owed by other debtors have been considered:

	2019				2018			
	Principal	Other	Tax authorities	Total	Principal	Other	Tax authorities	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Amount due	--	988	--	988	--	530	129	659
Value adjustments	--	(388)	--	(388)	--	(389)	--	(389)
Net value	**--**	**600**	**--**	**600**	**--**	**141**	**129**	**270**

4.4 Other investments

The Company has the following transferable securities:

				2019			2018		
Securities	ISIN	Quantity	Maturity	Cost	Value adj.	Net value	Cost	Value adj.	Net value
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Warrants ORCO Property Group S.A.	XS029764728	15,125	31.12.2019	0.24	--	0.24	0.24	0.00	0.24
Total				**0.24**	**--**	**0.24**	**0.24**	**0.00**	**0.24**

4.5 Cash at bank and in hand

The Company concluded short term deposit in the amount of KEUR 510,050 with interest rate range 0-1.85 % p.a., at the end of the year 2019 at HSBC France – pobočka Praha and Bank of China (Hungary) Close Ltd. Prague branch, odštěpný závod. The deposit interest is disclosed in Note 4.3 in the amount of KEUR 599.

NOTE 5 - PREPAYMENTS

Prepayments are mainly composed of transaction cost and discounts relating to the issuance of non-convertible loans (see Note 8). The corresponding issuance cost is amortized until the final maturity date of the related non-convertible loans.

	2019				2018			
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Notes costs	14,552	41,652	7,446	63,650	7,128	23,381	1,520	32,029
Credit institution loans costs	967	760	18	1,745	914	292	--	1,206
Other	558	--	--	558	87	--	--	87
Total prepayments	**16,077**	**42,412**	**7,464**	**65,953**	**8,129**	**23,673**	**1,520**	**33,322**

NOTE 6 - CAPITAL AND RESERVES

6.1 Subscribed capital and share premium account

As of December 31, 2019, the share capital amounts to EUR 865,171,633 (2018: EUR 901,386,869) and is represented by 8,651,716,331 ordinary shares (2018: 9,013,868,658) with par value of EUR 0.10 each fully paid in.

Share buy-back programme

The annual general meeting of the shareholders of the Company held on May 29, 2019 (the "2019 AGM") approved the terms and conditions of a buy-back programme of the Company. The buy-back programme enables the Company to repurchase its own shares and authorises the Company to redeem/repurchase its own shares under the terms and conditions set forth therein. In particular, the 2019 AGM authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 1,000,000,000 shares in the Company from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent EUR 0.01 and EUR 5, for a period of five years from the date of the 2019 AGM. The 2019 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company's available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

On the basis of the authorization by the 2019 AGM, the Board of Directors has decided on 17 June 2019, to proceed to a buy-back of certain shares of the Company. On 1 July 2019, the Company repurchased a total of 362,152,327 shares for the proposed acquisition price of EUR 0.30 per share (representing a total repurchase cost of about EUR 108.6 million). At the time of the repurchase, this represented a direct holding of 4.02% of the Company's share capital. The bought-back shares were cancelled by the extraordinary general meeting of shareholders of the Company held on December 18, 2019.

As at December 31, 2019, the Company is authorised to redeem/repurchase up to 637,847,673 own shares under the buy-back programme approved by the 2019 AGM. For further terms and conditions of buy-back please refer to the buy-back programme of the Company, that is available on the Company's websites www.cpipg.com.

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6.2 Authorized capital not issued

The extraordinary general meeting of the shareholders of the Company held on March 1, 2018 (the "2018 EGM") resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of five billion euros (EUR 5,000,000,000) for a period of five (5) years from March 1, 2018, which would authorise the issuance of up to forty billion (40,000,000,000) new ordinary shares and up to ten billion (10,000,000,000) new non-voting shares of the Company.

The 2018 EGM approved the report issued by the Board of Directors relating to the possibility for the Board of Directors of the Company to cancel or limit preferential subscription rights of the shareholders of the Company upon increases of share capital in the framework of the authorised share capital of the Company.

As at December 31, 2019, the authorized share capital of the Company amounts to EUR 4,975,000,000, which would authorize the issuance of up to 39,750,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding.

6.3 Legal reserve

In accordance with the Commercial Company Law, the Company must appropriate to the legal reserve a minimum of 5% of the annual net profit until such reserve equals 10% of the subscribed capital. Distribution by way of dividends of the legal reserve is prohibited.

6.4 Movements in capital and reserves

	Subscribed capital	Share premium account	Legal reserve	Profit / loss brought forward	Profit / loss for the financial year	TOTAL
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As at December 31, 2018	**901,387**	**1,039,046**	**56,728**	**(303,525)**	**(15,184)**	**1,678,452**
Annual General Meeting on May 29, 2019 - allocation of 2018 result	-	-	-	(15,184)	15,184	--
Annual General Meeting on May 29, 2019 – use share premium to offset losses carried forward	--	(318,709)	--	318,709	--	--
Extraordinary General Meeting on December 12, 2019 – cancellation of treasury shares	(36,215)	(72,430)	--	--	--	(108,645)
Profit for the financial year	-	-	-	-	8,282	8,282
As at December 31, 2019	**865,172**	**647,907**	**56,728**	**--**	**8,282**	**1,578,089**

NOTE 7 - PROVISIONS

The Company keeps the provision as at December 31, 2019 at the same level as at December 31, 2018 in the amount of KEUR 1,000. The provision was created to cover the potential exposure from Khan Litigation.

NOTE 8 - NON CONVERTIBLE LOANS

The Company has issued 14 series of notes under its Euro Medium Term Note Programme since September 2017. The volume of Euro Medium Term Note Programme was increased from EUR 3 billion to EUR 5 billion in April 2019.

Non-convertible loans consist of bonds issued by the Company as follows:

ISIN	Nominal amount	Currency	Number of bonds	Issued price per bond	Maturity date	Nominal interest rate	Listing
XS1693959931	600,000,000	EUR	6,000	99.039	October 4, 2024	2.13%	Euronext Dublin
XS1693959931	225,000,000	EUR	2,250	100.323	October 4, 2024	2.13%	Euronext Dublin
XS1819537132	550,000,000	EUR	5,500	98.833	Undated*	4.38%	Euronext Dublin
XS1894558102	610,000,000	EUR	6,100	99.340	April 14, 2022	1.45%	Euronext Dublin
CH0441186472	165,000,000	CHF	33,000	100.000	October 25, 2023	1.63%	SIX Swiss Exchange
XS1917880012	8,000,000,000	JPY	80	100.000	December 10, 2021	1.41%	Tokyo Pro-Bonds market
XS1917855337	3,000,000,000	JPY	30	100.000	December 8, 2028	2.00%	Tokyo Pro-Bonds market
XS1950499639	450.000.000	HKD	450	100.000	February 12, 2024	4.51%	Euronext Dublin
XS1955030280	350,000,000	USD	1,750	99.551	March 8, 2023	4.75%	Euronext Dublin
XS1955030280	100,000,000	USD	500	103.770	March 8, 2023	4.75%	Euronext Dublin
XS2069407786	750,000,000	EUR	7,500	98.122	April 23, 2027	1.63%	Euronext Dublin
XS1982704824	550,000,000	EUR	5,500	98.676	Undated**	4.88%	Euronext Dublin
XS2008905155	283,000,000	HKD	283	100.000	June 6, 2026	4.45%	Euronext Dublin

(*) subordinated, no fixed maturity date, are callable by the Company from August 11, 2023
(**) subordinated, no fixed maturity date, are callable by the Company from July 18, 2025

Total	Within one year	Within 5 years	After more than 5 years	Total 2019	Within one year	Within 5 years	After more than 5 years	Total 2018
	KEUR	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
Nominal value	1,254	2,104,638	1,906,955	4,012,847	--	819,987	1,398,838	2,218,825
Interest	29,946	--	--	29,946	10,120	--	--	10,120
Total non-convertible loans (Nominal value)	**31,200**	**2,104,638**	**1,906,955**	**4,042,793**	**10,120**	**819,987**	**1,398,838**	**2,228,945**
Prepayment	(14,552)	(41,652)	(7,446)	(63,650)	(7,128)	(23,381)	(1,520)	(32,029)
Deferred income	1,052	2,449	--	3,501	107	425	80	612
Total	**17,700**	**2,065,435**	**1,899,509**	**3,982,644**	**3,099**	**797,031**	**1,397,398**	**2,197,528**

8.1 ISIN XS1693959931

In 2017, the Company issued EUR 825 million 7-year senior notes in two tranches.

The first tranche of EUR 600 million, on October 4, 2017, was issued at an issue price of 99.039%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5).

The second tranche of EUR 250 million, on December 6, 2017, was issued at an issue price of 100.323%. The corresponding premium has been recorded under the caption “Deferred income” (see Note 12).

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8.2 ISIN XS1819537132

On May 9, 2018, the Company issued EUR 550 million of undated 4.375% fixed rate resettable subordinated notes. The notes have no fixed maturity date and are callable by the Company from August 11, 2023.

8.3 ISIN XS1894558102

On October 17, 2018, the Company issued EUR 600 million of 4-year senior notes at issue price of 99.340 %. The next day, on October 18, 2018 the Company issued second tranche of EUR 10 million at the same issue price. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5).

8.4 ISIN CH0441186472

On October 25, 2018, the Company issued CHF 165 million of 5-year senior notes. The Company converted CHF 100 million the proceeds from the notes into Euro through a cross-currency interest rate swap (see Note 8.13).

8.5 ISIN XS1917880012

On December 10, 2018 the Company issued JPY 8 billion of 3-year senior notes. The Company converted the issuance into Euro through cross-currency interest rate swaps and switched fixed interest rate to variable interest rate (see Note 8.13).

8.6 ISIN XS1917855337

On December 10, 2018 the Company issued JPY 3 billion of 10-year senior notes. The Company converted the issuance into Euro through a cross-currency interest rate swap and switched fixed interest rate to variable interest rate (see Note 8.13).

8.7 ISIN XS1950499639

On February 12, 2029 the Company issued HKD 450 million of 5-year senior notes. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.13).

8.8 ISIN XS1955030280

On March 8, 2019 the Company issued USD 350 million of senior notes due March 8, 2023 at an issue price 99.551%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5). The Company converted the proceeds into Euros through cross-currency swaps.

On July 29, 2019 the Company issued second tranche of USD senior notes in the amount of USD 100 million at an issue price 103.77%. The corresponding premium has been recorded under the caption “Deferred income” (see Note 12). The Company converted the proceeds into Euros through cross-currency swaps as well. (see Note 8.13).

8.9 ISIN XS1982704824

On April 16, 2019 the Company issued EUR 550 million of resettable undated subordinate notes at an issue price 98.676%. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5). The notes have no fixed maturity date and are callable by the Company from July 18, 2025.

8.10 ISIN XS2008905155

On June 6, 2019 the Company issued HKD 283 million of senior notes due June 6, 2026. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.13).

8.11 ISIN XS2069407786

On October 28, 2019 the Company issued EUR 750 million of senior notes, “green bonds”, due April 23, 2027. The corresponding discount has been recorded under the caption “Prepayments” (see Note 5).

8.12 Costs linked to non-convertible loans

During the financial year end December 31, 2019, the notes generated expenses in the amount of KEUR 118,012 (2018: KEUR 40,356).

8.13 Cross-currency interest rate swaps

The proceeds from the issuance of notes in CHF, JPY, HKD and USD, the Company converted into Euro through cross-currency interest rate swaps. The Company uses the cross-currency interest rate swaps to manage its foreign currency and interest rate exposures. The Company entered into cross-currency interest rate swaps with Komerční banka, a.s., HSBC Bank PLC, J.P. Morgan Securities PLC., Deutsche Bank AG London, Goldman Sachs International, Raiffeisen Bank International AG.

The fair value of the cross-currency interest rate swaps is as follows:

2019	Within one year			Within 5 years			After more		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	KEUR	KEUR	million	KEUR	KEUR	million	KEUR	KEUR
HKD	--	--	--	450	51,444	2,015	283	32,353	(387)
CHF	--	--	--	100	92,132	4,095	--	--	--
JPY	--	--	--	8,000	65,606	3,554	3,000	24,602	--
USD	--	--	--	452	402,644	12,856	--	--	--
Total		**--**	**--**		**611,826**	**22,520**		**56,955**	**(387)**

2018	Within one year			Within 5 years			After more		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	KEUR	KEUR	million	KEUR	KEUR	million	KEUR	KEUR
CHF	--	--	--	100	87,325	1,215	--	--	--
JPY	--	--	--	8,000	61,967	1,604	3,000	23,231	744
Total		**--**	**--**		**149,292**	**2,819**		**23,231**	**744**

8.14 Covenants

The issued Notes are subject to covenants (detail of covenants is available in the Company prospectus on the Company’s website). As of December 31, 2019, all covenants were met (2018: all covenants were met).

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NOTE 9 - AMOUNTS OWED TO CREDIT INSTITUTIONS

In March 2019, the Company repaid and replaced EUR 230 million facilities by signature a EUR 510 million 3-year unsecured revolving credit facility. The Company signed EUR 170 million of senior unsecured Schuldschein. Credit facilities and unsecured term loans are summarized in the following:

				2019				2018
Total	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Principal	170,000	--	--	170,000	102,192	50,000	--	152,192
Interest	960	--	--	960	114	--	--	114
Total amounts owed to credit institution	**170,960**	**--**	**--**	**170,960**	**102,306**	**50,000**	**--**	**152,306**
Prepayment	(967)	(760)	(18)	(1,745)	(914)	(292)	--	(1,206)
Deferred income	--	--	--	--	--	--	--	--
Total	**169,993**	**(760)**	**(18)**	**169,215**	**101,392**	**49,708**	**--**	**151,100**

9.1 EUR 150 million unsecured revolving credit facility (J.P. Morgan)

In March 2018, the Company entered into a EUR 150 million 2-year unsecured revolving credit facility with Barclays Bank PLC, Credit Suisse, Deutsche Bank Luxembourg S.A., J.P. Morgan Securities plc, Komerční banka, a.s., and UniCredit Bank Czech Republic and Slovakia, a.s. Every utilisation of revolving credit facility had own maturity and interest rate. The rate of interest was the aggregate of the applicable margin, depending on the Company’s rating by rating agencies, and EURIBOR, depending on the maturity date of utilisation.

In March 2019, the Company repaid all utilisation and terminated contract.

9.2 EUR 80 million unsecured revolving credit facility (Raiffeisen Bank)

In August 2018, the Company entered into a EUR 80 million 2-year unsecured revolving credit facility with HSBC Bank Plc, Nomura International plc, and Raiffeisen Bank International. Every utilisation of revolving credit facility had own maturity and interest rate. The rate of interest was the aggregate of the applicable margin, depending on the Company’s rating by rating agencies, and EURIBOR, depending on the maturity date of utilisation.

In March 2019, the Company repaid utilisation and terminated contract.

9.3 GBP 65 million senior unsecured loan (Barclays)

In December 2018, the Company entered into a GBP 65 million senior unsecured loan provided by Barclay Bank PLC and Deutsche Bank Luxembourg S.A. Every utilisation of loan had own maturity and interest rate. The rate of interest was the aggregate of the applicable margin, depending on the Company’s rating by rating agencies, and LIBOR, depending on the interest period mentioned in request of utilisation.

In March 2019, the Company repaid utilisation and terminated contract.

9.4 EUR 50 million 3-year senior unsecured term loan (HSBC)

In December 2018, the Company entered into a EUR 50 million 3-year senior unsecured term loan with HSBC Bank plc. Utilisation of loan had its own interest rate. The rate of interest was the aggregate of the applicable margin, depending on the Company’s rating by rating agencies, and EURIBOR, depending on the interest period requested in the utilisation form.

In November 2019, the Company repaid unsecured term loan.

9.5 EUR 510 million 3-year unsecured revolving credit facility

On March 22, 2019, the Company signed a EUR 510 million 3year unsecured revolving credit facility. This facility replaced EUR 150 million unsecured revolving credit facility and EUR 80 million unsecured revolving credit facility. Eleven regional and international banks participated in the new facility; all nine lenders (Barclays, Credit Suisse, Deutsche Bank, HSBC, J.P. Morgan, Komercni Banka, Nomura, Raiffeisen Bank and UniCredit) in the 2020 facilities increased and extended their commitments, while two new banks also joined the facility (Goldman Sachs and Bank of China). As of December 31, 2019 there is no outstanding balance on facility.

9.6 Schuldschein instruments

On March 15, 2019, the Company entered into Promissory Loans, traditional German loan-style instruments called Schuldschein, with UniCredit Bank AG and Raiffeisen Bank International AG.

There is loan in total amount of EUR 111 million of floating-rate, 6M-EURIBOR + margin 150 bp, due March 21, 2023. The second loan is in total amount of EUR 49 million of floating-rate, 6M-EURIBOR + margin 190 bp, due March 21, 2025. The third loan is in total amount of EUR 10 million of 2.696% Fix Rate, due March 21, 2027.

9.7 Costs linked to Amounts owed to credit institutions

In 2019, the credit facilities, unsecured term loans and Schuldschein generated expenses in the amount of KEUR 5,948 (2018: KEUR 1,073).

9.8 Covenants

Bank loans are subject to a number of covenants, none of these covenants were breached as at December 31, 2019 and 2018. The bank loans covenants are fully aligned with the Company's EMTN programme.

NOTE 10 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

10.1 Amounts owed to affiliated undertakings, becoming due and payable within one year

The following amounts owed to affiliated undertakings have been considered:

	2019	2018
	KEUR	KEUR
Principal	2,436	101,067
Interest	14,890	17,557
Other	19,729	11,743
Total	**37,055**	**130,367**

The Company amended the most of loan contracts to prolong maturity date to December 31, 2023 and 2024.

10.2 Amounts owed to affiliated undertakings, becoming due and payable after more than one year

The following amounts owed to affiliated undertakings have been considered:

	2019	2018
	KEUR	KEUR
Principal	1,382,344	83,953
Interest	717	2
Other	--	7,976
Total	**1,383,061**	**91,931**

The Company received loan with interest range 1.5-6% p.a. with maturity date December 31, 2024 at the latest. The increase in principal is result of prolongation maturity date and received loan from CPI FIM SA (formerly Orco Property Group S.A.).

NOTE 11 - OTHER CREDITORS

11.1 Tax authorities

The Company recognize VAT tax payable in the amount of KEUR 544 (2018: KEUR 0).

11.2 Other creditors becoming payable within one year are composed as follow:

	2019	2018
	KEUR	KEUR
Audit Committee - attendance fees	1	--
Directors - attendance fees	--	14
Others	8,254	351
Total	**8,255**	**365**

The item Others includes consideration of purchase price of shares of Globalworth Real Estate Investments (see Note 3.3) in the amount of KEUR 7,905.

11.3 Other creditors becoming due and payables after more than one year

The Company together with CPI FIM SA have entered into Promissory Sale Agreement with KOKSI Holding LTD in the presence of SCP CAYO. The Company and CPI FIM SA intend to sale of shares of SCP CAYO and assign loans, provided to SCP CAYO, to KOKSI Holding LTD in December 2021 at the latest. The Company received advance payments of the considerations in the total amount of KEUR 5,500 (see Note 27).

NOTE 12 - DEFERRED INCOME

Deferred income consists of premium that arose from the issuance of notes under EMTN programme (see Note 8.1 and 8.8).

	2019				2018			
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Total Notes	1,052	2,449	--	3,501	107	425	80	612
Other	1	--	--	1	--	--	--	--
Total	**1,053**	**2,449**	**--**	**3,502**	**107**	**425**	**80**	**612**

NOTE 13 - OTHER OPERATING INCOME

The other operating income includes remuneration for providing comprehensive and professional services in expert and in an efficient manner.

The item Others includes income as result from termination of Exclusivity Agreement in form of "Priority Right Abort Fee" in the amount of KEUR 3,000.

	2019	2018
	KEUR	KEUR
CPI FIM SA (formerly ORCO Property Group S.A.) – remuneration for services	582	531
Others	3,249	--
Total	**3,831**	**531**

NOTE 14 - OTHER EXTERNAL EXPENSES

Other external expenses are compose as follows:

	2019	2018
	KEUR	KEUR
Rental, maintenance and repairs	12	27
Financial services	68	178
Bank fees	16	9
Professional fees:	**2,140**	**883**
legal fee	1,196	256
audit fee	193	482
advisory fee	369	56
other fee	382	89
Advertising, publications, public relations	70	81
Travelling costs	36	23
Other various fees	47	22
Total	**2,389**	**1,223**

NOTE 15 - STAFF COSTS

The Company had three employees in 2019 (2018: three).

	2019	2018
	KEUR	KEUR
Wages and salaries	171	158
Social security costs	10	11
Total	**181**	**169**

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NOTE 16 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

The Company has been considered Value adjustments of current assets as follows:

	2019	2018
	KEUR	KEUR
Affiliated undertakings	685	386
Others	(1)	4
Total	**684**	**390**

NOTE 17 - THE OTHER OPERATING EXPENSES

The other operating expenses mainly includes impact of unclaimed VAT.

	2019	2018
	KEUR	KEUR
Sale of CPI Finance Slovakia II, a.s.	--	6,190
Liquidation of Mondello, a.s.	--	3
Increase of provision for Khan litigation	--	600
Affiliate based in Monaco cost	4	(1,222)
Unclaimed VAT	358	--
Directors - attendance fees	57	72
Audit Committee - attendance fees	8	7
Others	12	17
Total	**439**	**5,667**

NOTE 18 - INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

The Company received dividends as follows:

	2019	2018
	KEUR	KEUR
ZLATICO LIMITED	25	17
IVRAVODA LIMITED	40,260	--
Total	**40,285**	**17**

NOTE 19 - INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

The loans forming part of the fixed assets bear interest in 2019 in the amount of KEUR 106,045 (2018: KEUR 42,809).

NOTE 20 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

20.1 Derived from affiliated undertakings

In 2019, other interest receivable from affiliated undertakings mainly concerned the entities listed below:

	2019	2018
	KEUR	KEUR
Interest	698	5,514
FX	26	1,597
Other	--	--
Total	**724**	**7,111**

20.2 Other interest and similar income

This position includes mainly interest from cross-currency interest rate swaps.

	2019	2018
	KEUR	KEUR
Interest	21,988	746
FX	779	356
Other	1,372	40
Total	**24,139**	**7,111**

NOTE 21 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

Value adjustments of financial assets are composed as follows:

	2019	2018
	KEUR	KEUR
Shares	**1,985**	**(3,535)**
CPI Finance CEE, a.s.	--	(4)
CPI Hotels Italy S.r.l.	(1,014)	--
GSG Holding 2 GmbH	2	19
IVRAVODA LIMITED	(539)	--
Remontées Mécaniques Crans Montana Aminona (CMA) SA	3,399	(3,414)
SCP CAYO	117	(117)
SCP MADRID	1	--
SCP PIERRE CHARRON	19	(19)
Loans	**(10,062)**	**(1,648)**
Affiliated undertakings	(10,062)	(1,652)
Other	--	4
Total	**(8,077)**	**(5,183)**

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NOTE 22 - INTEREST PAYABLE AND SIMILAR EXPENSES

22.1 Concerning affiliated undertakings

Interest payable and similar expenses are composed as follows.

	2019	2018
	KEUR	KEUR
Interest	15,726	6,257
FX	156	63
Other	--	2
Total	**15,882**	**6,322**

22.2 Other interest and similar expenses

This position includes mainly interest from notes and cross-currency interest rate swaps.

	2019	2018
	KEUR	KEUR
Interest	106,570	36,138
FX	15,703	6,387
Other	18,175	6,085
Total	**140,448**	**48,610**

NOTE 23 - TAX ON PROFIT OR LOSS

The Company is taxable company for Luxembourg income and net wealth taxes. As at December 31, 2019, the Company has a payable amounting to KEUR 0 (2018: KEUR 10) towards the Luxembourg Tax Administration.

	2019	2018
	KEUR	KEUR
Wealth tax	5	10
Other taxes and duties	4	--
Total	**9**	**10**

NOTE 24 - OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Subordination of loan

The Company issued a subordination of loan and a comfort letter without any limit to the following affiliated companies:

- Orco Immobilien GmbH
- GSG Berlin Invest GmbH
- Gebauer Höfe Liegenschaften GmbH
- GSG Asset GmbH & Co. Verwaltungs KG

Comfort letter

In 2012, the Company issued the following comfort letters to GSG Asset KG for their contracting partner Techem Energy Contracting GmbH still valid in 2019:

- Wattstrasse, limited to EUR 101,334
- Geneststrasse, limited to EUR 104,000
- Zossener Strasse, limited to EUR 102,133
- Adalbertstrasse, limited to EUR 41,069
- Waldemarstrasse, limited to EUR 94,931
- Gneisenaustrasse, limited to EUR 91,733
- Lübarser Strasse, limited to EUR 68,000

British entities guarantee

The Company has given a guarantee in accordance with s479C of the Companies Act 2006 which has the effect that the Company guarantees all outstanding liabilities to which 1 Bishops Avenue Limited and 7 St James's Square Limited is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full. The guarantee is enforceable against the Company by any person to whom 1 Bishops Avenue Limited or 7 St James's Square Limited is liable in respect of those liabilities.

In accordance with section 479A of the Companies Act, by virtue of this guarantee, 1 Bishops Avenue Limited and 7 St James's Square Limited are exempt from the requirements of the Companies Act relating to the audit of their individual accounts.

Other Guarantee, warranties

CPI Hotels Italy

The Company concluded an agreement with HSBC France, acting through its branch HSBC France – pobočka Praha ("HSBC"), in relation to a bank guarantee for its subsidiary CPI Hotels Italy S.r.l. Under this agreement, HSBC will provide a guarantee to IHG Hotels Limited up to amount of EUR 50,000 until December 31, 2031.

Credit Facility Agreements

As at balance sheet date, the Company has contracted below the credit facility agreements with its undertakings affiliated:

Undertakings	2019 Drawdown Limit (MEUR)	2018 Drawdown Limit (MEUR)
1 Bishops Avenue Limited	83	68
7 St James's Square Limited	71	--
CPI Hotels, a.s	17	17
CPI Hotels Italy	6	5
CPI Alberghi HI Roma S.r.l.	5	5
Czech Property Investments a.s.	765	765
ORCO Property Group S.A.	3,935	2,186
Parco Delle Case Bianche, S.R.L	30	30
Gamala Limited	200	208
GSG ARMO Holding GmbH (formerly Brillant 2800. GmbH	38	35
Orco Immobilien GmbH	57	57
PTR Prime Tourist Resort (Cyprus) Limited	150	150
Radovan Vitek	--	60
Spojené farmy, a.s.	4	39
SCI MAS Cantagreli	20	20

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Undertakings	2019 Drawdown Limit (MEUR)	2018 Drawdown Limit (MEUR)
SCP Ailey	20	20
SCP Cayo	23	23
SCP Ciskey	35	32
SCP Kandler	20	20
SCP Madrid	20	20
SCP New Blue Bird	21	21
SCP Pierre Charron	21	21
SCP Villa de Tahiti	23	23

Kingstown dispute in Luxembourg

The Company announced that on January 20, 2015 it was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown"), claiming to be the shareholders of CPI FIM SA, filed with the Tribunal d´Arrondissement de et a Luxembourg (the "Court"). The petition seeks condemnation of the Company together with CPI FIM SA and certain members of CPI FIM SA´s board of directors as jointly and severally liable to pay damages in the amount of EUR 14.5 million and compensation for moral damage in the amount of EUR 5 million. According to Kingstown's allegation the claimed damage has arisen as a consequence of inter alia alleged violation of CPI FIM SA´s minority shareholders rights. To the best of Company´s knowledge, Kingstown was not at the relevant time a shareholder of the Company. Therefore, and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio judicatum solvi plea, which consists in requiring the entity who initiated the proceedings and who does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. The Luxembourg District Court rendered on 19 February 2016 a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the "Caisse de Consignation" in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157 million. The Company continues to believe the claim is without merit.

On June 21, 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPIPG. The Court dismissed the claim against CPIPG because the claim was not clearly pleaded ("libellé obscur"). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPIPG and failed to demonstrate how CPIPG committed any fault. In relation to the admissibility of Kingstown's claim against CPI FIM SA and other defendants, the Court is expected to rule only after it further examines positions of the remaining parties on certain procedural aspects; until then, the case will continue in a procedural stage. The merits of the case will be pleaded by any remaining defendants only if the Court declares the claim admissible.

The Company did not account for any provision in respect of this disputes.

Kingstown dispute in the United States

On April 10, 2019, a group of Kingstown companies, Investhold LTD and Verali Limited (together, the "Kingstown Plaintiffs") filed a claim in the United States District Court of the Southern District of New York (the "SDNY Court") against, among others, the Company and Mr. Radovan Vítek (together, the "CPI Plaintiffs"). The claims brought by the Kingstown Plaintiffs against the Company include alleged violations of RICO.

The Company believes that the claims are without merit and were designed to create negative press attention for the Company and to force an undue settlement. The Group's business has been totally unaffected by the New York lawsuit and by similar attempts by the Kingstown Plaintiffs to harm the reputation of the Company and Mr. Vitek. The Company reported superb preliminary operating results for 2019 and is pleased to have successfully issued nearly EUR 2 billion of bonds on the international capital markets since the New York lawsuit was filed.

On September 10, 2019, the Company's Defendants filed a motion to dismiss the case in the SDNY Court. On November 22, 2019, the Kingstown Plaintiffs filed an amended complaint in the SDNY Court. The amended complaint adds new non-US defendants and simply continues the false campaign against the Company and Mr. Vitek. The amended complaint does nothing to cure the serious jurisdictional deficiencies and pleading defects present in the original complaint.

On 14 February 2020, the Company Defendants filed a motion to dismiss the amended complaint. The arguments presented in the motion resemble those presented by the CPIPG Defendants in September 2019 and are further refined given the new allegations:

i) The Kingstown Plaintiffs have failed to justify the application of RICO outside the United States;
ii) The SDNY Court lacks jurisdiction over the Company Defendants;
iii) The Kingstown Plaintiffs' alleged RICO claims are time-barred under RICO's four-year statute of limitations;
iv) The SDNY Court is an improper forum to hear the case given that, among other things, Kingstown initiated nearly identical proceedings in Luxembourg in January 2015 which are still pending against some of the Company Defendants;
v) The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the Company Defendants.

The Company believes the amended complaint warrants dismissal and awaits a decision from the Court on the motion to dismiss in due course. The Group will continue to update all of our stakeholders on progress in the case and appreciates the steadfast support that the Company has received from our tenants, bond investors, banks and other stakeholders.

The Company did not account for any provision in respect of this disputes.

Vitericon litigation

On March 15, 2019 the Company received a summons from the Berlin Court. The Company was sued by an insolvency administrator of the Company's former subsidiary. The insolvency administrator claims the invalidity of an intragroup debt settlement from 2013 and claims a payment of EUR 10.4 million from the Company. The Company is prepared to defence in front of the Court. The Company did not account for any provision in respect of the Vitericon litigation.

NOTE 25 - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors attendance compensation for the year 2019 amounts to EUR 57,000 (2018: EUR 72,000) (see Note 17). The Annual General Meeting held on May 28, 2014 resolved to approve, with the effect as of January 1, 2014, the payment of attendance fees to all independent, non-executive Directors of the Company in the amount of EUR 3,000 per calendar month as a base fee and empowered the Board of Directors to decide at its sole discretion about the payment of additional fees up to EUR 3,000 per calendar month to independent, non-executive Directors of the Company.

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NOTE 26 - RELATED PARTY TRANSACTIONS

The Company considers entities reported as affiliated undertaking:

- entity, that are owned by the Company (directly or indirectly),
- Radovan Vítek and related party owned by Radovan Vítek, the ultimate beneficial owner of the Company.

Entity owned by the Company (directly and indirectly)

The list contains only affilitated, with whom the Company considers transaction in 2019 and 2018. The full list of subsidiaries is presented in the CPI PG's annual report, available at www.cpipg.com.

1 Bishops Avenue Limited
7 ST JAMES'S SQUARE LIMITED
Branch of MMR RUSSIA S.à r.l. (Luxembourg)
CM Hotels SA
CMA Immobilier SA
CODIAZELLA LTD,
CPI Alberghi HI Roma S.r.l.
CPI FIM SA (formerly ORCO Property Group S.A.)
CPI Finance (BVI) Limited
CPI Finance Netherlands II B.V.
CPI Hotels Italy S.r.l.
CPI Hotels, a.s.
CPI Management, s.r.o.
CPI Poland Sp. z o.o.
CPI Property Group S.A.
CPI Services, a.s.
Czech Property Investments, a.s.
Gewerbesiedlungs-Gesellschaft mbH
GSG Armo Holding GmbH (formerly Brillant 2800. GmbH)
GSG Asset GmbH & Co. Verwaltungs KG
GSG Europa Beteiligungs GmbH
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG
GSG Holding 2 GmbH
Isalotta GP GmbH & Co.Verwaltungs KG
IVRAVODA LIMITED
Mercuda, a.s.
Mondello, a.s., v likvidaci (liquidated)
Orco Immobilien GmbH
Parco delle Case Bianche, S.r.l.
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED
Remontées Mécaniques Crans Montana Aminona (CMA) SA
SCI MAS CANTAGRELI
SCP AILEY
SCP CAYO
SCP CISKEY
SCP KANDLER
SCP MADRID
SCP NEW BLUE BIRD
SCP PIERRE CHARRON
SCP VILLA DE TAHITI
Spojené farmy a.s.
ST Project Limited
Vitericon Projektentwicklung GmbH
ZLATICO LIMITED

Related party owned by Radovan Vítek reported as affiliated undertaking

- Gamala Limited

Other related party reported as other

- CPIPG Holding S.à r.l. (formerly Rindostern S.à r.l.) through Radovan Vítek

Related party balances

Receivable	Financial fixed asset affiliated	Current assets affiliated more than one year	Current assets affiliated within one year	Total	Financial fixed asset affiliated	Current assets affiliated more than one year	Current assets affiliated within one year	Total
				2019				2018
Note	3.2	4.2	4.1	--	3.2	4.2	4.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Owned by the Company (directly, indirectly)	**4,133,619**	**4,000**	**60,549**	**4,198,168**	**2,310,048**	**--**	**85,742**	**2,395,790**
1 Bishops Avenue Limited	72,561	2,640	--	75,201	66,242	--	127	66,369
7 ST JAMES'S SQUARE LIMITED	54,658	662	--	55,320	--	--	--	--
CM Hotels SA*	--	--	--	--	--	--	--	--
CMA Immobilier SA*	15,830	--	207	16,037	4,406	--	133	4,539
CPI Alberghi HI Roma S.r.l.	365	--	15	380	365	--	5	370
CPI FIM SA (formerly ORCO Property Group S.A.)	3,685,990	--	50,866	3,736,856	1,923,918	--	31,747	1,955,665
CPI Hotels Italy S.r.l.*	--	--	--	--	4,701	--	79	4,780
CPI Hotels, a.s.	9,814	--	850	10,664	9,814	--	248	10,062
CPI Services, a.s.	--	--	4,372	4,372	--	--	5,228	5,228
Czech Property Investments, a.s.	130,273	--	784	131,057	130,273	--	4,707	134,980
Gewerbesiedlungs-Gessellschaft mbH	--	--	--	--	--	--	--	--
GSG Armo Holding GmbH (formerly Brillant 2800. GmbH)	35,632	534	--	36,166	--	--	35,632	35,632
GSG Europa Beteiligungs GmbH	8,192	164	--	8,356	8,050	--	142	8,192
GSG Holding 2 GmbH	5	--	--	5	5	--	--	5
Isalotta GP GmbH & Co.Verwaltungs KG	45	--	3	48	43	--	3	46
Mercuda, a.s.	43	--	8	51	43	--	6	49
Orco Immobilien GmbH**	--	--	--	--	--	--	--	--
Parco delle Case Bianche, S.r.l.	21,395	--	3,384	24,779	17,350	--	1,784	19,134
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED	--	--	--	--	47,961	--	5,877	53,838
SCI MAS CANTAGRELI***	5,280	--	--	5,280	5,319	--	--	5,319
SCP AILEY***	2,290	--	--	2,290	2,262	--	--	2,262
SCP CAYO	19,416	--	--	19,416	19,124	--	--	19,124
SCP CISKEY***	23,575	--	--	23,575	24,941	--	--	24,941
SCP KANDLER***	6,721	--	--	6,721	6,675	--	--	6,675
SCP MADRID***	2,857	--	--	2,857	2,636	--	--	2,636
SCP NEW BLUE BIRD***	9,189	--	--	9,189	9,372	--	--	9,372
SCP PIERRE CHARRON***	13,335	--	--	13,335	11,448	--	--	11,448
SCP VILLA DE TAHITI	14,011	--	--	14,011	14,128	--	--	14,128
Spojené farmy a.s.	2,142	--	60	2,202	972	--	24	996
Vitericon Projektentwicklung GmbH**	--	--	--	--	--	--	--	--
Radovan Vítek and his entity reported as affiliated	**--**	**173,378**	**8,637**	**182,015**	**--**	**47,694**	**2,890**	**50,584**
Gamala Limited	--	173,378	8,637	182,015	--	47,694	2,890	50,584
Vítek Radovan	--	--	--	--	--	--	--	--
Total	**4,133,619**	**177,378**	**69,186**	**4,380,183**	**2,310,048**	**47,694**	**88,632**	**2,446,374**

*The Company recognised value adjustments on principal and interest in 2019

**The Company recognised value adjustments on principal and interest in 2019 and 2018

***The Company recognised partial value adjustments on principal in 2019 and 2018

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Payable	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	Total	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	Total
			2019			2018
Note	10.2	10.1	--	10.2	10.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Owned by the Company (directly, indirectly)	**1,383,061**	**37,044**	**1,420,105**	**91,930**	**130,266**	**222,196**
CODIAZELLA LTD,	--	9,180	9,180	--	9,180	9,180
CPI Alberghi HI Roma S.r.l.	--	--	--	--	500	500
CPI FIM SA (formerly ORCO Property Group S.A.)	1,102,426	20,451	1,122,877	61,339	2,251	63,590
CPI Finance (BVI) Limited	--	2,083	2,083	--	2,083	2,083
Czech Property Investments, a.s.	244,936	4,505	249,441	--	59,441	59,441
Gewerbesiedlungs-Gessellschaft mbH	28,198	--	28,198	29,002	45,829	74,831
GSG Asset GmbH & Co. Verwaltungs KG	--	93	93	--	93	93
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	1,155	69	1,224	--	1,155	1,155
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	1,422	85	1,507	--	1,422	1,422
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	1,350	81	1,431	--	1,350	1,350
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	1,791	107	1,898	--	1,791	1,791
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	1,783	107	1,890	--	1,783	1,783
Orco Immobilien GmbH	--	283	283	--	3,386	3,386
Remontées Mécaniques Crans Montana Aminona (CMA) SA	--	--	--	1,589	2	1,591
Radovan Vítek and his entity reported as affiliated	**--**	**10**	**10**	**--**	**--**	**--**
Gamala Limited	--	--	--	--	--	--
Vítek Radovan	--	10	10	--	--	--
Total	**1,383,061**	**37,054**	**1,420,115**	**91,930**	**130,266**	**222,196**

Related party transactions

Income	Other operatin g income	Financial fixed asset income_ afffiliate d	Other financial income_ affiliated	Total	Other operatin g income	Financial fixed asset income_ afffiliate d	Other financial income_ affiliated	Total
				2019				2018
Note	13	19	20.1	--	13	19	20.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Owned by the Company (directly, indirectly)	**582**	**100,300**	**724**	**101,606**	**531**	**42,809**	**2,090**	**45,430**
1 Bishops Avenue Limited	--	2,514	--	2,514	--	127	--	127
7 ST JAMES'S SQUARE LIMITED	--	662	--	662	--	--	--	--
CM Hotels SA	--	55	1	56	--	40	4	44
CMA Immobilier SA	--	207	2	209	--	133	64	197
CPI Alberghi HI Roma S.r.l.	--	10	--	10	--	5	--	5
CPI FIM SA (formerly ORCO Property Group S.A.)	582	86,813	14	87,409	531	30,928	236	31,695
CPI Finance Netherlands II B.V.	--	--	--	--	--	9	--	9
CPI Hotels Italy S.r.l.	--	130	--	130	--	79	--	79
CPI Hotels, a.s.	--	850	--	850	--	1,031	178	1,209
CPI Services, a.s.	--	--	8	8	--	--	191	191
Czech Property Investments, a.s.	--	3,109	--	3,109	--	3,066	28	3,094
Gewerbesiedlungs-Gessellschaft mbH	--	--	--	--	--	--	--	--

Income	2019 Other operating income	2019 Financial fixed asset income_ afffiliated	2019 Other financial income_ affiliated	2019 Total	2018 Other operating income	2018 Financial fixed asset income_ afffiliated	2018 Other financial income_ affiliated	2018 Total
Note	13	19	20.1	--	13	19	20.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
GSG Armo Holding GmbH (formerly Brillant 2800. GmbH)	--	--	534	534	--	--	527	527
GSG Europa Beteiligungs GmbH	--	--	164	164	--	142	--	142
Isalotta GP GmbH & Co.Verwaltungs KG	--	3	--	3	--	3	--	3
Mercuda, a.s.	--	2	--	2	--	--	2	2
Orco Immobilien GmbH	--	1,110	--	1,110	--	2,018	--	2,018
Parco delle Case Bianche, S.r.l.	--	1,600	--	1,600	--	1,285	--	1,285
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED	--	1,484	--	1,484	--	1,458	--	1,458
Remontées Mécaniques Crans Montana Aminona (CMA) SA	--	--	--	--	--	727	816	1,543
SCI MAS CANTAGRELI	--	128	--	128	--	131	--	131
SCP AILEY	--	43	--	43	--	43	--	43
SCP CAYO	--	272	--	272	--	288	--	288
SCP CISKEY	--	464	--	464	--	477	--	477
SCP KANDLER	--	151	--	151	--	153	--	153
SCP MADRID	--	40	--	40	--	41	--	41
SCP NEW BLUE BIRD	--	202	--	202	--	208	--	208
SCP PIERRE CHARRON	--	183	--	183	--	174	--	174
SCP VILLA DE TAHITI	--	198	--	198	--	212	--	212
Spojené farmy a.s.	--	70	1	71	--	31	44	75
Radovan Vítek and his entity reported as affilitated	**--**	**5,748**	**--**	**5,748**	**--**	**--**	**5,021**	**5,021**
Gamala Limited	--	5,748	--	5,748	--	--	3,170	3,170
Vítek Radovan	--	--	--	--	--	--	1,851	1,851
Total	**582**	**106,048**	**724**	**107,354**	**531**	**42,809**	**7,111**	**50,451**

Expense	2019 Other external expense	2019 Financial expense_affiliated	2019 Total	2018 Other external expense	2018 Financial expense_affiliated	2018 Total
Note	14	22.1	--	14	22.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Owned by the Company (directly, indirectly)	**250**	**15,882**	**16,132**	**33**	**6,312**	**6,345**
1 Bishops Avenue Limited	--	5	5	--	6	6
CPI Alberghi HI Roma S.r.l.	--	8	8	--	--	--
CPI FIM SA (formerly ORCO Property Group S.A.)	24	12,475	12,499	24	2,202	2,226
CPI Hotels, a.s.	1	1	2	1	6	7
CPI Management, s.r.o.	--	--	--	2	--	2
CPI Poland Sp. z o.o.	222	--	222	--	--	--
CPI Services, a.s.	3	--	3	5	14	19
Czech Property Investments, a.s.	--	2,076	2,076	1	2,711	2,712
Gewerbesiedlungs-Gessellschaft mbH	--	717	717	--	708	708
GSG Europa Beteiligungs GmbH	--	--	--	--	40	40
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	--	69	69	--	65	65
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	--	85	85	--	80	80
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	--	81	81	--	76	76

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Expense	2019 Other external expense	2019 Financial expense_affiliated	2019 Total	2018 Other external expense	2018 Financial expense_affiliated	2018 Total
Note	14	22.1	--	14	22.1	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	--	107	107	--	101	101
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	--	107	107	--	101	101
Orco Immobilien GmbH	--	77	77	--	176	176
Remontées Mécaniques Crans Montana Aminona (CMA) SA	--	74	74	--	20	20
Spojené farmy a.s.	--	--	--	--	6	6
Radovan Vítek and his entity reported as affilitated	**--**	**--**	**--**	**--**	**8**	**8**
Gamala Limited	--	--	--	--	8	8
Vítek Radovan	--	--	--	--	--	--
Total	**250**	**15,882**	**16,132**	**33**	**6,320**	**6,353**

Value adjustments	2019 Value adjustment of current assets	2019 Value adjustments of fixed assets	2019 Total	2018 Value adjustment of current assets	2018 Value adjustments of fixed assets	2018 Total
Note	16	21	--	16	21	--
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Owned by the Company (directly, indirectly)	**4**	**10,063**	**10,067**	**(1,322)**	**1,652**	**330**
CM Hotels SA	--	614	614	--	442	442
CPI Hotels Italy S.r.l.	--	4,827	4,827	--	--	--
Orco Immobilien GmbH	--	2,018	2,018	--	2,027	2,027
SCI MAS CANTAGRELI	--	287	287	(225)	422	197
SCP AILEY	--	85	85	(69)	265	196
SCP CAYO	--	--	--	(588)	--	(588)
SCP CISKEY	--	2,139	2,139	--	(2,079)	(2,079)
SCP KANDLER	--	405	405	--	478	478
SCP MADRID	1	(137)	(136)	(71)	114	43
SCP NEW BLUE BIRD	1	539	540	(369)	(731)	(1,100)
SCP PIERRE CHARRON	1	(714)	(713)	--	714	714
SCP VILLA DE TAHITI	1	--	1	--	--	--
Vitericon Projektentwicklung GmbH	--	--	--	--	--	--
Total	**4**	**10,063**	**10,067**	**(1,322)**	**1,652**	**330**

The positive value is increase of value adjustments, the negative value is decrease of value adjustments.

Other related party transactions

The Company issued in April 2018 250,000,000 shares to CPIPG Holding S.à r.l. for a global subscription price of EUR 0.2 per share.

NOTE 27 - POST BALANCE SHEET EVENTS

ISIN XS2106589471

On 22 January 2020, the Company issued GBP 350 million 8-years senior green notes under the Company’s Euro Medium Term Note (EMTN) programme. The Company converted the proceeds from the notes into Euros through cross-currency swaps.

ISIN XS2106857746

On 23 January 2020, the Company issued SGD 150 million perpetual subordinated notes under the Company's Euro Medium Term Note (EMTN) programme. The notes are callable beginning in 2025. The Company converted the proceeds from the notes into Euros through cross-currency swaps.

ISIN XS2117757182

On 13 February 2020, the Company issued HKD 250 million 10-years notes under the Company's Euro Medium Term Note (EMTN) programme. The Company converted the proceeds from the notes into Euros through cross-currency swaps.

Repayment of Schuldschein instrument

The Company repaid on March 23, 2020 the Schuldschein, maturing in 2025, in the amount of KEUR 49,000.

Globalworth Real Estate Investments Limited

On 4 February the Company reached 29.4 % of voting rights of Globalworth Real Estate Investments Limited. Shares in Globalworth were primarily purchased through a broker on the open market. Following the acquisition of Zakiono Enterprises Limited ("Zakiono") from Ioannis Papalekas, the founder and CEO of Globalworth, on January January 2020, CPIPG also gained rights which allow CPIPG to appoint representatives to Globalworth's board and board committees.

At the beginning of March 2020, the Company reconsidered group structure and resale shares of Globalworth Real Estate Investments to Zakiono Enterprises Limited.

COVID-19 disclosure

The assessment relating to COVID 19 is performed at the Group level (CPI Property Grous S.A. together with its subsidiaries as the "Group").

The current impact on the Group's property portfolio is the following:

- With limited exceptions, the Group's offices in Berlin, Prague, Warsaw, and Budapest remain open.

- Approximately 30% to 40% of retail space is open and continues to serve the local community;

- Group's hotels are mostly closed, the Group operates nearly all the hotels owned and was able to act quickly to reduce costs.

- Residential and other properties in the Czech Republic are generally operating normally.

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

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

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