Czech residential summary in figures

Region	Czech residential 2020				Czech residential 2019			
	PP value (€ million)	Occupancy* (in %)	No. of units	No. of rented units	PP value (€ million)	Occupancy* (in %)	No. of units	No. of rented units
Prague	77	97.6%	461	450	72	98.9%	461	456
Ostrava region	180	88.7%	4,322	3,834	171	87.9%	4,322	3,798
Ústí region	157	93.4%	4,988	4,660	139	89.2%	5,004	4,462
Liberec region	95	99.0%	2,018	1,997	86	98.5%	2,018	1,987
Central Bohemia	6	100.0%	77	77	5	100.0%	77	77
Total	**515**	**92.9%**	**11,866**	**11,018**	**473**	**90.7%**	**11,882**	**10,780**

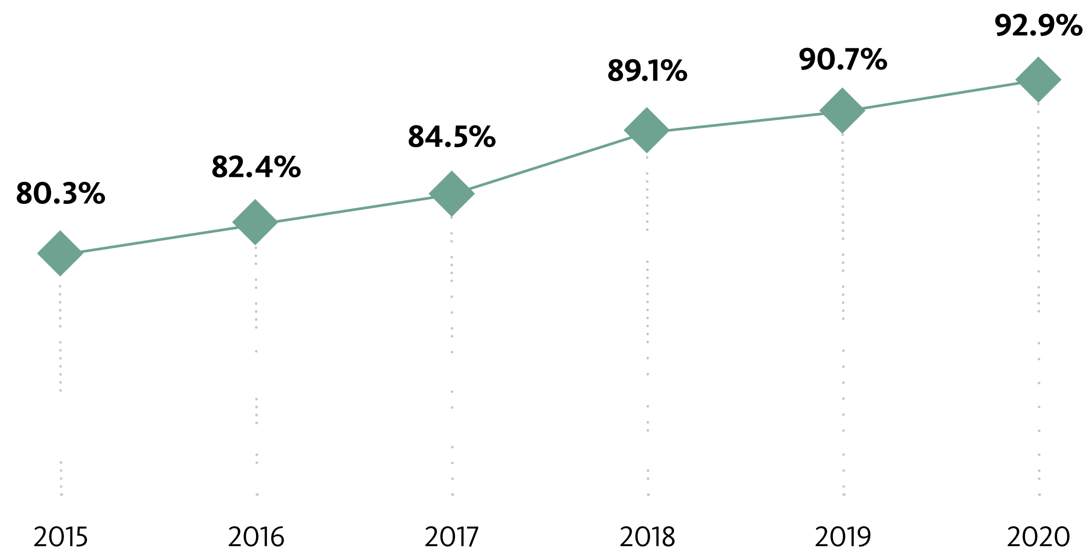
** Occupancy based on rented units.*

CPI BYTY was a key source of stability and diversification for the Group in 2020.

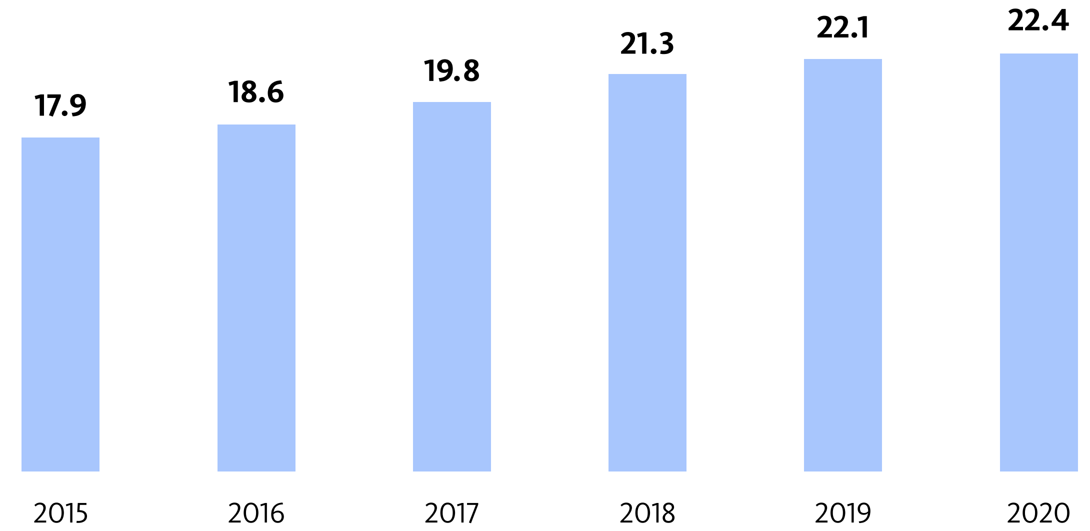
Petr Mácha, Director of CPI BYTY, Czech Republic

Letňany Apartments, Prague, Czech Republic

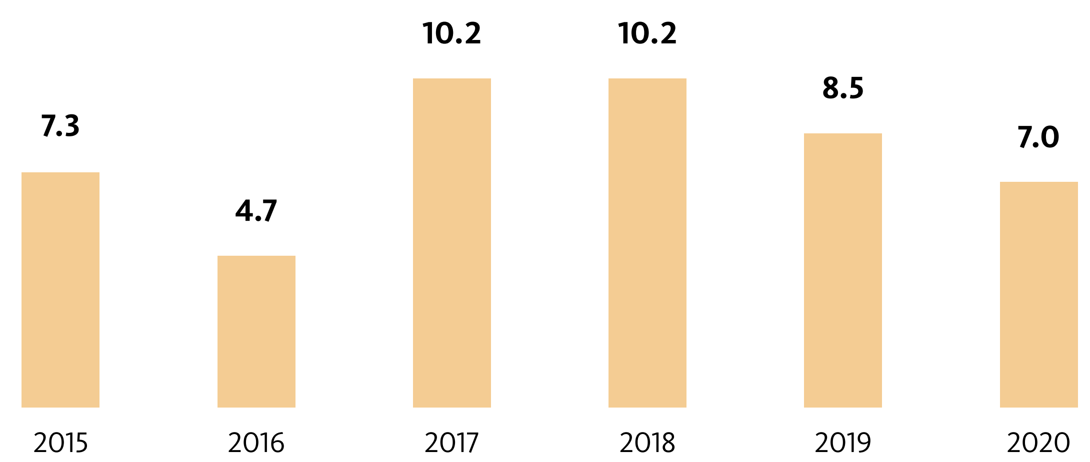
CPI BYTY portfolio occupancy (based on rented units)



Increases in gross rental income (€ million)



Declining refurbishment and maintenance costs since 2018 (€ million)



CPI BYTY Apartments, Liberec, Czech Republic

Czech market overview

The rental market for residential properties in the Czech Republic remains robust. Market rents have been consistently rising in Prague and major regional cities for a number of years, buoyed by economic factors such as very low unemployment, rising wages and solid inflation. In addition, residential development has not kept pace with population growth in recent decades, especially in regional cities.

Growth continued in 2020: the average selling price of Czech apartments grew, and their value increased by 4.9% to CZK 70,300 per/m² compared to the previous period in the third quarter of 2020 (data not available for Q4 at the time of writing), representing a 16% increase year-on-year. Ústí nad Labem was one of the fastest-growing regions, increasing by 7.6% to CZK 22,800 per/m².

Low interest rates and continued uncertainty have prompted many to turn to real estate as an alternate form of investment. An easing of strict regulations around mortgage loans by the Czech National Bank and the abolition of a long-debated real estate acquisition tax also contributed to the recent increase in demand for real estate.

Source: Deloitte

UK market overview

Prime central London has been reliant on demand from domestic buyers and resident non-doms throughout much of last year, given the practical implications of COVID-19, particularly travel constraints. In this context, the market has held up well. Values fell by a marginal -0.4% over the year, having stabilised in the final quarter, but remain almost 21% below their 2014 peak.

Meanwhile, prime London rents fell by 1.5% in the three months to December 2020, leaving them down 3.7% over 2020. That has been driven by a 6.2% annual fall in the rental value of flats, which have been at the sharp end of an increase in stock coming from the short-term lettings market and a reduction in demand from international students, young professionals and sharers.

Source: Savills

Hotels & Resorts

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

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

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

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

Boutique Hotels & Residences: hotels operating under renowned brands Mamaison Hotels & Residences and Buddha-Bar Hotel, located in the heart of European capitals. Focused on premium quality accommodation and service.

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

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

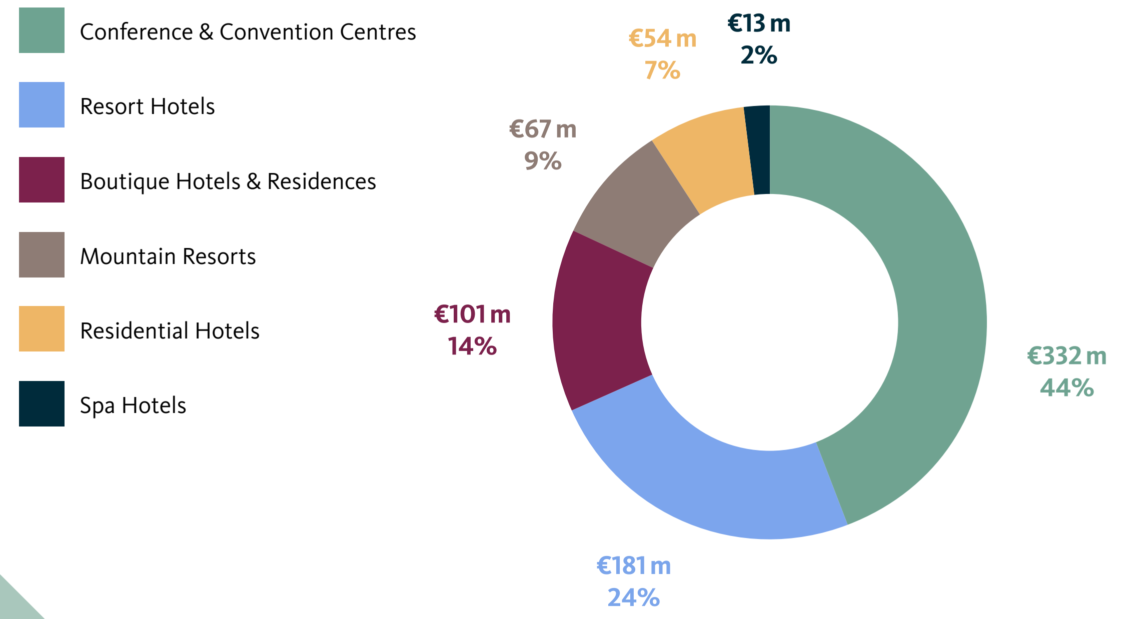
Spa Hotels: the recently established brand Spa & Kur Hotels offers wellness and spa treatment properties located in the world-famous spa city Františkovy Lázně, in the Czech Republic.

#1
congress & convention hotels provider in the Czech Republic

#1
resort on the premier island of Hvar, Croatia

High operational flexibility and cost discipline

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



We are a long-term investor in hotels, have tight control over costs and know that people can't wait to travel once we conquer COVID-19.

Jan Kratina, Director of CPI Hotels

Key Hotel & Resort properties

Number of hotel beds in each country

Mamaison Residence Downtown Prague
Prague, CZ
PP value: €31 million
Hotel beds: 346

Mamaison Hotel Le Regina
Warsaw, PL
PP value: €15 million
Hotel beds: 122

Clarion Congress Hotel Prague
Prague, CZ
PP value: €84 million
Hotel beds: 1,114

Clarion Congress Hotel Ostrava
Ostrava, Czech Republic
PP value: €22 million
Hotel beds: 327

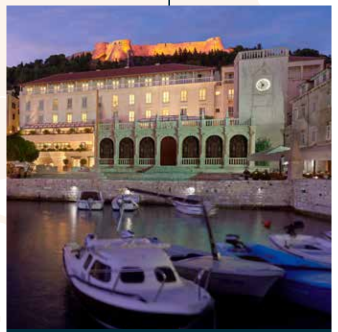
Clarion Congress Hotel České Budějovice
České Budějovice, CZ
PP value: €22 million
Hotel beds: 407

Europeum Marriott Courtyard
Budapest, HU
PP value: €33 million
Hotel beds: 468

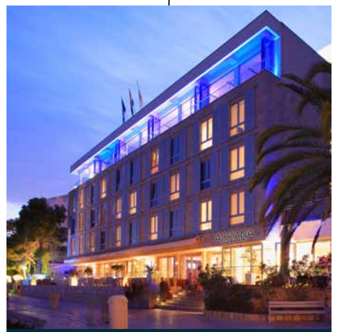
Crans-Montana Ski Resort
Crans-Montana, CH
PP value: €67 million

Holiday Inn Rome Eur Parco Dei Medici
Rome, IT
PP value: €22 million
Hotel beds: 543

Amfora Grand Beach Resort
Hvar, HR
PP value: €81 million
Hotel beds: 648



Palace Elisabeth Hotel
Hvar, HR
PP value: €13 million
Hotel beds: 146



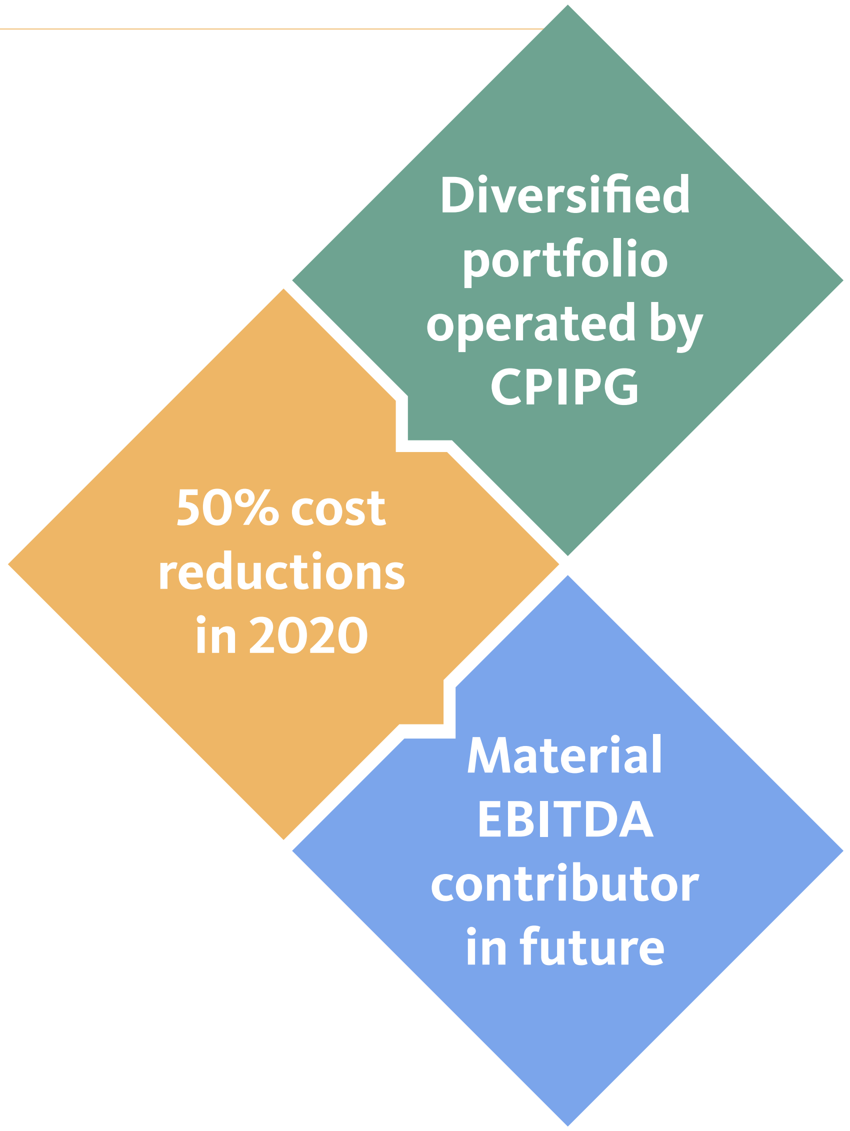
Adriana Hotel
Hvar, HR
PP value: €21 million
Hotel beds: 118

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

Hotels & Resorts segment summary

The value of CPIPG's hotels and resorts portfolio decreased to €749 million at the end of 2020 from €851 million at the end of 2019, reflecting the impact of COVID-19 on the hospitality sector.

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



Our hotel brands and partnerships

sunčani hvar hotels

mamaison Hotels & Residences

buddha-bar hotel PRAGUE

SPA & KUR HOTELS

Holiday Inn

COURTYARD BY MARRIOTT

PRIVATE LABEL HOTELS

FORTUNA HOTELS

CLARION

Quality

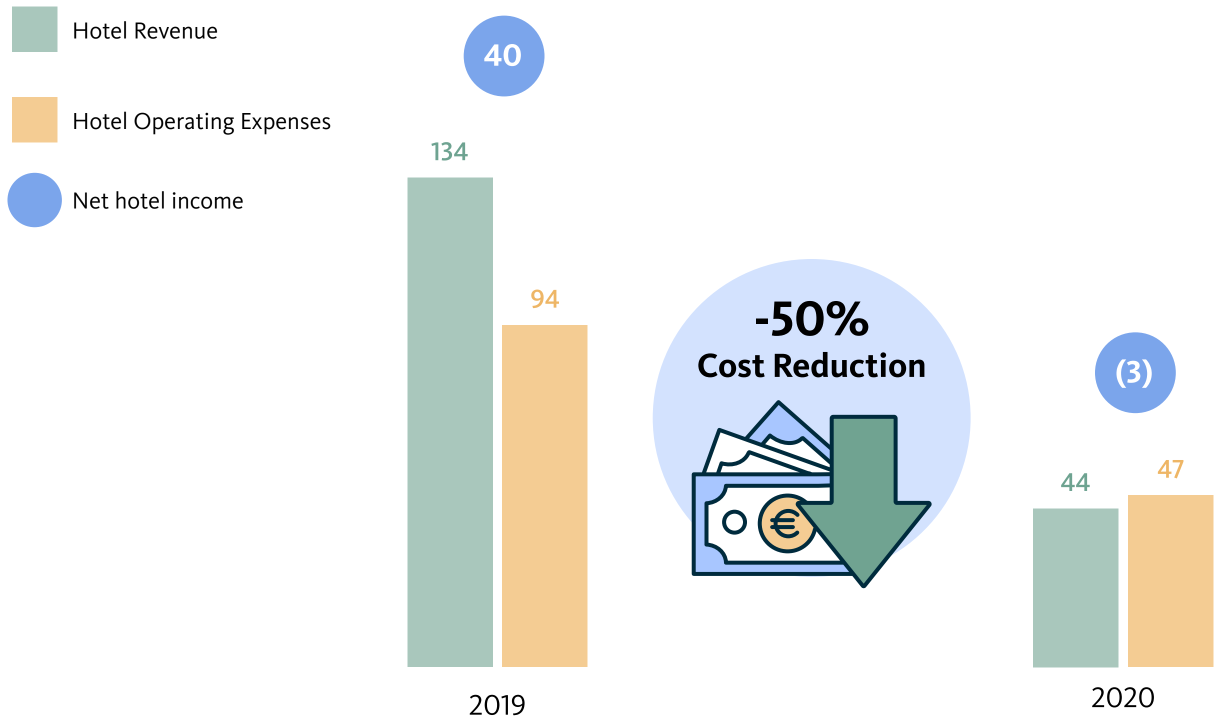
Comfort

Hotels & Resorts segment summary in figures

	Hotels & Resorts 2020					Hotels & Resorts 2019				
	PP value (€ million)	Hotel beds	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)	PP value (€ million)	Hotel beds	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)
Czech Republic	370	8,971	23	(76)	(20)	431	8,971	23	6	6
Croatia	164	1,646	7	(48)	(18)	193	1,646	7	(1)	(4)
Hungary	63	756	4	(73)	(1)	61	756	4	10	7
Italy	46	895	4	(85)	(1)	36	543	1	(9)	1
Poland	24	216	2	(79)	(23)	30	216	2	(3)	(2)
Russia	14	184	1	(44)	(6)	24	184	1	(12)	(12)
Switzerland	67	–	1	–	–	76	–	1	–	–
Slovakia	–	100	–	(56)	(9)	–	100	–	19	15
Total	**749**	**12,768**	**42**	**(74)**	**(16)**	**851**	**12,416**	**39**	**1**	**1**

Note: Czech Republic and Slovakia includes hotels operated, but not owned by the Group. RevPAR (Revenue Per Available Room). ADR (Average Daily Rate).

Net hotel income versus hotel operating expenses (€ million)



Mamaison Residence Downtown Prague, Czech Republic

Performance

Revenues generated by the hotels portfolio in 2020 fell by approximately 67% from €134 million in 2019 to €44 million, given the severe disruption caused to the hospitality sector as a result of COVID-19. The combined impact of spring and autumn lockdowns across Europe, as well as severe restrictions imposed on domestic and international travel, led to the closure and restricted operation of hotels for a significant portion of the year. For the entire year, average occupancy across the portfolio was around 20% versus 66% in 2019.

However, CPIPG's ownership and operation of its hotels meant that sharp cost control could be implemented quickly, which, combined with a positive summer season, helped offset the significant drop in revenues and support overall profitability. By cutting operating costs and payroll costs by around 50%, for the entire year net business income ended up being close to zero (-€3 million).

In the first lockdown introduced in early March, nearly all hotels in the portfolio were immediately closed apart from in a handful of isolated cases. Until the pandemic outbreak, the portfolio was performing well – Q1 revenues were only around 5% below 2019 levels despite March being heavily impacted. Although the portfolio was permitted to reopen in the Czech Republic in late May, hotels only reopened gradually in line with the return of demand levels.

Almost all hotels reopened in time for a positive summer season across the entire portfolio, despite certain travel restrictions remaining in place, as revenues across the portfolio in Q3 almost quadrupled compared to Q2. Hvar, in particular, saw a solid pickup in bookings between June and August, peaking at room nights sold close to 75% of August 2019 levels (up from 32% in July). Certain hotels were running at 95% occupancy in August.

In light of the second and third waves of the pandemic in the autumn-winter, much of the portfolio remained closed or with significantly restricted operation in the final quarter of the yearwhich meant that revenues were 85% lower in Q4 2020 compared to the corresponding period in 2019.

Over the entire year, we managed to decrease overall operating expenses by 50%, the vast majority of which came from a headcount reduction of around half the permanent workforce. However, the annualised impact of cost reductions also excluding one-off severance costs would be expected to demonstrate an even greater scale-back of costs. For example, the quarter-on-quarter decrease between Q1 and Q2 2020 was around 70% in operating expenses and 60% in payroll costs.

The Group remains hopeful that the hospitality sector will see a strong pickup in activity in the second half of the year in line with improving vaccination rollout, pent-up consumer demand and savings, and an increase in both domestic and international travel with the reopening of borders.

Buddha-Bar Hotel, Prague

Market overview

Around 10.8 million people stayed in collective accommodation establishments in the Czech Republic in 2020, a drop of 51% compared to a record 2019. Historically there has been a roughly 50:50 split between Czech nationals and foreign tourists in the Czech Republic; however, due to the COVID-19 pandemic, the number of foreign tourists fell by around 75% in 2020. The largest three markets making up foreign tourists was represented by neighbouring countries Germany, Poland and Slovakia (each down around 60% versus the prior year).

The Prague hotel market recorded the steepest decline in average revenue per room in 2020. Barcelona, Rome and Lisbon were affected on a similar scale. The main reason for Prague's declining revenue was the 78.5% drop in the occupancy rate (to 16.6%) as well as the 28.1% cut in average prices to €66 per room.

Prague relies on international tourism, which was dramatically hit by the COVID-19 pandemic.
The impact in Prague was exacerbated because:

1. during the first wave, the Czech government was among the first to impose harsh restrictions, including shutting hotels;
2. during the post-summer second wave, the Czech Republic's increase in cases was one of the highest in Europe, hence the clamp-down on hospitality and foreign travel was abrupt, and;
3. unlike many other countries, the Czech authorities did not use local hotels to accommodate health professionals or as makeshift hospitals despite CPIPG being one of the companies to offer spare bed capacity in its hotels.

However, most visitors to Prague are tourists from countries within Europe, less reliant on intercontinental tourism. This market is projected to pick up relatively quickly after pandemic-related measures have been eased. This is supported by figures from the summer months, during which the constraints were relaxed, enabling at least tourists from the surrounding countries to come to Prague again: the capital's hotels saw their occupancy rates increase dramatically, overtaking international destinations such as London, Paris and Rome.

David Nath, Head of the Central & Eastern European Hospitality Team at Cushman & Wakefield: was quoted as saying, "The willingness and appetite to travel has not dimmed and Prague remains a preferred destination. That is why we are seeing this ongoing interest among prominent market players in buying, leasing or operating some of the local hotels – the demand definitely exceeds supply."

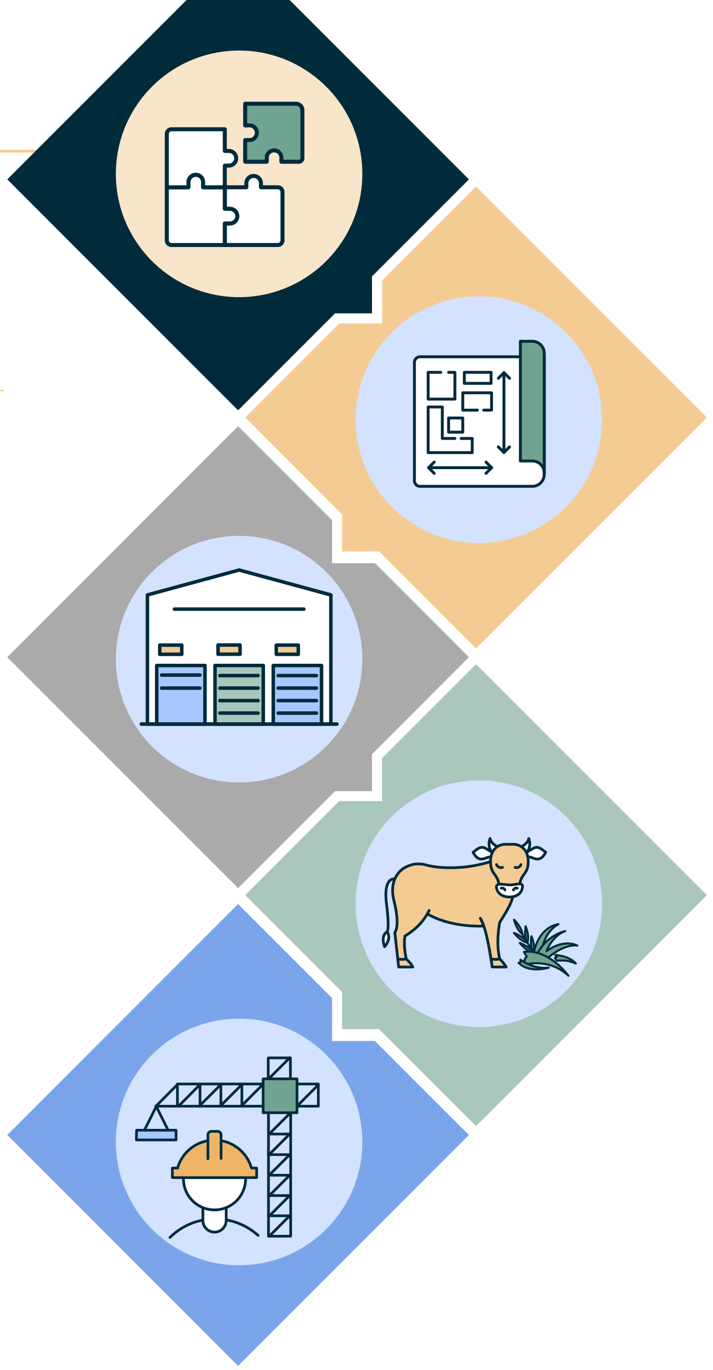
Hotel transactions were few and far between on the Czech market in 2020. However, prices have been holding up at their original level, given the lack of hotels for sale, very limited new supply in the pipeline and talks of potential curbs to the short-term rentals market and VAT cuts on accommodation services.

In a recent survey conducted by Cushman & Wakefield among regional and international hotel operators active in the CEE and SEE regions, 81% said that they were "very" or "highly" interested in the Czech capital.

Prague, Warsaw, and Budapest also were the top three cities in the region in CEE and SEE according to the survey.

Sources: Savills, JLL, Cushman & Wakefield, Cushman & Wakefield – Operator Beat, Czech Statistical Office

Complementary Assets

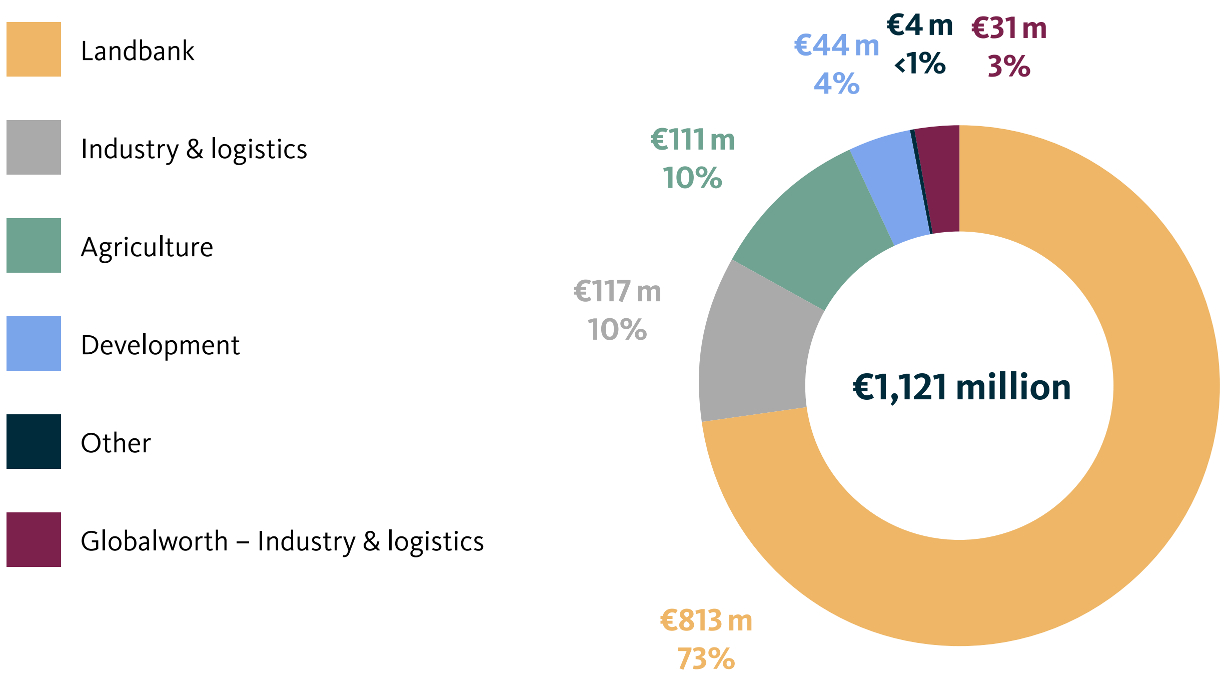


The Group's Complementary Assets segment consists of landbank plots in the Czech Republic and Berlin, selective development projects and smaller portfolios that are complementary to CPIPG's overall strategy, such as logistics assets in Hungary.

The Group's landbank is a strategic asset that can be held and potentially developed over the long-term. These holdings primarily relate to the Czech Republic and also Berlin. Value of the landbank increased as key approvals for development were received.

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

Complementary assets property portfolio (as at 31 December 2020)



Complementary segment summary in figures

	Complementary Assets 2020							Complementary Assets 2019						
	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties
Agriculture	111	–	–	–	–	232 469 000*	–	114	–	–	–	–	234 528 000*	–
Industry & logistics	117	93.7%	198,000	–	–	–	20	99	92.2%	192,000	–	–	–	19
Development	44	–	–	–	18,000	–	7	187	–	–	90,000	16,000	–	12
Landbank	813	–	–	–	–	21,425,000	–	707	–	–	–	–	21,506,000	–
Other	4	–	–	–	–	–	–	3	–	–	–	–	--	–
Globalworth – Industry & logistics	31	–	–	–	–	–	–	1	–	–	–	–	--	–
Total	**1,121**	**93.7%**	**198,000**	**–**	**18,000**	**253,894,000**	**27**	**1,111**	**92.2%**	**192,000**	**90,000**	**16,000**	**256,034,000**	**31**

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

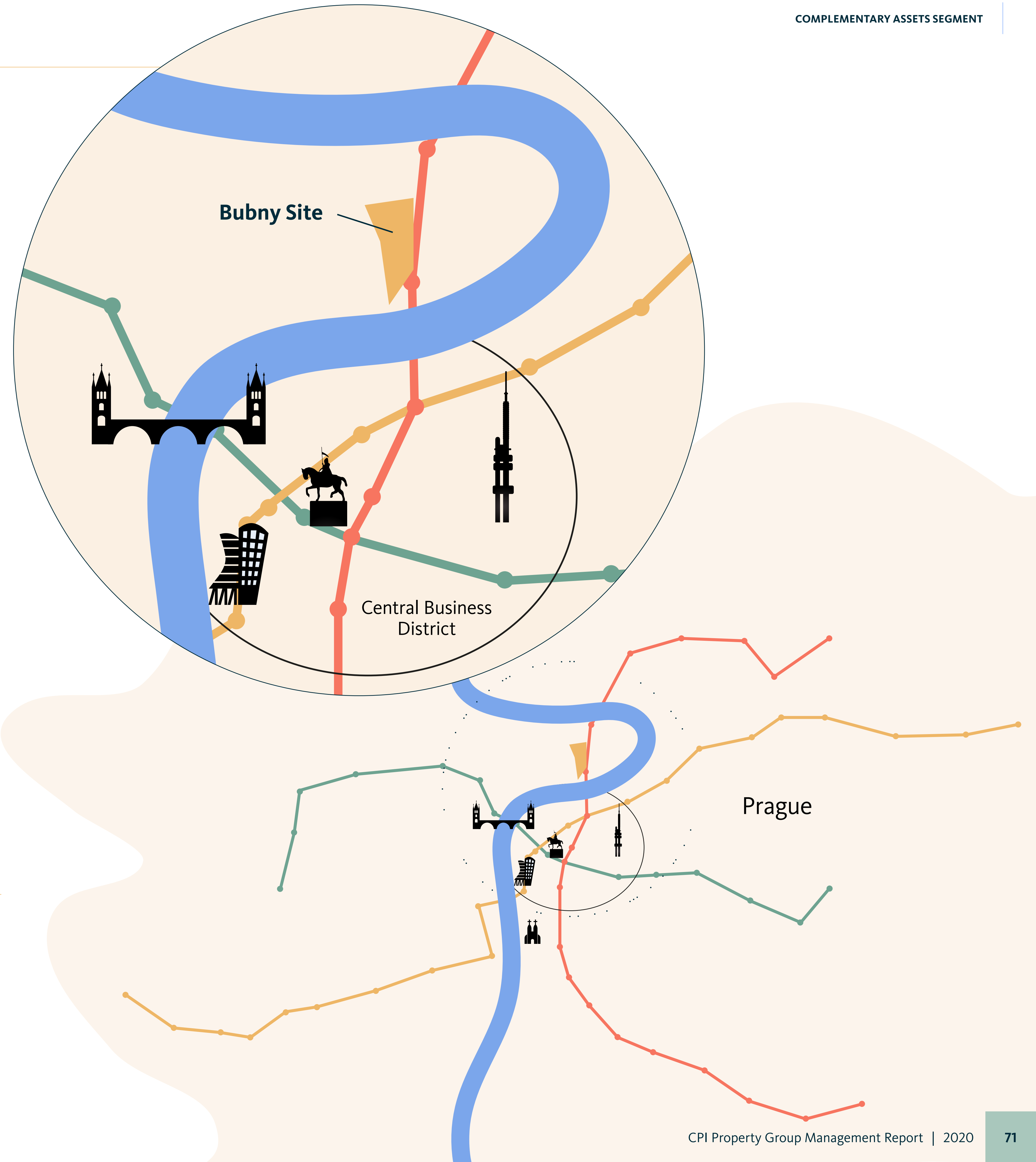
Landbank in the Czech Republic

In the Czech Republic, **landbank holdings amount to €683 million**.

Around 58% of the Czech landbank is situated in Prague, mainly relating to Bubny, a 201,000 m² area strategically located close to the CBD and where **we recently completed the redevelopment of flagship office Bubenská 1**.

The majority of the remainder of the Czech Republic landbank relates to Nová Zbrojovka, Brno – where the Group is completing the **regeneration and redevelopment of one of the largest brownfields in Brno** and recently completed the first office development in the new neighbourhood, ZET.office. After completing the site's first office building and its surroundings, the first tenants, Kiwi.com and Axians, moved into ZET.office during 2020.

Given the scarce availability of land in Prague and across the country and constraints in obtaining building permits, the value of strategic land plots has been increasing. Also, **the Group recently received approval for a zoning change relating to the Nová Zbrojovka redevelopment project,** paving the way to its completion in the near future. In combination, these factors drove a **20% increase in the value of the Czech landbank compared to 2019.**



Landbank summary in figures

	Landbank 2020		Landbank 2019	
	PP value (€ million)	Land area (m²)	PP value (€ million)	Land area (m²)
Prague	393	1,447,000	342	1,481,000
Berlin	95	22,000	101	21,000
Other	325	19,956,000	264	20,004,000
Total	813	21,425,000	707	21,506,000

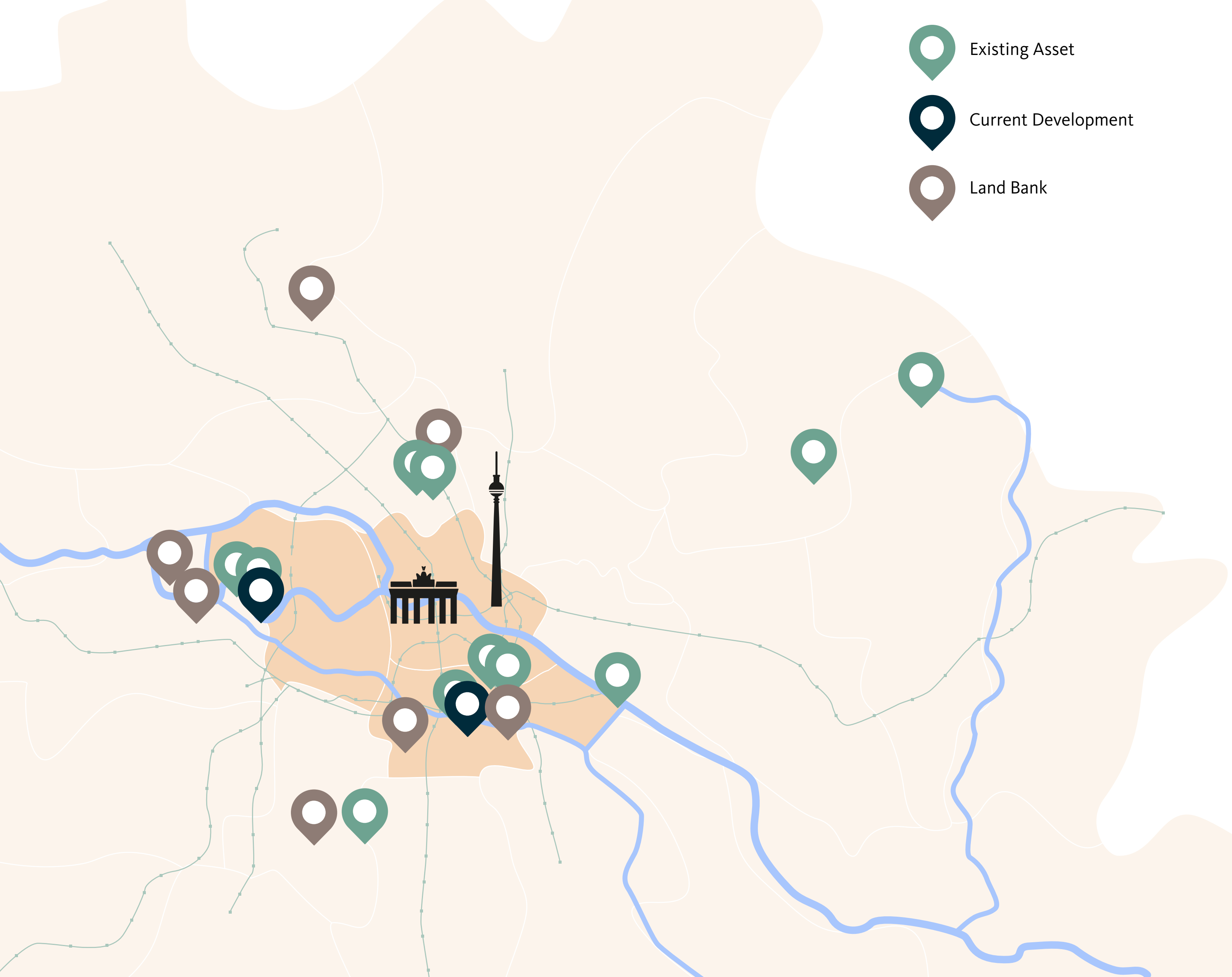
Landbank & development in Berlin

In Berlin, the Group owns landbank plots currently valued at €95 million, located in attractive areas. This provides opportunities for low-risk extensions and developments.

Given the magnitude of office demand in Berlin, which continues to exceed supply, property prices have continued to rise even during 2020 despite COVID-19. Development of our strategic landbank plots provides another source of growth for portfolio value and rents. In our new developments, we are able to attract blue-chip tenants with prime-level rents. Prinzessinnenstraße and The Benjamin, completed in Q4 2020, are shining examples of this.

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

GSG Berlin also has a number of attractive future developments in its pipeline, largely relating to extensions in and around the portfolio's existing properties, such as TorHaus² and Zossener Straße



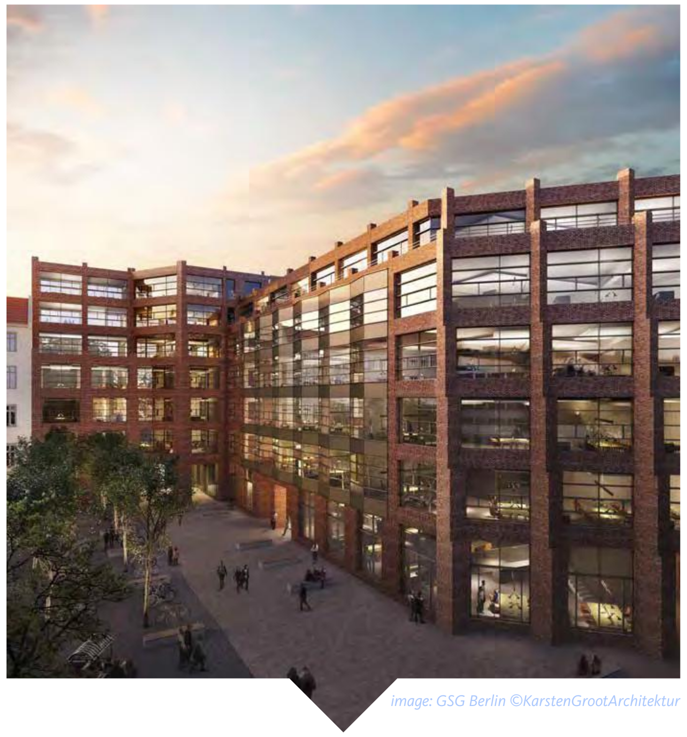


Image: GSG Berlin ©KarstenGrootArchitektur

TorHaus² (in development)

- A new development comprising an extension to the existing GSG courtyard at Helmholtzstraße, Charlottenburg
- The new building will be integrated directly into a historic infrastructure that has evolved over decades, with parking, shopping, dining and leisure facilities
- Desirable location, directly on the Spree river
- Due for **completion in Q4 2021** and tenant handover in Q1 2022
- Over 8,000 m² of new GLA
- We have leased the entire building to a software developer for the automotive industry
- Attractive rent in line with the market

Image: GSG Berlin © Visualisierung

Zossener Straße (in development pipeline)

- The creation of 9,000 m² of new construction space and the modernization of a further 7,000 m² of existing space in modular and flexible design
- An excellent central location in the centre of Kreuzberg
- Modern design and technology harmoniously combined with historical character
- Development due to commence in 2022

EPRA performance

CPIPG aims for excellence, depth and transparency in all of our external reporting.

EPRA BPR Gold Award

recipient for high-quality reporting

Petr Mizera, Head of External Reporting

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

EPRA earnings

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

€ million	2020	2019*
Earnings per IFRS income statement	**244**	**685**
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	173	561
Profits or losses on disposal of investment properties, development properties held for investment and other interests	1	2
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	6	2
Tax on profits or losses on disposals	0	0
Negative goodwill / goodwill impairment	18	(7)
Changes in fair value of financial instruments and associated close-out costs	1	2
Acquisition costs on share deals and non-controlling joint venture interests	0	0
Deferred tax in respect of EPRA adjustments	(33)	(46)
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(11)	(0)
Non-controlling interests in respect of the above	0	0
EPRA Earnings	**89**	**171**
Weighted average number of shares	8,332,414,083	8,573,605,213
EPRA Earnings per Share (EPS) (in €)	**0.011**	**0.020**
Company specific adjustments:		
Impairments	(51)	1
Amortisation, depreciation	(38)	(33)
Net foreign exchange gain – unrealised	230	16
Net foreign exchange loss – unrealised	(188)	(8)
Deferred tax in respect of Company specific adjustments	(34)	1
Company specific Adjusted Earnings	**170**	**194**
Company specific Adjusted EPS	**0.020**	**0.023**

* *The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties from the Net valuation gain or loss to the Other net financial result (refers to paragraph 2.4 of Consolidated Financial Statements).*

EPRA NAV Metrics

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

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

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

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

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

The new three metrics are presented below as at 31 December 2020 and 31 December 2019 to provide a bridge and a comparison to the current measures, EPRA NAV and EPRA NNNAV.

Bridge Key

Remains the same   Revised   New

EPRA Net Asset Value (€ million)	2020	2019
IFRS Equity attributable to owners	4,321	**4,334**
Include/Exclude:		
Hybrid instruments	0	0
Diluted NAV	4,321	4,334
Include:		
Revaluation of investment properties (if IAS 40 cost option is used)	0	0
Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	0	0
Revaluation of other non-current investments	0	0
Revaluation of tenant leases held as finance leases	0	0
Revaluation of trading properties	2	2
Exclude:		
Fair value of financial instruments	0	0
Deferred tax	(837)	(807)
Goodwill as a result of deferred tax	43	43
EPRA NAV	5,118	**5,100**
Fully diluted number of shares	8,332,414,083	8,332,414,083
EPRA NAV per share (in €)	0.614	**0.612**
EPRA Triple Net Asset Value (€ million)		
EPRA NAV	5,118	**5,100**
Include:		
Fair value of financial instruments	0	0
Fair value of debt	(29)	(59)***
Deferred tax*	(311)	(320)
EPRA NNNAV	4,778	**4,721**
Fully diluted number of shares	8,332,414,083	8,332,414,083
EPRA NNNAV per share (in €)	0.573	**0.567**

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

€ million	EPRA NRV		EPRA NTA		EPRA NDV	
	2020	2019	2020	2019	2020	2019
IFRS Equity attributable to owners	4,321	4,334	4,321	4,334	4,321	4,334
Include/Exclude:						
Hybrid instruments	0	0	0	0	0	0
Diluted NAV	4,321	4,334	4,321	4,334	4,321	4,334
Include:						
Revaluation of IP (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of other non-current investments	0	0	0	0	0	0
Revaluation of tenant leases held as finance leases	0	0	0	0	0	0
Revaluation of trading properties	2	2	2	2	2	2
Diluted NAV at Fair Value	4,323	4,336	4,323	4,336	4,323	4,336
Exclude:						
Deferred tax in relation to fair value gains of IP	(837)	(807)	(837)**	(807)**		
Fair value of financial instruments	0	0	0	0		
Goodwill as a result of deferred tax	43	43	43	43	43	43
Goodwill as per the IFRS balance sheet			51	51	51	51
Intangibles as per the IFRS balance sheet			13	14		
Include:						
Fair value of fixed interest rate debt					(29)	(59)***
Revaluation of intangibles to fair value	0	0				
Real estate transfer tax	0	0	0	0		
NAV	5,118	**5,100**	5,053	**5,035**	4,200	**4,184**
Fully diluted number of shares	8,332,414,083	8,332,414,083	8,332,414,083	8,332,414,083	8,332,414,083	8,332,414,083
NAV per share (in €)	0.614	**0.612**	0.606	**0.604**	0.504	**0.502**

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

EPRA vacancy rate

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

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

(€ million)	2020	2019
Estimated rental value of vacant space	29	24
Estimated rental value of the whole portfolio	469	427
EPRA Vacancy Rate	**6.3%**	**5.7%**

EPRA net initial yield and EPRA "topped-up" net initial yield

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

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

(€ million)	2020	2019
Investment property – wholly owned	8,793	8,157
Investment property – share of JVs/Funds	0	0
Trading property (including share of JVs)	0	0
Less: developments	**914**	**943**
Completed property portfolio	7,878	7,214
Allowance for estimated purchasers' costs	0	0
Gross up completed property portfolio valuation	**7,878**	**7,214**
Annualised cash passing rental income	384	354
Property outgoings	29	39
Annualised net rents	**355**	**315**
Add: notional rent expiration of rent free periods or other lease incentives	**19**	**12**
Topped-up net annualised rent	**374**	**328**
EPRA NIY	**4.51%**	**4.37%**
EPRA "topped-up" NIY	**4.75%**	**4.54%**

EPRA cost ratio

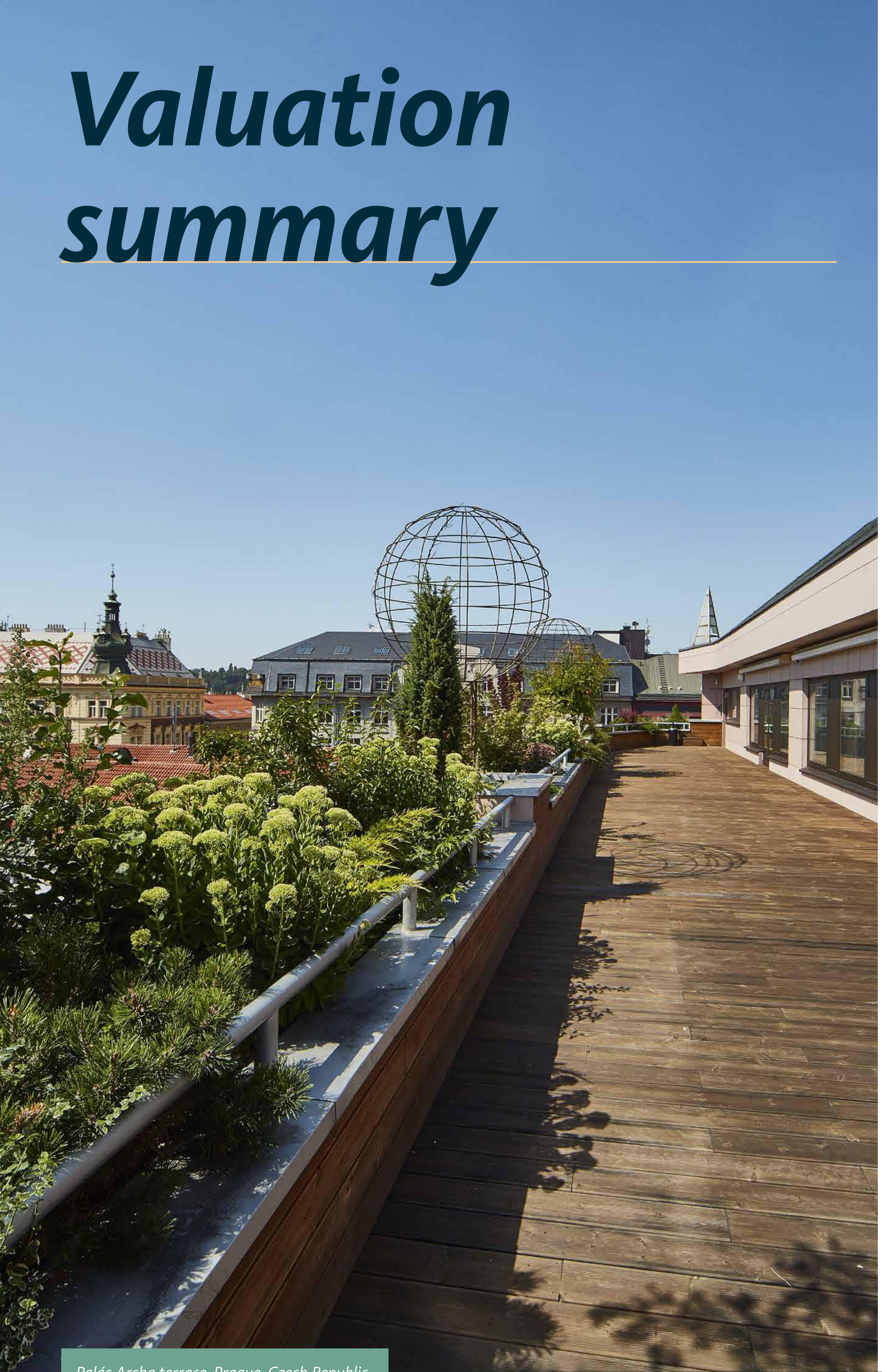
EPRA cost ratio is calculated by expressing the sum of property expenses (net of service charge recoveries and third-party asset management fees) and administrative expenses as a percentage of gross rental income.

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

(€ million)	2020	2019
Include:		
Administrative/operating expense line per IFRS income statement	98	113
Net service charge costs/fees	(32)	(35)
Management fees less actual/estimated profit element	0	0
Other operating income/recharges intended to cover overhead expenses less any related profits	0	0
Share of Joint Ventures expenses	0	0
Exclude (if part of the above):		
Investment property depreciation	0	0
Ground rent costs	0	1
Service charge costs recovered through rents but not separately invoiced	0	0
EPRA Costs (including direct vacancy costs)	**66**	**77**
Direct vacancy costs	3	3
EPRA Costs (excluding direct vacancy costs)	**62**	**73**
Gross Rental Income less ground rents – per IFRS	**356**	**318**
Less: service fee and service charge costs components of Gross Rental Income (if relevant)	0	0
Add: share of Joint Ventures (Gross Rental Income less ground rents)	0	0
Gross Rental Income	**356**	**318**
EPRA Cost Ratio (including direct vacancy costs)*	**0.18**	**0.24**
EPRA Cost Ratio (excluding direct vacancy costs)*	**0.18**	**0.23**

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

Valuation summary



Palác Archa terrace, Prague, Czech Republic

Property valuation

The consolidated financial statements for the year ended 31 December 2020 have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which include the application of the fair value method. Since the property portfolio owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

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

The property portfolio valuation as of 31 December 2020 is based on reports issued by:

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

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

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

Split by appraisers and segments (as at 31 Dec 2020)

Appraisers	Segments	No. of properties / No. of units*	Valuation	% of total PP value
Jones Lang Lasalle	Office	36	1,333	13%
	Retail	90	1,815	18%
	Residential	11,864	508	5%
	Hotels & Resorts	2	99	1%
	Complementary Assets	20	783	8%
Savills	Office	46	2,462	24%
	Residential	11	95	1%
	Complementary Assets	1	97	1%
Knight Frank	Office	9	850	8%
	Retail	8	161	2%
Cushman & Wakefield	Retail	49	97	1%
	Residential	43	194	2%
	Hotels & Resorts	26	489	5%
	Complementary Assets	2	58	1%
Tacoma	Office	2	8	0%
	Retail	1	7	0%
	Hotels & Resorts	9	88	1%
	Complementary Assets	0	17	0%
CBRE	Office	1	21	0%
	Complementary Assets	0	80	1%
Other	Office	4	73	1%
	Retail	8	103	1%
	Residential	10	40	0%
	Hotels & Resorts	4	66	1%
	Complementary Assets	3	52	1%
Acquisition	Office	0	26	0%
	Retail	0	7	0%
	Residential	1	23	0%
	Hotels & Resorts	1	6	0%
	Complementary Assets	1	3	0%
	Globalworth	0	651	6%
Total			**10,316**	**100%**

** Number of units provided for residential properties.*

Portfolio net yields

	EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Net Equivalent Yield	Prime Yield
Office	**4.1%**	**4.4%**	**4.8%**	
Berlin	3.3%	3.4%	3.8%	2.7%
Czech Republic	4.7%	5.2%	5.5%	4.1%
Poland	5.4%	6.1%	5.9%	4.5%
Hungary	5.1%	5.7%	6.8%	5.3%
Retail	**6.1%**	**6.2%**	**6.2%**	
Czech Republic	5.8%	5.9%	5.9%	4.8%
Other	7.1%	7.1%	7.1%	5.7%
Residential	**3.2%**	**3.2%**	**3.5%**	
Czech Republic	3.2%	3.2%	3.5%	–
Total	**4.5%**	**4.8%**	**5.1%**	

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

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

On a Group basis, the EPRA Net Initial Yield of our portfolio slightly increased to 4.5% from 4.4% at the end of 2019.

Warsaw Financial Center and skyline, Warsaw, Poland

Finance review

Quadrio, Prague, Czech Republic

2020 was another successful year for CPIPG's financing activities

During 2020, the Group's balance sheet was significantly strengthened through debt repayment, debt maturity extension, new hybrid capital issuance and additional liquidity.

The Group issued unsecured bonds of close to **€1.3 billion** in 4 currencies, in both green and non-green format. In addition, around €0.6 billion of hybrid securities were issued. Through these issuances, the Group achieved a number of significant milestones: **the first issuer from our region to issue a green bond in Sterling, the first-ever European corporate perpetual hybrid bond in Singapore Dollars, and the first corporate green bond issued in Hungary.** Having become a repeat green bond issuer, the Group also joined a small handful of corporates to have issued **four green bonds in 3 currencies**, demonstrating the Group's commitment to ESG and sustainable finance.

In 2020, a significant portion of new bond and hybrid issues were used to **repay more than €1.2 billion** of senior unsecured bonds, Schuldschein and hybrid bonds with scheduled maturities or call dates between 2022-24. Shortly following the end of the year, in January 2021, CPIPG raised over €1 billion in a single transaction between senior unsecured and hybrid bonds to repay an additional more than €750 million of senior unsecured and hybrid bonds with near term maturities or call dates. Following these transactions, **only about 15% of the Group's total financing is due or callable within the next three years and about 40% within the next five years.**

CPIPG also spent about €950 million on acquisitions during the first nine months of 2020, primarily in Q1 before the outbreak of COVID-19 when the Group acquired additional offices in Warsaw and increased a stake in Globalworth to 29.6%. Activity in Q2-Q4 was significantly reduced as the Group focused on cash retention and leverage reduction. The acquisitions will contribute significant **stable rental income** to the Group for many years to come, and they clearly **contributed to the Group's resilient performance** during the year.

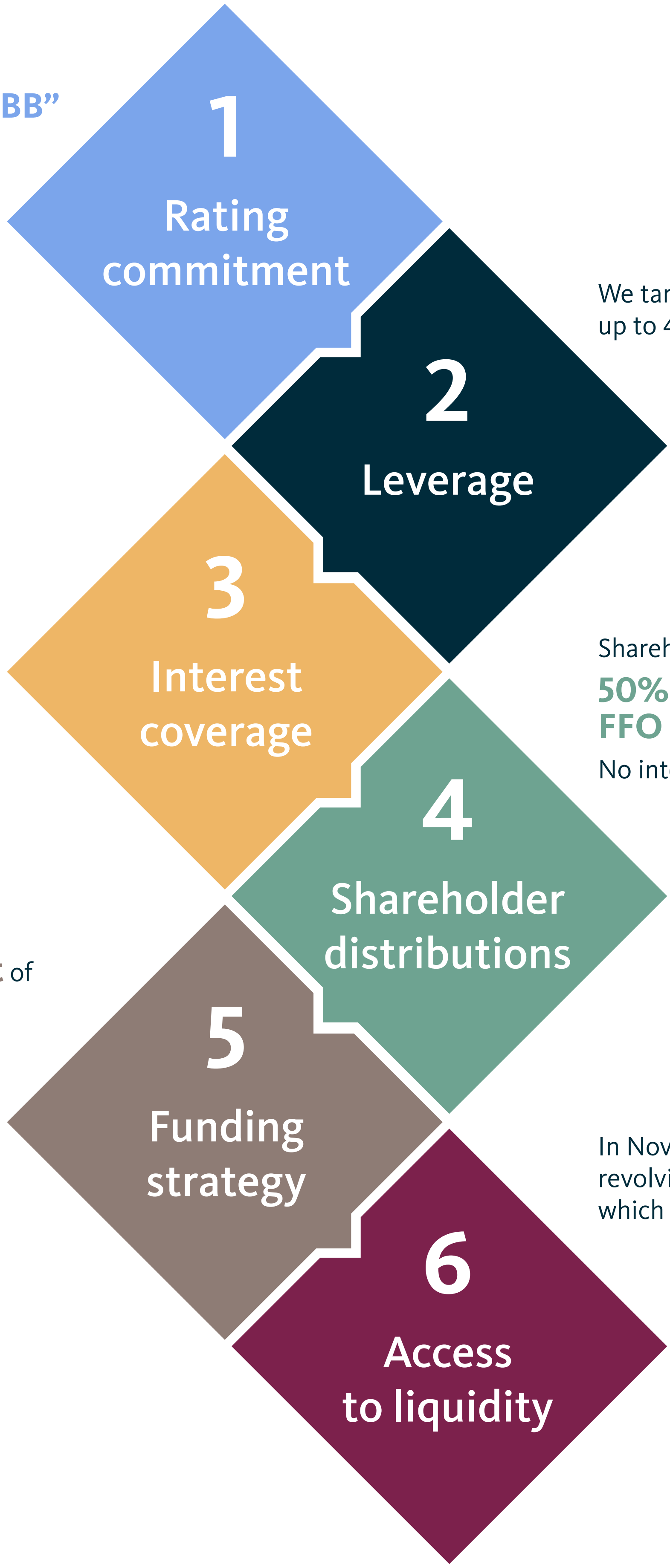
Primarily as a result of acquisitions, the Group's net LTV rose temporarily during the year above 40%. **Prudent liability management, additional hybrid issuance and positive revaluations and FX effects in the second half brought the ratio back to 40.7% by the end of 2020,** close to our long-term target. Additional hybrid issuance in January 2021 further supported the Group's deleveraging efforts. CPIPG remains **committed to our rating objectives** and will continue taking actions to strengthen our leverage profile and capital structure in the future. On the other hand, we want to remain open to acquisitions which make long-term strategic sense for the Group.

CPIPG's liquidity was rock-solid at all times. At the end of March 2020, as the pandemic unfolded, the Group had around €1 billion of liquidity, and our revolving credit facility remained undrawn even at the height of the outbreak. By the end of 2020, total liquidity stood at €1.4 billion, bolstered by signing a **new €700 million revolving credit facility** due in November 2026.

CPIPG maintains a strong focus on financial reporting integrity and transparency for the benefit of our stakeholders.

Pavel Měchura, Group Finance Director

CPIPG's financial policy



Absolute commitment to strong investment-grade ratings

Focused on achieving **"high BBB"** ratings in coming years

We target a **Net LTV of 40% or below,** up to 45% temporarily for strategic acquisitions

CPIPG intends to maintain an **ICR of 4× or above**

Shareholder distributions will be subject to **50% – 100% FFO retention annually**

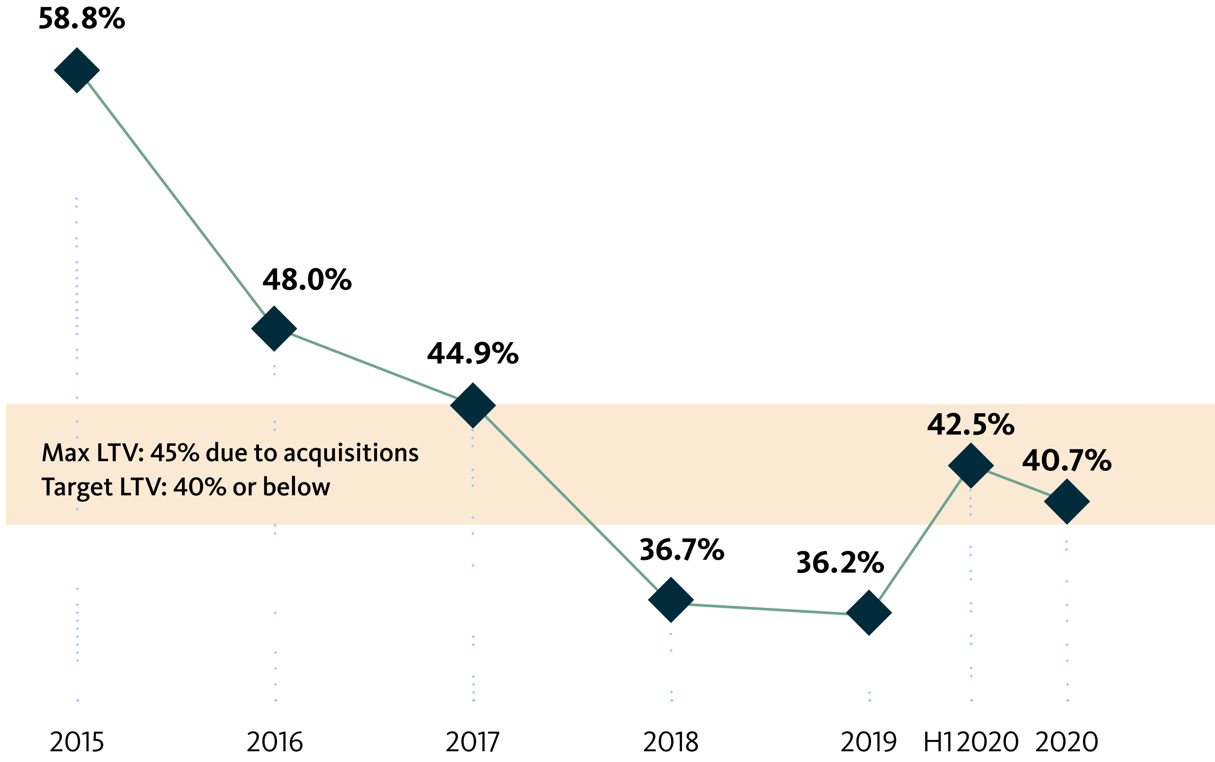
No intention to institute dividend distributions

Maintain a high level of unencumbered assets

Proactive management of our maturity profile

In November 2020, we signed a new revolving credit facility of **€700 million**, which expires in 2026

LTV evolution (%)



CPIPG has clearly demonstrated commitment to our financial policies through prudent management of Net LTV. At the end of H1 2020, Net LTV increased to 42.5% from 36.2% at the end of 2019, primarily due to the impact of acquisitions, combined with negative portfolio revaluations in the first half. **In accordance with our financial policy**, the increase above 40% was **temporary**, and the acquisitions were **strategic** – aimed to enhance the Group's scale, income generation and credit profile. At the end of 2020, **Net LTV reduced to 40.7%** following new hybrid issuance and positive revaluations in the second half. In January 2021, additional hybrid issuance brought **pro forma Net LTV back clearly below 40%**.

Other key financial metrics remain in line with the Group's financial policy and future rating objectives. **Net ICR remains well above 4×** at the end of 2020, supported by continued EBITDA expansion and a low average cost of debt.

During 2020 and also in January 2021, the Group significantly enhanced our debt maturity profile through multiple liability management exercises, repaying **over €1.9 billion of debt in total maturing in 2022, 2023 and 2024**.

In light of the COVID-19 pandemic, CPIPG did not repurchase any shares during 2020. In the first quarter of 2021, the Group executed a non-cash share buyback equivalent to around 50% of combined FFO for 2020 and 2021 (forecast), in turn reducing shareholder loan receivables. The Group does not intend to conduct additional share buybacks in 2021.

Senior unsecured and hybrid new issuance

CPIPG issued €1,276 million equivalent of senior unsecured bonds in 2020 across Euros, Sterling, Hong Kong Dollars and Hungarian Forint, as follows:

- In January, we issued an 8-year Sterling green bond of GBP 350 million (€411 million equivalent), becoming the **first CEE corporate to issue a benchmark Sterling-denominated green bond;**
- In February, we issued 250 million Hong Kong Dollars (approximately €29 million) with a 10-year maturity, the **third time we have issued in the Hong Kong market and our fourth transaction in Asia;**
- In May, CPIPG issued a €750 million 6-year green bond, **our second benchmark-size green bond issuance in Euros;**
- In August, we issued 30 billion Hungarian Forint (approximately €86 million) of 10-year green bonds, representing the **first corporate green bond issued in Hungary**

After the end of the year, in January 2021, the Group issued €650 million of 10-year senior unsecured bonds, with a coupon of 1.5%.

During 2020, CPIPG also issued subordinated “hybrid” bonds totalling €624 million equivalent, in Euros and Singapore dollars. In January, we issued SGD 150 million (€99 million) of hybrid bonds callable in 2025, becoming the **first European corporate to issue a Singapore Dollar-denominated hybrid bond.** In September, we issued €525 million of hybrid bonds callable in 2026.

As of 31 December 2020, the Group had issued about €1.7 billion of hybrid bonds. Hybrids are classified as equity under IFRS and count as 50% equity for rating agency purposes. While hybrid bonds offer substantial structural benefits and flexibility, CPIPG highly values continued access to the hybrid bond market and fully incorporates hybrids into our refinancing plans.

After the end of the year, in January 2021, the Group issued €400 million hybrid bonds callable in 2028, with a coupon of 3.75% as well as a small private placement in Japanese Yen, equivalent to around €24 million.

Senior unsecured and hybrid repayment

In total, during 2020, the Group repaid **more than €1.2 billion** of senior unsecured bonds, Schuldschein and hybrid bonds as follows:

- In March, the Group repaid €49 million of Schuldschein maturing in 2025;
- In May, the Group used the proceeds of the issuance of €750 million of senior unsecured 6-year green bonds together with existing liquidity to repay **close to €800 million of bonds maturing in 2022, 2023 and 2024**, primarily through tender offers;
- In September, the Group used the proceeds of €525 million subordinated hybrid bonds to repay **close to €380 million of existing hybrids (callable in 2023), unsecured bonds maturing in 2022 and Schuldschein**. The repayment of hybrids constituted the majority (€328 million).

Following the end of the year, the Group used the proceeds raised from new senior unsecured bonds and hybrid bonds issued in January to repay more than €750 million of senior unsecured and undated subordinated bonds, which are callable or mature in 2022, 2023, and 2024. Following this transaction, the Group’s 4.375% hybrid notes callable in 2023 were repaid in full. In addition, **only about 15% of the Group’s total financing is due or callable within the next three years and about 40% within the next five years.**

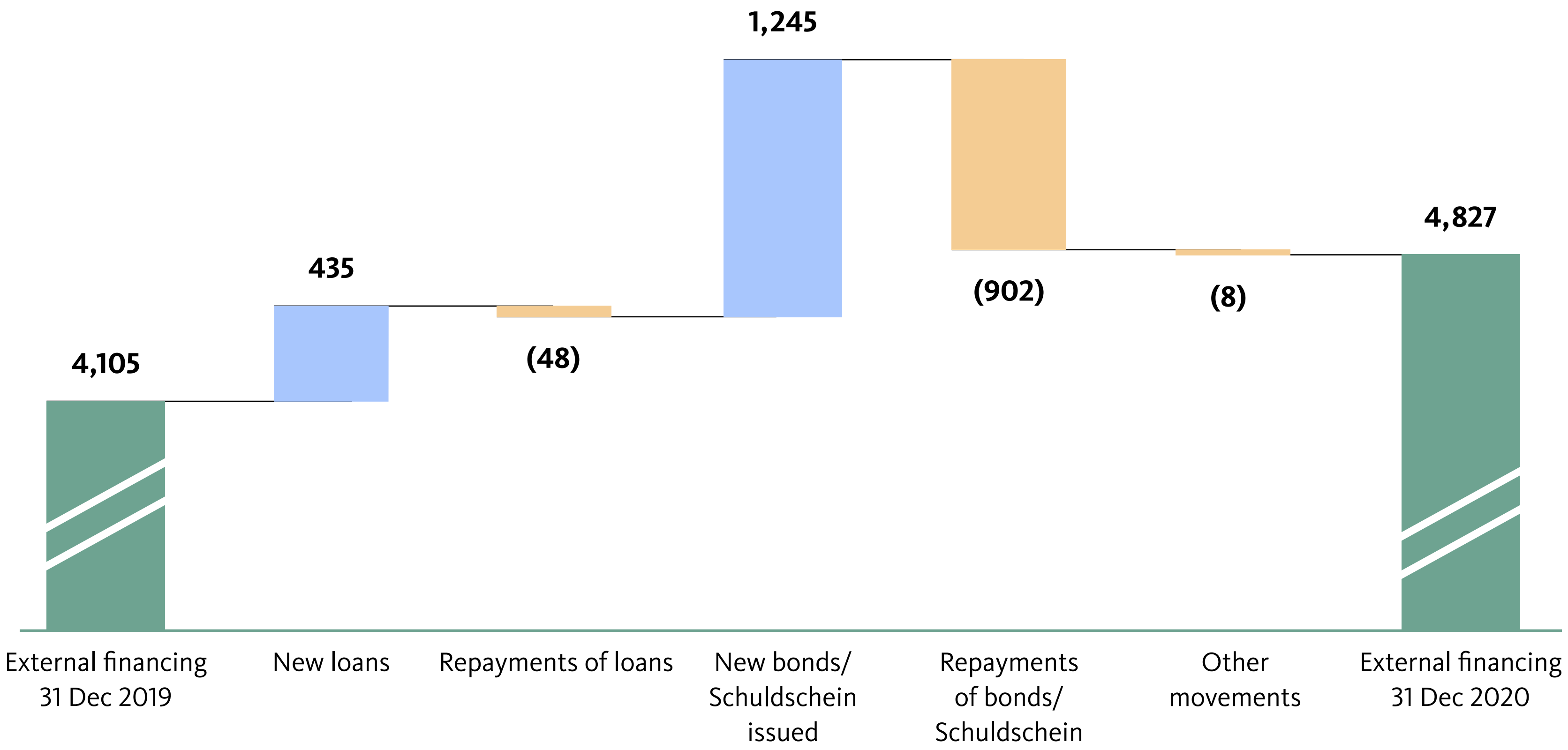
A leader in green bond financing

CPIPG has now issued four green bonds in three currencies: Euros, Sterling and Hungarian Forint. Less than ten other companies globally have matched this accomplishment. The Group believes that sustainable financing is a useful tool to highlight our focus and progress on ESG matters.

Selective secured bank financing

In the first half of 2020, the Group completed a secured loan in the Czech Republic for €116 million at a desirable rate. In July, the Group’s subsidiary GSG increased their loan from Berlin Hyp by €259 million to a total of €750 million. The loan is due in October 2024, with a blended interest rate of about 1%. The new financing was priced below 1%.

Changes in external financing during 2020 (€ million)



Issue Date	Currency	Amount (million)	€ equivalent (million)	Coupon (%)	Maturity Date	Format	% swapped to €
Feb 2021	JPY	3,000	24	0.710	Feb 2025	EMTN	100%
Jan 2021	EUR	400	400	3.750	Perpetual	EMTN (hybrid)	–
Jan 2021/Feb 2021	EUR	650	650	1.500	Jan 2031	EMTN	–
Sep 2020	EUR	525	525	4.875	Perpetual	EMTN (hybrid)	–
Aug 2020	HUF	30,000	86	2.250	Aug 2030	Local bond (green)	100%
May 2020	EUR	750	750	2.750	May 2026	EMTN (green)	–
Feb 2020	HKD	250	29	3.014	Feb 2030	EMTN	100%
Jan 2020	SGD	150	99	5.800	Perpetual	EMTN (hybrid)	100%
Jan 2020	GBP	350	411	2.750	Jan 2028	EMTN (green)	100%
Oct 2019	EUR	750	750	1.625	Apr 2027	EMTN (green)	–
Jun 2019	HKD	283	32	4.450	Jun 2026	EMTN	100%
Apr 2019	EUR	550	550	4.875	Perpetual	EMTN (hybrid)	–
Mar 2019	EUR	111	111	FRN	Mar 2023	SSD	–
Mar 2019	EUR	49	49	FRN	Mar 2025	SSD	–
Mar 2019	EUR	10	10	2.696	Mar 2027	SSD	–
Mar 2019/Jul 2019	USD	450	402	4.750	Mar 2023	EMTN	100%
Feb 2019	HKD	450	50	4.510	Feb 2024	EMTN	100%
Dec 2018	JPY	8,000	62	1.414	Dec 2021	EMTN	100%
Dec 2018	JPY	3,000	23	1.995	Dec 2028	EMTN	100%
Oct 2018	CHF	165	145	1.630	Oct 2023	EMTN	61%
Oct 2018	EUR	610	610	1.450	Apr 2022	EMTN	–
May 2018	EUR	550	550	4.375	Perpetual	EMTN (hybrid)	–
Oct 2017/Dec 2017	EUR	825	825	2.125	Oct 2024	EMTN	–

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