Project name	Type of asset	Region	Asset value as of 31.12.2020 (€ m)	Project cost (€ m)	Gross Lettable Area (GLA m²)	Eligibility criteria	Eligibility criteria met on this date	Improvement (CO_2 t pa)	Signed amount (€ m)	Allocated amount (€ m)	Green Bond Impact Report				
Green buildings											Level of certification	Annual GHG emissions reduced/avoided (t CO_2 eq pa)	Annual energy savings (MWh pa)	Annual reduction in water consumption (m³)	Data available for past 2 years (yes/ N/A)
Zlatý Anděl	Mix-use	Czech Republic	138.7	–	21,132	Acquisition	29 March 2017	–	143.300	143.300	BREEAM In-Use PART 1 Very good	466.0	486.0	-305.0	yes
SC Nisa	Shopping centre	Czech Republic	101.5	–	49,629	Acquisition	29 March 2017	–	105.000	105.000	BREEAM In-Use PART 2 Very good	2,542.0	3,942.0	9,408.0	yes
Eurocentrum – Alfa, BetaGamma, Delta	Office	Poland	248.4	–	85,269	Acquisition	27 November 2019	–	242.800	242.800	LEED BD+C Platinum	N/A	N/A	N/A	N/A
Warsaw Financial Center	Office	Poland	273.5	–	49,766	Acquisition	05 December 2019	–	261.339	261.339	LEED O+M Gold	N/A	N/A	N/A	N/A
SC Olympia Plzeň	Shopping centre	Czech Republic	152.3	–	40,996	Acquisition	29 March 2017	–	156.900	156.900	BREEAM In-Use PART 1 Very good	768.0	1,110.0	6,930.0	yes
SC Ogrody	Shopping centre	Poland	114.9	–	41,877	Acquisition	29 March 2017	–	120.500	120.500	BREEAM 2009 Europe Very good	3,087.0	2,662.0	7,737.0	yes
Equator IV	Office	Poland	60.0	–	21,192	Acquisition	07 November 2019	–	58.000	58.000	BREEAM 2009 Europe Very good	N/A	N/A	N/A	N/A
Green Corner A	Office	Poland	53.1	–	14,883	Acquisition	28 January 2020	–	53.700	53.700	LEED BD+C Platinum	N/A	N/A	N/A	N/A
City West B2 + B3	Office	Czech Republic	80.7	–	28,714	Acquisition	06 May 2017	–	38.200	38.200	BREEAM In-Use PART 1 Excellent	-209.0	-542.0	4,882.0	yes
SC Futurum Hradec Kralove	Shopping centre	Czech Republic	125.3	–	39,259	Acquisition	06 April 2018	–	131.600	131.600	BREEAM In-Use PART 1 Very good	2,993.0	5,376.0	8,900.0	yes
Arena Corner	Office	Hungary	71.5	–	29,888	Acquisition	06 May 2017	–	25.500	25.500	BREEAM In-Use PART 1 Very good	656.0	2,038.0	15,420.0	yes
Gateway Office Park	Office	Hungary	82.9	–	36,214	Acquisition	06 May 2017	–	32.000	32.000	BREEAM In-Use PART 1 Very good	-80.0	103.0	2,509.0	yes
Balance Loft	Office	Hungary	12.6	–	6,807	Acquisition	06 May 2017	–	3.200	3.200	BREEAM In-Use PART 1 Very good	106.0	294.0	693.0	yes
Andrássy Palace	Office	Hungary	23.2	–	8,463	Acquisition	01 December 2018	–	23.300	23.300	BREEAM In-Use PART 1 Very good	226.0	549.0	1,806.0	yes
Quadra – B30	Office	Hungary	31.2	–	13,044	Acquisition	06 May 2017	–	15.200	15.200	BREEAM In-Use PART 1 Very good	18.0	-51.0	1,823.0	yes
Balance Tower	Office	Hungary	20.8	–	9,440	Acquisition	06 May 2017	–	4.300	4.300	BREEAM In-Use PART 1 Very good	9.0	83.0	2,927.0	yes
Balance Hall	Office	Hungary	47.1	–	16,070	Acquisition	17 April 2020	–	48.000	48.000	BREEAM Int NC 2016 Very good	N/A	N/A	N/A	N/A
Equator II	Office	Poland	60.7	–	22,897	Acquisition	30 January 2020	–	60.300	60.300	BREEAM In-Use PART 1 Very good	N/A	N/A	N/A	N/A
Atrium Plaza	Office	Poland	37.6	–	14,722	Acquisition	25 April 2018	–	37.400	37.400	BREEAM In-Use PART 1 Very good	719.0	537.0	2,813.0	yes
Equator I (myhive Equator)	Office	Poland	43.0	–	19,475	Acquisition	05 March 2020	–	39.400	39.400	BREEAM In-Use PART 1 Very good	N/A	N/A	N/A	N/A
Moniuszki Tower	Office	Poland	34.5	–	9,765	Acquisition	30 June 2020	–	33.600	33.600	BREEAM In-Use PART 1 Excellent	N/A	N/A	N/A	N/A
Atrium Centrum	Office	Poland	48.0	–	17,700	Acquisition	26 August		47.300	47.300	BREEAM In-Use PART 1 Very good	84.0	30.0	2,490.0	yes
Concept Tower	Office	Poland	26.2	–	9,000	Acquisition	26 August		27.300	27.300	LEED BD+C Gold	N/A	N/A	N/A	N/A
Total									1,708.140	1,708.140		11,383.8	16,617.1	68,033.0	
Energy efficiency											Annual GHG emissions reduced/ avoided (t CO_2 eq pa)	Annual energy savings (MWh pa)	Annual energy efficiency gain relative to an established baseline (%)		Data available for past 2 years (yes/ N/A)
SC IGY	Mix-use	Czech Republic	72.7	23.4	25,850	Reduction of $CO_2 \geq 30\%$	30 November 2017	62.0%	23.400	23.400	766.2	1,083.2	13.0		yes
ZET.office	Office	Czech Republic	37.3	40.0	20,792	Reduction of $CO_2 \geq 30\%$, Top 15% efficiency	29 August 2019	32.0%	40.000	40.000	N/A	N/A	N/A		N/A
Mamaison Residence Downtown Prague	Hospitality	Czech Republic	30.6	15.3	–	Reduction of $CO_2 \geq 30\%$	09 September 2019	57.0%	15.300	15.300	N/A	N/A	N/A		N/A
Bubenská 1	Office	Czech Republic	72.4	62.7	25,190	Letter grade improvement according to local Energy Performance Certificate ≥ 2	29 September 2020	–	62.7	62.700	N/A	N/A	N/A		N/A
Total									141.400	141.400	766.2	1,083.2	13.0		
Renewable energy											Renewable energy capacity added/rehabilitated (kWp pa)	Annual GHG emissions reduced/avoided (t CO_2 eq pa)	Annual energy production (MWh pa)	Annual energy efficiency gain relative to building energy performance base line defined for particular type in region (%)	Data available for past 2 years (yes/ N/A)
GSG Solar Berlin	Solar Plant	Germany	5.7			Installation of photovoltaic solar	06 May 2017	–	5.655	5.655	27.0	2,486.0	4,883.0	N/A	N/A
Total									5.655	5.655	27.0	2,486.0	4,883.0	N/A	N/A
Sustainable management of living natural resources and land use											Amount of land covered by open space	Amount of land covered by open space	Estimated land area with biodiversity management	Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects	
														Grassland area	Fertilizing/Composting
Spojené Farmy a.s.	Farms	Czech Republic	111.5	–		Organic farming production/ KEZ o.p.s	06 May 2017	–	102.479	102.479	19,324.1 ha	84.9%	16,230.8 ha	16,392.5 ha	45,553.0 t
Total									102.479	102.479	19,324.1 ha	84.9%	16,230.8 ha	16,392.5 ha	45,553.0 t

Valuation as revised at time of assets' allocation

Adjusted signed amount to correspond with assets' valuation

Outstanding financing in June 2017

Calculation prepared by accredited energy specialist Jiri Novotny, JiNO Energy, based on local regulations and requirements for energy audits. Those are: Regulation No. 480/2012 Sb., about Energy audits and Actual emission factors CZT 1.8, 2018

Green building and energy efficiency project case studies

ZET.office

Refurbishment start	February 2018
Refurbishment completion	September 2019
GLA	20,844 m²
Location	Brno, Czech Republic
PENB	B
Certification	BREEAM In-Use International v6 Part 1 targeting Excellent

Highlights of green solutions utilised

- Central ventilation system with individual regulation
- The heating is complemented with spiral radiators at the facade
- **Energy-efficient LED lighting minimising flicker**
- Meters and submeters implemented for all tenants
- Implementation of monitoring and analytics of building system operation
- **Rainwater utilised for watering greenery on the terraces**
- Outdoor rainwater infiltration system
- Implementation of water flow monitoring and water leak alarm system
- **Promoting alternative modes of transport** – bike-sharing, bike storage room with showers, excellent connection to bicycle path, car-sharing system for tenants
- **Chargers for electric cars**
- More than 240 trees planted outside of the building

This project targets environmental performance of 1,414 MWh (219,3 t CO_2 eq pa) and water consumption 11.5 m³ by 2030. As a result of these targeted savings in terms of Direct and Indirect Energy targets, this would represent a **reduction of CO_2 eq pa production by 14.3%.**

Bubenská 1

Year Built	1935
Refurbishment start	March 2018
Refurbishment completion	September 2020
Building type	Mix-use: Office/Retail
GLA	26,510 m²
Location	Prague, Czech Republic
Floors	7 above ground
PENB	B

Highlights of green solutions utilised

- **Ventilation with energy recovery**
- **Hot water heating** – the temperature of the supply water above 115°C from the heating plant
- **New Building Management System** with monitoring and analytical functions
- Operable windows
- **Energy-efficient lighting with daylight sensors**
- Improved building envelope thermal parameters, including a unique facade

This project targets environmental performance of 0.392 MWh (485 t CO_2 eq pa) and water consumption of 262 m³ by 2030. As a result of these targeted savings in terms of Direct and Indirect Energy targets, this would represent a **reduction of CO_2 eq pa production by 0.3%.**

Globalworth*

- **43 properties certified** by recognised standards LEED and BREEAM at the end of 2019, accounting for 81.3% of the standing commercial portfolio by value (up from 70.6% at year-end 2018)
- 13 environmentally-certified properties added to the portfolio in 2019
- 18 other properties were under green certification or re-certification at the end of 2019

Green solutions employed

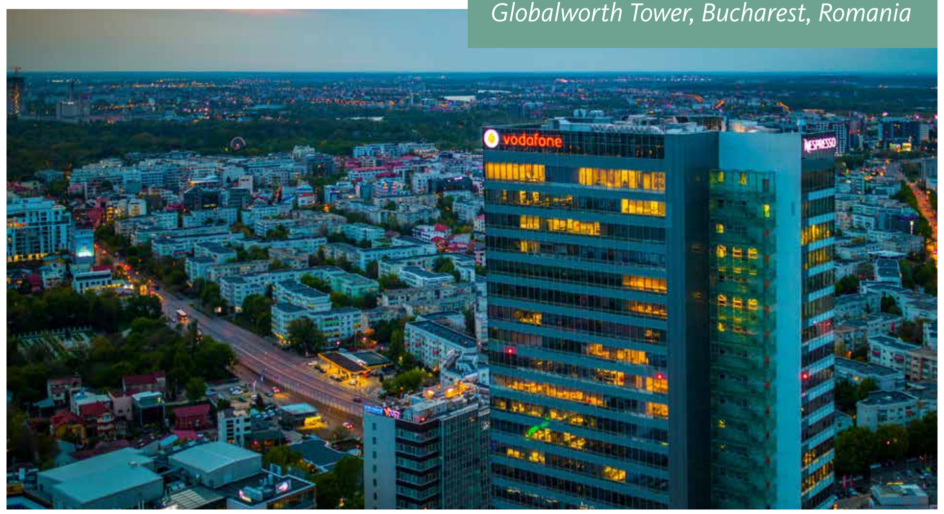
- Improvements in measurement and monitoring of energy consumption
- A pilot project of installation of photovoltaic solar panels

Key projects in the portfolio

- Podium Park I – the first BREEAM Outstanding property in the portfolio
- Globalworth Tower – LEED Platinum project
- Timisoara Industrial Park – Valeo and the Pitesti Industrial Park, received BREEAM Very Good – the first certified green industrial properties

Podium Park, Krakow, Poland

Globalworth Tower, Bucharest, Romania



* Information based on Globalworth 2019 Sustainable Development Update published in June 2020

Glossary of terms

Alternative performance measures	Definition	Rationale
Consolidated adjusted EBITDA	Net business income as reported deducted by administrative expenses as reported.	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Group's depreciation and amortisation policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Consolidated adjusted total assets	Consolidated adjusted total assets is total assets as reported deducted by intangible assets and goodwill as reported.	
EPRA Cost Ratios	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.
EPRA Earnings	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
Company-specific Adjusted Earnings	A measure derived from EPRA Earnings and reflecting the Group's specific adjustments.	The rationale for making adjustments other than strictly required by EPRA Earnings is to arrive at an underlying performance measure appropriate for the Group's business model.
Company-specific Adjusted EPS	It is calculated as Company-specific Adjusted Earnings divided by the weighted average number of shares for the period.	
EPRA Net Asset Value (NAV)	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
EPRA Triple Net Asset Value (NNNAV)	A 'spot' measure of NAV which shows all assets and liabilities at their fair value.	The objective of the EPRA NNNAV is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.
EPRA Net Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The objective of the EPRA NRV is to highlight the value of net assets on a long-term basis.
EPRA Net Tangible Assets (NTA)	EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	
EPRA Net Disposal Value (NDV)	EPRA NDV represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	Comparable measures for portfolio valuations. These measures should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA 'topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	Comparable measures for portfolio valuations. These measures should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA Vacancy Rate	The EPRA vacancy rate is calculated by dividing the market rents of vacant spaces by the market rents of the total space of the whole portfolio (including vacant spaces).	The rationale for using the EPRA vacancy rate is that it can be clearly defined, should be widely used by all participants in the direct real estate market and comparable from one company to the next.
Equity ratio	It is calculated as total equity as reported divided by total assets as reported.	Provides a general assessment of financial risk undertaken.

Alternative performance measures	Definition	Rationale
Funds from operations or FFO	It is calculated as net profit for the period adjusted by non-cash revenues/expenses (like deferred tax, net valuation gain/loss, impairment, amortisation/depreciation, goodwill etc.) and non-recurring (both cash and non-cash) items (like net gain/loss on disposals etc.). Calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
FFO II	It is calculated as Funds from operations (FFO) deducted by interest on perpetual notes as reported.	
Net debt/EBITDA	It is calculated as Net debt divided by Consolidated adjusted EBITDA.	A measure of a company's ability to pay its debt. This ratio measures the amount of income generated and available to pay down debt before covering interest, taxes, depreciation and amortisation expenses.
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm's ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Net Loan-to-value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Net Loan-to-value provides a general assessment of financing risk undertaken.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm's financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm's liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realised in the event of default.

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

Key ratio reconciliations

Andrássy Complex, Budapest, Hungary

Property portfolio reconciliation (€ million)

	31 Dec 2020	31 Dec 2019
Investment property – Office	4,716	4,186
Investment property – Retail	2,184	2,173
Investment property – Residential	855	756
Investment property – Land bank	798	697
Investment property – Industry & Logistics	117	99
Investment property – Agriculture	99	101
Investment property – Development	13	142
Investment property – Hospitality	6	0
Investment property – Other	4	3
Property, plant and equipment – Hospitality	676	775
Property, plant and equipment – Mountain Resorts	67	76
Property, plant and equipment – Agriculture	12	13
Property, plant and equipment – Office	9	7
Property, plant and equipment – Residential	6	6
Property, plant and equipment – Retail	1	1
Equity accounted investees	658	4
Other financial assets	26	8
Inventories – Development	31	45
Assets held for sale	38	19
Total	**10,316**	**9,111**

Net LTV reconciliation (€ million)*

Item per Consolidated financial statements		31 Dec 2020	31 Dec 2019
A	Financial debts	1,523	1,213
B	Bonds issued	3,304	2,892
C	Net debt linked to AHFS	0	0
D	Cash and cash equivalents	632	805
E	Property portfolio	10,316	9,111
(A+B+C-D)/E	**Net LTV**	**40.7%**	**36.2%**

Unencumbered assets to total assets reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 20	31 Dec 19
A	Bonds collateral	0	0
B	Bank loans collateral	3,541	3,236
	Investment property	3,367	3,051
	Property, plant and equipment	124	135
	Trade receivables	27	23
	Bank accounts	23	26
C	Total assets	11,801	10,673
(C-A-B)/C	**Unencumbered assets ratio**	**70.0%**	**69.7%**

Secured consolidated leverage ratio reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 20	31 Dec 19
A	Secured bonds	0	0
B	Secured financial debts	1,400	1,017
C	Consolidated adjusted total assets	11,694	10,566
	Total assets	11,801	10,673
	Intangible assets and goodwill	107	107
(A+B)/C	**Secured consolidated leverage ratio**	**12.0%**	**9.6%**

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

Item per Consolidated financial statements		2020	2019
A	Net profit/(Loss) for the period	244	685
B	Deferred income tax	(80)	(61)
C	Net valuation gain or loss on investment property	173	561**
D	Net valuation gain or loss on revaluation of derivatives	1	2
E	Net gain or loss on disposal of investment property and subsidiaries	1	2
F	Net gain or loss on disposal of inventory	4	5
G	Net gain or loss on disposal of PPE/other assets	0	0
H	Impairment/Reversal of impairment	(50)	(8)
I	Amortisation/Depreciation	(38)	(33)
J	Other non-cash items	46	8**
K	GW/Bargain purchase	17	0
L	Other non-recurring items	(17)	(9)
	Non-recurring FX losses incurred	(6)	(7)
	Non-recurring financial and other charges	(10)	(2)
M	Share on profit of equity accounted investees/JV adjustments	(11)	0
N	Other effects	25	0
(A-B-C-D-E-F-G-H-I-J-K-L-M+N)	**Funds from operations**	**222**	**220**

** Includes pro-rata FFO for 2020 of Equity accounted investees.*
*** Adjusted, refers to paragraph 2.4 of Consolidated Financial Statements as at 31 December 2020.*

Consolidated adjusted EBITDA reconciliation (€ million)*

Item per Consolidated financial statements		2020	2019
A	Net business income	344	345
B	Administrative expenses	(47)	(53)
C	Other effects	41	0
A+B+C	**Consolidated adjusted EBITDA**	**338**	**292**

** Includes pro-rata EBITDA for 2020 of Equity accounted investees.*

Net interest coverage ratio reconciliation (€ million)

Item per Consolidated financial statements		2020	2019
A	Interest income	18	14
B	Interest expense	(81)	(54)
C	Consolidated adjusted EBITDA	338	292
C/-(A+B)	**Net ICR**	**5.4**	**7.2**

Net debt/EBITDA reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 20	31 Dec 19
A	Net debt	4,194	3,300
B	Net business income	344	345
C	Administrative expenses	(47)	(53)
D	Other effects	41	0
A/(B+C+D)	**Net debt/EBITDA**	**12.4**	**11.3**

Secured debt to Total debt reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 20	31 Dec 19
A	Secured bonds	0	0
B	Secured financial debts	1,400	1,017
C	Total debts	4,827	4,105
	Bonds issued	3,304	2,892
	Financial debts	1,523	1,213
(A+B)/C	**Secured debt as of Total debt**	**29.0%**	**24.8%**

EPRA NNNAV deferred tax reconciliation (€ million)

Company in KG form	Residual tax value of properties	Share applicable	Tax rate	Fair value of properties	Tax
Total as at 31 Dec 2020	188	99.75%	15.83%	2,068	297
Total as at 31 Dec 2019	138	99.75%	15.83%	1,970	289
Company resold/ acquired in last 12 mo.	**Tax acquisition price of share**	**Share applicable**	**Tax rate**	**IFRS NAV**	**Tax**
Total as at 31 Dec 2020	219	50.00%–100%	19%–24.94%	280	6
Total as at 31 Dec 2019	508	98.65%–100%	9%–24.94%	598	26
Company with Parent in GmbH form	**Tax acquisition price of share**	**Share applicable**	**Tax rate**	**IFRS NAV**	**Tax**
Total as at 31 Dec 2020	280	80%–100%	30.18%	646	5
Total as at 31 Dec 2019	280	80%–100%	30.18%	598	4
Company with other taxation rules	**Tax acquisition price of share**	**Share applicable**	**Tax rate**	**IFRS NAV**	**Tax**
Total as at 31 Dec 2020	383	100%	19%	399	3
Total as at 31 Dec 2019	1	100%	19%	2	0

Equity ratio reconciliation (€ million)

Item per Consolidated financial statements		31 Dec 20	31 Dec 19
A	Total assets	11,801	10,673
B	Total equity	5,787	5,469
B/A	**Equity Ratio**	**49%**	**51%**

FFO II reconciliation (€ million)

Item per Consolidated financial statements		2020	2019
A	Funds from operations	222	220
B	Interest on perpetual notes	(59)	(43)
A+B	**Funds from operations II**	**163**	**176**

EPRA NTA deferred tax reconciliation (€ million)

Inventories	Residual tax value of properties	Tax Rate	Fair value of properties	Tax
Total as at 31 Dec 2020	31	19%–33.3%	31	–
Total as at 31 Dec 2019	46	19%–33.3%	46	–

AHFS resold/acquired in last 12 months	Tax acquisition price of share	Share applicable	Tax Rate	IFRS NAV	Tax
Total as at 31 Dec 2020	–	–	–	–	–
Total as at 31 Dec 2019	–	–	–	–	–

DECLARATION LETTER

FINANCIAL REPORT

AS AT 31 DECEMBER 2020

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 person 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 2020, 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 2020, 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 2021

Mr. Martin Němeček

CEO & Managing Director

CPI Property Group
Société anonyme
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Space means opportunity

CPI PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 AND FOR THE YEAR THEN ENDED

Consolidated statement of comprehensive income

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

	Note	Year-ended 31 December 2020	31 December 2019 Adjusted*
Gross rental income	5.1	356.5	319.1
Service charges and other income	5.2	139.6	123.1
Cost of service and other charges	5.2	(107.4)	(88.0)
Property operating expenses	5.3	(51.0)	(59.8)
Net rental income		**337.7**	**294.4**
Development sales	5.4	34.3	50.1
Development operating expenses	5.4	(29.9)	(46.3)
Net development income		**4.4**	**3.8**
Hotel revenue	5.5	43.7	133.8
Hotel operating expenses	5.5	(46.8)	(93.8)
Net hotel income		**(3.1)**	**40.0**
Other business revenue	5.6	48.5	45.7
Other business operating expenses	5.6	(43.1)	(39.0)
Net other business income		**5.4**	**6.7**
Total revenues		622.6	671.8
Total direct business operating expenses		(278.2)	(326.9)
Net business income		**344.4**	**344.9**
Net valuation gain*	5.7	173.1	561.0
Net gain on disposal of investment property and subsidiaries	5.8	0.7	2.0
Amortization, depreciation and impairment	5.9	(88.0)	(41.5)
Administrative expenses	5.10	(47.1)	(53.2)
Other operating income		23.3	10.2
Other operating expenses		(2.8)	(7.3)
Operating result		**403.6**	**816.1**
Interest income		18.2	13.5
Interest expense	5.11	(80.9)	(54.2)
Other net financial result*	5.12	9.8	(10.6)
Net finance costs		**(52.9)**	**(51.3)**
Share of loss of equity-accounted investees (net of tax)	6.4	(10.6)	(0.2)
Profit before income tax		**340.1**	**764.6**
Income tax expense	5.13	(96.5)	(80.0)
Net profit from continuing operations		**243.6**	**684.6**
Items that may or are reclassified subsequently to profit or loss			
Translation difference	6.13	(130.6)	25.1
Cash flow hedges		(1.1)	7.7
Income tax on other comprehensive income items		0.1	(2.6)
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	6.3	(45.7)	25.1
Defined benefit plan actuarial loss		(0.4)	(0.4)
Income tax on other comprehensive income items		8.8	(9.3)
Other comprehensive income for the period, net of tax		**(168.9)**	**45.6**
Total comprehensive income for the year		**74.7**	**730.2**
Net profit attributable to:			
Owners of the parent		181.5	633.2
Non-controlling interests		2.7	8.0
Perpetual notes holders		59.4	43.4
Profit for the year		**243.6**	**684.6**
Total comprehensive income attributable to:			
Owners of the parent		12.6	678.8
Non-controlling interests		2.7	8.0
Perpetual notes holders		59.4	43.4
Total comprehensive income for the year		**74.7**	**730.2**
Earnings per share			
Basic earnings in EUR per share	6.13	0.02	0.07
Diluted earnings in EUR per share	6.13	0.02	0.07

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4.

Consolidated statement of financial position

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

	Note	31 December 2020	31 December 2019
Non-current assets			
Intangible assets and goodwill	6.1	107.1	107.0
Investment property	6.2	8,792.6	8,156.8
Property, plant and equipment	6.3	779.4	885.7
Hotels	6.3	*665.2*	*761.6*
Other property, plant and equipment	6.3	*114.2*	*124.1*
Biological assets		5.0	4.2
Equity accounted investees	6.4	658.1	3.7
Other financial assets	6.5	34.4	38.1
Loans provided	6.6	291.5	200.2
Deferred tax assets	5.13	155.6	168.1
		10,823.7	**9,563.8**
Current assets			
Inventories	6.7	38.8	51.2
Biological assets		2.7	2.5
Income tax receivables		5.1	6.2
Trade receivables	6.8	85.4	80.9
Loans provided	6.6	77.5	71.5
Cash and cash equivalents	6.9	632.3	804.5
Other financial assets	6.10	47.4	21.8
Other non-financial assets	6.11	50.8	48.9
Assets linked to assets held for sale	6.12	37.7	21.5
		977.7	**1,109.0**
Total assets		**11,801.4**	**10,672.8**
Equity			
Equity attributable to owners of the parent	6.13	4,320.8	4,334.2
Share capital	6.13	*833.2*	*833.2*
Share premium	6.13	*911.1*	*911.1*
Other reserves	6.13	*231.5*	*400.0*
Retained earnings	6.13	*2,345.0*	*2,189.9*
Perpetual notes	6.13	1,369.6	1,085.5
Non-controlling interests	6.13	96.1	49.8
		5,786.5	**5,469.5**
Non-current liabilities			
Bonds issued	6.14	3,195.2	2,870.9
Financial debts	6.15	1,269.6	1,165.3
Deferred tax liability	5.13	842.2	805.9
Provisions	6.17	7.0	10.1
Other financial liabilities	6.18	109.9	63.8
		5,423.9	**4,916.0**
Current liabilities			
Bonds issued	6.14	108.8	20.8
Financial debts	6.15	253.0	47.7
Trade payables	6.19	70.6	86.0
Income tax liabilities		12.4	13.7
Other financial liabilities	6.20	120.5	98.1
Other non-financial liabilities		21.0	20.3
Liabilities linked to assets held for sale	6.12	4.7	0.7
		591.0	**287.3**
Total equity and liabilities		**11,801.4**	**10,672.8**

Consolidated statement of changes in equity

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

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to owners of the parent	Perpetual notes	Non-controlling interests	Total equity
As at 1 January 2020		**833.2**	**911.1**	**49.0**	**5.8**	**12.7**	**332.5**	**2,189.9**	**4,334.2**	**1,085.5**	**49.8**	**5,469.5**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**181.5**	**181.5**	**59.4**	**2.7**	**243.6**
Translation difference		-	-	(130.6)	-	-	-	-	(130.6)	-	-	(130.6)
Defined benefit plan actuarial loss	6.17	-	-	-	-	-	-	(0.4)	(0.4)	-	-	(0.4)
Cash flow hedges		-	-	-	-	(1.1)	-	-	(1.1)	-	-	(1.1)
Revaluation of property, plant and equipment	6.3	-	-	-	-	-	(45.7)	-	(45.7)	-	-	(45.7)
Income tax on other comprehensive income		-	-	-	-	0.1	8.8	-	8.9	-	-	8.9
Total other comprehensive expense		**-**	**-**	**(130.6)**	**-**	**(1.0)**	**(36.9)**	**(0.4)**	**(168.9)**	**-**	**-**	**(168.9)**
Total comprehensive income for the period		**-**	**-**	**(130.6)**	**-**	**(1.0)**	**(36.9)**	**181.1**	**12.6**	**59.4**	**2.7**	**74.7**
Mandatory public offer	6.13	-	-	-	-	-	-	(26.0)	(26.0)	-	-	(26.0)
Issuance of perpetual notes	6.13	-	-	-	-	-	-	-	-	607.5	-	607.5
Repayment of previously issued perpetual notes	6.13	-	-	-	-	-	-	-	-	(331.2)	-	(331.2)
Amount paid to perpetual notes holders	6.13	-	-	-	-	-	-	-	-	(51.6)	-	(51.6)
Acquisition of subsidiaries with NCI	6.13	-	-	-	-	-	-	-	-	-	43.6	43.6
As at 31 December 2020		**833.2**	**911.1**	**(81.6)**	**5.8**	**11.7**	**295.6**	**2,345.0**	**4,320.8**	**1,369.6**	**96.1**	**5,786.5**

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Revaluation reserve	Retained earnings	Equity attributable to to owners of the parent	Perpetual notes	Non-controlling interests	Total equity
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**	**44.2**	**4,362.3**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**633.2**	**633.2**	**43.4**	**8.0**	**684.6**
Translation difference		-	-	25.1	-	-	-	-	25.1	-	-	25.1
Defined benefit plan actuarial loss	6.17	-	-	-	-	-	-	(0.4)	(0.4)	-	-	(0.4)
Cash flow hedges		-	-	-	-	7.7	-	-	7.7	-	-	7.7
Revaluation of property, plant and equipment	6.3	-	-	-	-	-	25.1	-	25.1	-	-	25.1
Income tax on other comprehensive income		-	-	-	-	(2.6)	(9.3)	-	(11.9)	-	-	(11.9)
Total other comprehensive income/ (expense)		**-**	**-**	**25.1**	**-**	**5.1**	**15.8**	**(0.4)**	**45.6**	**-**	**-**	**45.6**
Total comprehensive income for the period		**-**	**-**	**25.1**	**-**	**5.1**	**15.8**	**632.8**	**678.8**	**43.4**	**8.0**	**730.2**
Common control transaction	3.4	-	-	-	-	-	25.8	-	25.8	-	-	25.8
Acquisition of own shares	6.13	(6.7)	(29.8)	-	-	-	-	-	(36.5)	-	-	(36.5)
Share buyback	6.13	(36.3)	(72.5)	-	-	-	-	-	(108.8)	-	-	(108.8)
Issuance of perpetual notes	6.13	-	-	-	-	-	-	-	-	537.2	-	537.2
Amount paid to perpetual notes holders	6.13	-	-	-	-	-	-	-	-	(37.6)	-	(37.6)
Acquisition of NCI	6.13	-	-	-	-	-	-	(0.7)	(0.7)	-	(2.4)	(3.1)
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**	**49.8**	**5,469.5**

Consolidated cash flow statement

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

	Note	Year-ended 31 December 2020	31 December 2019 Adjusted*
Profit before income tax		**340.1**	**764.6**
Adjusted by:			
Net valuation gain*	5.7	(173.1)	(561.0)
Net gain on the disposal of investment property and subsidiaries	5.8	(0.7)	(2.0)
Depreciation and amortization	5.9	38.1	33.1
Impairment of assets	5.9	49.9	8.4
Net interest expense		62.7	40.7
Net finance expense		21.2	4.4
Share of loss of equity accounted investees	6.4	10.6	0.2
Unrealized exchange rate differences and other non-cash transactions*		(17.5)	3.0
Profit before changes in working capital and provisions		**331.3**	**291.4**
Decrease in inventories		17.6	13.8
Increase in trade and other receivables		(22.2)	(17.9)
Increase / (decrease) in trade payables		(59.2)	5.9
Increase / (decrease) in other liabilities		(3.0)	0.7
Income tax paid		(15.8)	(13.2)
Net cash from operating activities		**248.7**	**280.7**
Acquisition of subsidiaries, net of cash acquired	3.2	(14.4)	(640.5)
Acquisition of associates	6.4	(686.5)	-
Acquisition of other financial investments		(17.2)	(7.9)
Acquisition of non-controlling interest	6.13	-	(3.1)
Proceeds from disposals of subsidiaries, net of cash disposed		28.4	13.4
Purchase and expenditures on investment property	6.2	(473.5)	(264.5)
Purchase and expenditures on property, plant and equipment	6.3	(25.1)	(66.4)
Purchase of intangible assets	6.1	(7.4)	(4.9)
Purchase of biological assets		(2.2)	(1.2)
Proceeds from sale of investment property		5.8	8.2
Proceeds from sale of property, plant and equipment		7.5	-
Proceeds from sale of biological assets		0.2	0.1
Loans provided		(182.6)	(125.8)
Loans repaid		107.4	7.7
Interest received		0.8	1.2
Dividends received	6.4	19.8	-
Net cash used in investing activities		**(1,239.0)**	**(1,083.7)**
Share buyback	6.13	-	(108.8)
Proceeds from perpetual notes	6.13	607.5	537.2
Payment to perpetual note holders	6.13	(382.8)	(37.6)
Proceeds from bonds issued	6.15	1,228.5	1,217.4
Repayment of bonds issued	6.15	(812.9)	-
Interest paid	6.15	(55.6)	(37.2)
Drawings of loans and borrowings	6.15	377.3	255.9
Repayments of loans and borrowings	6.15	(139.8)	(316.7)
Repayment of lease liabilities	6.15	(4.1)	(2.0)
Net cash from / (used in) financing activities		**818.1**	**1,508.2**
Net increase / (decrease) in cash		**(172.2)**	**705.2**
Cash and cash equivalents at the beginning of the period	6.9	804.5	99.2
Less: Cash and cash equivalents reclassified from / (to) assets held for sale		-	0.1
Cash and cash equivalents at the end of the period		**632.3**	**804.5**

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4.

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 2020, 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 2020, refer to note 6.13.

Board of Directors

As at 31 December 2020, the Board of Directors consists of the following directors:

Chairman:	Edward Hughes
Executive members:	Martin Němeček, CEO and Managing Director
	Tomáš Salajka
	Oliver Schlink
	Philippe Magistretti
Non-executive members:	Edward Hughes
	Jonathan Lewis
	Omar Sattar

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

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

The consolidated financial statements were authorized for issue by the Board of Directors on 30 March 2021.

All the figures are presented in millions of Euros, except if explicitly indicated otherwise.

The consolidated financial statements have been prepared on a going concern basis. For analysis of the impact of COVID-19 pandemic on the Group, including its ability to continue as a going concern, refer to note 11.

(b) New and amended standards and interpretations

For the preparation of these consolidated financial statements, the following amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2020. The amendments and interpretations apply for the first time in 2020, 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 amended standards and interpretations are described below.

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. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods.

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 had no impact on the Group's consolidated financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no 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 – 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, 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 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.

The Group's assumptions and estimation are based on the evidence available as of the date of these consolidated financial statements. Certain assumtions and estimates are however sensitive to development of the current COVID-19 world-wide pandemic and its negative impacts on the Company's real estate portfolio. The uncertainty caused by the COVID-19 pandemic is considered primarily in the below Group's assumtions and estimates:

- the goodwill impairment testing (for more details, refer to note 6.1);
- the fair value measurement of investment property, hotels and biological assets (for more details, refer to note 7.5.2 and 7.5.3);
- the credit risk and liquidity risk assessment (for more details, refer to note 7.1 and 7.2, respectively);
- the assessment of the Group's ability to continue as a going concern (for more details, refer to note 11).

2.2 Significant accounting policies

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

(a) Basis of consolidation

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

(i) Business combinations

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

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

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

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

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

(ii) Business combinations involving entities under common control

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

(iii) Loss of control

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

(iv) Equity accounted investees

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

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

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

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

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

(v) Property asset acquisition

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

(b) Foreign currency

(i) Functional currencies

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

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

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

Country	Functional currency
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 2020 and 2019 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	2020	2019
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	2020	2019
Software	3 - 8 years	3 - 8 years
Other intangible assets	3 - 5 years	3 - 5 years

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

(g) Inventories

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

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

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

(h) Biological assets

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

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

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

(i) Financial instruments

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

Derecognition

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

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

(i) Non-derivative financial assets

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

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

Loans provided

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

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

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

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

(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 five operating segments: Czech Republic, Berlin, Poland, Hotels and resorts and Complementary assets. In 2020, the Group reports new operating segment of Poland because of its increased significance. Comparative segment reporting as at 31 December 2019 and for the year then ended was adjusted accordingly.

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 2020 and 2019 based on external valuations prepared by professionally qualified valuers, except for an insignificant part of the portfolio valued by an internal expert (see note 6.2). The Group's property portfolio in the Czech Republic is valued mainly by Jones Lang LaSalle, Cushman & Wakefield and CBRE, while selected properties are valued also by RSM, Mazars and Statikum. The property portfolios in Hungary, Slovakia, Romania and part of the Poland portfolio are valued by Jones Lang LaSalle. The majority of assets in Poland are valued by Knight Frank. Assets in Russia, Croatia and the United Kingdom are valued by Cushman & Wakefield. The valuation of the Berlin portfolio is undertaken by Savills. Assets located in France are valued by Savills and assets in Switzerland by Cushman & Wakefield and Mazars. The Group also uses its valuation department for providing internal valuations of selected assets, including part of the Czech Republic residential portfolio, land bank assets, certain Czech Republic retail assets and assets in Italy. As at 31 December 2020, the Group did not revalue recent acquisitions (see note 3.2 and 3.3) and leased properties.

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

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

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

The following valuation methods of investment property were used:

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

(i) Retail, Office, Industry and Logistics properties

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

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

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

(ii) Residential properties

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

(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.

2.4 Changes in accounting policies

Change in classification of foreign exchange gains or losses on revaluation of the investment properties

The Group reclassified the effect of changing foreign exchange rates on the revaluation of the investment property from Net valuation gain or loss to Other net financial result, which includes all other effects of changing foreign exchange rates. Management concludes that the adjusted presentation is more relevant.

Comparative information for the year ended 31 December 2020 was adjusted accordingly. The change in the accounting policy had no impact on the statement of financial position, the impact on the statement of comprehensive income is presented in the table below:

Entity	2019	Effect of the accounting policy change	2019 Adjusted
Net business income	344.9	-	344.9
Net valuation gain	550.0	11.0	561.0
Operating result	**805.1**	**11.0**	**816.1**
Other net financial result	0.4	(11.0)	(10.6)
Net finance costs	(40.3)	(11.0)	(51.3)
Profit before income tax	764.6	-	764.6
Net profit from continuing operations	**684.6**	**-**	**684.6**

3 The Group structure

CPI PG is the Group's ultimate parent company.

As at 31 December 2020, the Group comprises its parent company and 368 subsidiaries (363 as at 31 December 2019) and two joint ventures. For list of subsidiaries refer to Appendix I.

3.1 Changes in the Group in 2020

In 2020, the Group acquired, founded or demerged (within the Group) the following subsidiaries:

Entity	Change	Group's share	Date
Zakiono Enterprises Limited	Acquisition	100.00%	31 January 2020
Equator Real sp. z o.o.	Acquisition	100.00%	5 March 2020
BWV Offices sp. z o.o.	Founded	100.00%	12 March 2020
BWGH Offices sp. z o.o.	Founded	100.00%	31 March 2020
Tower-Service sp. z o.o.	Acquisition	50.30%	24 April 2020
BWK Offices sp. z o.o.	Founded	100.00%	21 May 2020
DUCA PUGLIA S.R.L.	Founded	100.00%	13 July 2020
Marchesina S.a.r.l.	Founded	100.00%	10 August 2020
Apulia Investments 1 S.r.l.	Founded	100.00%	28 September 2020
Apulia Investments 2 S.r.l.	Founded	100.00%	28 September 2020
Apulia Investments 3 S.r.l.	Founded	100.00%	28 September 2020
Apulia Investments 4 S.r.l.	Founded	100.00%	28 September 2020
Nova RE Siiq S.p.A.	Acquisition	50.10%	29 October 2020
Zerodix Sárl	Acquisition	99.70%	16 December 2020
CPI AIR ITALY S.R.L.	Founded	100.00%	18 December 2020
SAVILE ROW 1 LIMITED	Founded	100.00%	23 December 2020

In 2020, the Group disposed or liquidated the following subsidiaries:

Entity	Change	Group's share	Date
CEREM S.A.	Liquidation	97.31%	3 January 2020
SCP CAYO	Disposal	100.00%	5 March 2020
Aspley Ventures Limited	Liquidation	100.00%	22 April 2020
GARET INVESTMENTS sp. z o.o.	Disposal	100.00%	25 June 2020
Brillant 1419. Verwaltungs GmbH (Joint venture)	Liquidation	47.68%	30 June 2020
LN Est-Europe Development S.R.L.	Liquidation	100.00%	19 October 2020
RSL Est-Europe Properties S.R.L.	Liquidation	100.00%	19 October 2020
Office Center Poštová, s.r.o.	Disposal	100.00%	6 November 2020
Liptovský Mikuláš Property Development, a.s.	Disposal	100.00%	2 December 2020
Endurance Real Estate Management Company	Liquidation	97.31%	30 December 2020
Mark2 Corporation, M2C FM, s.r.o.*	Disposal	80.00%	31 December 2020

* Changed its name from CPI Prima, s.r.o. to Mark2 Corporation, M2C FM, s.r.o. with effective date of 1 December 2020.

3.2 Property asset acquisitions in 2020

Equator Real sp. z o.o.

On 5 March 2020, the Group acquired Equator Real sp. z o.o. The total consideration paid was EUR 15.1 million.

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

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

	Fair value
Investment property	38.5
Trade receivables	0.1
Cash and cash equivalents	0.7
Identifiable assets	**39.3**
Financial debts	(23.6)
Other non-current liabilities	(0.4)
Trade payables and other current liabilities	(0.2)
Identifiable liabilities	**(24.2)**
Net identifiable assets acquired	**15.1**

The net cash outflow connected with the acquisition amounted to EUR 14.4 million.

Zakiono Enterprises Limited

On 31 January 2020, the Group acquired Zakiono Enterprises Limited. The total consideration paid was EUR 283.6 million. Through the acquisition of Zakiono, the Group acquired 23,734,670 shares (representing a 10.7% stake) of Globalworth Real Estate Investments Limited ("Globalworth"), a leading office landlord in Romania and in Poland. Refer to note 6.4 for more details in respect of this acquisition.

The acquisition was recognized as a financial 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
Equity accounted investees	283.7
Other financial current liabilities	(0.1)

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 283.6 million. The net cash outflow connected with the acquisition amounted to EUR 283.6 million. As at 31 December 2020, the Group owns, through Zakiono Enterprises Limited, a total of 65,250,000 Globalworth shares representing a 29.55% stake in Globalworth. The shares were acquired for a total of EUR 686.5 million (refer to note 6.4 for more details).

3.3 Acquisition through business combinations in 2020

Acquisition of Nova RE Siiq S.p.A.

On 2 October 2020, the Group submitted a binding offer to participate in a capital increase of the Italian real estate group Nova RE Siiq S.p.A ("Nova RE"), which was accepted on 7 October 2020. Following approval of Nova RE's capital increase on 29 October 2020, the Group acquired a 50.1% stake and gained control over the company. Nova RE manages a portfolio of 7 properties in Milan, Rome, Verona and Bari in Italy.

The acquisition of the company is treated as a business combination under IFRS 3. The Group designated an acquisition date at 1 October 2020. There were no material events or changes to assets and liabilities of Nova RE between 1 October 2020 and 29 October 2020.

The consideration paid for this acquisition amounted to EUR 26.0 million.

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

	Fair value
Intangible assets and goodwill	0.2
Investment property	114.6
Property, plant and equipment	6.6
Trade and other receivables	3.0
Cash and cash equivalents	28.2
Deferred tax assets	1.1
Other financial current assets	3.1
Identifiable assets	**156.8**
Financial debts	(62.1)
Derivative instruments	(1.9)
Trade payables	(2.4)
Advance payments	(2.1)
Other non-financial current liabilities	(1.3)
Identifiable liabilities	**(69.8)**
Net identifiable assets acquired	**87.0**

As a result of this business combination, the group realized bargain purchase of EUR 17.5 million which is classified as other operating income by the Group. There were no post-aquisition adjustments to investment property value, which reconciles to the valuation appraisal prepared by an independent valuer as at 31 December 2020.

Due to the acquisition, the Group acquired cash and cash equivalents of EUR 28.2 million. The net cash outflow connected with the acquisition amounted to EUR -2.2 million.

As a result of the business combination, the Group initially recognized a non-controlling interest of EUR 43.6 million (see note 6.13 for more details).

If the acquisition had occurred on 1 January 2020 with all other variables held constant, Group total revenues in 2020 would have been EUR 627.4 million and net profit from continuing operations would have been EUR 236.0 million.

Acquisition of Zerodix Sárl

On 16 December 2020, the Group acquired a 100% stake in Zerodix Sárl, a company involved in bar and restaurant operations in the Crans Montana ski resort, which is owned and operated by the Group. The acquisition of the company is treated as a business combination under IFRS 3.

The consideration paid for this acquisition amounted to EUR 2.5 million.

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

	Fair value
Fixed assets	0.1
Cash and cash equivalents	0.3
Other current assets	0.1
Identifiable assets	**0.5**
Current and non-current liabilities	(0.4)
Identifiable liabilities	**(0.4)**
Net identifiable assets acquired	**0.1**

As a result of this business combination, the group recognized goodwill in the amount of EUR 2.4 million.

Due to the acquisition, the Group acquired cash and cash equivalents of EUR 0.3 million. The net cash outflow connected with the acquisition amounted to EUR 2.2 million.

If the acquisition occurred on 1 January 2020 with all other variables held constant, Group total revenues in 2020 would have been EUR 622.6 million and net profit from continuing operations would have been EUR 243.5 million.

3.4 Disposal of subsidiaries in 2020

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

- SCP CAYO in France was sold for EUR 3.4 million on 5 March 2020.
- GARET INVESTMENTS sp. z o.o. was sold for EUR 11 thousand on 25 June 2020.
- Office Center Poštová, s.r.o. was sold for EUR 1.9 million on 6 November 2020.
- Liptovský Mikuláš Property Development, a.s. was sold for EUR 0.1 million on 2 December 2020.
- Mark2 Corporation, M2C FM, s.r.o. was sold for EUR 0.5 million on 31 December 2020.

3.5 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 Rhône 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.

The following entities were either disposed or liquidated in 2019:

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
CPI Yellow, a.s.	Disposal	100.00%	11 December 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

3.6 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 the 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 assets	**9.8**
Financial debts	(3.4)
Trade payables and other current liabilities	(2.1)
Identifiable liabilities	**(5.5)**
Net identifiable assets acquired	**4.3**

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

Acquisition of offices in Warsaw, Poland

The following acquisitions were recognized as property asset acquisitions 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, comprising more than 20,800 square metres of gross lettable area.

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 assets	**57.6**
Financial debts	(42.4)
Trade payables	(0.4)
Other financial current liabilities	(0.2)
Identifiable liabilities	**(43.0)**
Net identifiable assets acquired	**14.6**

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 the Eurocentrum office complex in Warsaw. Eurocentrum boasts over 85,100 square metres of gross lettable area.

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 assets	**244.4**
Financial debts	(136.2)
Trade payables	(2.7)
Other non-financial current liabilities	(0.1)
Identifiable liabilities	**(139.0)**
Net identifiable assets acquired	**105.4**

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, providing 50,000 square meters of leasable area. 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 assets	**278.4**
Financial debts	(3.6)
Other non-current liabilities	(1.7)
Trade payables	(0.8)
Identifiable liabilities	**(6.1)**
Net identifiable assets acquired	**272.3**

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.

3.7 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 assets	**1.3**
Financial debts	(0.8)
Other financial non-current liabilities	(0.2)
Other financial current liabilities	(1.1)
Identifiable liabilities	**(2.1)**
Net identifiable assets acquired	**(0.8)**

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 assets	**10.8**
Financial debts	(9.9)
Other current liabilities	(0.3)
Identifiable liabilities	**(10.2)**
Net identifiable assets acquired	**0.6**

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 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 assets	**18.6**
Deferred tax liabilities	(1.7)
Other current liabilities	(0.3)
Identifiable liabilities	**(2.0)**
Net identifiable assets acquired	**16.6**

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 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.

3.8 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)**
Net identifiable assets acquired	**25.8**

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.

3.9 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.

4 Segment reporting

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

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

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

In 2020, the Group has reported a new operating segment of Poland because of its increased significance. Comparative segment reporting as at 31 December 2019 and for the year then ended was adjusted accordingly.

The Group engages in the following business activities:

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

4.1 Income statement per operating segments

2020

	Czech Republic	Berlin	Poland	Hotels and resorts	Complementary assets	Corporate and not attributable	Total
Gross rental income	162.8	79.6	61.6	-	52.5	-	356.5
Service charge and other income	63.0	36.2	21.4	-	19.0	-	139.6
Cost of service and other charges	(48.8)	(18.6)	(22.0)	-	(18.0)	-	(107.4)
Property operating expenses	(29.1)	(17.3)	(3.0)	-	(1.6)	-	(51.0)
Net rental income	**147.9**	**79.9**	**58.0**	**-**	**51.9**	**-**	**337.7**
- Office	*40.7*	*78.5*	*51.0*	-	*19.8*	-	*190.0*
- Retail	*83.5*	-	*7.0*	-	*27.9*	-	*118.4*
- Residential	*15.3*	-	-	-	*1.0*	-	*16.3*
- Other	*8.4*	*1.4*	-	-	*3.2*	-	*13.0*
Development sales	29.6	-	-	-	4.7	-	34.3
Development operating expenses	(24.6)	-	-	-	(5.3)	-	(29.9)
Net development income	**5.0**	**-**	**-**	**-**	**(0.6)**	**-**	**4.4**
Hotel revenue	-	-	-	43.7	-	-	43.7
Hotel operating expenses	-	-	-	(46.8)	-	-	(46.8)
Net hotel income	**-**	**-**	**-**	**(3.1)**	**-**	**-**	**(3.1)**
Other business revenue	15.0	-	-	33.5	-	-	48.5
Other business operating expenses	(9.8)	-	-	(33.3)	-	-	(43.1)
Net other business income	**5.2**	**-**	**-**	**0.2**	**-**	**-**	**5.4**
Total revenues	270.4	115.8	83.0	77.2	76.2	-	622.6
Total direct business operating expenses	(112.3)	(35.9)	(25.0)	(80.1)	(24.9)	-	(278.2)
Net business income	**158.1**	**79.9**	**58.0**	**(2.9)**	**51.3**	**-**	**344.4**
Administrative expenses	(17.7)	(8.8)	(4.1)	(0.1)	(3.0)	(13.4)	(47.1)
Segment adjusted EBITDA	**140.4**	**71.1**	**53.9**	**(3.0)**	**48.3**	**(13.4)**	**297.3**
Valuation gain	207.9	115.5	25.4	-	13.7	-	362.5
Valuation loss	(64.0)	(61.6)	(11.4)	-	(52.4)	-	(189.4)
Net gain/(loss) on disposal of investment property and subsidiaries	(1.3)	-	-	-	2.0	-	0.7
Amortization, depreciation and impairments	(0.7)	(2.4)	-	(79.0)	(1.7)	(4.2)	(88.0)
Segment operating result	**282.3**	**122.6**	**67.9**	**(82.0)**	**9.9**	**(17.6)**	**383.1**
Other operating income						23.3	23.3
Other operating expenses						(2.8)	(2.8)
Operating result							**403.6**
Interest income						18.2	18.2
Interest expense						(80.9)	(80.9)
Other net financial result						9.8	9.8
Net finance costs						**(52.9)**	**(52.9)**
Share of loss of equity-accounted investees (net of tax)						(10.6)	(10.6)
Profit before income tax							**340.1**
Income tax expense						(96.5)	(96.5)
Net profit from continuing operations							**243.6**

2019

	Czech Republic	Berlin	Poland	Hotels and resorts	Complementary assets	Corporate and not attributable	Total Adjusted*
Gross rental income	170.6	74.2	24.5	-	49.8	-	319.1
Service charge and other income	61.1	31.2	11.2	-	19.6	-	123.1
Cost of service and other charges	(45.6)	(15.8)	(11.3)	-	(15.3)	-	(88.0)
Property operating expenses	(32.0)	(18.1)	(1.3)	-	(8.4)	-	(59.8)
Net rental income	**154.1**	**71.5**	**23.1**	**-**	**45.7**	**-**	**294.4**
- Office	*42.2*	*70.2*	*10.2*	-	*13.4*	-	*136.0*
- Retail	*95.3*	-	*10.5*	-	*26.4*	-	*132.2*
- Residential	*11.9*	-	-	-	*(0.8)*	-	*11.1*
- Other	*4.7*	*1.3*	*2.4*	-	*6.7*	-	*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	35.7	164.6	90.3	-	671.8
Total direct business operating expenses	(112.1)	(33.9)	(12.6)	(122.7)	(45.6)	-	(326.9)
Net business income	**163.7**	**71.5**	**23.1**	**41.9**	**44.7**	**-**	**344.9**
Administrative expenses	(21.1)	(10.7)	(5.0)	(0.2)	(2.8)	(13.4)	(53.2)
Segment adjusted EBITDA	**142.6**	**60.8**	**18.1**	**41.7**	**41.9**	**(13.4)**	**291.7**
Valuation gain*	175.6	383.7	1.6	-	65.4	-	626.3
Valuation loss*	(39.3)	(1.0)	(14.5)	-	(10.5)	-	(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)	(1.8)	(20.3)	0.3	(3.7)	(41.5)
Segment operating result	**261.6**	**443.1**	**3.4**	**21.4**	**100.8**	**(17.1)**	**813.2**
Other operating income						10.2	10.2
Other operating expenses						(7.3)	(7.3)
Operating result							**816.1**
Interest income						13.5	13.5
Interest expense						(54.2)	(54.2)
Other net financial result*						(10.6)	(10.6)
Net finance costs						**(51.3)**	**(51.3)**
Share of loss 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**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more information.

4.2 Revenues by countries

	2020		2019	
	Amount	In %	Amount	In %
Czech Republic	298.6	48%	348.1	52%
Germany	115.8	19%	105.4	16%
Hungary	55.2	9%	66.9	10%
Poland	84.2	13%	40.1	6%
Switzerland	33.4	5%	30.8	4%
Other	35.4	6%	80.5	12%
Total	**622.6**	**100%**	**671.8**	**100%**

4.3 Non-current assets by operating segments and countries

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

	31 December 2020 Amount	In %	31 December 2019 Amount	In %
By operating segments				
Czech Republic	**3,859.0**	**44%**	**3,703.0**	**46%**
- Office portfolio	*911.6*	*24%*	*813.6*	*22%*
- Retail portfolio	*1,580.6*	*41%*	*1,625.2*	*44%*
- Residential portfolio	*509.2*	*13%*	*465.9*	*13%*
- Landbank and development	*679.2*	*18%*	*634.6*	*17%*
- Other	*178.4*	*4%*	*163.7*	*4%*
Berlin	**2,559.2**	**29%**	**2,462.1**	**30%**
- Office portfolio	*2,461.8*	*95%*	*2,298.3*	*93%*
- Landbank and development	*94.8*	*4%*	*160.3*	*6%*
- Other	*2.6*	*1%*	*3.5*	*1%*
Poland	**1,160.2**	**13%**	**874.7**	**10%**
- Office portfolio	*998.3*	*86%*	*708.4*	*81%*
- Retail portfolio	*161.5*	*14%*	*165.9*	*19%*
- Landbank and development	*0.4*	*0%*	*0.4*	*0%*
Complementary assets	**1,214.2**	**14%**	**1,117.0**	**14%**
- Office portfolio	*344.2*	*28%*	*365.5*	*33%*
- Retail portfolio	*442.3*	*36%*	*378.8*	*34%*
- Landbank and development	*36.0*	*3%*	*43.2*	*4%*
- Residential portfolio	*345.2*	*29%*	*290.3*	*26%*
- Other	*46.5*	*4%*	*39.2*	*3%*
Total	**8,792.6**	**100%**	**8,156.8**	**100%**
By countries				
Czech Republic	3,859.0	44%	3,703.0	46%
Germany	2,559.2	29%	2,462.1	30%
Hungary	591.0	7%	607.5	7%
Poland	1160.2	13%	874.7	11%
Other	623.2	7%	509.5	6%
Total	**8,792.6**	**100%**	**8,156.8**	**100%**

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

	31 December 2020 Amount	In %	31 December 2019 Amount	In %
By operating segments				
Hotels and resorts	743.7	95%	852.2	96%
Czech Republic	19.8	3%	22.9	3%
Berlin	15.8	2%	9.7	1%
Complementary assets in Europe	0.1	0%	0.9	0%
Total	**779.4**	**100%**	**885.7**	**100%**
By countries				
Czech Republic	390.2	50%	454.7	51%
Croatia	163.5	21%	194.0	22%
Switzerland	66.9	9%	76.1	9%
Hungary	63.3	8%	61.3	7%
Other	95.5	12%	99.6	11%
Total	**779.4**	**100%**	**885.7**	**100%**

The following table presents goodwill by operating segments and countries:

	31 December 2020 Amount	31 December 2019 Amount
Berlin	42.6	42.6
Hotels and resorts	49.5	48.8
Complementary assets	1.9	1.9
Total	**94.0**	**93.3**

5 Consolidated statement of comprehensive income

5.1 Gross rental income

	2020	2019
Gross rental income	356.5	319.1

In 2020, the increase of gross rental income was driven by acquisitions of new offices in Warsaw, Poland and by growth of rental income generated by Berlin portfolio.

In 2020, in connection with COVID-19 pandemic, the Group provided its selected retail tenants with specific one-time discounts of EUR 13.3 million in total. The Group treated the discounts as a reduction of the rent revenue in the current period.

5.2 Net service charge and other income

	2020	2019
Service revenue	7.7	7.6
Service charge income	121.6	102.7
Revenues from sales of utilities	10.3	12.8
Service charges and other income	**139.6**	**123.1**
Cost of service charges	(98.6)	(79.0)
Cost of utilities	(8.8)	(9.0)
Cost of service and other charges	**(107.4)**	**(88.0)**
Total net service charge income	**32.2**	**35.1**

In 2020, the increase of service charge income and cost of service charges was driven by acquisitions of new offices in Warsaw, Poland.

In 2020 and 2019, the revenue from sales of utilities relates primarily to the sale of water and electricity.

5.3 Property operating expenses

	2020	2019
Building maintenance	(18.6)	(26.9)
Personnel expenses (5.3.1)	(5.6)	(8.6)
Real estate tax	(4.6)	(4.0)
Letting fee, other fees paid to real estate agents	(4.3)	(3.8)
Facility management and other property related services	(17.9)	(16.5)
Total	**(51.0)**	**(59.8)**

In 2020, the property operating expenses decreased due to lower building maintenance costs, primarily related to the Group's office portfolio. Overall decrease in the property operating costs reflects Group's response to the COVID-19 pandemic restrictions in 2020.

5.3.1 Personnel expenses

	2020	2019
Wages and salaries	(4.7)	(6.4)
Social and health security contributions	(0.8)	(2.0)
Other social expenses	(0.1)	(0.2)
Total personnel operating expenses (note 5.3)	**(5.6)**	**(8.6)**
Wages and salaries	(19.1)	(19.8)
Social and health security contributions	(4.5)	(4.9)
Other social expenses	(0.7)	(0.7)
Total personnel administrative expenses (note 5.10)	**(24.3)**	**(25.4)**
Wages and salaries	(16.8)	(29.7)
Social and health security contributions	(4.7)	(7.7)
Other social expenses	(0.3)	(0.8)
Total personnel expenses – hotel operations (note 5.5)	**(21.8)**	**(38.2)**
Wages and salaries	(18.2)	(16.6)
Social and health security contributions	(3.3)	(3.1)
Other social expenses	(0.4)	(0.6)
Total personnel expenses – other business operations (note 5.6)	**(21.9)**	**(20.3)**
Total	**(73.6)**	**(92.5)**

As at 31 December 2020 and 2019, the Group had 3,318 and 4,353 full-time employees (including temporary contracts), respectively.

Reduction of personnel expenses and headcount was primarily connected with the Group's hotel operations. Actions were taken by the Group in response to the COVID-19 pandemic restrictions in 2020.

5.4 Net development income

	2020	2019
Development sales	34.3	50.1
Development operating expenses	(29.9)	(46.3)
Total	**4.4**	**3.8**

Development income and development operating expenses in 2020 and 2019 represent primarily sales of flats and family houses from the ongoing development projects in Prague, the Czech Republic (sales of EUR 29.5 million and operating expenses of EUR 23.2 million in 2020 and sales of EUR 20.3 million and operating expenses of EUR 18.1 million in 2019) and sale of apartments in Nice, France (sales of EUR 4.7 million and operating expenses of EUR 5.1 million in 2020 and sales of EUR 20.9 million and operating expenses of EUR 21.9 million in 2019).

5.5 Net hotel income

	2020	2019
Hotel revenue	43.7	133.8
Personnel expenses (5.3.1)	(21.8)	(38.2)
Hotel other operating expenses	(25.0)	(55.6)
Total	**(3.1)**	**40.0**

The COVID-19 pandemic had a negative impact primarily on the Group's congress, convention and resort hotels operations. Between mid-March and the end of May 2020 and since mid-October 2020, the Group's hotels have been mostly closed. Primarily due to the COVID-19 outbreak, hotel revenue decreased by EUR 90.1 million in 2020. On the other hand, because the Group operates nearly all the hotels, hotel operating expenses were reduced by EUR 47.0 million in 2020.

5.6 Net other business income

	2020	2019
Other business revenue	48.5	45.7
Personnel expenses (5.3.1)	(21.9)	(20.3)
Other business operating expenses	(21.2)	(18.7)
Total	**5.4**	**6.7**

In 2020 and 2019, the other business revenue includes state grants of EUR 8.1 million and EUR 8.5 million, respectively obtained by the Group's agriculture business in the Czech Republic.

5.7 Net valuation gain

	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
2020					
Valuation gain	207.9	66.4	25.4	13.7	313.4
Valuation loss	(64.0)	(12.5)	(11.4)	(52.4)	(140.3)
Total	**143.9**	**53.9**	**14.0**	**(38.7)**	**173.1**
2019 Adjusted*					
Valuation gain	175.6	383.7	1.6	65.4	626.3
Valuation loss	(39.3)	(1.0)	(14.5)	(10.5)	(65.3)
Total	**136.3**	**382.7**	**(12.9)**	**54.9**	**561.0**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more detail.

Czech Republic

In 2020, the most significant valuation gains related to revaluation of the residential portfolio (EUR 50.8 million) and two significant landbank projects in Brno and Prague, respectively (EUR 72.4 million and EUR 43.4 million, respectively).

In 2020, the valuation loss primarily related to revaluation of the retail portfolio and other landbank assets (EUR 51.7 million).

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

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

Berlin

Berlin's net valuation gain in both 2020 and 2019 relates to the office portfolio and reflects the continuously growing real estate market in Berlin.

Complementary assets in Europe

In 2020, the most significant valuation losses related to revaluation of the Hungarian retail portfolio (EUR 21.0 million) and residential portfolio in Monaco (EUR 14.4 million).

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

For the assumptions used by the professional valuers in the preparation of appraisals as at 31 December 2020, refer to note 7.5.3.

5.8 Net gain on the disposal of investment property and subsidiaries

The following table summarizes the effects of investment property disposals:

	2020	2019
Proceeds from the disposal of investment property	8.2	9.0
Carrying value of investment property disposed of and related cost	(9.7)	(7.6)
Net gain on the disposal of investment property	**(1.5)**	**1.4**
Proceeds from the disposal of subsidiaries	29.6	8.7
Carrying value of subsidiaries disposed of	(27.4)	(8.1)
Net gain on the disposal of subsidiaries	**2.2**	**0.6**
Total	**0.7**	**2.0**

In 2020, the proceeds from disposal of subsidiaries include repayment (by the new owners) of intra-group loan of EUR 23.7 million provided to subsidiaries before the date of disposal.

The following table summarizes disposal effects of subsidiaries sold:

	2020	2019
Investment property	30.9	30.2
Inventories	4.1	-
Trade receivables	0.2	0.7
Other financial current assets	0.6	-
Cash and cash equivalents	1.4	0.6
Total disposed assets	**37.2**	**31.5**
Non-current financial debts	(7.9)	(17.6)
Deferred tax liabilities	(0.8)	(4.2)
Other non-current liabilities	(0.2)	(0.6)
Current financial debts	(0.4)	(0.3)
Trade payables	(0.1)	(0.3)
Other financial current liabilities	(0.1)	-
Other non-financial current liabilities	(0.3)	(0.4)
Total disposed liabilities	**(9.8)**	**(23.4)**
Carrying value of subsidiaries disposed of	**27.4**	**8.1**

For details on sale of subsidiaries in 2020 and 2019, refer to note 3.4 and 3.9, respectively.

5.9 Amortization, depreciation and impairment

	2020	2019
Depreciation and amortization	(38.1)	(33.1)
Impairment of assets	(49.9)	(8.4)
Total	**(88.0)**	**(41.5)**

Movement of impairment of assets

	2020	2019
Impairment / reversal of impairment of property, plant and equipment	(46.7)	5.3
Impairment of goodwill	-	(7.0)
Impairment / reversal of impairment of inventories	1.2	(2.2)
Impairment of trade receivables, loans provided and other	(4.4)	(4.5)
Impairment of assets	**(49.9)**	**(8.4)**

In 2020, the impairment of property, plant and equipment reflects the revaluation of the hotels portfolio and represents primarily the negative impact of the COVID-19 pandemic. Refer to note 6.3 and 7.1. for more detail.

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).

5.10 Administrative expenses

	2020	2019
Personnel expenses (5.3.1)	(24.3)	(25.4)
Audit, tax and advisory services	(5.6)	(3.2)
Legal services	(5.6)	(6.4)
Advertising	(1.3)	(2.1)
Other administrative expenses	(10.3)	(16.1)
Total	**(47.1)**	**(53.2)**

In 2020, 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 1.8 million in 2019), of which EUR 1.4 million (EUR 1.4 million in 2019) related to audit services and EUR 0.4 million (EUR 0.4 million in 2019) to other assurance and advisory services (primarily comfort letters for bonds issued).

5.11 Interest expense

	2020	2019
Interest expense from bank and other loans	(19.3)	(18.2)
Interest expense on bonds issued	(60.6)	(35.2)
Interest expense related to leases	(1.0)	(0.5)
Interest expense on other non-current liabilities	-	(0.3)
Total	**(80.9)**	**(54.2)**

In 2020, the interest expense on bonds issued related to the overall increase of issued bonds (refer to note 6.13 for more details).

5.12 Other net financial result

	2020	2019 Adjusted*
Change in fair value and realized result on derivative instruments not used for hedging	1.1	1.8
Bank charges	(4.3)	(4.0)
Net foreign exchange gain / (loss) on investment property*	175.8	(11.0)
Other net foreign exchange gain / (loss)	(140.3)	8.7
Other net financial result	(22.4)	(6.1)
Total	**9.8**	**(10.6)**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more information.

The net foreign exchange gain on investment property of EUR 175.8 million in 2020 (the net foreign exchange loss on investment property of EUR 11.0 million in 2019) reflects foreign retranslation of investment property valued in EUR and recognized by the Group's subsidiaries which use non-EUR functional currencies.

The other net foreign exchange loss in 2020 relates primarily to retranslation of intra-group loans denominated in non-EUR currencies and retranslation of intra-group loans denominated in EUR but received by entities using non-EUR functional currencies.

5.13 Income tax expense

	2020	2019
Current year income tax expense	(17.1)	(18.8)
Adjustment for prior years	1.0	0.1
Total current year income tax expense	**(16.1)**	**(18.7)**
Temporary differences	(66.8)	(38.3)
Changes in income tax rates	-	1.2
Utilization of tax losses carried forward	(13.4)	(23.9)
Other effects	(0.2)	(0.3)
Total deferred tax expense	**(80.4)**	**(61.3)**
Total	**(96.5)**	**(80.0)**

In 2020, the Group's effective tax rate in respect of continuing operations was 28.4% (10.5% in 2019). A significantly higher effective income tax rate in 2020 was due to partial release of deferred tax asset from tax losses carried forward by CPI FIM Group (deferred tax impact of EUR 14.3 million) and change in unrecognized deferred tax assets (of EUR 24.9 million), primarily related to unrealized foreign exchange losses from retranslation of intra-group loans.

Reconciliation of the effective tax rate

	2020	2019
Profit for the period	243.6	684.6
Total income tax recognised in profit or loss	96.5	80.0
Profit before income tax	**340.1**	**764.6**
Domestic corporate income tax rate	24.94%	24.94%
Income tax expense using the domestic corporate income tax rate	(84.8)	(190.7)
Effect of tax rates in foreign jurisdictions	13.9	13.0
Changes in income tax rates	-	1.2
Non-deductible expense	(18.7)	(22.4)
Tax exempt income	18.4	104.6
Change in unrecognized deferred tax assets	(24.9)	(5.7)
Income tax adjustment for prior years	(0.1)	(0.4)
Other	(0.3)	20.4
Total income tax recognised in profit or loss	**(96.5)**	**(80.0)**

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, while 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 reserves, certain share transfers within groups, continuation of unchanged business).

Slovakia: The corporate income tax rate is 21% (small companies with turnover less than EUR 100,000 in 2020, resp. EUR 49,790 from 2021 are subject to 15 % tax rate). Tax losses incurred not earlier than on January 1, 2020 can be carried forward and utilized for a period of 5 subsequent tax periods, but only up to 50% of the tax base (this limitation will not apply to "microtaxpayers"). The tax losses declared for tax periods ended in 2016 – 2019 or their unutilized portion can be utilized equally for 4 subsequent tax periods.

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

France: Corporate income tax rate is 28% on taxable income up to EUR 500,000 (will be reduced to 26,5% from 2021) and 31% on taxable income exceeding EUR 500,000 (27,5% from 2021). Small corporations realising a turnover up to EUR 7.63 million (EUR 10 million from 2021) are subject to the reduced CIT rate of 15% that applies on their first EUR 38,120 of taxable profits. 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 9% 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 1 million is 1% (3% with companies with no employees). Tax losses may be carried forward for 7 years.

Italy: The corporate income tax ("IRES") rate is 24% plus the regional tax on productive activities ("IRAP") of 4.82% is applicable in Rome where the business of the Group is situated. (The standard IRAP rate is 3.9% but Italian regions may increase or decrease the standard rate by up to 0.92%.) For IRES purposes, tax losses may be carried forward indefinitely. However, tax losses may be offset only up to 80% of taxable income in each year (the "minimum tax" rule). Tax losses incurred during the first 3 years of new activity may be used to fully offset corporate taxable income. Utilization of the tax losses carried forward is limited upon business reorganizations and a change of control. For IRAP purposes, tax losses may not be carried forward.

Switzerland: Corporate income tax is imposed on the federal, cantonal and communal levels. Swiss federal corporate income tax rate is 8.5%. Since income and capital taxes are deductible in determining taxable income, the effective tax rate is 7.8%. Taking into account both the federal and cantonal/communal income tax, the combined effective income tax rates range from 12% to 22% depending on the place of residence. In canton Valais, where the business operations of the Group are situated, the average combined effective corporate income tax rate is 12.88%. 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 7.5 million (approx. EUR 989,000) is 12%, resp. 10 % from 2021. Tax losses may be carried forward for 5 years, certain limitations apply in the case of change of control.

Monaco: The corporate income tax rate is 28% 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 (capital losses) can be carried forward without time limit. There are complex anti-avoidance rules that restrict the utilization of losses in case of a change in the ownership.

Russia: 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

	Asset		Liability		Net	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Investment property	10.2	12.5	(812.9)	(756.7)	(802.7)	(744.2)
Property, plant and equipment	17.5	14.9	(47.6)	(66.6)	(30.1)	(51.7)
Inventories	0.5	2.0	(0.3)	(0.9)	0.2	1.1
Financial debts	4.2	5.2	(0.9)	(0.4)	3.3	4.8
Derivative instruments	3.4	3.6	(6.1)	(9.7)	(2.7)	(6.1)
Tax losses carried-forward*	149.4	164.2	-	-	149.4	164.2
Other	1.8	3.7	(5.8)	(9.5)	(4.0)	(5.8)
Gross deferred tax asset/ (liability)	**187.0**	**206.1**	**(873.6)**	**(843.8)**	**(686.6)**	**(637.7)**
Deferred tax offset by subsidiaries	(31.4)	(37.9)	31.4	37.9	-	-
Total	**155.6**	**168.2**	**(842.2)**	**(805.9)**	**(686.6)**	**(637.7)**
Deferred tax linked to AHFS	-	-	(4.7)	(0.3)	(4.7)	(0.3)
Total including AHFS	**155.6**	**168.2**	**(846.9)**	**(806.2)**	**(691.3)**	**(638.1)**

* The Group recognizes the deferred tax asset from tax losses carried forward by CPI FIM Group in the amount of EUR 134.7 million as at 31 December 2020 (EUR 148.9 million as at 31 December 2019). 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 2020	31 December 2019
Investment property*	(114.0)	(125.3)
Tax losses carried-forward**	217.8	201.5

* 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 2020	14.8	69.7	69.5	865.4	**1,019,4**
As at 31 December 2019	10.3	61.8	71.7	766.5	**910.3**

Movement in deferred tax

	2020	2019
Net deferred tax liability as at 1 January	(637.8)	(566.5)
Recognized in profit or loss	(80.4)	(61.3)
Recognized in other comprehensive income	9.9	(11.9)
Effect of business combinations	1.1	(1.7)
Disposal of subsidiaries	0.9	4.2
Transfers	4.7	(1.1)
Translation differences	15.0	0.5
Net deferred tax liability as at 31 December	**(686.6)**	**(637.8)**
Deferred tax linked to AHFS as at 1 January	(0.3)	(1.4)
Transfers	(4.7)	1.1
Disposal of subsidiaries	0.3	-
Deferred tax linked to AHFS as at 31 December	**(4.7)**	**(0.3)**
Net deferred tax liability including AHFS as at 31 December	**(691.3)**	**(638.1)**

In 2020, EUR 66.5 million (EUR 45.5 million in 2019) of deferred tax expense recognized in profit or loss related to revaluation of investment property and property, plant and equipment (including related net foreign exchange impact).

6 Consolidated statement of financial position

6.1 Intangible assets and goodwill

	Goodwill	Software	Other	Total
Cost				
As at 1 January 2020	115.6	8.4	13.0	137.0
Effect of business combinations (note 3.3)	2.3	0.2	-	2.5
Additions	-	2.3	2.8	5.1
Transfer to investment property	-	-	(2.6)	(2.6)
Transfer	-	0.3	(1.2)	(0.9)
Other disposals	-	(0.5)	-	(0.5)
Effect of movements in exchange rates	(1.9)	(0.3)	(0.1)	(2.3)
As at 31 December 2020	**116.0**	**10.4**	**11.9**	**138.3**
Amortization and impairment losses				
As at 1 January 2020	22.3	5.5	2.2	30.0
Amortization for the period	-	1.4	0.5	1.9
Transfer	-	0.3	(0.1)	0.2
Other disposals	-	(0.4)	-	(0.4)
Effect of movements in exchange rates	(0.3)	(0.2)	-	(0.5)
As at 31 December 2020	**22.0**	**6.6**	**2.6**	**31.2**
Carrying amounts				
As at 1 January 2020	93.3	2.9	10.8	107.0
As at 31 December 2020	**94.0**	**3.8**	**9.3**	**107.1**

	Goodwill	Software	Other	Total
Cost				
As at 1 January 2019	112.7	7.1	11.6	131.4
Effect of business combinations (note 3.7)	2.2	-	-	2.2
Additions	-	1.3	1.4	2.7
Effect of movements in exchange rates	0.7	-	-	0.7
As 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)
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**

As at 31 December 2020, goodwill consisted of:

- goodwill of EUR 42.6 million (EUR 42.6 million at 31 December 2019). The goodwill was recognized upon 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 2019). The goodwill was recognized upon the acquisition of former Ablon Group in 2013 and is allocated to the complementary assets in Europe operating segment;
- goodwill of EUR 45.0 million (EUR 46.6 million at December 2019). The goodwill was recognized upon the acquisition of CPI Hotels, the goodwill is allocated to the hotels and resorts in Europe operating segment;
- goodwill of EUR 2.2 million (EUR 2.2 million at December 2019, refer to note 3.7). The goodwill was recognized upon the acquisition of Régie du Rhộne Crans-Montana SA in 2019; and
- goodwill of EUR 2.3 million (refer to note 3.3). The goodwill was recognized upon the acquisition of Zerodix Sárl in 2020.

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 upon the 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% in the calculation.

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

Impairment of goodwill and trademark

The Group performed its annual impairment tests in December 2020. The recoverable amounts of related CGUs as at 31 December 2020, 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 2020 as the CGU's recoverable amount is higher than its carrying value (calculated with the following assumptions):

- budgeted average annual EBITDA for next 5 years of EUR 85.1 million and EUR 72.3 million as at 31 December 2020 and 2019;
- pre-tax discount rate of 4.92% and 4.68% as at 31 December 2020 and 2019;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2020 and 2019.

Increase in budgeted average annual EBITDA from EUR 85.1 million as at 31 December 2020 to EUR 72.3 million as at 31 December 2019 was primarily driven by significant development of the Group's office portfolio in Berlin. There has been no significant impact of COVID-19 pandemic on the Berlin office portfolio performance and rent collections noted in 2020 and therefore considered in the budgeting process of this CGU.

The Group did not identify any impairment of CPI hotel's goodwill as at 31 December 2020 as the CGU's recoverable amount is higher than its carrying value. The recoverable amount was based on value in use. The fair values of individual hotels were assessed based on the reports by external valuers. The external valuations were determined using discounted cash flow projections based on the following significant unobservable inputs:

- budgeted average annual free cash flows (FCF) for next 5 years of EUR 3.7 million and EUR 5.9 million as at 31 December 2020 and 2019;
- pre-tax discount rate of 10.96% and 11.32% as at 31 December 2020 and 2019;
- terminal value growth rate of 2.00% and 2.00% as at 31 December 2020 and 2019.

The decrease of the budgeted average annual free cash flows from EUR 5.9 million as at 31 December 2019 to EUR 3.7 million as at 31 December 2020 reflects primarily a negative impact of the COVID-19 pandemic on the Group's hotel operations. In the budget, the Group estimates a full recovery after a five years period (increasing gradually over the five years period). The same assumption was applied by the independent external valuers in the valuation of the Group's hotel portfolio (refer to note 7.5.3).

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

The calculation of value in use of CGUs is most sensitive to the following assumptions: budgeted EBITDA (FCF), discount rate and terminal value (perpetuity) growth rates.

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

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

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

Sensitivity to changes in assumptions

- The estimated recoverable amount of GSG CGU exceeded its carrying amount by approximately EUR 356.2 million (2019: EUR 97.0 million). Based on the impairment test performed in both 2020 and 2019, the management has identified that a reasonably possible change in the three key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to equal to the carrying amount:

	31 December 2020	31 December 2019
Pre-tax discount rate	0.44	0.12
Terminal value growth rate	(0.51)	(0.13)
Budgeted average annual EBITDA	EUR (11.9) million	EUR (2.8) million

The below table further shows the difference between the recoverable amount and the carrying amount of GSG CGU if there was a reasonably possible negative change of 5% to the three key assumptions:

	31 December 2020	31 December 2019
Pre-tax discount rate	146.6	(86.6)
Terminal value growth rate	277.4	23.8
Budgeted average annual EBITDA	211.4	(56.1)

- The estimated recoverable amount of CPI Hotels CGU exceeded its carrying amount by approximately EUR 3.3 million (2019: EUR 15.7 million). The following table shows the amount by which these assumptions would have to change individually for the recoverable amount to be equal to the carrying amount based on the assumptions used by the external valuer:

	31 December 2020	31 December 2019
Pre-tax discount rate	0.54	2.9
Terminal value growth rate	(0.75)	(4.69)
Budgeted average annual FCF	EUR (0.3) million	EUR (1.6) million

The below table further shows the difference between the recoverable amount and the carrying amount of CPI Hotels CGU if there was a reasonably possible negative change of 5% to the three key assumptions:

	31 December 2020	31 December 2019
Pre-tax discount rate	(0.1)	11.9
Terminal value growth rate	2.8	15.2
Budgeted average annual FCF	0.7	12.0

6.2 Investment property

	Note	Czech Republic	Berlin	Poland	Complementary assets in Europe	Total
As at 1 January 2019		3,453.2	2,049.9	312.2	871.8	6,687.1
Acquisition of subsidiaries	3	5.7	-	560.2	88.4	654.3
Investment property acquisitions		28.5	-	-	51.7	80.2
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)	-	0.4	30.0	24.7
Development costs and other additions		114.6	30.5	9.1	30.1	184.3
Disposals		(33.6)	(0.9)	(0.6)	(3.1)	(38.2)
Net valuation gain*	5.7	141.9	382.8	(2.5)	38.8	561.0
Net foreign exchange gain*	5.12	(16.7)	-	(10.5)	16.2	(11.0)
Translation differences	6.13	38.4	(0.2)	6.4	(7.3)	37.3
As at 31 December 2019		**3,703.0**	**2,462.1**	**874.7**	**1,117.0**	**8,156.8**
Acquisition of subsidiaries	3	-	-	38.5	114.6	153.1
Investment property acquisitions		-	12.5	223.3	55.4	291.2
Transfers from/(to) property, plant and equipment		1.3	(1.9)	-	(14.1)	(14.7)
Transfers from intangible assets		-	-	-	1.1	1.1
Transfers to inventory		(0.1)	-	-	-	(0.1)
Transfers from/ (to) assets held for sale		4.3	(29.6)	-	(6.7)	(32.0)
Development costs and other additions		86.1	68.9	8.6	18.7	182.3
Disposals		(8.7)	-	(3.5)	(23.2)	(35.4)
Net valuation gain	5.7	143.9	53.9	14.0	(38.7)	173.1
Net foreign exchange gain	5.12	45.9	-	71.8	58.1	175.8
Translation differences	6.13	(116.7)	(6.7)	(67.2)	(68.0)	(258.6)
As at 31 December 2020		**3,859.0**	**2,559.2**	**1,160.2**	**1,214.2**	**8,792.6**

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment in the amount of EUR -11.0 million from the Net valuation gain to the Other net financial result. Comparative information was adjusted accordingly, refer to note 2.4 for more information.

Acquisitions

In 2020, the Group acquired subsidiaries with total investment property of EUR 153.1 million. The most significant investment property acquisitions were (see note 3.2 and 3.3):

- office properties in Warsaw, Poland with a total value of EUR 38.5 million;
- 6 properties owned by Nova RE in Italy with a total value of EUR 114.6 million.

In 2019, the Group acquired subsidiaries with total investment property of EUR 654.3 million. The most significant investment property acquisitions were (see note 3.6 and 3.7):

- office buildings in Warsaw, Poland with a total value of EUR 560.3 million;
- office building 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.

Investment property acquisitions

In 2020, the investment property acquisitions comprised the acquisition of five office buildings in Warsaw, Poland of EUR 223.3 million, one office building in Berlin of EUR 12.5 million, acquisition of assets in London, UK of EUR 46.5 million and one building in Italy of EUR 8.9 million.

In 2019, the investment property acqustions mainly comprised the acqusition of a residential building in London, Great Britain of EUR 25.1 million and two assets in Italy for a total of EUR 26.6 million.

Development costs and other additions

In 2020, the most significant additions related to the office portfolio in Berlin, Germany of EUR 68.9 million, the office portfolio in Poland of EUR 8.6 million, and development projects Prague's Bubenská of EUR 25.7 million and Nová Zbrojovka in Brno, Czech Republic of EUR 12.4 million.

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.

Disposals

In 2020, the Group disposed primarily one villa in France of EUR 21.3 million.

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

Transfers 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.

Transfers to assets held for sale

In 2020, the Group transferred one office project in Berlin, Germany in the amount of EUR 29.6 million from investment property to assets held for sale.

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

	31 December 2020	31 December 2019
Market value as estimated by the external valuer	8,651.8	7,482.7
Market value as estimated by the internal valuer	64.0	27.7
Add: recent acquisitions	38.3	616.7
Add: leased assets and other	38.5	29.7
Total	**8,792.6**	**8,156.8**

Translation differences

Translation differences related to investment property arise primarily in connection with translation of investment property values of subsidiaries with non-EUR functional currencies to EUR.

Leased investment properties

Investment properties in total amount of EUR 37.9 million as at 31 December 2020 (EUR 35.5 million as at 31 December 2019) are held under long-term lease arrangements, which expire between 2023 and 2102. For liabilities related to leased investment properties refer to note 6.15.

Pledged investment properties

For information related to pledged investment properties refer to note 6.15.

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.

	2020	2019
Gross carrying amounts		
As at 1 January	837.8	685.5
Acquisitions through business combinations	6.6	26.1
Development costs and other additions	6.4	32.4
Disposals	(1.1)	(2.0)
Transfers from investment property	12.6	29.1
Transfers to assets held for sale	-	20.6
Transfers from other property, plant and equipment	3.2	14.9
Translation differences	(18.4)	6.1
Valuation gain/ (loss) through OCI	(45.7)	25.1
As at 31 December	**801.4**	**837.8**
Accumulated depreciation and impairment losses		
As at 1 January	(76.2)	(59.5)
Depreciation	(22.4)	(21.1)
Impairment loss	(36.7)	5.2
Disposals	0.9	-
Translation differences	(1.8)	(0.8)
As at 31 December	**(136.2)**	**(76.2)**
Net carrying amounts		
As at 1 January	761.6	626.0
As at 31 December	**665.2**	**761.6**

Acquisitions through business combination

In 2020, as part of Nova RE acquisition, the Group acquired hotel in Verona, Italy of EUR 6.6 million (see note 3.3).

In 2019, the Group acquired two hotels in the Czech Republic for total of EUR 26.1 million (see note 3.7).

Development costs and other additions

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

Transfers from investment property

In 2020, based on change in its use, the Group transferred building in Italy of EUR 11.7 million from investment property to property plant and equipment.

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.

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 14.9 million from other property, plant and equipment under construction to hotels.

Valuation gain through OCI

As at 31 December 2020 and 2019 respectively, the fair values of Hotels are based on valuations performed by independent valuer. The fair value of hotels was determined using the discounted cash flow method. This means that valuations are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific hotel. For the key assumptions made in relation of hotel property valuations refer to note 7.5.3.

In 2020, both the valuation loss through OCI and the impairment loss reflects the Group's revaluation of the hotels portfolio (of EUR 45.7 million and 36.7 million, respectively) which was driven primarily by the negative effect of the COVID-19 pandemic (for more details, refer to note 5.5 and 7.5.3).

If the Group measured hotels using the cost model, the carrying amounts would be EUR 548.9 million as at 31 December 2020 (EUR 599.5 million as at 31 December 2019).

b) Other property, plant and equipment

	Owner occupied buildings	Plant and equipment	PPE under leases	Property under construction	Other	Total
Cost						
As at 1 January 2020	98.6	97.2	13.0	3.5	3.1	215.4
Acquisition of subsidiaries	-	-	0.1	-	0.1	0.2
Development costs and other additions	10.1	5.4	-	3.1	0.1	18.7
Disposals	(0.3)	(6.4)	(1.6)	(1.2)	(0.2)	(9.7)
Transfers	-	1.7	2.6	(4.4)	-	(0.1)
Translation differences	(0.2)	0.1	(0.5)	(0.2)	(0.1)	(0.9)
As at 31 December 2020	**108.2**	**98.0**	**13.6**	**0.8**	**3.0**	**223.6**
Accumulated depreciation and impairment losses						
As at 1 January 2020	(39.2)	(49.7)	(1.7)	(0.4)	(0.3)	(91.3)
Depreciation	(2.8)	(7.7)	(1.4)	-	-	(11.9)
Impairment loss/ (reversal of impairment loss)	(5.5)	(3.3)	-	(1.3)	-	(10.1)
Disposals	-	1.5	0.8	-	-	2.3
Transfer	-	-	(0.2)	1.7		1.5
Translation differences	-	-	0.1	-	-	0.1
As at 31 December 2020	**(47.5)**	**(59.2)**	**(2.4)**	**-**	**(0.3)**	**(109.4)**
Carrying amounts						
As at 1 January 2020	59.4	47.5	11.3	3.1	2.8	124.1
At 31 December 2020	**60.7**	**38.8**	**11.2**	**0.8**	**2.7**	**114.2**

	Owner occupied buildings	Plant and equipment	PPE under leases	Property under construction	Other	Total
Cost						
As 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
As at 31 December 2019	**98.6**	**97.2**	**13.0**	**3.5**	**3.1**	**215.4**
Accumulated depreciation and impairment losses						
As 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)
As at 31 December 2019	**(39.2)**	**(49.7)**	**(1.7)**	**(0.4)**	**(0.3)**	**(91.3)**
Carrying amounts						
As at 1 January 2019	63.1	40.4	0.5	4.4	1.8	110.2
As at 31 December 2019	**59.4**	**47.5**	**11.3**	**3.1**	**2.8**	**124.1**

Owner occupied buildings

As at 31 December 2020, the owner-occupied buildings represent CMA mountain resort project of EUR 49.8 million (EUR 47.9 million as at 31 December 2019) and agricultural farms of EUR 10.9 million (EUR 11.4 million as at 31 December 2019).

Plant and equipment

As at 31 December 2020, plant and equipment primarily represents ski lifts at CMA mountain resort, Switzerland in the net amount of EUR 16.9 million (EUR 28.2 million as at 31 December 2019) and Berlin offices related plant and equipment of EUR 12.9 million.

Development costs and other additions

In 2020, the most significant additions to other property, plant and equipment related to CMA mountain resort, Switzerland (refurbishment of EUR 9.5 million) and property under construction primarily related to hotel at Hvar, Croatia (EUR 2.5 million).

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

Impairment on other property, plant and equipment

As at 31 December 2020 and 2019, the Group accounts for accumulated impairment of CMA mountain resort of EUR 63.2 million and EUR 54.1 million, respectively. The increase of impairment in 2020 of EUR 9.1 million related to ski lifts and was recorded based on the valuation appraisals received from independent valuers as at 31 December 2020 and 2019, 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 6.15.

6.4 Equity accounted investees

6.4.1 Investment in Uniborc

The equity accounted investment in the amount of EUR 7.0 million (EUR 3.7 million as at 31 December 2019) represents investment in Uniborc S.A. Uniborc S.A. is a joint venture constituted in 2013 with Unibail Rodamco (today Unibail-Rodamco-Westfield SE) with the aim to develop a shopping center in the Bubny area in Prague, the Czech Republic. The Group's shareholding is 34%.

	2020	2019
At 1 January	3.7	3.9
Share of profit/ (loss)	3.3	(0.2)
At 31 December	**7.0**	**3.7**

Condensed statement of financial position of Uniborc S.A.

	31 December 2020	31 December 2019
Investment property	67.4	52.4
Cash and cash equivalents	0.1	0.2
Total assets	**67.5**	**52.6**
Non-current financial liabilities	(36.6)	(34.3)
Deferred tax liabilities	(10.5)	(7.6)
Curent financial liabilities	(0.3)	(0.2)
Total liabilities	**(47.4)**	**(42.1)**
Net assets	**20.1**	**10.5**

Condensed statement of comprehensive income of Uniborc S.A.

	2020	2019
Net valuation gain on investment property	14.7	1.6
Administrative expenses	(0.2)	(0.1)
Interest expenses	(2.0)	(1.9)
Profit/ (loss) before taxes	**12.5**	**(0.4)**
Income taxes	(2.9)	(0.4)
Profit/ (loss) for the period	**9.6**	**(0.8)**

6.4.2 Investment in Globalworth

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 (refer to note 3.2), a company which owned 23,734,670 shares of Globalworth, representing additional 10.7% stake, including certain founders' rights (allowing the Group to nominate certain number directors of Globalworth). Additional 24,258,408 and 3,680,494 shares, representing additional 12.7% stake were purchased on 3 February and 4 February 2020, respectively. As at 31 December 2020, the Group owns, thourgh Zakiono Enterprises Limited, a total of 65,250,000 Globalworth shares representing 29.55% of outstanding shares.

The total acquisition price of the Globalworth shares was EUR 686.5 million.

Holding 29.55% of voting rights, the Group can demonstrate significant influence, but not control or joint control, over the Globalworth. Consequently, the Group applies IAS 28 – Investment in associates and joint ventures and treats the Globalworth as an associate using the equity method of accounting.

As part of the Zakiono Enterprises Limited acquisition, the Group acquired 2,830,020 unvested warrants issued by Globalworth. The warrants are exercisable in whole or in part until 23 July 2023, subject to the market price per ordinary share being at least EUR 10.00 and EUR 12.50, respectively, for each of the tranches as a weighted average over 60 consecutive days. The subscription price would be EUR 5.00.

	2020
The initial recognition	686.5
Dividends received	(19.8)
Share of loss	(15.6)
At 31 December	**651.1**

Condensed consolidated statement of financial position of Globalworth

	31 December 2020	31 December 2019
Investment property	3,013.0	3,049.0
Other non-current assets	58.7	80.5
Cash and cash equivalents	527.8	291.7
Other current assets	30.6	60.5
Total assets	**3,630.1**	**3,481.7**
Non-current financial debts	1,603.0	1,299.6
Deferred tax liabilities	144.8	134.3
Other non-current liabilities	34.8	36.0
Current liabilities	92.1	97.1
Total liabilities	**1,874.7**	**1,567.0**
Net assets	**1,755.4**	**1,914.7**

Condensed consolidated statement of comprehensive income of Globalworth

	2020
Net business income	157.3
Net valuation loss on investment property	(116.2)
Administrative and other expenses	(18.0)
Other operating costs	(6.7)
Net finance costs	(48.8)
Share of profit of equity-accounted investees	1.9
Loss before taxes	**(30.5)**
Income taxes	(16.3)
Loss for the period	**(46.8)**

Globalworth's EPRA NAV per share, indicating the fair value of the ordinary share, was EUR 8.68 as at 31 December 2020.

The Group did not identify any loss events which might indicate objective evidence of impairment and consequently, the Group did not perform the impairment test as at 31 December 2020.

6.5 Other non-current financial assets

	31 December 2020	31 December 2019
Derivative instruments (see note 6.16)	4.4	25.2
Other non-current financial assets	30.0	12.9
Total	**34.4**	**38.1**

6.6 Loans provided

Non-current

	31 December 2020		31 December 2019	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties and joint ventures	291.5	5.09%	192.2	5.14%
Loans provided - third parties	0.1	0.51%	8.1	3.74%
Impairment to non-current loans provided to related parties	(0.1)		(0.1)	
Total	**291.5**		**200.2**	

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

31 December 2020	1-2 years	2-5 years	Total
Loans provided to related parties and joint ventures	0.1	291.4	291.5
Loans provided - third parties	0.1	-	0.1
Total	**0.2**	**291.4**	**291.6**
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	**180.3**	**20.0**	**200.3**

Current

	31 December 2020 Balance	Average interest rate	31 December 2019 Balance	Average interest rate
Loans provided - related parties and joint ventures	56.1	5.00%	65.2	5.00%
Loans provided - third parties	21.4	2.48%	2.4	5.97%
Bills of exchange - third parties	-	-	3.9	5.26%
Total	**77.5**		**71.5**	

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

6.7 Inventories

	31 December 2020	31 December 2019
Projects and property for resale	-	7.6
Impairment of projects and property for resale	-	(2.5)
Projects under development	33.4	41.4
Other inventories	5.4	4.7
Total	**38.8**	**51.2**

As at 31 December 2020 and 2019, the projects under development consisted primarily of residential projects in the Czech Republic of EUR 12.4 million and EUR 21.5 million, respectively and residential projects in Italy of EUR 19.4 million and EUR 19.2 million, respectively.

6.8 Current trade receivables

	31 December 2020	31 December 2019
Trade receivables due from related parties	2.9	1.2
Trade receivables due from third parties	97.7	93.5
Impairment to trade receivables due from third parties	(15.2)	(13.8)
Total	**85.4**	**80.9**

As at 31 December 2020 and 2019, the trade receivables from third parties represent primarily trade receivables against tenants and receivables from sale of utilities.

The movement of the impairment of trade receivables:

	2020	2019
As at 1 January	(13.8)	(15.7)
Impairment of trade receivables – creation	(3.2)	(1.5)
Impairment of trade receivables – release	1.8	3.4
As at 31 December	**(15.2)**	**(13.8)**

6.9 Cash and cash equivalents

	31 December 2020	31 December 2019
Bank balances	631.6	802.2
Cash on hand	0.7	2.3
Total	**632.3**	**804.5**

As at 31 December 2020 and 2019, restricted cash in banks amounted to EUR 23.3 million and EUR 26.4 million, respectively. Use of these accounts is subject to the respective bank approval. These accounts are held for special purposes under the loan agreements.

6.10 Other financial current assets

	31 December 2020	31 December 2019
Blocked deposit in respect of public tender offer (see note 6.13)	26.0	-
Other financial current assets	21.4	21.8
Total	**47.4**	**21.8**

6.11 Other non-financial current assets

	31 December 2020	31 December 2019
Other advances paid to third parties	8.7	9.9
Value added tax receivables	12.0	8.1
Other tax receivables (excl. CIT and VAT)	2.3	1.9
Agricultural grants	5.8	6.2
Prepaid expenses	22.0	22.8
Total	**50.8**	**48.9**

6.12 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 2020	31 December 2019
Non-current assets		
Investment property	36.3	15.4
Current assets		
Inventories	1.4	5.3
Cash and cash equivalents	-	0.3
Other financial current assets	-	0.5
Assets held for sale	**37.7**	**21.5**
Non-current liabilities		
Deferred tax liabilities	(4.7)	(0.3)
Other non-current liabilities	-	(0.2)
Current liabilities		
Advance payments	-	(0.2)
Liabilities linked to assets held for sale	**(4.7)**	**(0.7)**

As at 31 December 2020, the following projects are classified as assets held for sale:

- One office project in Berlin, Germany in the amount of EUR 29.6 million;
- Two landbank plots in Bucharest, Romania in total amount of EUR 6.7 million; and
- One landbank plot in the Czech Republic of EUR 1.4 million.

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

- One retail project in the Czech Republic and Slovakia in the amount of EUR 3.9 million and EUR 3.1 million, respectively;
- One office property in Slovakia in the amount of EUR 6.3 million; and
- Two landbank plots in the Czech Republic and Poland in the amount of EUR 2.2 million and EUR 5.3 million, respectively.

6.13 Equity

Share capital and share premium

As at 31 December 2020, 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 as at 31 December 2020 and 2019:

Shareholder	Number of shares	Share held	Voting rights
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**		
Treasury shares held by the Group	319,302,248	3.70%	-
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
As at 1 January 2019	**9,013,868,658**	**876.2**	**1,013.4**
Share buyback 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)
As at 31 December 2019	**8,651,716,331**	**833.2**	**911.1**
As at 31 December 2020	**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 2020, 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 buyback programme

The annual general meeting of the shareholders of the Company held on 28 May 2020 (the "2020 AGM") approved the terms and conditions of a buyback programme of the Company. The buyback 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 2020 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 2020 AGM. The 2020 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company's available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

As at 31 December 2020, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buyback programme approved by the 2020 AGM. For further terms and conditions of buyback please refer to the buyback 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 6.16).

Other reserves

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

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

The following table shows the movement of the translation reserve in the period:

		2020	2019
As at 1 January		49.0	23.9
Translation differences from retranslation of investment property	6.2	(258.6)	37.3
- Valued in EUR (and recognized by subsidiaries with non-EUR functional currency)	6.2	*(175.8)*	*11.0*
- Valued in non-EUR currencies (and recognized by subsidiaries with non-EUR functional currency)		*(82.8)*	*26.3*
Translation differences from retranslation of property, plant and equipment	6.3	(17.4)	6.1
Translation differences from to retranslation of intra-group loans and other items		145.4	(18.3)
As at 31 December		**(81.6)**	**49.0**

In 2020, the significant change in translation reserve was driven by weakening of local currencies, used as the functional currencies by the Group's subsidiaries (primarily CZK, HUF and PLN), against EUR.

Retained earnings

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

Perpetual notes issued as at 31 December 2020

The Group issued the following resettable subordinated notes (perpetual notes):

- On 16 and 17 September 2020, respectively, the Company issued total of 525 undated 4.875% fixed rate resettable subordinated notes (ISIN XS2231191748) in total amount of EUR 525.0 million. The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from November 2026. The issue price of the notes was 97.4%. Less the related issue costs, the perpetual notes were initially recognized in the amount of EUR 508.2 million.
- On 23 January 2020, the Company issued 600 undated 5.80% fixed rate resettable subordinated notes (ISIN XS2106857746) in total amount of EUR 100.0 million (SGD 150 million). The perpetual notes have no fixed maturity date and are callable at the Company's sole discretion from 2025. The issue price of the notes was 100.0%. Less the issue costs, the perpetual notes were initially recognized in the amount of EUR 99.3 million.
- On 16 April 2019, the Company issued another 5,500 undated 4.875% fixed rate resettable subordinated notes (ISIN XS1982704824) 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, 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 (ISIN XS1819537132) 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, the perpetual notes were initially recognized in the amount of EUR 537.9 million. On 16 September 2020, the Group repaid part of the notes in total amount of EUR 331.2 milion.

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

The notes are listed on the regulated market of Euronext Dublin and are accepted for clearance through Euroclear and Clearstream, Luxembourg. Both Moody's Investors Service Limited and S&P Global Ratings rate the perpetual notes Ba1 and BB+, respectively.

Movement of the perpetual notes:

	2020	2019
As at 1 January	1,085.5	542.5
Issuance of the perpetual notes	607.5	537.2
Interest to perpetual notes holders	59.4	43.4
Repayment of previously issued perpetual notes	(331.2)	-
Payment of the interest to the perpetual note holders	(51.6)	(37.6)
As at 31 December	**1,369.6**	**1,085.5**

Acquisition of Nova RE

On 4 November 2020, the legal conditions of the mandatory public tender offer related to the acquisition of a 50.1% stake in Nova RE were fulfilled. The offer related to 10,974,349 shares, representing 49.9 % of the company's share capital. The Group had an irrevocable obligation to pay in cash the consideration of 2.36 EUR for each share accepted under the offer. The maximum total consideration was EUR 26.0 million. A bank deposit of EUR 26.0 is restricted and classified as "other financial current assets" as at 31 December 2020 (refer to note 6.10). The acceptance period of the tender offer commenced on 14 December 2020 and expired on 22 January 2021.

Based on the analysis of IFRS 10, the Group concluded that the tender offer represents a contractual obligation to purchase the equity shares of Nova Re and consequently recognized a financial liability. The financial liability in the amount of maximum payable amount of EUR 26.0 million was recognized against retained earnings. If the offer expires unexercised, the liability or its part will be reclassified to retained earnings.

The registered office of Nova RE is Via del Tritone 132, Rome, Italy.

Condensed financial information of Nova RE as at 31 December 2020 and for the three-month period then ended:

	Nova RE
Group's interest	50.1%
NCI initially recognized	**43.6**
NCI - profit for the period	**(0.9)**
NCI - accumulated	**42.7**
Consensed financial information	
Non-current assets	*123.7*
Current assets	*31.6*
Total assets	155.3
Equity attributable to owners	*85.4*
Non-current liabilities	*12.2*
Current liabilities	*57.7*
Total equity and liabilities	155.3
Profit for the period	(1.8)
Net decrease in cash and cash equivalents	(3.3)

Acquisition of non-controlling interest in 2019

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 million. 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 2020	31 December 2019
Shares held by shareholders at the beginning of the period	8,332,414,083	8,761,566,410
Weighted average movements	-	(187,961,197)
Shares buyback	-	(182,071,087)
Acquisition of own shares (through acquisition of Pietroni)	-	(5,890,110)
Weighted average outstanding shares for the purpose of calculating the basic EPS	**8,332,414,083**	**8,573,605,213**
Weighted average outstanding shares for the purpose of calculating the diluted EPS	**8,332,414,083**	**8,573,605,213**
Net profit attributable to owners of the parent	181.5	633.2
Net profit attributable to owners of the parent after assumed conversions/exercises	181.5	633.2
Total Basic earnings in EUR per share	**0.02**	**0.07**
Diluted earnings in EUR per share	**0.02**	**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.

6.14 Bonds issued

	31 December 2020		31 December 2019	
	No. of bonds issued	Value	No. of bonds issued	Value
ISIN CH0441186472	30,140	139.5	33,000	152.0
ISIN XS1894558102	3,351	334.3	6,100	607.4
ISIN XS1917855337	30	23.7	30	24.6
ISIN XS1917880012	-	-	80	65.6
ISIN XS1693959931	3,683	367.0	8,250	821.6
ISIN XS1955030280	1,884	306.5	1,750	397.6
ISIN XS1950499639	450	47.3	450	51.4
XS2008905155	283	29.7	283	32.4
XS2069407786	7,500	738.1	7,500	736.0
XS2106589471	3,500	384.4	-	-
XS2117757182	250	26.3	-	-
XS2171875839	7,500	734.4	-	-
HU0000359898	600	83.5	-	-
Less: transaction costs		(19.5)		(17.7)
Total non-current		**3,195.2**		**2,870.9**
Accrued interest on bonds	-	43.9		20.8
ISIN XS1917880012	80	63.2		-
ISIN XS1955030280	-	1.7		-
Total current		**108.8**		**20.8**
Total		**3,304.0**		**2,891.7**

Bonds issued as at 31 December 2020

- ISIN XS1693959931: On 4 October 2017, the Company issued bonds of EUR 600 million. The bonds bear a fixed interest at a rate of 2.125% and 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. On 16 May 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of EUR 456.7 million.
- ISIN XS1894558102: On 17 October and 19 October 2018, the Company issued bonds of EUR 600 million and EUR 10 million, respectively. The bonds 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. On 16 May, 20 May and 18 September 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of EUR 222.8 million, EUR 40.0 million and EUR 12.1 million, respectively.
- ISIN CH0441186472: On 25 October 2018, the Company issued bonds of CHF 165 million. The bonds mature on 25 October 2023 and bear a fixed interest at a rate of 1.63% p.a. The bonds are listed on the SIX Swiss Exchange. On 20 May 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of CHF 14.3 million (EUR 13.6 million).
- ISIN XS1917855337 & XS1917880012: On 10 December 2018, the Company issued 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. The bonds are fully hedged to EUR.
- ISIN XS1950499639: On 12 February 2019, the Company issued bonds of HKD 450 million. The bonds mature on 12 February 2024 and bear fixed interest at a rate of 4.51% p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds are fully hedged to EUR.
- ISIN XS1955030280: On 8 March 2019, the Company issued bonds of USD 350 million. The bonds 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 bonds are fully hedged to EUR. On 16 May 2020, the Group completed tender offers through which it partly repurchased and subsequently cancelled bonds of USD 73.1 million (EUR 67.7 million).
- ISIN XS2008905155: On 6 June 2019, the Company issued bonds of HKD 283 million. The bonds mature on 6 June 2026 and bear a fixed interest at a rate of 4.45 % p.a. The bonds are listed on the regulated market of Euronext Dublin. The bonds were fully hedged to EUR.
- ISIN XS2034727144: On 29 July 2019, the Company issued USD 100 million (EUR 89.9 million) of Reg S bonds. 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 bonds are fully hedged to EUR.
- ISIN XS2069407786: On 28 October 2019, the Company issued green bonds of EUR 750 million. The bonds mature on 23 April 2027 and bear fixed interest at rate of 1.625% p.a. The bonds are listed on the regulated market of Euronext Dublin.
- ISIN XS2106589471: On 22 January 2020, the Group issued green bonds of GBP 350.0 million (EUR 411 million) maturing on 22 January 2028. The bonds are listed on the regulated market of Euronext Dublin and fully hedged to EUR at a fixed rate of less than 2% p.a.
- ISIN XS2117757182: On 13 February 2020, the Group issued HKD 250.0 million bonds (EUR 29 million) maturing on 13 February 2030. The bonds are listed on the regulated market of Euronext Dublin and fully hedged to EUR at a fixed rate of less than 1.7% p.a.
- ISIN XS2171875839: On 12 May 2020, the Company issued green bonds of EUR 750.0 million maturing 12 May 2026. The bonds are listed on the regulated market of Euronext Dublin and bear the fixed interest at rate 2.75 %.
- ISIN HU0000359898: On 5 August 2020, the Group issued HUF 30.0 billion (EUR 86.0 million) of green bonds with a 10-year maturity and coupon of 2.25%. The bonds are traded on the Budapest Stock Exchange. The bonds are fully hedged to EUR.

The Group recognized transaction costs and a discount related to cancellation of previously issued bonds in the total amount of EUR 6.8 million as part of the other financial result in 2020.

Covenants

Bonds issued by CPI PG are subject to covenants.

- Net interest coverage ratio (calculated as adjusted EBITDA over net interest expense) should be at least 1.9. As at 31 December 2020 and 2019, the Group's net interest coverage ratio was 5.4 and 7.2, respectively. Adjusted EBITDA is calculated as net business income less administrative expenses, adjusted for Group's share on Globalworth EBITDA.
- Consolidated leverage ratio (calculated as financial debts and bonds issued over total assets adjusted for intangible assets) should not exceed 0.6. As at 31 December 2020 and 2019, the Group's consolidated leverage ratio was 0.4 and 0.4, respectively.
- Secured consolidated leverage ratio (calculated as secured financial debts and bonds issued over total assets adjusted for intangible assets) should not exceed 0.45. As at 31 December 2020 and 2019, the Group's consolidated leverage ratio was 0.1 and 0.1, respectively.

The covenants were met as at 31 December 2020 and 2019.

Structure of bond financing

As at 31 December 2020 and 2019, the total value of unsecured bonds is EUR 3,304.0 million and EUR 2,891.7 million, respectively. Unsecured bonds are bonds that are not collateralized by any assets.

6.15 Financial debts

	31 December 2020	31 December 2019
Loans from related parties	0.8	0.3
Loans from third parties	9.6	9.6
Bank loans	1,213.4	1,124.8
Lease liabilities	45.8	30.6
Total non-current financial debts	**1,269.6**	**1,165.3**
Loans from related parties	0.1	1.2
Loans from third parties	2.2	2.2
Bank loans	247.5	41.9
Lease liabilities	3.2	2.4
Total current financial debts	**253.0**	**47.7**
Total	**1,522.6**	**1,213.0**

In 2020, the Group primarily:

- repaid EUR 15.0 million loan to UBS Monaco and in July 2020, the Group additionally drawn EUR 259.1 million from Berlin Hyp;
- the Group entered into new UniCredit loans in total amount of EUR 96.2 million. The loan is secured and repayable in 7 years. In March 2020, the Group additionally drew EUR 20.0 million;
- reports, as an effect of acquisition of Nova RE (see note 3.3), a new bank loans of EUR 58.3 million maturing between 2024 and 2028;
- in March 2019, the Group entered into three Schuldschein loans (a loan instruments governed by German law) in total amount of EUR 170 million. The loans are unsecured and repayable in 4, 6 and 8 years, respectively. Of the amount, EUR 88.5 million was repaid in 2020.

In March 2019, the Company signed a EUR 510 million 3-year unsecured revolving credit facility. In November 2020, the Company early terminated the credit facility and replaced it by a new 6-year unsecured revolving credit facility of EUR 700 million. The facility was not drawn as at 31 Deceber 2020 and 2019, respectively.

As at 31 December 2020 and 2019, the total value of unsecured financial debts amounts to EUR 123.1 million and EUR 195.8 million, respectively.

As at 31 December 2020 and 2019, the total value of secured financial debts amounts to EUR 1,399.5 million and EUR 1,017.1 million, respectively.

Pledges

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

- Investment property with total value of EUR 3,366.8 million as at 31 December 2020 (EUR 3,050.8 million as at 31 December 2019).
- Property, plant and equipment with total value of EUR 124.2 million as at 31 December 2020 (EUR 135.0 million as at 31 December 2019).
- Trade receivables with total carrying amount of EUR 26.7 million as at 31 December 2020 (EUR 23.4 million as at 31 December 2019).
- Bank accounts in total amount of EUR 23.3 million as at 31 December 2020 (EUR 26.4 million as at 31 December 2019).
- 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., CPI Office Prague, 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 2020 and 2019.

Maturity of loans from third parties

31 December 2020	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	247.5	1,097.3	116.1	1,460.9
Total	**249.7**	**1,100.1**	**122.9**	**1,472.7**
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**

Lease liabilities

31 December 2020	Less than one year	1 to 5 years	More than 5 years	Total
Nominal future minimum lease payments	3.3	15.7	31.2	50.2
Interest	(0.2)	(0.6)	(0.4)	(1.2)
Net present value of future minimum lease payments	**3.1**	**15.1**	**30.8**	**49.0**
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**

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

	Loans and borrowings	Lease liabilities	Bonds issued	Total
As at 1 January 2020	1,180.0	33.0	2,891.7	4,104.7
Proceeds from bonds issued	-	-	1,228.5	1,228.5
Repayment of bonds issued			(812.9)	(812.9)
Interest paid	(16.8)	(1.1)	(37.7)	(55.6)
Drawings of loans and borrowings	377.3	-	-	377.3
Repayments of loans and borrowings	(139.8)	-	-	(139.8)
Repayment-net of lease liabilities	-	(4.1)	-	(4.1)
Total changes from financing cash flows	**220.7**	**(5.2)**	**377.9**	**593.4**
Changes arising from obtaining or losing control of subsidiaries	56.9	5.2	-	62.1
The effect of changes in foreign exchange rates	0.3	-	(24.5)	(24.2)
Other changes	(3.6)	-	-	(3.6)
Interest expense	19.3	1.1	60.6	81.0
Other net financial result	-	-	(1.7)	(1.7)
New lease contracts	-	14.9	-	14.9
As at 31 December 2020	**1,473.6**	**49.0**	**3,304.0**	**4,826.6**

	Loans and borrowings	Lease liabilities	Bonds issued	Total
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 16 adoption	-	10.4	-	10.4
New lease contracts	-	0.7	-	0.7
As at 31 December 2019	**1,180.0**	**33.0**	**2,891.7**	**4,104.7**

6.16 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 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps used for hedging	-	-	-	-
Cross currency swap contracts used for hedging	6.8	(53.2)	22.2	-
Other interest rate swap contracts	1.0	(6.8)	3.1	(4.7)
Total derivative instruments	**7.8**	**(60.0)**	**25.3**	**(4.7)**
Current	3.4	(2.0)	0.1	-
Non-current	4.4	(58.0)	25.2	(4.7)
Total derivative instruments	**7.8**	**(60.0)**	**25.3**	**(4.7)**

Cross currency swaps designated as hedging instruments

As at 31 December 2020, the cross currency swap contracts with nominal amount of EUR 1,140.9 million (EUR 666.8 million as at 31 December 2019) of which EUR 103.3 million relates to HKD denominated bonds, EUR 389.3 million relates to GBP denominated bonds, EUR 82.4 million relates to HUF denominated bonds, EUR 92.5 million relates to SGD denominated bonds, EUR 79.3 million relates to CHF denominated bonds, EUR 87.0 million relates to JPY denominated bonds and EUR 307.1 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 508.8 million (EUR 471.8 million as at 31 December 2019) have fixed interest at an average rate of -0.65% (-0.70% as at 31 December 2019) and have floating interest rate at Euribor. The Group does not designate these derivative instruments as hedging instruments.

6.17 Provisions

	2020	2019
Balance at 1 January	10.1	8.9
Provisions created	1.2	1.2
Provisions utilized	(4.3)	-
31 December	**7.0**	**10.1**

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:

	2020	2019
As at 1 January	3.9	3.5
Interest cost	0.4	0.4
As at 31 December	**4.3**	**3.9**

As at 31 December 2020 and 2019, 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%.

6.18 Other financial non-current liabilities

Non-current trade and other payables	31 December 2020	31 December 2019
Tenant deposits	35.7	34.3
Advances received	3.6	8.4
Payables from retentions	6.3	8.0
Trade and other payables due to third parties	6.3	8.4
Derivative instruments (see note 6.16)	58.0	4.7
Total	**109.9**	**63.8**

As at 31 December 2020 and 2019, the deposits from tenants represent Group's payables from received rental related deposits. Their classification corresponds with terms of related rental contracts.

6.19 Trade payables

The decrease of trade payables from EUR 86.0 million as at 31 December 2019 to EUR 70.6 million as at 31 December 2020 relates primarily to overall decrease of hotel operating expenses and building maintenance costs in 2020.

There are no significant overdue balances as at 31 December 2020 and 2019, respectively.

6.20 Other financial current liabilities

	31 December 2020	31 December 2019
Advances received from third parties	37.1	36.9
Tenant deposits	17.6	18.4
Derivative instruments	2.0	-
Deferred income and accrued liabilities	18.9	16.0
Other payables due to related parties	0.8	1.7
Financial liability related to mandatory public tender offer (see note 6.13)	26.0	-
Other payables due to third parties	18.1	25.1
Total	**120.5**	**98.1**

Advances received from tenants as at 31 December 2020 and 2019 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.

6.21 Maturity of borrowings

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

At 31 December 2020	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	108.8	1,916.8	1,278.4	3,304.0
Financial debts	253.0	1,116.0	153.6	1,522.6
Bank loans	247.5	1,097.3	116.1	1,460.9
Bank loans fixed rate	*9.2*	*498.0*	*35.8*	*543.0*
Bank loans floating rate	*238.3*	*599.3*	*80.3*	*917.9*
Loans from related parties	0.1	0.8	-	0.9
Loans from third parties	2.2	2.8	6.8	11.8
Other borrowings	3.2	15.1	30.7	49.0
Total	**361.8**	**3,032.8**	**1,432.0**	**4,826.6**

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**

6.22 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 2020	31 December 2019
Less than one year	409.2	342.9
Between one and five years	788.4	719.2
More than five years	252.1	190.9
Total	**1,449.7**	**1,253.0**

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 2020 and 2019, there were no significant concentrations of credit risk to any single customer or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

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

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

The Ageing structure of financial assets as at 31 December 2020 and 2019 is as follows:

At 31 December 2020	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Loans provided	368.1	0.9	(0.1)	369.0
Derivatives	7.8	-	-	7.8
Trade and other receivables	69.5	17.4	(15.2)	86.9
Trade receivables presented as other financial assets – non current	*1.2*	*0.3*	-	*1.5*
Trade and other receivables – current	*68.3*	*17.1*	*(15.2)*	*85.4*
Other financial current assets	10.6	4.2	(2.2)	14.8
Cash and cash equivalents	632.3	-	-	632.3
Assets held for sale (excluding non-financial assets)	-	-	-	0.0
Total	**1,088.3**	**22.5**	**(17.5)**	**1,110.8**

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**

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

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Trade and other receivables as at 31 December 2020	9.8	4.2	2.5	0.9	-	17.4
Trade and other receivables as at 31 December 2019	12.3	1.9	0.5	0.5	0.7	15.9

In respect of the ageing analysis and analysis of rent collections, the Group did not monitor significant increase of the credit risk in connection with COVID-19 pandemic in 2020. There has been no significant changes to the provision matrix which is based on the Group's historical credit loss experience and which is used for calculation of the expected credit losses. Development of the credit losses is, due to the negative impacts of COVID-19 pandemic, monitored by the Group on a regular basis.

The Group was able to invoice and regularly collect rent across its portfolio, even at the peak of the COVID-19 outbreak. In 2020, the Group's rent collection rate was 95% before the discounts provided primarily to retail sector and 99% after the discounts (of EUR 13.3 milion in 2020). The Group is in close contact with its tenants in respect of temporary rental discounts, available government support and rent collection. The rent collections are monitored on frequent basis throughout the Group's portfolio based on the location and sector.

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 2020	31 December 2019
A1	325.2	121.4
A2	8.5	26.5
A3	21.6	73.3
Aa2	9.0	-
Aa3	75.7	453.1
Baa1	41.3	21.9
Baa2	2.1	0.8
Baa3	4.8	-
Not rated	144.1	107.5
Total	**632.3**	**804.5**

As at 31 December 2020 and 2019, the unrated counterparties were primarily represented by Czech bank J&T BANKA, a.s. (EUR 134.6 million and EUR 74.2 million, respectively).

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 2020	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	3,304.0	20.4	120.2	411.6	1,757.9	1,337.7	3,647.8
Financial debts	1,522.6	81.9	184.3	240.6	914.6	178.3	1,599.7
- Loans from related parties	*0.9*	*0.1*	*0.1*	*0.7*	-	-	*0.9*
- Loans from third parties	*11.8*	*1.8*	*0.5*	*0.8*	*2.1*	*7.4*	*12.6*
- Bank loans	*1,460.9*	*78.2*	*181.6*	*234.2*	*899.7*	*119.3*	*1,513.0*
- Lease liabilities	*49.0*	*1.8*	*2.1*	*4.9*	*12.8*	*51.6*	*73.2*
Derivative instruments	60.0	1.9	0.1	3.2	21.4	33.4	60.0
Other non-current liabilities	51.9	-	-	10.1	31.2	10.6	51.9
Other current liabilities	189.1	133.9	55.2	-	-	-	189.1
Liabilities from assets held for sale	4.7	4.7	-	-	-	-	4.7
Total	**5,132.3**	**242.8**	**359.8**	**665.5**	**2,725.1**	**1,560.0**	**5,553.2**

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**

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.

Despite the COVID-19 pandemic lockdowns, the Group strengthened its financing structure primarily by refinancing of its issued bonds (refer to note 6.14) in 2020. As at 31 December 2020, only bonds issued of EUR 552.2 million and financial debts of EUR 506.8 million of total EUR 5,247.5 million mature within the next 2 years. Subsequently to 31 December 2020, in January 2021, the Group further refinanced bonds of EUR 334.3 million and EUR 128.9 million, respectively (see note 11 for more details) which were due in 2021 and 2024.

As at 31 December 2020, the Group also has an unsecured revolving credit facility of EUR 700 million expiring in 2026, which remained undrawn (see note 6.15). The Group also maintains strong cash reserves and maintains flexibility with regard to potential uses of liquidity such as capital expenditures and development spending, shareholder distributions etc.

As of the date of these financial statements, the Group does not face a significant liquidity risk.

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 against EUR would have the below effect to profit providing all other variables remaining constant:

	Original currency	31 December 2020	Functional currency depreciated by 10%	Functional currency appreciated by 10%	31 December 2019	Functional currency depreciated by 10%	Functional currency appreciated by 10%
Cash and cash equivalents		**632.3**			**804.5**		
	EUR	499.0	-	-	345.3	-	-
	CZK	87.7	8.8	(8.8)	433.9	43.4	(43.4)
	GBP	0.9	0.1	(0.1)	0.9	0.1	(0.1)
	HRK	0.3	-	-	0.1	-	-
	HUF	19.0	1.9	(1.9)	8.3	0.8	(0.8)
	CHF	1.1	0.1	(0.1)	3.5	0.4	(0.4)
	PLN	22.5	2.3	(2.3)	11.4	1.1	(1.1)
	RON	1.8	0.2	(0.2)	1.1	0.1	(0.1)
Loans provided		**369.0**			**271.7**		
	EUR	367.5	-	-	233.1	-	-
	CZK	1.5	0.1	(0.1)	34.7	3.5	(3.5)
	USD	-	-	-	3.9	0.4	(0.4)
Financial debts		**(1,522.6)**			**(1,213.0)**		
	EUR	(1,468.6)	-	-	(1,139.2)	-	-
	CZK	(8.4)	(0.8)	0.8	(40.6)	(4.1)	4.1
	CHF	(22.3)	(2.2)	2.2	(21.3)	(2.1)	2.1
	HRK	(0.2)	-	-	(0.5)	(0.1)	0.1
	PLN	(23.1)	(2.3)	2.3	(11.4)	(1.1)	1.1
Bonds issued		**(3,304.0)**			**(2,891.7)**		
	EUR	(2,187.9)	-	-	(2,163.7)	-	-
	JPY	(87.0)	(8.7)	8.7	(89.9)	(9.0)	9.0
	GBP	(391.2)	(39.1)	39.1	-	-	-
	HUF	(84.2)	(8.4)	8.4	-	-	-
	USD	(309.2)	(30.9)	30.9	(401.0)	(40.1)	40.1
	CHF	(139.6)	(14.0)	14.0	(151.9)	(15.2)	15.2
	HKD	(104.9)	(10.5)	10.5	(85.2)	(8.5)	8.5
Net exposure	**CZK**	**80.8**	**8.1**	**(8.1)**	**428.0**	**42.8**	**(42.8)**
	CHF	**(160.8)**	**(16.1)**	**16.1**	**(169.7)**	**(17.0)**	**17.0**
	PLN	**(0.6)**	**(0.1)**	**0.1**	**11.4**	**1.1**	**(1.1)**
	HKD	**(104.9)**	**(10.5)**	**10.5**	**(85.2)**	**(8.5)**	**8.5**
	USD	**(309.2)**	**(30.9)**	**30.9**	**(397.1)**	**(39.7)**	**39.7**
	JPY	**(87.0)**	**(8.7)**	**8.7**	**(89.9)**	**(9.0)**	**9.0**
	HRK	**0.1**	**-**	**-**	**(0.4)**	**-**	**-**
	RON	**1.8**	**0.2**	**(0.2)**	**1.1**	**0.1**	**(0.1)**
	HUF	**(65.2)**	**(6.5)**	**6.5**	**8.3**	**0.8**	**(0.8)**
	GBP	**(390.3)**	**(39.0)**	**39.0**	**0.9**	**0.1**	**(0.1)**

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 1,048.4 million as at 31 December 2020 (in original currency CHF 85.7 million, JPY 11,000 million, HKD 983 million and USD 376.9 million, HUF 30,000 million, GBP 350 million, respectively).

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).

7.3.2 Interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is described in 6.6 and 6.15, 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 12.7 million provided to Uniborc S.A.), and no financial debt is measured at fair value through profit and loss the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. These obligations primarily include bank loans, lease liabilities and bonds issued.

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

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

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

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

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

31 December 2020	Effective interest rate	Liability with variable interest rate	Interest calculated
Loans & lease liabilities	0.97%	916.9	8.9
31 December 2019			
Loans & lease liabilities	0.95%	783.8	7.4

31 December 2020	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	1.97%	18.0	(9.2)	(0.03%)	(0.3)	9.2
31 December 2019						
Loans & lease liabilities	1.95%	15.3	(7.8)	(0.05%)	-	7.4

Effective interest rate and repricing analysis

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

31 December 2020	Effective interest rate	Total	3 month or less	3-6 months	Fixed interest rate
Bonds issued*	2.43%	3,304.0	-	-	3,304.0
Financial debts		1,522.6	812.8	119.4	590.4
- loans from related parties	*1.57%*	*0.9*	*0.4*	-	*0.5*
*- loans from third parties***	*0.99%*	*11.8*	-	-	*11.8*
- bank loans	*0.87%*	*1,460.9*	*798.6*	*119.4*	*542.9*
- lease liabilities	*1.55%*	*49.0*	*13.8*	-	*35.2*
Total		**4,826.6**	**812.8**	**119.4**	**3,894.4**

*Including unpaid interest of EUR 43.9 million.
**Including unpaid interest of EUR 0.5 million (fixed interest rate).

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).

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 2020	31 December 2019
Debt	6,014.9	5,203.3
Equity	5,786.5	5,469.5
Gearing ratio in %	**104 %**	**95 %**

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 2020	31 December 2019
Bonds issued	3,304.0	2,891.7
Financial debts*	1,522.6	1,212.7
Cash and cash equivalents	632.3	804.5
Net debt	**4,194.3**	**3,299.9**
Property portfolio	**10,315.6**	**9,111.4**
Loan to value ratio in %	**40.7%**	**36.2%**

*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 2020.

Accounting classification and fair values

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

	31 December 2020		31 December 2019	
Financial assets measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Derivative instruments	7.8	7.8	25.3	25.3
Financial assets not measured at fair value				
Loans provided	369.0	383.8	271.7	278.6
Financial liabilities measured at fair value				
Derivative instruments	60.0	60.0	4.7	4.7
Financial liabilities not measured at fair value				
Bonds	3,304.0	3,348.4	2,891.7	2,950.4
Financial debt – bank loans (floating rate)	920.0	920.0	787.0	787.0
Financial debt – bank loans (fixed rate)	540.9	527.8	379.7	381.8
Financial debt – loans received	12.7	10.7	13.3	11.3

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 2020 and 2019 in accordance with the Group's accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all these properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial closing.

COVID-19, a highly infectious virus, was declared a world-wide pandemic by the WHO on 11 March 2020. The measures to slow the spread of COVID-19 have had a significant impact on the global economy, including the real estate sector. From the Group's portfolio, hotels were impacted the most due to the closure of borders and restrictions on international and domestic travel for a significant portion of 2020. There was less impact on the Group's retail portfolio of which around 50% remained open, despite multiple lockdowns throughout 2020, given the high proportion of essential retailers in the portfolio. There was a limited impact of COVID-19 pandemic on the Group's office and residential portfolio, which largely exhibited normal performance and collection rates, despite office workers spending a significant portion of the year working remotely from home.

As at the valuation date, the independent external valuers could attach less weight to the previous market evidence in forming their conclusions. The most significant negative impact of COVID-19 related to properties which are priced on their trading potential with examples including hotels and restaurants which generally face more significant impact on pricing compared to other real estate assets.

The independent external valuers included a material estimation uncertainty clause in respect of impact COVID-19 pandemic in their valuation reports across all property types as at 31 December 2020. Consequently, a higher degree of caution should be applied in analysing and interpretation of the valuation results then would normally be the case. The inclusion of the material estimation uncertainty clause does not mean that valuations would not be reliable. It should rather highlight the extraordinary circumstances caused by COVID-19 pandemic lockdowns and the fact that less certainty can be attached to the valuations results than it would normally be the case.

Given the material uncertainty, the future development and impacts of COVID-19 pandemic on the real estate market should be monitored regularly in the upcoming months. The Group performes regular revaluation of its complete investment property and hotel portfolio on annual basis. If there is indication of a significant change in the fair value, the valuation is performed semi-annually.

There were no changes in the valuation methodology used for investment property in respect of COVID-19.

7.5.3 Main observable and unobservable inputs

The table below presents the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at the end of 31 December 2020 and 2019 respectively. The fair value hierarchy of the valuations is Level 3.

Investment property

Retail	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic Retail Warehouse	47	48	Income capitalisation	ERV per sqm	€59-€121(€104)	€61-€125 (€107)
				NRI per sqm	€50-€185 (€118)	€55-€177 (€116)
				Equivalent yield	6.7%-7.6% (7.0%)	6.8%-7.7% (7.1%)
				Vacancy rate	-	0%-7.3% (0.3%)
Czech Republic Retail Warehouse	285	268	DCF	ERV per sqm	€44-€3,680 (€117)	€47-€137 (€105)
				NRI per sqm	€41-€3,826 (€121)	€14-€159 (€107)
				Discount Rate	6.9%-8.6% (7.4%)	6.9%-8.9% (7.4%)
				Exit Yield	6.6%-7.9% (7.2%)	6.7%-7.9% (7.2%)
				Vacancy rate	0%-44.8% (1.8%)	0%-84.7% (2.7%)
Czech Republic - Shopping Centres and Galleries	9	17	Income capitalisation	ERV per sqm	€197-€197 (€197)	€203-€210 (€206)
				NRI per sqm	€62-€62(€62)	€188-€191 (€189)
				Equivalent yield	4.1%-4.1% (4.1%)	4.0%-6.3% (5.0%)
				Vacancy rate	-	0%-1.2% (0.5%)
Czech Republic, Prague - Shopping Centres and Galleries	278	297	DCF	ERV per sqm	€235-€630(€526)	€254-€627 (€540)
				NRI per sqm	€241-€602 (€512)	€255-€647 (€551)
				Discount Rate	4.0%-6.5% (4.6%)	3.5%-6.3% (4.3%)
				Exit Yield	3.8%-6.1% (4.4%)	3.5%-6.0% (4.2%)
				Vacancy rate	0.5%-4.6% (3.1%)	0%-3.0% (1.4%)
Czech Republic - Shopping Centres and Galleries	920	934	DCF	ERV per sqm	€137-€234 (€189)	€145-€256 (€195)
				NRI per sqm	€124-€237 (€178)	€130-€225 (€184)
				Discount Rate	6.0%-7.4% (6.6%)	5.8%-7.3% (6.4%)
				Exit Yield	5.6%-7.7% (6.2%)	5.5%-6.5% (6.0%)
				Vacancy rate	0.2%-11.0% (3.4%)	0%-10.3% (3.7%)
Czech Republic - Other retail Properties	41	65	Income capitalisation	ERV per sqm	€21-€163 (€98)	€21-€171 (€95)
				NRI per sqm	€1-€164 (€86)	€0-€167 (€88)
				Equivalent yield	6.5%-9.5% (7.7%)	5.5%-9.5% (7.0%)
				Vacancy rate	0%-100% (13.4%)	0%-100% (13.3%)
Poland – Shopping Centres and Galleries	133	137	Income capitalisation	ERV per sqm	€168-€182 (€180)	€185-€188 (€186)
				NRI per sqm	€146-€148(€147)	€158-€175 (€172)
				Equivalent yield	6.5%-7.3% (6.6%)	6.3%-7.3% (6.4%)
				Vacancy rate	3.2%-9.0% (4.0%)	3.1%-5.3% (3.4%)
Poland Retail Warehouse	28	28	Income capitalisation	ERV per sqm	€112-€139(€127)	€112-€140 (€126)
				NRI per sqm	€106-€128 (€118)	€97-€124 (€111)
				Equivalent yield	7.0%-7.8% (7.6%)	7.0%-7.8% (7.6%)
				Vacancy rate	0.0%-5.5% (2.5%)	0.0%-5.5% (2.3%)
Complementary Assets Retail Warehouse	156	158	DCF	ERV per sqm	€54-€117 (€97)	€54-€117 (€97)
				NRI per sqm	€20-€147 (€94)	€47-€143 (€99)
				Discount Rate	7.8%-9.0% (8.1%)	7.4%-9.0% (7.8%)
				Exit Yield	7.3%-8.4% (7.6%)	7.15%-8.4% (7.5%)
				Vacancy rate	0%-11.4% (0.7%)	0%-12.3% (1.9%)
Complementary Assets Portfolio - Shopping Centres and Galleries*	287	220	DCF	ERV per sqm	€149-€1,400 (€389)	€163-€254 (€195)
				NRI per sqm	€50-€591 (€209)	€128-€249 (€176)
				Discount Rate	5.3%-10.3% (7.7%)	7.0%-9.5% (8.2%)
				Exit Yield	3.4%-9.5% (6.8%)	6.8%-9.0% (7.8%)
				Vacancy rate	0%-40.4% (12.2%)	0%-6.8% (3.3%)

* Compared to 31 December 2019, newly acquired the three NovaRe retail units of EUR 80.9 million included. Range of ERV per sqm used in the valuation of these shopping centres was EUR 360 - EUR 1,400 per sqm (average of EUR 893 per square meter). Range of NRI per sqm used in the valuation of these shopping centres was EUR 50 – EUR 591 per sqm (average of EUR 345 per sqm).

Office	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	21	29	Income capitalisation	ERV per sqm	€143-€143 (€143)	€100-€147 (€136)
				NRI per sqm	€124-€124 (€124)	€79-€123 (€112)
				Equivalent yield	7.5%-7.5% (7.5%)	6.5%-7.9% (7.6%)
				Vacancy rate	-	0.3%-6.6% (1.9%)

Office	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	890	785	DCF	ERV per sqm	€86-€263 (€181)	€86-€255 (€181)
				NRI per sqm	€38-€304 (€154)	€0-€302 (€166)
				Discount rate	4.7%-8.5% (6.1%)	4.5%-8.5% (5.8%)
				Exit Yield	4.4%-8.5% (6.1%)	4.5%-8.8% (6.0%)
				Vacancy rate	0%-61.9% (8.5%)	0%-60.6% (6.0%)
Berlin	2,460	2,298	DCF	ERV per sqm	€66-€310 (€195)	€46-€298 (€185)
				NRI per sqm	€47-€284 (€114)	€46-€197 (€105)
				Discount rate	3.0%-5.8% (4.8%)	3.3%-12.0% (4.8%)
				Exit Yield	3.3%-5.5% (4.7%)	3.8%-5.8% (5.0%)
				Vacancy rate	0%-29.4% (12.2%)	0%-20.8% (7.2%)
Poland	836	0	Income capitalisation	ERV per sqm	€168-€305 (€232)	-
				NRI per sqm	€146-€278 (€212)	-
				Equivalent yield	5.0%-7.6% (5.8%)	-
				Vacancy rate	0.3%-12.4% (3.7%)	-
Poland	145	143	DCF	ERV per sqm	€156-€232 (€216)	€154-€232 (€210)
				NRI per sqm	€95-€252 (€145)	€128-€211 (€146)
				Discount rate	7.3%-9.0% (7.9%)	7.3%-8.0% (7.5%)
				Exit Yield	7.0%-8.5% (7.9%)	6.8%-8.5% (8.0%)
				Vacancy rate	0%-20.8% (11.5%)	0%-16.2% (10.9%)
Complementary Assets	338	302	DCF	ERV per sqm	€96-€239 (€164)	€96-€232 (€179)
				NRI per sqm	€43-€155 (€116)	€87-€211 (€143)
				Discount rate	5.6%-10.0% (7.1%)	6.0%-9.0% (7.0%)
				Exit Yield	4.8%-9.5% (6.5%)	6.5%-9.0% (7.5%)
				Vacancy rate	0%-36.4% (8.9%)	0%-43.3% (9.2%)
Industry and Logistics	**Fair Value 2020**	**Fair Value 2019**	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted avg) 2020**	**Range (weighted avg) 2019**
Czech Republic	74	56	DCF	ERV per sqm	€27-€102(€57)	€24-€106(€55)
				NRI per sqm	€6-€63 (€45)	€13-€113 (€52)
				Discount rate	6.0%-12.0% (6.8%)	6.5%-12.0% (7.3%)
				Exit yield	6.0%-11.5% (6.6%)	6.5%-11.5% (7.1%)
				Vacancy rate	0%-100.0% (6.8%)	0%-64.5% (6.2%)
Germany Industry and Logistics	3	4	DCF	ERV per sqm	€19	€19
				NRI per sqm	€19	€19
				Discount rate	2.5%	2.5%
				Exit yield	5.0%	5.0%
				Discount rate	0%	0%
Complementary Assets Industry and Logistics	40	39	DCF	ERV per sqm	€42-€63(€59)	€41-€62(€57)
				NRI per sqm	€44-€65 (€55)	€42-€60 (€49)
				Discount rate	7.3%-7.5% (7.4%)	7.3%-7.5% (7.4%)
				Exit yield	7.0%-7.0% (7.0%)	7.0%-7.0% (7.0%)
				Discount rate	0%-5.2% (3.3%)	0%-18.3% (7.2%)
Residential	**Fair Value 2020**	**Fair Value 2019**	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted avg) 2020**	**Range (weighted avg) 2019**
Czech Republic	433	394	Comparable	Fair value per sqm	€161-€1,252(€629)	€86-€1,078 (€602)
Czech Republic, Prague	77	72	Comparable	Fair value per sqm	€2,324-€6,665 (€2,607)	€2,099-€6,902 (€2,505)
Complementary Assets	322	274	Comparable	Fair value per sqm	€4,070-€31,927 (€15,516)	€6,635-€36,800 (€21,819)
Landbank and Development	**Fair Value 2020**	**Fair Value 2019**	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted avg) 2020**	**Range (weighted avg) 2019**
Czech Republic - Landbank	282	212	Comparable	Fair value per sqm	€1-€2,419 (€15)	€1-€2,517 (€81)
Prague – Landbank	380	311	Comparable	Fair value per sqm	€5-€3,632 (€269)	€6-€3,225 (€452)
Czech Republic - Landbank	5	5	Residual	Total EMRV per sqm	€15	€15
				Gross development value per sqm	€2,073	€2,073
				Development margin	25%	25%
Czech Republic - Development	3	72	Development Appraisal	Total EMRV per sqm	€238	€55-€238 (€189)
				Gross development value per sqm	€3,959	€925-€4,767 (€3,130)
				Development margin	16.6%	7.5%-20.0% (13.6%)
Poland - Landbank	0.4	0.4	Comparable	Fair value per sqm	€29	€29
Berlin - Landbank	96	102	Comparable	Fair value per sqm	€2,586-€8,364 (€4,341)	€3,095-€6,229 (€4,381)
Complementary Assets*	26	33	Comparable	Fair value per sqm	€2-€1,077 (€74)	€2-€1,124 (€373)

* Compared to 31 December 2019, one Romanian landbank of EUR 1.5 million was sold, two Romanian landbanks of EUR 5 million are classified as Asset Held for Sale and one Polish landbank of EUR 0.5 million was reclassified to separate category „Poland – Landbank".

Agriculture Land	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	99	101	Comparable	Fair value per sqm	€0-€1 (€1)	€0-€1 (€1)

Hotels

	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Czech Republic	363	423	DCF	Rate per key	€10,899-€416,151 (€86,976)	€10,283-€477,004 (€152,036)
				Exit yield	4.7%-8.5% (7.0%)	4.2%-8.3% (6.4%)
				Discount rate	5.7%-10.5% (8.1%)	5.2%-10.8% (7.3%)
Complementary Assets	139	147	DCF	Rate per key	€58,929-€236,721 (€131,100)	€72,417-€298,333(€192,948)
				Exit yield	5.3%-8.0% (7.4%)	6.5%-7.3% (7.0%)
				Discount rate	7.0%-10.5% (9.3%)	7.0%-10.5% (8.9%)
Croatia	162	192	DCF	Rate per key	€6,871-€338,065 (€109,215)	€5,833-€790,833 (€469.077)
				Exit yield	7.8%-10.3% (8.2%)	7.5%-9.5% (7.9%)
				Discount rate	9.4%-12.3% (10.2%)	8.0%-11.2% (9.8%)

Primarily due to the COVID-19 lockdowns, the hotels rate per key across the Groups hotel portfolio significantly decreased. The Group's revaluation of the hotels portfolio resulted in the valuation loss and the impairment loss reflects of EUR 45.7 million and EUR 36.7 million, respectively (refer to note 6.3) in 2020. The Group estimates a full recovery after a five years period.

Mountain Resorts

	Fair Value 2020	Fair Value 2019	Valuation technique	Significant unobservable inputs	Range (weighted avg) 2020	Range (weighted avg) 2019
Hotel development	37	40	Development	Gross development value per sqm	€ 4,751	€ 5,587
				Development margin	20%	20%
Mountain Resort	30	39	DCF	Discount rate	6.2%	5.9%
				Terminal growth	1.5%	1.6%

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 2020 in the table above is not fully comparable to the amounts as at 31 December 2019, primarily due to changes of valuation methods and changes in classification of assets due to their change of use. In 2020, the Group precised calculation of weighted average of fair values per sqm and key. The same approach was applied to comparatives as at 31 December 2019.

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, maintenenance 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 2020

Berlin office

		Discount rate		
		(0.25%)	-	0.25%
ERV	(5.00%)	2,385	2,335	2,286
	-	2,514	2,460	2,410
	5.00%	2,643	2,587	2,533

Czech Republic - Retail - Income capitalisation

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	93	93	93
	-	97	97	97
	5.00%	101	101	101

Poland - Office - Income capitalisation

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	838	798	762
	-	878	836	797
	5.00%	917	873	833

Czech Republic - Retail - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	1,469	1,409	1,354
	-	1,546	1,483	1,425
	5.00%	1,623	1,557	1,496

Complementary Retail - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	438	424	411
	-	457	442	429
	5.00%	476	461	447

Czech Republic - Office - Income capitalisation

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	21	21	20
	-	22	21	21
	5.00%	23	22	22

Poland - Retail - Income capitalisation

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	161	155	149
	-	167	161	155
	5.00%	174	167	161

Poland - Office - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	142	138	134
	-	149	145	141
	5.00%	157	152	148

Complementary Office - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	339	333	327
	-	345	338	332
	5.00%	350	343	337

Czech Republic - Office - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	881	846	814
	-	927	890	856
	5.00%	973	935	899

Complementary Industry - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	41	41	42
	-	40	40	41
	5.00%	39	40	40

Czech Republic - Industry - DCF

		Yield		
		(0.25%)	-	0.25%
ERV	(5.00%)	74	71	68
	-	77	74	72
	5.00%	81	78	75

Croatia - Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	158	153	148
	-	168	162	157
	5.00%	177	171	166

Czech Republic - Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Rental growth	(5.00%)	361	340	322
	-	386	363	344
	5.00%	410	386	366

Complementary Hotels - DCF

		Discount rate		
		(0.25%)	-	0.25%
Growth	(5.00%)	136	132	128
	-	144	139	135
	5.00%	152	147	143

CMA Mountain resort

		Discount rate		
		(0.25%)	-	0.25%
Terminal Growth	(0.50%)	29	26	23
	-	34	30	26
	0.50%	39	34	30

Residual Value in MEUR	Czech Republic Development	Czech Republic Land Residual	Complementary - Hotel Development	Mountain resorts - Hotel Development
Developer's Profit (5.00%)	3	6	7	50
Developer's Profit (2.50%)	3	5	7	45
Developer's Profit as set	3	5	6	37
Developer's Profit 2.50%	3	5	6	36
Developer's Profit 5.00%	3	4	6	32

As at 31 December 2019

Berlin office

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

Complementary - Retail - Income capitalisation

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

Czech Republic - Retail - DCF

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

Czech Republic - Office - Income capitalisation

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

Complementary Office - DCF

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

Czech Republic - Office - DCF

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

Complementary Industry - DCF

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

Czech Republic - Industry - DCF

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

Croatia - Hotels - DCF

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

Czech Republic - Hotels - DCF

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

Complementary Hotels - DCF

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

CMA Mountain resort

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

Residual Value	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

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

8 Contingencies and Litigations

Kingstown dispute in Luxembourg

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

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio 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 Luxembourg Court rendered a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the "Caisse de Consignation" in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157.0 million. The Company continues to believe the claim is without merit.

On 21 June 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPIPG. The Court dismissed the claim against CPIPG because the claim was not clearly pleaded ("libellé obscur"). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPIPG and failed to demonstrate how CPIPG committed any fault. In December 2020, the Luxembourg Court declared that the inadmissibility of the claim against the Company and certain other defendants has not resulted in the inadmissibility of the litigation against the Company's subsidiary CPI FIM SA and the remaining defendants. CPI FIM SA and the remaining defendants are scheduled to present their written submissions during the first half of 2021. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA.

Kingstown disputes in the United States

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

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

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

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

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

On 4 September 2020, the SDNY Court granted the CPIPG Defendants' motions to dismiss. The SDNY Court ruled that the case should defer to the existing proceedings in Luxembourg, which is the locus where most of the relevant evidence in the case is located. The SDNY Court also determined that Luxembourg would be a more convenient forum for litigation, and that Luxembourg's legal system was sufficiently adequate to allow for the resolution of Kingstown Plaintiffs' claims.

The Kingstown Plaintiffs appealed the dismissal decision to the Second Circuit Court of Appeals on 5 October 2020, which they were entitled to do as of right under U.S. law. The Kingstown Plaintiffs' appeal is limited to identifying certain purported errors that the District Court made in reaching its decision and cannot introduce new facts or arguments that were not raised before the District Court during the motion to dismiss briefing.

The briefing is expected to occur in the first half of 2021 and the the decision on the appeal may take between a few months to over a year. CPIPG believes that our position on appeal is strong given the high level of deference that the Second Circuit must give the District Court's decision by law.

On 3 June 2020, Kingstown filed yet another complaint against CPIPG and Mr. Radovan Vitek in New York. This time, Kingstown filed in New York State court, alleging that they were somehow defamed through April 2019 press releases and other statements in relation to Kingstown's first-filed U.S. lawsuit, which is currently pending in the SDNY Court.

On 18 September 2020 CPIPG moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law. The motion to dismiss is currently being considered by the court. Although it is difficult to estimate when a decision will be issued, it is likely we will have the judge's ruling in the next few months.

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

Disputes related to warrants issued by CPI FIM SA

The Company's subsidiary CPI FIM SA was sued by holders of the warrants holders of 2014 Warrants registered under ISIN code XS0290764728 (the "2014 Warrants"). The first group of the holders of the Warrants sued CPI FIM for approximately EUR 1.2 million in relation to the Change of Control Notice published by CPI FIM SA, notifying the holders of the 2014 Warrants that the Change of Control, as defined in the Securities Note and the Summary for the 2014 Warrants, occurred on 8 June 2016. The second holder of the 2014 Warrants sued CPI FIM SA for approximately EUR 1 million in relation to the alleged change of control which allegedly occurred in 2013. These litigations are pending, with first hearings expected probably in 2022. 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 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 CPI FIM SA's Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to 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 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 CPI FIM SA's Safeguard Plan.

Hagibor Office Building dispute

In March 2016, the insolvency administrator of CPI FIM SA's subsidiary Hagibor Office Building ("HOB"), filed a lawsuit, requesting that 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 an 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 April 2021.

Nova RE

On 30 October 2020, Sorgente Group Italia S.r.l. ("SGI") notified to Nova RE a writ of summons (the "Proceeding"), whereby SGI challenged and asked the Court of Rome to declare, among others, the invalidity of the resolution approving the capital increase, adopted by Nova RE's Board of Directors on 29 October 2020 (the "Capital Increase Resolution") for alleged infringement of certain rules regulating the share capital. In light of the impossibility to obtain the declaration of invalidity of the Capital Increase Resolution, it is likely that SGI might "convert" its original claims of invalidity of the Capital Increase Resolution into a claim for damages against Nova Re. At the first hearing held on March 9, 2021 the Judge granted the parties terms for the filing defense briefs and the Proceeding has been postponed to the hearing of October 12, 2021 to assess the admissibility and relevance of the requests formulated by the parties with the defensive briefs.

9 Capital and other commitments

The Group has capital commitments in the total amount of EUR 52.4 million in respect of capital expenditures contracted as at 31 December 2020 (EUR 77.2 million as at 31 December 2019).

10 Related party transactions

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

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

	31 December 2020	31 December 2019
Remuneration paid to the key management personnel and members of Board of Directors	2.7	1.5

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

	31 December 2020	31 December 2019
Loans provided	0.1	0.1
Trade receivables	1.1	0.6
Trade payables	-	0.1
Perpetual notes	0.2	0.4
Transactions		
Interest income and other revenues	0.2	0.5
Other costs	(0.5)	(1.4)

Balances and transactions with the majority shareholder of the Group:

	31 December 2020	31 December 2019
Trade receivables	1.6	0.4
Other receivables	5.4	5.2
Loans received	-	0.9
Other payables	-	0.1
Transactions		
Interest income	0.1	0.1
Other revenues	0.1	-

Balances and transactions with other related parties:

Entities over which the majority shareholder has control	31 December 2020	31 December 2019
Loans provided	334.8	245.4
Trade receivables	0.2	0.2
Loans received	0.4	0.3
Other payables	-	0.4
Transactions		
Other revenues	0.1	0.2
Interest income	14.9	8.9
Other costs	-	(0.1)
Lease and rental	(0.1)	(0.1)
Close family members/entities controlled by close family members of the majority shareholder	**31 December 2020**	**31 December 2019**
Other payables	0.8	1.2
Transactions		
Other revenues	0.4	0.1
Entities controlled by members of Board of Directors	**31 December 2020**	**31 December 2019**
Loans provided	0.1	-
Other receivables	1.2	-
Loans received	0.4	0.3
Transactions		
Other revenues	0.3	0.1
Lease and rental	(0.1)	(0.2)
Joint ventures	**31 December 2020**	**31 December 2019**
Loans provided	12.7	11.9
Transactions		
Interest income	0.8	0.8

Main transactions with related parties

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

As at 31 December 2020 and 2019, the outstanding balance of loans provided by the Group to Gamala Limited, a company closely related to the majority shareholder, amounts to EUR 334.7 million and EUR 238.5 million, respectively. The majority of these loans bear a fixed interest at a rate of 5% p.a and are repayable in 2021 and 2023.

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 3.8). Pietroni, s.r.o. owned 67,000,000 of the CPI PG shares as of the acquisition date (see note 6.13). As part of the transaction, the Group acquired current financial liability of EUR 10.1 million provided by (and repaid to) the majority shareholder.

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

11 Events after the reporting period

Share buyback and cancellation of shares

On 26 February 2021, the Company completed the repurchase of 641,658,176 of its own shares under the share buyback programme for a total of EUR 395.3 million (EUR 0.616 per share). About 94% of the shares were tendered by the Company's primary shareholder, Radovan Vitek (350,500,000 shares) and the Company's subsidiary CPI FIM SA (252,302,248 shares). The rest of the tenders were from management and third parties. Of the total amount, EUR 210.7 million was used by the Company's primary shareholder to partially repay the loan provided by the Group to related party Gamala. The extraordinary general meeting of shareholders held on 31 March 2021 in Luxembourg resolved to decrease the corporate capital of the Company by the amount of EUR 64,165,817.60 by means of cancellation of 641,658,176 shares acquired during the share buy back.

Financing

On 27 January 2021, the Group issued 10-year 1.5% fixed rate senior unsecured bonds (ISIN XS2290544068) of EUR 650 million and undated 3.75% fixed rate resettable undated bonds of EUR 400 million (ISIN XS2290533020) which are callable in 2028.

In January and February 2021, the Group used a portion of the proceeds issued to repay perpetual notes of EUR 213.2 million callable in 2023 (ISIN XS1819537132), to repay a portion (EUR 128.9 million) of the senior bonds (ISIN XS1693959931) due in 2024, to repay senior bonds (ISIN XS1894558102) of EUR 334.3 million (via Make-whole Redemption) due in 2022. In March, the remaining €8.6 million of the perpetual notes callable in 2023 (ISIN XS1819537132) was repaid, after which the instrument was fully redeemed.

On 25 February 2021 the Group issued 4-year 0.71% JPY 3 billion senior unsecured bonds (ISIN XS230703264). The proceeds are converted to EUR through a cross-currency swap.

On 21 March 2021, the Group repaid EUR 71.5 million of the Schuldschein loans maturing in 2023.

Acquisitions

On 22 January 2021 the mandatory public tender offer for Nova RE shares was closed. As a result, CPIPG acquired 9,348,018 shares of Nova RE in the tender for a total amount of EUR 22.1 million (EUR 2.36 per share). Following the Closing of the tender offer, CPIPG Held 20,360,573 ordinary shares of NOVA RE, equal to 92.4% of the relevant share capital. As at the date, CPIPG holds 19,180,573 shares of NOVA RE, equal to approximately 87.1%.

On 29 March 2021, the Group acquired a building in London, UK for GBP 53.9 million (EUR 59.9 million).

Impact of the COVID-19 pandemic on the Group

COVID-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the WHO on 11 March 2020.The measures to slow the spread of COVID-19 have had a significant impact on the global economy.

The outbreak of the pandemic heavily impacted global financial markets, economies and the real estate sector. Throughout the COVID-19 pandemic, over 80% of Group's portfolio (excluding hotels) remained open and operational, including around 50% of the Group's retail portfolio, given the high proportion of essential retail tenants. The office and residential portfolios were effectively operating normally, with stable occupancy, rents and collection rates close to 100%. Certain markets continued to grow and saw increases in rents, such as Berlin. The most significant negative impact of COVID-19 on the Group related to the hotel portfolio. In 2020, the Group recognized the valuation loss and the impairment loss from revaluation of its hotel portfolio of EUR 45.7 million and EUR 36.7 million, respectively (refer to note 6.3). The Group estimates a full recovery of the hotel business after a five years period.

Retail was also affected significantly, though government support (especially in the Czech Republic) was strong and consistent, providing tenants that were forced to close during 2020 with rent subsidies. In addition, the Group supported selected retail tenants with specific one-time discounts which represented only 3.6% of the Group's gross rental income in 2020. The total discounts amounted to EUR 13.3 million in 2020. The Group plans to provide discounts on similar basis in the first half of 2021. The Group was able to invoice and regularly collect rent across its portfolio, even at the peak of the COVID-19 outbreak.

The Group's rent collection rate for the entire year was 95% before the discounts provided primarily to retail sector and 99% after the discounts. There has been no significant impact of COVID-19 pandemic on the Group's credit risk (for more details, refer to note 7.1).

As an effect of COVID-19 pandemic, the Group's capital expenditure and development plans are being reassessed and reprioritised. The Group has taken actions to reduce overhead and other costs. As a result, the Group's administrative expenses decreased by 11.5%, property operating expenses by 17.3% and hotel operating expenses by 50% in 2020, compared to 2019.

As COVID-19 pandemic lockdowns had no significant impact on the Group's business, the Group decided to further improve its financing structure by refinancing its issued bonds and perpetual notes, improving the weighted average maturity profile (refer to notes 6.14, 6.13 and above for more details).

Before the COVID-19 outbreak, the Group had EUR 1 billion of liquidity and no significant debts maturing until 2022. As at 31 December 2020, total liquidity was at EUR 1.4 billion, improved by a new EUR 700 million revolving credit facility, due in 2026 (refer to note 6.15). The credit facility remains undrawn during the pandemic.

In the Group's next five years budget, the management plans continuos growth of the gross rental income, significant but flexible property development expenses and overall positive cash flows.

Therefore, the Group does not expect the COVID-19 pandemic to have impact on its ability to continue as a going concern.

Appendix I – List of group entities

Subsidiaries fully consolidated

Company	Country	31 December 2020	31 December 2019
"Diana Development" Sp. z o.o.	Poland	100.00%	100.00%
"Equator Real" sp. z o.o.	Poland	100.00%	-
1 BISHOPS AVENUE LIMITED (8)	United Kingdom	100.00%	100.00%
7 St James's Square Limited (8)	United Kingdom	100.00%	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%
Apulia Investments 1 S.r.l.	Italy	100.00%	-
Apulia Investments 2 S.r.l.	Italy	100.00%	-
Apulia Investments 3 S.r.l.	Italy	100.00%	-
Apulia Investments 4 S.r.l.	Italy	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%
Atrium Complex Sp. z o.o.	Poland	100.00%	100.00%
Balvinder, a.s.	Czech Republic	100.00%	100.00%
BARON PUGLIA S.a.r.l.	Italy	100.00%	100.00%
Baudry Beta, a.s.	Czech Republic	100.00%	100.00%
BAYTON Alfa, a.s.	Czech Republic	100.00%	100.00%
BAYTON Gama, a.s.	Czech Republic	91.17%	91.16%
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%
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%
Brno Development Services, s.r.o.	Czech Republic	100.00%	100.00%
BRNO INN, a.s.	Czech Republic	100.00%	100.00%
Brno Property Development, a.s.	Czech Republic	91.17%	91.16%
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%
BWGH Offices sp. z o.o.	Poland	100.00%	-
BWK Offices sp. z o.o.	Poland	100.00%	-
BWV Offices sp. z o.o.	Poland	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%	97.31%
Castor Investments Sp. z o.o. S.K.A.	Poland	97.31%	97.31%
CB Property Development, a.s.	Czech Republic	100.00%	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%
City Gardens Sp. z o.o.	Poland	100.00%	100.00%
CM Hôtels SA	Switzerland	100.00%	100.00%
CMA Immobilier SA	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%
CPI - Bor, a.s.	Czech Republic	100.00%	100.00%
CPI - Horoměřice, a.s.	Czech Republic	91.17%	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	91.17%	91.16%
CPI - Real Estate, a.s.	Czech Republic	100.00%	100.00%
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI AIR ITALY S.R.L.	Italy	100.00%	-
CPI Alberghi HI Roma S.r.l.	Italy	100.00%	100.00%
CPI Beet, a.s.	Czech Republic	100.00%	100.00%
CPI BYTY, a.s.	Czech Republic	100.00%	100.00%
CPI CYPRUS LIMITED	Cyprus	100.00%	100.00%
CPI Delta, a.s.	Czech Republic	100.00%	100.00%
CPI East, s.r.o.	Czech Republic	100.00%	100.00%
CPI Energo, a.s.	Czech Republic	100.00%	100.00%
CPI Facility Management Kft.	Hungary	100.00%	100.00%
CPI Facility Slovakia, a.s.	Slovak Republic	100.00%	100.00%
CPI FIM S.A.	Luxembourg	97.31%	97.31%
CPI FINANCE (BVI) LIMITED	British Virgin Islands	100.00%	100.00%
CPI Finance CEE, a.s.	Czech Republic	100.00%	100.00%
CPI Finance Ireland II Limited	Ireland	100.00%	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%	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.	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 Investments Kft. (3)	Hungary	100.00%	100.00%
CPI Hungary Kft.	Hungary	100.00%	100.00%
CPI IMMO, S.a.r.l.	France	100.00%	100.00%
CPI 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%	100.00%
CPI Kvinta, s.r.o.	Czech Republic	100.00%	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%	100.00%
CPI Palmovka Office, s.r.o.	Czech Republic	100.00%	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%	97.31%
CPI Poland Offices Sp. z o.o.	Poland	100.00%	100.00%
CPI Poland Property Management Sp. z o.o.	Poland	100.00%	100.00%
CPI Poland Sp. z o.o.	Poland	100.00%	100.00%
CPI Property 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.	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%	97.31%
CPI Romania S.R.L.	Romania	100.00%	100.00%
CPI Sekunda, s.r.o.	Czech Republic	100.00%	100.00%
CPI Services, 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%

Company	Country	31 December 2020	31 December 2019
CPI Tercie, s.r.o.	Czech Republic	100.00%	100.00%
CPI Théta, a.s.	Czech Republic	100.00%	100.00%
CPI Vestec, s.r.o.	Czech Republic	100.00%	100.00%
CT Development Sp. z o.o.	Poland	100.00%	100.00%
Czech Property Investments, a.s.	Czech Republic	100.00%	100.00%
Čadca Property Development, s.r.o.	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%
Development Doupovská, s.r.o.	Czech Republic	72.98%	72.98%
Diana Property Sp. z o.o.	Poland	97.31%	97.31%
DORESTO LIMITED	Cyprus	100.00%	100.00%
DUCA PUGLIA S.R.L.	Italy	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%
Equator II Development Sp. z o.o.	Poland	100.00%	100.00%
Equator IV Offices Sp. z o.o.	Poland	97.31%	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%	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	91.17%	91.16%
Futurum HK Shopping, s.r.o.	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%
GATEWAY Office Park Kft.	Hungary	100.00%	100.00%
GCA Property Development Sp. z o.o.	Poland	100.00%	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%
GSG 1. Beteiligungs GmbH	Germany	99.75%	99.75%
GSG ARMO Holding GmbH	Germany	99.75%	99.75%
GSG Asset GmbH & Co. Verwaltungs KG	Germany	99.75%	99.75%
GSG 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%
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%

Company	Country	31 December 2020	31 December 2019
Hotel Pokrovka, org. Unit	Russia	100.00%	100.00%
HOTEL U PARKU, s.r.o.	Czech Republic	91.17%	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%
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.	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	91.17%	91.16%
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	97.31%	97.31%
Jizerská farma, s.r.o.	Czech Republic	100.00%	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%	100.00%
Kosmonosy Property Development, s.r.o.	Czech Republic	100.00%	100.00%
Kravařská zemědělská, a.s. (7)	Czech Republic	-	100.00%
Labská Property, s.r.o.	Czech Republic	100.00%	100.00%
Land Properties, a.s.	Czech Republic	97.31%	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%	97.31%
LES TROIS DILAIS	France	99.90%	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%
LN Est-Europe Development SRL	Romania	-	100.00%
Lockhart, a.s.	Czech Republic	100.00%	100.00%
Lucemburská 46, a.s.	Czech Republic	100.00%	100.00%
Marchesina S.a.r.l.	Italy	100.00%	-
Marissa Gama, a.s.	Czech Republic	100.00%	100.00%
Marissa Omikrón, a.s.	Czech Republic	100.00%	100.00%
Marissa Tau, a.s.	Czech Republic	100.00%	100.00%
Marissa Théta, a.s.	Czech Republic	100.00%	100.00%
Marissa West, a.s.	Czech Republic	100.00%	100.00%
Marissa Yellow, a.s.	Czech Republic	100.00%	100.00%
Marissa Ypsilon, a.s.	Czech Republic	100.00%	100.00%
Mark2 Corporation, M2C FM, s.r.o. (6)	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 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%
MMR Russia S.à r.l	Luxembourg	100.00%	100.00%
Moniuszki Office Sp. z o.o.	Poland	100.00%	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%
Nova RE Siig S.p.A.	Italy	50.00%	-
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%
Olomouc Building, a.s.	Czech Republic	100.00%	100.00%
One Crans-Montana SA	Switzerland	99.70%	99.70%

Company	Country	31 December 2020	31 December 2019
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%	100.00%
Outlet Arena Moravia, s.r.o.	Czech Republic	100.00%	100.00%
Oxford Tower Sp. z o.o.	Poland	100.00%	100.00%
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%
Pelhřimov Property Development, a.s.	Czech Republic	100.00%	100.00%
Pietroni, s.r.o.	Czech Republic	97.31%	97.31%
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%
Pro Tower Development S.R.L.	Romania	100.00%	100.00%
PROJECT FIRST, a.s.	Czech Republic	91.17%	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%	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	83.42%	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%
RSL Real Estate Development S.R.L.	Romania	100.00%	100.00%
SASHKA LIMITED	Cyprus	100.00%	100.00%
SAVILE ROW 1 LIMITED	France	100.00%	-
SCI MAS CANTAGRELI	France	100.00%	100.00%
SCP AILEY	Monaco	100.00%	100.00%
SCP CAYO	Monaco	-	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%	97.31%
SCP VILLA DE TAHITI	Monaco	100.00%	100.00%
SHAHEDA LIMITED	Cyprus	100.00%	100.00%
Spojené farmy, a.s.	Czech Republic	100.00%	100.00%
ST Project Limited	Guernsey	100.00%	100.00%
Statek Blatiny, s.r.o.	Czech Republic	100.00%	100.00%
Statek Kravaře, a.s. (1), (7)	Czech Republic	100.00%	98.56%
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%	100.00%
Sunčani Hvar Real Estate d.d.o. (4)	Croatia	100.00%	100.00%
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%	100.00%
Tarnów Property Development Sp. z o.o.	Poland	100.00%	100.00%
Telč Property Development, a.s.	Czech Republic	91.17%	91.16%
Tepelné hospodářství Litvínov s.r.o.	Czech Republic	100.00%	100.00%
Tower-Service sp.z o.o.	Poland	50.30%	-
Trebišov Property Development, s.r.o.	Slovak Republic	100.00%	100.00%

Company	Country	31 December 2020	31 December 2019
Třinec Investments, s.r.o.	Czech Republic	100.00%	100.00%
Třinec Property Development, a.s.	Czech Republic	100.00%	100.00%
Tyršova 6, a.s.	Czech Republic	100.00%	100.00%
U svatého Michala, a.s.	Czech Republic	100.00%	100.00%
V Team Prague, s.r.o. (2)	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%
VOLANTI LIMITED	Cyprus	100.00%	100.00%
Vysočany Office, a.s.	Czech Republic	99.26%	99.26%
Wertpunkt Real Estate Experts GmbH	Germany	99.75%	99.75%
WFC Investments Sp. z o.o.	Poland	97.31%	97.31%
WFC Offices Sp. z o.o.	Poland	100.00%	100.00%
Zakiono Enterprises Limited	Cyprus	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%
Zerodix Sárl	Switzerland	99.70%	-
ZET.office, a.s. (5)	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 2020	31 December 2019
Beta Development, s.r.o.	Czech Republic	34.06%	34.06%
Brillant 1419. Verwaltungs GmbH	Germany	-	47.68%
Uniborc S.A.	Luxembourg	34.06%	34.06%

(1) On 1 January 2020 AVENA VOD changed its name to Statek Kravaře, a.s.
(2) On 9 January 2020 CPI Blatiny, s.r.o. changed its name to V Team Prague, s.r.o.
(3) On 15 June 2020 BC 30 Property Kft. changed its name to CPI Hungary Investments Kft.
(4) On 29 September 2020 Hotel Sirena d.o.o. changed its name to SUNČANI HVAR REAL ESTATE d.d.o.
(5) On 30 September 2020 CPI Orange, a.s. changed its name to ZET.office, a.s.
(6) On 01 December 2020 CPI Prima, s.r.o. changed its name to Mark2 Corporation, M2C FM, s.r.o.
(7) On 01 December 2020 Kravařská zemědělská, a.s. has merged with Statek Kravaře, a.s. – the "successor company". All assets and liabilities of Kravařská zemědělská, a.s. passed to the successor company.
(8) Exempt from statutory audit in UK (7 St James's Square Limited – registration number: 11909387 and Bishops Avenue Limited – registration number: 11675713).

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Independent auditor's report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of CPI Property Group S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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 Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 75% of the total assets of the Group as at 31 December 2020. In addition, the Group operates hotels classified within property, plant and equipment representing 6% of the total assets of the Group as at 31 December 2020. 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 98% of the Group's investment property and property, plant and equipment (hereafter the "Valuers").

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

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

Auditors response

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

- We evaluated the competence, capabilities and objectivity of the valuers and read the terms of engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.
- For a sample of the valuations across all asset classes of investment properties, geographical locations and external valuers, we traced the inputs used in the valuation process to corresponding lease agreements and other relevant documentation.
- For sample of hotel properties, we traced the key inputs used in the valuation models including capex investments and EBITDA.

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- 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, estimated market rent, discount rates and rate per key for the sample of investment properties and hotels.
- We evaluated any caveats or limitations, if any, included in the Valuers' reports.
- We assessed the adequacy of the disclosures in the consolidated financial statements.

b) Contingencies and litigations

Description

The Company and some of its direct and indirect subsidiaries 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 judgmental (due to the complexity of predicting the outcome of the matter and assessing the potential impact on the consolidated financial statements if the outcome is unfavourable), and the amounts involved are, or can be, material to the consolidated financial statements as a whole.

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

Auditors response

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

- We obtained an understanding of and assessed the Group's internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Group as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress.
- We obtained the summary of the significant legal cases from the in-house Group's legal counsel and compared the assessment of the Group's legal counsel with the information provided by the external Group's legal advisors. We made inquiries to the Group legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We held discussions with Group's lawyers and legal advisors related to Kingstown dispute in order to confirm our understanding of the obtained responses to our confirmation requests sent.
- We reviewed the minutes of the meetings of Board of Directors, Audit Committee and General Shareholders' Meetings.

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- We involved our internal legal specialists for the purpose of analysing the responses from external legal advisors and assessing reasonableness of the conclusions reached by the Board of Directors on 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 Group management report and the corporate governance statement but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

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

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

Responsibilities of the Board of Directors and of those charged with governance for the consolidated financial statements

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

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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

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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, actions taken to eliminate threats or safeguards applied.

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 2 years.

The Group 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.

The corporate governance statement, included in the consolidated management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We 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.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 31 March 2021

A member firm of Ernst & Young Global Limited

CPI Property Group

Société Anonyme

R.C.S. Luxembourg B 102.254

ANNUAL ACCOUNTS AND REPORT

OF THE REVISEUR D'ENTREPRISES AGREE

31 DECEMBER 2020

40, rue de la Vallée
L-2661 Luxembourg
Share capital: EUR 865,171,633
R.C.S. Luxembourg B 102.254

TABLE OF CONTENTS

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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 2020, 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 2020, 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 as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

a) Contingencies and litigations

Description

The Company and some of its direct and indirect subsidiaries 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 on the consolidated financial statements 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 prediction and estimates are complex and require significant judgements by management of the Company.

Auditors response

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

- We obtained an understanding of and assessed the Company's internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities.
- We sent confirmation letters to, and obtained responses from, the lawyers and legal advisors used by the Company as part of our audit procedures, and in our analysis we paid particular attention to the matters relating to the most significant court proceedings in progress.
- We obtained the summary of the significant legal cases from the in-house Company's legal counsel and compared the assessment of the Company's legal counsel with the information provided by the external Company's legal advisors. We made inquiries to the Company's legal counsel to understand the actions taken to manage these legal cases and also discussed such actions with management.
- We held discussions with Company's lawyers and legal advisors related to Kingstown dispute in order to confirm our understanding of the obtained responses to our confirmation letters sent.
- We reviewed the minutes of the meetings of Board of Directors, Audit Committee and General Shareholders' Meetings.

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- We involved our internal legal specialists for the purpose of analysing the responses from external legal advisors and 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.

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 2020.

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 potential impairment.

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

Auditors response

Our audit procedures over the valuation of financial assets included, but were not limited to, the following:

- Ensured existence, initial cost of investment and ownership of the investments through inspection of acquisition agreements and commercial registers of the underlying investees.
- Understood the process of financial assets valuation and management's impairment assessment and evaluated the appropriateness of the application of the Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.
- Tested the arithmetical accuracy of the management's impairment test based on comparison with the net equity of the underlying investees and assessed the conclusions reached by the management in respect of recognized impairment and/or reversal of historical impairment.
- Tested the accuracy and completeness of the provided loan database, on a representative sample basis, by tracing the loan terms to the underlying loan agreements, the repayments of principal and interest to the bank statements and the outstanding loan and accrued interest balances to the counterparties.
- Performed recalculation of the interest on loans to affiliated undertaking based on known data.
- Reviewed and ensured the completeness of the financial statements' disclosures.

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Other information

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

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

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

Responsibilities of the Board of Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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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.
- 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, "actions taken to eliminate threats or safeguards applied".

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.

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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 2 years.

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.

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jesus Orozco

Luxembourg, 31 March 2021

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RCSL Nr. : B102254	Matricule : 2004 2214 745
	eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2020 **to** 02 31/12/2020 *(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	7.846.621.802,00	110	6.409.098.864,00
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	

RCSL Nr. : B102254	Matricule : 2004 2214 745

		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	7.846.621.802,00	136	6.409.098.864,00
1. Shares in affiliated undertakings	1137	Note 3.1	137	2.477.264.836,00	138	2.267.556.514,00
2. Loans to affiliated undertakings	1139	Note 3.2	139	5.341.629.968,00	140	4.133.617.350,00
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	27.656.998,00	146	7.925.000,00
6. Other loans	1147	Note 3.4	147	70.000,00	148	
D. Current assets	1151		151	598.175.155,00	152	757.217.127,00
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	494.894.138,00	164	247.164.227,00
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	467.881.763,00	172	246.563.961,00
a) becoming due and payable within one year	1173	Note 4.1	173	187.409.979,00	174	69.185.662,00
b) becoming due and payable after more than one year	1175	Note 4.2	175	280.471.784,00	176	177.378.299,00
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	27.012.375,00	184	600.266,00
a) becoming due and payable within one year	1185	Note 4.3	185	27.012.375,00	186	600.266,00
b) becoming due and payable after more than one year	1187		187		188	

RCSL Nr. : B102254	Matricule : 2004 2214 745

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	2.420,00
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	2.420,00
IV. Cash at bank and in hand	1197	Note 4.4	197	103.281.017,00	198	510.050.480,00
E. Prepayments	1199	Note 5	199	88.068.797,00	200	65.953.347,00
TOTAL (ASSETS)			201	8.532.865.754,00	202	7.232.269.338,00

RCSL Nr. : B102254	Matricule : 2004 2214 745

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	Note 6	301	1.594.223.292,00	302	1.578.088.995,00
I. Subscribed capital	1303		303	865.171.633,00	304	865.171.633,00
II. Share premium account	1305		305	647.906.757,00	306	647.906.757,00
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	57.141.991,00	310	56.727.853,00
1. Legal reserve	1311		311	57.141.991,00	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	7.868.614,00	320	
VI. Profit or loss for the financial year	1321		321	16.134.297,00	322	8.282.752,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331	Note 7	331	177.167,00	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	177.167,00	338	1.000.000,00
C. Creditors	1435		435	6.936.570.171,00	436	5.649.678.822,00
1. Debenture loans	1437		437	4.750.242.282,00	438	4.042.792.906,00
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	4.750.242.282,00	446	4.042.792.906,00
i) becoming due and payable within one year	1447		447	123.057.360,00	448	29.946.122,00
ii) becoming due and payable after more than one year	1449		449	4.627.184.922,00	450	4.012.846.784,00
2. Amounts owed to credit institutions	1355	Note 9	355	82.192.885,00	356	170.960.156,00
a) becoming due and payable within one year	1357		357	692.885,00	358	960.156,00
b) becoming due and payable after more than one year	1359		359	81.500.000,00	360	170.000.000,00

RCSL Nr. : B102254	Matricule : 2004 2214 745

	Code	Reference(s)	Code	Current year	Code	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	1.543.661,00	368	1.505.694,00
a) becoming due and payable within one year	1369		369	1.543.661,00	370	1.505.694,00
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379	Note 10	379	2.100.990.760,00	380	1.420.116.234,00
a) becoming due and payable within one year	1381	Note 10.1	381	70.723.065,00	382	37.054.889,00
b) becoming due and payable after more than one year	1383	Note 10.2	383	2.030.267.695,00	384	1.383.061.345,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Other creditors	1451		451	1.600.583,00	452	14.303.832,00
a) Tax authorities	1393		393		394	548.455,00
b) Social security authorities	1395		395	2.652,00	396	
c) Other creditors	1397		397	1.597.931,00	398	13.755.377,00
i) becoming due and payable within one year	1399	Note 11.1	399	1.597.931,00	400	8.255.377,00
ii) becoming due and payable after more than one year	1401		401		402	5.500.000,00
D. Deferred income	1403	Note 12	403	1.895.124,00	404	3.501.521,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	8.532.865.754,00	406	7.232.269.338,00

Annual Accounts Helpdesk :

Tel. : **(+352) 247 88 494**
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RCSL Nr. : B102254	Matricule : 2004 2214 745
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2020 **to** 02 31/12/2020 *(in* 03 EUR *)*

CPI PROPERTY GROUP S.A.

40, rue de la Vallée
L-2661 Luxembourg

	Code	Reference(s)	Code	Current year	Code	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	1.270.895,00	714	3.830.632,00
5. Raw materials and consumables and other external expenses	1671	Note 14	671	-2.927.913,00	672	-2.389.198,00
a) Raw materials and consumables	1601		601	-565,00	602	
b) Other external expenses	1603		603	-2.927.348,00	604	-2.389.198,00
6. Staff costs	1605	Note 15	605	-178.830,00	606	-181.060,00
a) Wages and salaries	1607		607	-161.428,00	608	-171.511,00
b) Social security costs	1609		609	-17.402,00	610	-9.549,00
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655	-17.402,00	656	-9.549,00
c) Other staff costs	1613		613		614	
7. Value adjustments	1657	Note 16	657	574.887,00	658	684.343,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661	574.887,00	662	684.343,00
8. Other operating expenses	1621	Note 17	621	-935.533,00	622	-438.801,00

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715	Note 18	715	90.171.879,00	716	40.285.000,00
a) derived from affiliated undertakings	1717		717	90.171.879,00	718	40.285.000,00
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	149.533.052,00	722	106.044.630,00
a) derived from affiliated undertakings	1723	Note 19.1	723	147.538.052,00	724	106.044.630,00
b) other income not included under a)	1725	Note 19.2	725	1.995.000,00	726	
11. Other interest receivable and similar income	1727	Note 20	727	73.910.045,00	728	24.863.011,00
a) derived from affiliated undertakings	1729	Note 20.1	729	17.203.542,00	730	723.547,00
b) other interest and similar income	1731	Note 20.2	731	56.706.503,00	732	24.139.464,00
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	-25.917.203,00	666	-8.077.280,00
14. Interest payable and similar expenses	1627	Note 22	627	-269.362.167,00	628	-156.329.910,00
a) concerning affiliated undertakings	1629	Note 22.1	629	-63.353.769,00	630	-15.882.116,00
b) other interest and similar expenses	1631	Note 22.2	631	-206.008.398,00	632	-140.447.794,00
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	16.139.112,00	668	8.291.367,00
17. Other taxes not shown under items 1 to 16	1637	Note 23	637	-4.815,00	638	-8.615,00
18. Profit or loss for the financial year	1669		669	16.134.297,00	670	8.282.752,00

NOTE 1 - GENERAL INFORMATION

CPI Property Group Société Anonyme (the “Company” or “CPI PG”), formerly named ORCO GERMANY S.A., was incorporated on 22 July 2004 and is organized under the laws of Luxembourg as a Société Anonyme for an unlimited period. On 13 May 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 28 August 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, either Luxembourg or foreign, companies, and the management, control and development of such participating interests. The Company may in particular acquire all types of transferable securities, either by way of contribution, subscription, option, purchase or otherwise, as well as realize them by sale, transfer, exchange or otherwise. The Company may borrow and grant any assistance, loan, advance or guarantee to companies in which it has participation or in which it has a direct or indirect interest. The Company may carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property, which it may deem useful to the accomplishment of its purposes.

The registered office of the Company is established at 40, rue de la Vallée, L-2661 Luxembourg, R.C.S. Luxembourg B 102 254.

The financial year is from 1 January 2020 to 31 December 2020.

CPI PG is a real estate company which is listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard segment.

As at 31 December 2020, CPI PG is indirectly controlled by Mr. Radovan Vítek, ultimate beneficial owner, at 90.70% (2019: 90.70%) through his investment vehicles (Voting rights 2020: 94.18%; 2019: 94.18%).

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 10 August 1915, as subsequently amended (“the Commercial Company Law”), determined and applied by the Board of Directors.

The Board of Directors has concluded that it is appropriate to prepare the separate annual accounts as at 31 December 2020 on a going concern basis.

COVID-19 disclosure

The assessment relating to COVID-19 is performed at the CPI PG Group level (CPI Property Group S.A. together with its subsidiaries as the “CPI PG Group”).

The outbreak of the COVID-19 has apparently impacted global financial markets, including retail sector. The most significant negative impact of COVID-19 on the CPI PG Group related to hotel portfolio. The CPI PG Group estimates a full recovery of the hotel business after a five years period.

During the COVID-19 lockdowns, the CPI PG Group supports selected retail tenants with specific discounts. The Group plans to provide discounts on similar basis in the first half of 2021. The CPI PG Group was able to invoice and regularly collect rent across its portfolio, even at the peak of the COVID-19 outbreak.

As an effect of COVID-19 pandemic, the CPI PG Group’s capital expenditure and development plans are being reassessed and reprioritized. The CPI PG Group has taken actions to reduce overhead and other costs.

As COVID-19 pandemic lockdowns had no significant impact on the CPI PG Group’s business, the CPI PG Group decided to further improve its financing structure by refinancing its issued Notes (see Note 8, Note 9 and Noe 27). The credit facility remains undrawn during the pandemic.

Therefore, the CPI PG Group does not expect the COVID-19 pandemic to have impact on its ability to continue as a going concern.

Significant accounting policies

Financial assets

Financial assets include shares in affiliated undertakings, loans to affiliated undertakings, investments held as fixed assets and other loans.

Shares in affiliated undertakings are valued individually at the lower of their acquisition cost less permanent impairment or market value. Amounts owed by affiliated undertakings 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.

Other investments held as fixed assets are carried at purchase price including the expenses incidental thereto. They are subsequently measured at fair value based on the quoted stock exchange market prices.

Debtors

Trade debtors, amounts owed by affiliated undertakings and other debtors are valued at their nominal value. They are subject to Value adjustments where their recovery is compromised. These Value adjustments are not continued if the reasons for which the Value adjustments were made have ceased to apply.

Prepayments

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year. Financing fees linked to the issuance of non-convertible loans are also recorded under the caption "Prepayments" and are amortised through profit and loss account over the 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, 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.

At the balance sheet date, the acquisition price of the financial assets – shares in affiliated expressed in currency other than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are valued at the closing rate. The unrealised and realised losses, as well as the realised gains are recorded in the profit and loss account.

Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which at the balance sheet date are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created in order to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise

Non-convertible loans/Notes

Non-convertible loans/Notes are recorded at their nominal value. Where the amount repayable is greater than the amount received, the difference is shown as an asset under the caption "Prepayments" and is written off over the period of the related non-convertible loans on a linear basis under the caption "Other interest and similar expenses".

When the amount repayable is lower than the amount received, the difference is shown as a liability under the caption “Deferred income” and is written off over the period of the non-convertible loans on a linear basis under the caption “Other interest and similar expenses” as decrease of costs relating to and the respective non-convertible loans.

Cross-currency swaps – non-convertible loans/Notes conversion

Cross-currency swap interest is recorded at its nominal value. The interest is reported in balance sheet together with converted Notes issuance. The interest is reported separately in profit and loss account.

The Company records the fixed amounts on off-balance accounts. The same approach is used for fair value of a cross-currency swap.

Cross-currency swaps – other conversion

Cross-currency swap interest is recorded at its nominal value. The interest is reported in balance sheet as other debtors, resp. other creditors. The interest is reported separately in profit and loss account.

The Company records the fixed amounts on off-balance accounts. The same approach is used for fair value of a cross-currency swap.

Creditors

Creditors are valued at their nominal value.

Deferred income

Deferred income includes income incurred during the financial year but relating to a subsequent financial year. Financing income linked to the issuance of non-convertible loans is also recorded under the caption "Deferred income".

Other operating income

Other operating income includes income from invoicing of operating costs and providing management services.

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NOTE 3 - FINANCIAL ASSETS

2020	Shares in affiliated undertakings	Loans to affiliated undertakings
Gross book value		
Balance at 1 January 2020	2,400,286	4,240,564
Additions for the year	226,536	2,701,926
Disposals for the year	(2,882)	(1,480,279)
Balance at 31 December 2020	2,623,940	5,462,211
Accumulated value adjustments		
Balance at 1 January 2020	(132,729)	(106,947)
Allocations for the year	(13,947)	(14,020)
Reversals for the year	1	386
Balance at 31 December 2020	(146,675)	(120,581)
Net book value as at 1 January 2020	**2,267,557**	**4,133,617**
Net book value as at 31 December 2020	**2,477,265**	**5,341,630**

3.1 Shares in affiliated undertakings

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 2020
		as at	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	31.12.2020		
1 Bishops Avenue Limited	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	31,581	6,120
7 ST JAMES'S SQUARE LIMITED	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	21,779	(2,127)
Airport City Phase B Kft.	Hungary	HUF	100.00%	718	--	718	--	--	--	718	718	4,683	927
Baron Puglia S.r.l.	Italy	EUR	100.00%	10	--	10	--	(10)	(10)	10	--	(1,405)	(1,007)
CM Hotels SA	Switzerland	EUR	100.00%	92	--	92	(92)	--	(92)	--	--	(2,176)	(77)
CPI Air Italy S.r.l.*	Italy	EUR	100.00%	--	10	10	--	--	--	--	10	10	--
CPI Alberghi HI Roma S.r.l.	Italy	EUR	100.00%	31,662	(1,505)	30,157	--	(6,813)	(6,813)	31,662	23,344	23,344	(10,670)
CPI FIM SA	Luxembourg	EUR	97.31%	358,186	--	358,186	--	--	--	358,186	358,186	649,501	114,691
CPI Finance CEE, a.s.	Czech Republic	CZK	100.00%	75	--	75	(4)	--	(4)	71	71	71	3
CPI Hotels Italy S.à r.l.	Italy	EUR	100.00%	1,014	2,712	3,726	(1,014)	(2,712)	(3,726)	--	--	(5,448)	(1,528)
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	Germany	EUR	100.00%	12,906	--	12,906	(12,906)	--	(12,906)	--	--	(51,234)	(964)
CPI North, s.r.o.	Czech Republic	CZK	100.00%	4	--	4	--	--	--	4	4	615	60
Czech Property Investments, a.s.	Czech Republic	CZK	100.00%	1,633,204	40,865	1,674,069	--	--	--	1,633,204	1,674,069	2,342,483	24,676
Duca Puglia S.r.l.*	Italy	EUR	100.00%	--	21	21	--	(21)	(21)	--	--	(285)	(305)
Gewerbesiedlungs-Gesellschaft mbH	Germany	EUR	94.99%	74,768	--	74,768	--	--	--	74,768	74,768	1,731,121	198,303
GSG Holding 2 GmbH	Germany	EUR	100.00%	198	--	198	(177)	1	(176)	21	22	22	1
Isalotta GP GmbH & Co. Verwaltungs KG	Germany	EUR	94.99%	3,765	--	3,765	--	--	--	3,765	3,765	88,159	14,432
IVRAVODA LIMITED*	Cyprus	EUR	100.00%	640	--	640	(539)	(101)	(640)	101	--	--	(4)
Mercuda, a.s.	Czech Republic	CZK	100.00%	37,186	--	37,186	--	--	--	37,186	37,186	70,941	1,397
Nova Re SIIQ S.p.A.*	Italy	EUR	50.00%	--	26,009	26,009	--	--	--	--	26,009	85,374	(5,018)
Parco delle Case Bianche S.r.l.	Italy	EUR	100.00%	3,696	1,586	5,282	--	--	--	3,696	5,282	(1,758)	(1,768)
PTR PRIME TOURIST RESORTS (CYPRUS) LIMITED*	Cyprus	EUR	100.00%	--	1	1	--	--	--	--	1	21	(32)
Remontées Mécaniques Crans Montana Aminoma (CMA) SA	Switzerland	EUR	83.42%	97,889	--	97,889	(77,655)	(4,290)	(81,945)	20,234	15,944	19,113	(5,367)

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 2020
		as at	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	in 2020	31.12.2020	31.12.2019	31.12.2020		
Savile Row 1 Limited*	Great Britain	GBP	100.00%	--	--	--	--	--	--	--	--	(9)	(9)
SCI MAS CANTAGRELI	France	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	(4,800)	(885)
SCP AILEY	Monaco	EUR	99.90%	1	--	1	(1)	--	(1)	--	--	(751)	32
SCP CAYO***	Monaco	EUR	0.00%	1,377	(1,377)	--	--	--	--	1,377	--	--	--
SCP CISKEY	Monaco	EUR	99.90%	116	--	116	(116)	--	(116)	--	--	(17,538)	(7,840)
SCP KANDLER	Monaco	EUR	99.90%	14	--	14	(14)	--	(14)	--	--	(5,524)	(1,315)
SCP MADRID	Monaco	EUR	99.90%	1	--	1	--	--	--	1	1	425	118
SCP NEW BLUE BIRD	Monaco	EUR	99.90%	--	--	--	--	--	--	--	--	(5,758)	(419)
SCP PIERRE CHARRON	Monaco	EUR	99.90%	19	--	19	--	--	--	19	19	2,331	(681)
SCP VILLA DE TAHITI	Monaco	EUR	99.90%	3,348	--	3,348	--	--	--	3,348	3,348	4,625	(2,443)
Sunčani Hvar d.d.	Croatia	HRK	100.00%	99,185	(97,028)	2,156	--	--	--	99,185	2,156	128,572	(9,051)
Sunčani Hvar Nekretnine d.o.o. (formerly HOTEL SIRENA d.o.o.)*	Croatia	HRK	100.00%	--	97,031	97,031	--	--	--	--	97,031	128,572	(9,051)
Vitericon Projektentwicklung GmbH	Germany	EUR	100.00%	40,210	--	40,210	(40,210)	--	(40,210)	--	--	--	--
Zakiono Enterprises Limited	Cyprus	EUR	100.00%	--	155,330	155,330	--	--	--	--	155,330	159,020	4,877
ZLATICO LIMITED	Cyprus	EUR	0.10%	--	--	--	--	--	--	--	--	948	6,425
Rounding	--	--	--	1	(1)	(1)	--	--	--	1	1		
Total				**2,400,286**	**223,654**	**2,623,940**	**(132,729)**	**(13,946)**	**(146,675)**	**2,267,557**	**2,477,265**		

(*) Acquisition occurred during the financial year
(**) Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU
(***) Company disposed during financial year

3.2 Loans to affiliated undertakings

The following amounts owed by affiliated undertakings have been considered:

	2020	2019
Amount due	5,462,211	4,240,564
Value adjustments	(120,581)	(106,947)
Net value	**5,341,630**	**4,133,617**

The Company provides loans to affiliated undertakings with interest rate range 1%-8% p.a. and maturity date until August 2030. The Company provides non-interest loan to Zakiono and British entities with maturity date upto 21 December 2070.

Results of value adjustments are reported in Note 21.

3.3 Investments held as fixed assets

As of 31st December 2020, the Company is holding investments held as fixed assets as follows:

2020	Shares in affiliated undertakings - lower of cost or market value	Shares in affiliated undertakings - Fair value	Total
Acquisition cost			
Balance at 1 January 2020	7,905	--	7,905
Additions for the year	395,299	25,995	447,193
Disposals for the year	(403,204)	--	(403,204)
Balance at 31 December 2020	--	25,995	25,995
			--
Accumulated value adjustments			--
Balance at 1 January 2020	--	--	--
Allocations for the year	--	--	--
Reversals the year	--	--	--
Fair value adjustments for the year	--	1,662	1,662
Balance at 31 December 2020	--	1,662	1,662
			--
Net book/Fair value as at 1 January 2020	**7,905**	**--**	**7,905**
Net book/Fair value as at 31 December 2020	**--**	**27,657**	**27,657**

Shares in affiliated undertakings – lower of cost or market value

The Company increased, in January and February 2020, its investments in Globalworth Real Estate Investments Limited to 18.73% ownership and transferred all acquired shares to its subsidiaries, Zakiono Limited and CPI FIM SA.

Shares in affiliated undertakings – Fair value based

In November and December 2020, the Company acquired some shares of listed entities. The Company values these investments at fair value. All instruments are quoted and active on Stock Exchange, therefore price on these markets represents Fair value. Results of Fair value adjustments are reported in Note 21.

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NOTE 4 - CURRENT ASSETS

4.1 Amounts owed by affiliated undertakings becoming due and payable within one year

	2020				2019			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	62,010	112,796	13,690	188,496	--	53,347	17,499	70,846
Value adjustments	--	(829)	(257)	(1,086)	--	(1,373)	(287)	(1,660)
Net value	**62,010**	**111,967**	**13,433**	**187,410**	**--**	**51,974**	**17,212**	**69,186**

4.2 Amounts owed by affiliated undertakings becoming due and payable after more than one year

	2020				2019			
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Amount due	278,734	1,738	--	280,472	173,378	4,000	--	177,378
Value adjustments	--	--	--	--	--	--	--	--
Net value	**278,734**	**1,738**	**--**	**280,472**	**173,378**	**4,000**	**--**	**177,378**

The interest rate is 5% p.a. with maturity date 31 December 2023.

4.3 Other debtors becoming due and payable within one year

	2020				2019			
	Interest	Other	Tax authorities	Total	Interest	Other	Tax authorities	Total
Amount due	741	26,287	372	27,400	--	988	1	989
Value adjustments	--	(388)	--	(388)	--	(388)	--	(388)
Net value	741	25,899	372	27,012	--	600	1	601

The Company borrowed from CPI Hungary Investments more than 30 billion Hungarian Forint (see Note 10.2) and converted this amount into Euro through a cross-currency interest rate swap (see Note 8.18). The Company recognizes interest receivable from this cross-currency interest rate swap in the amount of KEUR 741 (see Note 11.1).

Deposit - Mandatory offer on shares of Nova RE SIIQ S.p.A.

In October 2020 the Company acquired 50 % of shares of Nova Re SIIQ S.p.A. plus 1 share. Therefore, in November 2020, according to Italian law, the Company promoted "Mandatory tender offer on all ordinary shares of Nova Re SIIQ S.p.A." (the "Offer") less shares held directly and indirectly by the Company. The Offer relates to 10,974,349 shares, representing 49.83% of the Nova RE SIIQ S.p.A. share capital. The Company will pay in cash to each accepting party the consideration, equal to 2.36 EUR for each share tendered to the Offer. The acceptance period started on 14 December 2020 and lasts until 8 January 2021 (see Note 27).

The maximum total consideration is 25,899,463.64 EUR. The Company deposited maximum countervalue at HSBC Continental Europe, Czech Republic.

4.4 Cash at bank and in hand

Cash at bank and in hand includes short term deposits in the amount of KEUR 100,000 (2019: KEUR 510,050) with interest rate -0.15%-0% p.a. (2019_0%-1.85% p.a.) with Bank of China (CEE) Ltd, Prague Branch.

NOTE 5 - PREPAYMENTS

Prepayments are mainly composed of transaction cost and discounts relating to the issuance of non-convertible loans ("Notes" - see Note 8). The corresponding issuance cost is amortized over the life of the related Notes.

The Company repurchased, tendered and subsequently cancelled some of its Notes issued (see Note 8). Transaction costs and discounts related to Notes, which were cancelled in 2020, were expensed in 2020.

				2020				2019
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
Notes costs	19,166	55,523	9,589	84,278	14,552	41,652	7,446	63,650
Credit institution loans costs	769	2,822	63	3,654	967	760	18	1,745
Other	137	--	--	137	558	--	--	558
Total prepayments	**20,072**	**58,345**	**9,652**	**88,069**	**16,077**	**42,412**	**7,464**	**65,953**

NOTE 6 - CAPITAL AND RESERVES

6.1 Subscribed capital and share premium account

As of 31 December 2020, the share capital amounts to EUR 865,171,633 (2019: EUR 865,171,633) and is represented by 8,651,716,331 ordinary shares (2019: 8,651,716,331) 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 28 May 2020 (the "2020 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 2020 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 2020 AGM. The 2020 AGM further resolved to grant power to the Board of Directors of the Company (i) to proceed with the payment of the relevant repurchase price out of the Company's available funds, (ii) to take all required actions to complete any repurchase of shares and (iii) to verify that the process of share repurchase is made in compliance with the legal provisions.

As at 31 December 2020, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buy-back programme approved by the 2020 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 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 2020, 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.

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
As at 31 December 2019	**865,172**	**647,907**	**56,728**	**--**	**8,282**	**1,578,089**
Annual General Meeting on 28 May 2020 - allocation of 2019 result	--	--	--	8,282	(8,282)	--
Annual General Meeting on 28 May 2020 – allocation of 2019 result to Legal reserves	--	--	414	(414)	--	--
Profit for the financial year	--	--	--	--	16,134	16,134
As at 31 December 2020	**865,172**	**647,907**	**57,142**	**7,868**	**16,134**	**1,594,223**

NOTE 7 - PROVISIONS

The Company had provision in the amount of 1,000 thousands EUR as at 31 December 2019. The Company used part of the provision for Khan Litigation in the amount of KEUR 863 to cover related settlement costs.

NOTE 8 - NON CONVERTIBLE LOANS/NOTES

The Company issued 16 series of non-convertible loans ("Notes") under its Euro Medium Term Note Programme since September 2017. The volume of Euro Medium Term Note Programme increased from EUR 5 billion to EUR 8 billion in April 2020.

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	4 October 2024	2.13%	Euronext Dublin
XS1693959931	225,000,000	EUR	2,250	100.323	4 October 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	14 April 2022	1.45%	Euronext Dublin
CH0441186472	165,000,000	CHF	33,000	100.000	25 October 2023	1.63%	SIX Swiss Exchange
XS1917880012	8,000,000,000	JPY	80	100.000	10 December 2021	1.41%	Tokyo Pro-Bonds market
XS1917855337	3,000,000,000	JPY	30	100.000	8 December 2028	2.00%	Tokyo Pro-Bonds market
XS1950499639	450.000.000	HKD	450	100.000	12 February 2024	4.51%	Euronext Dublin
XS1955030280	350,000,000	USD	1,750	99.551	8 March 2023	4.75%	Euronext Dublin
XS1955030280	100,000,000	USD	500	103.770	8 March 2023	4.75%	Euronext Dublin
XS2069407786	750,000,000	EUR	7,500	98.122	23 April 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	6 June 2026	4.45%	Euronext Dublin
XS2106589471	350,000,000	GBP	3,500	98.675	22 January 2028	2.75%	Euronext Dublin
XS2106857746	150,000,000	SGD	600	100.000	Undated***	4.875%	Euronext Dublin
XS2117757182	250,000,000	HKD	250	100,000	13 February 2030	3.014%	Euronext Dublin
XS2171875839	750,000,000	EUR	7,500	97.663	12 May 2026	2.75%	Euronext Dublin
XS2231191748	500,000,000	EUR	500	97.410	Undated****	4.875%	Euronext Dublin
XS2231191748	25,000,000	EUR	25	97.600	Undated****	4.875%	Euronext Dublin

(*) subordinated, no fixed maturity date and are callable by the Company from August 11, 2023
(**) subordinated, no fixed maturity date and are callable by the Company from July 18, 2025
(***) subordinated, no fixed maturity date and are callable by the Company at the beginning of 2025
(****) subordinated, no fixed maturity date and are callable by the Company in November 2023

				2020				2019
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**
Nominal value	63,246	1,576,054	3,051,131	4,690,431	1,254	2,104,638	1,906,955	4,012,847
Interest	59,811	--	--	59,811	29,946	--	--	29,946
Total non-convertible loans (Nominal value)	**123,057**	**1,576,054**	**3,051,131**	**4,750,242**	**31,200**	**2,104,638**	**1,906,955**	**4,042,793**
Prepayment	(18,110)	(56,579)	(9,589)	(84,278)	(14,552)	(41,652)	(7,446)	(63,650)
Deferred income	839	1,056	--	1,895	1,052	2,449	--	3,501
Total	**105,786**	**1,520,531**	**3,041,542**	**4,667,859**	**17,700**	**2,065,435**	**1,899,509**	**3,982,644**

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8.1 ISIN XS1693959931

In 2017, the Company issued EUR 825 million 7-year senior notes in two tranches.

The first tranche of EUR 600 million was issued on 4 October 2017, at an issue price of 99.039%. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5).

The second tranche of EUR 250 million was issued on 6 December 2017, at an issue price of 100.323%. The corresponding premium has been recorded under the caption "Deferred income" (see Note 12).

On 5 May 2020, the Company made tender offer for purchase this issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of EUR 456,673,000. Repurchased Notes were cancelled on 15 May 2020. Outstanding amount of the Notes is EUR 368,327,000 as at 31 December 2020.

8.2 ISIN XS1819537132

On 9 May 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 11 August 2023.

On 8 September, the Company made tender offer for purchase this issuance to maintain a capital structure. On 16 September 2020 the Company accepted offer in the nominal value of EUR 328,192,000. Repurchased Notes were cancelled on 18 September 2020. Outstanding amount of the Notes is EUR 221,808,000 as at 31 December 2020.

8.3 ISIN XS1894558102

On 17 October 2018, the Company issued EUR 600 million of 4-year senior notes at issue price of 99.340 %. The next day, on 18 October 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).

On 5 May 2020, the Company made tender offer for purchase this issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of EUR 274,938,000. Repurchased Notes were cancelled on 15 May 2020. Outstanding amount of the Notes after this tender offer was EUR 387,207,000.

On 20 May 2020, the Company repurchased EUR 40,000,000 and next day were cancelled. Outstanding amount after this repurchase was EUR 347,207,000.

On 8 September, the Company made tender offer for purchase this issuance to maintain a capital structure. On 16 September 2020 the Company accepted offer in the nominal value of EUR 12,145,000. Repurchased Notes were cancelled on 18 September 2020. Outstanding amount of the Notes is EUR 335,062,000 as at 31 December 2020.

8.4 ISIN CH0441186472

On 25 October 2018, the Company issued CHF 165 million of 5-year senior notes. Out of total proceeds of the issuance the Company converted CHF 100 million the proceeds into Euro through a cross-currency interest rate swap (see Note 8.18).

On 20 May 2020, the Company repurchased CHF 14,300,000 and next day were cancelled. Outstanding amount after this repurchase was EUR 150,700,000.

8.5 ISIN XS1917880012

On 10 December 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 8.18).

8.6 ISIN XS1917855337

On 10 December 2018 the Company issued JPY 3 billion of 10-year senior notes. The Company converted the issuance into Euro through a cross-currency interest rate swap and switched fixed interest rate to variable interest rate (see Note 8.18).

8.7 ISIN XS1950499639

On 12 February 2019 the Company issued HKD 450 million of 5-year senior notes. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.8 ISIN XS1955030280

On 8 March 2019 the Company issued USD 350 million of senior notes due 8 March 2023 at an issue price 99.551%. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5). The Company converted the proceeds into Euros through cross-currency swaps.

On 25 July 2019 the Company issued second tranche of USD senior notes in the amount of USD 100 million at an issue price 103.77%. The corresponding premium has been recorded under the caption "Deferred income" (see Note 12). The Company converted the proceeds into Euros through cross-currency swaps as well. (see Note 8.18).

On 5 May 2020, the Company made Tender offer for purchase this Issuance to maintain a capital structure. On 13 May 2020 the Company accepted offer in the nominal value of USD 73,107,000. Repurchased Notes were cancelled on 15 May 2020. Outstanding amount of the Notes after this Tender offer was USD 376,893,000.

8.9 ISIN XS1982704824

On 16 April 2019 the Company issued EUR 550 million of resettable undated subordinate notes at an issue price 98.676%. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5). The notes have no fixed maturity date and are callable by the Company from 18 July 2025.

8.10 ISIN XS2008905155

On 6 June 2019 the Company issued HKD 283 million of senior notes due 6 June 2026. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.11 ISIN XS2069407786

On 28 October 2019 the Company issued EUR 750 million of senior notes, "green bonds", due 23 April 2027 at an issue price 98.122%. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5).

8.12 ISIN XS2106589471

On 22 January 2020 the Company issued GBP 350 million of 8-year senior green notes at as an issue price 98.675%. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5). The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.13 ISIN XS2106857746

On 23 January 2020 the Company issued SGD 150 million of perpetual subordinated notes. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5). The Notes have no fixed maturity date and are callable by the Company at the beginning of 2025. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.14 ISIN XS2117757182

On 13 February 2020 the Company issued HKD 250 million of 10-year senior notes. The Company converted the proceeds into Euros through a cross-currency swap (see Note 8.18).

8.15 ISIN XS2171875839

On 12 May 2020 the Company issued EUR 750 million of senior unsecured green bonds due 12 May 2026 at as an issue price 97.663%. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5).

8.16 ISIN XS2231191748

On 16 September 2020 the Company issued EUR 500 million of undated subordinate Notes at an issue price 97.410 %. The corresponding discount has been recorded under the caption "Prepayments" (see Note 5). The Notes have no fixed maturity date and are callable by the Company in November 2026.

The next day, 17 September 2020, the Company issued other 25 million of undated subordinated Notes at an issue price 97.600%. The Notes have no fixed maturity date and are callable by the Company in November 2026.

8.17 Costs linked to non-convertible loans

In the year ended 31 December 2020, the financial costs related to the notes amounted to EUR 186,113 thousand (2019: EUR 118,012 thousand).

8.18 Cross-currency interest rate swaps

The proceeds from the issuance of notes in CHF, JPY, HKD, USD, GBP and SGD the Company converted into Euro through cross-currency interest rate swaps. The Company uses the cross-currency interest rate swaps to manage its foreign currency and interest rate exposures. The Company 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 Company concluded cross-currency interest rate swap with Raiffeisen Bank International AG to convert proceeds from issuance HUF 30 billion of senior unsecured green notes with a 10-year maturity. CPI PG borrowed this proceeds from its subsidiary CPI Hungary Investments Kft. (see Note 10.2).

The fair value of the cross-currency interest rate swaps is as follows:

2020	Within one year			Within 5 years			After more		
	Notional amount		FV	Notional amount		FV	Notional amount		FV
	million	thousands EUR		million	thousands EUR		million	thousands EUR	
GBP	--	--	--	--	--	--	150	166,846	(7,035)
HKD	--	--	--	450	47,298	(457)	533	56,022	(5,334)
HUF*	--	--	--	--	--	--	30,000	82,442	(11,420)
CHF	--	--	--	86	79,337	3,844	--	--	--
JPY	8,000	63,246	1,220	--	--	--	3,000	23,717	(1,734)
SGD	--	--	--	150	92,490	(5,329)	--	--	--
USD	--	--	--	377	307,141	(12,952)	--	--	--
Total		**63,246**	**1,220**		**526,266**	**(14,894)**		**329,027**	**(25,523)**

(*) cross currency interest rate swap linked to received loan from CPI Hungary Investments Kft.

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)**

8.19 Covenants on Notes

The issued Notes are subject to covenants (detail of covenants is available in the Company prospectus on the Company's website). As at 31 December 2020 and 2019, all covenants were met.

NOTE 9 - AMOUNTS OWED TO CREDIT INSTITUTIONS

Credit facilities are summarized in the following table:

				2020				2019
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**
Principal	--	71,500	10,000	81,500	170,000	--	--	170,000
Interest	693	--	--	693	960	--	--	960
Total amounts owed to credit institution	**693**	**71,500**	**10,000**	**82,193**	**170,960**	**--**	**--**	**170,960**
Prepayment	(769)	(2,822)	(63)	(3,654)	(967)	(760)	(18)	(1,745)
Total	**(76)**	**68,678**	**9,937**	**78,539**	**169,993**	**(760)**	**(18)**	**169,215**

9.1 EUR 700 million revolving credit facility

On 25 November 2020, the Company signed a new EUR 700 million revolving credit facility with ten international banks. The facility matures in January 2026 and replaces the EUR 510 million revolving credit facility which was maturing in 2022. The Company didn't draw any amount of this credit facility in 2020.

Lenders to the facility are Banco Santander, Barclays, Credit Suisse, Goldman Sachs, HSBC, J.P. Morgan, Komerční Banka, Raiffeisen Bank AG, UniCredit and Bank of China.

9.2 Schuldschein instruments

On 15 March 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 21 March 2023. The second loan is in total amount of EUR 49 million of floating-rate, 6M-EURIBOR + margin 190 bp, due 21 March 2025. The third loan is in total amount of EUR 10 million of 2.696% Fix Rate, due 21 March 2027.

On 23 March 2020 the Company early repaid Schuldschein loan in the amount of EUR 49 million, due in March 2025, with discount.

On 4 September 2020 the Company partly early repaid Schuldschein loan in the amount of EUR 39.5 million of total EUR 111 million, due in 2023. Outstanding amount after this repayment is as at 31 December 2020 EUR 71.5 million.

9.3 Costs linked to Amounts owed to credit institutions

In 2020, the credit facilities, unsecured term loans and Schuldschein generated expenses in the amount of KEUR 4,318 (2019: KEUR 5,948).

9.4 Covenants on bank loans

Bank loans are subject to a number of covenants, none of these covenants were breached as at 31 December 2020 and 2019. 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

	2020	2019
Principal	2,431	2,436
Interest	47,909	14,890
Other	20,383	19,729
Total	**70,723**	**37,055**

The Company concluded Cash pooling framework agreement with CPI FIM SA (Sub-pool leader) in February 2020. The principal in the amount of 3,176 thousand EUR and open interest in the amount of 3 thousand EUR are reported as Other.

10.2 Amounts owed to affiliated undertakings, becoming due and payable after more than one year

	2020	2019
Principal	2,029,464	1,382,344
Interest	804	717
Other	--	--
Total	**2,030,268**	**1,383,061**

The Company received loan with interest range 1.5%-6% p.a. (2019:1.5%-6%) with maturity date 6 August 2030 at the latest. The increase in principal is result of received loan from CPI FIM SA and new loan from CPI Hungary Investments Kft.

NOTE 11 - OTHER CREDITORS

11.1 Other creditors becoming payable within one year are composed as follow:

	2020	2019
Audit Committee - attendance fees	1	1
Interest	425	--
Others	1,172	8,254
Total	**1,598**	**8,255**

From its subsidiary CPI Hungary Investments, the Company borrowed 30 billion Hungarian Forint (see Note 10.2) and converted this amount into Euro through a cross-currency interest rate swap (see Note 8.18). The Company recognizes interest payable from this cross-currency interest rate swap in the amount of EUR 425 thousand (see Note 4.3).

The item Others mainly relates to settlement in Kahn litigation in the amount of EUR 823 thousand (2019: includes consideration of purchase price of shares of Globalworth Real Estate Investments in the amount of EUR 7,905 thousand).

11.2 Other creditors becoming due and payables after more than one year

The Company together with CPI FIM SA sold shares of SCP CAYO and assigned loans to KOKSI Holding LTD. Considerations were primarily settled with received advance payments in 2019 in the total amount of EUR 5,500 thousand.

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).

				2020				2019
	Within one year	Within 5 years	After more than 5 years	Total	Within one year	Within 5 years	After more than 5 years	Total
Total Notes	839	1,056	--	1,895	1,052	2,449	--	3,501
Other	--	--	--	--	1	--	--	1
Total	**839**	**1,056**	**--**	**1,895**	**1,053**	**2,449**	**--**	**3,502**

NOTE 13 - OTHER OPERATING INCOME

The other operating income includes remuneration for providing comprehensive and professional services in expert and in an efficient manner.

	2020	2019
CPI FIM SA – remuneration for services	379	582
Others	892	3,249
Total	**1,271**	**3,831**

The item Others includes tentative settlement of Khan Litigation in the amount of EUR 823 thousand (2019: mainly result from termination of Exclusivity Agreement in form of "Priority Right Abort Fee" in the amount of EUR 3,000 thousand).

NOTE 14 - OTHER EXTERNAL EXPENSES

Other external expenses are compose as follows:

	2020	2019
Rental, maintenance and repairs	12	12
Financial services	118	68
Bank fees	45	16
Professional fees:	**2,522**	**2,140**
legal fee	1,678	1,196
audit fee	312	193
advisory fee	72	369
other fee	460	382
Advertising, publications, public relations	161	70
Travelling costs	17	36
Other various fees	52	47
Total	**2,927**	**2,389**

NOTE 15 - STAFF COSTS

The Company had three employees in 2020 (2019: three).

	2020	2019
Wages and salaries	162	171
Social security cost	17	10
Total	**179**	**181**

NOTE 16 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

	2020	2019
Affiliated undertakings	575	685
Others	--	(1)
Total	**575**	**684**

NOTE 17 - THE OTHER OPERATING EXPENSES

The other operating expenses mainly includes usage of provision for Khan Litigation (see Note 7, 13).

	2020	2019
Usage of provision for Khan litigation	823	--
Affiliate based in Monaco cost	--	4
Unclaimed VAT	--	358
Directors - attendance fees	72	57
Audit Committee - attendance fees	6	8
Others	34	12
Total	**935**	**439**

NOTE 18 - INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

The income from participating interest mainly includes dividends and gain from sale of shares of SCP CAYO to third party.

	2020	2019
ZLATICO LIMITED	11	25
IVRAVODA LIMITED	--	40,260
Isalotta GP GmbH & Co.Verwaltungs KG	3,990	--
Gewerbesiedlungs-Gesellschaft mbH	85,491	--
Gain from sale of shares of SCP CAYO	680	--
Total	**90,172**	**40,285**

NOTE 19 - INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

In the year ended 31 December 2020, the loans provided generated interest income of EUR 147,538 thousand (2019: EUR 106,045 thousand).

In the year ended 31 December 2020, the Company received dividend from Globalworth Real Estate Investments Limited in the amount of EUR 1,995 thousand (2019: nill).

NOTE 20 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

20.1 Derived from affiliated undertakings

	2020	2019
Interest	12,239	698
Foreign currency exchange gains	4,964	25
Other	1	1
Total	**17,204**	**724**

20.2 Other interest and similar income

Other interest and similar income includes primarily interest from cross-currency interest rate swaps.

	2020	2019
Interest	34,457	21,988
Foreign currency exchange gains	10,864	779
Other	11,386	1,372
Total	**56,707**	**24,139**

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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:

	2020	2019
Shares	**(12,284)**	**1,985**
Baron Puglia S.r.l.	(10)	--
CPI Alberghi HI Roma S.r.l.	(6,813)	--
CPI Hotels Italy S.r.l.	(2,712)	(1,014)
Duca Puglia S.r.l.	(21)	--
GSG Holding 2 GmbH	1	2
IVRAVODA LIMITED	--	(539)
Remontées Mécaniques Crans Montana Aminona (CMA) SA	(4,290)	3,399
SCP CAYO	--	117
SCP MADRID	--	1
SCP PIERRE CHARRON	--	19
Fair value adjustments	1,662	--
Loans	**(13,633)**	**(10,062)**
Affiliated undertakings	(13,634)	(10,062)
Other	1	--
Total	**(25,917)**	**(8,077)**

NOTE 22 - INTEREST PAYABLE AND SIMILAR EXPENSES

22.1 Concerning affiliated undertakings

	2020	2019
Interest	48,151	15,726
Foreign currency exchange losses	15,202	156
Other	1	--
Total	**63,354**	**15,882**

22.2 Other interest and similar expenses

Other interest and similar expenses includes primarily interest from notes and cross-currency interest rate swaps.

	2020	2019
Interest	159,226	106,570
Foreign currency exchange losses	5,733	15,703
Other	41,049	18,175
Total	**206,008**	**140,448**

NOTE 23 - TAX ON PROFIT OR LOSS

The Company is taxable company for Luxembourg income and net wealth taxes. As at 31 December 2020 and 2019, the Company had no payables against the Luxembourg Tax Administration.

	2020	2019
Net wealth tax	5	5
Other taxes and duties	--	4
Total	**5**	**9**

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 2020:

- Wattstrasse, limited to EUR 88,667
- Geneststrasse, limited to EUR 88,000
- Zossener Strasse, limited to EUR 89,367
- Adalbertstrasse, limited to EUR 35,936
- Waldemarstrasse, limited to EUR 83,064
- Gneisenaustrasse, limited to EUR 80,267
- Lübarser Strasse, limited to EUR 51,000

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.

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Credit Facility Agreements

As at balance sheet date, the Company has contracted below the credit facility agreements with its undertakings affiliated:

Undertakings	2020 Drawdown Limit (MEUR)	2019 Drawdown Limit (MEUR)
1 Bishops Avenue Limited	15	83
7 St James's Square Limited	67	71
Baron Puglia S.r.l.	35	--
CPI Alberghi HI Roma S.r.l.	5	5
CPI FIM SA	6,089	3,935
CPI Hotels, a.s	--	17
CPI Hotels Italy	8	6
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	57	57
Czech Property Investments a.s.	225	765
Duca Puglia S.r.l.	8	--
Gamala Limited	300	200
GSG ARMO Holding GmbH	--	38
Parco Delle Case Bianche, S.R.L	30	30
PTR Prime Tourist Resort (Cyprus) Limited	--	150
Savile Row 1 Limited	7	--
Spojené farmy, a.s.	4	4
SCI MAS Cantagreli	20	20
SCP Ailey	20	20
SCP Cayo	--	23
SCP Ciskey	47	35
SCP Kandler	23	20
SCP Madrid	20	20
SCP New Blue Bird	20	21
SCP Pierre Charron	20	21
SCP Villa de Tahiti	20	23
Zakiono Enterprises Limited	550	--

Kingstown dispute in Luxembourg

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

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the exceptio 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 Luxembourg Court rendered a judgement, whereby each claimant has to place a legal deposit in the total amount of EUR 90 thousand with the "Caisse de Consignation" in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017, and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisers filed additional submission to increase the amount of alleged damages claimed to EUR 157.0 million. The Company continues to believe the claim is without merit.

On 21 June 2019 the Company received a first instance judgment, which declared that a claim originally filed by Kingstown in 2015 was null and void against CPI PG. The Court dismissed the claim against CPI PG because the claim was not clearly pleaded ("libellé obscur"). Specifically, Kingstown did not substantiate or explain the basis of their claim against CPI PG and failed to demonstrate how CPI PG committed any fault. In December 2020, the Luxembourg Court declared that the inadmissibility of the claim against the Company and certain other defendants has not resulted in the inadmissibility of the litigation against the Company's subsidiary CPI FIM SA and the remaining defendants. CPI FIM SA and the remaining defendants are scheduled to present their written submissions during the first half of 2021. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA.

The Company did not account for any provision in respect of this disputes.

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, CPI PG and Mr. Radovan Vítek (together, the "CPI PG Defendants"). The claims brought by the Kingstown Plaintiffs against CPI PG include alleged violations of RICO.

CPI PG believes that the claims are without merit and were designed to create negative press attention for CPI PG and to force an undue settlement. The CPI PG 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 CPI PG and Mr. Vitek. CPI PG 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 CPI PG 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 CPI PG 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 CPI PG Defendants filed a motion to dismiss the amended complaint. The arguments presented in the motion resemble those presented by the CPI PG 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 CPI PG 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 CPI PG Defendants;

v) The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the CPI PG Defendants.

On 4 September 2020, the SDNY Court granted the CPI PG Defendants' motions to dismiss. The SDNY Court ruled that the case should defer to the existing proceedings in Luxembourg, which is the locus where most of the relevant evidence in the case is located. The SDNY Court also determined that Luxembourg would be a more convenient forum for litigation, and that Luxembourg's legal system was sufficiently adequate to allow for the resolution of Kingstown Plaintiffs' claims.

The Kingstown Plaintiffs appealed the dismissal decision to the Second Circuit Court of Appeals on 5 October 2020, which they were entitled to do as of right under U.S. law. The Kingstown Plaintiffs' appeal is limited to identifying certain purported errors that the District Court made in reaching its decision and cannot introduce new facts or arguments that were not raised before the District Court during the motion to dismiss briefing.

The briefing is expected to occur in 1H 2021 and the the decision on the appeal may take between a few months to over a year. CPI PG believes that our position on appeal is strong given the high level of deference that the Second Circuit must give the District Court's decision by law.

On 3 June 2020, Kingstown filed yet another complaint against CPI PG and Mr. Radovan Vitek in New York. This time, Kingstown filed in New York State court, alleging that they were somehow defamed through April 2019 press releases and other statements in relation to Kingstown's first-filed U.S. lawsuit, which is currently pending in the SDNY Court.

On 18 September 2020 CPI PG moved to dismiss the complaint, arguing that they were not subject to personal jurisdiction in New York, and that the alleged defamatory statements were not actionable under New York law. The motion to dismiss is currently being considered by the court. Although it is difficult to estimate when a decision will be issued, it is likely we will have the judge's ruling in the next few months.

The Company did not account for any provision in respect of this disputes.

Vitericon litigation

On 15 March 2019, the Company received a summons from the Berlin Court. The Company was sued by an insolvency administrator of the Company's former subsidiary. The insolvency administrator is claiming invalidity of an 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 April 2021. 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 2020 amounts to EUR 57,000 (2019: EUR 52,000) (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.

NOTE 26 - RELATED PARTY TRANSACTIONS

The Company considers entities reported as affiliated undertaking:

- entity, that are owned by the Company (directly or indirectly),
- Mr. Radovan Vítek and related party owned by Mr. Radovan Vítek, the ultimate beneficial owner of the Company.

Entity owned by the Company (directly and indirectly)

The list contains only affiliated, with whom the Company considers transaction in 2020 and 2019. 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
CA IMMOBILIEN ANLAGEN ORD SHS
CM Hotels SA
CMA Immobilier SA
CODIAZELLA LTD,
CPI Alberghi HI Roma S.r.l.
CPI FIM SA
CPI Finance (BVI) Limited
CPI Hotels Italy S.r.l.
CPI Hotels, a.s.
CPI Hungary Investments Kft. (formerly BC 30 Property Kft.)
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)
CPI Poland Sp. z o.o.
CPI Services, a.s.
Czech Property Investments, a.s.
Gewerbesiedlungs-Gessellschaft mbH
Globalworth Real Estate Investments Limited
GSG Armo Holding GmbH
GSG Asset GmbH & Co. Verwaltungs KG
GSG Energiemanagement GmbH
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
ICADE REIT ORD SHS EUR
IMMOFINANCZ ORD SHS USD
INMOBILIARIA COLONIAL ORD SHS EUR 2.50
Isalotta GP GmbH & Co.Verwaltungs KG
IVRAVODA LIMITED
Mercuda, a.s.
Parco delle Case Bianche, S.r.l.
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED
Remontées Mécaniques Crans Montana Aminona (CMA) SA
Savile Row 1 Limited
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.
Sunčani Hvar d.d.
Zakiono Enterprises Limited
ZLATICO

Related party owned by Mr. Radovan Vítek reported as affiliated undertaking

- Gamala Limited

Related party balances

				2020				2019
Receivables	Financial fixed assets	Current assets after more than one year	Current assets within one year	Total	Financial fixed assets	Current assets after more than one year	Current assets within one year	Total
Note	3.2	4.2	4.1	--	3.2	4,2	4.1	--
Owned by the Company (directly, indirectly) - affiliated	**5,341,630**	**1,738**	**166,534**	**5,509,902**	**4,133,619**	**4,000**	**60,549**	**4,198,168**
1 Bishops Avenue Limited	13,411	--	--	13,411	72,561	2,640	--	75,201
7 ST JAMES'S SQUARE LIMITED	54,655	1,738	--	56,393	54,658	662	--	55,320
CM Hotels SA**	--	--	--	--	--	--	--	--
CMA Immobilier SA	39,604	--	183	39,787	15,830	--	207	16,037
CPI Alberghi HI Roma S.r.l.	320	--	23	343	365	--	15	380
CPI FIM SA	4,530,198	--	158,091	4,688,289	3,685,990	--	50,866	3,736,856
CPI Hotels Italy S.r.l.****	346	--	366	712	--	--	--	--
CPI Hotels, a.s.	--	--	--	--	9,814	--	850	10,664
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)**	--	--	--	--	--	--	--	--
CPI Services, a.s.	--	--	2,238	2,238	--	--	4,372	4,372
Czech Property Investments, a.s.	93,279	--	371	93,650	130,273	--	784	131,057
GSG Armo Holding GmbH	--	--	--	--	35,632	534	--	36,166
GSG Energiemanagement GmbH***	3,683	--	16	3,699	--	--	--	--
GSG Europa Beteiligungs GmbH	--	--	--	--	8,192	164	--	8,356
GSG Holding 2 GmbH	--	--	--	--	5	--	--	5
Isalotta GP GmbH & Co.Verwaltungs KG	--	--	--	--	45	--	3	48
Mercuda, a.s.	--	--	52	52	43	--	8	51
Parco delle Case Bianche, S.r.l.	20,149	--	5,074	25,223	21,395	--	3,384	24,779
Savile Row 1 Limited	614	--	--	614	--	--	--	--
SCI MAS CANTAGRELI****	4,797	--	--	4,797	5,280	--	--	5,280
SCP AILEY****	2,411	--	--	2,411	2,290	--	--	2,290
SCP CAYO	--	--	--	--	19,416	--	--	19,416
SCP CISKEY****	16,551	--	--	16,551	23,575	--	--	23,575
SCP KANDLER	5,723	--	--	5,723	6,721	--	--	6,721
SCP MADRID	2,928	--	--	2,928	2,857	--	--	2,857
SCP NEW BLUE BIRD****	9,138	--	--	9,138	9,189	--	--	9,189
SCP PIERRE CHARRON	13,585	--	--	13,585	13,335	--	--	13,335
SCP VILLA DE TAHITI	14,085	--	--	14,085	14,011	--	--	14,011
Spojené farmy a.s.	3,697	--	120	3,817	2,142	--	60	2,202
Vitericon Projektentwicklung GmbH**	--	--	--	--	--	--	--	--
Zakiono Enterprises Limited	512,456	--	--	512,456	--	--	--	--
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**278,734**	**20,876**	**299,610**	**--**	**173,378**	**8,637**	**182,015**
GAMALA LIMITED	--	278,734	20,876	299,610	--	173,378	8,637	182,015
Total	**5,341,630**	**280,472**	**187,410**	**5,809,512**	**4,133,619**	**177,378**	**69,186**	**4,380,183**

* The Company recognised value adjustments on principal and interest in 2020
** The Company recognised value adjustments on principal and interest in 2020 and 2019
*** The Company recognised partial value adjustments on principal in 2020
**** The Company recognised partial value adjustments on principal in 2020 and 2019

				2020				2019
Payables	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	Total	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	Total
Note	10.1	10.2	11.1	--	10.1	10.2	11.1	--
Owned by the Company (directly, indirectly) - affiliated	**70,724**	**2,030,269**	**--**	**2,100,993**	**37,044**	**1,383,061**	**--**	**1,420,105**
CODIAZELLA LTD,	9,180	--	--	9,180	9,180	--	--	9,180
CPI FIM SA	43,567	1,634,505	--	1,678,072	20,451	1,102,426	--	1,122,877
CPI Finance (BVI) Limited	2,083	--	--	2,083	2,083	--	--	2,083
CPI Hungary Investments Kft. (formerly BC 30 Property Kft.)	756	88,447	--	89,203	--	--	--	--

Payables	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	Total 2020	Owed to affiliated payable within one year	Owed to affiliated payable after more than one year	Owed to affiliated payable within one year	Total 2019
Note	10.1	10.2	11.1	--	10.1	10.2	11.1	--
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	--	--	--	--	283	--	--	283
Czech Property Investments, a.s.	14,656	249,336	--	263,992	4,505	244,936	--	249,441
Gewerbesiedlungs-Gessellschaft mbH	--	50,029	--	50,029	--	28,198	--	28,198
GSG Asset GmbH & Co. Verwaltungs KG	--	--	--	--	93	--	--	93
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	74	1,224	--	1,298	69	1,155	--	1,224
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	91	1,508	--	1,599	85	1,422	--	1,507
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	86	1,431	--	1,517	81	1,350	--	1,431
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	114	1,899	--	2,013	107	1,791	--	1,898
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	114	1,890	--	2,004	107	1,783	--	1,890
Sunčani Hvar d.d.	3	--	--	3	--	--	--	--
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**--**	**--**	**--**	**10**	**--**	**--**	**10**
Mr. Radovan Vítek	--	--	--	--	10	--	--	10
Total	**70,724**	**2,030,269**	**--**	**2,100,993**	**37,054**	**1,383,061**	**--**	**1,420,115**

Related party transactions

Income	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total 2020	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total 2019
Note	13	18	19	20.1	--	13	18	19	20.1	--
Owned by the Company (directly, indirectly) - affiliated	**411**	**89,492**	**149,535**	**4,964**	**244,402**	**582**	**40,285**	**100,300**	**724**	**141,891**
1 Bishops Avenue Limited	--	--	222	4,246	4,468	--	--	2,514	--	2,514
7 ST JAMES'S SQUARE LIMITED	--	--	1,100	--	1,100	--	--	662	--	662
CM Hotels SA	--	--	23	1	24	--	--	55	1	56
CMA Immobilier SA	--	--	184	2	186	--	--	207	2	209
CPI Alberghi HI Roma S.r.l.	--	--	8	--	8	--	--	10	--	10
CPI FIM SA	379	--	137,522	4	137,905	582	--	86,813	14	87,409
CPI Hotels Italy S.r.l.	--	--	158	--	158	--	--	130	--	130
CPI Hotels, a.s.	--	--	877	96	973	--	--	850	--	850
CPI Hungary Investments Kft.	32	--	--	--	32	--	--	--	--	--

Income	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total 2020	Other operating income	Financial income from affiliated	Income from Financial fixed assets	Financial income	Total 2019
Note	13	18	19	20.1	--	13	18	19	20.1	--
(formerly BC 30 Property Kft.)										
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	--	--	806	--	806	--	--	1,110	--	1,110
CPI Services, a.s.	--	--	--	83	83	--	--	--	8	8
Czech Property Investments, a.s.	--	--	2,960	499	3,459	--	--	3,109	--	3,109
Gewerbesiedlungs-Gessellschaft mbH	--	85,491	--	--	85,491	--	--	--	--	--
Globalworth Real Estate Investments Limited	--	--	1,995	--	1,995	--	--	--	--	--
GSG Armo Holding GmbH	--	--	303	--	303	--	--	--	534	534
GSG Energiemanagement GmbH	--	--	16	--	16	--	--	--	--	--
GSG Europa Beteiligungs GmbH	--	--	89	--	89	--	--	--	164	164
Isalotta GP GmbH & Co.Verwaltungs KG	--	3,990	2	--	3,992	--	--	3	--	3
IVRAVODA LIMITED	--	--	--	--	--	--	40,260	--	--	40,260
Mercuda, a.s.	--	--	2	--	2	--	--	2	--	2
Parco delle Case Bianche, S.r.l.	--	--	1,690	--	1,690	--	--	1,600	--	1,600
PTR PRIME TOURIST RESORT (CYPRUS) LIMITED	--	--	--	--	--	--	--	1,484	--	1,484
SCI MAS CANTAGRELI	--	--	133	--	133	--	--	128	--	128
SCP AILEY	--	--	44	--	44	--	--	43	--	43
SCP CAYO	--	--	47	--	47	--	--	272	--	272
SCP CISKEY	--	--	476	--	476	--	--	464	--	464
SCP KANDLER	--	--	157	--	157	--	--	151	--	151
SCP MADRID	--	--	41	--	41	--	--	40	--	40
SCP NEW BLUE BIRD	--	--	208	--	208	--	--	202	--	202
SCP PIERRE CHARRON	--	--	190	--	190	--	--	183	--	183
SCP VILLA DE TAHITI	--	--	199	--	199	--	--	198	--	198
Spojené farmy a.s.	--	--	83	33	116	--	--	70	1	71
ZLATICO LIMITED	--	11	--	--	11	--	25	--	--	25
Mr. Radovan Vítek and his entity reported as affiliated	**--**	**--**	**--**	**12,239**	**12,239**	**--**	**--**	**5,748**	**--**	**5,748**
GAMALA LIMITED	--	--	--	12,239	12,239	--	--	5,748	--	5,748
Total	**411**	**89,492**	**149,535**	**17,203**	**256,641**	**582**	**40,285**	**106,048**	**724**	**147,639**

Expenses	Other external expenses 2020	Financial expenses affiliated 2020	Financial expenses other 2020	Total 2020	Other external expenses 2019	Financial expenses affiliated 2019	Financial expenses other 2019	Total 2019
Note	14	22.1	22.2	--	14	22.1	22.2	--
Owned by the Company (directly, indirectly) - affiliated	**28**	**82,065**	**(402,878)**	**(320,785)**	**250**	**15,882**	**--**	**16,132**
1 Bishops Avenue Limited	--	68	--	68	--	5	--	5
7 ST JAMES'S SQUARE LIMITED	--	961	--	961	--	--	--	--
CMA Immobilier SA	--	45	--	45	--	--	--	--
CPI Alberghi HI Roma S.r.l.	--	--	--	--	--	8	--	8
CPI FIM SA*	24	49,809	(14,773)	35,060	24	12,475	--	12,499
CPI Hotels, a.s.	--	153	--	153	1	1	--	2
CPI Hungary Investments Kft. (formerly BC 30 Property Kft.)	--	756	--	756	--	--	--	--
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	--	--	--	--	--	77	--	77
CPI Poland Sp. z o.o.	--	--	--	--	222	--	--	222
CPI Services, a.s.	4	4	--	8	3	--	--	3
Czech Property Investments, a.s.	--	10,153	--	10,153	--	2,076	--	2,076
Gewerbesiedlungs-Gessellschaft mbH	--	804	--	804	--	717	--	717
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	--	74	--	74	--	69	--	69
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	--	91	--	91	--	85	--	85
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	--	86	--	86	--	81	--	81
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	--	114	--	114	--	107	--	107
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	--	114	--	114	--	107	--	107
Remontées Mécaniques Crans Montana Aminona (CMA) SA	--	15	--	15	--	74	--	74
SCP CAYO	--	18,712	--	18,712	--	--	--	--
SCP MADRID	--	--	--	--	--	--	--	--
SCP NEW BLUE BIRD	--	--	--	--	--	--	--	--
SCP PIERRE CHARRON	--	--	--	--	--	--	--	--
SCP VILLA DE TAHITI	--	--	--	--	--	--	--	--
Spojené farmy a.s.	--	106	--	106	--	--	--	--
Zakiono Enterprises Limited*	--	--	(388,105)	(388,105)	--	--	--	--
Total	**28**	**82,065**	**(402,878)**	**(320,785)**	**250**	**15,882**	**--**	**16,132**

(*) disposal proceeds of shares of Globalworth Real Estate Investments Limited

CPI Property Group Société Anonyme R.C.S. Luxembourg B 102.254

Value adjustments	Value adjustments of current assets 2020	Value adjustments of fixed assets 2020	Total 2020	Value adjustments of current assets 2019	Value adjustments of fixed assets 2019	Total 2019
Note	16	21	--	16	21	--
Owned by the Company (directly, indirectly) - affiliated	**575**	**(12,217)**	**(11,642)**	**685**	**(10,063)**	**(9,378)**
CM Hotels SA	32	(58)	(26)	(15)	(614)	(629)
CPI Hotels Italy S.r.l.	208	(622)	(414)	(208)	(4,827)	(5,035)
CPI Next Level Ventures GmbH (formerly Orco Immobilien GmbH)	335	(1,110)	(775)	908	(2,018)	(1,110)
SCI MAS CANTAGRELI	--	(885)	(885)	--	(287)	(287)
SCP AILEY	--	32	32	--	(85)	(85)
SCP CISKEY	--	(7,840)	(7,840)	--	(2,139)	(2,139)
SCP KANDLER	--	(1,315)	(1,315)	--	(405)	(405)
SCP MADRID	--	--	--	--	137	137
SCP NEW BLUE BIRD	--	(419)	(419)	--	(539)	(539)
SCP PIERRE CHARRON	--	--	--	--	714	714
Total	**575**	**(12,217)**	**(11,642)**	**685**	**(10,063)**	**(9,378)**

The positive value is decrease of value adjustments, the negative value is increase of value adjustments.

NOTE 27 - POST BALANCE SHEET EVENTS

Mandatory offer on shares of Nova RE SIIQ S.p.A.

On 13 January 2021 the Company announced final results of mandatory tender offer. The Company tendered 8,887,209 ordinary shares, equal to approximately 40.35 % of the Nova RE SIIQ S.p.A. share capital, for a consideration equals to EUR 2.36 for each share, in the total amount of EUR 20,973,813.24. Moreover, the Company announced reopening of the mandatory offer for 5 Stock Exchange trading days, from 18 January 2021 to 22 January 2021.

On 26 January 2021 the Company announced result of the offer after reopening of the terms. The Company tendered 460,809 ordinary shares, equal to approximately 2.092% of the Nova RE SIIQ S.p.A. share capital, for a consideration equals to EUR 2.36 for each share, in the total amount of EUR 1,087,509.24 EUR.

Both mandatory offers were settled by cash, through the intermediary appointed for coordinating the collection of acceptances. The Company concurrently used deposit in HSBC Continental Europe, Czech Republic.

Consent Solicitation

On 15 January 2021 the Company announced results of consent solicitation memorandum dated 17 December 2020. Deutsche Bank in its role as Original Trustee in respect of each Series of Notes was removed and HSBC Corporate Trustee Company (UK) Limited was approved and appointed.

ISIN XS2290544068

On 27 January 2021 the Company issued total EUR 650 million senior Notes due 27 January 2031 in two tranches under the Company's Euro Medium Term Note (EMTN) programme.

ISIN XS2290533020

On 27 January 2021 the Company issued total EUR 400 million resettable undated subordinated Notes under the Company's Euro Medium Term Note (EMTN) programme.

ISIN XS1693959931

The Company repaid in January 2021 part of 825 million EUR issuance in the nominal value EUR 128,922,000 through tender offer. The Company used proceeds from new issuances in January 2021. Notes has remained outstanding in aggregate nominal value EUR 239,405,000.

ISIN XS1819537132

The Company repaid full issuance of resettable undated subordinated Notes in January and February 2021. The Company used proceeds from new issuances in 2021.

ISIN XS1894558102 – make-whole redemption amount

The Company repaid rest of issuance of senior Notes due 14 April 2021 on 4 February 2021. The Company used proceeds from new issuances in 2021.

ISIN XS230703264

On 25 February 2021 the Company issued total JPY 3,000,000,000 senior notes due 25 February 2025. The Company converted the proceeds into Euros through a cross-currency swap.

Share Buy-Back Offer

The Company announced on 15 February 2021 the intention to purchase up to 650,000,000 shares under the Company's share buy-back programme. The Company proposed to pay a price EUR 0.616 per share.

On 26 February 2021 the Company completed the offer and purchased of a total of 641,658,176 tendered shares for an aggregate amount of EUR 395,261,436 (or EUR 0.616 per tendered share. The vast majority of share were tendered by the Company's primary shareholder, Mr. Radovan Vítek and the Company's subsidiary, CPI FIM SA. The rest of the tenders were from management and third parties.

Decrease the corporate capital of the Company

On 26 February 2021 the Company invited Shareholders to attend the extraordinary general meeting of the shareholders of the Company to be held on 31 March 2021 to discuss and to vote on decrease the corporate capital of the Company by the amount of EUR 64,165,817.60 by means of cancellation of 641,658,176 shares held in treasury by the Company.

Repayment of Schuldschein instrument

The Company repaid on 23 March 2021 the Schuldschein loan, maturing in 2023, in the amount of KEUR 71,500.