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On the cover:
myhive Warsaw Spire, Poland
Quadrio, Prague, Czech Republic
GSG-Hof Franklinstraße, Berlin, Germany photo: © CHL

Warsaw Financial Center, Poland

A message from the CEO

Dear stakeholders,

In recent years, CPIPG has spent many hours explaining why real estate in the **CEE region is different from Western Europe and the USA**. You have certainly heard about our local knowledge spanning more than three decades, hands-on approach, diversification, and high asset quality. You should also be aware of the CEE region's short commute times, minimal working from home, low retail density, limited construction of new properties, and strong underlying economies.

During H1 2023, these factors continued to drive **superb operational performance for CPIPG**. While countless press reports have painted a negative picture of real estate because of higher interest rates and structural challenges in certain cities or regions where working from home has taken root or retail is overbuilt, at CPIPG we see **high rental growth, stable overall occupancy, happy tenants, supportive banks, and a positive future ahead**.

Total assets of the Group were €23.1 billion as of H1 2023, with a property portfolio of €20.3 billion. The large size and scale of our portfolio reflects CPIPG's transformational acquisitions of controlling stakes in IMMOFINANZ and S IMMO during 2022. Overall, our total property portfolio declined by about €600 million, primarily driven by the Group's successful disposal programme.

CPIPG is an income-generating powerhouse, with nearly €400 million of EBITDA and more than €200 million of FFO in H1 2023. **Contracted gross rent for the Group is more than €900 million**, which excludes hotels, and I am pleased that our hotel business (where CPIPG remains a highly effective owner/operator) is now experiencing income well above pre-COVID levels.

Like-for-like rental growth was excellent at 8.3% for H1 2023, compared to 7.6% for full-year 2022. In particular, our retail segment showed a stellar performance with 10.5% like-for-like growth driven by resilient consumer demand and footfall. With over **90% of CPIPG's rents**

subject to annual indexation or escalation, a substantial portion of like-for-like rental growth can be attributed to inflation. On the other hand, we believe our leading market position and asset management teams are a big success factor.

Group occupancy was 92.3%, a slight improvement from Q1 2023. Retail occupancy was 97%, while office occupancy in our key cities of Berlin, Prague, and Warsaw ranged between 91% and 94%. A substantial portion of CPIPG's office vacancy is intentional, where we decided to vacate spaces to allow for development. In other cases (e.g., Germany ex-Berlin, Budapest), CPIPG is addressing leasing gaps and has made steady progress.

CPIPG's net LTV was 49.9% as of H1, down 1% from year-end 2022, as the Group repaid more than €500 million of net debt. CPIPG continues to focus on reducing leverage through disposals and possible equity investment to support our investment grade credit ratings; we target an LTV of 45-49% for year-end 2023.

Disposals have been challenging for some real estate groups in 2023, but CPIPG's asset quality, diversification, and granularity (modest average asset size) are differentiating factors. Since our €2 billion pipeline was announced in August 2022, **the Group has completed €900 million of residential, office and landbank disposals**, mostly in Germany, Austria, the Czech Republic and Italy. Our forward pipeline remains robust, with sales under serious discussion still exceeding €2 billion, as the Group plans to "overshoot" on disposals to ensure robust credit metrics and liquidity in the years ahead.

The Group faces relatively modest debt maturities in coming years, and **total liquidity was €2 billion as of 30 June 2023**. However, we remain proactive about refinancing: the Group **repaid €335 million notional of bonds** due in 2026, 2027 and 2028 through a tender offer in April 2023, and plans to continue utilising our ample liquidity resources to repay bonds periodically, particularly while pricing remains dislocated.

In connection with the acquisitions of IMMOFINANZ and S IMMO, CPIPG borrowed €2.7 billion through a bridge loan from our relationship banks. As of 31 August, the bridge loan has been repaid to €1 billion. CPIPG expects to repay even more of the bridge loan during September and October; **in August, we signed a new €635 million 3-year loan with our relationship banks** that will replace the existing bridge arrangements maturing in 2025. Our goal is to repay all bridge facilities by H1 2024, and hopefully much earlier.

In addition to the new 3-year bridge loan, CPIPG's strong banking relationships were demonstrated through over **€850 million of fresh external financing year-to-date**. Notable transactions included a €288 million 5-year loan from Aareal bank secured against office assets in Warsaw, €110 million of a 10-year loan from UniCredit secured against Hungarian office assets, €100 million of a 5-year senior unsecured sustainability-linked loan from MUFG, €75 million of 5-year senior unsecured green bonds issued by S IMMO, €90 million of secured loans from ČSOB in the Czech Republic, multiple secured borrowings from Raiffeisen in the Czech Republic and Slovakia, along with transactions in the UK and Germany.

Looking forward to the second half of 2023, **I have every confidence that our strong operations will continue to impress**. We are making steady progress on leverage and have the support of banks, equity investors, and debt investors. CPIPG believes in the quality of our portfolio, and we believe in the CEE region. Despite market noise, our teams are focused on what matters: delivering for all stakeholders.

Thank you for your continued support of CPIPG.

Sincerely,

Martin Němeček



"CPIPG's operational results are excellent, and we are making good progress on our capital structure goals."

Martin Němeček, CEO

Financial highlights for H1 2023

- One of Europe’s largest landlords
- Generating substantial recurring income
- High occupancy and strong rental growth
- Capital structure in transition with leverage reduction on track
- Firmly committed to strong investment grade credit ratings
- €2 billion of available liquidity

TOTAL ASSETS

€23.1

billion

PROPERTY PORTFOLIO

€20.3

billion

NET LTV

49.9%

-1% from year-end 2022,
target 45-49% for year-end 2023

CONTRACTED GROSS RENT

€907

million

H1 CONSOLIDATED
ADJUSTED EBITDA

€394

million

H1 FUNDS FROM
OPERATIONS (FFO)

€209

million

OCCUPANCY

92.3%

+0.3% from Q1 2023

LIKE-FOR-LIKE
RENTAL GROWTH

8.3%

UNENCUMBERED ASSETS

51%

WAULT

3.5

years

NET ICR

2.6×

EPRA NRV (NAV)

€8.1

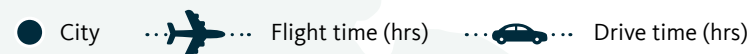
billion

The Group operates in five key segments



Leading platforms in Central Europe

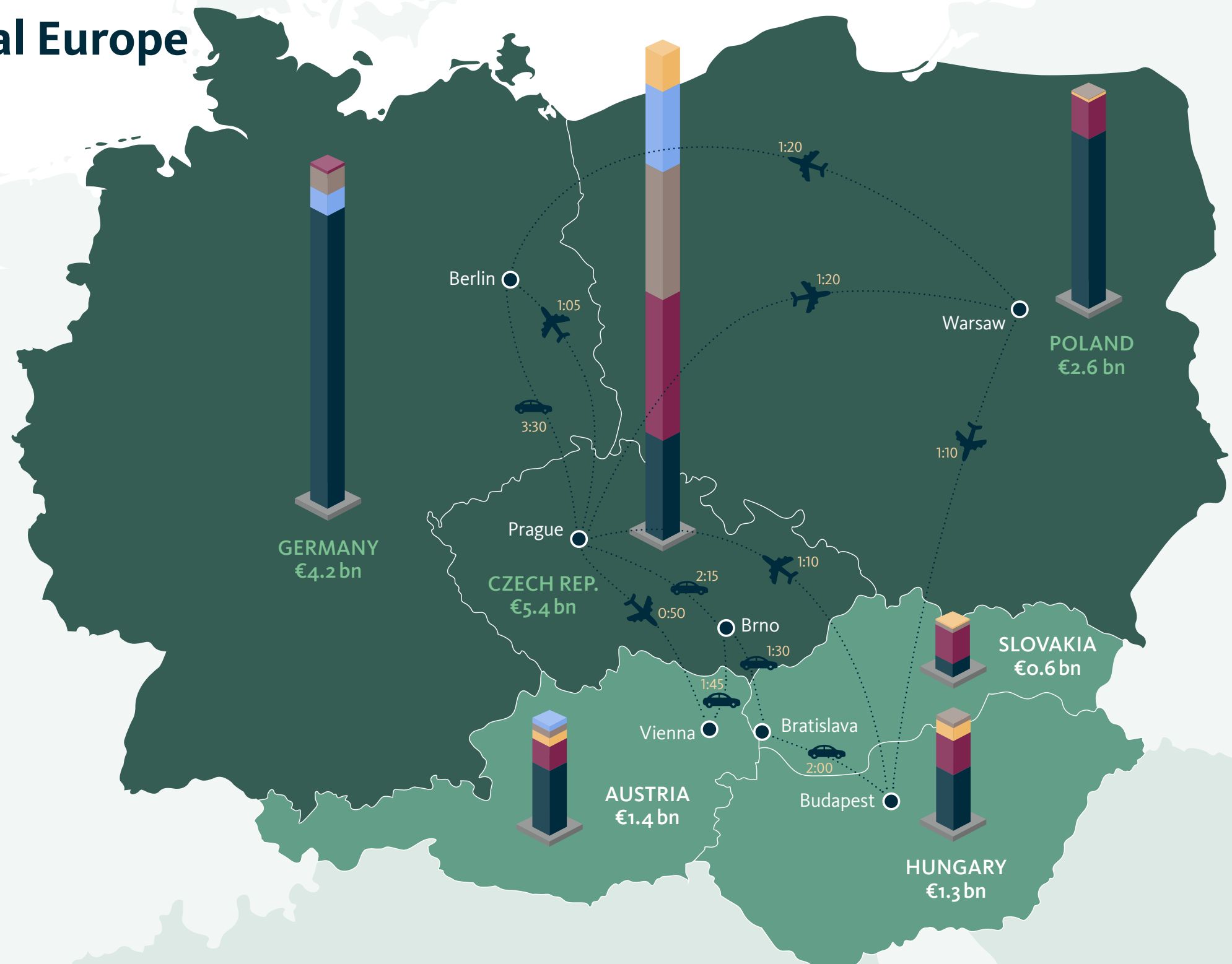
Property portfolio value per segment:



*“CPIPG is a clear leader in Central Europe, with market-leading platforms and **strong local teams where we operate.**”*

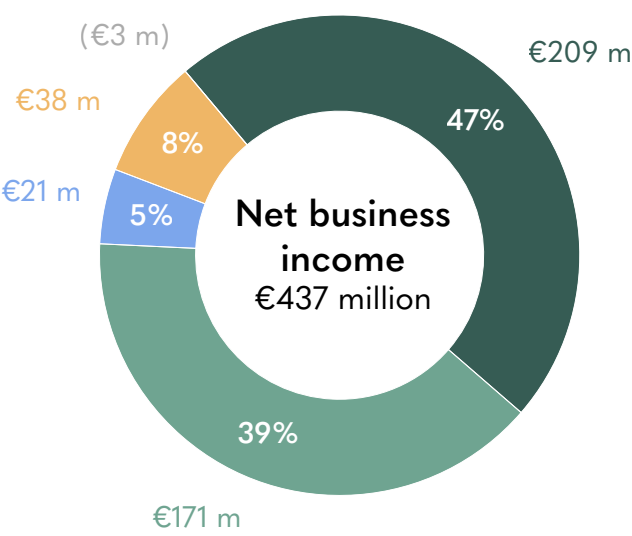
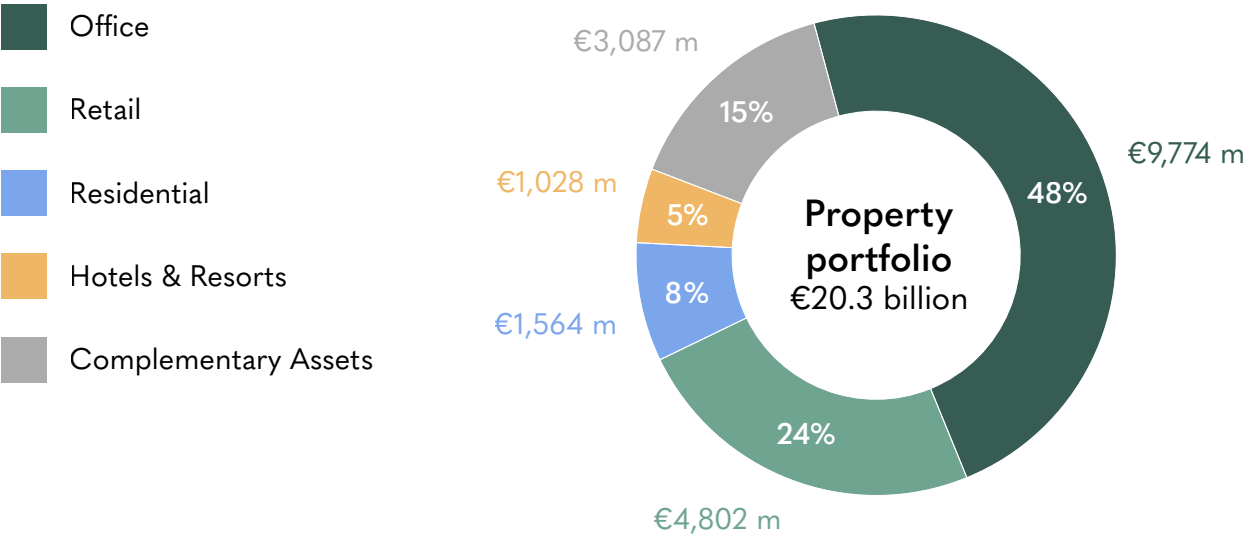
Zdeněk Havelka, Executive Director

Includes pro-rata shares of assets owned by Globalworth.

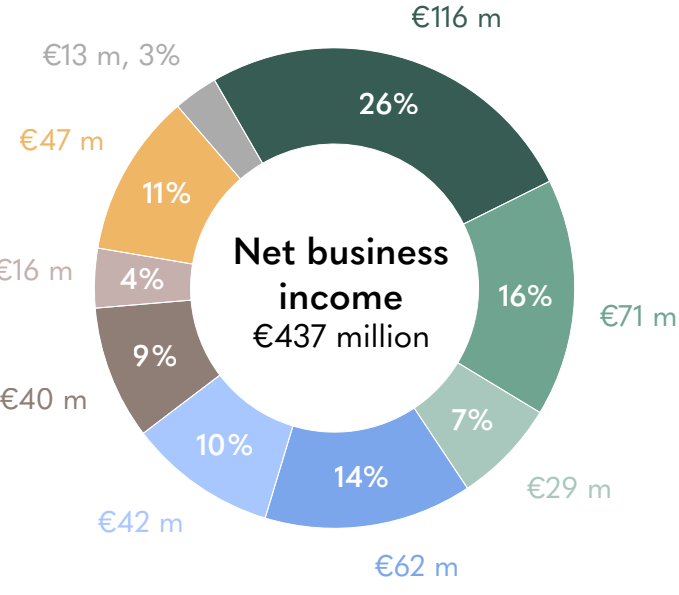
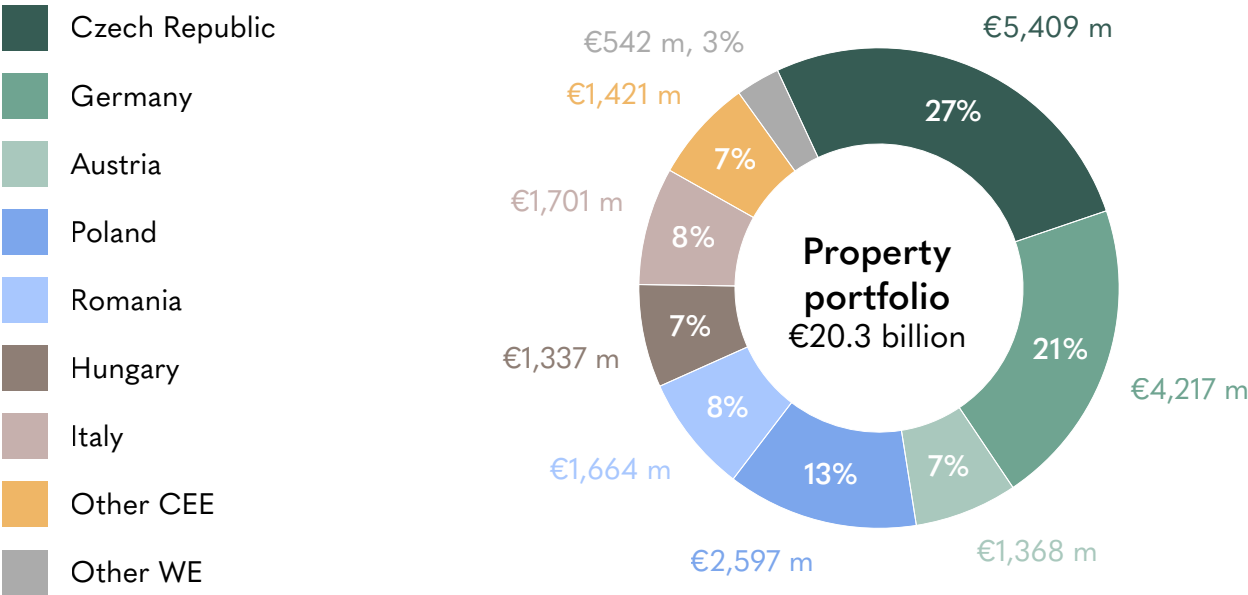


Diversification anchored in our CEE expertise

Property portfolio by segment (as at 30 June 2023)



Property portfolio by geography (as at 30 June 2023)



Property portfolio detail

Segment	Country	€ million	Share of total
Office		9,774	48.3%
	Germany	3,663	18.1%
	Poland	1,781	8.8%
	Czech Republic	1,108	5.5%
	Austria	812	4.0%
	Hungary	703	3.5%
	Romania	598	3.0%
	Globalworth	581	2.9%
	Other	528	2.6%
Retail		4,802	23.7%
	Czech Republic	1,577	7.8%
	Italy	617	3.0%
	Romania	580	2.9%
	Poland	428	2.1%
	Hungary	424	2.1%
	Slovakia	418	2.1%
	Other	757	3.7%
Residential		1,564	7.7%
	Czech Republic	894	4.4%
	Germany	263	1.3%
	Other	408	2.0%
Hotels & Resorts		1,028	5.1%
	Czech Republic	398	2.0%
	Croatia	172	0.8%
	Other	458	2.3%
Complementary assets		3,087	15.2%
	Landbank	2,186	10.8%
	Development	497	2.5%
	Agriculture	148	0.7%
	Other hospitality	129	0.6%
	Industry & Logistics	82	0.4%
	Other	46	0.2%
	Total	20,256	100%

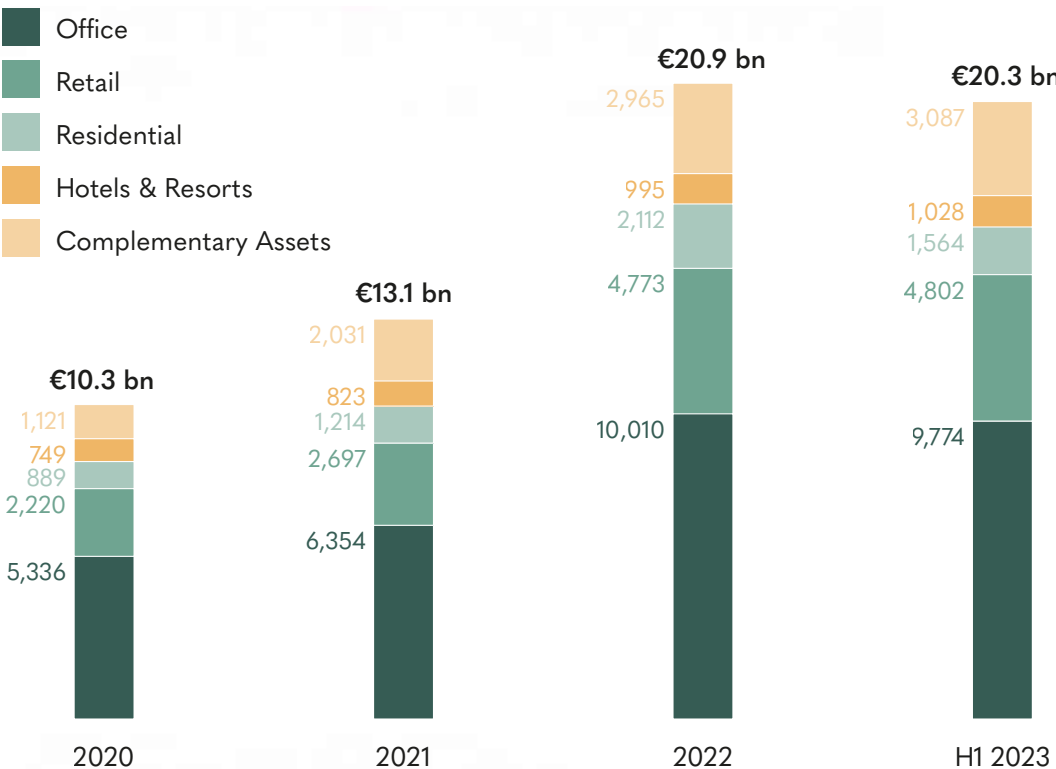
Portfolio and income growth

CPIPG's property portfolio stood at €20.3 billion at the end of June 2023, a decline of €599 million (2.9%). During H1, the Group completed **€657 million of disposals** and made €155 million of value-enhancing CapEx investments. Reflecting the high quality and higher yield of our assets, valuation declined only €229 million, but this change captures only a small number of properties where a significant price adjustment was identified. The Group will revalue our entire portfolio, per normal practice, at year-end 2023.

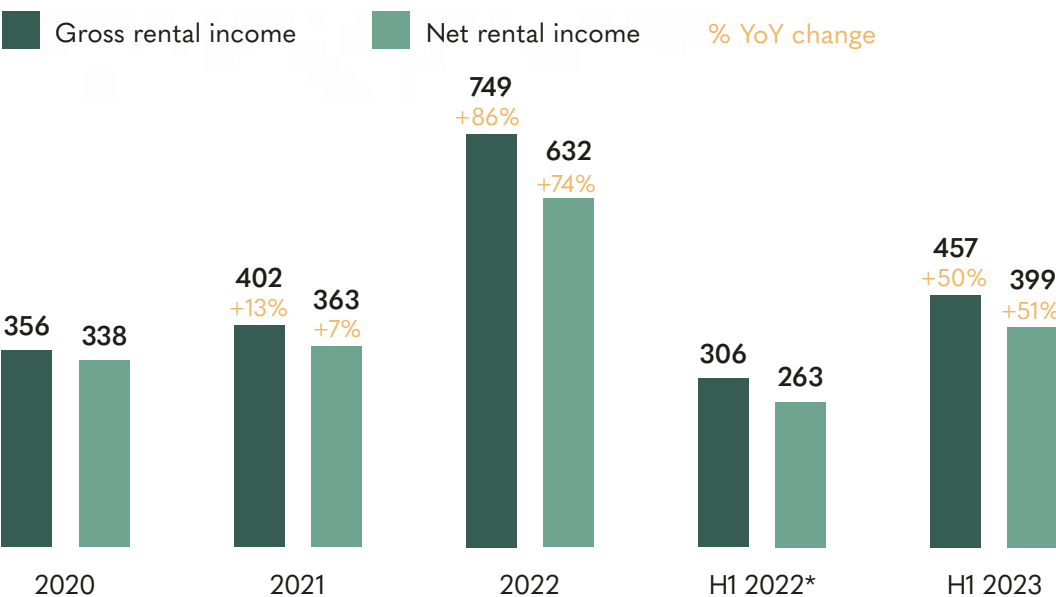
Net rental income increased to €399 million due to our acquisitions of IMMOFINANZ and S IMMO along with 8.3% like-for-like rental growth. **Annualised net rental income increased by 2.9% to €757 million** despite the loss of income from disposals. **EPRA net initial yield increased to 4.8% from 4.4%.**

Over 90% of our leases are subject to indexation or annual escalation. During H1 2023, 82% of leases were adjusted higher by an average of about 8.6%. CPIPG has faced no difficulty to-date passing inflation on to our tenants. **For 2023, CPIPG expects headline rents to increase more than €60 million due to indexation.**

Property portfolio (€ million)



Gross and net rental income (€ million)



* Rental income in H1 2022 reflects four months of contribution from IMMOFINANZ and no contribution from S IMMO due to consolidation timing.

myhive Pankrac House, Prague, Czech Republic

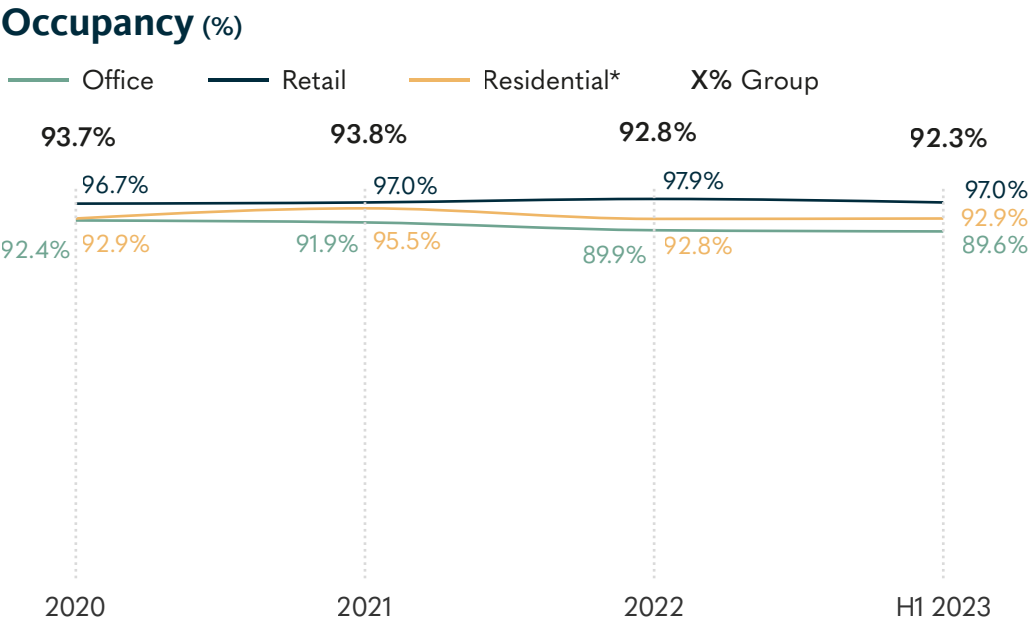


Stable occupancy and high cash flow visibility

Overall, the occupancy of CPIPG’s portfolio is **stable**. Office occupancy declined slightly, mainly due to regular tenant churn in addition to vacating spaces for refurbishment. While CPIPG is not immune to the hybrid working trend, workers in our region have generally returned to the office at least three days a week. Also, office construction across CEE remains muted.

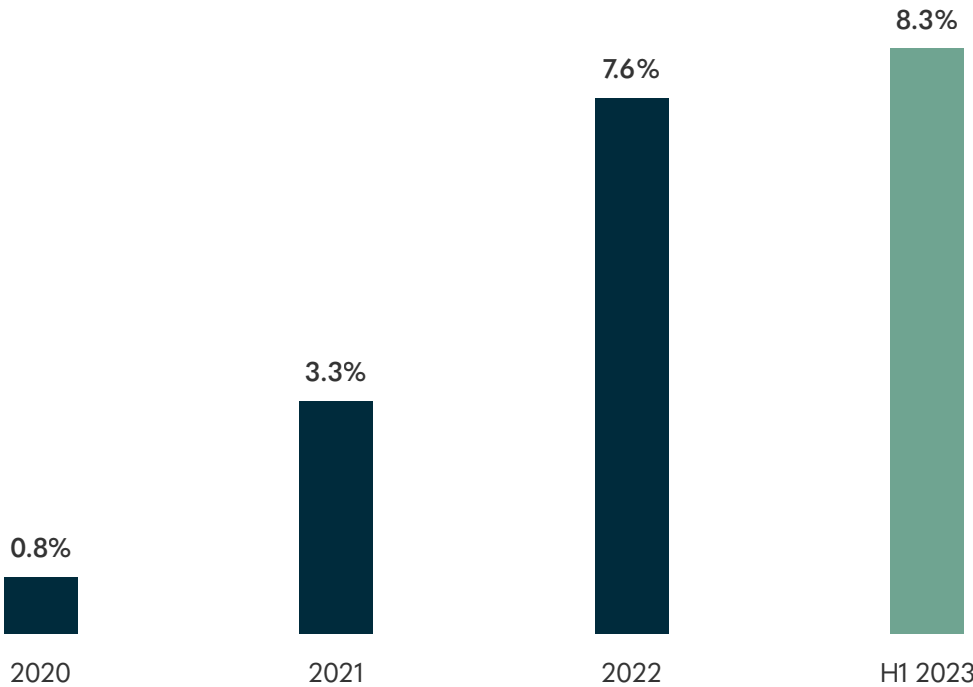
Retail occupancy remained high and is close to 100% in our retail parks. The CEE region never experienced the overbuilding which has plagued retail in other regions. Therefore, the density of retail remains low, and demand is high. Plus, CPIPG’s retail offering is focused on grocery-anchored retail that is part of daily life. Finally, consumers have also been supported by high wage growth and low unemployment in CEE compared to the rest of Europe.

At the same time, the Group achieved **strong like-for-like rental growth of 8.3%** while maintaining a well-balanced lease maturity profile with an average WAULT to first break of 3.5 years. Through our focus on multi-tenant buildings coupled with in-house asset management teams, we proactively manage our tenants and leases, which helps minimise tenant concentration risk while driving rental growth.



* Occupancy based on rented units.

Like-for-like rental income continues to grow*



* CPIPG standalone



“Operational performance remains robust with stable and relatively high occupancy levels.”

Tomáš Salajka, Director of Acquisitions, Asset Management & Sales

Strong bank relationships and access to financing

The Group has raised over €850 million of fresh external financing year-to-date, including:

- **€288 million** of a 5-year secured loan from by Aareal Bank against three office assets in Warsaw
- **€110 million** of a 10-year secured loan from UniCredit against Hungarian office assets
- **€100 million** of a 5-year senior unsecured sustainability-linked loan from MUFG
- **€90 million** from ČSOB consisting of an €85 million 7-year loan secured against Czech retail assets and a €5 million loan for solar generation projects
- **€75 million** of 5-year, 5.5% coupon senior unsecured green bonds issued by S IMMO and sold primarily to retail investors in Austria
- **€58 million** of 4-year loans from Raiffeisen related to Czech residential assets
- **€57 million** of 3.5-year loans from Raiffeisen against Slovak retail park assets
- **£35 million** (€40 million) of a 5-year senior unsecured loan from Rothschild & Co against a portion of our UK assets
- **€33 million** from pbb and HVB from a refinancing and upsizing of a €170 million loan against Düsseldorf office assets

Proceeds were primarily used to repay outstanding bridge loans and senior unsecured bonds maturing in 2026, 2027 and 2028.

In August 2023, CPIPG signed a new €635 million 3-year bridge loan from Santander, Société Générale, Komerční banka, Raiffeisen, SMBC, Barclays, and Erste Bank (including an accordion option up to €1 billion).

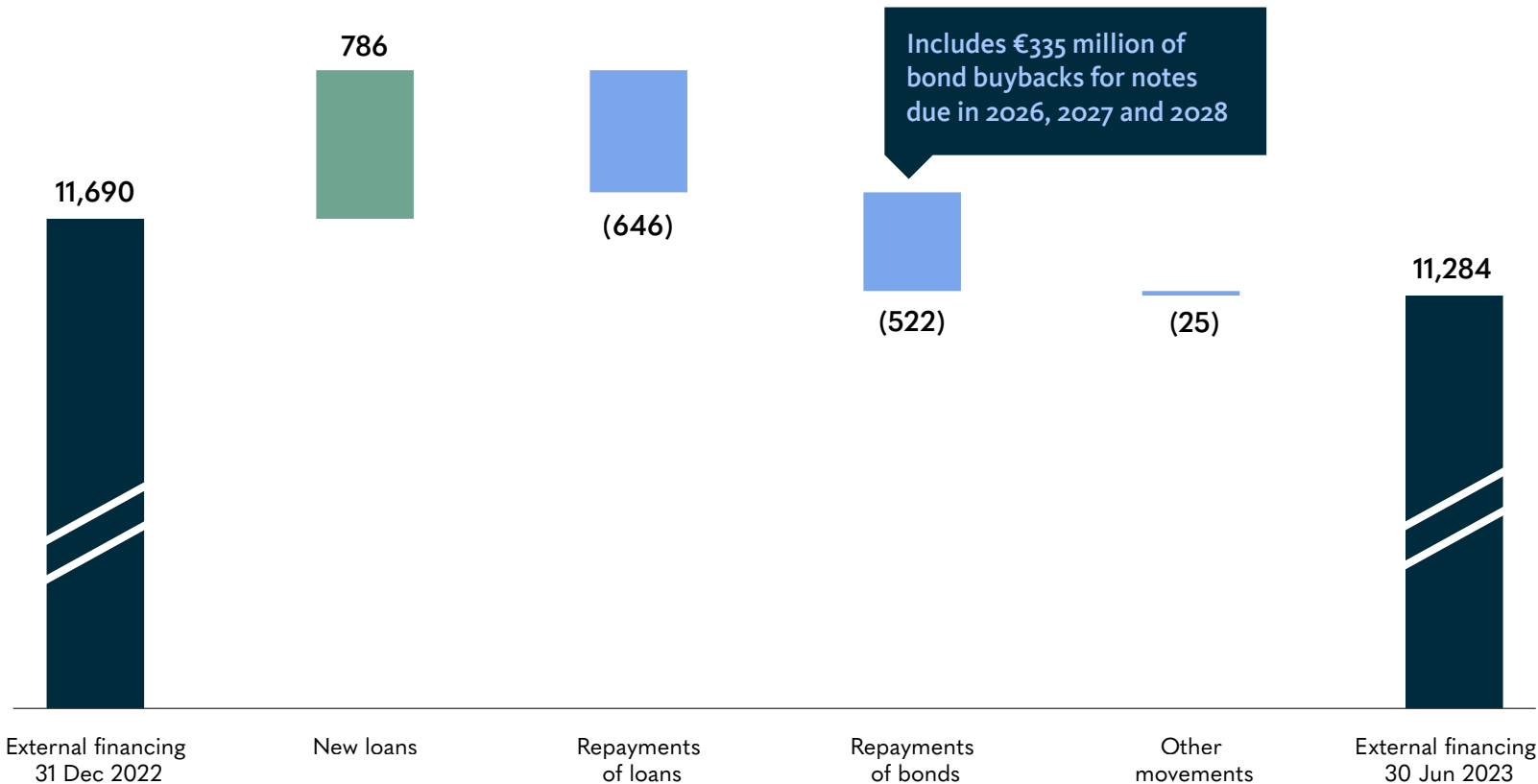
- The new bridge loan is intended to be drawn by the end of October and will replace the Group’s existing loans related to the IMMOFINANZ and S IMMO transactions
- The bridge loan balance stood at €1 billion as of 31 August and is expected to be further repaid through disposals and financing during September and October



“The Group’s continued *success in obtaining financing* is a testament to the *quality of our assets* and *overall performance.*”

David Greenbaum, CFO

Changes in external financing during H1 2023 (€ million)



Disposal pipeline of €2 billion+: €900 million achieved, target completion mid-late 2024

At the end of August 2022, CPIPG announced that the Group was working on a **disposal pipeline exceeding €2 billion** over the next 12 to 24 months. The plan is in line with our deleveraging targets and financial policy commitments. Proceeds will be used to repay acquisition financings and reduce leverage.

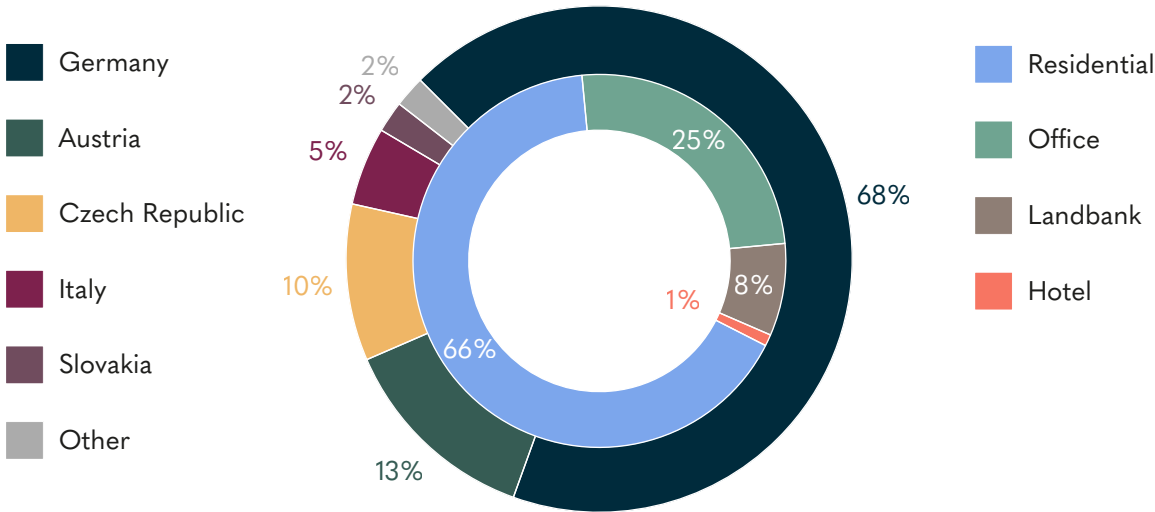
Over the last 12 months, the Group has achieved over €900 million of gross disposal proceeds in line with our targets. Sector and geographic diversification, along with a high degree of granularity (pipeline disposals range in size from €10 million to €200 million+), is a significant advantage for the Group.

- **September 2022** – IMMOFINANZ sold the BBC Gamma office building in Prague;
- **October 2022** – S IMMO completed the sale of its Rostock and Leipzig residential and commercial property portfolios;
- **November 2022** – IMMOFINANZ sold two office properties in Vienna;
- **December 2022** – CPIPG sold landbank in Slovakia and a hotel in Italy;
- **January 2023** – S IMMO sold a commercial park near Munich;
- **March 2023** – S IMMO sold a residential portfolio in Berlin, and IMMOFINANZ sold an office property in Vienna;
- **May 2023** – CPIPG sold landbank in Italy and IMMOFINANZ sold a landbank in Turkey; and
- **June 2023** – S IMMO sold residential and commercial assets in various German cities such as Rostock and Leipzig as well as in Vienna.

The **buyers of our disposals are predominantly local investors** outside of the listed real estate universe and include family offices, local real estate companies, funds and asset managers funding the investments with equity and bank financing. Investor sentiment is somewhat improving compared to 2022, as the cost of debt is starting to plateau, and investors shift from a wait-and-see attitude to a more active decision-making stance.

€2 billion was our stated target, but CPIPG intends to exceed expectations in order to create additional headroom on our key credit metrics and accelerate debt repayment. The Group’s current active disposal pipeline still exceeds €2 billion, despite the €900 million already completed. **More than €1 billion of disposals have received one or more letters of intent (LOI)**, with over two-thirds of the projects in the due diligence and/or exclusivity phase.

Executed disposals by country and segment



BBC Gamma, Prague, Czech Republic



Residential Apartments, Berlin, Germany



Bureau am Belvedere, Vienna, Austria



Summary of CPIPG's H1 2023 results



“CPIPG’s income, earnings and leverage metrics improved.”

Pavel Měchura, Group Finance Director

Performance		H1 2023	H1 2022	Change
Total revenues	€ m	831	511	62.7%
Gross rental income (GRI)	€ m	457	306	49.7%
Net rental income (NRI)	€ m	399	263	51.4%
Net hotel income	€ m	29	8	289.5%
Net business income (NBI)	€ m	437	276	58.2%
Consolidated adjusted EBITDA	€ m	394	261	50.8%
Funds from operations (FFO)	€ m	209	171	22.5%
Net profit for the period	€ m	(50)	751	(106.7%)

Assets		30 Jun 2023	31 Dec 2022	Change
Total assets	€ m	23,066	23,521	(1.9%)
Property portfolio	€ m	20,256	20,855	(2.9%)
Gross leasable area	m ²	6,530,000	6,784,000	(3.7%)
Share of green certified buildings ¹	%	33.2%	32.1%	1.1 p.p.
Occupancy	%	92.3%	92.8%	(0.5 p.p.)
Like-for-like rental growth ²	%	8.3%	7.6%	0.7 p.p.
Total number of properties ³	#	748	855	(12.5%)
Total number of residential units	#	14,101	16,767	(15.9%)
Total number of hotel rooms ⁴	#	8,061	7,810	3.2%

¹ According to GLA

² Based on gross headline rent CPIPG standalone

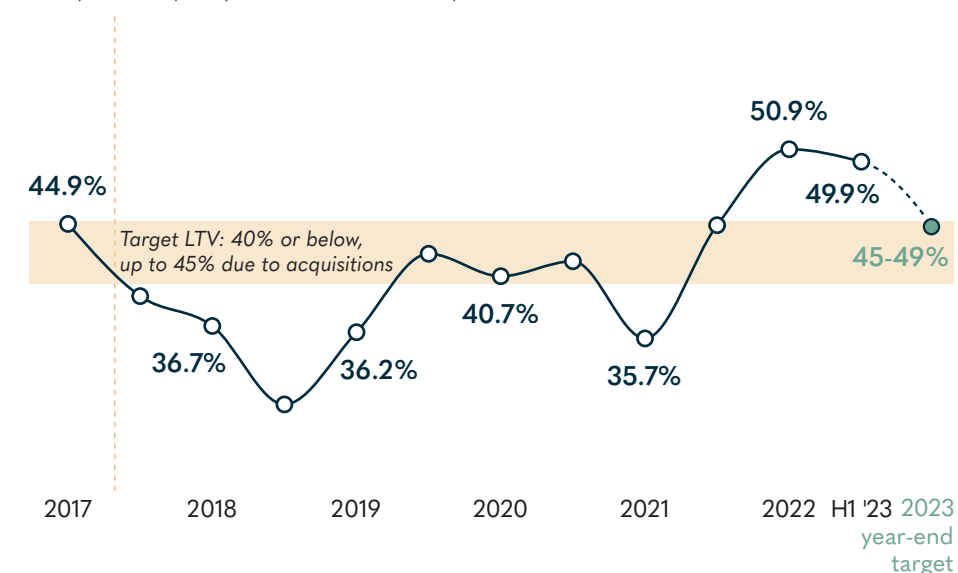
³ Excluding residential properties in the Czech Republic, Germany and Austria

⁴ Including hotels operated, but not owned by the Group

Financing structure		30 Jun 2023	31 Dec 2022	Change
Total equity	€ m	9,308	9,263	0.5%
EPRA NRV (NAV)	€ m	8,051	8,005	0.6%
Net debt	€ m	10,117	10,625	(4.8%)
Net loan-to-value (Net LTV)	%	49.9%	50.9%	(1.0 p.p.)
Net debt to EBITDA	×	12.9×	17.5×	(4.6×
Secured consolidated leverage	%	21.2%	19.5%	1.7 p.p.
Secured debt to total debt	%	43.0%	38.9%	4.1 p.p.
Unencumbered assets to total assets	%	50.9%	54.4%	(3.5 p.p.)
Unencumbered assets to unsecured debt	%	183%	179%	4.0 p.p.
Net interest coverage (Net ICR)	×	2.6×	3.2×	(0.6×

Net LTV evolution (%)

Our financial policy was introduced in April 2018





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BUBENSKÁ 1, Prague, Czech Republic

Economic review

Key macro figures for group core economies

	Annual GDP growth (%)	Annual inflation rate (%)	Unemployment rate (%)	Gross public debt (% of GDP)
Czech Republic	0.2	9.7	3.4	44.1
Germany	0.2	6.4	5.7	66.3
Poland	0.7	11.5	5.0	49.1
Romania	3.2	10.3	5.4	47.3
Hungary	0.5	20.1	3.9	73.3
EU average	1.0	6.4	5.9	84.0

Sources: European Commission, Trading Economics, Eurostat
The table uses the last reported European Commission GDP growth forecast as of spring 2023, inflation and unemployment rates as of Q2 2023, Gross public debt data as of FY 2022.

Eurozone

The Euro Area economy grew by 0.6% year-on-year in the second quarter of 2023, driven by contributions from positive external balances and investments.

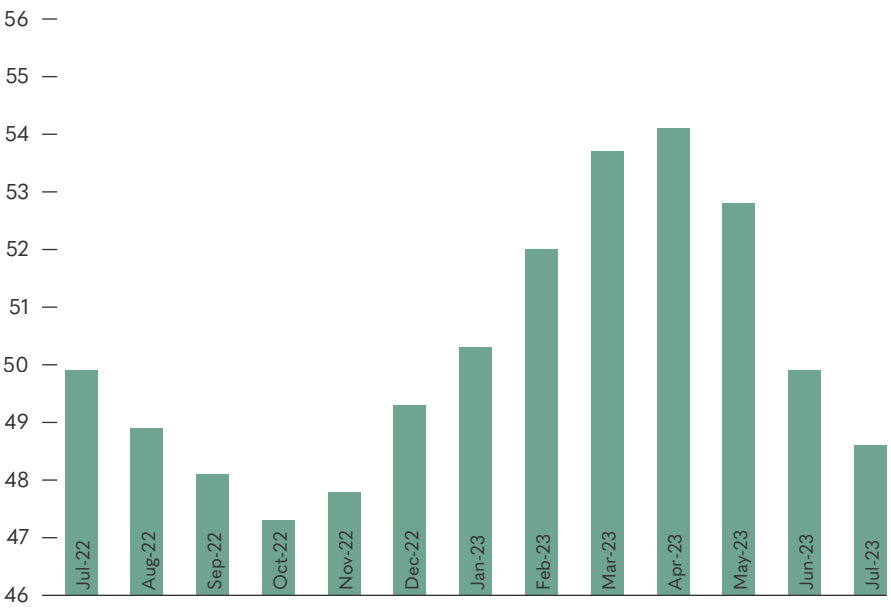
On a quarterly basis, GDP slightly expanded by 0.3% in Q2 2023 after remaining unchanged in the first quarter of 2023. The European Commission revised its GDP growth expectations for 2023 upwards to 1.0% after the European economy performed better than expected over the winter, supported by falling energy prices, abating supply constraints, improved business confidence and a strong labour market.

Inflation rates above the 2% medium-term target across major economies remain a key driver for the economic outlook in the Eurozone. Since July last year, the European Central Bank (ECB) raised its key policy rate several times, with the latest increase at the beginning of August 2023, raising the deposit interest rate from negative -0.5% to 3.75%. The Eurozone inflation rate consequently decreased from its peak in October 2022 of 10.6% to 5.5% as of June 2023. While the rise in interest rates reduced the availability and attractiveness of financing conditions, unemployment remains very robust in the Eurozone, with a further decrease in unemployment in the first six months of the year by -0.3% to 6.4% at the end of June 2023. The resilient labour market supported private consumption, with wages increasing for the seventh consecutive quarter with 4.6% YoY in Q1 2023.

The HCOB Eurozone Services PMI stood at 50.9 in July 2023, signalling expansion since the beginning of the year, although weaker than in the previous months.

The HCOB Eurozone Manufacturing PMI fell to 42.7 in July 2023, indicating a contradiction in manufacturing output. Higher borrowing costs due to the ECB’s monetary policy tightening continue to reflect negatively on the manufacturing sector. On the positive side, improved supply and lower raw material input prices lead to a decline in input cost.

HCOB Eurozone Composite PMI (weighted average Service & Manufacturing PMI)



Consequently, the weighted average of the service and manufacturing sector, the HCOB Eurozone Composite PMI, declined to below 50 in June, currently standing at 48.6 as of July. This indicates that economic “soft-landing”, the attempt to slow down inflation with a slow-down in economic growth while avoiding a recession, is a difficult task to achieve for policymakers.

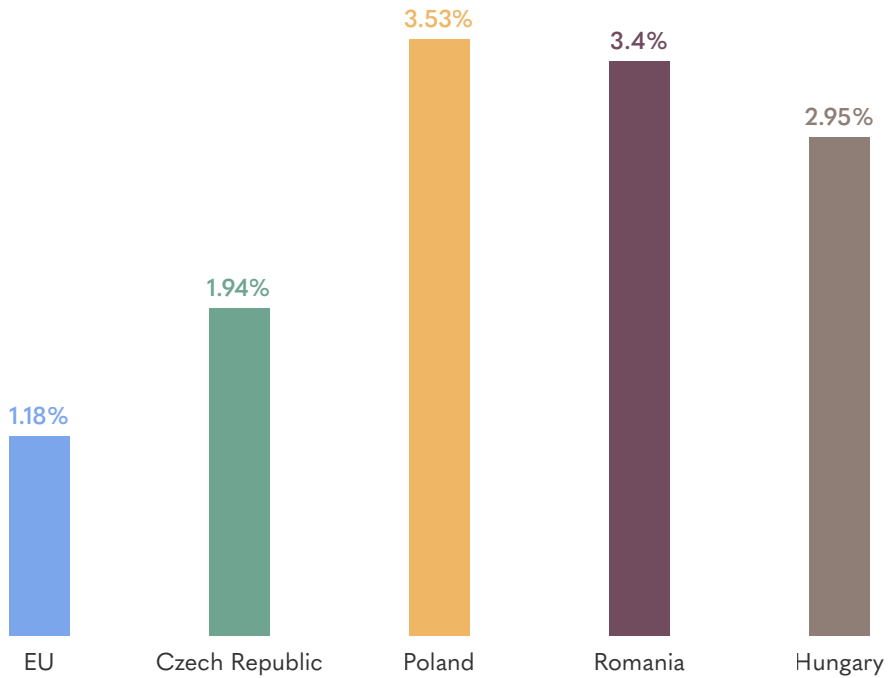
Sources: Trading Economics, European Central Bank, European Commission

CEE (Central and Eastern Europe)

In recent years, CEE countries have benefited from solid fundamentals. Between 2012 and 2022, all CEE countries achieved GDP growth rates above the EU27 average, with Poland, Romania and Hungary among the top six fastest-growing economies in the EU28 bloc.

The region’s economies returned to growth in the second quarter of 2021, with healthy growth throughout 2022. In the second quarter of 2023, the picture for GDP growth was more mixed across the region. In Romania and the Czech Republic, GDP expanded by 0.9% and 0.1% quarter-on-quarter, respectively. On the other hand Hungary and Poland experienced contradictions with -0.3% and -3.7% respectively.

Average annual GDP growth 2012-2022



Unemployment continues to decline in the first six months of 2023 from already low levels, with the unemployment rate falling by -0.5% to 3.4% in the Czech Republic, by -0.5% to 5.0% in Poland, by -0.1% to 3.9% in Hungary and -0.2% to 5.4% in Romania. The decline in unemployment is even more remarkable when considering the migration of refugees fleeing the war in Ukraine into neighbouring countries.

Inflation has been considerably higher in the CEE region over the last 12 to 24 months. Consequently, central banks across the region raised interest rates several times, which started to reflect in declining inflation rates since the end of last year. In the Czech Republic, the annual inflation rate fell to 9.7% in June, in Poland to 11.5%, in Hungary to 20.1% and in Romania to 10.3%. The Czech Koruna slightly appreciated compared to the Euro since the end of 2022. Countries in the region continue to benefit from low public debt-to-GDP ratios.

Sources: Trading Economics, Euler Hermes, Erstegroup.com, International Monetary Fund, Wikipedia

Our tenants

CPIPG is proud of the **quality and diversity** of our tenant base, with **more than 8,000 international and local tenants**. Our office properties host domestic companies, public sector entities, and multinational household names. CPIPG’s largest tenant (Ahold Delhaize) accounts for just 1% of gross rental income while our top 10 tenants represent only 9% of gross rental income.











CPIPG’s asset portfolio is granular. The Group’s top 10 most valuable assets account for only 12.5% of the total portfolio value. The Group’s most valuable assets are spread across capital cities in our regions and include iconic assets such as the Warsaw Spire and Quadrio in Prague.

The Group’s lease maturity profile is well balanced, with a WAULT of 3.5 years, and on average, 17% of our leases expire each year through 2027. Maintaining a slightly shorter WAULT in Berlin and Warsaw has historically allowed us to capture **consistent increases in rents** and manage our tenants more dynamically.

Top 10 income-generating assets

Asset	Value (€ m)	% Total	GLA m²	EPRA occupancy	Location
myhive Warsaw Spire	392	1.9%	73,000	99.1%	Warsaw, PL
SC Maximo	307	1.5%	60,000	99.7%	Rome, IT
Warsaw Financial Center	281	1.4%	50,000	95.5%	Warsaw, PL
Quadrio	258	1.3%	25,000	98.4%	Prague, CZ
Eurocentrum	252	1.2%	85,000	95.2%	Warsaw, PL
Helmholtzstraße	226	1.1%	45,000	81.4%	Berlin, DE
FLOAT	214	1.1%	30,000	96.8%	Düsseldorf, DE
Franklinstraße	212	1.0%	36,000	90.5%	Berlin, DE
Reuchlinstraße	199	1.0%	49,000	88.6%	Berlin, DE
myhive am Wienerberg Twin Towers	194	1.0%	66,000	96.6%	Vienna, AT
Top 10 as % of total property value	€2,535 m	12.5%	519,000		

Top 10 tenants by rental income

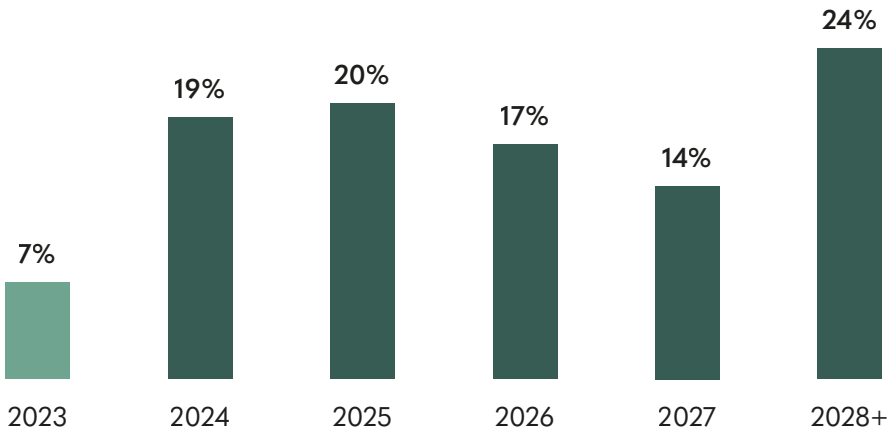
	€ million	Rent as % of GRI*	WAULT** (years)
	9.4	1.0%	5.5
	8.6	0.9%	2.8
	8.5	0.9%	2.9
	8.3	0.9%	2.8
	8.3	0.9%	2.6
	8.2	0.9%	9.5
	8.1	0.9%	3.1
	7.8	0.9%	6.2
	7.6	0.8%	5.8
	6.8	0.8%	3.3
Total	81.6	9.0%	4.5

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

WAULT by country and segment

Segment	Country	WAULT (years)	
		H1 2023	2022
Office	Germany	3.0	3.2
	Poland	2.7	2.9
	Czech Republic	4.1	4.0
	Austria	4.6	4.7
	Hungary	3.5	2.7
Total Office		3.4	3.3
Retail	Czech Republic	3.9	4.0
	Italy	4.8	5.5
	Romania	3.6	3.1
	Poland	3.3	3.4
	Hungary	2.9	2.8
	Slovakia	3.8	4.1
Total Retail		3.8	3.8
Total Group		3.5	3.4

Maturity profile of fixed rental agreements



Excluding residential properties and reflecting the first break option.

Office segment

CPIPG is the leading office landlord in CEE

At €9.8 billion, offices are CPIPG’s largest business segment representing 48% of our property portfolio.

The Group primarily owns offices in **Berlin, Warsaw, Prague, Vienna, and Budapest**. In each city, we are the dominant landlord with market-leading platforms.

In 2022, CPIPG significantly expanded our footprint in Warsaw, Prague and Budapest while gaining exposure to top platforms in Vienna and Bucharest through the acquisitions of IMMOFINANZ and S IMMO.

CPIPG strongly believes in local expertise and has **dedicated office leasing and asset management teams on the ground in all our key locations**.

In H1 2023, like-for-like rental growth was a healthy 5.1%, reflecting a solid performance by our teams and robust demand, particularly in Budapest and the Czech Republic.

Healthy occupier demand in our region as hybrid work models and return-to-office prevail

“Office life” in Europe returned to near pre-pandemic levels, with the office re-entry rate exceeding 70%, according to JLL, with positive net absorption across European markets. This compares with a re-entry rate of around 50% for US offices with negative net absorption. The differences in office demand and utilisation across countries and cities can be attributed to various social and economic factors.

In a recent study by the McKinsey Global Institute on the pandemic’s impact on real estate, respondents’ top reason for working at home was to save commuting time. **Central European offices benefit from lower commuting times** compared to other regions, with CPIPG’s core cities, Berlin, Prague and Warsaw, having some of the best public transportation systems in the world.

The separation of work and private life is another critical aspect. **Average dwelling size and housing quality** in Europe, particularly in Central and Eastern Europe, is below other regions and countries, with the average number of rooms per person in our regions ranging from 1.1 in Poland to 1.8 in Germany vs 2.4 in the US.

The Stanford Institute for Economic Policy Research concluded in a recent study that **fully remote work is associated with about 10% lower productivity than full-time in-person work** due to challenges with communicating remotely, barriers to mentoring, building culture and issues with self-motivation. Leading global companies such as BlackRock, PwC, Google and even video conferencing software provider Zoom have implemented policies that fully or partially require employees to return to the office.

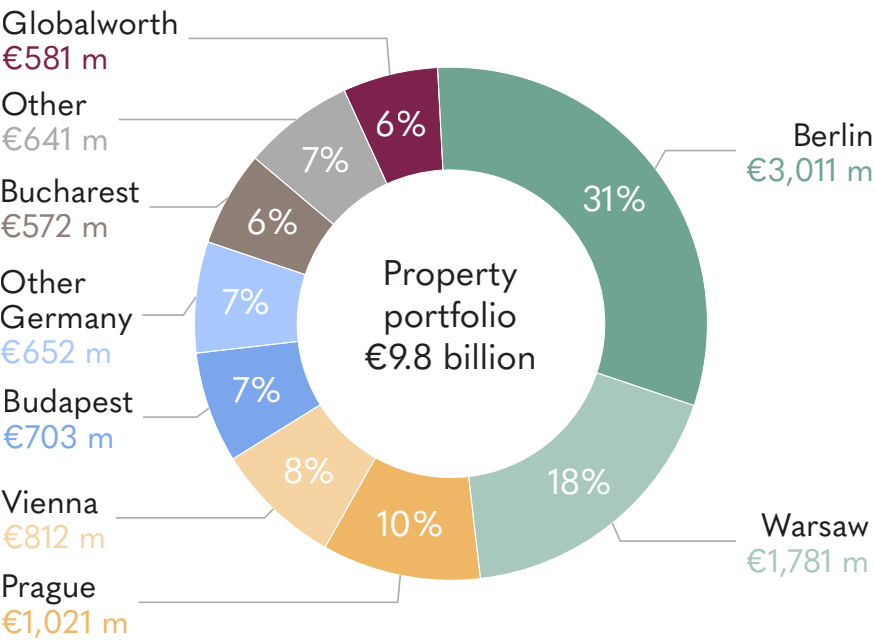
At the same time, **the cost of office spaces for tenants remains significantly lower in our regions** according to Savills, with net effective costs for prime offices in New York Midtown at \$171 per square foot per year, in Paris with \$120 compared to Berlin at \$65 and even lower rents in CEE capitals.

Sources: JLL, McKinsey Global Institute, Time Out Magazine, Oliver Wyman Urban Mobility Readiness Index, OECD Better Life Index, Stanford Institute for Economic Policy Research, Savills Research



- #1 office landlord in Berlin, Warsaw, Prague, Vienna, and Budapest
- Markets with strong fundamentals
- Focus on CBD and central locations

Office property portfolio split



Office segment summary

Net rental income increased by 48% to €208 million in H1 2023 due to acquisitions, solid like-for-like rental growth and contributions from developments. **Like-for-like rents across the office portfolio increased by 5.1% YoY.**

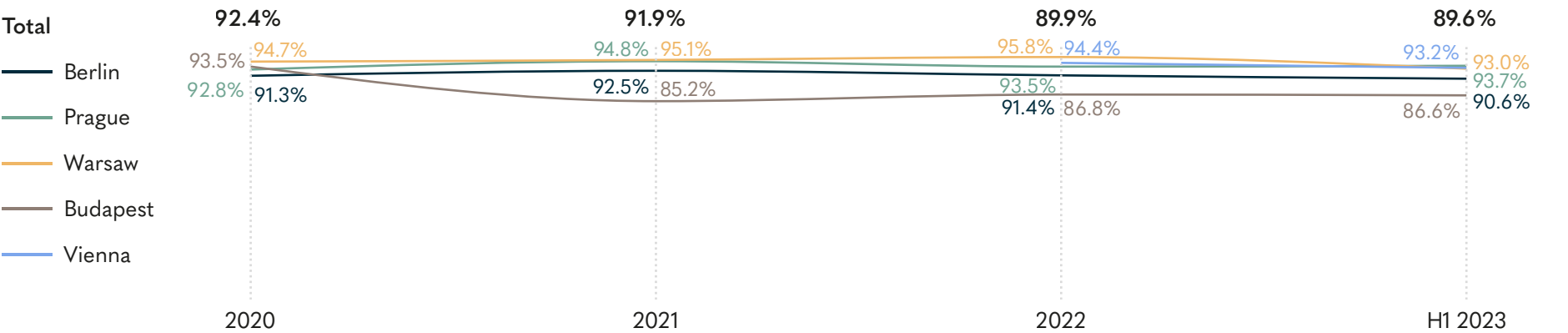
Total occupancy slightly decreased in the first six months of 2023 to 89.6%. Occupancy in Prague increased as previously vacated spaces were leased-up again. Berlin, Warsaw, Budapest, and Vienna saw slight declines mainly due to spaces intentionally vacated for redevelopment, normal tenant churn around reporting dates, and tenant space reduction at lease prolongation.

Our office tenants are well-diversified across industries. About half of our tenants are from IT, professional services, and financial services firms, reflecting the high quality of our office properties located in major European service hubs. Public tenants represent around 12% of our office headline rents.

Office tenants by type (according to headline rent)



Office occupancy rate by city (%)



Office net rental income (€ million)



Office segment summary in figures

	Office H1 2023				Office 2022			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Berlin	3,011	90.6%	932,000	48	3,000	91.4%	932,000	48
Warsaw	1,781	93.0%	563,000	24	1,789	95.8%	561,000	24
Prague	1,021	93.7%	317,000	22	1,012	93.5%	316,000	22
Vienna	812	93.2%	233,000	20	900	94.4%	244,000	22
Budapest	703	86.6%	331,000	20	700	86.8%	332,000	20
Bucharest	572	86.9%	278,000	12	570	84.2%	278,000	12
Düsseldorf	519	76.3%	88,000	3	568	71.3%	88,000	3
Other	774	84.3%	473,000	52	880	83.1%	518,000	60
Globalworth	581	–	–	–	591	–	–	–
Total	9,774	89.6%	3,214,000	201	10,010	89.9%	3,270,000	211



Our **GSG Berlin office portfolio** was valued at **€2.9 billion** at the end of June 2023, representing 29% of the Group’s office segment.

Rents on a like-for-like basis grew by a healthy **5.5% across the portfolio**, with positive growth in all clusters.

Occupancy was lower 1.1% at the end of the first half, at 90.8%, as we terminated a lease early with a sizeable tenant at Gebauer Yards in order to start with redevelopment construction works. Around one-third of the vacancy in the portfolio relates to space strategically vacated for refurbishment to support GSG’s ability to secure higher rents in the future as the portfolio remains under-rented.

During H1 2023, **GSG signed new leases, extensions and prolongations across nearly 37,900 m² of leasable area. Headline rents increased by over 39% on average.**

GSG has about 1,700 tenants with many dynamic IT and professional services companies and other small businesses. Healthy markets and active asset management allow us to retain tenants even as rents rise across the portfolio. Existing tenants are occasionally relocated to more affordable locations within our portfolio in East Berlin.

- A leading commercial real estate platform in Berlin
- Portfolio uniquely suited to creative and IT sectors
- Diversified tenant base of c.1,700
- Strong market with 3.9% overall vacancy

GSG tenants by type (according to headline rent)

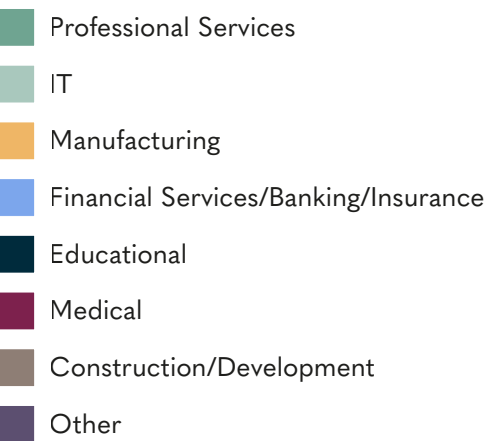
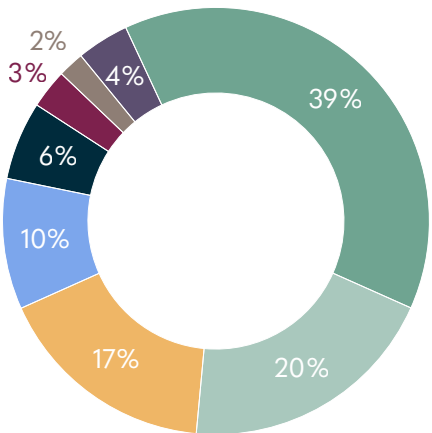


photo: © Marc-Steffen Unger



“GSG achieved robust rental growth across all of our clusters.”

Oliver Schlink, CFO, GSG Berlin

Gustav-Meyer-Allee 25, Berlin, Germany photo: © CHL



41
Assets across
Berlin

90.8%
Occupancy

5.5%
LfL growth
in rents

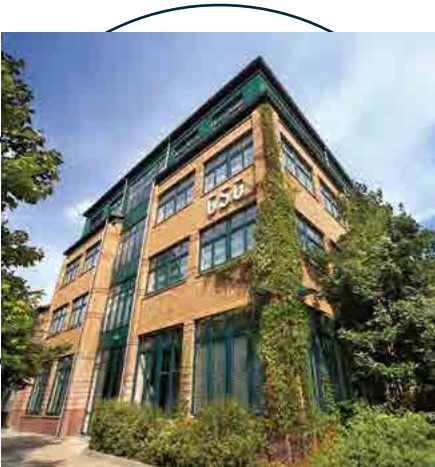
GSG’s portfolio is comprised of three clusters:



Reuchlinstraße 10-11, Rest-West



Aqua-Höfe, Kreuzberg



econopark Pankstraße

Rest-West: Several western districts in Berlin enjoy strong demand from tenants in the service, technology and creative industries

Kreuzberg: A district in Berlin that caters to the dynamic technology and start-up industries and has experienced substantial growth in recent years

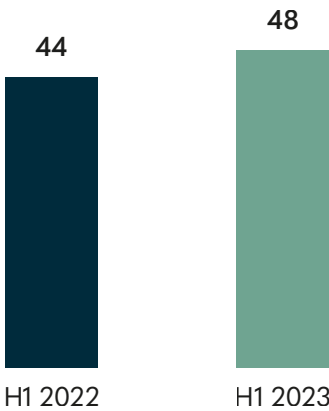
econoparks: Eastern districts of Berlin with good inner-city connections and more competitively priced space, supporting tenant rotation

GSG Berlin office segment summary in figures

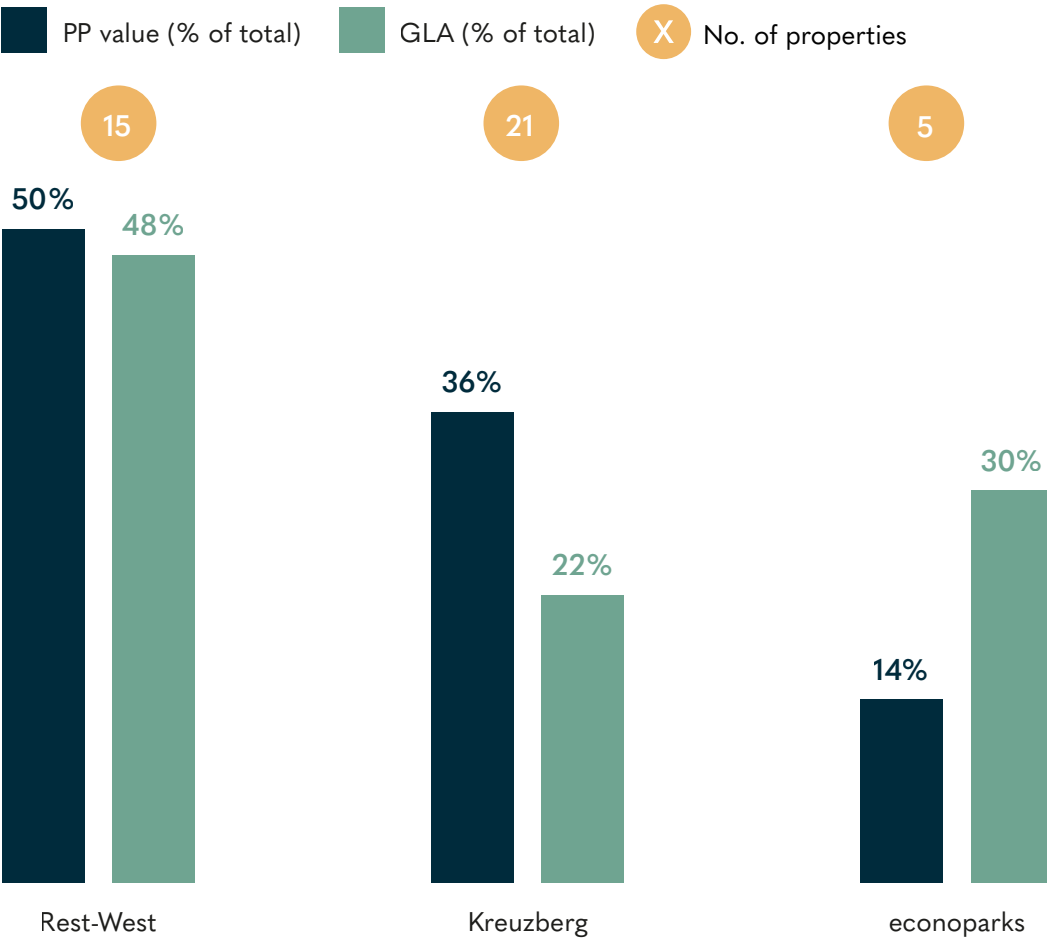
	GSG Berlin office H1 2023				GSG Berlin office 2022			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties
Rest-West	1,434	89.6%	423,000	15	1,423	90.4%	423,000	15
Kreuzberg	1,036	90.4%	191,000	21	1,033	91.9%	191,000	21
econoparks	402	95.1%	259,000	5	400	95.9%	259,000	5
Total	2,872	90.8%	873,000	41	2,856	91.9%	873,000	41

GSG Berlin office net rental income (€ million)

Net rental income increased by 9.6% to **€48 million in H1 2023**, compared to the prior period, driven mainly by organic growth in like-for-like rents, partially offset by the sale of six smaller assets in Berlin above book value at the end of Q1 2022. At the end of Q2 2023, our small-scale development, Adil & Berta, was completed, which will contribute additional rental income.



GSG Berlin portfolio



Key office properties of GSG Berlin



Reuchlinstraße 10–11
PP value: €199 million
GLA: 49,000 m²




Helmholtzstraße 2–9
PP value: €226 million
GLA: 45,000 m²



Franklinstraße 9–15a
PP value: €212 million
GLA: 36,000 m²



Gustav-Meyer-Allee 25
PP value: €159 million
GLA: 76,000 m²



Voltastraße 5
PP value: €122 million
GLA: 33,000 m²



Schlesische Straße 27
PP value: €86 million
GLA: 11,000 m²




Plauener Straße 163–165
PP value: €113 million
GLA: 82,000 m²



Schlesische Straße 26
PP value: €136 million
GLA: 25,000 m²



Wolfener Straße 32–34
PP value: €110 million
GLA: 74,000 m²



AQUA-Höfe
PP value: €130 million
GLA: 20,000 m²



Geneststraße 5
PP value: €125 million
GLA: 33,000 m²

Significant upside in GSG’s rents

According to internal and external analysis, **GSG’s average rents remain well below the Berlin market average**. Combined with the city’s continued structural supply/demand imbalance, GSG’s average rents have consistently increased since 2015. **GSG’s average monthly rent increased by a further 4.0%** in H1 2023 compared to the end of 2022, rising to €10.76/m² (versus €10.34/m²).

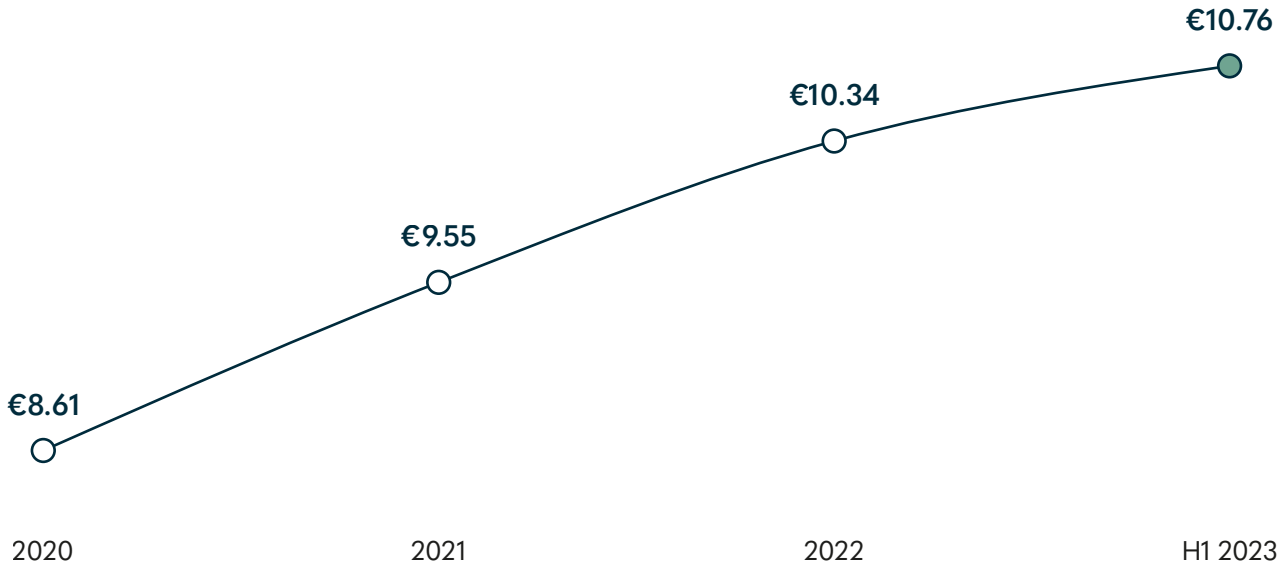
Analysis by Savills suggests that average rents for the portfolio could potentially be €14.4/m², in contrast to the overall market average rent of around €28.0/m² at the end of June 2023. The Group is optimistic that rents can continue to rise toward the market average over time, supported by continued like-for-like growth, strategic refurbishments, and new developments rented at prevailing market levels.



“Our ongoing investments and product improvements enable us to tap the **great potential** of our portfolio.”

Thomas Ostermann, Chief Operating Officer, GSG Berlin

GSG’s average rents have continued to increase and still have significant upside



Average rent (per m² by Berlin clusters)

	2020	2021	2022	H1 2023
Rest-West	8.34	9.43	10.31	10.70
Kreuzberg	14.00	15.43	17.23	17.88
econoparks	5.06	5.44	5.93	6.25
Total	8.61	9.55	10.34	10.76

Note: Data relates to (€/m²/month)

Berlin office market

The Berlin office market recorded a solid first six months with a total take-up volume of 286,500 m², which is 13% lower year-on-year. Despite the decline, this was about 10% above the average past five half-years.

The vacancy rate slightly increased to 3.9% from 3.1% at year-end due to the completion of developments. Around 320,000 m² of new office spaces are expected to be delivered in 2023. Prime rents remain unchanged at €45.00/m²/month year-on-year after significantly increasing over the course of last year. Average rents stood at €28.00/m²/month.

The strength of the Berlin office market is partly attributed to the consistent growth of dynamic industries and start-ups in the city, from IT, fintech, and creative sectors. Despite only representing 4.4% of the German population and 4.6% of the national GDP, 38% of all German start-up investments were invested in Berlin-based companies during H1 2023.

Investment volume was €2.81 billion in the first half of 2023. Retail and Residential assets were the most traded segments, with offices accounting for slightly more than €500 million in investments.

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

GSG-Hof Helmholtzstraße, Berlin, Germany photo: © CHL



Warsaw

CPIPG is the **leading office landlord in Warsaw**, with a portfolio valued at nearly €1.8 billion, comprising 24 properties and 563,000 m² of space. Our **CBD-focused, modern, green portfolio** in Warsaw comprises 18% of the Group’s office segment.

Rental income increased by 20% to €47 million, driven primarily by the acquisition of IMMOFINANZ and solid leasing activity. In addition, like-for-like rents have remained robust across the portfolio.

In the first six months of 2023, CPIPG signed over 44,100 m² of new leases, extensions, and prolongations. Notably, several larger leases above 1,000 m² for both prolongation and new leases have been signed as larger occupiers plan with hybrid work with three or more days at the office. Location and office amenities are the key factors for tenants’ decisions.

Occupancy remains well above the average in Warsaw, with CPIPG’s office portfolio at 93.0% compared to the market average of 88.6% – a testament to our strong asset quality and property management teams in Warsaw. Occupancy declined in H1 2023 by 2.8%, mainly due to the move out of two larger tenants, while our leasing teams are in advanced negotiations with potential new tenants for the second half of the year.

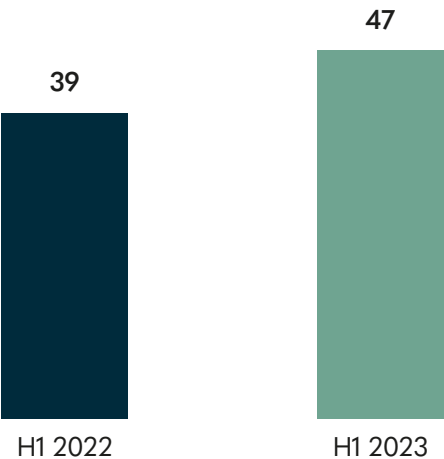
Our strategy of slightly shorter leases should allow us to capture additional rental growth throughout 2023 and 2024, as there is a supply gap in the Warsaw office market.



“Most of our tenants are renewing their contracts, which confirms our excellent product and service offering.”

Barbara Topolska, Country Manager, Poland

Warsaw office net rental income
(€ million)



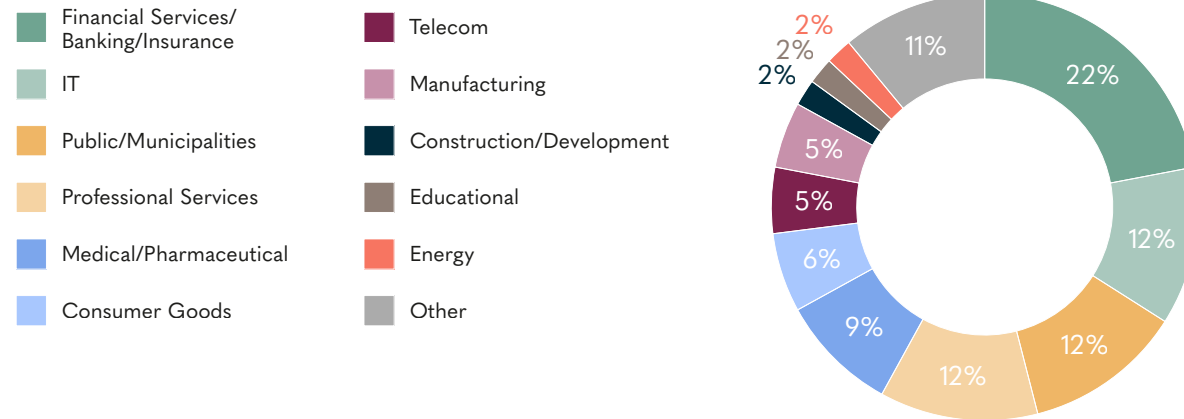
Warsaw Spire, Poland

€1.8 bn
Warsaw office portfolio

#1
office landlord in Warsaw

93%
Occupancy

Warsaw tenants by type (according to headline rent)



Warsaw office market

At the end of June 2023, Warsaw's modern office stock amounted to 6.3 million m². The new supply delivered to the Warsaw office market in H1 2023 was only 18,700 m² across three projects.

Currently, there is only 230,000 m² of office space under construction between 2023 and 2025, which is around a third of previous years. The majority of supply is expected to be delivered in 2025 with further downward pressure on near-term vacancy rates due to the supply gap in 2023 and 2024.

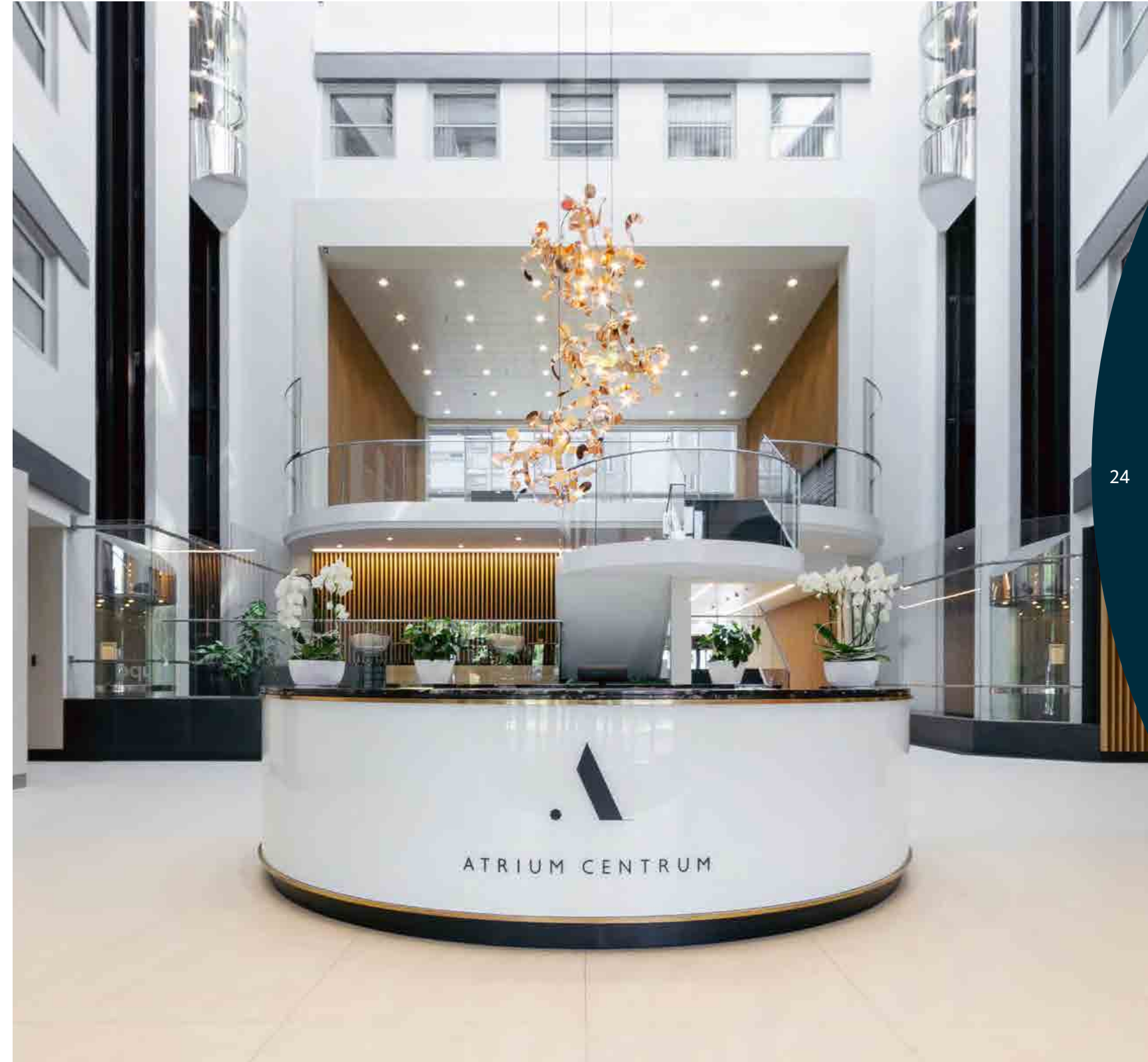
Leasing activity was high with over 325,700 m² of which 51% were new leasing arrangements, 45% renewals and 4% expansions.

Companies are also taking a more conservative approach to leasing, renegotiating existing leases rather than moving to new locations.

Since the start of the year, Warsaw's vacancy rate has declined by 0.2% p.p. to 11.4%, with lower rates inside central zones at 9.9%.

Prime office property rents increased by 2.9% YoY in the first half of 2023 to €26.75/m²/month in the city centre. Average rents increased by 5.8% YoY to €20.64/m²/month.

Poland's commercial real estate investment market recorded €802 million in transactions across 33 transactions. Office properties represented 24% of the investment volume.




Key office properties in Warsaw




Eurocentrum
PP value: €252 million
GLA: 85,000 m²



Concept Tower
PP value: €27 million
GLA: 9,000 m²



Green Corner
PP value: €53 million
GLA: 15,000 m²



Atrium Centrum
PP value: €55 million
GLA: 18,000 m²



Atrium Plaza
PP value: €45 million
GLA: 15,000 m²



Equator IV
PP value: €60 million
GLA: 21,000 m²



Warsaw Financial Center
PP value: €281 million
GLA: 50,000 m²



Equator II
PP value: €62 million
GLA: 23,000 m²




myhive Nimbus
PP value: €53 million
GLA: 21,000 m²




myhive Park Postępu
PP value: €77 million
GLA: 35,000 m²



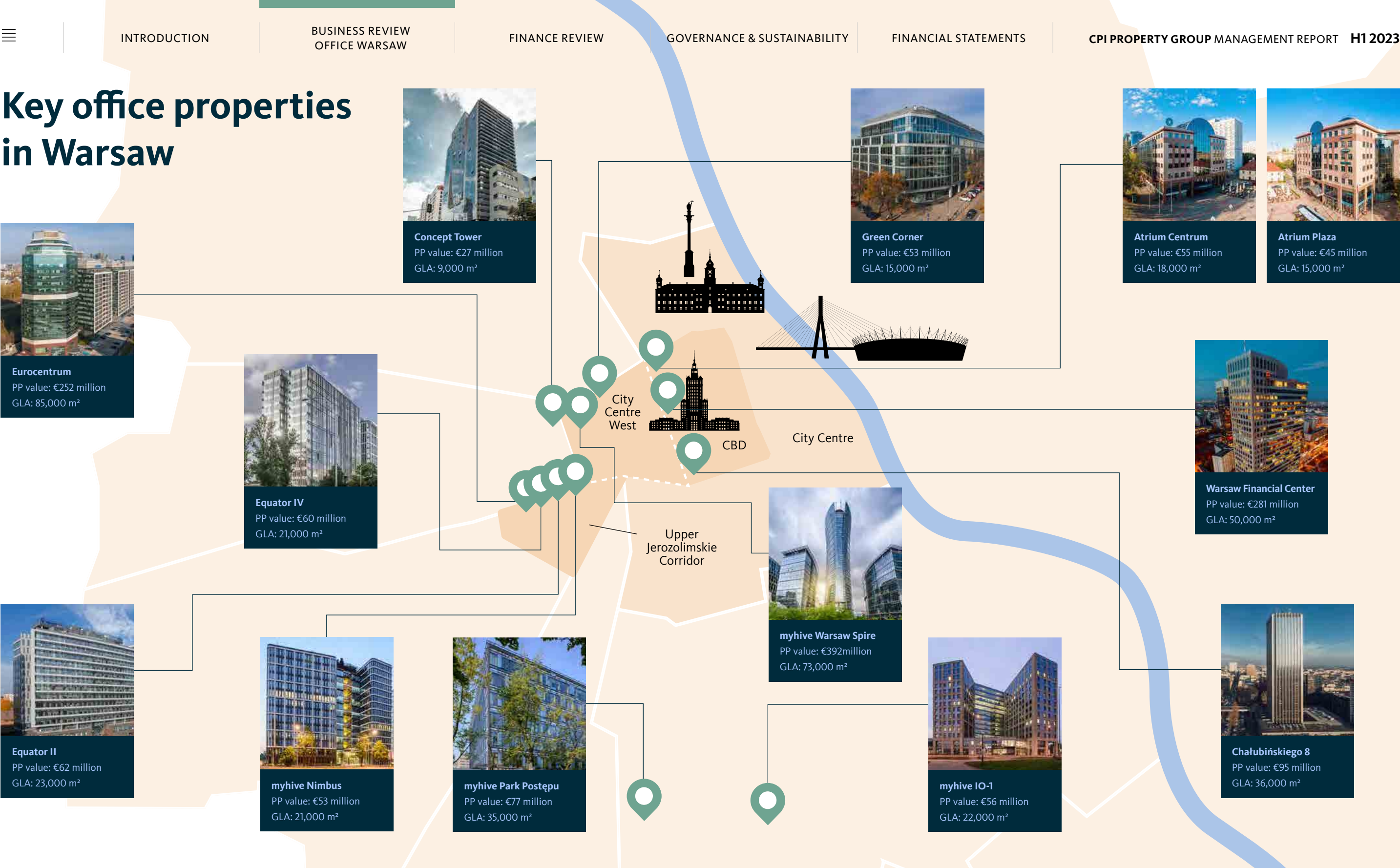
myhive Warsaw Spire
PP value: €392million
GLA: 73,000 m²



myhive IO-1
PP value: €56 million
GLA: 22,000 m²



Chałubińskiego 8
PP value: €95 million
GLA: 36,000 m²



Prague

The value of our office portfolio in Prague stood at €1 billion at the end of June, comprising 10% of the Group’s office segment. **Occupancy in the portfolio is high at 93.7% with an average WAULT to first break of 4.1 years.** Overall occupancy slightly increased by 0.2% versus year-end as demand for office spaces in Prague remains high.

Net rental income increased by 14.5% to €27 million due to the contribution from the acquisition of the IMMOFINANZ Prague portfolio combined with positive like-for-like rents across the portfolio partially offset by the impact of the BBC Gamma office disposal in September last year.

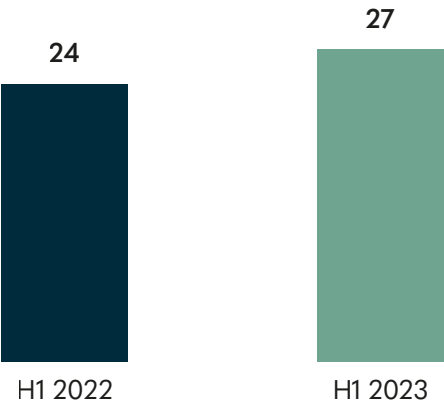
The Group recorded solid leasing activity in the first half of 2023, with only a handful of tenants requesting a reduction in space. Tenants tend to extend existing leases due to the limited availability of high-quality office spaces as well as the relocation and fit-out costs and the long lease terms for new leases. **Nearly 46,000 m² of new leases, extensions and prolongations were signed** by the Group, which is close to the 2022 total leasing volume reflecting the increased portfolio size and solid demand for our offices.



“Our high level of leasing activity reflects demand from tenants looking to secure space for their office needs.”

David Voříšil, Head of Office Asset Management CZ

Prague office net rental income (€ million)



Palác Archa, Rooftop terrace, Prague, Czech Republic




93.7%
Occupancy

#1
office
landlord in
Prague

Key office properties in Prague



Na Příkopě 14
PP value: €100 million
GLA: 17,000 m²



Quadrio
PP value: €127 million
GLA: 17,000 m²



City West
PP value: €79 million
GLA: 29,000 m²



Bubenská 1
PP value: €87 million
GLA: 22,000 m²



Zlatý Anděl
PP value: €50 million
GLA: 14,000 m²



myhive Pankrac House
PP value: €46 million
GLA: 19,000 m²




Tokovo
PP value: €40 million
GLA: 21,000 m²



myhive Palmovka
PP value: €81 million
GLA: 26,000 m²



Palác Archa
PP value: €72 million
GLA: 22,000 m²



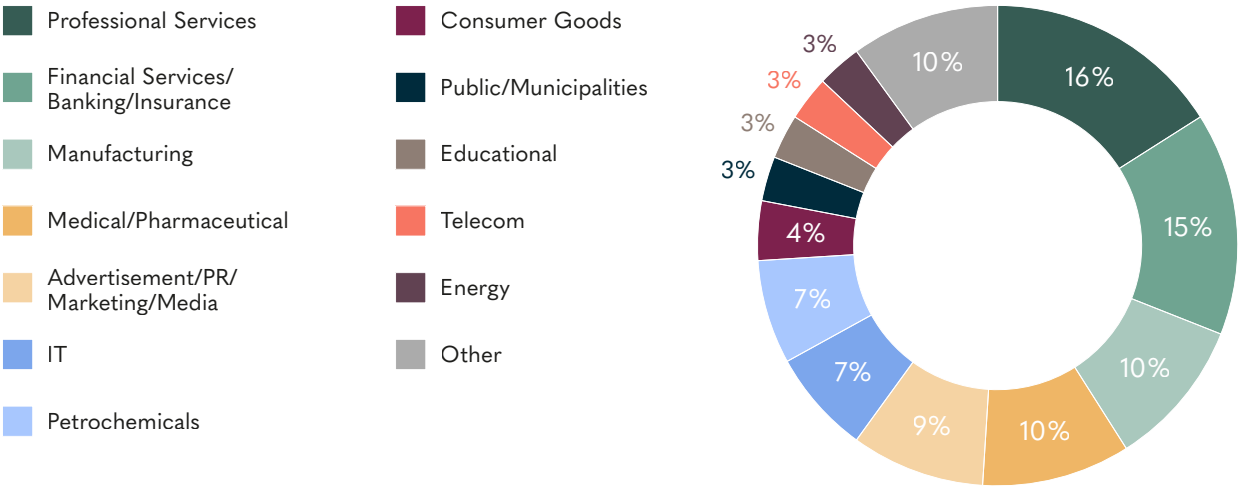
Meteor Centre Office Park
PP value: €57 million
GLA: 19,000 m²



Luxembourg Plaza
PP value: €75 million
GLA: 23,000 m²



Prague office tenants by type (according to headline rent)



Prague office market

At the end of June 2023, the total Prague modern office stock stood at 3.85 million m² with 38,000 m² of new office stock added to the market in the first half and c. 66,800 m² expected to be completed in the year's second half. This is well below the long-term annual average of approximately 130,000 m² over the last years.

Total gross take-up reached 148,800 m² in the second quarter, a 23% year-on-year and 10% quarter-on-quarter increase versus 137,700 m² take-up in Q1 2023.

Tenants from the IT sector (42%), the finance sector (9%) and the pharmaceutical sector (7%) were the main driver of demand. New leases and expansions accounted for 41% of the take-up, while renewals represented 53% and pre-lettings for new buildings 4%.

The vacancy rate decreased by 0.4% to 7.3% at the end of June 2023 versus year-end 2022. The variation across sub-markets remains substantial, with the lowest vacancy rate in Prague 8 (3.9%) compared to the highest in Prague 3 (20.4%).

Prime rents remained unchanged after previous increases at €26.5 to 27.00/m²/month, and average rents at good locations ranged from €17.75 to €18.25/m²/month. During the first half of 2023, more than €900 million in transaction volume was recorded in the Czech Republic, with over €130 million in offices.



Vienna

Through our acquisitions of IMMOFINANZ and S IMMO, **CPIPG became a leading office owner in Vienna with two well-established platforms.** The Vienna office portfolio is valued at €812 million, representing 8% of the Group’s office segment. Properties include several myhive buildings like the prominent Twin Towers myhive am Wienerberg. The size of the Vienna portfolio declined over the last twelve months as IMMOFINANZ sold three office buildings.

Net rental income in the Vienna office segment was €17 million. Occupancy remained high at 93.2%, a slight 1.2% decline versus year-end, mainly due to spaces being renovated before re-letting.

The Vienna portfolio has an exceptionally high share of public and municipality tenants, with 39%, which have a high credit quality and tend to be stickier.

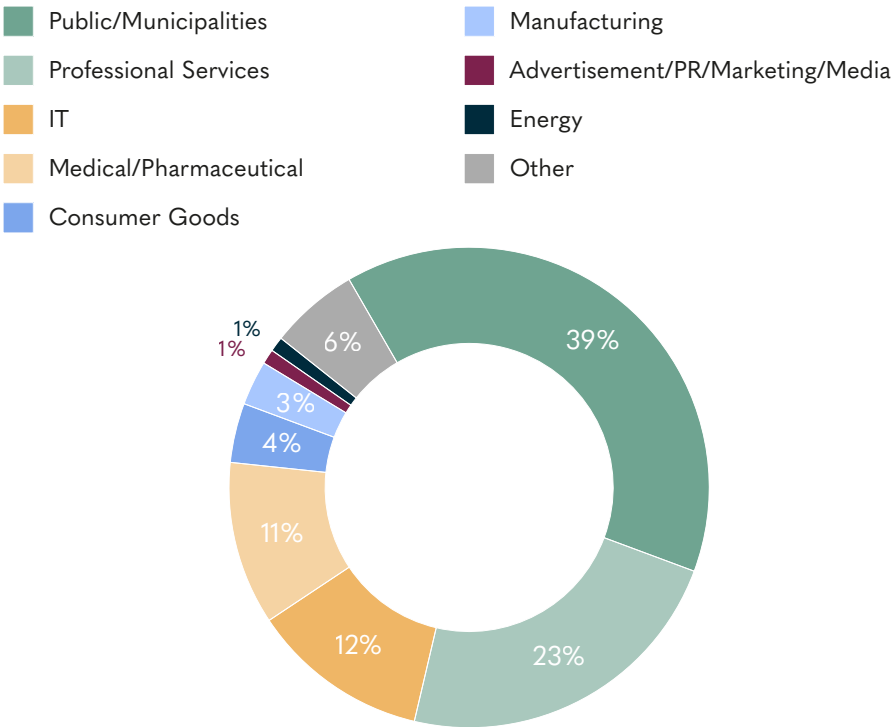
Vienna office market

Vienna had 6.1 million m² of modern office space at the end of June 2023. Take-up for offices was strong, with approximately 74,400 m², a nearly 17% increase versus the first half of 2022. Completions remained low at 126,000 m², leading to a further decline in the vacancy rate by 0.6% to 3.8% versus year-end 2022.

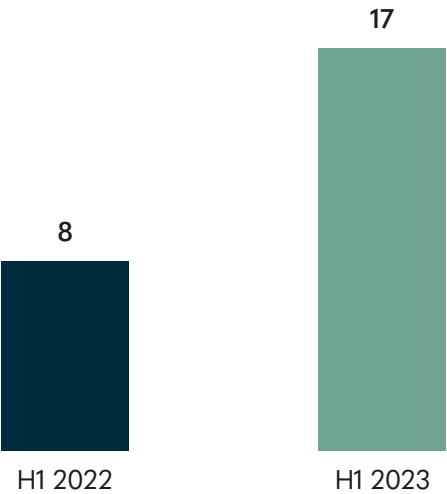
Prime rents rose moderately to €27.5/m²/month, and average rents ranged from €14.0 to €19.0/m²/month. The transaction volume in the Austrian real estate market was around €1 billion in the first half of the year, with nearly half presented by the sale of Signa’s Kika/Leiner retail portfolio to Supernova.

Sources: Vienna Research Forum, CBRE

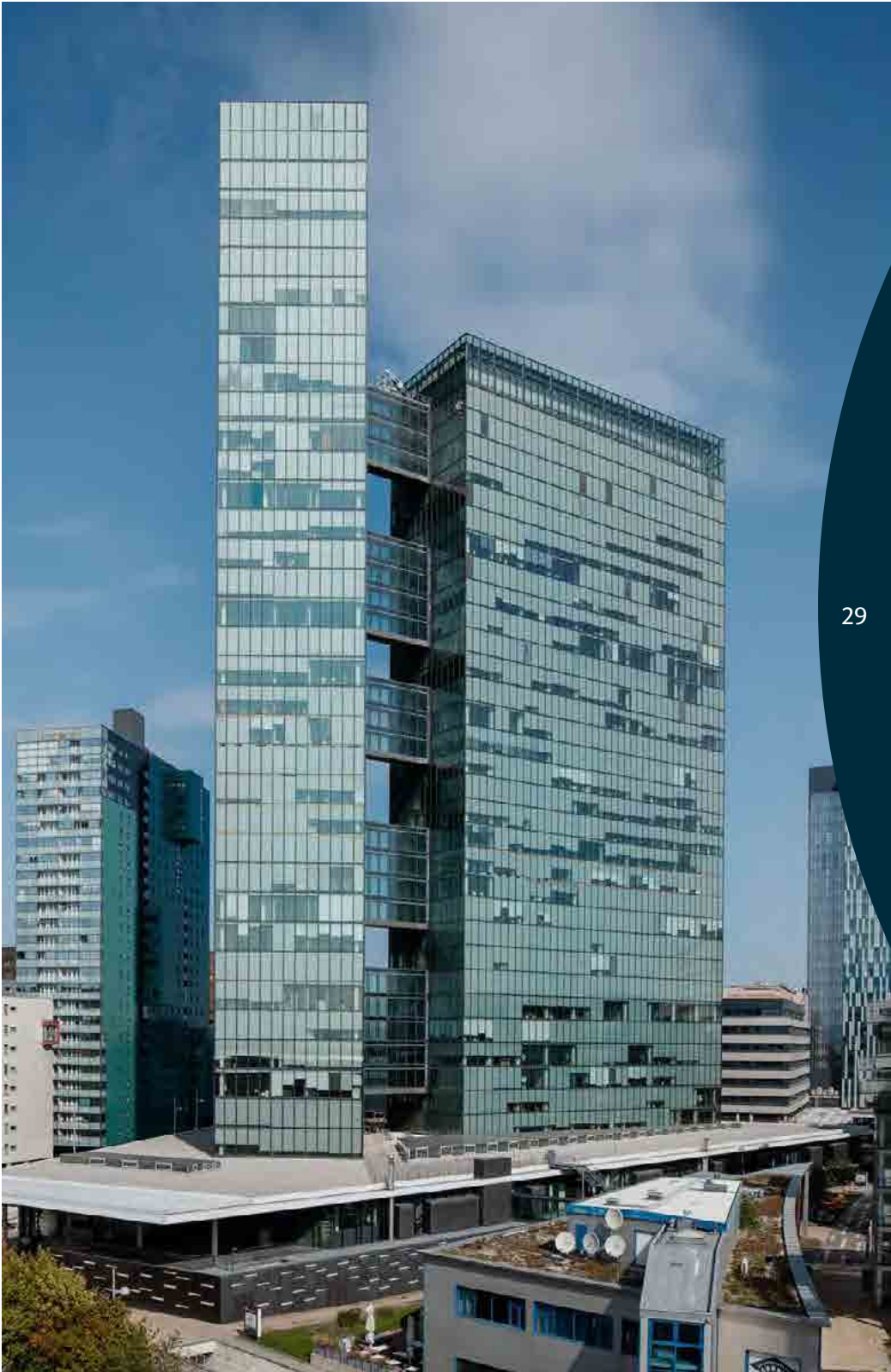
Vienna office tenants by type (according to headline rent)



Vienna office net rental income (€ million)



myhive am Wienerberg, Vienna, Austria photo: © Christian Stemper



Budapest

CPIPG’s high-quality office portfolio in Budapest consists of 20 offices valued at €703 million, accounting for 7% of the Group’s office segment.

Occupancy of the portfolio remained nearly unchanged at 86.6%, a -0.2% change versus the end of 2022. Our team managed to **increase the average WAULT by 0.8 to 3.5 years as several new leases and key prolongations were secured.**

During H1 2023, our teams in Budapest **signed nearly 16,000 m² of new leases, extensions and prolongations.** In Q2, leasing activity ticked up after a softer Q1, with several ongoing negotiations slipping into the second half of the year.

The portfolio’s net rental income increased in H1 2023 to €22 million (+77% YoY). This is due to the contribution from the S IMMO and IMMOFINANZ portfolios, together with positive like-for-like rent developments. The portfolio benefits from a high share of public tenants (34%), followed by IT (15%) and financial services/banking/ insurance tenants (11%).

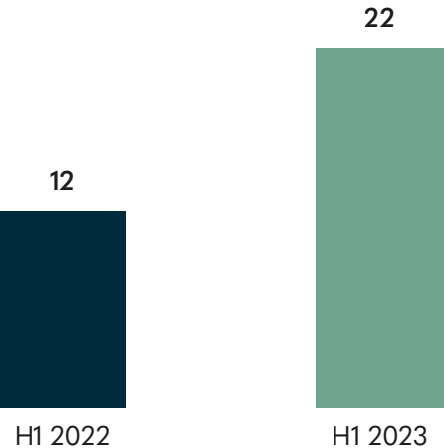
Budapest office market

Modern office stock in Budapest reached over 4.3 million m² as of the end of June 2023. There were approximately 64,100 m² of new completions during the year, with parts of the new stock being owner-occupied. The ongoing pipeline for 2023 and 2024 is lower than in previous years, with 64,900 m² and 112,000 m². Demand was strong in H1 2023, with a total leasing activity of 196,600 m², 4% above last year. Net absorption turned positive, amounting to 12,290 m².

The office vacancy rate increased to 12.6%, representing a 1.3% increase since the end of 2022. Average rents increased by 1.7% YoY to €14.2/m²/month, and prime rents equalled €24.5/m²/month. The transaction volume in the Hungarian commercial real estate market reached €210 million in H1 2023, of which c. 45 million represented offices.

Sources: Budapest Research Forum (BRF), CBRE

Budapest office net rental income (€ million)

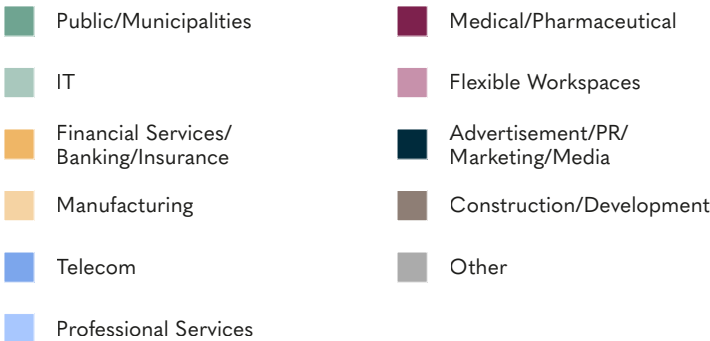


Growing
like-for-like
rents

3.5 years
average
WAULT

Modern
& sustainable
properties

Budapest office tenants by type (according to headline rent)



“Our increased portfolio size allows us to offer tenants flexible solutions while making swift decisions.”

Mátyás Gereben, Country Manager, Hungary

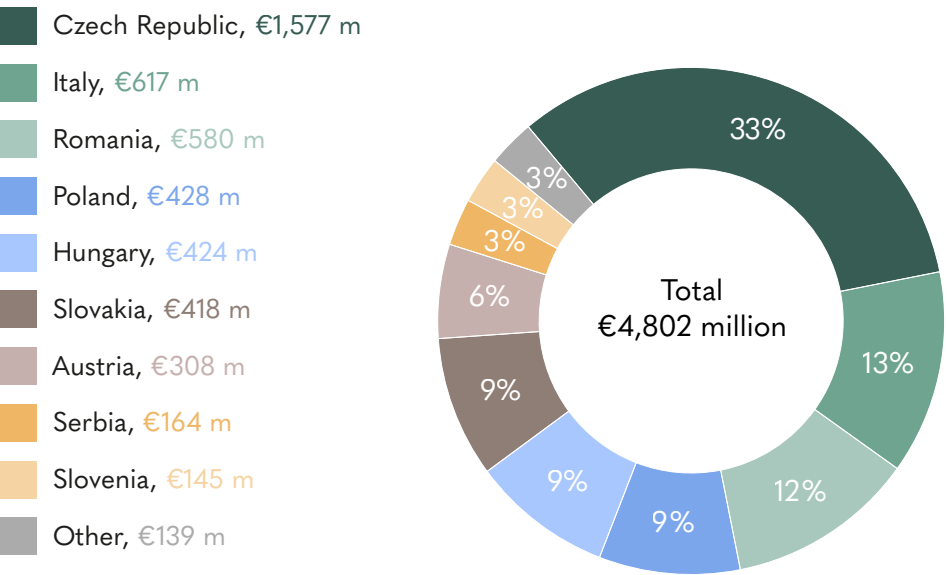
Retail

CPIPG is the leading retail park landlord in CEE and the retail market leader in the Czech Republic.

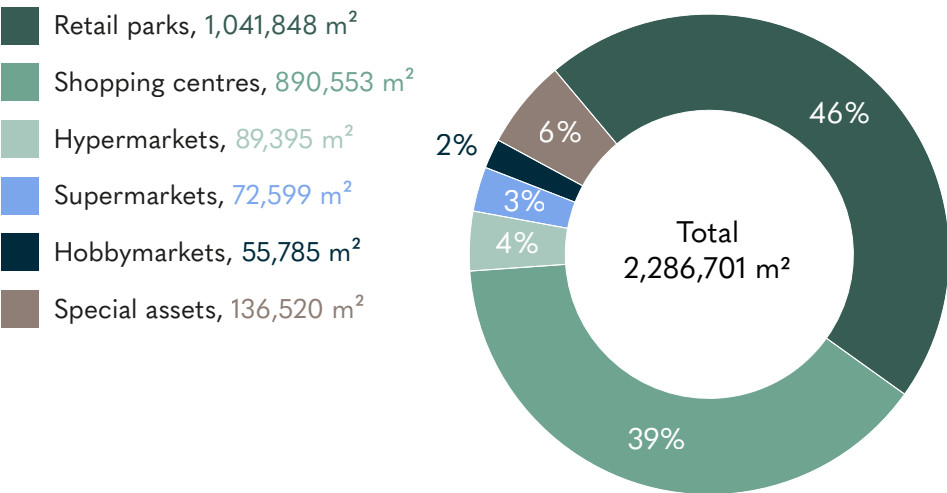
CPIPG has a long track record as a retail landlord in the Czech Republic since the founding of the Group in the early 1990s. In early 2017, CPIPG’s footprint significantly expanded domestically and into other CEE markets, including Poland, Hungary and Romania, by acquiring a retail portfolio from CBRE Global Investors. During 2022, the footprint was further expanded through the acquisitions of IMMOFINANZ and S IMMO, consisting primarily of STOP SHOP retail parks and VIVO! shopping centres.

The portfolio includes **153 resilient and well-located retail parks**, which performed exceptionally throughout the COVID-19 pandemic and remain in strong demand. The portfolio also comprises **25 dominant shopping centres located in regional cities** across Central Europe, where supply is well-below Western markets and retail dynamics remain strong, and **ten retail assets in core city locations in Prague, Bratislava, Rome and Bucharest** some of which are part of mixed-use developments. In addition, this segment benefits from a portfolio of **stable hypermarkets, supermarkets and DIY markets**, many of which are adjacent to our shopping centres and retail parks.

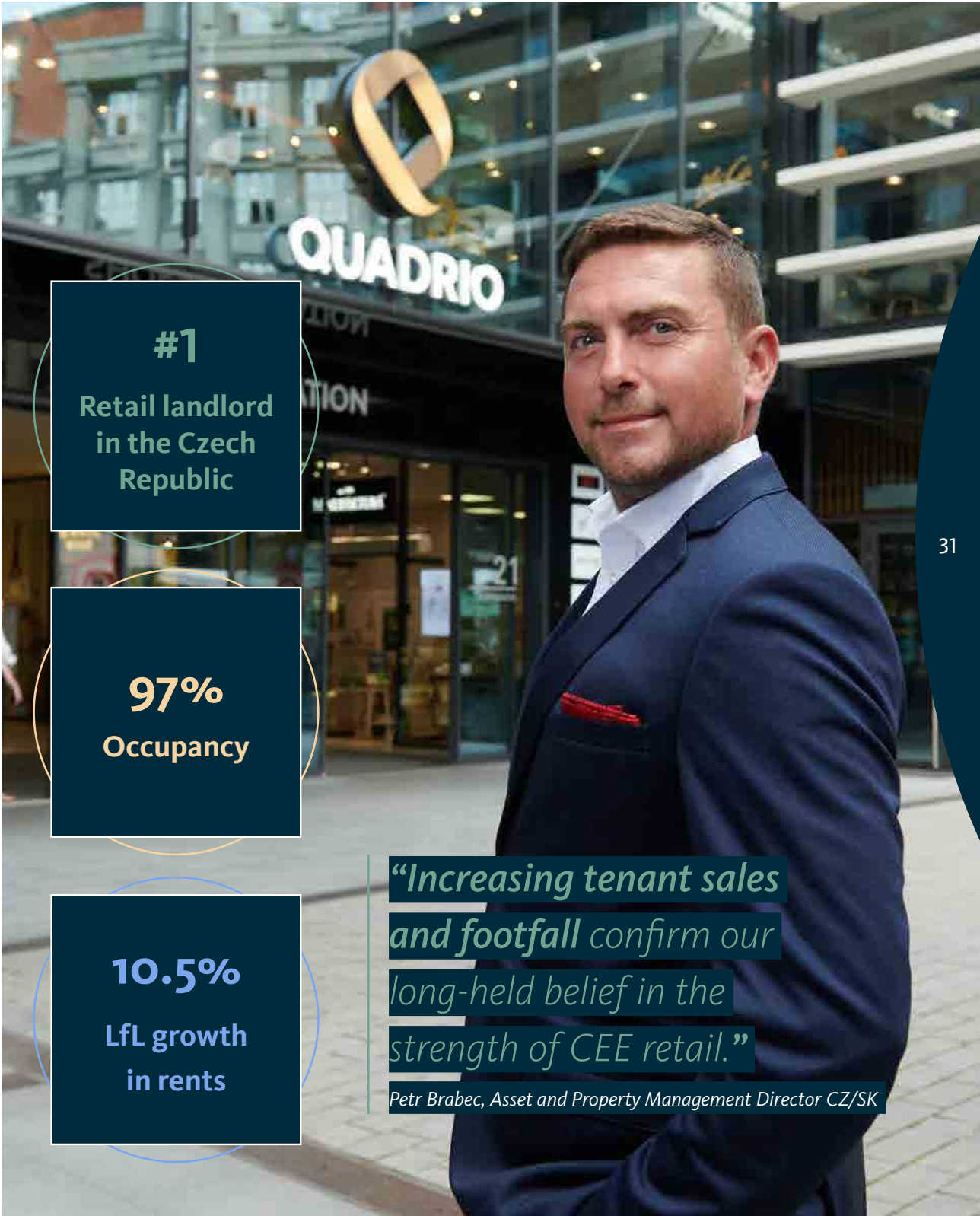
Retail property portfolio by country



Retail assets by type (according to GLA)



*Retail parks are multi-store assets with no common areas/common indoor space.
Special assets include small retail assets (i.e. individual shops).*



#1
Retail landlord
in the Czech
Republic

97%
Occupancy

10.5%
LfL growth
in rents

*“Increasing tenant sales
and footfall confirm our
long-held belief in the
strength of CEE retail.”*

Petr Brabec, Asset and Property Management Director CZ/SK

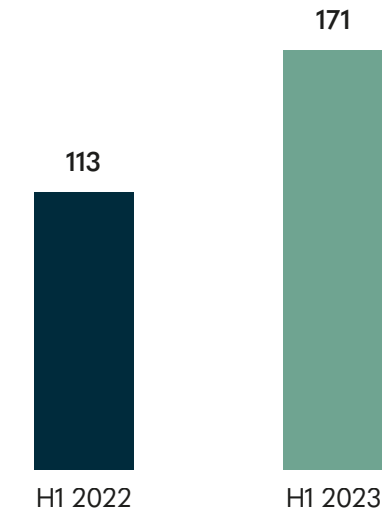
Retail segment summary

The total value of the retail segment stood at €4.8 billion at the end of June. **Occupancy in our retail portfolio remained high at 97.0%**, a slight decrease compared to the year-end with 97.9%. Occupancy has been remarkably high and steady despite e-commerce and the pandemic. Net rental income **increased by 52%** year-on-year, increasing from €113 million to €171 million, primarily due to the acquisition of IMMOFINANZ and S IMMO, solid like-for-like rental growth and stable high occupancy.

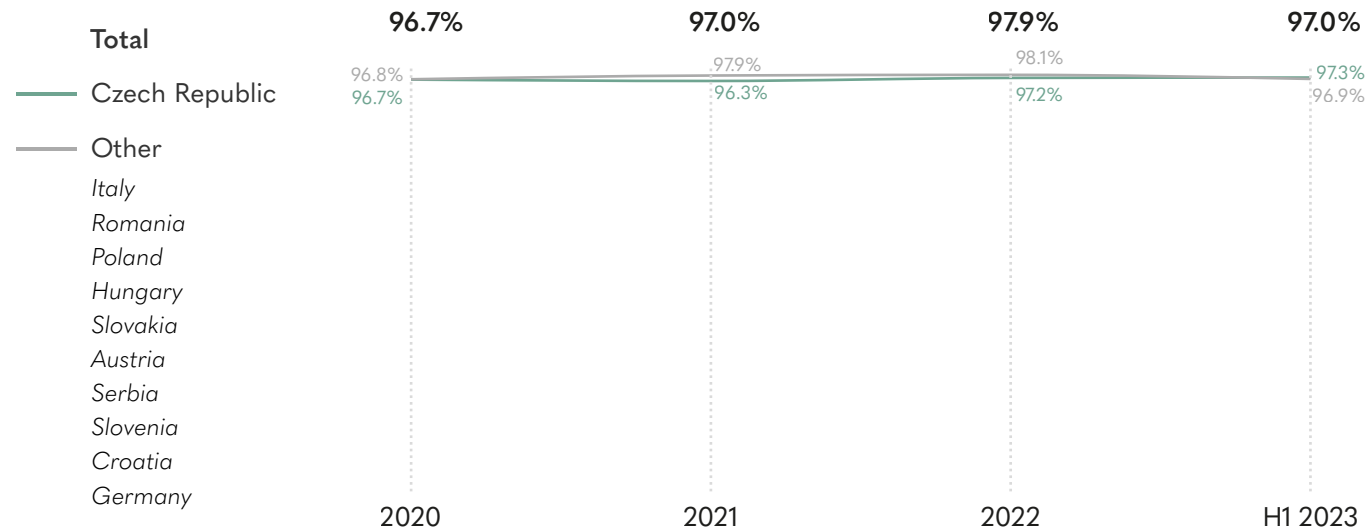


VIVO! Bratislava, Slovakia

Net rental income (€ million)



Retail occupancy rate by country (%)



Retail segment summary in figures

	Retail H1 2023				Retail 2022			
	PP value (€ million)	Occupancy (%)	GLA (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (in m²)	No. of properties
Czech Republic	1,577	97.3%	650,000	132	1,563	97.2%	650,000	132
Italy	617	98.6%	198,000	20	616	99.1%	198,000	20
Romania	580	98.4%	244,000	8	578	99.0%	244,000	8
Poland	428	98.0%	253,000	22	428	98.5%	253,000	22
Hungary	424	96.2%	274,000	21	423	96.2%	274,000	21
Slovakia	418	95.1%	254,000	35	418	96.7%	255,000	35
Austria	308	97.9%	112,000	20	303	97.8%	112,000	20
Serbia	164	100.0%	124,000	14	164	100.0%	124,000	14
Slovenia	145	99.2%	95,000	14	145	99.2%	95,000	14
Croatia	70	100.0%	47,000	7	56	98.0%	39,000	6
Germany	37	43.2%	34,000	6	49	91.9%	44,000	7
Globalworth	32	–	–	–	31	–	–	–
Total	4,802	97.0%	2,287,000	299	4,773	97.9%	2,290,000	299

Shopping centres in the Czech Republic

Rents in our Czech shopping centres **grew by 7.5% on a like-for-like basis driven by indexation**. Leasing activity reached over 16,500 m², with over 88% of leases maturing in 2023 already prolonged or under negotiation.

Retail sales for CPIPG fully recovered from the pandemic during 2022 and continued to increase in the first half of 2023 by 9.3% on a like-for-like basis.

The increase can be attributed to higher footfall, up by 11.3% on a like-for-like basis, and higher inflation. The footfall remains 9.5% below pre-pandemic levels, cementing the trend of higher average basket sizes from the previous years. Regional shopping centres continue to perform better than inner-city locations, which are slightly more affected by lower footfall from office workers due to hybrid work.

Through our active leasing and asset management approach, **occupancy further increased by 0.5% to 97.3%**, reflecting the strong relationship with

tenants and the quality of our assets. Given the lack of new tenants entering the market, this is a strong indication of the quality of our properties and asset management, as tenants are highly selective in choosing new locations. It also reflects our steady investments in existing properties, as is currently the case for the refurbishments of areas in our OC Nisa and Futurum Hradec Králové shopping centres.

Our shopping centres continue to benefit from being **highly competitive and attractive for our tenants, with the affordability ratio improving over the last few years, currently at a healthy 10.5% (vs 12% in 2019)**, despite rising energy and labour costs. A positive impact on tenants’ costs is expected from the ease of supply chains, more stable energy markets and the overall decline in inflation rates from last year’s high levels.

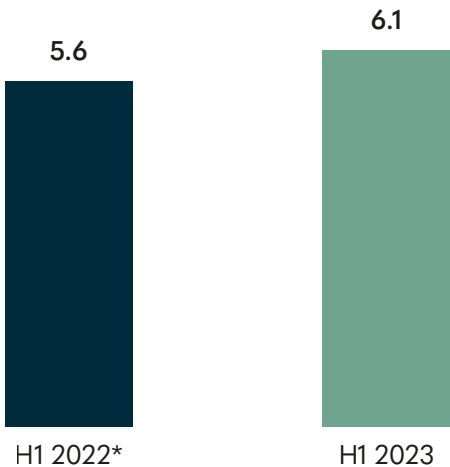
Overall, tenant quality remains solid, reflected in a 98.5% collection rate.

Czech Shopping Centre tenants by type (according to headline rent)



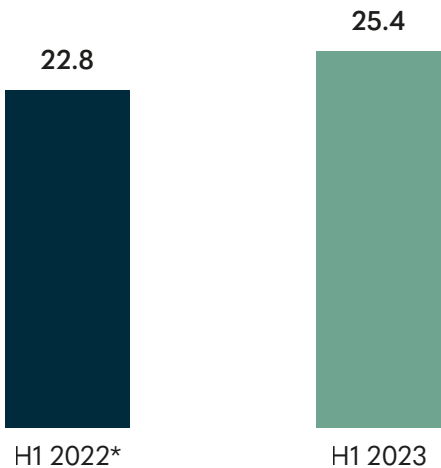
Note: Specialist include Books and Stationery, Toys, Presents and E-commerce.

Increase in tenant sales (bn CZK)



* incl. VIVO! Hostivař, excl. shopping centres sold in 2022

Increase in footfall (million)




* incl. VIVO! Hostivař, excl. shopping centres sold in 2022

9.3%
increase in
tenant sales on a
LfL basis

11.3%
increase in
footfall on a LfL
basis


Affordability
ratio **10.5%**
rent, service &
marketing
charges as a %
of turnover

Shopping centres in the Czech Republic

 Shopping centres



Olympia Plzeň
City: Plzeň
PP value: €151 million
GLA: 41,000 m²




Olympia Teplice
City: Teplice
PP value: €61 million
GLA: 29,000 m²




Zlatý Anděl
City: Prague
PP value: €87 million
GLA: 7,000 m²



Quadrio
City: Prague
PP value: €130 million
GLA: 8,000 m²




Fénix
City: Prague
PP value: €59 million
GLA: 13,000 m²



VIVO! Hostivař
City: Prague
PP value: €45 million
GLA: 23,000 m²



Spektrum
City: Čestlice
PP value: €23 million
GLA: 7,000 m²



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



Futurum Kolín
City: Kolín
PP value: €32 million
GLA: 10,000 m²



Futurum Hradec Králové
City: Hradec Králové
PP value: €122 million
GLA: 39,000 m²



Olympia Mladá Boleslav
City: Mladá Boleslav
PP value: €56 million
GLA: 21,000 m²



Nisa
City: Liberec
PP value: €96 million
GLA: 49,000 m²

Retail parks

The discount-focused and convenience-oriented retail park format proved its resilience throughout the pandemic. **Our retail park concepts are also highly efficient in keeping occupier costs low.** Retail parks also prove to be resilient in times of higher inflation as our tenants provide customers with day-to-day essentials and excellent value for money. Some of the largest tenants include brands such as KiK, Pepco and Deichmann.

CPIPG’s retail park portfolio spans across the CEE region with over 1 million square metres GLA, making the Group the largest retail park landlord in the region. The portfolio’s footprint and reach make the Group a preferred landlord for leading national and international retailers.

The retail parks are branded with our well-known STOP SHOP and CityMarket brands providing price-conscious “smart shoppers” with a consistent and attractive mix of everyday products. Together with excellent accessibility and plenty of parking spaces, our retail parks are the dominant retail concept in secondary and tertiary cities in the regions. Occupancy in the Group’s retail parks was 99% at the end of June 2023, and we registered growing demand in our premises.

*“Our retail parks offer tenants and consumers **exceptional value for money.**”*

Pavel Jirásek, Head of Retail Warehouse Asset Management

Hypermarkets and supermarkets

Hypermarkets and supermarkets also represent a highly stable part of the Group’s retail segment, as demonstrated during the pandemic.

Turnovers of hypermarkets, supermarkets and DIY markets continued to grow throughout the pandemic and the first half of 2023. This can be attributed to essential retail continuing to operate despite lockdowns and continued higher spending on food, other daily goods and home improvements. In light of the buoyant activity over the last years, the portfolio remained practically **100% occupied.**



CityMarket Náchod, Czech Republic



98.8%

Retail park
occupancy

**Largest retail
park owner in
the CEE region**

153
retail park
properties

Group retail parks

Retail parks

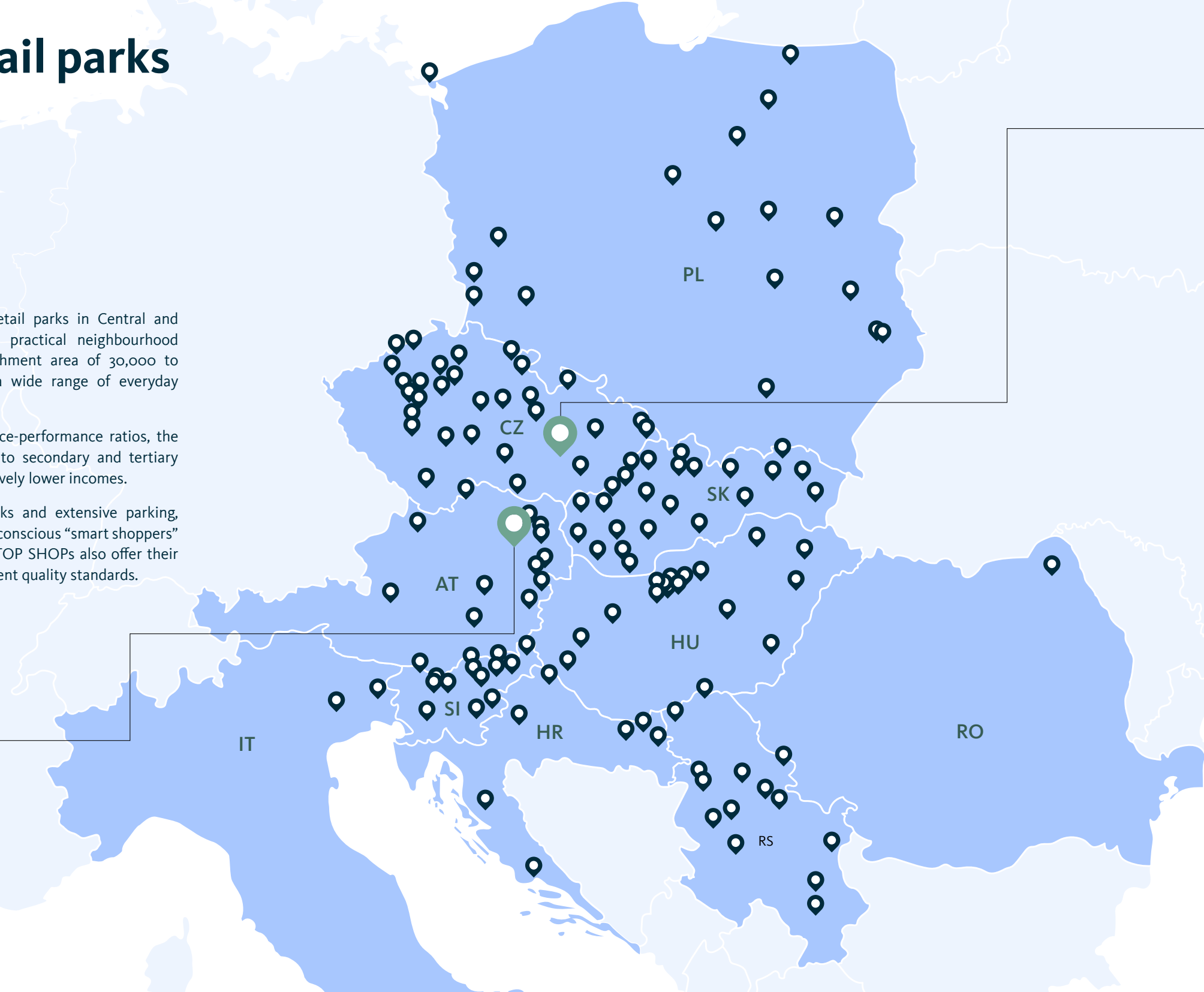


The STOP SHOP brand for retail parks in Central and Eastern Europe are pleasant, practical neighbourhood shopping centres with a catchment area of 30,000 to 150,000 residents and offer a wide range of everyday products.

Characterised by attractive price-performance ratios, the concept is particularly suited to secondary and tertiary cities in regions with comparatively lower incomes.

With their good transport links and extensive parking, these locations appeal to price-conscious “smart shoppers” who value easy accessibility. STOP SHOPS also offer their customers impressively consistent quality standards.

photo: © Christian Stemper



Our CityMarket brand of retail parks can be found in almost every region of the Czech Republic as well as in Slovakia, Poland and Hungary. They all boast excellent locations and accessibility, high-quality tenants and parking spaces in abundant supply.

Our CityMarket retail parks continue demonstrating resilient, stable performance, with occupancy close to 100%.

- AT – Austria
- HR – Croatia
- CZ – Czech Republic
- HU – Hungary
- IT – Italy
- PL – Poland
- RO – Romania
- RS – Serbia
- SI – Slovenia
- SK – Slovakia

Olympia Teplice, Czech Republic



Czech retail market

Czech retail sales, in nominal terms, exceeded pre-pandemic levels, partly driven by double-digit inflation. At the same time, consumer spending did not keep up with inflation since the second half of 2022 due to the uncertain economic outlook. When accounting for inflation, retail sales decreased by 4.1% YoY in Q2 2023. For 2024 a return to growth is expected.

Supply from new developments or extensions remains at low levels. Total supply during the first six months totalled 25,000 m², with one new retail park opened, an extension of an existing scheme and the redevelopment of a supermarket. Currently, 101,300 m² are under construction across the Czech Republic, while the start of any additional projects is uncertain due to significantly higher construction costs making projects less economically viable. Total shopping centre density remained low at 248 m²/ 1,000 inhabitants, with the total stock at 2.6 million m².

Prime rents remained stable for shopping centres in Prague with €142/m²/month and €225/m²/month for high street retail. Retail Park rents reached €13.5/m²/month, growing by 17.4% YoY.

Retail remains a preferred segment in the investment markets due to its attractive yields and limited supply in the Czech Republic. Total transactions reached approximately €485 million, driven by the acquisition of a 60 retail park and supermarket portfolio by Plan B Investments from Trei Real Estate.

Sources: Cushman & Wakefield, CBRE, Savills

Italian retail market

The Italian retail sector continues to see positive developments, with retail business confidence growing over the first two quarters in 2023 alongside growth in consumer confidence while unemployment continues to decline.

Rents for prime shopping centres remained stable at around €1,000/m²/year, while prime retail park rents increased by 5.2% to €200/m²/year.

Italy recorded €2.25 billion in real estate transactions; retail transactions represented €200 million.

Source: Cushman & Wakefield

Hungarian retail market

Retail sales in Hungary declined in the first half of 2023, with YTD retail sales as of May 2023 down by 12.3% as higher inflation is reducing households purchasing power and a declining exchange rate for the Hungarian Forint.

Development activity is very muted, with approximately 7,000 m² in completions in H1 2023, all retail parks. An additional 3,000 m² is expected to be completed for the remainder of 2023. As a result, vacancy rates remain low, with 3 to 5% in shopping centres in Budapest and 3 to 4% in retail parks.

Headline rents remained stable versus year-end with €70-90/m²/month for Budapest prime shopping centres and €20-40/m²/month for regional shopping centres, partly driven by the high fluctuation of the HUF/EUR exchange rate.

Sources: Cushman & Wakefield, CBRE

Slovak retail market

The Slovak retail market is split by shopping centres in Bratislava and other larger cities, representing around two-thirds of the total retail area, with retail parks dominating outside Bratislava.

Slovakia saw a new supply of spaces from opening the 25,000 m² extension of Eurovea 2 in Bratislava, the largest shopping centre in the country, and retail park OC Island in Trnava. Currently, 50,100 m² are under construction.

Rents remained stable at around €65/m²/month for shopping centres and €9.50/m²/ month for retail parks.

Source: Cushman & Wakefield

Polish retail market

In June, Retail sales in Poland declined by 4.7% YoY as the high inflation weighed on consumption. At the same time, e-commerce’s retail share fell further to 7.7% after having peaked at 11% during the pandemic. Average footfall continued to improve by 3% YoY, with net nominal retail sales up by 3.8% before accounting for inflation.

Approximately 136,000 m² in new supply were added to the market, with an additional 300,000 m² expected for the second half of 2023, in line with previous years. Retail parks represent most of the new supply. Poland’s total retail stock reached over 16.1 million m².

All retail segments recorded positive year-on-year rental growth, with prime shopping centre rents reaching €130/m²/month.

Source: CBRE

Romanian retail market

Romania’s retail market remains robust, with currently 2.3% YoY annual growth expected for 2023, with similar growth rates expected for the following years.

The total modern retail stock reached 4.15 million m² with 69,300 m² delivered across eight schemes, of which seven are retail park concepts focused on small regional cities.

Prime rents for shopping centres remained unchanged from year-end, at €75/m²/month. The total transaction volume in Romania reached €184 million, of which 21% represented retail properties.

Source: CBRE



Maximo Shopping Centre, Rome, Italy



Residential

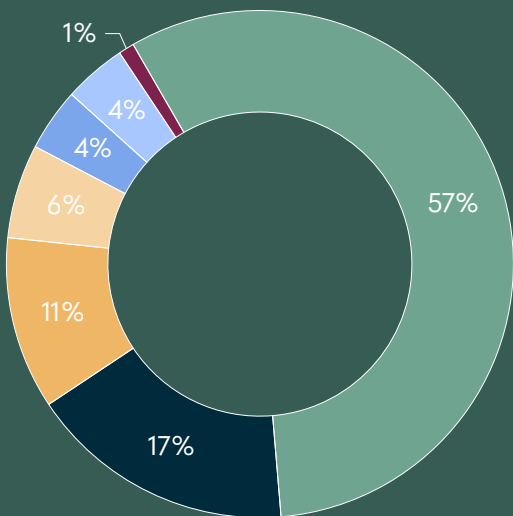
CPIPG has extensive residential experience in the Czech Republic and makes selective investments in the UK and other locations.

“Demand for our rental apartments remains high, especially for larger units.”

Petr Mácha, Director of CPI BYTY, Czech Republic

Residential property portfolio by country

- Czech Republic, €894 m
- Germany, €263 m
- United Kingdom, €172 m
- France, €101 m
- Italy, €67 m
- Austria, €56 m
- Globalworth, €11 m



Czech Republic

The most significant part of the portfolio relates to CPI BYTY in the Czech Republic, with around 57% of the residential portfolio, where the Group is the second-largest residential property owner in the country. CPI BYTY’s portfolio is very resilient and well-diversified, located around key regional cities and in Prague.

The portfolio’s value stood at **€894 million at the end of June**, increasing over the last years due to improving occupancy rates, rental growth per m² and high demand for the defensive asset class. The Group continuously invests in the portfolio, such as via thermal insulation projects, to improve the energy performance of the assets.

Gross rental income grew significantly in the first half of 2023 compared to the prior year, **increasing by 21.9% to €17.2 million, driven by like-for-like rental growth from indexation and reletting as well as high occupancy**. This performance is attributed to CPI BYTY’s multi-year strategy to gradually refurbish vacated units and increased occupancy at market rents. Average market rents are still significantly higher than the current rents in our portfolio.

Occupancy remained high at 94.0%, a slight decline of 0.5% versus the year-end, mainly due to natural fluctuation.

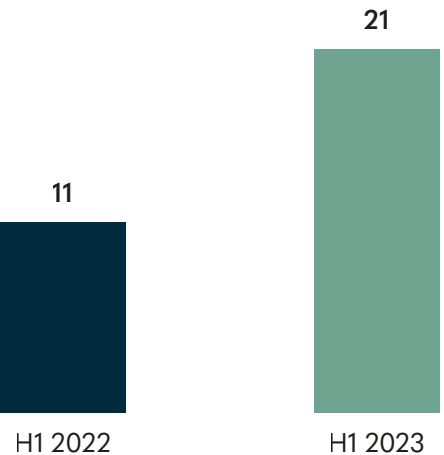
Germany

The German residential property portfolio is valued at €263 million and was acquired through the purchase and subsequent consolidation of SIMMO. The current value is significantly lower versus year-end as S IMMO successfully completed several disposals in the year’s first half. **The intention is to dispose of all German residential properties** over time, use proceeds for debt repayments, and investments in higher-yielding assets.

UK

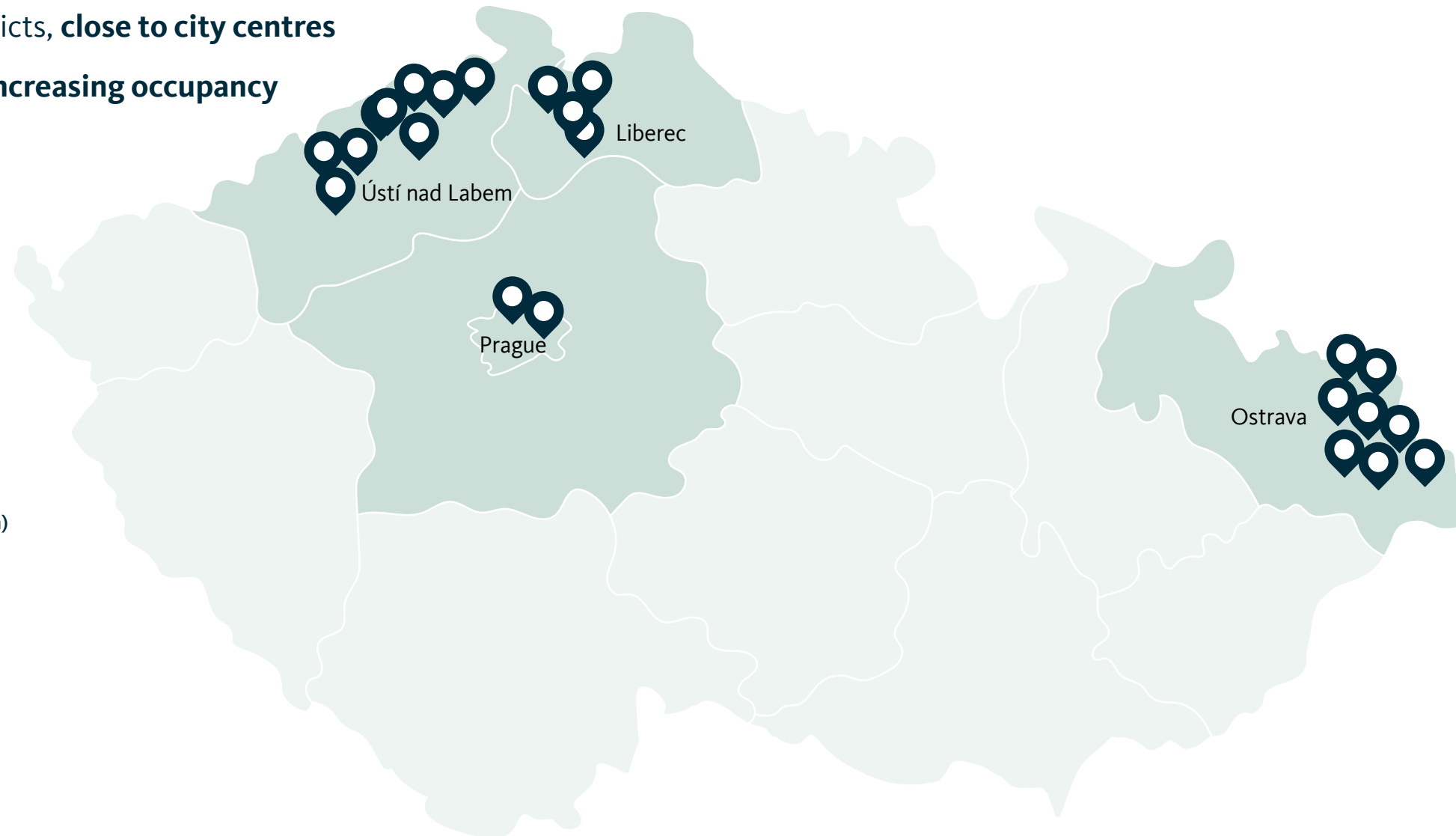
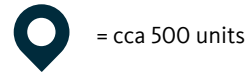
The value of the UK residential portfolio stood at €172 million as of the end of June. CPIPG established a small presence in the prime central London residential market beginning in 2018. The Group’s acquisitions primarily relate to prime properties in excellent locations, typically acquired at significant discounts to fair value.

Group residential net rental income (€ million)

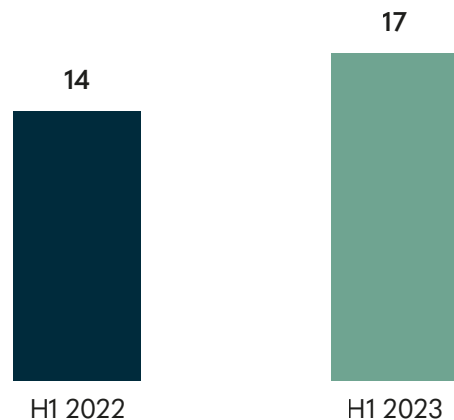


CPI BYTY's leading regional platforms

- 2nd largest rental residential property owner in the Czech Republic
- Long-term rental strategy with **significant upside potential**
- **High diversification** of rental income
- Located in popular districts, **close to city centres**
- Strong track record of **increasing occupancy and rental prices**



Czech residential gross rental income (€ million)



11,673 units
in **14** cities

697,539 m²
area of flats

CPI BYTY, Český Těšín, Ostrava



Czech residential market overview

Market rents have been consistently rising in Prague and major regional cities for several years, buoyed by economic factors such as low unemployment, rising wages, and solid inflation. In addition, residential development has not kept pace with population growth in recent decades, especially in regional cities.

Czech residential property values have also grown consistently since 2014 until Q3 2022. Since Q4 2022, slight declines have been recorded, with realised sales prices increasing 141% while the rent index in Czech cities increased by 82.8%. For the first time since 2014, the average selling price of Czech apartments slightly declined by 1.2% to CZK 92,200/m² in Q1 2023.

The lack of affordable housing in the country underpins the Czech residential rental market. In 2022, the Czech Republic was the country with the least affordable housing among 22 countries participating in a survey conducted by Deloitte, with an average of 13.3 gross annual salaries required to purchase a standardised dwelling of 70 m² size.

Rents across the Czech Republic increased by 1.4% in Q2 2023, with the strongest growth in Liberec 3.5%, while Prague recorded 0.3% rental growth with average rents of CZK 373/month/m² equivalent to approximately €15.5/month/m². Zlín recorded the biggest price decrease 3.4%, while most regions recorded rising rents.

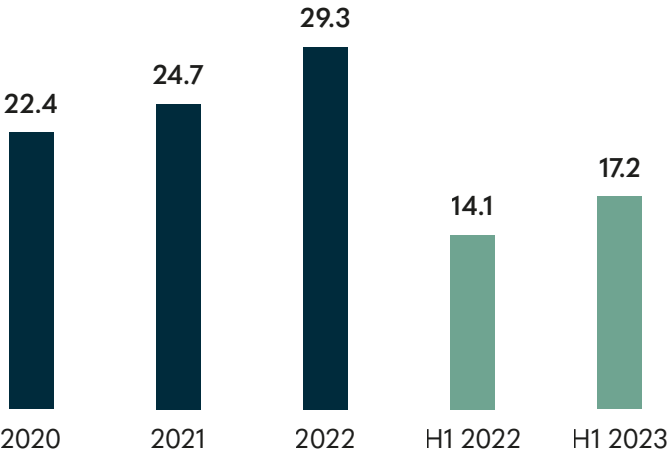
Of the total transaction volume of CZK 30.1 billion in Q1 2023, the majority of transactions related to development projects with CZK 17.3 billion (c. 57%), followed by existing prefabricated apartment buildings CZK 6.5 billion and brick houses with CZK 6.3 billion. Prague represented 63.7% of the transaction volume.

Source: Deloitte Czech Republic

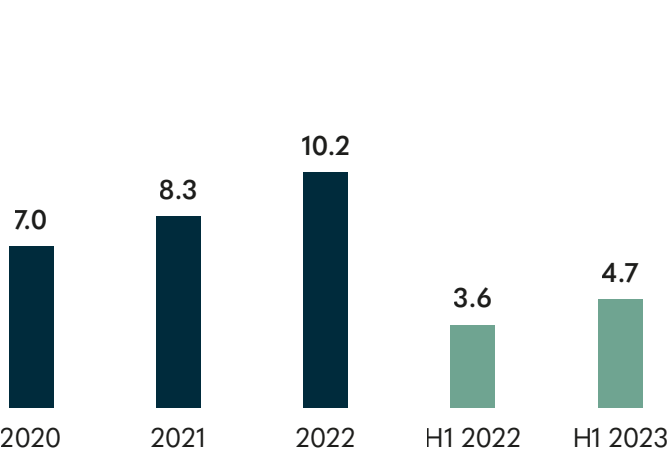


CPI BYTY Apartments, Ústí nad Labem, Czech Republic

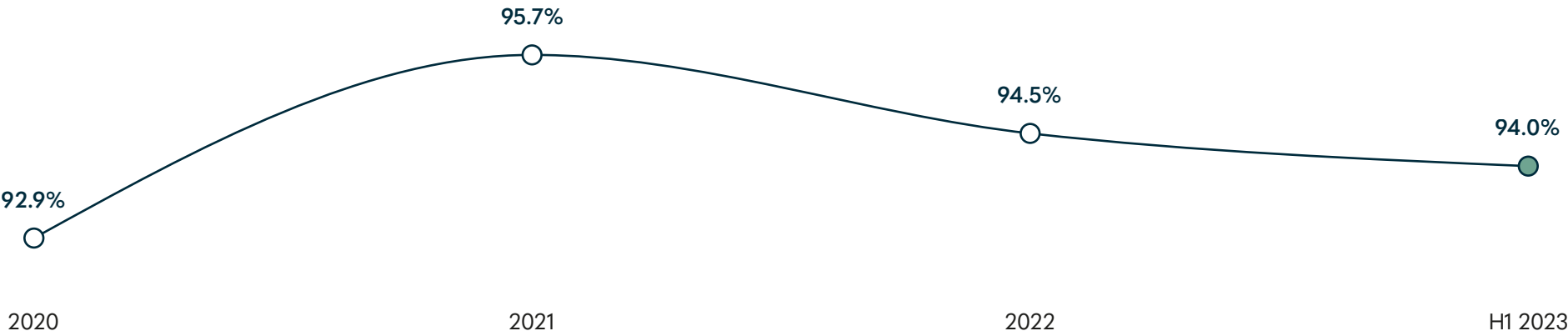
Increases in gross rental income (€ million)



Refurbishment and maintenance costs (€ million)



CPI BYTY portfolio occupancy (based on rented units)



Czech residential summary in figures

Region	Czech residential H1 2023				Czech residential 2022			
	PP value (€ m)	Occupancy* (%)	No. of units	No. of rented units	PP value (€ m)	Occupancy* (%)	No. of units	No. of rented units
Prague	114	93.1%	463	431	111	95.2%	463	441
Ostrava region	298	92.8%	4,134	3,836	291	93.5%	4,134	3,864
Ústí region	309	93.5%	4,981	4,657	302	94.0%	4,983	4,682
Liberec region	163	97.5%	2,018	1,968	160	97.7%	2,018	1,972
Central Bohemia	10	97.4%	77	75	10	100.0%	77	77
Total	894	94.0%	11,673	10,967	873	94.5%	11,675	11,036

* Occupancy based on rented units.

CPI BYTY Apartments, Letňany, Prague



Hotels & Resorts

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

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

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

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

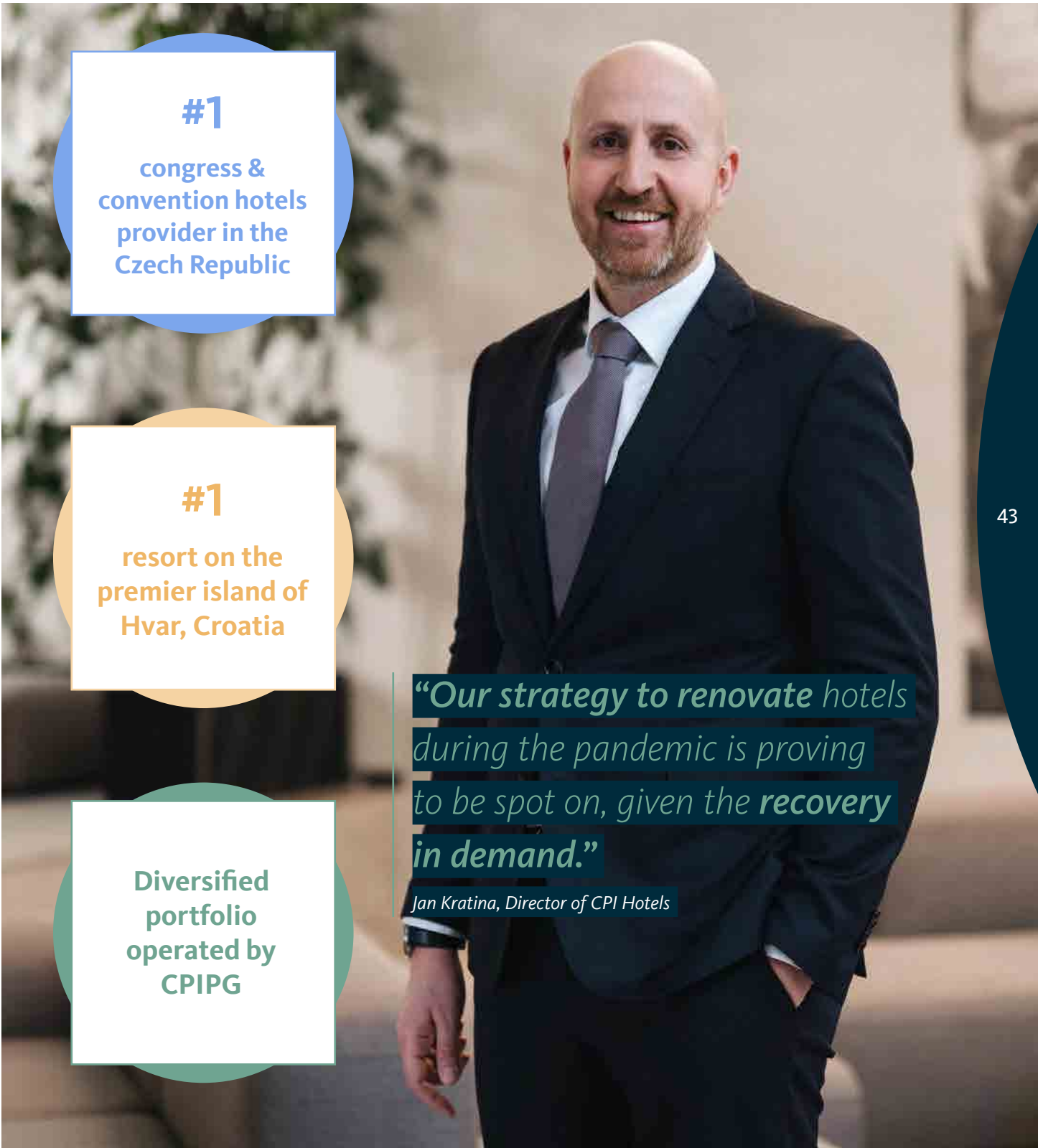
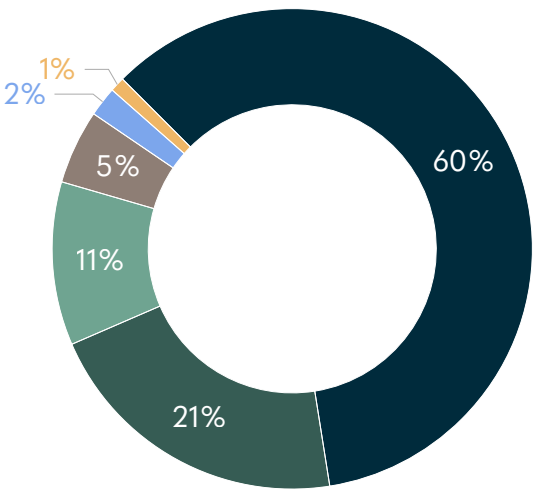
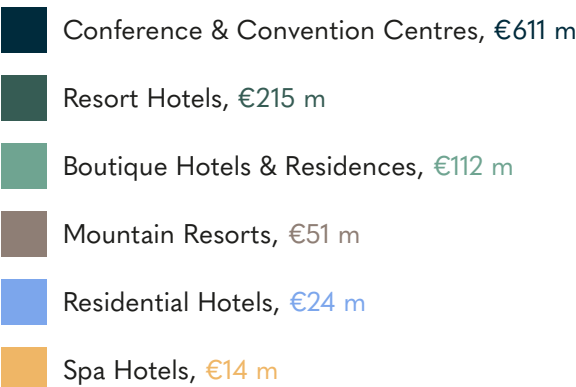
Boutique Hotels & Residences: hotels operating under renowned brands Mamaison Hotels & Residences and Buddha-Bar Hotel, focused on premium quality accommodation and service.

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

Mountain Resorts: the Group operates and maintains the ski lifts, pistes, shops and restaurants in the Swiss ski resort of Crans-Montana.

Spa Hotels: the independently developed brand, Spa & Kur Hotels offers wellness and spa treatments located in the world-famous spa city Františkovy Lázně, in the Czech Republic.

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



#1
congress & convention hotels provider in the Czech Republic

#1
resort on the premier island of Hvar, Croatia

Diversified portfolio operated by CPIPG

“Our strategy to renovate hotels during the pandemic is proving to be spot on, given the **recovery in demand.**”

Jan Kratina, Director of CPI Hotels

Key Hotel & Resort properties

 Number of hotel rooms in each country



Vienna Marriott Hotel
Vienna, AT
PP value: €104 million
Hotel rooms: 328



Clarion Congress Hotel Prague
Prague, CZ
PP value: €92 million
Hotel rooms: 559



Mamaison Residence Downtown Prague
Prague, CZ
PP value: €32 million
Hotel rooms: 173



Mamaison Hotel Le Regina
Warsaw, PL
PP value: €16 million
Hotel rooms: 61

Poland
 106

Czech Republic
 4,501*

Slovakia
 222*

Austria
 328

Hungary
 704

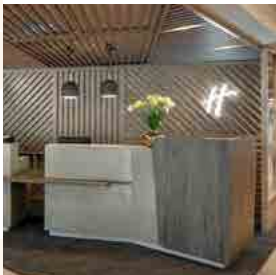
Croatia
 1,107

Italy
 752

Switzerland




Crans-Montana Ski Resort
Crans-Montana, CH
PP value: €51 million



Holiday Inn Rome Eur Parco Dei Medici
Rome, IT
PP value: €37 million
Hotel rooms: 316



Amfora Grand Beach Resort
Hvar, HR
PP value: €85 million
Hotel rooms: 330



Palace Elisabeth Hotel
Hvar, HR
PP value: €14 million
Hotel rooms: 45



Pharos Hotel
Hvar, HR
PP value: €23 million
Hotel rooms: 201



Budapest Marriott Hotel
Budapest, HU
PP value: €106 million
Hotel rooms: 364



Europeum Marriott Courtyard
Budapest, HU
PP value: €37 million
Hotel rooms: 234

* Czech Republic and Slovakia include hotels operated, but not owned by the Group.

Hotels & Resorts segment summary

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

Our hotel brands and partnerships

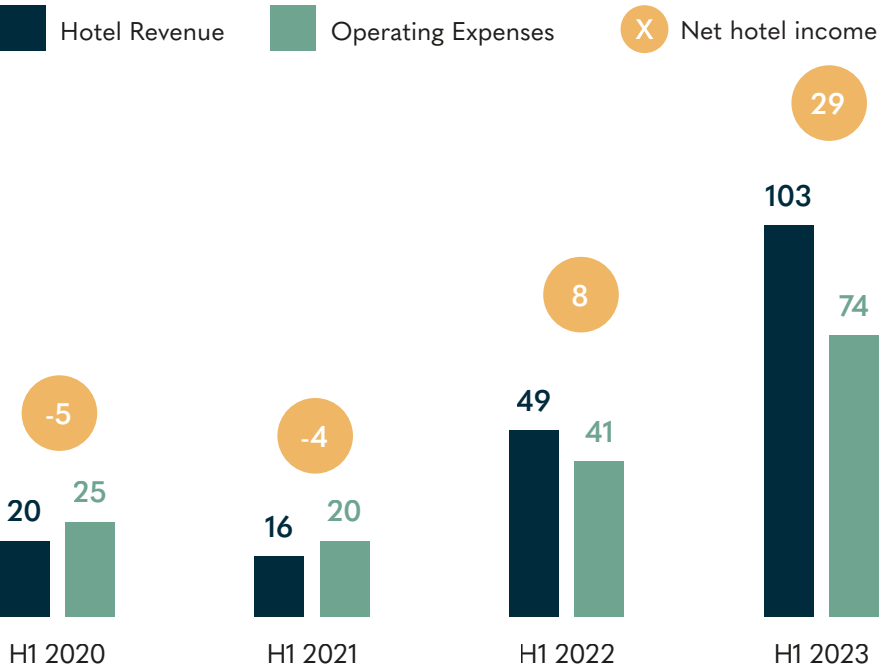


Hotels & Resorts segment summary in figures

	Hotels & Resorts H1 2023					Hotels & Resorts 2022				
	PP value (€ million)	Hotel rooms	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)	PP value (€ million)	Hotel rooms	No. of properties	RevPAR YoY change (%)	ADR YoY change (%)
Czech Republic	398	4,501	23	62	17	393	4,501	23	175	18
Croatia	172	1,107	7	16	31	171	1,113	7	36	24
Hungary	162	704	4	76	59	162	704	4	314	84
Austria	104	328	1	–	–	103	328	1	–	–
Italy	80	752	4	69	30	78	752	4	332	28
Switzerland	51	–	1	–	–	51	–	1	–	–
Poland	26	106	2	23	16	25	106	2	213	21
Romania	23	257	1	–	–	–	–	–	–	–
Slovakia	13	222	1	71	5	13	222	1	135	20
Russia	0	84	1	21	14	0	84	1	0	9
Total	1,028	8,061	45	95	42	995	7,810	44	184	30

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

Net hotel income versus hotel operating expenses (€ million)



Holiday Inn Rome, Italy



Mamaison Hotel Riverside, Prague, Czech Republic



Hotel performance

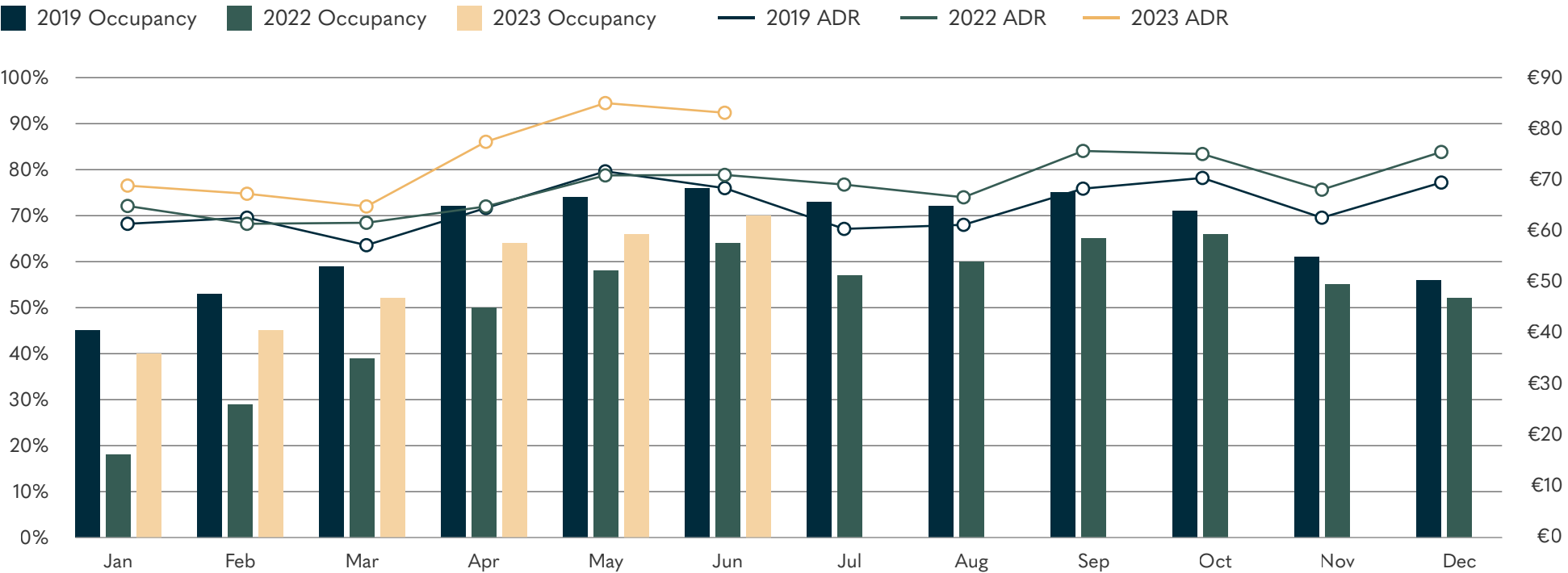
Total hotel revenue for the first half of 2023 amounted to €103 million, more than double the previous year’s revenue. The increase is largely attributed to the recovery in travel demand in 2023, as H1 2022 was still affected by pandemic restrictions, and acquisition-related income contributions.

The average occupancy of the portfolio for the H1 2023 was 56%*, a significant improvement compared to 43% in H1 2022. While occupancy is still below pre-pandemic levels of 63% in H1 2019, **the portfolio achieved an Average Daily Rate (ADR) of €75.7 in H1 2023, an increase of 16.6% vs 2019.** The growth in ADR stems from multiple factors, including demand from leisure, MICE and corporate travellers bouncing back, improved positioning and product offering through reinvestments during the past few years, and proactive revenue management by the team.

Despite economic headwinds from inflation, leisure travellers continue to allocate discretionary spending towards their holidays. Opportunities from the increasing number of international travellers from further afield, such as from the US and Asia, as well as the return of larger-scale events, would further support the recovery in hotel performance.

Net hotel income for H1 2023 totalled **€29.5 million**, versus €7.6 million in H1 2022. As an owner-operator, CPIPG benefits from having a flexible business model by consolidating operations and reducing costs to drive excellent performance. While there remain challenges in the operations from higher inflation and utility costs and labour shortages, CPI Hotels is focused on keeping profit margins healthy.

Hotel portfolio average occupancy percentage and ADR*



* Excluding hotels leased or not operated by CPI Hotels, and Hvar resort hotels that are seasonally operated.

Market overview

Europe's tourism continued its recovery despite economic headwinds. Rising inflation and higher travel costs are squeezing discretionary spending. However, consumers' pent-up travel demand witnessed a willingness to spare no expense in leisure travel. In Europe, hotel prices in H1 2023 have surpassed inflation-adjusted rates, and operators have an exceptionally positive outlook for the rest of the year.

Last year, the robust recovery in intra-regional travel supported travel demand, whilst this year, European cities benefited from rising long-haul international demand. Further opportunities would come from the return of Asian feeder markets and increasing corporate business and larger-scale events. According to Cushman & Wakefield's Hotel Operator Beat H1 2023, a majority of surveyed operators are optimistic about the performance outlook, especially luxury and resort hotel operators.

The Prague hotel market continues to bounce back in 2023, with ADR also surpassing 2019 levels. Tourism in the Czech Republic recorded a strong first half in 2023, with the number of guests in accommodation establishments close to the results before the pandemic. The proportion of non-residents is also balancing out, accounting for 56% of guests, predominantly from Germany, Slovakia, Poland, and the US.

As travel demand and hotel operating performance rebound, the activity of real estate investments in the hospitality sector has been gradually picking up. Interest rate hikes have led investors in search of higher-yielding segments, such as hotels and operational living asset classes, and value-add opportunities. Recent transactions point towards investor appetite for resort hotels and in the upscale class category.

Sources: STR, Cushman & Wakefield, Czech Statistical Office

Mamaison Hotel Le Regina, Warsaw, Poland



Complementary assets

The Complementary assets segment consists primarily of landbank in the Czech Republic, Berlin and Italy, as well as selective development projects and smaller portfolios that complement CPIPG’s overall strategy.

The Group’s landbank is a strategic asset that can be held and potentially developed over the long term. These holdings primarily relate to the Czech Republic, Berlin and, more recently, Italy following the acquisition of attractive plots of land in Rome.

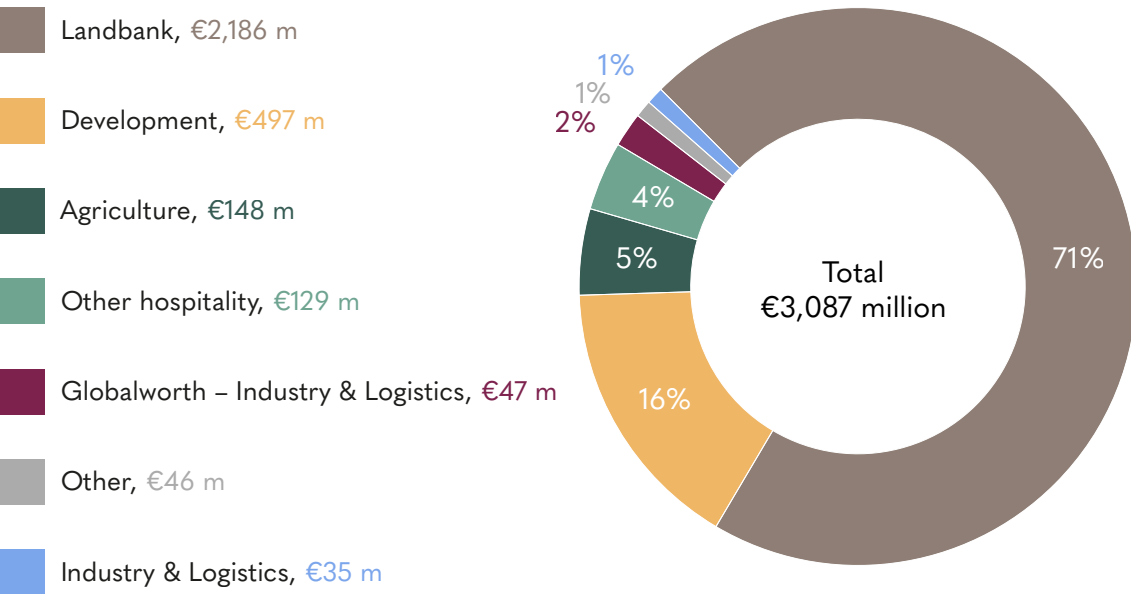
While development remains a relatively small part of CPIPG’s portfolio, selective and low-risk development is an attractive way to continue growing our portfolio of income-generating assets. Our approach towards development is conservative, and we typically develop to hold.

Other hospitality assets include properties leased or contracted out to third-party operators, while our agriculture assets consist of organic farmland in the Czech Republic.



Spojené Farmy, Kravaře, Czech Republic

Complementary assets property portfolio



Complementary segment summary in figures

	Complementary Assets H1 2023							Complementary Assets 2022						
	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties	PP value (€ million)	Occupancy (%)	GLA (m²)	Potential GLA (m²)	Potential GSA (m²)	Land area (m²)	No. of properties
Landbank	2,186	–	–	–	–	29,750,000	–	2,245	–	–	–	–	32,289,000	–
Development	497	–	–	217,000	19,000	–	38	311	–	–	120,000	19,000	–	30
Agriculture	148	–	–	–	–	231,798,000*	–	139	–	–	–	–	232,394,000*	–
Other hospitality	129	98.8%	54,000	–	–	–	6	145	99.6%	68,000	–	–	–	7
Globalworth – Industry & Logistics	47	–	–	–	–	–	–	44	–	–	–	–	–	–
Other	46	–	–	–	–	–	2	46	–	–	–	–	–	2
Industry & Logistics	35	93.7%	76,000	–	–	–	4	35	94.1%	78,000	–	–	–	4
Total	3,087	97.5%	130,000	217,000	19,000	261,548,000	50	2,965	98.4%	146,000	120,000	19,000	264,683,000	43

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

Landbank

In the Czech Republic, the majority of the landbank is situated in Prague, mainly relating to **Bubny, a 201,000 m² area strategically located close to the CBD**. The majority of the remainder of the Czech landbank relates to Nová Zbojovka – one of the largest brownfield redevelopments in Brno. During 2022, the Group sold a smaller land plot in Prague at a meaningful premium to its book value, reflecting the scarcity of available land.

In Berlin, the Group owns **landbank located in attractive areas, often adjacent to existing assets**. This provides opportunities for low-risk extensions and developments. Over recent years GSG has completed several office developments, **where we were able to attract blue-chip tenants at prime-level rents**.

The majority of landbank in Italy is primarily located in the periphery of Rome and strategically focused on holistic mixed-use (residential and commercial) development. These land plots offer significant upside, having been purchased at exceptional discounts to fair value through acquisitions of non-performing loans.

Developments

The Group’s development pipeline mainly relates to **extensions of existing properties or small-scale new development**, often on adjacent land plots that will create value for incumbent assets.

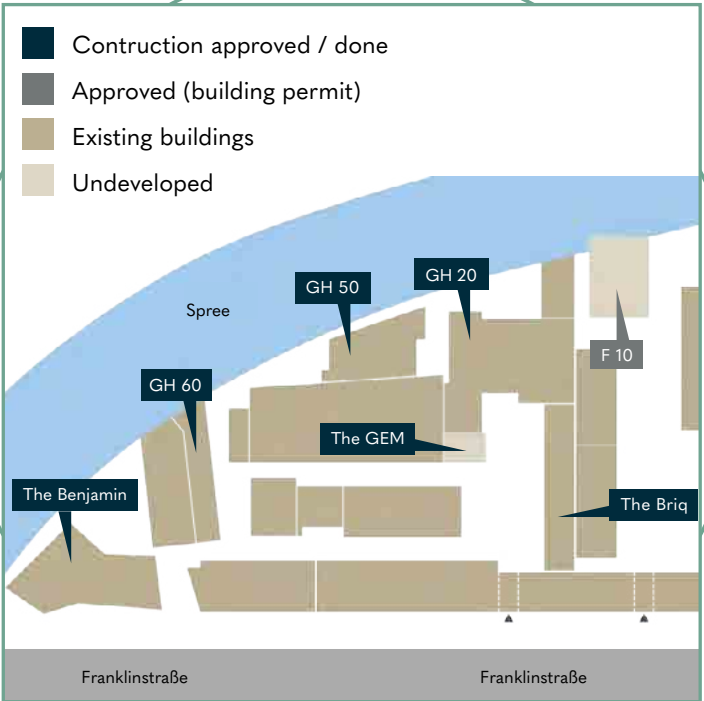
Selected development projects



image: GSG Berlin © Visualisierung

Zossener Straße (in development pipeline)

- The creation of 6,600 m² of new construction space and the modernisation of a further 4,400 m² of existing space in modular and flexible design
- Project volume: €51 million
- An excellent central location in the centre of Kreuzberg
- Modern design and technology harmoniously combined with historical character
- Completion: Q2 2024



Gebauer Wateryards (in development pipeline)

- Small-scale new construction and extension of existing properties consisting of three buildings, GH20, GH50 and the GEM
- Project volume: €28 million
- Creation of 7,900 m² of new lettable area harmonious fitting to the existing industrial red-brick buildings
- New green building with BREEAM “Very Good” certification
- Completions: Q2 2025



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EPRA performance

EPRA BPR Gold Award

recipient for
high-quality
reporting

“The Group is dedicated to providing our stakeholders with **detailed and comparable financial metrics.**”

Petr Mizera, Head of External Reporting

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

EPRA earnings

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

€ million	H1 2023	H1 2022
Earnings per IFRS income statement	(50)	751
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	(217)	287
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(1)	32
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0	0
Tax on profits or losses on disposals	0	0
Negative goodwill / goodwill impairment	(0)	286
Changes in fair value of financial instruments and associated close-out costs	(15)	69
Acquisition costs on share deals and non-controlling joint venture interests	0	0
Deferred tax in respect of EPRA adjustments	3	(43)
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(5)	34
Non-controlling interests in respect of the above	0	0
EPRA Earnings	186	86
Weighted average number of shares	8,637,850,259	8,835,915,298
EPRA Earnings per Share (EPS) (in €)	0.022	0.010
Company specific adjustments:		
Impairments	(10)	(26)
Amortisation, depreciation	(25)	(19)
Net foreign exchange gain – unrealised	48	85
Net foreign exchange loss – unrealised	(105)	(54)
Deferred tax in respect of Company specific adjustments	1	(9)
Company specific Adjusted Earnings	277	109
Company specific Adjusted EPS	0.032	0.012

EPRA NAV Metrics

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

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

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

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

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

€ million	EPRA NRV		EPRA NTA		EPRA NDV	
	H1 2023	2022	H1 2023	2022	H1 2023	2022
IFRS Equity attributable to owners	6,611	6,580	6,611	6,580	6,611	6,580
Include/Exclude:						
Hybrid instruments	0	0	0	0	0	0
Diluted NAV	6,611	6,580	6,611	6,580	6,611	6,580
Include:						
Revaluation of IP (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0	0	0	0
Revaluation of other non-current investments	0	0	0	0	0	0
Revaluation of tenant leases held as finance leases	0	0	0	0	0	0
Revaluation of trading properties	0	0	0	0	0	0
Diluted NAV at Fair Value	6,611	6,580	6,611	6,580	6,611	6,580
Exclude:						
Deferred tax in relation to fair value gains of IP	(1,694)	(1,711)	(1,689)*	(1,663)*		
Fair value of financial instruments	211	243	211	243		
Goodwill as a result of deferred tax	43	43	43	43	43	43
Goodwill as per the IFRS balance sheet			57	56	57	56
Intangibles as per the IFRS balance sheet			30	28		
Include:						
Fair value of fixed interest rate debt					1,238	1,358
Revaluation of intangibles to fair value	0	0				
Real estate transfer tax	0	0	0	0		
NAV	8,051	8,005	7,960	7,873	7,750	7,839
Fully diluted number of shares	8,637,850,259	8,637,850,259	8,637,850,259	8,637,850,259	8,637,850,259	8,637,850,259
NAV per share (in €)	0.932	0.927	0.922	0.911	0.897	0.908

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

EPRA vacancy rate

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

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

(€ million)	H1 2023	2022
Estimated rental value of vacant space	76	72
Estimated rental value of the whole portfolio	983	1,004
EPRA Vacancy Rate	7.7%	7.2%

Andrássy Palace, Budapest, Hungary



EPRA net initial yield and EPRA “topped-up” net initial yield

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

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

(€ million)	H1 2023	2022
Investment property – wholly owned*	18,392	19,046
Investment property – share of JVs/Funds	0	0
Trading property (including share of JVs)	0	0
Less: developments	2,779	2,667
Completed property portfolio	15,613	16,379
Allowance for estimated purchasers’ costs	105	184
Gross up completed property portfolio valuation	15,719	16,563
Annualised cash passing rental income	864	862
Property outgoings**	107	126
Annualised net rents	757	736
Add: notional rent expiration of rent free periods or other lease incentives	43	44
Topped-up net annualised rent	800	780
EPRA NIY	4.8%	4.4%
EPRA “topped-up” NIY	5.1%	4.7%

* Including property portfolio value of income producing Assets held for sale.

** Annualised.

EPRA cost ratio

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

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

(€ million)	H1 2023	H1 2022
Include:		
Administrative/operating expense line per IFRS income statement	142	112
Net service charge costs/fees	(19)	(14)
Management fees less actual/estimated profit element	0	0
Other operating income/recharges intended to cover overhead expenses less any related profits	0	0
Share of Joint Ventures expenses	0	0
Exclude (if part of the above):		
Investment property depreciation	0	0
Ground rent costs	1	1
Service charge costs recovered through rents but not separately invoiced	0	0
EPRA Costs (including direct vacancy costs)	122	96
Direct vacancy costs	6	4
EPRA Costs (excluding direct vacancy costs)	116	92
Gross Rental Income less ground rents – per IFRS	456	304
Less: service fee and service charge costs components of Gross Rental Income (if relevant)	0	0
Add: share of Joint Ventures (Gross Rental Income less ground rents)	0	0
Gross Rental Income	456	304
EPRA Cost Ratio (including direct vacancy costs)	0.27	0.32
EPRA Cost Ratio (excluding direct vacancy costs)	0.25	0.30

CPIPG’s valuation approach

Property valuation

The consolidated financial statements for the six months ended 30 June 2023 have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which include the application of the fair value method. Since the property portfolio owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.



“Expanding yields resulted in valuation losses in H1 2023 mitigated by robust operational performance.”

Jiří Hrabec, Valuation Manager

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

The Group’s management has carefully analysed which portfolio parts could have experienced significant changes and should, therefore, be revalued as of 30 June 2023. This analysis has taken into account a wide range of factors to assess the potential for a significant change in fair values, such as recent market transactions and the overall performance of the properties, among other factors. As a result, the Group revalued mainly residential and office properties in Germany and Austria, in addition to some Italian and Polish assets. All assets revalued decreased in value for a total of €229 million.

The property portfolio valuation as of 30 June 2023 is based on reports issued by:

- **CBRE**
- **Jones Lang Lasalle**
- **Savills**
- **and other appraisers**

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

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

Split by appraisers and segments

Appraisers	%	Segments	No. of properties / No. of units*	Valuation (€ m)	% of total PP value
CBRE	35%	Office	83	3,578	17.7%
		Retail	179	2,536	12.5%
		Complementary Assets	20	497	2.5%
		Residential	1,952	230	1.1%
		Hotels & Resorts	2	210	1.0%
Jones Lang Lasalle	26%	Office	34	1,748	8.6%
		Retail	49	1,379	6.8%
		Complementary Assets	5	1,056	5.2%
		Residential	11,669	883	4.4%
		Hotels & Resorts	4	124	0.6%
Savills	15%	Office	41	2,846	14.0%
		Complementary Assets	3	167	0.8%
Colliers	9%	Complementary Assets	5	698	3.4%
		Retail	18	511	2.5%
		Office	23	402	2.0%
		Hotels & Resorts	4	78	0.4%
		Residential	22	67	0.3%
Cushman & Wakefield	4%	Hotels & Resorts	25	476	2.4%
		Residential	19	166	0.8%
		Complementary Assets	5	152	0.7%
		Retail	47	111	0.5%
Other	4%	Complementary Assets	9	364	1.8%
		Office	6	244	1.2%
		Hotels & Resorts	9	116	0.6%
		Residential	14	111	0.5%
		Retail	4	39	0.2%
Acquisition	4%	Globalworth	0	672	3.3%
		Complementary Assets	1	57	0.3%
		Residential	1	6	0.0%
EHL	3%	Office	5	321	1.6%
		Retail	2	194	1.0%
		Complementary Assets	2	25	0.1%
AHFS	1%	Residential	424	89	0.4%
		Office	9	54	0.3%
		Complementary Assets	1	47	0.2%
Total				20,256	100%

* Number of units provided for residential properties.

Indexation and inflation

More than 90% of our lease contracts are subject to indexation. During H1 2023, 82% of our lease contracts were adjusted higher by a weighted average of about 8.6%. Including the remaining leases, this would result in an increase of over €60 million in headline rents for 2023.

Increased costs from service charges are passed on as incurred to tenants. Therefore, the Group would expect higher inflation rates to translate into rental growth as long as supply remains muted and demand solid.

myhive Medienhafen | Alto, Düsseldorf, Germany



Quality of the underlying properties and market dynamics

The Group’s asset valuations reflect the high quality of the underlying assets. Supply and demand dynamics are key drivers for the underlying real estate assets’ medium- and long-term values and value potential. Our portfolio strategies and properties are carefully selected based on the below criteria:

- **Location:** Our offices are in central locations of capital cities, which are the centre of the respective economies. In retail, we have the dominant retail offering in the respective catchment areas. Our landbank assets benefit from the finite character of the land, particularly in large cities.
- **Asset quality:** The Group is a long-term owner of underlying real estate assets, continuously investing in our standing properties with a significant number of green buildings but also unique historic landmark properties, which are frequently upgraded. This is complemented by local asset and facility management teams that continuously improve operational efficiencies within the buildings.
- **Structural demand:** CPIPG’s focus is on the economically most dynamic CEE region in Europe. The Group’s locations are attractive service hubs for industries such as the financial service or IT sector. Positive net immigration coupled with competitive labour costs continues to support office-based employment growth. At the same time, pent-up demand in consumption remains a key characteristic for retail in our region. Affordable housing remains in high demand across Europe.
- **Supply:** The Group’s core markets benefit from limited ongoing supply while market vacancy rates are low. In addition, core countries such as the Czech Republic and Germany are restrictive with new building permits. At the same time, the construction costs in Europe significantly increased, reflected by the increase in the European Construction Cost Index. Future supply in our core markets is below long-term averages. This provides landlords with pricing power.

Yields

Nearly 90% of our leases are EUR-denominated, with offices in CEE markets most frequently transacted in Euros, with pricing following similar trends to Western Europe. The underlying risk-free rate is therefore based on German government bonds.

The spread for each property is then individually determined based on factors such as geography, segment, location, asset quality, tenants and lease maturities.

The Group’s net equivalent yield increased from year-end by 0.4% to 5.8%. Yields range between 3.1% for Czech residential assets up to 7.7% for retail assets outside of the Czech Republic.

Portfolio net yields

	EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Net Equivalent Yield
Office	4.6%	4.9%	5.3%
Germany	3.5%	3.6%	4.1%
Czech Republic	5.0%	5.5%	6.1%
Poland	4.9%	6.1%	5.8%
Hungary	6.6%	6.6%	7.4%
Austria	4.3%	4.5%	4.6%
Other	5.9%	6.1%	6.7%
Retail	7.1%	7.3%	7.6%
Czech Republic	6.5%	6.6%	7.4%
Other	7.4%	7.6%	7.7%
Residential	2.8%	2.8%	3.1%
Czech Republic	2.7%	2.7%	3.1%
Total	4.8%	5.1%	5.8%

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

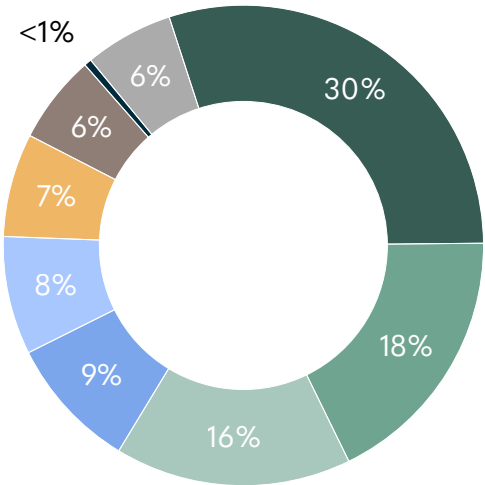
On a Group basis, our portfolio’s EPRA Net Initial Yield increased from 4.4% at the end of 2022 to 4.8% at the end of H1 2023.

Focus on value enhancing CapEx

Additions by type (€ million)	H1 2023	H1 2022
Maintenance-related CapEx	43	37
Refurbishment and redevelopment	32	39
New development / additional leasable area	79	57
Total	155	134

CapEx increased compared to H1 2022 due to the full consolidation of IMMOFINANZ and S IMMO from the beginning of the year. The Group has substantial flexibility to reduce discretionary CapEx as required in the future.

Additions by country



Changes to the property portfolio in H1 2023

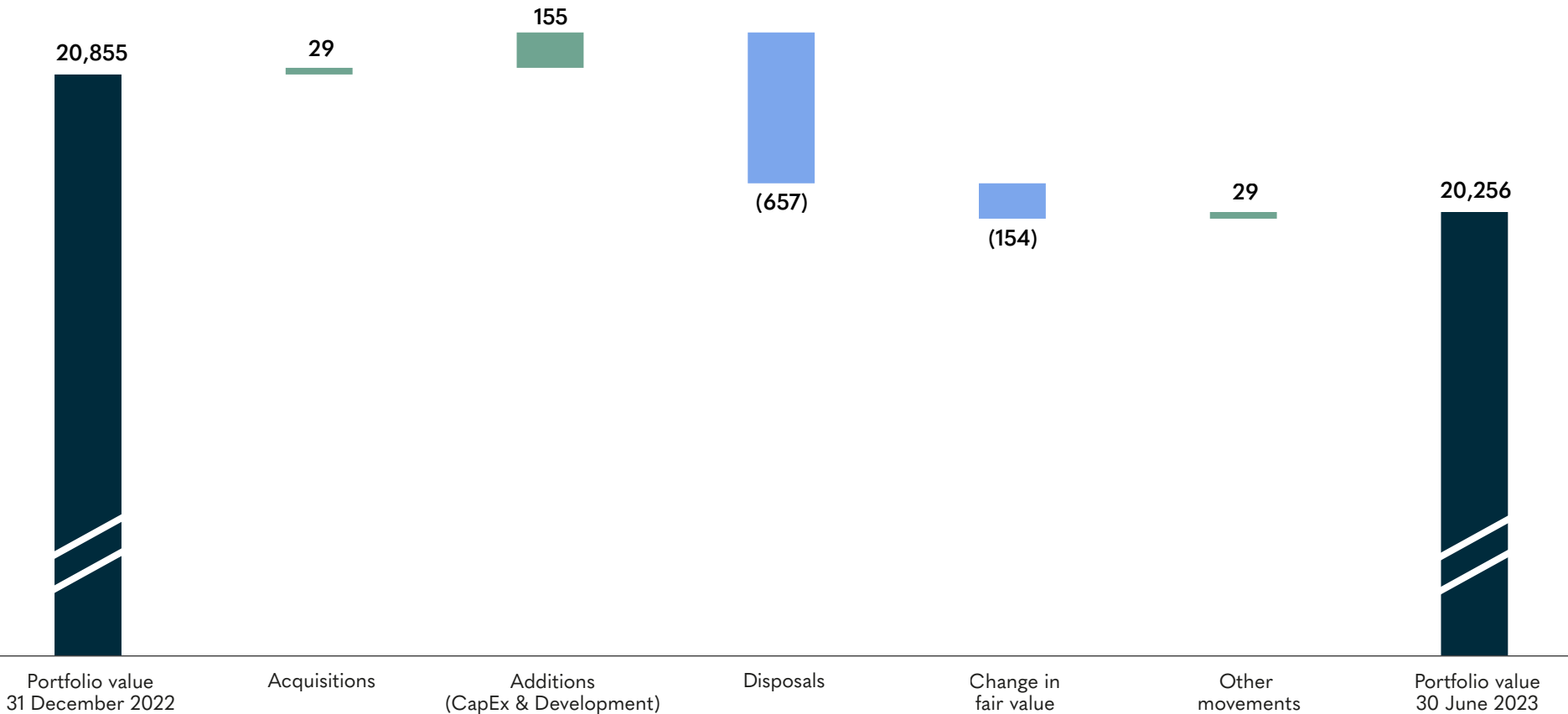
- Minor acquisitions of €29 million;
- Capital expenditure and development of €155 million;
- Disposals of €657 million, including primarily the sale of S IMMO residential and office properties in Germany, IMMOFINANZ office in Vienna, and CPIPG landbank in Italy;
- Decrease in fair value of €154 million, relating mainly to office and residential properties in Germany, partially offset by a positive FX impact of CZK vs EUR;
- Other movements include other transfers and the change in value of equity accounted investees.

Change in portfolio fair value (€ million)

Investment property revaluation	(217)
Hotels / PP&E revaluation and depreciation	(12)
Total valuation impact	(229)
FX impact	76
Total	(154)

Investment property includes office, retail, residential, landbank, industry & logistics and development. Other PP&E includes mountain resorts and agriculture.

Property portfolio in H1 2023 (€ million)



Capital structure and financial policy

Committed to a strong investment grade capital structure

The Group's financial policy is consistent with achieving "high BBB" credit ratings over time. Key features of CPIPG's financial policy include:

Net LTV
of up to **40%**,
or up to 45% in the
case of strategic
acquisitions

Net ICR
of **3×**
or above

Preference for
**senior unsecured
financing**

High level of
**unencumbered
assets &
liquidity**

While CPIPG's financial ratios improved during H1 2023, they remain outside our financial policy targets. **Our goal is a Net LTV of 45-49% by year-end 2023** and lower thereafter. We expect to achieve debt reduction through small and medium-sized disposals, potential equity investment, and other measures. In addition, **CPIPG decided to cut its annual distribution for 2023 to 25% or less of FFO I to reduce leverage and preserve cash.**

In July, Moody's affirmed the Group's Baa3 investment grade rating while revising the outlook from stable to negative, which followed a **successful S&P review completed in May, leaving the rating unchanged at BBB-** with a stable outlook.

Hybrid bonds

CPIPG's hybrid bond issues have contributed significantly to the Group's growth. **CPIPG sees hybrids as a valuable source of equity-like financing, and an important part of our capital structure**, particularly given our status as a family-owned company. CPIPG would like to protect our reputation in this market. CPIPG has hybrid bonds callable in 2025, 2026, and 2028 and will make decisions about calls, replacement, or refinancing at the appropriate time.

Equity investors

In 2021, **CPIPG welcomed Apollo as a new shareholder**; as of H1 2023, Apollo owned 5.46% of the Group's ordinary shares. CPIPG is open to further equity investment, particularly as a deleveraging tool. On the other hand, CPIPG intends to remain primarily family-owned.



"We have a clear roadmap to achieve our deleveraging targets and reinforce our credit ratings."

Mindee Lee, Senior Manager – Corporate Strategy & Board Secretary

*“We continue to **proactively refinance upcoming debt maturities** through a diversified funding mix.”*

Moritz Mayer, Manager – Capital Markets

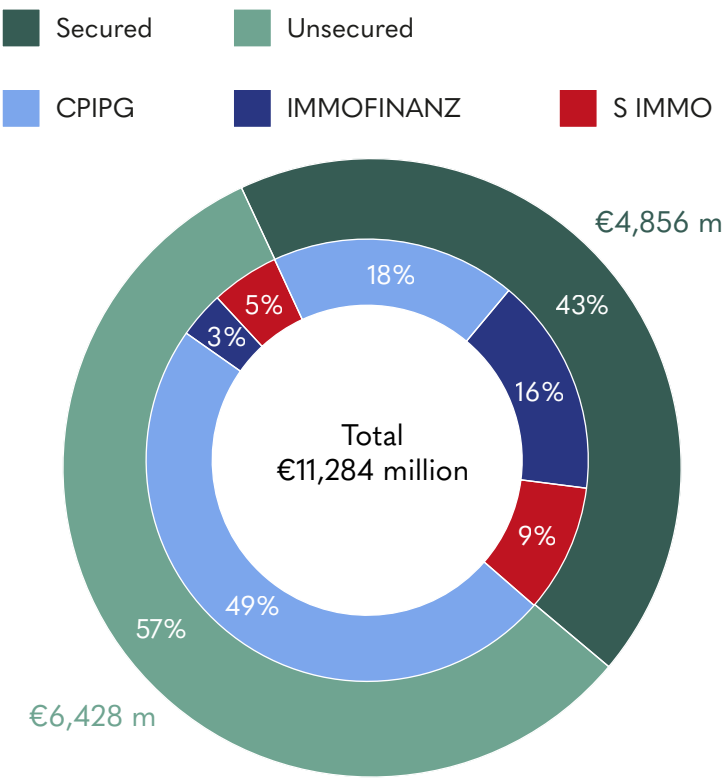


Unsecured vs secured financing

During H1 2023, the share of secured debt to total debt increased by 4 p.p. as the Group signed several new secured financing arrangements that were partially used to repay unsecured bridge loans. In addition, IMMOFINANZ repaid an outstanding bond maturing at the end of January 2023.

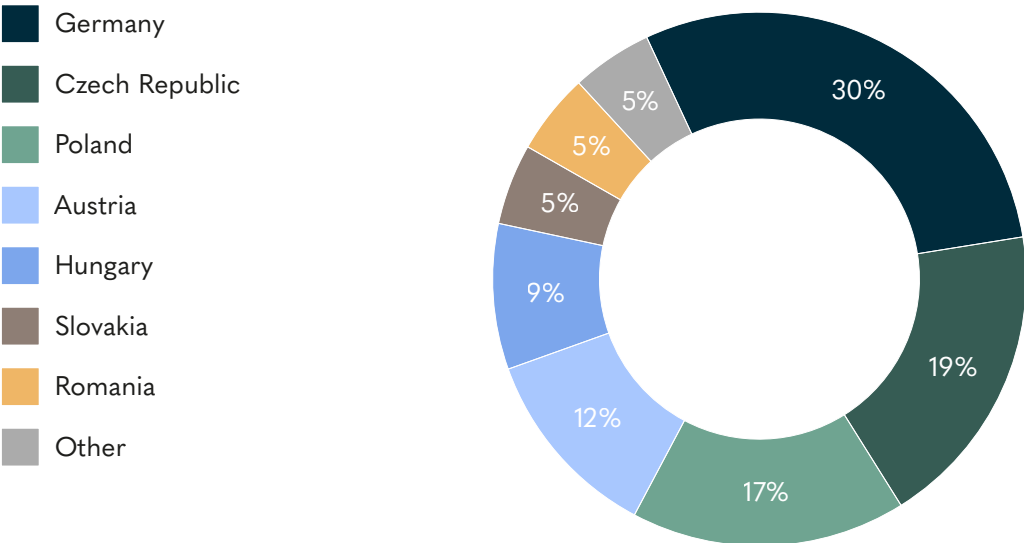
The largest portion of the Group’s secured loans (30%) relate to Germany, followed by the Czech Republic (19%) and Poland (17%). The Group has secured loans from 28 banks. Of the total secured loans, 91% are with nine leading banks in our region.

Split of secured versus unsecured debt



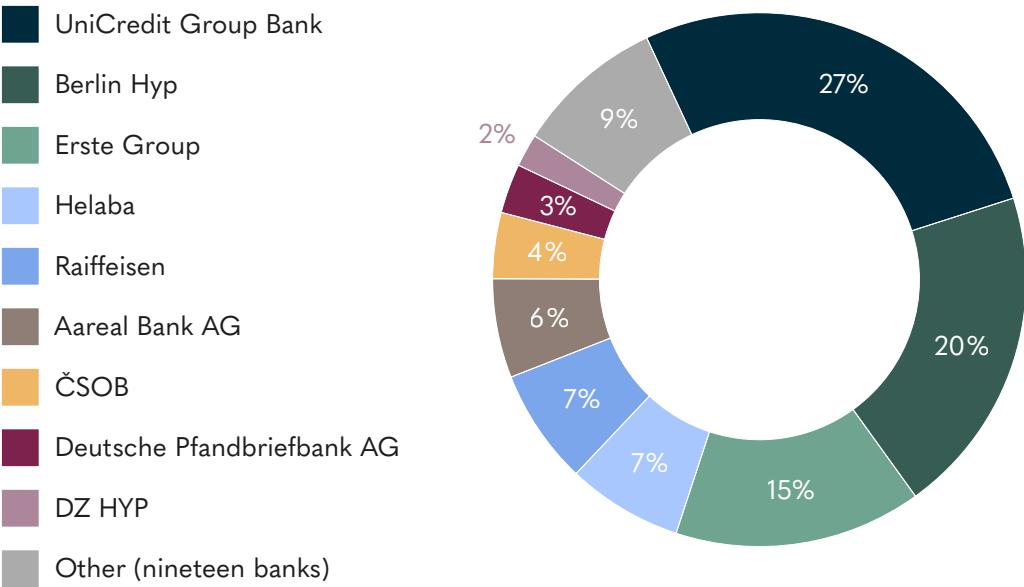
Breakdown of secured bank debt by principal

Secured bank debt by geography



Note: Countries represent location of the pledged properties.

Secured bank debt by bank



Long dated debt maturity profile (as at 30 June 2023)

4.8 years

H1 2023 weighted average debt maturities

(excl. bridge loan)

3.02%

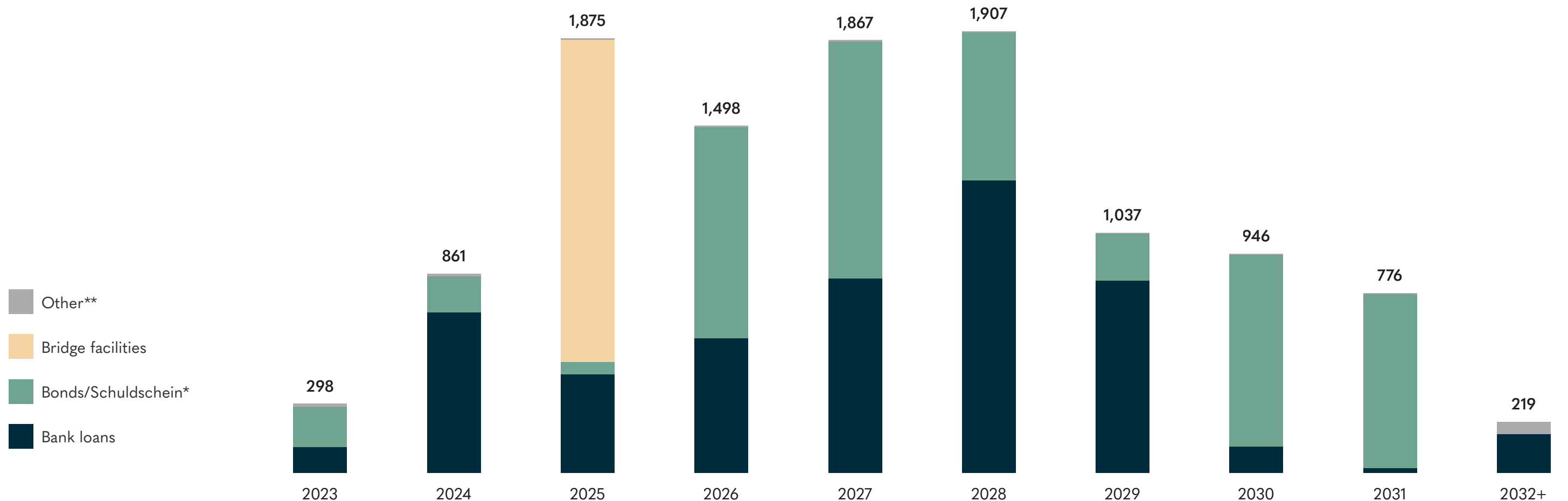
average cost of debt

Bridge loan outstanding

Beginning of 2023: €1.6 billion

End of June 2023: €1.4 billion

End of August 2023: €1.0 billion of which €635 million refinanced until Q4 2026



Well-prepared for the future

The weighted average debt maturity remained stable at 4.8 years (excluding the impact of the bridge facility) at the end of June as the Group completed several new long-term financings, with only 10% of debt maturing in 2023 and 2024. CPIPG intends to remain proactive in managing upcoming maturities in advance and appreciates the ongoing support of our bond investors and banks.

In August 2023, CPIPG signed a new €635 million 3-year bridge loan with a group of relationship banks to proactively refinance the bridge loans maturing in H1 2025.

* Bonds/Schuldschein 2023 include also accrued interest payable in 2023.

** Other debt comprises non-bank loans from third parties and financial leases.

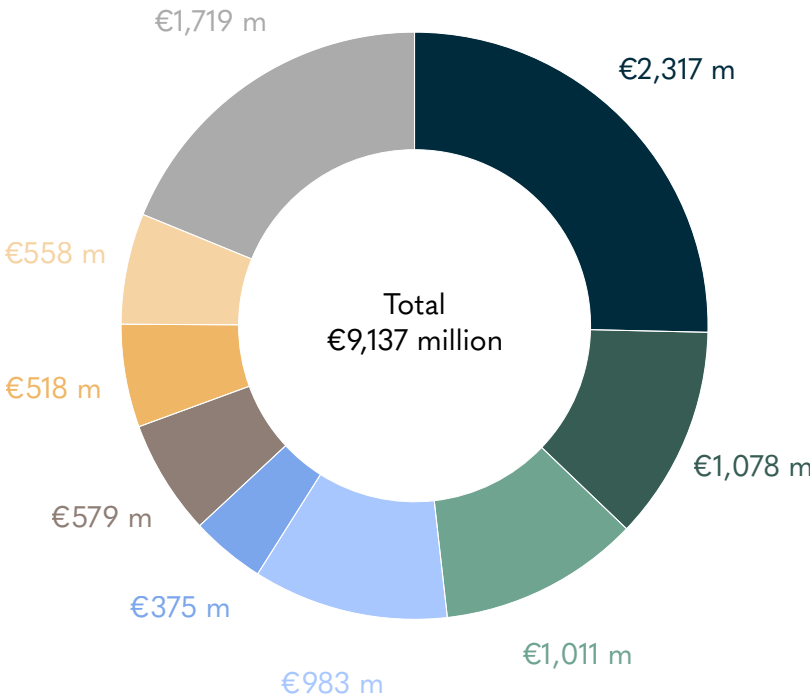
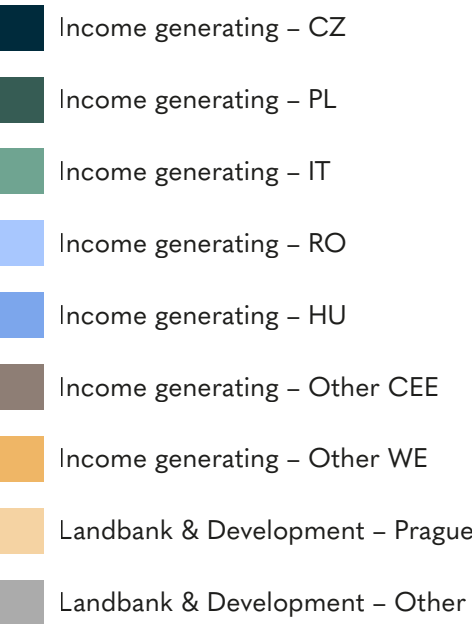


“Our aim is always to ensure *best-in-class* reporting standards.”

Miroslav Bednář, Head of IFRS & Consolidation

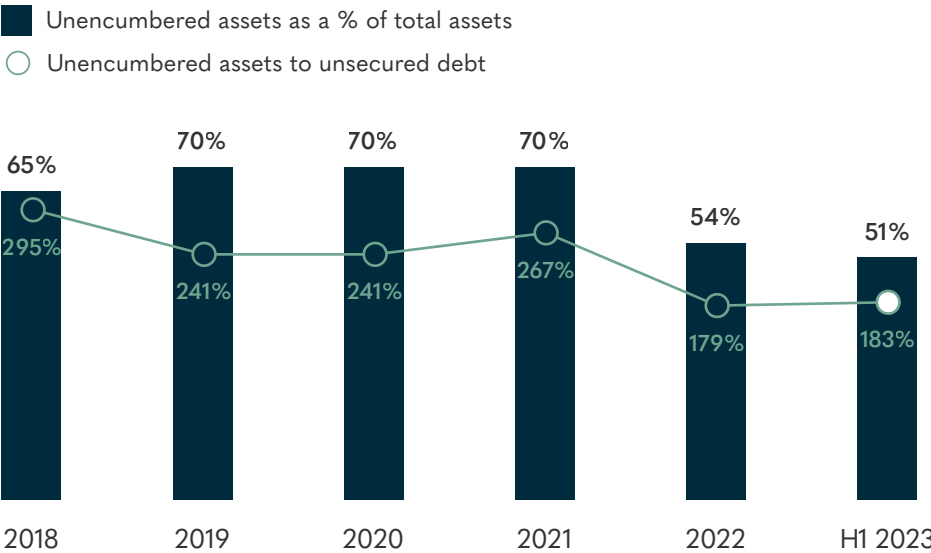
The Brig, Berlin, Germany photo © Linie Creutzfeldt

Composition of unencumbered asset portfolio



Solid level of unencumbered assets

The Group’s unencumbered assets to total assets ratio decreased to 51% as several new secured financings were signed during H1 2023. Unencumbered assets primarily consist of office properties in the Czech Republic and Poland, Czech retail, and well-located landbank and residential assets across Europe.



The ratio of unencumbered assets to unsecured debt slightly increased to 183% as the Group repaid unsecured bridge loans and maturing bonds. **This ratio may further improve over time as the Group repays our bridge financings with disposals.**

In a normal market environment, the Group will always prioritise senior unsecured financing and a high level of unencumbered assets. On the other hand, secured bank markets since H2 2022 have provided substantially better pricing and liquidity.

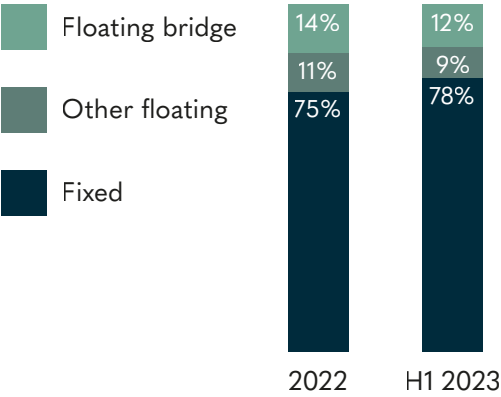
Strong liquidity (€ million)

Cash as at 30 June 2023	1,167
(+) RCF – undrawn amount	825
(+) Other undrawn lines	14
Total liquidity as at 30 June 2023	2,006

At the end of June 2023, the Group had €2.0 billion of available liquidity between cash and revolving credit facilities. The Group’s liquidity is supported by a €700 million committed revolving credit facility that expires in 2026 and by a €100 million and a €25 million committed revolving credit facility at the IMMOFINANZ and S IMMO level, respectively.

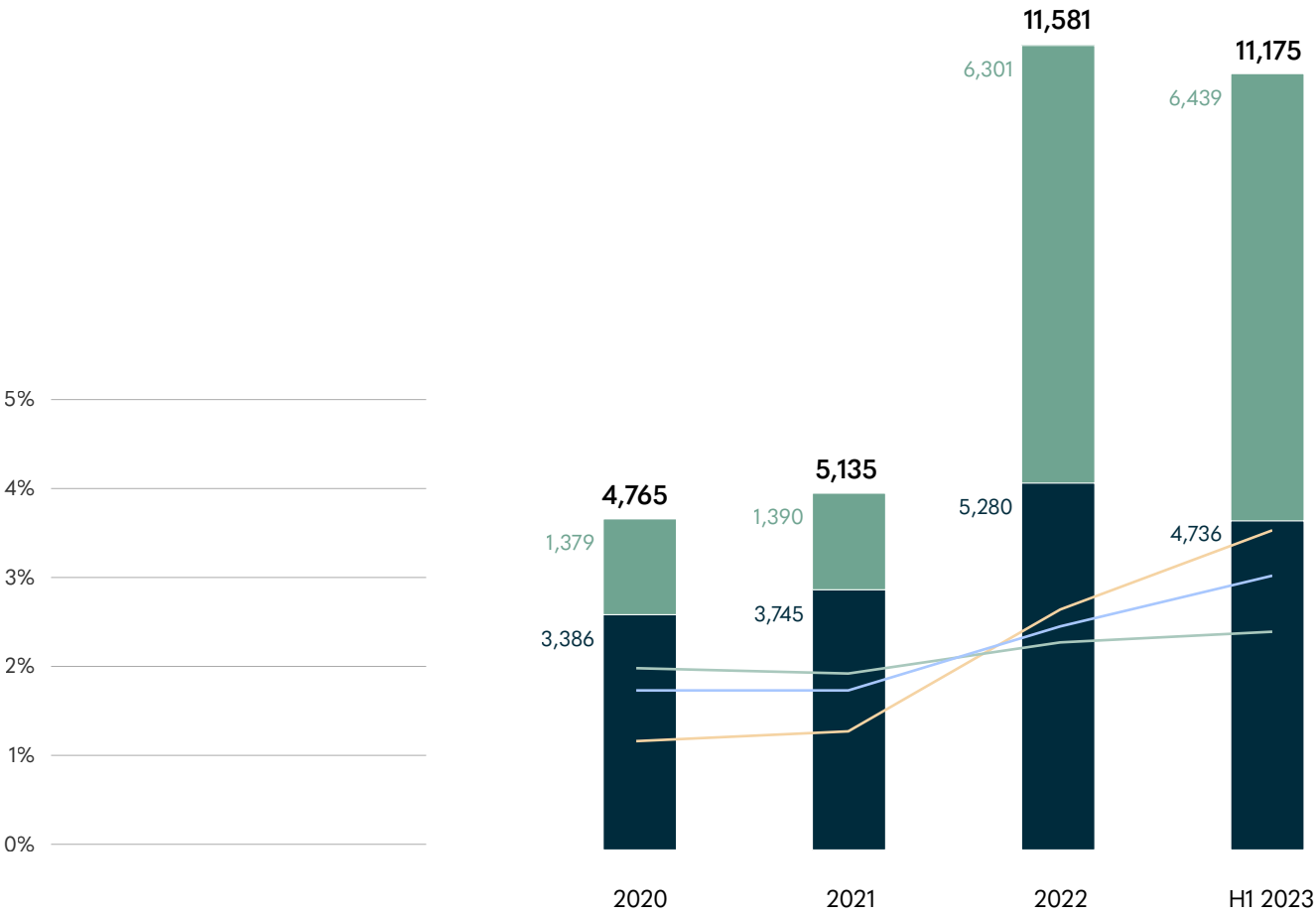
Fixed versus floating rate debt

At the end of June 2023, the portion of fixed-rate debt increased to 78% (89% excluding the impact of the bridge facility), which provides a high degree of protection against interest rate volatility. If interest rates on all of our variable-rate debt increased by 1 p.p., the cost of the Group’s external debt would rise only by 0.22 p.p. In addition to our bonds which carry fixed coupons, many of the Group’s loan agreements utilise interest rate swaps to convert the loan to a fixed-rate obligation. The Group is also able to carefully make use of a variety of hedging instruments as required to manage the level of fixed and floating-rate debt.



Structure of external debt and average interest rates (€ million)

At the end of H1 2023, the Group’s average cost of debt stood at 3.02%.



Average interest rate sensitivity (% p.a.)

Type of liability	Share of external debt	Average interest rate as at 30 Jun 2023	if market interest rate +1 p.p.	if market interest rate +2 p.p.	if market interest rate +3 p.p.
Bank loan	57%	3.53%	3.83%	4.14%	4.45%
Bonds/Schuldschein	42%	2.39%	2.49%	2.60%	2.70%
Leasing	1%	0.02%	0.02%	0.02%	0.02%
Non bank loan	0%	1.30%	1.31%	1.33%	1.35%
Total	100%	3.02%	3.24%	3.45%	3.67%

Note: Includes the impact of contracted interest rate swaps.



Atrium Complex, Warsaw, Poland

Bank loans	1,379	1,390	6,301	6,439
Corporate bonds/Schuldschein	3,386	3,745	5,280	4,736
Avg. bank loan interest rate	1.16%	1.27%	2.64%	3.53%
Avg. bond/Schuldschein interest rate	1.98%	1.92%	2.27%	2.39%
Total average interest rate	1.73%	1.73%	2.45%	3.02%

Foreign exchange risk

The Group is exposed to fluctuations in foreign currencies, primarily the Czech Koruna (CZK). The impact of foreign exchange is mostly unrealised (non-cash). It arises whenever there is a mismatch between the currency in which a property is valued and the functional currency of the entity into which the property is consolidated. 16% of the property portfolio is valued in CZK and consolidated through sub-holdings into CPIPG, which is a Euro functional currency company. To a lesser extent, there is also an effect related to intra-group loans.

In addition to the non-cash effects, the Group is exposed to foreign currencies (primarily CZK) through rental income and expenses. In H1 2023, 11% of the Group’s gross rental income was received in CZK. However, 20% of the Group’s property operating expenses and 26% of administrative expenses were also denominated in CZK, providing somewhat of a natural hedge. As a result, the remaining net exposure to CZK is limited.

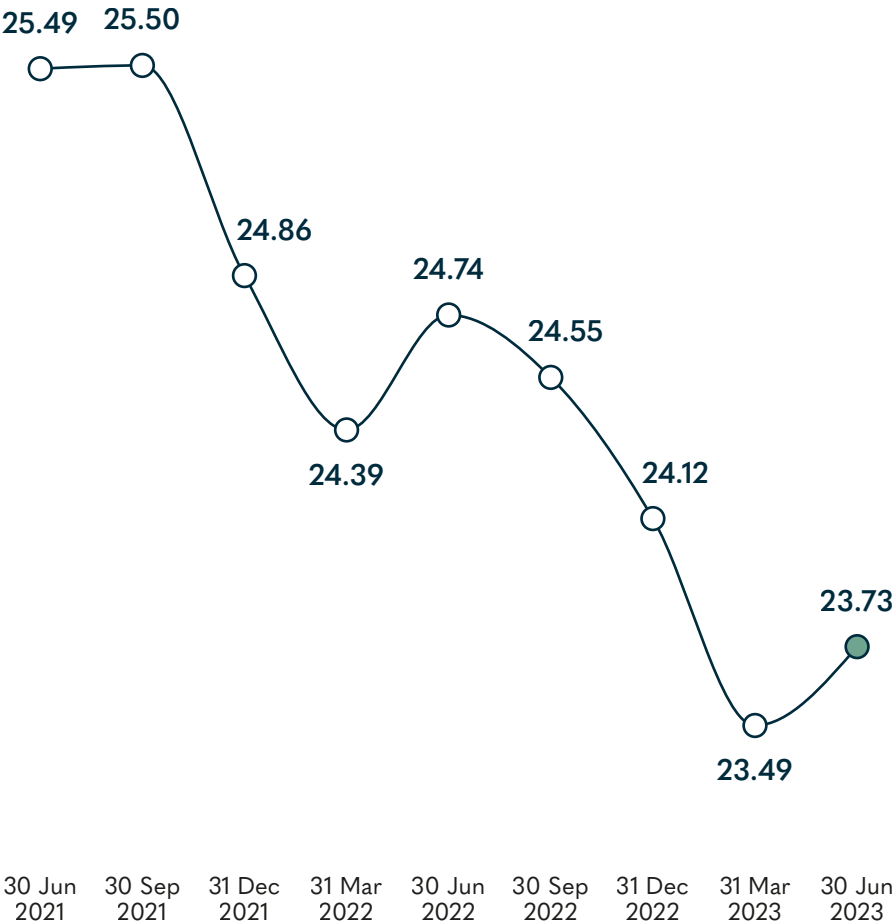


myhive Pankrác House, Prague, Czech Republic

FX sensitivity (CZK depreciation against EUR)

	5%	10%	15%	20%	25%
Net LTV	+0.4 p.p.	+0.7 p.p.	+1.1 p.p.	+1.4 p.p.	+1.6 p.p.
Net ICR	(0.01×)	(0.01×)	(0.02×)	(0.02×)	(0.03×)
EBITDA	(€2.0 m)	(€3.7 m)	(€5.4 m)	(€7.7 m)	(€8.2 m)

Strengthening of CZK vs EUR since 30 June 2021



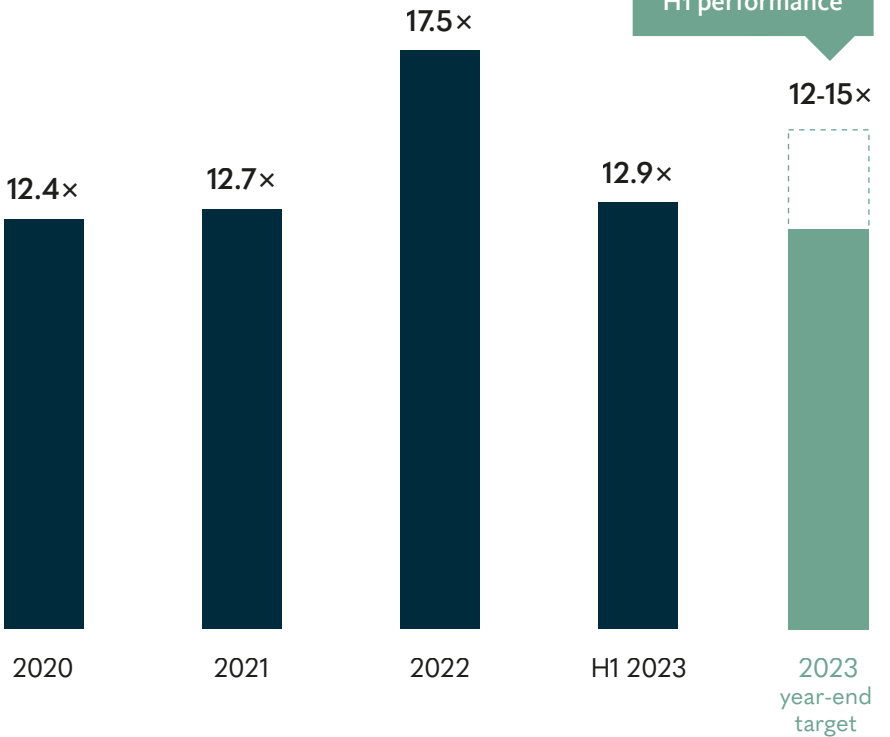
Note: The Group's exposure to other currencies is limited since 98.4% of the Group's annualised headline rent at the end of H1 2023 was denominated in EUR or CZK.

EBITDA and Net debt/EBITDA measurements

Net debt/EBITDA decreased in H1 2023. The decrease has been driven by a combination of factors such as the full earnings contribution from the acquisitions of IMMOFINANZ and S IMMO, positive like-for-like rental growth, the ongoing recovery of our hotel net income and the reduction in net debt.

CPIPG expects Net debt / EBITDA to further improve as we enact deleveraging measures (e.g., bridge repayment through disposals) and as EBITDA grows along with rental income (organic and inflation-linked).

Net debt/EBITDA evolution



FFO distribution policy

CPIPG has never paid dividends and prefers to make distributions through share repurchases. Unlike many of our peers, the Group has retained a substantial portion of our FFO every year. In connection with the investment by Apollo in 2021 via a capital increase, CPIPG raised our payout ratio from 50% to the still-modest 65%. **In May 2023, CPIPG cut our annual distribution (typically in Q4) for 2023 to 25% or less of FFO I to reduce leverage and preserve cash.**

Results & net assets

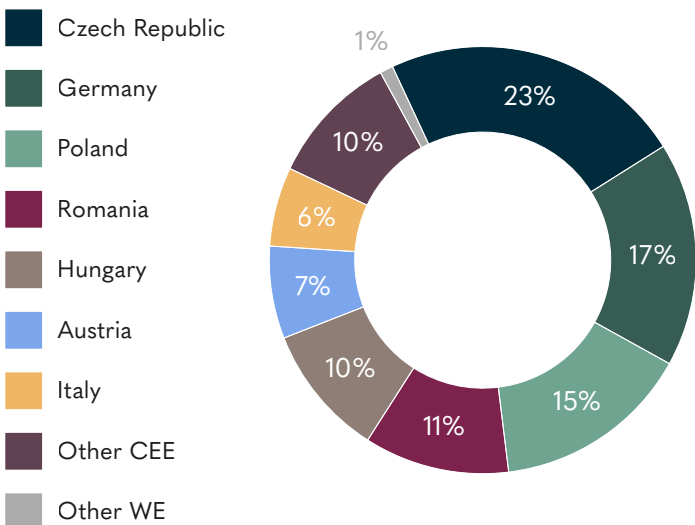
- Net rental income grew by 51% to €399 million, versus €263 million in H1 2022. The positive development in net rental income was driven by an increase in our gross rental income, partially offset by higher property operating expenses.
- Net hotel income was €29 million, versus €8 million in H1 2022, reflecting a robust recovery in travel demand across Europe in 2022 and 2023.

Income statement (part 1)

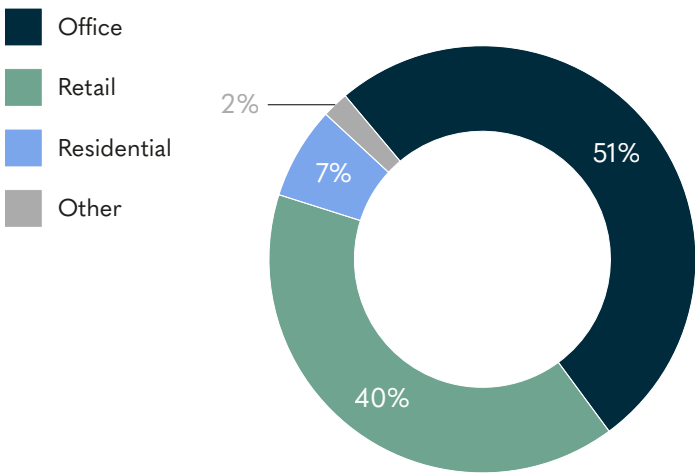
€ million	H1 2023	H1 2022
Gross rental income	457	306
Service charge and other income	219	122
Cost of service and other charges	(200)	(108)
Property operating expenses	(78)	(57)
Net rental income	399	263
Development sales	0	0
Development operating expenses	(0)	(0)
Net development income	0	0
Hotel revenue	103	49
Hotel operating expenses	(74)	(41)
Net hotel income	29	8
Other business revenue	51	33
Other business operating expenses	(42)	(28)
Net other business income	9	5
Total revenues	831	511
Total direct business operating expenses	(394)	(235)
Net business income	437	276
Administrative expenses	(64)	(55)
Consolidated adjusted EBITDA (excl. Other effects)	372	221

In H1 2023, the Group generated gross rental income of €457 million, representing a YoY increase of 50% compared to €306 million in H1 2022, reflecting the full consolidation of IMMOFINANZ and S IMMO from the beginning of the year, the contribution from rent indexation, stable occupancy, and the resilient performance of the Group’s rental properties.

Gross rental income by country



Gross rental income by segment



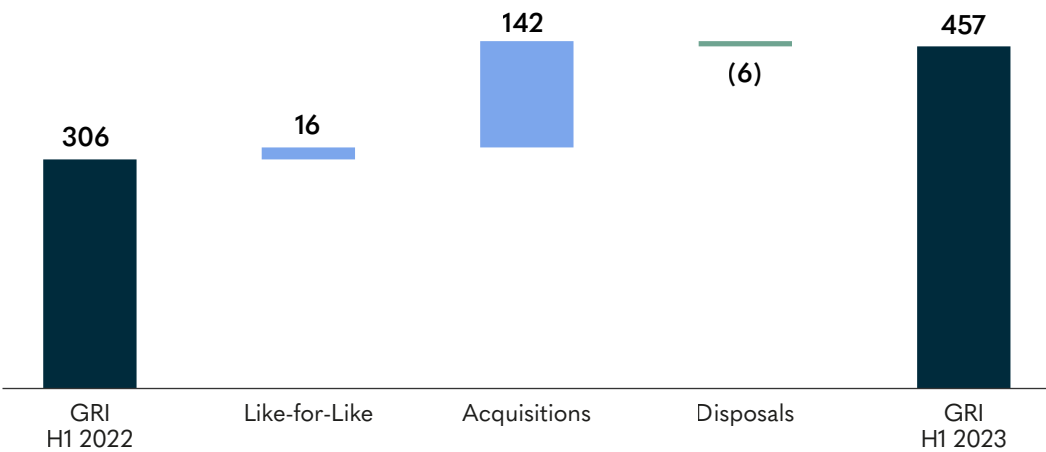
Our focus to continually improve the performance and quality of our assets is reflected in the 8.3% increase in gross rental income on a like-for-like basis.

The greatest increases were realized in the Group’s retail portfolio and the Czech residential portfolio.

The like-for-like growth was driven by an increase of rents, partially offset by slightly lower occupancy on a like-for-like basis.

Like-for-like gross rental income	H1 2023 € m	H1 2022 € m	Increase/ (decrease)
Czech Republic	87.3	79.0	10.6%
Germany	49.7	47.1	5.5%
Hungary	19.4	17.1	13.3%
Poland	34.5	32.7	5.5%
Slovakia	4.5	4.1	10.6%
Other	14.6	14.0	4.3%
Total Lfl gross rental income	210.0	193.9	8.3%

Not like-for-like gross rental income			
Acquisitions/Transfers	246.2	104.3	
Disposals	0.1	6.2	
Development/Other	1.1	1.1	
Total gross rental income	457.5	305.6	49.7%



**In-place-rent
Like-for-Like
9.0%**

**Total
Like-for-Like
8.3%**

**Occupancy
Like-for-Like
(0.7%)**

Income statement (part 2)

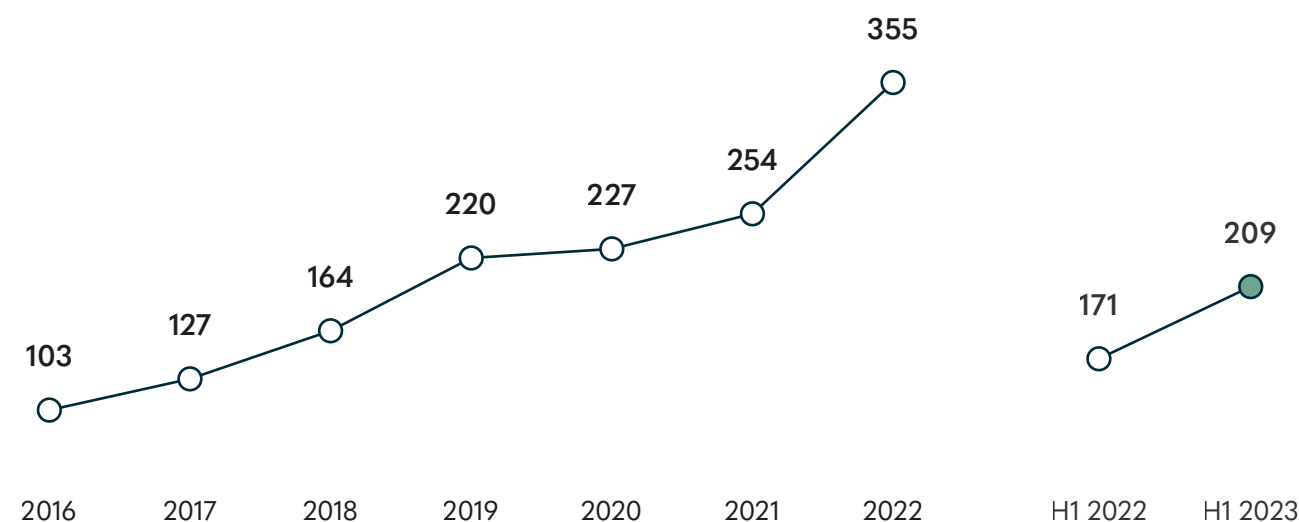
€ million	H1 2023	H1 2022
Consolidated adjusted EBITDA (excl. Other effects)	372	221
Net valuation gain	(217)	287
Net gain or loss on the disposal of investment property and subsidiaries	(1)	32
Amortization, depreciation and impairments	(35)	(45)
Other operating income	8	291
Other operating expenses	(15)	(5)
Operating result	112	780
Interest income	15	7
Interest expense	(166)	(81)
Other net financial result	28	76
Net finance income / (costs)	(122)	1
Share of profit of equity-accounted investees (net of tax)	(5)	34
Profit / (Loss) before income tax	(15)	816
Income tax expense	(35)	(65)
Net profit / (Loss) from continuing operations	(50)	751

Interest expense was €166 million in H1 2023 compared to €81 million in H1 2022, reflecting the full consolidation of IMMOFINANZ and S IMMO from the beginning of the year, and a higher average cost of debt.

Interest expense (€ million)	H1 2023	H1 2022
Interest expense from bank and other loans	(111)	(25)
Interest expense on bonds issued	(52)	(53)
Interest expense related to leases	(1)	(0)
Interest expense on other non-current liabilities	(1)	(3)
Total interest expense	(166)	(81)

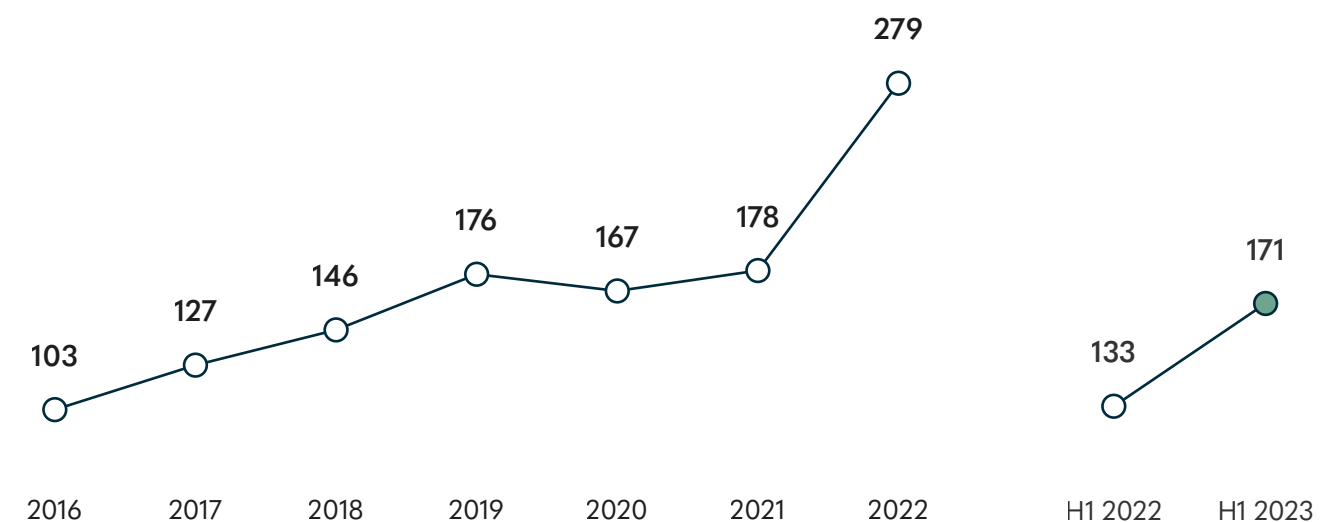
Funds from Operations – FFO (€ million)

Funds from operations (FFO) increased to €209 million in H1 2023, up 22% relative to H1 2022.



Funds from Operations – FFO II (€ million)

FFO II, which includes the effect of coupon payments on hybrid bonds, increased by 29% to €171 million in H1 2023 relative to H1 2022.



Balance sheet

€ million	30 Jun 2023	31 Dec 2022
Non-current assets		
Intangible assets and goodwill	129	127
Investment property	18,201	18,486
Property, plant and equipment	1,105	1,100
Equity accounted investees	729	732
Other financial assets	400	423
Deferred tax asset	160	177
Other non-current assets	314	245
Total non-current assets	21,040	21,290
Current assets		
Inventories	40	24
Trade receivables	197	198
Cash and cash equivalents	1,167	1,033
Assets held for sale	193	597
Other current assets	429	380
Total current assets	2,027	2,231
Total assets	23,066	23,521
Equity		
Equity attributable to owners of the Company	6,611	6,580
Perpetual notes	1,619	1,584
Non controlling interests	1,077	1,099
Total equity	9,308	9,263
Non-current liabilities		
Bonds issued	4,262	4,680
Financial debts	6,574	6,166
Deferred tax liabilities	1,700	1,728
Other non-current liabilities	223	208
Total non-current liabilities	12,759	12,782
Current liabilities		
Bonds issued	278	406
Financial debts	171	360
Trade payables	168	232
Other current liabilities	384	478
Total current liabilities	1,000	1,476
Total equity and liabilities	23,066	23,521

Property Portfolio (IP, PPE, EAI, OFA, INV, AHFS)

Decrease in PP by €0.6 billion primarily due to:

- Disposals of €657 million, including primarily the sale of S IMMO residential and office properties in Germany, IMMOFINANZ office in Vienna, and CPIPG landbank in Italy;
- Decrease in fair value of €154 million, relating mainly to office and residential properties in Germany, partially offset by a positive FX impact of CZK vs EUR;
- CapEx and development of €155 million;
- Minor acquisitions of €29 million.

Total Assets

Total assets decreased by €455 million (-2%) to €23,066 million as of 30 June 2023, primarily driven by lower property portfolio value.

Equity

- - €69 million of loss attributable to the owners of the Group for H1 2023;
- + €109 million translation reserve;
- - €9 million revaluation and hedging reserve.

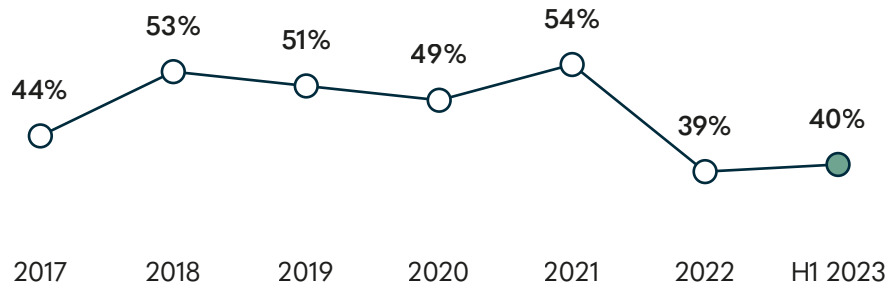
Financial debts and bonds issued

Financial debts (incl. Financial debts linked to AHFS) and Bonds issued decreased by €0.4 billion, especially due to:

- the repayment of bank loans of €646 million;
 - the repayment of bonds of €522 million;
- partially offset by:
- the draw down of new bank loans of €786 million.

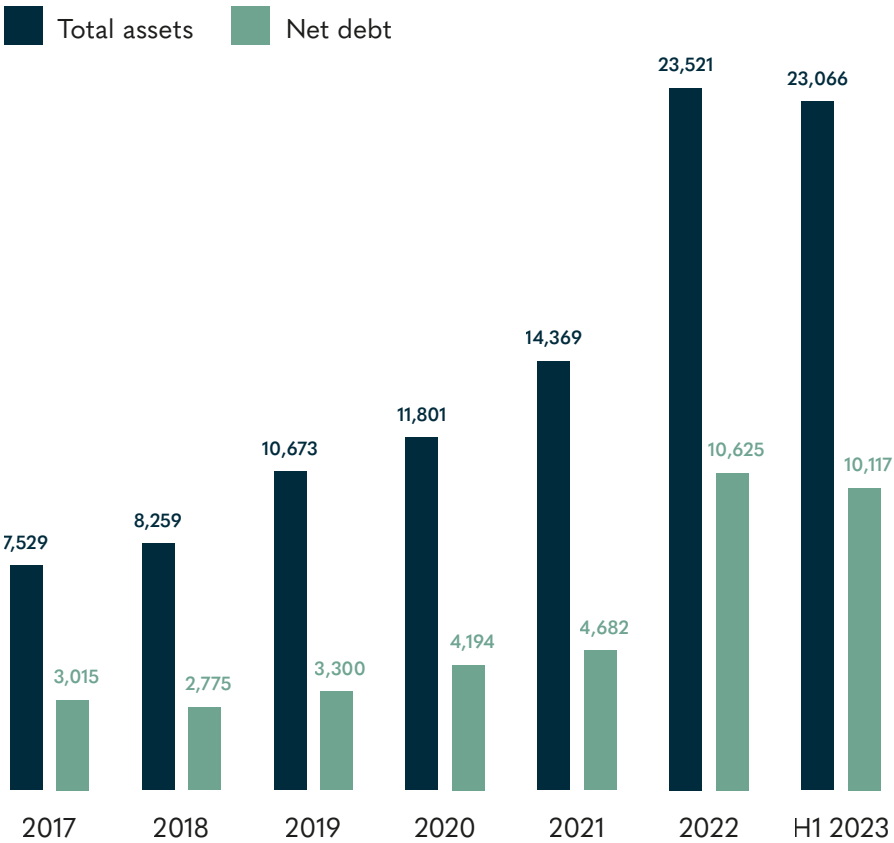
Equity ratio

The Group's equity ratio increased at the end of June 2023 compared to the end of 2022, especially due to disposals and slightly higher equity.



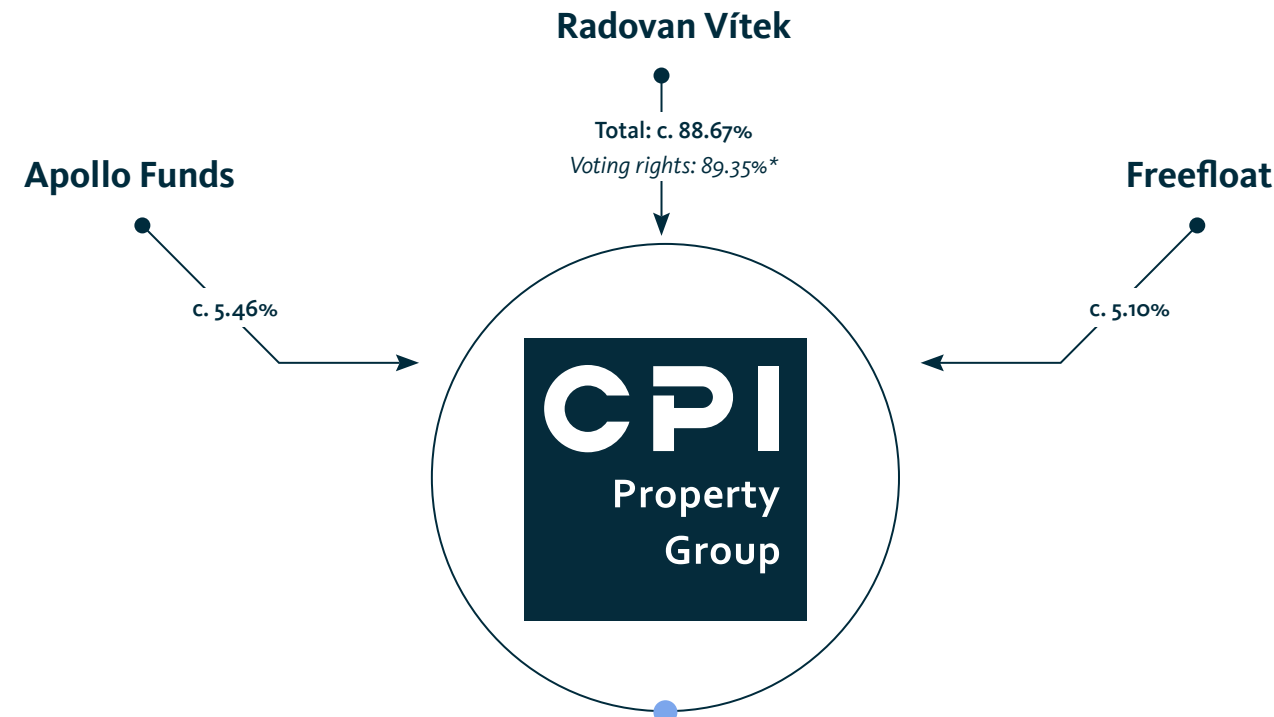
Total assets and Net debt (in € million)

As a result of disposals and debt repayment during H1 2023, the Group decreased both total assets and net debt as at 30 June 2023.

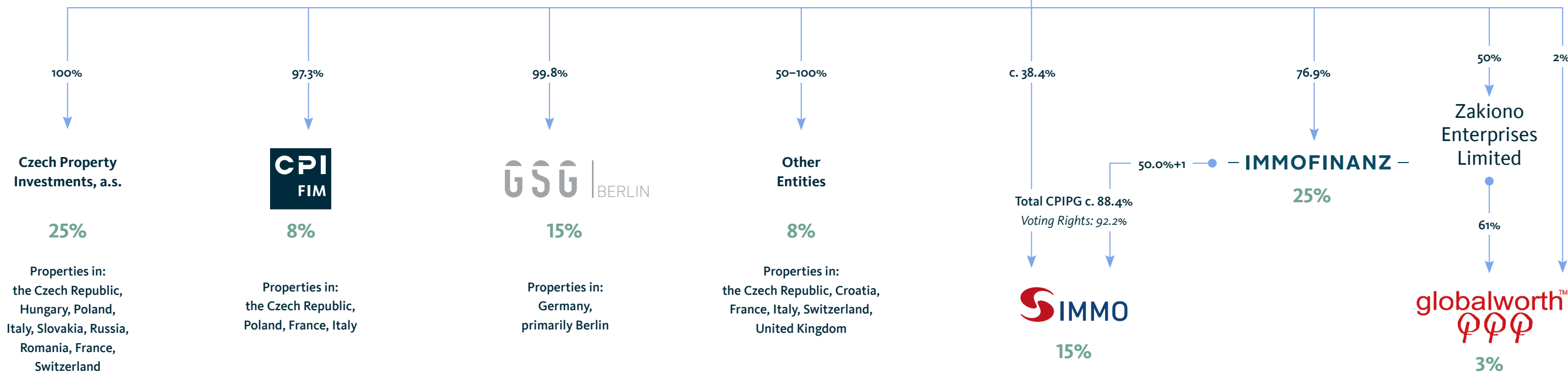


Simplified Group structure

CPI Property Group	– IMMOFINANZ –	IMMO
Property Portfolio: €12.10 bn	Property Portfolio: €5.14 bn	Property Portfolio: €3.01 bn
Unsecured debt: €5.58 bn	Unsecured debt: €293 m	Unsecured debt: €555 m
Secured debt: €1.98 bn	Secured debt: €1.84 bn	Secured debt: €1.03 bn
Unencumbered properties: €6.92 bn	Unencumbered properties: €1.69 bn	Unencumbered properties: €527 m



X% = percentage of CPIPG property portfolio value



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 Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	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 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.
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. 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.	
Like-for-like gross rental growth	It compares the growth of gross rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described.	Information on the growth of rental income other than from acquisitions, disposals and developments, allows stakeholders to arrive at an estimate of organic growth.

Alternative performance measures	Definition	Rationale
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 realized in the event of default.
Unencumbered assets to unsecured debt	It is calculated as unencumbered assets as reported divided by a sum of unsecured bonds and unsecured financial debts as reported.	This measure is an additional indicator of a commercial real estate firm's liquidity and financial flexibility.

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; and cash escrow deposits.
Occupancy	Occupancy is a ratio of estimated rental value regarding occupied GLA and total estimated rental value, 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



Aqua-Höfe, Berlin, Germany *photo: ©CHL*

Property portfolio reconciliation (€ million)

	30 Jun 2023	31 Dec 2022
Investment property – Office	9,101	9,345
Investment property – Retail	4,750	4,733
Investment property – Landbank	2,148	2,179
Investment property – Residential	1,454	1,630
Investment property – Development	456	285
Investment property – Agriculture	131	127
Investment property – Other hospitality	100	123
Investment property – Industry & Logistics	35	35
Investment property – Other	27	27
Investment property – Hospitality	–	2
Property, plant and equipment – Hospitality	977	942
Property, plant and equipment – Mountain resorts	51	51
Property, plant and equipment – Office	20	14
Property, plant and equipment – Agriculture	17	12
Property, plant and equipment – Development	13	11
Property, plant and equipment – Other	9	10
Property, plant and equipment – Residential	8	6
Property, plant and equipment – Retail	7	1
Property, plant and equipment – Landbank	2	1
Property, plant and equipment – Other hospitality	–	23
Equity accounted investees	729	727
Inventories – Development	24	12
Inventories – Landbank	4	–
Inventories – Residential	2	–
Inventories – Retail	1	–
Inventories – Office	0	1
Assets held for sale	190	560
Total	20,256	20,855

Consolidated adjusted EBITDA reconciliation (€ million)*

Item per Consolidated financial statements	H1 2023	H1 2022
A Net business income	437	276
B Administrative expenses	(64)	(55)
C Other effects	21	40
A+B+C Consolidated adjusted EBITDA	394	261

* Includes pro-rata EBITDA of Equity accounted investees

Unencumbered assets to total assets reconciliation (€ million)

Item per Consolidated financial statements	30 Jun 23	31 Dec 22
A Bonds collateral	0	0
B Bank loans collateral	11,318	10,733
Investment property	10,688	9,783
Property, plant and equipment	368	343
Assets held for sale	62	438
Trade receivables	89	106
Bank accounts	53	11
Other financial assets	58	51
C Total assets	23,066	23,521
(C-A-B)/C Unencumbered assets ratio	50.9%	54.4%

Unencumbered assets to unsecured debt reconciliation (€ million)

Item per Consolidated financial statements	30 Jun 23	31 Dec 22
A Total assets	23,066	23,521
B Bonds collateral	0	0
C Bank loans collateral	11,318	10,733
D Total debt	11,284	11,690
E Secured bonds	0	0
F Secured financial debts	4,856	4,552
(A-B-C)/(D-E-F) Unencumbered assets to unsecured debt	183%	179%

Net LTV reconciliation (€ million)

Item per Consolidated financial statements	30 Jun 2023	31 Dec 2022
A Financial debts	6,744	6,526
B Bonds issued	4,540	5,086
C Net debt linked to AHFS	0	46
D Cash and cash equivalents	1,167	1,033
E Property portfolio	20,256	20,855
(A+B+C-D)/E Net LTV	49.9%	50.9%

Net interest coverage ratio reconciliation (€ million)

Item per Consolidated financial statements		H1 2023	FY 2022
A	Interest income	15	20
B	Interest expense	(166)	(210)
C	Consolidated adjusted EBITDA	394	608
C/-(A+B)	Net ICR	2.6×	3.2×

Băneasa Airport Tower Bucharest, Romania



Net debt/EBITDA reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 2023*	31 Dec 2022
A	Net debt	10,117	10,625
B	Net business income	874	676
C	Administrative expenses	(129)	(129)
D	Other effects	43	61
A/(B+C+D)	Net debt/EBITDA	12.9	17.5

* Annualised

Equity ratio reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 2023	31 Dec 2022
A	Total assets	23,066	23,521
B	Total equity	9,308	9,263
B/A	Equity Ratio	40%	39%

Secured debt to total debt reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 2023	31 Dec 2022
A	Secured bonds	0	0
B	Secured financial debts	4,856	4,552
C	Total debt	11,284	11,690
	Bonds issued	4,540	5,086
	Financial debts*	6,744	6,604
(A+B)/C	Secured debt as of Total debt	43.0%	38.9%

* Includes Financial debts linked to AHFS.

FFO II reconciliation (€ million)

Item per Consolidated financial statements		H1 2023	H1 2022
A	Funds from operations	209	171
B	Interest on perpetual notes	(38)	(38)
A+B	Funds from operations II	171	133

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

Item per Consolidated financial statements		H1 2023	H1 2022
A	Net profit/(Loss) for the period	(50)	751
B	Deferred income tax	4	(51)
C	Net valuation gain or loss on investment property	(217)	287
D	Net valuation gain or loss on revaluation of derivatives	(15)	69
E	Net gain or loss on disposal of investment property and subsidiaries	(1)	32
F	Net gain or loss on disposal of PPE/other assets	2	0
G	Impairment/Reversal of impairment	(10)	(26)
H	Amortisation/Depreciation	(25)	(19)
I	Other non-cash items	(43)	38
J	GW/Bargain purchase	0	286
K	Other non-recurring costs	(18)	(66)
L	Other non-recurring income	81	23
M	Share on profit of equity accounted investees/JV adjustments	(5)	34
N	Other effects	12	26
(A-B-C-D-E-F-G-H-I-J-K-L-M+N)	Funds from operations	209	171

* Includes pro-rata FFO of Equity accounted investees

Secured consolidated leverage ratio reconciliation (€ million)

Item per Consolidated financial statements		30 Jun 2023	31 Dec 2022
A	Secured bonds	0	0
B	Secured financial debts	4,856	4,552
C	Consolidated adjusted total assets	22,937	23,394
	Total assets	23,066	23,521
	Intangible assets and goodwill	129	127
(A+B)/C	Secured consolidated leverage ratio	21.2%	19.5%

EPRA NTA deferred tax reconciliation (€ million)

Inventories	Residual tax value of properties	Tax Rate	Fair value of properties	Tax
Total as at 30 June 2023	32	19%-33.3%	32	–
Total as at 31 Dec 2022	13	19%-33.3%	13	–

Group management



Martin Němeček
Chief Executive Officer

Martin Němeček was appointed CEO of CPI Property Group in March 2014. Martin joined CPIPG in 2011 and is now responsible for the Group's corporate strategy, international transactions, business development, and legal matters. He led the integration of CPI and GSG into CPIPG in 2014, managed foreign expansion of the Group, including takeover of publicly listed companies (incl. ABLON, ORCO, NOVA RE, Globalworth, IMMOFINANZ and S IMMO). During his career, he has completed acquisitions with a total value exceeding €23 billion. Martin was a board member of several listed companies. Martin has well over 20 years of real estate experience and previously spent ten years at Linklaters and Dentons law firms.



Tomáš Salajka
Director of Acquisitions,
Asset Management & Sales

Tomáš Salajka was appointed Director of Acquisitions, Asset Management & Sales of CPI Property Group in June 2014. Tomáš is responsible for asset management and transactions across all countries within the Group's portfolio. Prior to joining the Group, Tomáš worked for GE Real Estate CEE/Germany and ČSOB for ten years. Tomáš is also a member of CPIPG's ESG Committee.



Zdeněk Havelka
Executive Director

Zdeněk Havelka was appointed Executive Director of CPI Property Group in June 2014. Zdeněk is responsible for the Group's property management, operational risk management, communications and IT. Zdeněk has been at CPIPG since 2002, during which time he has held Chief Financial Officer and Chief Executive Officer roles.



David Greenbaum
Chief Financial Officer

David Greenbaum was appointed CFO of CPI Property Group in February 2018. David is responsible for the Group's capital structure, external financing, corporate finance and other strategic matters. David joined CPIPG after 16 years at Deutsche Bank, where he was most recently co-head of Debt Capital Markets for the CEEMEA region. David is also a member of CPIPG's ESG Committee.



Pavel Měchura
Group Finance Director

Pavel Měchura was appointed Group Finance Director of CPI Property Group in February 2018. Pavel is responsible for the Group's accounting and reporting, consolidation, valuations, and strategic planning. Pavel joined CPIPG in 2010 and prior to that, spent six years with KPMG.



Jan Kratina
Director of CPI Hotels

Jan Kratina has served since 2008 as Chief Executive Officer and Chairman of the Board of CPI Hotels. He is responsible for the strategic development and expansion of the Group's hotel portfolio over recent years. Jan joined CPIPG in 2006 as Executive Director and has a long track record of over 20 years in the hospitality industry.

Board of Directors



Edward Hughes
Chairman, independent,
non-executive member

Edward has been a member of the Board of Directors since March 2014. He has been engaged in real estate investment, consultancy, and brokerage activities in

Central Europe for more than 20 years. Edward is an experienced real estate and finance professional, having engaged in many significant asset acquisitions, and development projects in the region. Edward is a Chartered Accountant, after starting his career with Arthur Andersen (London – 1988) and transferred to the Prague office in September 1991. Since then, he has been almost exclusively focused on Central Europe, including during his employment as an Associate Director of GE Capital Europe. Edward is a graduate of Trinity College, Dublin where he majored in Business and Economics with Honours (1988).



Jonathan Lewis
Independent,
non-executive member

Jonathan has been a member of the Board since 6 December 2020. He is an independent real estate consultant who practised for 40 years as a solicitor, most recently as

a real estate partner at international law firm CMS. He started his career at law firm DJFreeman, where he became chief executive. During his career as a solicitor, he has advised both developers and institutional investors on major office developments in the City of London and in the UK, including portfolio acquisitions and financings. He has been involved on the remuneration committee of substantial law firms and performing management roles. He is currently adviser to a number of family offices with significant property portfolios and a lending fund. Outside of his business interests, he is on the international board of Israel Bonds and chairman of UK Jewish Film. Jonathan is a graduate of Manchester University where he obtained a degree in Economics.



Philippe Magistretti
Non-executive member

Philippe has been a member of the Board of Directors since 28 May 2014. End of 2020, Philippe retired from his executive functions with CMA (Crans Montana Ski Resort). Before joining CPI Property

Group, Philippe acted as Chairman of Seveneast, a private wealth management firm in Switzerland, from 2009 to 2015. He was a Member of the Executive Committee and Head of Wealth Management at Renaissance Investment Management in Moscow from 2006 to 2008. Prior to that, Philippe worked with UBP for two years where he was a Member of the Executive Committee and Head of Private Banking. Philippe worked for Lazard Group for more than ten years, where he held several roles, including being a General Partner of Lazard Frères & Co., Managing Director of Lazard Brothers, and CEO of Crédit Agricole Lazard Financial Products Bank. Prior to that, Philippe held executive positions at AIG Financial Products, Credit Suisse First Boston and Solomon brothers in New York. Philippe was a member of the board of Fellows at Harvard Medical School for ten years (1992–2002). He holds an MBA from IMD (Lausanne) and a Doctorate in Medicine from the University of Geneva (1982–1984) (Nuclear Medicine), is Fellow of the Harvard Medical School (1978–1981), received an MD degree from the University of Geneva in 1980 and holds a Masters in Philosophy from the University of Geneva.



Omar Sattar
Independent,
non-executive member

Omar has been a member of the Board of Directors since 29 May 2019. Omar is a seasoned property professional and a RICS qualified Chartered Surveyor with over 25

years of experience. Omar is from the UK but has spent most of his career working in the CEE region in roles such as the Managing Director of Real Estate at Crowdberry, Managing Director of Colliers and DTZ Zadelhoff in the Czech Republic and has also held senior director positions at both Avestus Capital Partners and the Orco Property Group. Omar currently has his own independent real estate advisory business and holds a BSc (Hons) degree in Land Economics from the University of West of Scotland.



Martin Němeček
Executive member

Martin has been a member of the Board of Directors since 10 March 2014. Martin is a seasoned real estate professional with over 20 years of experience in both legal and executive functions. Martin

joined CPIPG in 2011 and now is responsible for the Group's corporate strategy, international transactions, business development, and legal matters. He led the integration of CPIPG and GSG into CPIPG in 2014, managed foreign expansion of the Group, including takeover of publicly listed companies (incl. ABLON, ORCO, NOVA RE, Globalworth, IMMOFINANZ and S IMMO). During his career, he has completed acquisitions with a total value exceeding €23 billion. Martin was a board member of several listed companies. Martin was instrumental in CPIPG becoming the real estate leader of international debt capital markets and ESG, with three investment grade ratings (Moody's, S&P and JCR) and several pioneer issuances, including the first regional green bonds and sustainability-linked bonds. From 2001 to 2011, Martin worked as a real estate lawyer for Salans (today Dentons), Linklaters and Kinstellar law firms. Martin graduated from the Faculty of Law of Charles University in Prague and the University of Economics, Prague.



Tomáš Salajka
Executive member

Tomáš has been a member of the Board of Directors since 10 March 2014. Tomáš is responsible for asset management of the Group's portfolio, including all the transactions and platforms in

Germany, Poland and Hungary. Before joining CPI Property Group, Tomáš was CEO of Orco Property Group and also was working over the last 10 years for GE Real Estate Germany/CEE where his latest position was the Head of Asset Management & Sales CEE and before that for CSOB in the Restructuring Department. He studied foreign trade at the University of Economics in Prague, Czech Republic (VSE).



Oliver Schlink
Executive member

Oliver has been a member of the Board of Directors since 28 May 2014. Oliver has been working for GSG Berlin for more than ten years. Oliver is solely responsible for finance areas (accounting,

controlling, tax, financing), legal, HR and financially driven communication of GSG Berlin and has shared responsibility, with the other GSG Berlin managing directors, for the areas of IT and development. Oliver started his career at KPMG in 1998, where he worked for four years. In 2001 he joined Deutsche Annington (today Vonovia), where he worked for almost ten years, mostly as the Head of Controlling. In 2001, Oliver was responsible for managing one of the four regions of the Deutsche Annington group, comprising 43,000 flats in Westphalia. Oliver holds a dual degree in Business Administration and Engineering from TU Berlin, where he graduated as Diplom Wirtschaftsingenieur in 1997.



Tim Scoble
Non-executive member

Tim was appointed as a member of the Board of Directors since 16 December 2021. Tim has been an advisor to Apollo Management International LLP since August 2013. He has been the commercial

lead on multiple acquisitions and participated as a director on a number of boards, both in executive and non-executive roles. In the last 10 years, Tim has held a number of other advisory roles, including Lapithus Sarl, IBRC, Q Hotels and acting as a non-executive director to Rank Plc for 7 years until the end of 2015. Prior to this, he was the CEO of GuocoLeisure Ltd, a listed leisure and property company on the Singapore exchange for 4 years and preceding this the CEO of its UK operating business. He has worked in the leisure and hospitality business for over 25 years, both in Europe, North America, and Asia. Tim is a member of the Institute of Chartered Accountants in England and Wales.

photo: GSG Berlin © Marc-Stephan Unger



Spojené Farmy, Kravaře, Czech Republic

GOVERNANCE & SUSTAINABILITY

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Governance & sustainability

Governance principles

CPIPG believes that good corporate governance safeguards the interests of our stakeholders, including shareholders, bondholders, lenders, tenants and employees. Our objectives are excellence and transparency in our management controls, external reporting and internal procedures. We believe this supports a corporate culture, which is balanced between entrepreneurial spirit and the identification, control and prevention of risk.

CPIPG continually reviews and implements industry best practices with respect to corporate governance and has adjusted our internal practices to meet international standards. CPIPG aims to communicate regularly with our shareholders and stakeholders regarding corporate governance and to provide regular updates on our website.

Sustainability principles

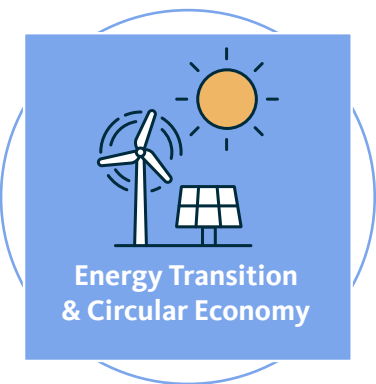
CPIPG's key sustainability principles are:

- promoting a sustainable approach towards real estate development and management;
- contributing to environmental protection and the development of local communities in which the Group operates;
- pursuing a sustainable business model that allows the Group to achieve its business objectives without placing an excessive burden on the environment;
- actively managing the Group's assets to continually improve environmental performance, quality and resilience; and
- encouraging proactive contributions from all employees, tenants, customers and stakeholders of the Group to meet all objectives in compliance with our principles.



“The Group continuously maintains high standards of governance and sustainability”

Martin Matula, General Counsel



CPIPG’s approach to corporate governance

The Group believes that good corporate governance is critical to safeguard the interests of all our stakeholders: shareholders, bondholders, lenders, tenants, employees, suppliers and contractors, communities and local authorities.

The Group’s corporate governance practices primarily follow the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange (the **“The X Principles”**). The Group’s equity and debt securities are listed on several regulated exchanges, including Frankfurt, Luxembourg, Dublin, Tokyo, Warsaw, Zurich and Budapest. In each listing venue, the Group must also comply with applicable disclosure and governance rules.

CPIPG has implemented industry best practices with respect to corporate governance policies and external reporting. In 2019, the Group approved the “Code of Business Ethics and Conduct of CPI Property Group” (the **“Code of Ethics”**) and also newly updated policies governing procurement, supplier and tenants’ conduct, anti-bribery and corruption, anti-money laundering, sanctions and export controls, whistleblowing, human capital and employment and corporate social responsibility (CSR). In 2022, the Group adopted a new group policy governing anti-trust compliance.

The X Principles

CPIPG primarily follows the **X Principles** of Corporate Governance of the Luxembourg Stock Exchange.

The X Principles provide companies with guidance in the application of corporate governance rules and have evolved over time in line with changes in regulations and market practices. The X Principles are based on Luxembourg legislation regarding commercial companies, and specifically on the financial regulations that are applicable to companies listed on the Luxembourg Stock Exchange (and in general to all companies listed in the EU). The X Principles can be summarised as follows:

I. Corporate Governance Framework

The Company has adopted the X Principles as its main corporate governance framework. The Board of Directors considers corporate governance as vital for the Company’s operation and progress. The Board regularly reviews the governance policies, works of its committees and communications with shareholders and investors. The Board of Directors has adopted the Code of Ethics and a set of Group applicable policies regulating the corporate governance framework, business ethics, diversity, human capital, suppliers and tenants conduct as well as anti-bribery, corruption, anti-money laundering.

II. The Board of Directors’ Remit

The Board is responsible for the management and supervision of the Group. It acts in the best corporate interest of the Company, its shareholders and other stakeholders. The key goal of the Board is to ensure the long-term success of the Company.

The Board takes into account the Group’s corporate social responsibility and the interests of all stakeholders in its deliberations. The Board of Directors’ conduct, operation and relations with management are evaluated twice a year. The initial evaluation is made by the Remuneration, Nomination and Related Party Transaction Committee (the **“Remuneration Committee”**), which reports its conclusion to the Board of Directors.

III. Composition of the Board of Directors and Committees

The Board is composed of highly experienced and qualified real estate and finance professionals with an excellent track record and thorough knowledge of the Group and its business. During 2020 the composition of the Board of Directors changed, and independence was further enhanced. In December 2020, two non-executive directors representing shareholders resigned and a new independent non-executive director was co-opted. Further, in December 2021, a new non-executive director representing shareholder Apollo was elected. As at 30 June 2023, the Board of Directors was composed of three executive directors, two non-executive directors, and three independent non-executive directors.

The Board has established the following committees: (i) Audit Committee, (ii) Remuneration Committee, (iii) Investment Committee, and (iv) Environmental, Social and Governance (“ESG”) Committee. The majority of members of the Audit Committee and the Remuneration Committee are independent. The Investment Committee is composed of two executive members and two independent members. The ESG Committee is presided by an independent member but given its specific role, the majority comprises of executive members.

IV. Appointment of Members of the Board of Directors

Candidates for appointment to the Board are carefully evaluated. The candidates are initially reviewed by the Remuneration Committee. Independence, past conduct, qualification and benefit for the Group are factors considered. The Board, before submitting candidates to be voted on at a shareholders’ general meeting, conducts interviews and evaluations of all prospective candidates to ensure that candidates are competent, honest, and qualified persons with relevant professional background and experience.

V. Professional Ethics

The Board, as a governing body, as well as each of the directors, exercises their respective mandates with integrity and commitment. The Board represents the shareholders as a whole and makes decisions in the Company’s interest. A director who has a direct or indirect conflict between their interests and those of the Company in any business or matter to be resolved upon by the Board (i) must promptly inform the Board of such potential conflict; (ii) must request that it is stated in the minutes of the Board meeting; and (iii) cannot take part in such deliberations, nor vote in relation to the matter in which such director is conflicted.

The Code of Ethics, as an integral part of our internal rules, together with our Group policies, form a framework for our Corporate Governance and Compliance. The Code of Ethics states basic standards of conduct for all employees and agents acting on behalf of the Group, as well as for all members of the Group’s corporate bodies and management (employees, agents and members of the Group’s corporate bodies and management hereinafter the “Representatives”). The Code of Ethics and the Group policies are intended to prevent illegal, unethical or otherwise socially improper conduct across the Group.

VI. Executive Management

The Company has become a very successful real estate group, which has experienced significant growth in recent years. A swift decision-making process and cooperative atmosphere are among the Company’s competitive advantages. To ensure a seamless continuation of this success, the Company has formally established an Executive Board comprised of its top executives. The Executive Board reports to the Investment Committee and the Board of Directors, respectively. The Executive Board receives instructions therefrom and is responsible for managing all day-to-day matters of the Group.

In order to streamline the decision-making process and clarify responsibilities, the members of the Executive Board manage and supervise divisions and departments under their direct reporting lines. The coordination and communication among various divisions and departments are vital for the Company’s success and have the full support of management.

VII. Remuneration Policy

The Directors and the members of the Company’s Executive Board are remunerated in a manner that is compatible with the long-term interests of the Company. To attract and also maintain the best talent, the Group strives to provide employees with competitive wages and other employment-related benefits, while ensuring observance of the equal pay for equal work rule.

Aside from cash remuneration, the Group uses various other tools to retain staff, which are set out in more detail in the “Employees and stakeholder involvement” section of this report.

VIII. Financial Reporting, Internal Control and Risk Management

The Company has established a set of rules and procedures designed to protect the Group’s interests in the areas of financial reporting, internal control, and risk management, including cyber risks. The Group’s overall approach to risk is conservative. Key risks are assessed by ranking exposure on the basis of probability and magnitude and are closely managed. Analysis of sensitivity to these key risks is conducted at Group level.

IX. Corporate Social Responsibility (CSR)

The Board has created the ESG Committee focusing on the supervision of sustainability, environmental, corporate social responsibility, green financing, and compliance matters for the Group.

The Group is fully committed to shared responsibility with the communities and environments wherever it is active. It strives to act transparently, ensure accountability and promote accessibility, inclusivity and smart livelihoods through its assets. The Group considers itself a reliable, responsible, equitable and proactive partner for all stakeholders and communities. In this spirit, it actively seeks relevant stakeholders, develops communication channels and addresses grievances.

Further detail on the Group’s ESG initiatives and activities can be found in the “Employees and stakeholder involvement” section of this report, while further detail on the Group’s sustainability and environmental strategy and initiatives can be found in the “Environmental strategy and performance” section of this report.

X. Shareholders

The Company’s primary purpose is the creation of value for its shareholders. The Company respects the rights of its shareholders and ensures that they are treated equally. The Company constantly improves its communication with shareholders and the transparency of its reporting and conducts regular communication with its investors through our semi-annual and annual management reports, press releases, presentations, investor roadshows and semi-annual investor webcasts.

ESG highlights

During the first half of 2023, the Group focused on the integration and alignment of ESG strategies and goals across the subsidiaries, IMMOFINANZ and S IMMO.

Group ESG Strategy & Goals



- **32.4% reduction in GHG intensity** of property portfolio, incl. bioenergy, by year 2030 versus 2019 baseline (*validated by Science-based Target initiative in July 2022 in alignment with the Paris Agreement's well below 2°C scenario*)
- Purchase of electricity exclusively from **100% renewable sources by year end 2024**
- **10% reduction in energy intensity** of property portfolio by year 2030 versus 2019 baseline
- **10% reduction in water intensity** of property portfolio by year 2030 versus 2019 baseline
- Elimination of waste sent to landfill wherever possible, **waste recycling rate of 55%** by year end 2025 and **60% by year end 2030**
- **Increase in EU Taxonomy alignment** of economic activities at consolidated Group level over time



- **Increased share of certified buildings** (*Access4you, BREEAM, DGNB, EDGE, Green Key, Green Star, HQE, LEED, WELL*)
- **Group-wide green lease agreement** to be offered for all new commercial leases and renewals
- Minimum of **33% share of female senior managers**
- Completion of at least **eight hours of training per employee per year**
- Biennial **employee satisfaction surveys**



- Agreement on the **Code of Conduct** with all employees
- **Mandatory annual employee training** on Code of Conduct and associated policies
- All new suppliers and renewals comply with Group-wide **Code of Conduct for Suppliers**
- Alignment of **Management Board remuneration to ESG criteria**

Consolidated reporting and ratings

In July 2023, the Group reported on climate change via CDP questionnaire for the fourth time, and for the first time on a consolidated basis including IMMOFINANZ and S IMMO. The CPIPG's CDP submission in 2022 received a clean 'B' score, which is an improvement from the previous 'B-' score in 2021. Moreover, CPIPG was awarded 'A' score in Supplier Engagement Rating Report in 2022. 'A' score means Leadership level and is higher than the Europe regional average of 'C' and higher than the Land & property ownership & development sector average of 'B-'.



At the same time **the Group joined the UN Global Compact** on a consolidated level. UN Global Compact is the world's largest corporate citizenship initiative, with thousands of business participants and other stakeholders from civil society, labour and government based in over 160 countries.

WE SUPPORT



Our sustainability team is active in the local markets

Our sustainability colleagues continue partnering with the local Green Building Councils as well as participating in actual topics and involving themselves in several professional working groups.

In June 2023, CPIPG was elected as a board member of Polish Green Building Council (PLGBC). Michal Litewnicki, our Sustainability & Innovations Manager in Poland, will be acting as a board member of PLGBC for the next 3 years.



As an active member of the Hungary Green Building Council (HUGBC) we participated in the development of the Zero Carbon Recommendation published in February 2023. We will take an active role in the development of the Net Zero Roadmap for Hungary's Construction Sector, we work in the Advocacy Working Group to influence the Hungarian building energy legislation. As an active member of Real Estate Developers Round Table Association (IFK), we can influence the Hungarian building energy legislation.



In the Czech Republic we are involved in the development of the essential document "Zero Carbon Roadmap for the construction industry", which is being created by the Czech Green Building Council (CZGBC) and which will be the basic guide for achieving a carbon-neutral building industry in the Czech Republic. Jitka Kubová, CPIPG's Sustainability Manager, is a member of this professional working group. Regarding other partners, Petra Hajná, CPIPG's Sustainability Officer, and a member of the CZGBC's Board of Directors, is also a member of the Sustainability Committee of the Czech Olympic Committee, and a member of the supervisory board of Rethink Architecture as well.



In Austria, the Group is – through S IMMO – a member of the Austrian Sustainable Building Council (ÖGNI), system partner of the German Sustainable Building Council (DGNB), as well as the Austrian Business Council for Sustainable Development (respACT).



In Germany, the Group is – through our subsidiary GSG Berlin – a member of Green Building Council DGNB in Germany.



Sustainability team members from CPIPG, IMMOFINANZ, and S IMMO



Several speaking engagements

We appreciate an opportunity to speak at various conferences and workshops in the region to share our ESG knowledge, experience, and journey. Omar Sattar, a CPIPG Board member and Chairman of CPIPG’s ESG Committee, was a panellist at a couple of conferences during the first half of 2023. Firstly, at Prague Property Forum held in April where he shared our ideas on the topic of “ESG is here to stay – How to build a successful strategy?” Secondly, at CEE Sustainable Finance Summit held in May in Prague where he fruitfully contributed to the topic of “Rethinking real estate: how to ensure future proofed development and buildings?”



In February 2023, we were also invited by the Czech Green Building Council to speak at the British Embassy in Prague. CPIPG’s Group Sustainability Officer Petra Hajná shared our experience with ESG and EU Taxonomy reporting as well as how EU Taxonomy criteria are connected to green financing, where the Group remains one of the market leaders.



The European Sustainable Energy Week organizers have selected Šárka Jablonská, our ESG project manager at CPI Energo, to speak as a youth ambassador at the conference in Brussels. Šárka was the only representative of the Czech Republic, which is an amazing achievement. Together with other co-ambassadors from 22 European countries, she had the opportunity to come up with solutions in critical areas such as just transition, twin transition, behaviour change or skills. Šárka is also working on the research topic of green hydrogen and its potential to replace natural gas.



Increasing share of green buildings with strong certifications

One of our ESG goals is to increase the share of certified green buildings in our property portfolio, preferably with a high level of certification. Following the IMMOFINANZ and S IMMO acquisitions, the share of green buildings increased to 37.5% of total value and 33.2% of total leasable area. The increase represents a significant improvement of 4.1 p.p. of total property portfolio value over H1 2022 figures.

In the first half of 2023, the Group continued obtaining the BREEAM In-Use (BIU) certification for its existing buildings, upgrading the BIU certification to the most recent and more stringent BIU version 6.

We are very proud of our newly certified office buildings, e.g. Chałubińskiego 8 in Warsaw, Luxembourg Plaza in Prague, or HOTO Tower in Zagreb, which have achieved BREEAM In-Use certification at the Very Good level. Additionally, Zagreb Tower in Croatia, myhive am Wienerberg WBS 7 in Austria, as well as MAYHOUSE in the Czech Republic have received BREEAM In-Use certification of the Excellent level, which confirms that these buildings meet the highest sustainability standards.

Chałubińskiego 8, Warsaw, Poland



Luxembourg Plaza, Prague, Czech Republic



HOTO Tower, Zagreb, Croatia



Focus on energy self-sufficiency

The Group have announced its partnering with CleverPower. The company focuses on **corporate energy self-sufficiency and electro-mobility** and also operates the **Chargee charging platform**. By 2030, we plan to build up to three thousand new charging points in our region.

Investing in CleverPower and Chargee eMobility is a logical step for us towards promoting sustainability and eco-innovation. We believe that our joint efforts to develop infrastructure for sustainable energy and electromobility will have a positive impact not only on our clients, but also on the whole company.

We keep progressing on photovoltaics installations on the roof of our existing buildings. One example of the running photovoltaics system is the FLOAT building in Germany, which can generate a maximum of 154 kWh.

FLOAT, Düsseldorf, Germany



ESG compliance and management

ESG Committee

In early 2019, CPIPG’s Board of Directors created the CSR Committee (which has since been renamed to the ESG Committee) focusing on the supervision of sustainability strategy, social and environmental risks management, corporate social responsibility, green financing, and compliance matters for the Group.

The main task of the ESG Committee is the supervision, oversight and active promotion of ESG principles across the Group.

In relation to the sustainability and environmental risks, the ESG Committee monitors and enhances:

- (a) active use and promotion of energy efficiency and energy savings in line with current strategies and objectives;
- (b) consideration of the life cycle implications at all stages of investments and planning;
- (c) optimisation of usage of natural and other resources in order to benefit from efficient and responsible use, minimize waste, prevent pollution and promote reusing and recycling of raw materials;
- (d) active promotion and encouragement of environmentally friendly conduct both internally and externally;
- (e) increase of the share of the renewable energy sources in all Group’s operations, such as equipping existing assets with solar panels;
- (f) high-standard performance, including green LEED/BREEAM certifications, as well as other relevant external certifications, where possible;
- (g) strengthened commitment to electro-mobility, development of biking infrastructure, ensuring proximity to public transport and access to amenities, and support of the concept of smart cities;
- (h) increase of the share of green buildings in the Group’s portfolio in line with the current strategy and seek to apply real estate life cycle assessment on new projects;
- (i) application of innovative approaches in the Group’s undertakings, including green roofs and net zero buildings; and
- (j) setting verifiable and measurable goals in pursuit of improvement of the ESG performance.

In relation to the Group’s corporate social responsibility, the ESG Committee monitors and enhances:

- (k) transparency and accountability within the Group and vis-à-vis its stakeholders. The CSR Committee promotes active interaction with relevant stakeholders, development of communication channels across the Group;
- (l) promotion of accessibility, inclusivity and smart livelihoods through the Group’s assets;
- (m) achievement of the Group’s sustainability, social and business objectives through proper supply chain monitoring, sensible and sustainable procurement, as well as engagement in relevant social development matters;
- (n) promotion of personal and professional development of the Group’s employees;
- (o) promotion of diversity and equal opportunity in the workspace in line with the Group’s policies and applicable legal standards; and
- (p) proper disclosures in relation to corporate social responsibility efforts on a regular basis.

The members of the ESG Committee are appointed by the Board of Directors. The ESG Committee shall have at least five members. Any member of the ESG Committee may be removed with or without cause (ad nutum) by a simple decision of the Board of Directors.

The ESG Committee shall be composed of highly experienced and qualified professionals with an excellent track record, thorough knowledge of the Group and its business, and experience in ESG-related matters. The ESG Committee shall be composed of a balanced mix of executive and independent directors as well senior managers across various functions and jurisdictions of the Group, including finance, asset management and legal departments.

The members of the ESG Committee shall always act in the best corporate interest of the Group, its shareholders and other stakeholders. The ESG Committee shall ensure that the Group takes into account corporate social responsibility and the interests of all stakeholders.

As at 30 June 2023, the ESG Committee is comprised of the following members:

- **David Greenbaum**, Chief Financial Officer;
- **Petra Hajná**, Group Sustainability Officer;
- **Martin Matula**, General Counsel;
- **Tomáš Salajka**, Director of Acquisitions, Asset Management & Sales, executive member of the Board of Directors; and
- **Omar Sattar**, Chairman of the ESG Committee, independent, non-executive member of the Board of Directors;

In H1 2023, the ESG Committee held one meeting. Within the mandate given by the Board of Directors, the ESG Committee in March 2023 approved the selection of Key Performance Indicators (KPIs) to be included in the sustainability-linked bond framework within the Group’s Sustainability Finance Framework.

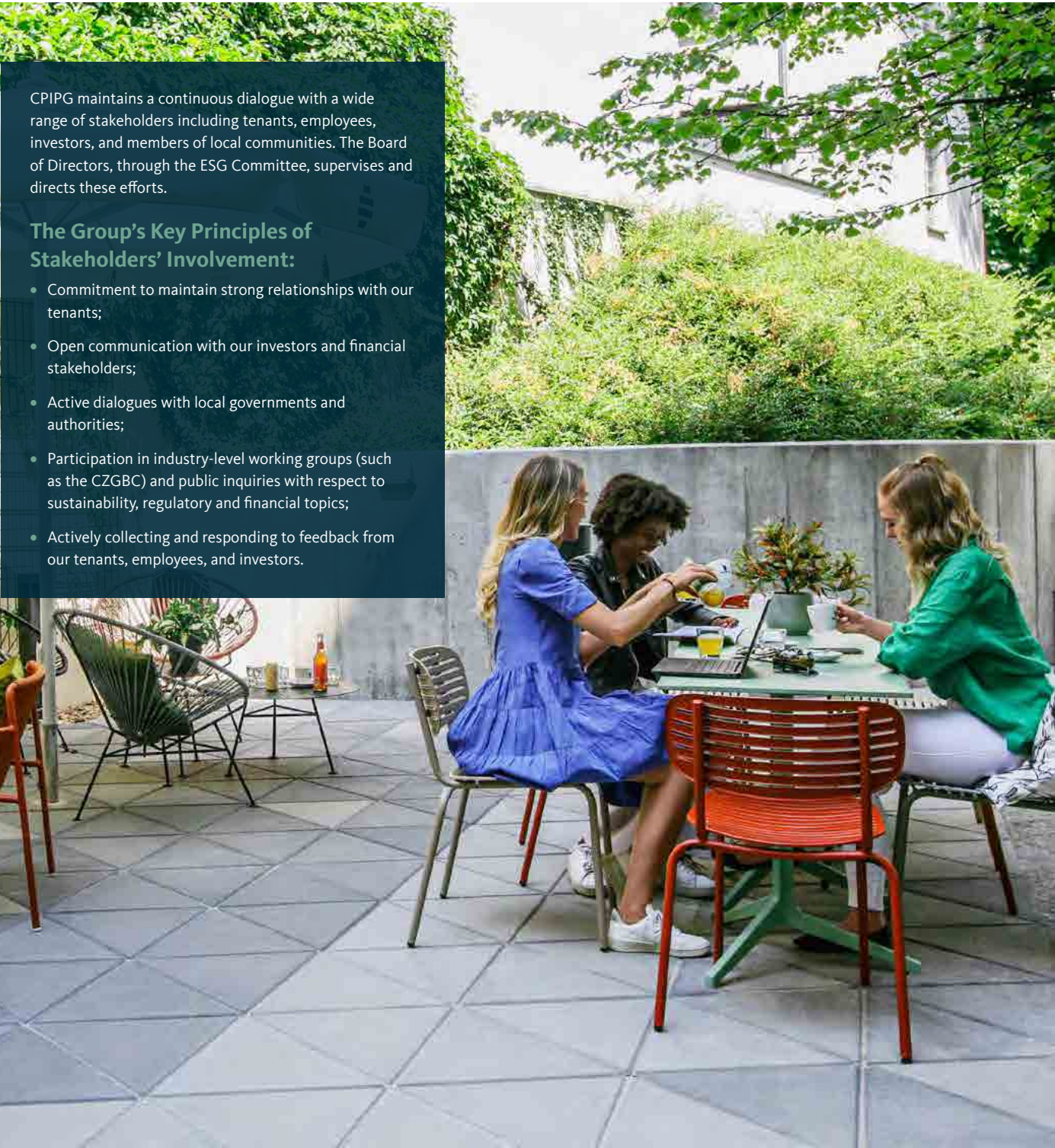
In August 2023, the ESG Committee and Board of Directors approved the revised ESG strategies and goals that is aligned across the Group.



“ESG matters are always at the forefront of the Group’s considerations.”

Omar Sattar, Chairman of the ESG Committee

Involvement of stakeholders



myhive Ungargasse, Vienna, Austria

CPIPG maintains a continuous dialogue with a wide range of stakeholders including tenants, employees, investors, and members of local communities. The Board of Directors, through the ESG Committee, supervises and directs these efforts.

The Group’s Key Principles of Stakeholders’ Involvement:

- Commitment to maintain strong relationships with our tenants;
- Open communication with our investors and financial stakeholders;
- Active dialogues with local governments and authorities;
- Participation in industry-level working groups (such as the CZGBC) and public inquiries with respect to sustainability, regulatory and financial topics;
- Actively collecting and responding to feedback from our tenants, employees, and investors.

The Code of Ethics sets the following standards of conduct towards stakeholders

Towards Customers

We endeavour to build a partnership with our customers (including tenants) that operates in a manner consistent with our values, including ethical, social and environmental aspects. We strive to ensure that our customers share our values. At the same time, our priority is to satisfy the needs and expectations of our customers. Therefore, we conduct our business with due care and focus on protection and support of our customers’ interests. We avoid any steps and actions which could damage our trustworthiness in our customers’ eyes or distort their perception of our services.

Because Assurance of Infrastructural Health and Safety Compatibility is a Prerequisite to Our Customers’ Satisfaction, we:

- Comply with the highest customer general safety and fire safety standards;
- Regularly monitor and assess safety-related issues as part of our extensive due diligence activities;
- Carry out regular on-site customer property management; and
- Ensure transparency of all measures and work conducted for customers.

We also pay attention to customers’ complaints and inform them on handling of complaints, including remedial steps and measures to be taken. We always prefer an amicable solution to any disputes. If such an amicable solution cannot be reached, we inform the customer on all available out-of-court solutions to the respective dispute.

Towards Business Partners

We endeavour to build a partnership with our business partners (including suppliers and lenders) in a manner consistent with our values, including ethical, social and environmental aspects. We place the same ethical, social and environmental requirements on our business partners as on ourselves and our Representatives.

We establish and develop honest relationships with our business partners based on mutual trust and respect for contractual obligations. We prefer long-term relationships with our business partners and enter into relationships only with those adhering to applicable laws and using financial resources not resulting from illegal activities. In contractual negotiations and invoicing, we act in a fair and transparent manner. We respect the rights of our business partners to protect their trade secrets and other confidential information.

Towards Employees

We recognise and respect all legitimate rights of employees, including participation in trade unions. We create safe working conditions and an environment of trust and mutual respect, enabling each employee to develop his/her knowledge and skills. We strictly adhere to applicable laws on a healthy and injury-free workplace. We invest in the continual education of our employees and participate in their professional development. We provide adequate remuneration for the work completed and, in addition, reward exceptional performance.

We neither support nor tolerate any kind of discrimination or harassment; we support diversity and create conditions for work engagement of disabled individuals. We respect the personal lives of our employees by facilitating work-life balance. We conduct background checks of candidates as to previous breaches of applicable laws or ethical rules.

On the other hand, our employees are expected to advance the Group’s legitimate business interests. They shall not enter into competition with the Group, provide unjustified advantages to any third party to the detriment of the Group or take advantage of business opportunities available to the Group for themselves or for their family members.

Towards Shareholders and Investors

We strive for continuous long-term increasing value for our shareholders and investors (including bondholders). We apply Corporate Governance rules in order to achieve balanced relationships between shareholders, investors, corporate bodies, executive management, employees, customers and other stakeholders. We provide our shareholders and investors with information on a regular basis in a transparent and non-discriminatory manner.

Towards Public Authorities and Regulators

We respect powers and competences of all relevant public authorities and regulators (including the respective stock exchanges), and their rules, decrees, decisions and other acts. We provide them with due and appropriate cooperation and information.

Towards Communities and Society as a Whole

We strive to contribute to friendly and peaceful cohabitation within our communities. We are committed to high standards in environmental, social and ethical matters. Our staff receive training on our policies in these areas and are informed when changes are made to these policies. Our environmental policy is to comply with applicable laws, while pursuing energy-efficient solutions wherever possible.

The Code of Ethics explains our core values

- **Compliance with applicable laws, industry standards and best practices** – In all countries where we operate, our primary concern is to comply with applicable laws, industry standards and best practices. Therefore, we prevent conflict of interest, money laundering and terrorist financing and neither support, nor tolerate any insider trading, sanctions circumventing, bribery, corruption or fraud, anti-competitive conduct, discrimination or harassment. We protect the environment and support sound social values and good relationships with our employees, shareholders, investors, customers, business partners and stakeholders.
- **Fairness, Integrity and Professionalism** – We promote the highest standards of integrity by always conducting our affairs in an honest and ethical manner. Each of us makes a commitment not to allow any kind of situation to undermine our standards for fairness and integrity in dealing with employees, shareholders, investors, customers and other business partners, public authorities, communities and other stakeholders. We always keep the highest standards of professional correctness and courtesy in any interaction and communication with our employees, shareholders, investors, customers and other business partners, public authorities, communities and other stakeholders.
- **Experience, Quality and Entrepreneurship** – We have excellent know-how in our field of expertise, understand our business thoroughly and intend to deliver solely top-quality performance to our customers. We actively support a culture of empowerment and accountability, in which our employees can thrive personally and professionally, enhancing creativity in every discipline of the Group.
- **Pro-Active Approach and Teamwork** – Each of us is committed to take a pro-active approach in relation to our shareholders, investors, customers and other business partners, public authorities and communities, as well as our fellow employees. We try to satisfy wishes and needs of other people, and to recognize and understand their problems. The Group is proud to comprise a Europe-wide team of people who are aligned, motivated and rewarded for contributing to the team and to the long-term value of the Group.
- **Stability** – We are a strong, successful and stable Group, standing as a symbol of reliability to our employees, shareholders, investors, customers and other business partners and stakeholders.
- **Safety** – We are committed to a healthy and injury-free workplace and to the safety of our employees, contractors, visitors and communities in which we operate. Safety is fundamental to our overall operational and managerial excellence.
- **Community** – As our corporate culture is centred around respect and professionalism, we believe in giving back to our communities. We contribute to the sustainable economic, social and environmental development of our communities.

It is our policy to comply with the applicable laws of each country where we operate. Our Representatives* shall be aware of applicable laws that impact our business, comply therewith and refrain from any activity which is unethical, illegal or would endanger the safety of others. Our Representatives shall also ensure that their actions cannot be interpreted as being, in any way, in violation of applicable laws. The Group will not condone any activity of any Representative who achieves results through violation of applicable law or through non-ethical business dealings.

Conflicts of Interest

A conflict of interest may arise when a Representative's personal interests (or personal interests of his/her family members) interfere or appear to interfere with his/her ability to act in the best interest of the Group.

We respect the rights of our Representatives to manage their personal affairs and investments, and we do not wish to impinge on their personal lives. However, any activities that create or may create a conflict of interest are prohibited, unless specifically approved in compliance with applicable laws and the Group's internal rules. In turn, our Representatives may not engage in transactions directly or indirectly which lead to or could lead to a conflict of interest.

Even the appearance of a conflict of interest, where none exists, can be detrimental to the Group and shall be avoided. This also means that, as in all other areas of their duties, Representatives working with customers, business partners, competitors or any other persons cooperating with the Group shall act in the best interests of the Group to exclude consideration of personal preferences or benefits.

We expect our Representatives to be free from influences that conflict with the best interests of the Group or might deprive the Group of their undivided loyalty in business dealings. Our Representatives are required to refuse any intervention, coercion or influence that could jeopardize the impartiality of their decision-making relating to our business affairs and, at the same time, to inform their supervisor and the Compliance Officer of the Group (the "Compliance Officer"). The same notification duty applies if such Representative is uncertain whether a conflict of interest exists or will exist. Members of the Group's corporate bodies and management shall in such cases report to, and consult with, the Audit Committee of CPIPG.

Whistle-blowing

We expect our Representatives, as well as shareholders, investors, customers and other business partners and stakeholders to speak out if they have any concerns about breaches of applicable laws, the Code of Ethics, the Group's internal rules or any other illegal or unethical matters.

The Group has set up an Ethics Line to ensure full compliance with the new EU Whistleblower Directive (the "Ethics Line"). The Ethics Line is a confidential, 24-hours-a-day, 365-days-a-year service, which is

operated by an independent provider. The Ethics Line is available to all Representatives, as well as to the business partners, who wish to report any concern. Anyone using the Ethics Line will remain anonymous, except where specifically prohibited by local law. No person making a report will be subject to discrimination or adverse treatment by virtue of making that report.

The Group aims to encourage all Representatives to speak out, if they have concerns on possible improprieties of any kind or risk of the improper conduct, including, but not limited to:

- **Conduct, which is an offence or breach of applicable laws, the Group's Code of Business Ethics and Conduct or other Group's internal rules;**
- **Alleged miscarriage of justice;**
- **Any Improper Conduct concerning health and safety risks;**
- **Unauthorised use of public funds;**
- **Possible fraud, corruption or bribery;**
- **Sexual, physical or verbal harassment;**
- **Bullying or intimidation of employees, customers or other persons;**
- **Abuse of authority; or**
- **Other illegal or non-ethical conduct.**

Under the whistle-blowing procedure, arrangements are in place for independent investigations and for appropriate follow-up actions to be taken.

Prohibition of Corruption, Bribery and Fraud

We do not tolerate corruption, bribery or fraud in any form. Regardless of our geographic location, the Group and its Representatives shall comply with applicable anti-corruption, anti-bribery and anti-fraud laws (including the UK Bribery Act of 2010 and US Foreign Corrupt Practices Act of 1977). No Representative shall directly or indirectly:

- Offer, make, promise or authorise the transfer of anything of value to a public official (or his/her family member) to obtain or retain a business advantage or to influence any decision by such official in his/her official capacity, unless authorised by applicable laws;
- Offer, make, promise or authorise the transfer of anything of value to any private person or entity to improperly influence that person in the legitimate performance of his/her expected duties and obligations; and
- Accept or receive anything of value from any person, where such a thing is offered, promised or given with the intention of improperly influencing that Representative to obtain or retain business for the Group or secure an improper business advantage.

Our Representatives are required to report any actual or suspected corruption, bribery or fraud to the Compliance Officer or through the whistle-blowing procedure. For the purposes of combating corruption, our employees have an anti-corruption clause in their employment contracts. Any violation of the above rules is considered a gross violation of work discipline.

Further, as giving gifts or entertainment to public officials is highly regulated and very often prohibited, each Representative shall avoid any activity that may be construed as a bribe, corruption or improper payment. In such cases, the Representatives shall always obtain relevant approval within the Group, and never offer gifts or entertainment to public officials without first checking with the Compliance Officer.

Procurement within the Group shall be conducted in a cost-effective, transparent and non-discriminatory manner and in compliance with applicable laws. Therefore, we expect our suppliers and other business partners to compete fairly and vigorously for our business and endorse the principles of the Code of Ethics and other relevant Group's internal rules. We select our suppliers and other business partners strictly on merit, rather than on improper benefits given or offered. Our Representatives may neither give to, nor accept from, anyone who conducts or seeks to conduct business with the Group, any gift, service or special treatment of any kind, unless:

- It is provided with good intentions and for legitimate business purposes;
- It is consistent with good business practices and ethical standards;
- It is permitted by applicable laws and the Group's internal rules;
- It is permitted by the counterparty's own business policies;
- It is of value not exceeding normal business practices, not in the form of cash payment and cannot be interpreted as a bribe or reward;
- There is no expectation that such special treatment will follow;
- It does not create an appearance of impropriety;
- Potential publicising the information on providing such gift, service or special treatment of any kind would not be detrimental to the Group's reputation; and
- Providing such gift, service or special treatment of any kind was approved within the Group, if required.

We always treat our customers honestly, fairly and objectively. Our Representatives may provide gifts or entertainment to, or receive gifts or entertainment from, existing or potential customers only if conditions set out in the preceding paragraph are met.

Otherwise, our Representatives are obliged to refuse any such gift, entertainment, service or special treatment of any kind, warn the counterparty of the inadmissibility of such conduct and inform the

* defined as employees, agents and members of the Group's corporate bodies

Compliance Officer. If a Representative cannot avoid accepting such gift, entertainment, service or special treatment of any kind above the value of normal business practices, he/she must report it to the Compliance Officer, who will decide on further steps and measures to be taken.

Finally, any Representative may never try to induce by any means any business partner to give him/her any gift, entertainment, service or special treatment of any kind.

Anti-Money Laundering and Counter-Terrorism Financing

The Group's business activities are to be conducted in accordance, and all Representatives shall at all times comply, with applicable laws on the prohibition and prevention of money laundering and terrorism financing. This means, among others, that we must always have thorough knowledge of the business partners we do business with. In addition, we take steps and measures to prevent misusing our services for money laundering and terrorism financing.

Prohibition of Securities Fraud and Insider Trading

The Group's equity and debt securities are listed on several regulated exchanges, including **Frankfurt, Luxembourg, Dublin, Tokyo, Warsaw, Zurich, and Budapest**. In each listing venue, the Group must also comply with applicable disclosure and governance rules. Accordingly, preventing security fraud and insider trading is of paramount interest.

In particular, our Representatives may have access to material information that is not public and that would be likely to have a significant effect on the price of those instruments, if it were made public. As we comply with applicable laws on prohibition of securities fraud and insider trading, neither the Group, nor its Representatives may trade in the shares or other securities of any company in question, either directly or through another person, as long as such information has not been made public, and may not disclose such information, other than in the normal course of business.

In addition, within the Group any inside information shall only be disseminated to other Representatives on a need-to-know basis, such as a business purpose, and each Representative shall exercise care to keep such information secure from unnecessary or unintended disclosure, including disposal of documents containing such information.

International Sanctions and Export Controls

A number of countries have adopted laws regulating the import and export of goods, services, software and technology. Failure to comply with foreign economic and trade sanctions, export controls, embargoes and international boycotts of any type may constitute a crime and the sanctions for non-compliance can include fines and imprisonment. An entity that does not comply may also be denied the right to participate in foreign trade with the state whose laws were breached.

Therefore, the Group and its Representatives comply with applicable laws of the European Union, USA, United Kingdom and other countries concerning

the import and export of goods, services, software and technology, foreign economic and trade sanctions, export controls, embargoes and international boycotts of any type.

Participation in Public Procurement and Public Tenders

We comply with laws on public procurement and public tenders, if applicable to us. **We have a zero-tolerance policy in respect of any illegal or unethical practices relating to public procurement and public tenders, including bribery, corruption and fraud.**

Prohibition of Cartels and Anti-Competitive Practices

Our policy is to conduct business honestly and fairly, and to comply with applicable competition and antitrust laws. This means that (i) the Group utilises competitive advantages while treating competitors appropriately, (ii) neither the Group, nor any of its Representatives may participate in illegal anti-competitive acts, including abuse of dominance or agreements to fix prices, manipulate or divide markets, limit production or otherwise unfairly restrict competition, and (ii) neither the Group nor any of its Representatives may exchange any commercially sensitive information with the Group's competitors.

Violations of competition and antitrust laws may result in severe penalties and significant fines against the Group. There may also be sanctions against individual Representatives, including substantial fines and prison sentences.

Protection of Intellectual Property

We recognise and respect the intellectual property rights of other persons and entities and fulfil all ethical and legal obligations concerning use of intellectual property.

The Group requires Representatives to respect copyrights, trademarks, patents and other intellectual property rights of all persons and entities to any material (including material downloaded from the internet and computer software), through:

- Using all proprietary information, property and rights only for the purposes for which they are intended and approved for use; and
- Avoiding copying, improper use or distribution of any work subject to intellectual property rights without the owner's prior permission, as violations of the above may result in civil or criminal liability for the Group or the Representatives.

Additionally, software purchases on behalf of the Group are permitted only with the appropriate approval granted within the Group, and any software shall be installed only by employees designated by the Information Technology department of the Group or through processes and resources dedicated by the Information Technology department of the Group. In the majority of cases, computer software is licensed to the Group by the software

developer, thus such software and related documentation is not owned by the Group. Unless authorised by the software developer, neither the Group, nor any Representative have the right to reproduce or copy the software or related documentation.

On the other hand, the Group reserves all rights to any intellectual property, including patents, trademarks and copyrights, developed by the Representatives on the Group's time or utilising the Group's resources during the course of their relationship to the Group.

Protection of Confidential Information

One of our most important assets is confidential (or otherwise privileged) information, including our internal information and trade secrets. Such information, whether developed by us or provided to us by our customers, suppliers or other business partners, may include the list of current and prospective customers, suppliers or assets of the Group, financial and technical information concerning the Group's assets (e.g., period of renewal of leases, rents and expenses, financial projections, maintenance level of buildings and projects, or information relating to future disposals or acquisitions of assets), as well as training and organisational documents.

Each Representative shall comply with applicable information protection laws, which implies that each Representative has a duty to refrain from disclosing confidential information, unless and until such information is released to the public through approved channels, or unless he/she obtained the approval of the responsible member of the Group's management to disclose the confidential information. Additionally, before disclosing such information, the individual or entity receiving the information shall enter into a confidentiality or non-disclosure agreement with the Group. The aforesaid also requires that Representatives shall refrain from discussing confidential information with outsiders and even with other Representatives, unless those fellow Representatives have a legitimate need to know the information in order to perform their duties.

Unauthorised posting or discussion of any confidential information concerning the Group's business or prospects on the internet is prohibited, and all e-mails, voice mails and other communications within the Group are presumed confidential and shall not be forwarded or otherwise disseminated outside the Group, except where required for legitimate business purposes. Representatives leaving the Group shall return to the Group all confidential information in their possession as unauthorised keeping, use or distribution of such information could be illegal and result in civil liability and/or criminal penalties.

Finally, the Representatives shall take care not to inadvertently disclose confidential information. For this reason, all materials that contain confidential information, such as memos, notebooks, computer disks and laptop computers shall be stored securely.

Protection of Personal Data

We comply with applicable laws on privacy and data protection, including Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR).

We collect and retain personal data only to the minimum extent and for proper purposes as required by applicable laws and the Group's operational requirements. We also take all necessary or appropriate steps and measures to comply with applicable laws to safeguard and fairly process personal data, to maintain the confidentiality of personal data and prevent any accidental destruction, alteration, modification, loss, misuse, unlawful use or processing of, or unauthorised access to, personal data.

Certain Group companies have appointed Data Protection Officers with the functional and organisational responsibility for compliance with applicable laws and the Group's internal rules on personal data protection. The Group companies and their Representatives shall report any alleged breach of applicable laws or the Group's internal rules on personal data security to the relevant Data Protection Officer.

Use of Group's Assets

The Group's assets, facilities and services provided to the Representatives are for professional use only. Without prior authorisation, it is forbidden to take possession of or use the Group's assets for personal gain or advantage, to alter, remove or destroy the Group's assets, or to use the Group's services or equipment for personal purposes. Also, the Group's landlines and cell phones, e-mail services, internet access and other equipment and subscriptions must be used primarily for professional purposes. Concerning access to the internet, it is forbidden to download non-professional data or to visit websites whose content is unlawful or could be otherwise detrimental to the Group's reputation.

Use of Agents

Honesty and integrity are key standards for the selection and retention of those who represent, or act on behalf of, the Group. Our policy is that agents acting on our behalf must be willing to certify their compliance with our internal rules and procedures, including the Code of Ethics, and may never be retained to circumvent our ethical and business standards.

Warsaw Spire, Poland



Responsible procurement policy

The Group introduced a procurement policy, the aim of which is to set out universal standards for Group procurement processes, so that all procurement within the Group is conducted in a cost-effective, transparent and non-discriminatory manner and in compliance with applicable laws, and to ensure that the Representatives understand all their responsibilities relating to the procurement and procurement processes.

The main principles in relation to procurement within the Group are the following:

Legality: The procurement and procurement processes shall be conducted in accordance with applicable laws and the Group's internal rules.

Non-Discrimination: The procurement and procurement processes shall be conducted in a non-discriminatory manner, and all current and potential suppliers shall be treated equally and without any special preference. The suppliers may be placed upon the black list for material reasons only.

Transparency: The procurement and procurement processes shall be conducted in a transparent manner. All relevant processes, qualifications, evaluations and communications shall be conducted in a way which does not raise doubts about proper selection of the most suitable supplier for the Group. The relevant documentation must be properly archived to allow subsequent reconstruction of each procurement process.

Cost-Efficiency: The purpose of the procurement shall be to optimise value-for-money, i.e., to determine which supplier can provide the Group with the life cycle best price, quality and added value.

Binding Nature: The procurement policy or the principles relating to the procurement and procurement processes, as the case may be, shall not be circumvented. The Representatives are prohibited to split or manipulate any relevant documents (including orders or invoices) or in any other way distort the processes prescribed herein in order to avoid application of procurement policy or the principles relating to the procurement and procurement processes, as the case may be.

Confidentiality: The Representatives are prohibited to provide any third party with information related to specific terms and conditions, especially prices, under which the Group procures or intends to procure goods or services from its suppliers or potential suppliers.

CPIPG expects suppliers and business partners to meet the same ethical, social and environmental standards as the Group. Relationships with business partners are governed by the Group's suppliers' and tenants' codes of conduct and the procurement policy. Compliance with these policies is monitored through on-site visits and periodic reviews of suppliers. The Group reserves the right to exclude suppliers from new projects if breaches of policy are identified.

Ensuring business ethics

At CPIPG, ethical practice is a core component of our corporate philosophy and we are committed to transparency in our management structure, corporate reporting and internal procedures and rules. We believe that this supports a corporate culture that is balanced between entrepreneurial spirit and core ethical values. An ethical approach combined with proper corporate governance enables us to conduct our European-wide business with the highest ethical and legal standards, which we owe to our stakeholders, communities and public authorities.

The Group's essential tenet is to comply with applicable laws, industry standards and best practices. Therefore, we obey applicable laws, both in letter and in spirit, and continually review and implement industry standards and best practices, including those relating to Corporate Governance and Compliance. This approach ensures that our internal procedures and rules comprise all pivotal pillars of Corporate Governance and Compliance, including environmental issues, conduct of employees, suppliers and tenants, sanctions and export controls, whistle-blowing, procurement, data and information protection, conflict of interests, as well as prevention of insider trading, bribery, corruption, fraud, money laundering, terrorist financing and anti-competitive practices. The Group also endorses principles of the UN Global Compact.

The Code of Ethics, as an integral part of our internal rules, together with our Group policies, form a framework for our Corporate Governance and Compliance. The Code of Ethics sets basic standards of conduct for all employees and agents acting on behalf of the Group, as well as for all Representatives, and is intended to prevent illegal, unethical or otherwise socially improper conduct.

We also expect our shareholders, investors, customers, and other business partners to comply with the Code of Ethics.

Political Involvement, Lobbying and Public Policy

The Group holds political neutrality and does not support any political groups, parties or activities through donations or otherwise, even if permitted by applicable laws. The Group also respects Representatives’ freedom of political participation and encourage its Representatives to become involved in civic affairs and to participate in the political process. This way, we can all practice good citizenship and make meaningful contributions to our communities. However, any political activity on the Representative’s own behalf must occur strictly in an individual and private capacity, not on behalf of the Group, strictly in the Representative’s own time and may not be detrimental to the reputation of the Group.

Moreover, use of the Group’s resources or funds to campaign for an elected position or make a contribution to a political party or candidate is strictly prohibited. The Representatives interested in serving in an elected or appointed public position shall advise the Compliance Officer to ensure understanding of the Group’s Political Involvement Policy rules and other internal rules and possible legal ramifications and to manage possible conflicts of interest, including anti-bribery and anti-corruption compliance requirements.

Any lobbying activities on behalf of the Group are prohibited unless pursued by persons duly authorised thereto by the Remuneration, Nomination, and Related Party Transaction Committee. Any such activities may never be detrimental to the reputation of the Group or conflict with rules concerning the prohibition of corruption, bribery and fraud (as specified in the above section on Prohibition of Corruption, Bribery and Fraud).

In H1 2021, CPIPG approved the Political Involvement Policy and the Diversity and Non-Discrimination Policy, further improving the governance of the Group.

Protecting Our Reputation

In order to avoid inappropriate or inaccurate publicity related to the Group, we disclose information concerning the Group and its work to the media (whether printed, broadcasted or on the internet) or otherwise to the public only through authorised persons and specific limited channels. We disclose only true, accurate and not misleading information. We also use only decent and ethical marketing and advertising. Representatives may not provide any information to the media or public about the Group on or off-the-record, for background only, confidentially or secretly. **All inquiries or calls from the press shall be referred to the PR and Marketing Director of the Group.**

Accounts on social networks under the Group’s brand can be established only with prior consent of the Group. Information published by Representatives on social networks via their private accounts may not be detrimental to the Group’s reputation.

Rules for Gifts and Hospitality

Giving gifts to or accepting gifts from, as well as providing hospitality to or accepting hospitality from, individuals or entities that we do business with may be a valuable way for the Group to establish and maintain good business relationships. However, it may never conflict with rules concerning prohibition of corruption, bribery and fraud (as specified in the above section on Prohibition of Corruption, Bribery and Fraud).

Rules for Charity and Sponsorship

We believe that charity and sponsorship are important to the communities where we operate. We respect our local communities and do our best to broaden recognition of the Group’s capabilities and improve community relations. We provide financial support to specific sport, cultural, charitable and social projects and activities; however, never in order to obtain illegal or unethical benefit or advantage. We always keep an apolitical position and never provide financial or other support to political parties or movements.

Diversity and Non-Discrimination

We are committed to creating an environment of respect for and appreciation of individual differences that is free from direct or indirect discrimination, harassment, retaliation and/or sexual assault. The Group rejects any form of discrimination and harassment based on sex, sexual orientation, race, gender or gender identity or expression, colour, creed, religion, age, national origin, ethnicity, disability, ancestry, veteran or military status, pregnancy, genetic information, marital status, citizenship status, philosophical, religious or political beliefs, wealth, social background, state of health, and any other characteristic protected by law. Any such discrimination is not tolerated.

Diversity and inclusion initiatives are being applied across all HR functions, including, but not limited to, recruitment and selection, compensation and benefits, mobility, professional development, training and terminations. **The Group seeks to ensure that all employees are paid fairly reflecting their capabilities and performance** and that gender or other irrelevant characteristics are never a factor. The Group provides reasonable accommodation to the known physical or mental limitations of qualified individuals with disabilities.

Board of Directors

The Company is administered and supervised by the Board of Directors appointed as a collegiate body by the general meeting of shareholders. The Board of Directors represents the shareholders as a group and acts in the best interests of the Company. All members, and in particular the independent and non-executive members, are guided by the interests of the Company’s stakeholders, including shareholders, bondholders, creditors, tenants, and employees.

Appointment of Directors

The members of the Board of Directors are elected by the general meeting of shareholders for a period not exceeding six years. The Board of Directors shall be composed of the number of members determined by the general meeting of the shareholders and shall amount to at least three (3) members. The members of the Board of Directors are eligible for re-election and may be removed at any time by a resolution adopted by a simple majority of votes of the general meeting of shareholders. The Directors may be either natural persons or legal entities. In the event of a vacancy on the Board of Directors, the remaining members may co-opt a new member.

Powers of the Board of Directors

The Board of Directors is empowered to perform any acts necessary or useful in achieving the Company’s objectives. All matters not expressly reserved to the general meeting by law or by Company’s articles of association are within the competence of the Board of Directors.

Deliberations

Meetings of the Board of Directors may be convened by any Director. The Board can validly deliberate and act only if the majority of its members are present or represented. Resolutions shall require a majority vote. In the case of an equality of votes, the chairman of the meeting (if designated) will have a second or casting vote.

Delegation of Powers

The Board of Directors may delegate all or part of its powers concerning the day-to-day management and the representation of the Company in connection therewith to one or more Directors, corporation’s directors, chief operating officers, chief executive officers, managers or other officers, who need not be shareholders of the Company. **Currently, Martin Němeček, has been appointed as the Company’s Managing Director.**

Current Board of Directors

The current Board members were appointed during the Company’s annual general meeting held on 31 May 2023. Their term expires at the annual general meeting of 2024 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2022.

As at 30 June 2023, the Board of Directors consists of the following members:

Edward Hughes (1966), independent, non-executive member. Chairman of the Board of Directors, president of the Audit Committee, president of the Remuneration Committee, and member of the Investment Committee.

Jonathan Lewis (1955), independent, non-executive member. Member of the Remuneration Committee.

Philippe Magistretti (1956), non-executive member.

Martin Němeček (1975), executive member. CEO & Managing Director. Member of the Investment Committee.

Tomáš Salajka (1975), executive member. Director of Acquisitions, Asset Management & Sales. Member of the Investment Committee and of the ESG Committee.

Omar Sattar (1971), independent, non-executive member. Chairman of the ESG Committee, member of the Audit Committee, Remuneration Committee, and of the Investment Committee.

Oliver Schlink (1970), executive member. CFO and Managing Director of GSG Berlin.

Tim Scoble (1957), non-executive member, representing shareholder Apollo.

Board of Directors meetings in H1 2023

In H1 2023, the Board of Directors held a total of eleven meetings, out of which two were quarterly meetings, and nine were ad-hoc board meetings, dealing with transactions and ongoing business matters of the Group. The average participation rate during the meetings of the Board of Directors was 99%, of which 99% represents personal attendance and 1% was absent.

Independence

The Group is committed to continual enhancements to board transparency and independence. In 2019, the Board proposed to the Company’s annual general meeting a second independent board member, Omar Sattar, a former managing director of Colliers International in the Czech Republic and a long-time CEE real estate specialist. Omar has been appointed to the Audit Committee and the Remuneration Committee and in 2020 he became the president of the ESG Committee. These committees are comprised of independent and non-executive members, whereas the majority is independent. In December 2020, the Board of Directors co-opted a third independent non-executive Board member, Jonathan Lewis. Jonathan became a member of the Remuneration Committee. Further, in December 2021, the Board of Directors welcomed a fourth non-executive Board member acting as Apollo’s representative, Tim Scoble.

The independence criteria are revised semi-annually, and is assessed in line with The X Principles of Corporate Governance. An independent director must not have any significant business relationship with the company, close family relationship with any member of the executive management, or any other relationship with the company, its controlling shareholders or members of the executive management which is liable to impair the independence of the director’s judgment.

The potential conflict of interest is taken very seriously. In accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended, a director who has a direct or indirect patrimonial conflict between his interests and those of the Company in any business or matter to be resolved upon by the Board of Directors (i) must promptly inform the Board of Directors of such potential conflict; (ii) must request that it is stated in the minutes of the Board of Directors’ meeting; and (iii) cannot take part in these deliberations nor vote in relation to the matter in which such Director is conflicted. These provisions are strictly enforced by the Board of Directors.

Any related party transaction must be approved by the Board of directors. In addition, the Group requests the members of the Board of Directors and senior management lists of their related parties for review and check of related parties transactions and potential conflict.

Audit Committee

The Audit Committee reviews the Company’s accounting policies and the communication of financial information. In particular, the Audit Committee follows the auditing process, reviews and enhances the Group’s reporting procedures by business lines and reviews risks factors and risk control procedures.

As at 30 June 2023, the Audit Committee is comprised of the following members:

- **Zdeněk Havelka**, executive member.
- **Edward Hughes**, independent, non-executive member. Chairman of the Audit Committee.
- **Iveta Krašovicová**, independent, non-executive member.
- **Omar Sattar**, independent, non-executive member.

Following the appointment Omar Sattar in 2019 as the new independent, non-executive member of the Board of Directors, the Board agreed to appoint Omar to the Audit Committee. **This appointment further strengthened the composition of the Audit Committee and the number of independent members.** In the first quarter of 2020, the Board appointed Zdeněk Havelka to the Audit Committee. Zdeněk supervises the internal audit process across the Group, so his appointment directly includes internal audit matters within the scope of the Audit Committee. During the Audit Committee meeting held on 29 August, Mr. Havelka resigned from his role with the Audit Committee in order to facilitate the full independence of the Audit Committee. The internal audit role supervision will be procured by direct reporting of the Group Internal Auditor towards the Audit Committee. The current composition of the Audit Committee is fully independent and ensures the proper mix of audit, accounting and real estate experience.

During H1 2023, the Audit Committee focused mainly on the ongoing review of the Group’s financial statements: review of the Annual Management Report and consolidated financial statements for the year ended 31 December 2022 and the interim financial statements. During the meeting in Q1 2023, the Audit Committee focused on the Group’s financing and capital structure, with certain key financial and credit metrics being outside the financial policy. The Audit Committee also considered the impact of rising inflation and interest rates on the Group’s operations and valuations.

Lastly, the Audit Committee dealt with external and internal audit matters. In H1 2023, the Audit Committee held three meetings with three absences.

Remuneration, Nomination, and Related Party Transaction Committee

The Remuneration, Nomination, and Related Party Transaction Committee (the **“Remuneration Committee”**) presents proposals to the Board of Directors concerning remuneration, nomination, and incentive programs to be offered to the management and Directors of the Company.

The Remuneration Committee also deals with related party transactions. Any related party transaction must be presented to the Remuneration Committee prior to the submission for approval by the Board of Directors. Where the related party transaction involves a director, that director must not take part in the deliberations and approval by the Board of Directors.

As at 30 June 2023, the Remuneration Committee is comprised of the following members:

- **Edward Hughes**, independent, non-executive member. Chairman of the Remuneration Committee.
- **Jonathan Lewis**, independent, non-executive member.
- **Omar Sattar**, independent, non-executive member.

All members of the Remuneration Committee are independent.

During H1 2023, the Remuneration Committee held one meeting.

The Board also discussed and reviewed its composition and composition of the committees, checked related party transactions, and cross-board mandates of the members. **No case of individual misconduct by any member of the Board of Directors, failure of business practices, or material remuneration controversy was reported to the Remuneration Committee.**

Investment Committee

The Investment Committee was created at the end of 2020 to advise the Board of Directors concerning investment, acquisitions and transactional matters. Given the large number of transactions, the Board created this special committee to help operatively with investment decisions.

As at 30 June 2023, the Investment Committee is comprised of the following members:

- **Edward Hughes**, independent, non-executive member.
- **Martin Němeček**, executive member.
- **Tomáš Salajka**, executive member.
- **Omar Sattar**, independent, non-executive member.

During H1 2023, the Investment Committee held two meetings.

Shareholding of Board members and senior management in CPIPG

As at 30 June 2023, certain members of the Board of Directors and senior management held in aggregate 31,626,902 CPIPG shares.

Quadrio rooftop, Prague, Czech Republic





Financial Reporting, Internal Control and Risk Management

The Company has organised our internal control environment by identifying the main risks and opportunities to which we are exposed, determining the level of control over these risks, and strengthening the reliability of our financial reporting and communication processes. The update of the risk map is organised each year with the intention to highlight the new risks and strategies for their treatment. The Group’s overall approach is risk averse.

There are inherent risks determined by the nature of our business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities. Key risks are assessed by ranking exposure on the basis of judgemental evaluation of inherent, residual and target impact (in value) and probability of occurrence (in %) as the basis for subsequent calculation of risk weight and are closely managed.

Analysis of sensitivity to these key risks is conducted at Group level. **The Group’s management structure is designed to enable effective decision making.** The periodic reviews of key performance indicators are conducted: tenants’ turnovers, vacancies, rent collection, arrears and doubtful debtors, and review of performance against budgets and schedules. Internal audits of control functions are regularly performed. Strict procedures are also observed for the periodic production of quarterly and annual figures on the basis of the adopted Group policies. There are clearly defined guidelines and approval limits for capital and operating expenditures and other key business transactions and decisions. The internal management reporting system is designed to identify fluctuations in the value of investments, income and expenses. Capital projects, major contracts and business property acquisitions are reviewed in detail and approved by the Board of Directors where appropriate.

Financial Risk

The Group maintains a prudent financial policy. Foreign exchange risks and interest rate risks arising from the Group’s operations, financial assets and liabilities are carefully managed and mitigated through the use of a range of hedging instruments. Tenant credit risk is managed by utilising a range of measures including credit rating scorecards. **The Group has strong credit metrics supported by investment grade ratings, long-dated debt maturity profile, strong liquidity through cash and a large committed revolving credit facility** from ten banks expiring in 2026, and access to multiple sources of capital, including international bonds issued across multiple jurisdictions under the Company’s EMTN programme, private placements, Schuldschein, secured loans from its relationship banks and equity investment from its majority shareholder. For financial risk, comprising of

credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk) please refer to Note 7 in Consolidated Financial Statements.

Information Technology Risks

The Group has developed a strong information technology team, with dedicated information security specialists. The threat of data breach and loss or cyberattacks are taken very seriously. IT systems used across the Group are designed and developed in order to provide maximum security. Information security risk is carefully monitored, and information security policies are reviewed and updated. Employees are regularly guided to be aware of potential IT and cyber security related risks. The Group makes use of electronic data processing within automated information systems. Offsite data back-up and recovery measures are in place.

Legal Risk

The Group has established a legal team at the central and local level to ensure proper implementation of legal services and compliance with applicable laws and regulations. Internal legal teams support management in daily operations with respect to ongoing transactions and legal relationships with clients, customers, banks, suppliers, administrative and governmental bodies, as well as courts. The legal teams monitor legislative changes and regulatory changes to minimise associated legal risks.

Complex transactions, litigation as well as certain legal services are outsourced to reputable law firms to ensure obtaining of the highest standards of legal services and minimisation of legal risks.

Local legal departments provide regular litigation reports to the general counsel who reports directly to the CEO. Legal reports, including litigation updates, are provided to the Board on quarterly basis, with major legal issues being reported immediately.

Development, Construction and Refurbishment Projects

The Group employs construction and development experts and skilled project managers for its construction and refurbishment projects. The suppliers of architectural, permitting, construction and refurbishment works are always tendered from reputable companies with relevant experience and financial capacity.

Project timing, progress and budgets are carefully monitored, mostly with the support of external project monitoring organisations. Health, safety and environmental risks are monitored before and during construction.

Transaction and Asset Management Risk

Acquisitions of new assets are carefully examined through a detailed financial, legal, and operational evaluation prior to Board approval. Reputable external advisors are engaged to assist with acquisition processes starting from evaluation, due diligence, transaction negotiation and implementation.

Asset management initiatives are carefully scrutinised before implementation, taking costs and benefits into account. An experienced asset management team evaluates market pricing of lease transactions and also assists with acquisition processes.

An experienced property management team monitors retail tenants’ turnovers, vacancies, rent collection, arrears and doubtful debtors. Rent collection is closely monitored and enforced in cooperation with the legal team. The tenant base is well diversified and there is limited exposure to individual tenants.

Asset Protection/Insurance

The Group insures all income-producing properties with all-risk property insurance at reinstatement cost, business interruption (revenues for 24 months) and third-party liability insurance. Some properties are also insured against terrorist acts. Properties under development have construction all-risk insurance. **Insurance is contracted from reputable international insurers.** The Audit Committee and the Remuneration Committee have specific duties in terms of internal control.

Subsequent Events

Please refer to Note 11 of the Financial Statements.

Financial Risks Exposure

For detail description of the principal risks and uncertainties, please refer to Note 2 Basis of Preparation of the Consolidated Financial Statements.

Required information

In reference to the information required by paragraphs (a) to (k) of Article 11(1) of the Law of 19 May 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, the Board of Directors states as follows.

(a) *The structure of the capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents:*

The share capital of the Company is represented by 8,704,850,259 ordinary shares of one class, out of which 112,135,971 shares (approximately 1.29% of the total number of shares), registered under ISIN code LU0251710041, are admitted to trading on the regulated market of the Frankfurt Stock Exchange in the General Standard segment. The remaining 8,592,714,288 Company shares (approximately 98.71% of the total number of shares) are currently not listed and are non-tradeable on a regulated market. The Extraordinary General Meeting of the shareholders of the Company held on 16 December 2021 decided to cancel the possibility to create and issue up to ten billion (10,000,000,000) non-voting shares, having a par value of ten eurocents (€0.10) each, and also the possibility to create and issue up to ten billion (10,000,000,000) beneficiary shares without any voting rights and being under registered form only.

(b) *Any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC:*

There are no restrictions on the transfer of Company's shares or other securities issued by the Company. However, final terms of certain series of the notes issued under Company's Euro Medium Term Note (EMTN) Programme include a "Prohibition of Sales to EEA Retail Investors" legend. In such case these notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA, within the meaning of (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

(c) *Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross shareholdings) within the meaning of Article 85 of Directive 2001/34/EC:*

Based on the latest shareholders' declarations received as at 30 June 2023, the following table sets out information regarding the ownership of the Company's shares:

Radovan Vitek (directly or indirectly)	7,718,259,609	88.67%
Clerius Properties (affiliate of Apollo Funds)	475,637,819	5.46%
Others	443,952,831	5.10%
Treasury shares held by the Company's indirect subsidiary CPI FIM SA (directly or indirectly)	67,000,000	0.77%
Total	8,704,850,259	100%

(d) *The holders of any securities with special control rights and a description of those rights:*

None of the Company's shareholders has voting rights different from any other holders of the Company's shares. The Company respect the rights of its shareholders and ensure they receive equitable treatment. The Company has established a policy of active communication with the shareholders.

(e) *The system of control of any employee share scheme where the control rights are not exercised directly by the employees:*

The Company has no employee share scheme.

(f) *Any restrictions on voting rights, such as limitation on the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities:*

There are no restrictions on voting rights of the securities issued by the Company, except for the own shares held by the Company, where the voting rights are suspended under law.

(g) *Any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC:*

The Company was notified about an agreement between Mr. Vitek and Apollo relating to the governance of the Company.

(h) *The rules governing the appointment and replacement of board members and the amendment of the articles of association:*

The Company is managed by a Board of Directors appointed as a collegiate body by the general meeting of shareholders. The Board of Directors shall be composed of the number of members determined by the general meeting of the shareholders and shall amount to at least three members. The Directors are elected by the general meeting of shareholders for a period of maximum six years. The directors are eligible for re-election and may be removed with or without cause at any time by decision of the general meeting of shareholders by simple majority vote. In the event of a vacancy in the Board of Directors, the remaining members may co-opt a new member. The Directors may be either natural persons or legal entities. The articles of association may be modified by an extraordinary general meeting of the shareholders, deliberating with a quorum of at least half of the corporate capital and deciding by a vote of at least a two-thirds majority of the votes cast.

(i) *The powers of board members, and in particular the power to issue or buy back shares:*

The Board of Directors is empowered to perform any acts necessary or useful in achieving the Company's objectives. All matters not expressly reserved to the general meeting by law or by Company's articles of association are within the competence of the Board of Directors. In particular, the Board of Directors has the following tasks and competencies, without such list being exhaustive:

- Setting the objectives and management policies of the Company;
- Preparing the annual operating and financing plans;
- Managing the Company's business affairs and performing all the acts and operations relating to the corporate purpose that do not fall within the duties attributed to other bodies of the Company;
- Representing the Company in or out of court;
- Acquiring or selling real estate;
- Incorporating companies;
- Adopting resolutions regarding the issuance of bonds, or borrowings;
- Approving issuance of new shares pursuant to the authorised share capital.

As at 30 June 2023, the authorized share capital of the Company amounts to €3,885,714,258.70, which would authorise the Board of Directors to issue up to 38,857,142,857 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding. As at 30 June 2023, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buy-back programme approved in 2023. For more details on the authorised share capital and the buyback please refer to Note 6.13 of the Consolidated financial statements as of 30 June 2023.

Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements:

The base prospectus dated 18 May 2022, prepared in connection with the Company's Euro Medium Term Note Programme, as amended (the **"Programme"**) contains a change of control put clause, i.e., redemption at the option of the noteholders upon a change of control, provided certain other criteria defined in the Programme occur. Change of control event pursuant to the Programme occurs in case any person or any persons acting in concert (other than Mr. Radovan Vitek, any member of his immediate family or any entity directly or indirectly controlled by him or them) shall acquire a controlling interest in (A) more than 50 per cent., of the issued or allotted ordinary share capital of the Issuer or (B) shares in the issued or allotted ordinary share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, subject to further conditions. For exact terms please refer to Condition 7.6. of the base prospectus of the Programme. Changes of control provisions are stipulated in the Revolving Credit Facility and Schuldschein agreements entered into by the Company. Certain credit facility documentation with financing banks of the Group contains market standard change of control.

(j) *Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.*

Not applicable as of 30 June 2023.



DECLARATION LETTER
INTERIM FINANCIAL REPORT
AS AT 30 JUNE 2023

1.1. Person responsible for the Semi - 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 Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg, m.nemecek@cpipg.com.

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

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

- the condensed consolidated interim financial statements of the Company as at 30 June 2023, prepared in accordance with the International Financial Reporting 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 30 June 2023, 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 August 2023



Mr. Martin Němeček

CEO & Managing Director

CPI PROPERTY GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

Condensed consolidated interim statement of comprehensive income

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

	Note	Six-month period ended	
		30 June 2023	30 June 2022
Gross rental income	5.1	457.5	305.7
Service charges and other income	5.2	219.0	122.1
Cost of service and other charges	5.2	(200.2)	(107.7)
Property operating expenses	5.3	(77.7)	(56.8)
Net rental income		398.6	263.3
Development sales		-	0.4
Development operating expenses		-	(0.4)
Net development income		-	-
Hotel revenue	5.4	103.5	49.0
Hotel operating expenses	5.4	(74.0)	(41.4)
Net hotel income		29.5	7.6
Other business revenue		50.7	33.4
Other business operating expenses		(42.0)	(28.2)
Net other business income		8.7	5.2
Total revenues	4.1	830.7	510.6
Total direct business operating expenses	4.1	(393.9)	(234.5)
Net business income	4.1	436.8	276.1
Net valuation gain	5.5	(217.2)	287.2
Net gain on the disposal of investment property and subsidiaries	5.6	(1.2)	32.3
Amortization, depreciation and impairment	5.7	(34.9)	(45.5)
Administrative expenses	5.8	(64.5)	(55.1)
Other operating income	5.9	7.9	290.9
Other operating expenses		(15.2)	(5.5)
Operating result		111.7	780.4
Interest income		15.4	6.6
Interest expense	5.10	(165.5)	(81.3)
Other net financial result	5.11	28.3	76.1
Net finance costs		(121.8)	1.4
Share of gain of equity-accounted investees (net of tax)		(5.4)	33.7
Profit before income tax		(15.5)	815.5
Income tax expense	5.12	(34.6)	(64.7)
Net profit from continuing operations		(50.1)	750.8
Items that may or are reclassified subsequently to profit or loss			
Translation difference	6.12.2	109.2	(17.0)
Cash flow hedges		(18.0)	19.7
Income tax on other comprehensive income items		3.6	(5.3)
Items that will not be reclassified subsequently to profit or loss			
Revaluation of hotel property	6.3	6.9	59.2
Income tax on other comprehensive income items		(1.1)	(8.6)
Other comprehensive income for the period, net of tax		100.6	48.0
Total comprehensive income for the period		50.5	798.8
Profit attributable to:			
Owners of the parent		(69.2)	682.8
Non-controlling interests	6.12.4	(18.8)	30.1
Perpetual notes holders	6.12.3	37.9	37.9
Profit for the period		(50.1)	750.8
Total comprehensive income attributable to:			
Owners of the parent		31.4	730.8
Non-controlling interests	6.12.4	(18.8)	30.1
Perpetual notes holders	6.12.3	37.9	37.9
Total comprehensive income for the period		50.5	798.8
Earnings per share			
Basic earnings in EUR per share	6.12.5	(0.008)	0.077
Diluted earnings in EUR per share		(0.008)	0.077

Condensed consolidated interim statement of financial position

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

	Note	30 June 2023	31 December 2022
Non-current assets			
Intangible assets and goodwill	6.1	129.1	126.7
Investment property	6.2	18,201.0	18,486.2
Property, plant and equipment	6.3	1,105.4	1,100.0
<i>Hotels</i>	6.3	973.3	973.4
<i>Other property, plant and equipment</i>		132.1	126.6
Biological assets		5.0	4.4
Equity accounted investees	6.4	729.5	732.3
Other financial assets	6.5	400.3	423.5
Loans provided	6.6	308.9	240.6
Deferred tax assets	5.12	160.4	176.8
Total non-current assets		21,039.6	21,290.5
Current assets			
Inventories		40.5	23.5
Biological assets		3.5	3.3
Income tax receivables		27.1	23.2
Trade receivables	6.7	197.1	197.8
Loans provided	6.6	25.4	66.6
Cash and cash equivalents	6.8	1,167.4	1,033.2
Other financial current assets	6.9	197.3	124.2
Other non-financial assets	6.10	175.8	162.4
Assets held for sale	6.11	192.7	596.5
Total current assets		2,026.8	2,230.7
Total assets		23,066.4	23,521.2
Equity			
Equity attributable to owners of the parent		6,611.2	6,579.8
<i>Share capital</i>	6.12.1	863.8	863.8
<i>Share premium</i>	6.12.1	991.2	991.2
<i>Other reserves</i>		583.4	482.8
<i>Retained earnings</i>		4,172.8	4,242.0
Perpetual notes	6.12.3	1,619.2	1,584.4
Non-controlling interests	6.12.4	1,077.1	1,098.8
Total equity		9,307.5	9,263.0
Non-current liabilities			
Bonds issued	6.13	4,262.4	4,680.4
Financial debts	6.15	6,573.5	6,165.6
Deferred tax liability	6.16	1,700.0	1,727.9
Provisions		49.9	41.3
Other financial liabilities	6.17	172.7	166.9
Total non-current liabilities		12,758.5	12,782.1
Current liabilities			
Bonds issued	6.13	277.9	405.8
Financial debts	6.15	170.6	360.4
Trade payables	6.18	167.5	232.3
Income tax liabilities		68.8	38.3
Other financial liabilities	6.19	242.4	236.0
Other non-financial liabilities	6.20	66.2	74.9
Liabilities linked to assets held for sale		7.0	128.4
Total current liabilities		1,000.4	1,476.1
Total equity and liabilities		23,066.4	23,521.2

Condensed consolidated interim 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	Other reserves	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to perpetual notes investors	Non-controlling interests	Total equity
Balance at 1 January 2023		863.8	991.2	120.4	5.8	36.2	320.4	4,242.0	6,579.8	1,584.4	1,098.8	9,263.0
Profit for the period		-	-	-	-	-	-	(69.2)	(69.2)	37.9	(18.8)	(50.1)
Total other comprehensive income for the period		-	-	109.2	-	(14.4)	5.8	-	100.6	-	-	100.6
Total comprehensive income for the period		-	-	109.2	-	(14.4)	5.8	(69.2)	31.4	37.9	(18.8)	50.5
Amount paid to perpetual note holders	6.12.3	-	-	-	-	-	-	-	-	(3.1)	-	(3.1)
Acquisition of NCI	6.12.4	-	-	-	-	-	-	-	-	-	(2.9)	(2.9)
Balance at 30 June 2023		863.8	991.2	229.6	5.8	21.8	326.2	4,172.8	6,611.2	1,619.2	1,077.1	9,307.5

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other reserves	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to perpetual notes investors	Non-controlling interests	Total equity
Balance at 1 January 2022		883.6	1,161.7	55.9	5.8	(10.4)	310.9	3,584.3	5,991.8	1,611.6	91.2	7,694.6
Profit for the period		-	-	-	-	-	-	682.8	682.8	37.9	30.1	750.8
Total other comprehensive income for the period		-	-	(17.0)	-	14.4	50.6	-	48.0	-	-	48.0
Total comprehensive income for the period		-	-	(17.0)	-	14.4	50.6	682.8	730.8	37.9	30.1	798.8
Amount paid to perpetual note holders	6.12.3	-	-	-	-	-	-	-	-	(2.8)	--	(2.8)
Disposal of subsidiaries		-	-	-	-	1.1	-	-	1.1	-	-	1.1
Acquisition of subsidiaries with NCI	6.12.4	-	-	-	-	-	-	-	-	-	2,619.1	2,619.1
Acquisition of NCI	6.12.4	-	-	-	-	-	-	75.3	75.3	-	(776.9)	(701.6)
Balance at 30 June 2022		883.6	1,161.7	38.9	5.8	5.1	361.5	4,342.4	6,799.0	1,646.7	1,963.5	10,409.2

Consolidated cash flow statement

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

Note	Six-month period ended	
	30 June 2023	30 June 2022
Profit before income tax	(15.5)	815.5
Adjusted by:		
Net valuation gain	5.5	217.2
Net gain on the disposal of investment property and subsidiaries	5.6	1.2
Depreciation and amortization	5.7	25.0
Impairment of assets	5.7	9.9
Bargain purchase	5.9	-
Net interest expense		150.1
Net gain on revaluation of financial derivatives		15.4
Share of profit of equity accounted investees		5.3
Unrealized exchange rate differences and other non-cash adjustments		(39.6)
Profit before changes in working capital and provisions	369.0	215.4
Decrease in inventories		(20.3)
Decrease in trade and other receivables		(3.2)
Increase in trade and other payables		39.4
Change in provisions		8.6
Income tax paid		(25.6)
Net cash from operating activities	367.9	185.7
Acquisition of subsidiaries, net of cash acquired		(1.4)
Acquisition of associates		-
Acquisition of non-controlling interest	6.12.4	(2.9)
Acquisition of investment property		(23.7)
Proceeds from disposals of subsidiaries, net of cash disposed	5.6	228.7
Purchase and expenditures on investment property	6.2	(119.2)
Purchase and expenditures on property, plant and equipment	6.3	(20.9)
Purchase of biological assets		(3.0)
Purchase of intangible assets		(2.2)
Proceeds from sale of investment property	5.6	244.5
Proceeds from sale of property, plant and equipment		1.2
Proceeds from sale of biological assets		1.4
Proceeds from sale of other investments		-
Loans provided		(265.0)
Loans repaid		152.4
Interest received		3.1
Dividends received	6.4	-
Net cash used in investing activities	193.0	(363.3)
Repayment of perpetual notes investors	6.12.3	(3.1)
Proceeds from bonds issued	6.13	-
Repayment of bonds issued	6.13	(435.7)
Interest paid		(216.5)
Drawings of loans and borrowings	6.15	792.5
Repayments of loans and borrowings	6.15	(557.6)
Drawings of lease liabilities	6.15	(6.3)
Cash settlement of derivatives		-
Net cash from financing activities	(426.7)	1,232.9
Net increase/ (decrease) in cash	134.2	1,055.3
Cash and cash equivalents at the beginning of the year	6.8	1,033.2
Cash and cash equivalents at the end of the six-month period ended	1,167.4	1,557.1

Notes to the consolidated interim financial statements

1 General information

CPI PROPERTY GROUP S.A. (hereinafter also the “Company” or “CPIPG”, 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. in 2014, the Group expanded to a number of CEE countries, primarily the Czech Republic. In 2022, the Group completed two significant acquisitions of Austrian real estate groups IMMOFINANZ AG (“IMMOFINANZ”) and S IMMO AG (“S IMMO”).

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 30 June 2023, Radovan Vitek was the primary shareholder of the Company holding indirectly 88.67% of the outstanding Company shares.

For the list of shareholders as at 30 June 2023 refer to note 6.12.

Board of Directors

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

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 31 August 2023.

The interim condensed consolidated financial statements have not been audited.

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

The Group’s operations are not subject to any significant seasonal fluctuations.

(b) New and amended standards and interpretations adopted in the six-month period ended 30 June 2023

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group.

3 The Group structure

As at 30 June 2023 the Group comprises its parent company and 650 subsidiaries controlled by the parent company (644 subsidiaries as at 31 December 2022) and 10 joint ventures.

3.1 Changes in the Group in the six-month period ended 30 June 2023

Entities acquired or founded

Entity	Change	Share owned by the Group (%)	Date of change
MACKWORTH PROPERTIES LIMITED	Founded	100.00%	27 February 2023
ADELAIDE TAVERN LIMITED	Acquisition	100.00%	1 February 2023
Nergal Immobilienverwertungs GmbH E58 & Co KG	Founded	100.00%	22 February 2023
Nergal Immobilienverwertungs GmbH F3 & Co KG	Founded	100.00%	22 February 2023
Nergal Immobilienverwertungs GmbH M3 & Co KG	Founded	100.00%	22 February 2023
Eclair Aviation s.r.o.	Acquisition	100.00%	30 January 2023
CPI FIM WHITE, a.s.	Acquisition	100.00%	21 March 2023
CPI FIM GOLD, a.s.	Acquisition	100.00%	21 March 2023
CPI Smart Power, a.s.	Acquisition	100.00%	21 March 2023
FVE roofs & grounds, s.r.o.	Founded	100.00%	21 March 2023
JAVO IMOBILIARE S.R.L	Acquisition	100.00%	8 May 2023

Entities either disposed or liquidated

Entity	Change	Share owned by the Group (%)	Date of change
V Team Prague, s.r.o.	Disposal	100.00%	1 January 2023
SCP NEW BLUE BIRD	Liquidation	100.00%	30 January 2023
SIAG Berlin Wohnimmobilien GmbH	Disposal	100.00%	31 March 2023
Maalkaf BV	Liquidation	100.00%	1 April 2023
IMAK CEE N.V.	Liquidation	100.00%	1 April 2023
Anadolu Gayrimenkul Yatirimciligi ve Ticaret A.S.	Disposal	100.00%	27 April 2023
WASHINGTON PROEKT EOOD	Disposal	100.00%	02 May 2023
Immobilia L Liegenschafts Vermietungs GmbH	Disposal	100.00%	24 May 2023
CPI Real Estate Italy S.R.L.	Disposal	100.00%	28 June 2023
S IMMO Berlin IV GmbH	Disposal	100.00%	30 June 2023

4 Segment reporting

For management purposes, the Group is structured into six operating segments corresponding primarily to geographic regions: Czech Republic, Berlin, Hotels & Resorts (including those in the Czech Republic, Croatia and CEE countries), Complementary Assets (in CEE countries) and both of 2022 significant acquisitions - IMMOFINANZ and S IMMO which are both operated and managed as individual segments with separate internal reporting structure.

The Group engages in the following business activities:

- The Group owns retail, office, residential, office and landbank portfolio and operates agricultural farms in the Czech Republic;
- The Group is a leading office provider in Berlin, Germany;
- The Group operates primarily congress and convention hotels in the Czech Republic, in major CEE region cities and Croatian island Hvar and ski mountain resorts in Switzerland;
- Group's complementary assets portfolio primarily consists of the office portfolio in Warsaw, Poland and office and retail portfolios primarily in Hungary, Romania and Italy. The Group also operates a residential portfolio in Western Europe (primarily Italy, London, Monaco and France);
- IMMOFINANZ operates primarily retail and office portfolio in Austria, the Czech Republic, Poland, Hungary, Romania, Serbia, Germany and other countries.
- S IMMO owns primarily retail, office and residential portfolios (and several hotels) in Austria, Germany, Hungary, Romania, Croatia and other countries.

Six-month period ended 30 June 2023

	Czech Republic	Berlin	Hotels & Resorts	IMMOFINANZ	S IMMO	Complementary Assets	Corporate and not attributable	Total
Gross rental income	81.4	50.0	-	158.9	91.5	75.7	-	457.5
- Office portfolio	22.9	49.3	-	61.7	60.0	40.2	-	234.1
- Retail portfolio	40.0	-	-	95.4	16.5	31.9	-	183.8
- Residential portfolio	17.2	-	-	-	10.4	3.3	-	30.9
- Other	1.3	0.7	-	1.8	4.6	0.3	-	8.7
Service charge and other income	40.6	25.0	-	73.8	35.4	44.2	-	219.0
Cost of service and other charges	(28.6)	(15.4)	-	(67.4)	(43.5)	(45.3)	-	(200.2)
Property operating expenses	(10.9)	(10.5)	-	(24.7)	(10.2)	(21.4)	-	(77.7)
Net rental income	82.5	49.1	-	140.6	73.2	53.2	-	398.6
- Office portfolio	23.9	48.2	-	-	-	31.2	-	103.3
- Retail portfolio	42.6	-	-	-	-	20.8	-	63.4
- Residential portfolio	12.7	-	-	-	-	1.2	-	13.9
- IMMOFINANZ	-	-	-	140.6	-	-	-	140.6
- S IMMO	-	-	-	-	73.2	-	-	73.2
- Other	3.3	0.9	-	-	-	-	-	4.2
Development sales	-	-	-	-	-	-	-	-
Development operating expenses	-	-	-	-	-	-	-	-
Net development income	-	-	-	-	-	-	-	-
Hotel revenue	-	-	72.2	-	31.3	-	-	103.5
Hotel operating expenses	-	-	(50.6)	-	(23.4)	-	-	(74.0)
Net hotel income	-	-	21.6	-	7.9	-	-	29.5
Other business revenue	24.6	-	26.1	-	-	-	-	50.7
Other business operating expenses	(24.0)	-	(18.0)	-	-	-	-	(42.0)
Net other business income	0.6	-	8.1	-	-	-	-	8.7
Total revenues	146.6	75.0	98.3	232.7	158.2	119.9	-	830.7
Total direct business operating expenses	(63.5)	(25.9)	(68.6)	(92.1)	(77.1)	(66.7)	-	(393.9)
Net business income	83.1	49.1	29.7	140.6	81.1	53.2	-	436.8
Administrative expenses	(18.3)	(4.9)	-	(12.1)	(11.2)	(8.1)	(9.9)	(64.5)
Segment adjusted EBITDA	64.8	44.2	29.7	128.5	69.9	45.1	(9.9)	372.3
Valuation gain	-	-	-	21.1	18.8	-	-	39.9
Valuation loss	-	-	-	(140.2)	(98.9)	(18.0)	-	(257.1)
Net gain/(loss) on disposal of investment property and subsidiaries	2.6	-	-	(3.6)	(0.2)	-	-	(1.2)
Amortization, depreciation and impairments	(0.8)	(3.9)	(11.6)	(2.2)	(4.9)	(3.2)	(8.3)	(34.9)
Segment operating result	66.6	42.3	18.1	3.6	(15.3)	23.9	(18.2)	119.0
Other operating income	-	-	-	-	-	-	7.9	7.9
Other operating expenses	-	-	-	-	-	-	(15.2)	(15.2)
Operating result	-	-	-	-	-	-	-	111.7
Interest income	-	-	-	-	-	-	15.4	15.4
Interest expense	-	-	-	-	-	-	(165.5)	(165.5)
Other net financial result	-	-	-	-	-	-	28.3	28.3
Net finance costs	-	-	-	-	-	-	(121.8)	(121.8)
Share of profit of equity-accounted investees (net of tax)	-	-	-	-	-	-	(5.4)	(5.4)
Profit before income tax	-	-	-	-	-	-	-	(15.5)
Income tax expense	-	-	-	-	-	-	(34.6)	(34.6)
Net profit from continuing operations	-	-	-	-	-	-	-	(50.1)

Six-month period ended 30 June 2022

	Czech Republic	Berlin	Hotels & Resorts	IMMOFINANZ	Complementary Assets	Corporate and not attributable	Total
Gross rental income	84.9	47.9	-	93.7	79.2	-	305.7
- Office portfolio	23.2	47.3	-	37.3	42.5	-	150.3
- Retail portfolio	45.4	-	-	50.0	33.6	-	129.0
- Residential portfolio	14.1	-	-	-	2.5	-	16.6
- Other	2.2	0.6	-	6.4	0.6	-	9.8
Service charge and other income	27.0	21.6	-	41.5	32.0	-	122.1
Cost of service and other charges	(23.4)	(16.9)	-	(39.6)	(27.8)	-	(107.7)
Property operating expenses	(9.4)	(8.1)	-	(20.3)	(19.0)	-	(56.8)
Net rental income	79.1	44.5	-	75.3	64.4	-	263.3
- Office portfolio	21.7	44.0	-	-	37.7	-	103.4
- Retail portfolio	43.7	-	-	-	27.8	-	71.5
- Residential portfolio	10.3	-	-	-	0.6	-	10.9
- IMMOFINANZ	-	-	-	75.3	-	-	75.3
- Other	3.4	0.5	-	-	(1.7)	-	2.2
Development sales	0.4	-	-	-	-	-	0.4
Development operating expenses	(0.4)	-	-	-	-	-	(0.4)
Net development income	-	-	-	-	-	-	-
Hotel revenue	-	-	49.0	-	-	-	49.0
Hotel operating expenses	-	-	(41.4)	-	-	-	(41.4)
Net hotel income	-	-	7.6	-	-	-	7.6
Other business revenue	7.5	-	25.9	-	-	-	33.4
Other business operating expenses	(6.7)	-	(21.5)	-	-	-	(28.2)
Net other business income	0.8	-	4.4	-	-	-	5.2
Total revenues	119.8	69.5	74.9	135.2	111.2	-	510.6
Total direct business operating expenses	(39.9)	(25.0)	(62.9)	(59.9)	(46.8)	-	(234.5)
Net business income	79.9	44.5	12.0	75.3	64.4	-	276.1
Administrative expenses	(11.5)	(5.3)	-	(24.3)	(7.1)	(6.9)	(55.1)
Segment adjusted EBITDA	68.4	39.2	12.0	51.0	57.3	(6.9)	221.0
Valuation gain	168.3	-	-	80.8	49.5	-	298.6
Valuation loss	-	-	-	(9.5)	(1.9)	-	(11.4)
Net gain/(loss) on disposal of investment property and subsidiaries	23.8	2.5	-	(0.6)	6.6	-	32.3
Amortization, depreciation and impairments	(0.7)	(0.5)	(22.1)	(15.8)	(4.4)	(2.0)	(45.5)
Segment operating result	259.8	41.2	(10.1)	105.9	107.1	(8.9)	495.0
Other operating income						290.9	290.9
Other operating expenses						(5.5)	(5.5)
Operating result							780.4
Interest income						6.6	6.6
Interest expense						(81.3)	(81.3)
Other net financial result						76.1	76.1
Net finance costs						1.4	1.4
Share of profit of equity-accounted investees (net of tax)						33.7	33.7
Profit before income tax							815.5
Income tax expense						(64.7)	(64.7)
Net profit from continuing operations							750.8

4.1 Revenues generated by countries

The following table presents revenues by countries:

	Six-month period ended			
	30 June 2023		30 June 2022	
	Amount	In %	Amount	In %
Czech Republic	218.4	26%	162.3	32%
Germany	113.2	14%	74.7	15%
Poland	105.1	13%	79.7	16%
Hungary	103.2	12%	45.5	9%
Romania	80.9	10%	26.8	5%
Austria	58.1	7%	17.4	3%
Italy	41.6	5%	35.3	7%
Slovakia	37.6	4%	19.4	4%
Switzerland	26.1	3%	25.8	5%
Other	46.5	6%	23.7	4%
Total revenues generated by the Group	830.7	100%	510.6	100%

4.2 Non-current assets by operating segments and countries

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

	30 June 2023		31 December 2022	
	Amount	In %	Amount	In %
By operating segments				
Czech Republic	4,050.6	22%	4,112.3	22%
- Office portfolio	686.9	17%	820.5	20%
- Retail portfolio	1,173.7	29%	1,165.3	28%
- Residential portfolio	885.7	22%	867.2	21%
- Land bank and development	1,134.5	28%	1,078.5	27%
- Other	169.8	4%	180.8	4%
Berlin	3,023.5	17%	3,001.8	16%
- Office portfolio	2,856.3	95%	2,843.1	95%
- Land bank and development	164.5	5%	155.9	5%
- Other	2.7	0%	2.8	0%
Poland	1,173.0	6%	1,188.4	7%
- Office portfolio	1,054.4	90%	1,069.8	90%
- Retail portfolio	118.3	10%	118.2	10%
- Landbank and development	0.3	0%	0.4	0%
IMMOFINANZ	5,095.5	28%	5,238.6	28%
- Office portfolio	2,566.7	50%	2,725.6	52%
- Retail portfolio	2,350.7	46%	2,348.3	45%
- Land bank and development	122.3	3%	164.7	3%
- Other	55.8	1%	-	0%
S IMMO	2,591.0	14%	2,667.2	15%
- Office portfolio	1,823.0	70%	1,754.4	66%
- Retail portfolio	376.5	15%	387.1	14%
- Residential portfolio	229.5	9%	342.5	13%
- Land bank and development	88.3	3%	86.4	3%
- Hospitality	73.7	3%	96.8	4%
Complementary assets in Europe	2,267.4	13%	2,277.9	12%
- Office portfolio	260.6	11%	288.3	13%
- Retail portfolio	732.5	32%	735.5	32%
- Land bank and development	890.5	40%	788.2	35%
- Residential portfolio	338.7	15%	421.1	18%
- Hospitality	26.0	1%	25.9	1%
- Other	19.1	1%	18.9	1%
Total	18,201.0	100%	18,486.2	100%
By countries				
Czech Republic	4,907.2	27%	4,843.2	26%
Germany	4,132.4	23%	4,323.1	24%
Poland	2,191.0	12%	2,226.5	12%
Italy	1,614.4	9%	1,635.7	9%
Romania	1,298.0	7%	1,317.9	7%
Austria	1,202.5	7%	1,341.5	7%
Hungary	1,164.1	6%	1,160.0	6%
Other	1,691.4	9%	1,638.3	9%
Total	18,201.0	100%	18,486.2	100%

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

	30 June 2023		31 December 2022	
	Amount	In %	Amount	In %
By operating segments				
Hotels and Resorts	586.9	53%	582.6	53%
S IMMO	232.9	21%	236.8	22%
Czech Republic	173.2	16%	166.8	15%
Berlin	15.9	1%	16.4	1%
IMMOFINANZ	6.2	1%	7.1	1%
Complementary Assets	90.3	8%	90.3	8%
Total	1,105.4	100%	1,100.0	100%
By countries				
Czech Republic	433.3	39%	423.7	38%
Austria	182.1	16%	116.0	10%
Croatia	171.9	16%	170.8	16%
Hungary	111.8	10%	171.6	16%
Italy	85.8	8%	85.6	8%
Switzerland	51.7	5%	51.5	5%
Other	68.8	6%	80.8	7%
Total	1,105.4	100%	1,100.0	100%

The following table presents goodwill by operating segments and countries:

	30 June 2023 Amount	31 December 2022 Amount
Berlin	42.6	54.0
Hotels and Resorts	49.8	42.6
Complementary Assets	6.8	1.9
Total	99.2	98.5

5 Condensed consolidated interim statement of comprehensive income

5.1 Gross rental income

	Six-month period ended	
	30 June 2023	30 June 2022
Gross rental income	457.5	305.7

Increase of gross rental income in the six-month period ended 30 June 2023 was driven by acquisition of IMMOFINANZ on 3 March 2022 (EUR 58.8 million) and S IMMO on 28 June 2022 (EUR 91.5 million).

5.2 Net service charge and other income

	Six-month period ended	
	30 June 2023	30 June 2022
Service revenue	2.4	2.9
Service charge income	179.4	106.9
Revenues from sales of utilities	37.2	12.3
Service charges and other income	219.0	122.1
Service charge expenses	(172.8)	(97.9)
Cost of utilities	(27.4)	(9.8)
Cost of service and other charges	(200.2)	(107.7)
Total	18.8	14.4

5.3 Property operating expenses

	Six-month period ended	
	30 June 2023	30 June 2022
Building Maintenance	(21.4)	(17.9)
Personnel expenses (5.3.1)	(9.5)	(4.8)
Real estate tax	(9.2)	(6.3)
Other property related expenses	(37.6)	(27.8)
Total	(77.7)	(56.8)
Of which arising from investment property that:		
- did generate rental income	(74.3)	(52.6)
- did not generate rental income	(3.4)	(4.2)

Property operating costs increased primarily due to acquisition of IMMOFINANZ on 3 March 2022 (EUR 9.3 million) and S IMMO on 28 June 2022 (EUR 10.2 million).

Direct operating expenses arising from investment property that did not generated rental income in the six-month period ended 30 June 2022 were EUR 3.4 million (EUR 4.2 million in the six-month period ended 30 June 2022).

5.3.1 Personnel expenses

	Six-month period ended	
	30 June 2023	30 June 2022
Wages and salaries	(9.0)	(4.0)
Social and health security contributions	(0.5)	(0.3)
Other social expenses	-	(0.5)
Total personnel operating expenses	(9.5)	(4.8)
Wages and salaries	(29.8)	(23.9)
Social and health security contributions	(5.4)	(4.1)
Other social expenses	(0.7)	(1.4)
Total personnel administrative expenses (note 5.8)	(35.9)	(29.4)
Wages and salaries	(25.8)	(11.5)
Social and health security contributions	(4.1)	(3.1)
Other social expenses	(0.3)	(0.1)
Total personnel expenses – hotel operations (note 5.4)	(30.2)	(14.7)
Wages and salaries	(12.0)	(10.7)
Social and health security contributions	(2.1)	(1.9)
Other social expenses	(0.4)	(0.6)
Total personnel expenses – other business operations	(14.5)	(13.2)
Total	(90.1)	(62.1)

The Group had 4,774 employees as at 30 June 2023 (4,371 employees as at 30 June 2022).

The increase of personnel expenses was driven by acquisition of IMMOFINANZ on 3 March 2022 and S IMMO on 28 June 2022.

5.4 Net hotel income

	Six-month period ended	
	30 June 2023	30 June 2022
Hotel revenue	103.5	49.0
Personnel expenses (5.3.1)	(30.2)	(14.7)
Hotel other operating expenses	(43.8)	(26.7)
Total	29.5	7.6

Net hotel income increased primarily due to improved result of Czech hotel portfolio (EUR 8.7 million) after recovery from Covid-19 restrictions and due to acquisition of S IMMO on 28 June 2022 (EUR 7.9 million).

5.5 Net valuation gain

	Czech Republic	IMMOFINANZ	S IMMO	Complementary assets	Total
Six-month period ended 30 June 2023					
Valuation gain	-	21.1	18.8	-	39.9
Valuation loss	-	(140.2)	(98.9)	(18.0)	(257.1)
Net valuation gain	-	(119.1)	(80.1)	(18.0)	(217.2)
Six-month period ended 30 June 2022					
Valuation gain	168.3	80.8	-	49.5	298.6
Valuation loss	-	(9.5)	-	(1.9)	(11.4)
Net valuation gain	168.3	71.3	-	47.6	287.2

In the six-month period ended 30 June 2023, the valuation gain and loss reflect primarily a decrease of the fair value of the IMMOFINANZ and S IMMO portfolio in selected segments, primarily offices in Germany and Austria (refer to note 7.3 for more details).

In the six-month period ended 30 June 2022, the valuation gain reflected primarily an increase of the fair value of the residential portfolio in the Czech Republic (EUR 145.0 million), newly acquired assets in Italy (EUR 41.6 million) and two land banks (EUR 15.7 million) in the Czech Republic. In addition, IMMOFINANZ recognized net valuation gain of EUR 71.3 million since the acquisition by the Group.

5.6 Net gain on the disposal of investment property and subsidiaries

	Six-month period ended	
	30 June 2023	30 June 2022
Proceeds from the disposal of investment property	97.0	212.0
Carrying value of investment property disposed of and related cost	(94.9)	(194.8)
Net gain on the disposal of investment property	2.1	17.2
Proceeds from the disposal of subsidiaries	29.9	194.1
Carrying value of subsidiaries disposed of	(29.0)	(179.0)
Net gain on the disposal of subsidiaries	0.9	15.1
Proceeds from the disposal of investment property classified as held for sale	426.6	-
Carrying value of investment property classified as held for sale	(422.4)	-
Net gain on the disposal of investment property classified as held for sale	(4.2)	-
Total	(1.2)	32.3

In the six-month period ended 30 June 2023, proceeds from the disposal of investment property were primarily related to sale of one office building in Vienna of IMMOFINANZ (EUR 47.9 million) and German residential portfolio of S IMMO (EUR 40.4 million), respectively.

In the six-month period ended 30 June 2023, proceeds from the disposal of subsidiaries were primarily related to sale of one IMMOFINANZ subsidiary in Turkey (EUR 15.0 million).

In the six-month period ended 30 June 2023, proceeds from the disposal of investment property classified as held for sale were primarily related to sale of selected German S IMMO residential portfolio of EUR 382.4 million and one land bank in Italy of EUR 40.0 million.

In the six-month period ended 30 June 2022, proceeds from the disposal of investment property and the related costs were primarily related to sale of one land bank in the Czech Republic (proceeds of EUR 62.8 million and carrying value of EUR 55.1 million) and portfolio of six office buildings in Berlin, Germany (proceeds of EUR 122.5 million and carrying value of EUR 120.0 million).

In the six-month period ended 30 June 2022, proceeds from the disposal of subsidiaries and the related costs were primarily related to sale of four Hungarian subsidiaries with land bank and office portfolios (proceeds of EUR 48.0 million and carrying value of EUR 56.2 million) and Czech subsidiaries with office, retail and land bank portfolios (proceeds of EUR 140.6 million and carrying value of EUR 116.9 million). Cash inflow from disposal of subsidiaries was EUR 246.0 million (including collection of intra-group loans and less cash and cash equivalents disposed).

5.7 Amortization, depreciation and impairment

	Six-month period ended	
	30 June 2023	30 June 2022
Depreciation and amortization	(25.0)	(19.3)
Impairment of assets	(9.9)	(26.2)
Reversal of impairment/ (Impairment) of property, plant and equipment	3.6	(6.7)
Impairment of other receivables	(4.0)	(0.7)
Impairment of trade receivables	(2.5)	(18.4)
Reversal of impairment/ (Impairment) of provided loans	(7.0)	(0.4)
Total	(34.9)	(45.5)

In the six-month period ended 30 June 2022, the impairment of receivables represented doubtful debts of IMMOFINANZ amounting to EUR 15.0 million. Of the amount, EUR 12.9 million related to doubtful receivables for sale of Russian portfolio. The Group does not hold any other receivables or assets (except for the fully impaired hotel in Moscow) in Russian Federation.

5.8 Administrative expenses

	Six-month period ended	
	30 June 2023	30 June 2022
Personnel expenses (5.3.1)	(35.9)	(29.4)
Other administrative expenses	(28.6)	(25.7)
Total	(64.5)	(55.1)

5.9 Other operating income

	Six-month period ended	
	30 June 2023	30 June 2022
Bargain purchase – business combination with IMMOFINANZ	-	148.0
Bargain purchase – remeasuring of pre-acquisition 19.2% interest in IMMOFINANZ to fair value as at the acquisition date	-	86.2
Bargain purchase – business combination with S IMMO	-	36.5
Bargain purchase – remeasuring of pre-acquisition 13.0% interest in S IMMO to fair value as at the acquisition date	-	15.2
Other operating income	7.9	5.0
Total	7.9	290.9

In the six-month period ended 30 June 2022, the Group realized other operating income of EUR 290.9 million. Of the amount, bargain purchase related to acquisition of IMMOFINANZ and S IMMO represented EUR 234.2 million and EUR 51.7 million, respectively.

5.10 Interest expense

	Six-month period ended	
	30 June 2023	30 June 2022
Interest expense from bank and other loans	(111.4)	(24.8)
Interest expense on bonds issued	(52.2)	(53.0)
Interest expense related to leases	(0.7)	(0.3)
Interest expense on other non-current liabilities	(1.2)	(3.2)
Total	(165.5)	(81.3)

In the six-month period ended 30 June 2023, an interest expense increased due to acquisition of IMMOFINANZ (EUR 9.3 million) and S IMMO (EUR 18.2 million) and overall increase of cost of new financing (refer to notes 6.13 and 6.15).

5.11 Other net financial result

	Six-month period ended	
	30 June 2023	30 June 2022
Change in fair value and realized result on derivative instruments not used for hedging	(15.3)	63.7
Bank charges	(3.3)	(2.9)
Net foreign exchange gain / (loss) on investment property	(99.9)	58.4
Other net foreign exchange gain / (loss)	67.0	(21.4)
Other net financial result	79.8	(21.7)
Total	28.3	76.1

In the six-month period ended 30 June 2023, the other net foreign exchange gain (and loss in the six-month period ended 30 June 2022) relates primarily to the 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.

In the six-month period ended 30 June 2023 and 2022, the other net financial result represented primarily bonds transaction costs and a discount in the total amount of EUR 81.1 million and EUR 13.8 million respectively related to repurchase and cancellation of certain bonds issued (refer to note 6.13).

5.12 Income tax expense

	Six-month period ended	
	30 June 2023	30 June 2022
Current income tax expense	(38.6)	(15.3)
Adjustment for prior years	(0.3)	1.9
Total current income tax expense	(38.9)	(13.4)
Origination and reversal of temporary differences	4.3	(51.3)
Deferred income tax expense	4.3	(51.3)
Total	(34.6)	(64.7)

Tax expense for the six-month period ended 30 June 2023 is recognized based on management’s best estimate of the effective tax rate for the full fiscal year of 2023. The Group’s effective tax rate in respect of continuing operations for the six-month period ended 30 June 2023 and 30 June 2022 was 8.8% (not counting with one-off tax effects, primarily sales taxes, changes in tax rates etc. in total of EUR 36.1 million) and 7.9%, respectively. In the six-month period ended 30 June 2022, the lower effective tax rate was driven by significant tax-exempt income (primarily bargain purchase from the acquisition of IMMOFINANZ and S IMMO in total of EUR 285.9 million).

The Group recognized a deferred tax asset of EUR 160.4 million as at 30 June 2023 (EUR 176.8 million as at 31 December 2022) of which EUR 115.0 million related to tax losses carried forward by CPI FIM as at 30 June 2023 (and 31 December 2022, respectively). The Group’s perspective of tax losses utilization is based on the 10 years budget of CPI FIM’s taxable profits.

6 Condensed consolidated interim statement of financial position

6.1 Intangible assets and goodwill

The Group has tested goodwill for impairment as at 31 December 2022. As at 30 June 2023, the Group did not identify any indications of impairment. The key assumptions used to determine the recoverable amount were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

6.2 Investment property

	Note	Czech Republic	Berlin	IMMOFINANZ	S IMMO	Complementary assets	Total
As at 1 January 2023		4,112.3	3,001.8	5,238.6	2,667.2	3,466.3	18,486.2
Investment property acquisitions	3.1	11.9	-	-	-	11.8	23.7
Transfers from inventory		7.5	-	-	-	-	7.5
Transfers from/ (to) assets held for sale		-	-	(11.6)	(96.2)	(27.3)	(135.1)
Transfers between segments		(141.9)	-	-	168.3	(26.4)	-
Development costs and other additions		14.2	21.7	45.8	5.4	31.9	119.0
Disposals		(2.4)	-	(64.4)	(72.8)	(10.8)	(150.4)
Valuation gain/ (loss)	5.5	(0.1)	-	(119.1)	(80.1)	(18)	(217.3)
Net foreign exchange gain/ (loss)	6.12	(17.6)	-	-	-	(82.3)	(99.9)
Translation differences	6.12	66.7	-	6.2	(0.8)	95.2	167.3
As at 30 June 2023		4,050.6	3,023.5	5,095.5	2,591.0	3,440.4	18,201.0

	Note	Czech Republic	Berlin	IMMOFINANZ	S IMMO	Complementary assets	Total
As at 1 January 2022		3,982.7	2,962.2	-	-	3,330.9	10,275.8
Acquisition of subsidiaries		9.7	-	-	-	-	9.7
Investment property acquisitions	3.2	-	-	71.6	-	114.8	189.6
Business combinations	-	-	-	5,220.6	2,853.5	-	8,074.1
Transfers from/ (to) property, plant and equipment	-	-	-	-	-	19.5	19.5
Transfers from inventory	5.1	-	-	-	-	-	5.1
Transfers form / (to) assets held for sale	-	-	-	(0.4)	-	(7.1)	(7.5)
Development costs and other additions		16.6	26.4	34.0	-	29.0	106.0
Disposals		(4.1)	-	(2.6)	-	(6.5)	(13.2)
Valuation gain	5.5	168.3	-	71.3	-	47.6	287.2
Net foreign exchange gain/ (loss)	6.12	(8.4)	-	-	-	66.8	58.4
Translation differences	6.12	19.5	-	4.5	-	(75)	(51.0)
As at 30 June 2022		4,192.6	2,988.6	5,399.0	2,853.5	3,520.0	18,953.7

Business combinations

In the six-month period ended 30 June 2022, through business combinations with IMMOFINANZ and S IMMO, the Group acquired investment property of EUR 5,220.6 million and EUR 2,853.5 million, respectively.

Investment property acquisition

In the six-month period ended 30 June 2023, the Group acquired several land plots in the Czech Republic (EUR 11.9 million) and in London (EUR 11.8 million).

In the six-month period ended 30 June 2022, the Group acquired primarily several buildings and land plots in Italy (EUR 101.7 million) and one retail park in Italy (EUR 71.6 million).

Development costs and other additions

In the six-month period ended 30 June 2023, the development costs primarily related to the Group’s portfolio in the Czech Republic (EUR 14.2 million), office portfolio in Berlin, Germany (EUR 22.0 million), portfolio of IMMOFINANZ (EUR 45.8 million), investment property additions in Italy (EUR 7.1 million), one shopping centre in Hungary (EUR 1.2 million) and London, UK (EUR 12.8 million).

In the six-month period ended 30 June 2022, the development costs primarily related to the Group’s portfolio in the Czech Republic (EUR 16.6 million), office portfolio in Berlin, Germany (EUR 26.4 million), portfolio of IMMOFINANZ (EUR 34.0 million), investment property additions in Italy (EUR 12.0 million), one shopping centre in Hungary (EUR 5.0 million) and London, UK (EUR 3.7 million).

Disposals

In the six-month period ended 30 June 2023, the Group disposed primarily one office in Vienna of IMMOFINANZ (EUR 64.4 million) and German residential portfolio of S IMMO (EUR 72.8 million), respectively.

Net foreign exchange loss

The net foreign exchange gain of EUR 99.9 million in the six-month period ended 30 June 2023 (net foreign exchange gain of EUR 58.4 million in the six-month period ended 30 June 2022) reflects foreign retranslation of investment property valued in EUR and recognized by the Group’s subsidiaries which use non-EUR functional currencies.

Translation reserve

The decrease of translation reserve of EUR 167.3 million in the six-month period ended 30 June 2023 (The decrease of translation reserve of EUR 51.0 million in the six-month period ended 30 June 2022) relates to investment property (valued either in EUR or non-EUR currencies) recognized by the Group’s subsidiaries which use non-EUR functional currencies.

6.3 Property, plant and equipment

a) Hotels

	2023	2022
Gross carrying amounts		
As at 1 January	1,175.2	892.7
Hotel acquisition	-	20.2
Business combinations	-	247.3
Development and other additions	1.5	2.6
Other disposals	(1.2)	-
Transfer from/ to investment property	-	(18.5)
Transfer from/ to other property, plant and equipment	(0.4)	0.8
Effect of movements in exchange rates	7.5	1.0
Valuation gain/ (loss) through other comprehensive income	2.8	53.7
As at 30 June	1,185.4	1,199.8
Accumulated depreciation and impairment losses		
As at 1 January	(201.8)	(146.5)
Depreciation for the period	(11.9)	(11.2)
Other disposals	0.6	-
Transfer from/ to IP	0.1	-
Impairment gain/ (loss)	0.1	(8.6)
Transfer from/to other property, plant and equipment	1.4	-
Effect of movements in exchange rates	(0.6)	1.1
As at 30 June	(212.1)	(165.2)
Net carrying amounts		
As at 1 January	973.4	746.2
As at 30 June	973.3	1,034.6

In the six-month period ended 30 June 2022, the Group acquired one hotel in Italy in the amount of EUR 20.2 million.

In the six-month period ended 30 June 2022, through business combination with S IMMO, the Group acquired primarily two hotels in Austria and Hungary in total amount of EUR 169.7 million and EUR 77.6 million, respectively.

6.4 Equity accounted investees

Equity accounted investees as at 30 June 2023 and 31 December 2022:

	30 June 2023	31 December 2022
Globalworth	669.0	676.9
Uniborc	9.8	7.9
Joint ventures*	17.2	16.5
Other**	33.5	31.0
Total	729.5	732.3

* German entities, in which the Group holds 50% stake: Ritterstraße 120 GmbH, Rathenower Straße 63-64 GmbH and Moritzstraße 23 GmbH and Czech entities, in which the Group holds 50% stake: HOLESOVICE SPIN OFF s.r.o., Nove Holesovice Development a.s. and Kunitz Capital, a.s.; also, Uniborc S.A., a joint venture founded in 2013 with Unibail Rodamco Westfield, with aim to develop a shopping centre in the Bubny area of Prague, the Czech Republic. The Group’s shareholding is 34%.

** 35% share in QBC Management und Beteiligungen GmbH 7 & Co KG, QBC Management und Betelligungen GmbH, QBC Gamma SP Immomanagement GmbH in Liqu and 26.3 stake in BGM – EB-Grundstucksbeteiligungen GmbH & Co KG and 51% stake in IPD – International Property Development, s.r.o.

6.4.1 Investment in Globalworth

As at 30 June 2023, the Group holds directly and indirectly 76,593,316 shares (representing 32.3% share in Globalworth). The Group classifies the investment using the equity method of accounting.

Movement of the investment in Globalworth

	2023	2022
Opening balance	676.9	669.9
Dividends received	-	(8.5)
Share of profit	(7.9)	8.9
As at 30 June	669.0	670.3

Condensed consolidated interim statement of financial position of Globalworth

	30 June 2023	31 December 2022
Investment property	2,864.3	2,945.5
Other non-current assets	106.6	94.4
Cash and cash equivalents	130.5	163.8
Other current assets	37.1	39.2
Investment property held for sale	121.1	126.0
Total assets	3,259.6	3,368.9
Non-current financial debts	1,365.2	1,433.6
Deferred tax liabilities	139.0	154.9
Other non-current liabilities	25.2	26.8
Current liabilities	85.9	82.3
Liabilities directly associated with the assets held for sale	12.3	13.9
Total liabilities	1,627.6	1,711.5
Net assets	1,632.0	1,657.4

Condensed consolidated interim statement of comprehensive income of Globalworth

	Six-month period ended	
	30 June 2023	30 June 2022
Net business income	73.7	69.3
Net valuation gain / (loss) on investment property	(102.9)	7.0
Administrative and other expenses	(8.0)	(6.9)
Operating result	(37.2)	69.4
Net finance costs	(9.7)	(26.4)
Share of profit / (loss) of equity-accounted investees	2.6	2.0
(Loss)/ Profit before taxes	(44.3)	45.1
Income taxes	19.7	(12.3)
(Loss)/ Profit for the period	(24.6)	32.8

Globalworth’s EPRA NRV per share, indicating the fair value of the ordinary share, was EUR 7.99 as at 30 June 2023.

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 30 June 2023.

6.5 Other financial non-current assets

	30 June 2023	31 December 2022
Derivative instruments (refer to note 6.14)	305.4	337.1
Other non-current financial assets	94.9	86.4
Total	400.3	423.5

6.6 Loans provided

Non-current

	30 June 2023	31 December 2022
Loans provided - related parties and joint ventures	308.5	199.9
Loans provided - third parties	1.1	8.5
Bills of exchange - third parties	-	32.3
Impairment to non-current loans provided to third parties	(0.7)	(0.1)
Total	308.9	240.6

Current

	30 June 2023	31 December 2022
Loans provided - related parties and joint ventures	8.4	3.8
Loans provided - third parties	19.1	1.3
Bills of exchange - third parties	-	63.6
Impairment to current loans provided to third parties	(2.1)	(2.1)
Total	25.4	66.6

Group provides loans to related parties from Luxembourg (refer to note 10).

6.7 Current trade receivables

	30 June 2023	31 December 2022
Trade receivables due from related parties	0.1	1.0
Trade receivables due from third parties	225.9	225.5
Impairment to trade receivables due from third parties	(28.9)	(28.7)
Total	197.1	197.8

6.8 Other financial current assets

	30 June 2023	31 December 2022
Bank balances	1,070.6	1,032.3
Cash on hand	0.7	0.9
Other cash equivalents	96.1	-
Total	1,167.4	1,033.2

Total restricted cash in bank accounts amounted to EUR 28.0 million as at 30 June 2023 (EUR 10.9 million as at 31 December 2022). Use of these accounts is subject to the respective bank approval. These accounts are held for special purposes under the loan agreements.

Other cash and cash equivalents of EUR 96.1 million represent bills of exchange with function of a demand deposit.

6.9 Other financial current assets

	30 June 2023	31 December 2022
Financial derivatives (refer to note 6.14)	17.4	20.1
Financial investments	0.1	0.6
Other current receivables	179.8	103.5
Total	197.3	124.2

In the six-month period ended 30 June 2023, the other financial current assets increased primarily due to S IMMO receivables from sales of German properties (EUR 27.9 million) and receivables from sales of land bank in Italy (EUR 22.6 million).

6.10 Other non-financial current assets

	30 June 2023	31 December 2022
Other advances paid to third parties	55.6	30.6
Value added tax receivables	30.2	49.5
Other tax receivables (excl. CIT and VAT)	7.5	9.5
Agricultural subsidies	8.0	5.3
Prepaid expenses	74.5	67.5
Total	175.8	162.4

6.11 Assets held for sale

The following assets are classified as assets held for sale as at 30 June 2023:

- residential portfolio in Austria of EUR 48.2 million;
- office of and residential portfolios in Germany of EUR 17.5 million and EUR 41.1 million;
- hospitality portfolios (rented) in the Czech Republic of EUR 30.9 million;
- one office in Poland of EUR 28.4 million and three assets in Romania of EUR 26.6 million.

The following assets were classified as assets held for sale as at 31 December 2022 and were sold in the six-month period ended 30 June 2023:

- One landbank plot in Italy of EUR 44.2 million; and
- German residential portfolio of S IMMO in total amount of 434.9 million.

6.12 Equity

6.12.1 Share capital and share premium

As at 30 June 2023, the share capital of the Company was EUR 870.5 million (EUR 890.3 million as at 31 December 2022) and is represented by 8,704,850,259 (8,902,915,298 as at 31 December 2022) ordinary fully paid shares with a nominal value of EUR 0.10. The Group holds 67,000,000 (265,065,039 as at 31 December 2022) shares of the Company which represent treasury shares. Net of treasury shares, the share capital of the Company was EUR 863.8 million as at 30 June 2023 and 31 December 2022, respectively.

The following table presents information regarding the ownership of the Company’s shares as at 30 June 2023 and 31 December 2022:

Shareholder	As at 30 June 2023			As at 31 December 2022		
	Number of shares	Share held	Share on outstanding shares	Number of shares	Share held	Share on outstanding shares
Mr. Vitek and entities controlled by Mr. Vitek	7,718,259,609	89.35%	88.67%	7,718,259,609	89.35%	86.69%
Clerius Properties (affiliate of Apollo Funds)	475,637,819	5.51%	5.46%	475,637,819	5.51%	5.34%
Others	443,952,831	5.14%	5.10%	443,952,831	5.14%	4.99%
Total except treasury shares	8,637,850,259	100.00%		8,637,850,259	100.00%	
Treasury shares held by the Group	67,000,000		0.77%	265,065,039		2.98%
Total shares	8,704,850,259		100.00%	8,902,915,298		100.00%

Share buy-back programme

The annual general meeting of the shareholders of the Company held on 31 May 2023 (the “2023 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 2023 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 2023 AGM. The 2023 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 30 June 2023, the Company is authorised to redeem/repurchase up to 1,000,000,000 own shares under the buyback programme approved by the 2023 AGM. For further terms and conditions of buyback please refer to the buyback programme of the Company.

6.12.2 Translation reserve

The following table shows the movement of the translation reserve per related counter accounts in the period:

	Note	2023	2022
Opening balance as of 1 January		120.4	55.9
Translation differences related to retranslation of investment property	6.2	167.3	(51.0)
- Valued in EUR (and recognized by subsidiaries with non-EUR functional currency)	6.2	99.9	(58.4)
- Valued in non-EUR currencies (and recognized by subsidiaries with non-EUR functional currency)		67.4	7.4
Translation differences related to retranslation of property, plant and equipment	6.3	7.5	1.0
Translation differences related to retranslation of intra-group loans and other items		(65.6)	33.0
As at 30 June		229.6	38.9

6.12.3 Perpetual notes

	2023	2022
Opening balance as of 1 January	1,584.4	1,611.6
Repayment of interests	(3.1)	(2.8)
Interest to perpetual notes holders	37.9	37.9
As at 30 June	1,619.2	1,646.7

6.12.4 Non-controlling interests

	30 June 2023	31 December 2022
IMMOFINANZ	783.9	801.9
S IMMO	196.9	200.6
Other non-controlling interests	96.3	96.3
Total	1,077.1	1,098.8

Movement of non-controlling interests:

	Note	2023	2022
Opening balance as of 1 January		1,098.8	91.2
Acquisition of IMMOFINANZ	3.3.1	-	1,609.0
Acquisition of S IMMO	3.3.2	-	1,010.1
Purchase of non-controlling interests		(2.9)	(776.9)
Total comprehensive income attributable to non-controlling interests		(18.8)	30.1
Total		1,077.1	1,963.5

IMMOFINANZ

The registered office of IMMOFINANZ AG is Wienerbergstrasse 9, Vienna, Austria.

Movement of IMMOFINANZ related non-controlling interest:

	2023	2022
Initially recognized in the period	801.9	1,609.0
Share acquired in the period	-	(776.9)
Loss for the period	(18.0)	28.3
As at 30 June	783.9	860.4
Group's interest	76.88%	76.88%

Condensed financial information of IMMOFINANZ as at 30 June 2023 and for the six-month period then ended (excluding S IMMO group of which, condensed financial information is presented separately in the table below):

	30 June 2023	31 December 2022
Non-current assets	5,304.2	5,463.5
Current assets	305.7	533.2
Total assets	5,609.9	5,996.7
Total equity	2,830.1	2,871.4
Non-current liabilities	2,557.2	2,547.8
Current liabilities	222.6	577.5
Total equity and liabilities	5,609.9	5,996.7
Profit (loss) for the period	93.5	(100.3)
Net decrease in cash and cash equivalents	(227.7)	(581.3)

S IMMO

The registered office of S IMMO AG is Wienerbergstrasse 9, Vienna, Austria.

Movement of S IMMO related non-controlling interest:

	2023	2022
As at 1 January	200.6	-
Initially recognized in the period	-	1,010.1
Loss for the period	(3.7)	-
As at 30 June	196.9	1,010.1
Group's interest	92.26%	44.41%

Condensed financial information of S IMMO as at 30 June 2023 and for the six-month period then ended:

	30 June 2023	31 December 2022
Non-current assets	2,843.0	2,903.9
Current assets	802.6	870.5
Total assets	3,645.6	3,774.4
Total equity	1,734.2	1,780.3
Non-current liabilities	1,618.4	1,679.4
Current liabilities	293.0	314.7
Total equity and liabilities	3,645.6	3,774.4
Profit/ (loss) for the period	(40.2)	18.9
Net increase in cash and cash equivalents	303.8	(128.9)

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.

6.12.5 Earnings per share

	30 June 2023	30 June 2022
At the beginning of the period	8,637,850,259	8,835,915,298
At the end of the period	8,637,850,259	8,835,915,298
Weighted average movements	-	-
Weighted average outstanding shares for the purpose of calculating the basic EPS	8,637,850,259	8,835,915,298
Weighted average outstanding shares for the purpose of calculating the diluted EPS	8,637,850,259	8,835,915,298
Net profit/ (loss) attributable to the Equity holders of the parent	(69.2)	682.8
Net profit/ (loss) attributable to the Equity holders of the parent after assumed conversions/exercises	(69.2)	682.8
Total Basic earnings in EUR per share	(0.008)	0.077
Diluted earnings in EUR per share	(0.008)	0.077

6.13 Bonds issued

	Dated	30 June 2023		31 December 2022	
		No. of bonds issued	Value	No. of bonds issued	Value
ISIN XS1917855337	10 December 2018	30	19.0	30	21.2
ISIN XS1950499639	12 February 2019	450	52.8	450	54.1
ISIN XS2008905155	6 June 2019	283	33.3	283	34.0
ISIN XS2069407786	28 October 2019	6,176	611.3	7,500	741.1
ISIN XS2106589471	22 January 2020	3,298	380.7	4,000	446.1
ISIN XS2117757182	22 January 2020	250	29.3	250	30.0
ISIN XS2171875839	12 May 2020	6,271	621.3	7,500	741.2
ISIN XS2290544068	5 August 2020	7,650	751.3	7,650	750.3
ISIN XS2307032644	21 January 2021	30	19.1	30	21.3
ISIN HU0000359898	25 February 2021	600	80.8	600	75.0
ISIN XS2394029685	7 October 2021	26	16.5	26	18.5
ISIN XS2432162654	14 January 2022	6,805	667.4	6,805	666.2
L1300@AA8	5 May 2022	120,000,000	110.4	120,000,000	112.5
L1300@AB6	5 May 2022	100,000,000	92.0	100,000,000	93.8
L1300@AC4	5 May 2022	110,000,000	101.2	110,000,000	103.1
ISIN XS2243564478	15 October 2020	2,378	231.3	2,378	227.9
ISIN AT0000A1Z9D9	6 February 2018	-	-	200,000	99.8
ISIN AT0000A1DBM5	9 April 2015	31,780	15.7	31,780	15.7
ISIN AT0000A285H4	22 May 2019	300,000	149.9	300,000	149.8
ISIN AT0000A1DWK5	21 April 2015	68,398	34.1	68,398	34.0
ISIN AT0000A2AEA8	15 October 2019	200,000	99.9	200,000	99.8
ISIN AT0000A1Z9C1	6 February 2018	100,000	49.9	100,000	49.8
ISIN AT0000A2MKW4 (green bond)	4 February 2021	140,899	70.3	140,899	70.3
ISIN AT0000A2UVR4 (green bond)	11 January 2022	50,117	24.9	50,117	24.9
Total non-current bonds issued			4,262.4		4,680.4
Accrued interest and accrued charges on bonds			-		55.4
ISIN CH0441186472	25 October 2018	30,140	153.9	30,140	152.9
ISIN XS1935128956	27 January 2019	-	-	1,871	197.5
ISIN AT0000A1Z9D9	6 February 2018	200,000	99.9	-	-
Total current bonds issued			277.9		405.8
Total bonds issued			4,540.3		5,086.2

In April 2023, the Group repurchased part of its bonds (issued by CPI PROPERTY GROUP S.A.) of EUR 132.4 million (ISIN XS2069407786), EUR 89.9 million (ISIN XS2106589471) and EUR 122.9 million (ISIN XS2171875839) maturing in 2026, 2027 and 2028.

Net gain from repurchase of the bonds in April 2023 was EUR 79.8 million (including release of related transaction costs and a discount in the total amount of EUR 6.2 million) was recognized as part of the other financial result in the six-month period ended 30 June 2023.

Further, the Group repaid its bonds (issued by IMMOFINANZ AG) of EUR 197.5 million (ISIN XS1935128956).

Covenants

Bonds issued by CPI PROPERTY GROUP S.A. are subject to covenants. The covenant ratios were met as at 30 June 2023.

Structure of bond financing

As at 30 June 2023, the total value of unsecured bonds amounts to EUR 4,540.3 million (EUR 5,086.2 million as at 31 December 2022). Unsecured bonds are bonds that are not collateralized by any assets.

6.14 Derivative instruments

The fair value of the open derivative instruments is summarized in the following table:

Type of derivative	30 June 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Cross currency swap contracts used for hedging	89.2	(68.9)	35.8	(50.3)
Interest rate swaps used for hedging	40.3	(0.2)	178.4	(10.4)
Other interest rate swaps	193.2	-	143.0	(1.6)
Total	322.7	(69.1)	357.2	(62.3)
Current	17.3	-	20.1	(1.8)
Non-current	305.4	(69.1)	337.1	(60.5)
Total	322.7	(69.1)	357.2	(62.3)

As at 30 June 2023 and 31 December 2022, the cross currency swap contracts relate to foreign currency denominated bonds. The bonds and cross currency swaps have the same critical terms and the Group applies hedge accounting in respect of accounting for changes in their values in the period. Similarly, the Group applies hedge accounting in respect of the interest rate swap contracts agreed in respect of their variable financial debts.

6.15 Financial debts

30 June 2023		31 December 2022
Loans from related parties	0.2	0.4
Loans from third parties	10.8	5.4
Bank loans	6,472.3	6,066.8
Lease liabilities	90.2	93.0
Total non-current financial debts	6,573.5	6,165.6
Loans from third parties	2.3	3.4
Bank loans	162.2	350.2
Lease liabilities	6.1	6.8
Total current financial debts	170.6	360.4
Total	6,744.1	6,526.0

In June 2023, the Group signed new bank loans in Poland in total amount of EUR 286.3 million, repayable in 2028.

The Group has an unsecured, undrawn revolving credit facilities in total of EUR 825.0 million as at 30 June 2023 (EUR 910.0 million as at 31 December 2022).

As at 30 June 2023, the total unsecured financial debts amounted to EUR 4,856.2 million (EUR 4,551.6 million as at 31 December 2022).

As at 30 June 2023, the total secured financial debts amounted to EUR 1,887.9 million (EUR 2,052.4 million as at 31 December 2022, including loans classified as liabilities linked to assets held for sale).

6.16 Deferred tax liability

Movement in the net deferred tax:

	2023	2022
Net deferred tax liability as at 1 January	1,551.1	918.3
Business combination – IMMOFINANZ	-	337.1
Business combination – S IMMO	-	287.0
Recognized in profit or loss	(4.3)	51.3
Recognized in other comprehensive income	(2.5)	13.9
Disposal of subsidiaries	-	(10.3)
Translation differences and other movements	(4.7)	(15.6)
As at 30 June	1,539.6	1,581.7

6.17 Other financial non-current liabilities

	30 June 2023	31 December 2022
Tenant deposits	78.7	75.5
Advances received	9.4	10.1
Payables from retentions	6.5	5.1
Trade and other payables due to third parties	9.0	15.7
Derivative instruments (refer to note 6.14)	69.1	60.5
Total	172.7	166.9

6.18 Current trade payables

In the six-month period ended 30 June 2023, the current trade payables decreased by EUR 64.8 million primarily due to payments to Group’s suppliers in Austria (EUR 20.5 million), Italy (EUR 16.6 million) and Switzerland (EUR 11.6 million).

6.19 Other financial current liabilities

	30 June 2023	31 December 2022
Advances received from third parties	48.6	48.0
Tenant deposits	38.3	29.5
Derivative instruments (refer to note 6.14)	-	1.8
Deferred income and accrued liabilities	66.6	63.2
Other payables due to related parties	1.2	0.8
Other payables due to third parties	87.7	92.7
Total	242.4	236.0

6.20 Other non-financial current liabilities

	30 June 2023	31 December 2022
Value added tax payables	16.9	19.1
Other tax payables	25.9	29.5
Payables due to employees	11.4	10.2
Provisions	12.0	16.1
Total	66.2	74.9

7 Fair value measurement

7.1 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 six-month period ended 30 June 2023.

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

Financial assets measured at fair value	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivative instruments	322.7	322.7	357.2	357.2
Financial assets not measured at fair value				
Loans provided	334.3	338.9	307.2	326.4
Financial liabilities measured at fair value				
Derivative instruments	69.1	69.1	62.3	62.3
Financial liabilities not measured at fair value				
Bonds	4,540.3	3,328.5	5,086.2	3,759.7
Financial debt – bank loans (floating rate)	6,106.0	6,092.8	5,887.6	5,872.6
Financial debt – bank loans (fixed rate)	528.5	517.7	529.4	514.3
Financial debt – loans received	13.3	10.8	9.2	7.7

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

The Group’s investment properties, hotels and biological assets were valued at 31 December 2022 in accordance with the Group’s accounting policies. In cases where there have been indicators of significant changes identified, the value of the asset has been updated based on the external or internal appraisal as of 30 June 2023.

The Group hired external appraisals to determine the fair values of selected properties, primarily recent acquisitions in Italy and selected properties recently acquired through acquisitions of IMMOFINANZ and S IMMO groups (primarily offices located in Dusseldorf, Germany, S IMMO residential portfolio in Germany and office portfolio in Vienna, Austria) as at 30 June 2023.

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 in the six-month period ended 30 June 2023.

7.3 Main observable and unobservable inputs

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at 30 June 2023.

Retail	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Italy - Shopping Centres and Galleries	114	117	DCF	ERV per sqm	€350-€1,100 (€692)	€350-1,050€ (€679)
				NRI per sqm	€191-€791 (€503)	€182-€750 (€500)
				Discount Rate	5.6%-10.3% (6.8%)	5.2%-10.4% (6.5%)
				Exit Yield	3.8%-8.3% (4.9%)	3.5%-8.3% (4.8%)
				Vacancy rate	0.0%-17.3% (3.3%)	0.0%-3.0% (0.6%)
Italy - Retail Warehouse	88	90	DCF	ERV per sqm	€100-€225 (€167)	€100-€225 (€168)
				NRI per sqm	€42-€184 (€143)	€44-€186 (€142)
				Discount Rate	8.7%-9.8% (9.1%)	8.3%-9.4% (8.7%)
				Exit Yield	6.5%-7.5% (6.9%)	
				Vacancy rate	0.0%-19.1% (2.13%)	0.0%-19.1% (2.2%)
Total	202	207				

Retail (S IMMO)	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Germany - Retail Warehouse	10	14	DCF	ERV per sqm	€0.0-€0.0 (€0)	€60-€121 (€106)
				NRI per sqm	€45-€109 (€94)	€14-€104 (€84)
				Discount Rate	6.0%-7.4% (7.2%)	5.5%-6.6% (6.3%)
				Exit Yield	4.3%-5.7% (5.5%)	4.0%-4.8% (4.6%)
				Vacancy rate	5.1%-70.6% (9.7%)	1.5%-70.6% (6.5%)
Germany - Shopping Centres and Galleries	27	30	DCF	ERV per sqm	€0-€0 (€0)	€97-€118 (€107)
				NRI per sqm	€85-€112 (€98)	€66-€137 (€101)
				Discount Rate	7.0%-8.1% (7.5%)	6.8%-7.9% (7.3%)
				Exit Yield	5.1%-7.1% (6.1%)	4.9%-6.9% (5.9%)
				Vacancy rate	25.1%-96.1% (59.1%)	0.8%-27.7% (14.4%)
Total (S IMMO)	37	44				

Office	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Italy	143	145	DCF	ERV per sqm	€100-€440 (€171)	€100-€440 (€170)
				NRI per sqm	€19-€219 (€94)	€19-€175 (€79)
				Discount Rate	5.7%-10.0% (8.2%)	5.3%-9.5% (20.1%)
				Exit Yield	4.0%-7.3% (6.2%)	3.8%-7.3% (19.3%)
				Vacancy rate	0.0%-100.0% (18.3%)	0.0%-100.0% (22.7%)
Total	143	145				

Office (S IMMO)	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Germany	254	281	DCF	ERV per sqm	€78-€217 (€157)	€78-€209 (€150)
				NRI per sqm	€67-€203 (€143)	€43-€184 (€118)
				Discount Rate	5.8%-7.6% (6.8%)	5.7%-7.5% (6.5%)
				Exit Yield	4.4%-7.1% (5.7%)	4.1%-7.0% (5.5%)
				Vacancy rate	0.0%-27.1% (9.7%)	3.8%-36.5% (15.2%)
Complementary Assets – Office	237	246	Income capitalisation	ERV per sqm	€115-€295 (€208)	€114-€286 (€204)
				NRI per sqm	€106-€277 (€195)	€128-€314 (€231)
				Exit Yield	0.0%-0.0% (4.5%)	0.0%-0.0% (3.3%)
				Vacancy rate	0.0%-58.7% (14.4%)	0.0%-58.7% (10.6%)
Total (S IMMO)	491	527				

Office (IMMOFINANZ)	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Germany	519	569	Income capitalisation	ERV per sqm	€247-€321 (€284)	€247-€313 (€281)
				NRI per sqm	€235-€307 (€271)	€235-€299 (€268)
				Equivalent yield	4.0%-4.6% (4.3%)	3.6%-4.2% (3.8%)
				Vacancy rate	0.0%-3.2% (1.3%)	0.0%-3.2% (1.3%)
Poland - Office	0	78	Income capitalisation	ERV per sqm	€0.0-€0.0 (€0.0)	€82-€438 (€210)
				NRI per sqm	€0.0-€0.0 (€0.0)	€78-€424 (€204)
				Equivalent yield	0.0%-0.0% (0.0%)	10.8%-12.1% (11.5%)
				Vacancy rate	0.0%-0.0% (0.0%)	3.2%-25.7% (15.1%)
Poland - Office Development	57	0	Comparable	Fair value per sqm	€998-€1,027 (€1,015)	€0.0-€0.0 (€0.0)
Complementary Assets - Office	574	603	Income capitalisation	ERV per sqm	€80-€213 (€180)	€79-€211 (€178)
				NRI per sqm	€75-€198 (€165)	€74-€197 (€163)
				Equivalent yield	3.7%-7.0% (5.1%)	3.4%-6.7% (4.7%)
				Vacancy rate	0.0%-6.8% (1.9%)	0.0%-6.5% (2.9%)
Complementary Assets - Office Development	78	74	Income capitalisation	ERV per sqm	€119-€191 (€183)	€117-€185 (€174)
				NRI per sqm	€111-€178 (€170)	€109-€172 (€162)
				Equivalent yield	5.0%-28.8% (7.8%)	5.5%-21.8% (8.1%)
				Vacancy rate	62.4%-100.0% (66.9%)	79.5%-100.0% (82.8%)
Total (IMMOFINANZ)	1,236	1,324				

Residential	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Italy	16	16	Comparable	Fair value per sqm	€18,706-€18,826 (€18,765)	€18,706-€18,826 (€18,765)
Total	16	16				

Residential (S IMMO)	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Germany	221	252	DCF	ERV per sqm	€69-€147(€109)	€71-€141 (€105)
				NRI per sqm	€53-€130(€93)	€6-€118 (€72)
				Discount rate	4.5%-6.3% (5.2%)	4.2%-5.7% (4.9%)
				Exit yield	2.5%-4.7% (3.8%)	2.2%-4.6% (3.4%)
				Vacancy rate	0.0%-55.8% (9.9%)	0.0%-55.8% (8.7%)
Total (S IMMO)	221	252				

Landbank and Development	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Italy - Landbank	298	308	Residual	Gross development value	€1,282-€3,204 (€2,544)	€1,282-€3,204 (€2,525)
				Development margin	16.5%-19.4% (17.2%)	17.4%-20.2% (17.0%)
Total	298	308				

Landbank and Development (\$ IMMO)	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Germany - Landbank	69	67	Comparable	Fair value per sqm	€1-€415 (€29)	€1-€415 (€28)
Total (\$ IMMO)	69	67				

Landbank and Development (IMMOFINANZ)	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Complementary Assets - Landbank	10	11	Comparable	Fair value per sqm	€945-€1,191 (€980)	€1,070-€1,279 (€1,100)
Total (IMMOFINANZ)	10	11				

Hotels & Resorts

	Fair Value H1 2023	Fair Value YE 2022	Valuation technique	Significant unobservable inputs	Range (weighted avg) H1 2023	Range (weighted avg) YE 2022
Complementary assets - Hotels & Resorts	20	20	DCF	Rate per key	€54,032-€54,032 (€54,032)	€54,301-€54,301 (€54,301)
				Exit yield	6.3%-6.3% (6.3%)	5.0%-5.0% (5.0%)
				Discount rate	9.7%-9.7% (9.7%)	5.0%-5.0% (5.0%)
Germany (\$ IMMO)	9	10	DCF	Rate per key	€101,563-€106,786 (€103,152)	€106,250-€107,857 (€106,739)
				Exit yield	8.6%-9.1% (8.9%)	8.5%-9.0% (8.8%)
				Discount rate	9.1%-9.6% (9.4%)	9.0%-9.5% (9.3%)
Total	29	30				

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. Some defendants have decided to appeal against this judgment of which declared the claim admissible against CPI FIM SA. On 28 March 2023 the court of appeal has rejected the appeal and therefore the case will be heard on the merits before the first instance Luxembourg Court during the second half of 2023.

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. Vítek. 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. Vítek. 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 hearing on the appeal took place on 10 December 2021. On 1 September 2022, the Court of Appeals issued a summary order affirming the judgement of the SDNY Court. The Court of Appeals considered the Claimants’ arguments and found them without merit. The RICO case is thus over and the Court of Appeals confirmed CPIPG Defendants’ position.

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. On 6 April 2021, the defamation claim filed in June 2020 by Kingstown was dismissed in its entirety. Kingstown appealed the dismissal, but on 5 May 2022 the Supreme Court of the State of New York, Appellate Division, affirmed the decision of the lower court, dismissing Kingstown’s defamation case. The court stated that “plaintiffs failed to establish personal jurisdiction over defendants and failed to demonstrate an articulable nexus between defendants’ New York activities and the cause of action for defamation.”

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. CPI FIM SA is defending itself against these lawsuits.

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

On 9 March 2023 the Luxembourg Court issued a judgment, rejecting the claims of the holders of the 2014 Warrants. The Luxembourg Court confirmed that any claim in relation to the change of control provision had to be made, in accordance with the provisions of the Paris Commercial Code, within 2 months as from the date of publication of the judgement opening the Safeguard Procedure in the French Official Gazette. Since the claimants did not comply with this obligation, their claim for payment under the change of control provision is not well-founded and has to be rejected. The claimants did not appeal and the case is closed now.

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 Vitericon. The insolvency administrator was claiming invalidity of an intragroup debt settlement from 2013 and demanded a payment of EUR 10.4 million from the Company. The first instance court fully rejected the claim of the insolvency administrator, but in February 2023 the second instance court decided in his favor. Accordingly, the Company paid the full amount, including interest, totaling approximately to EUR 17 million.

Next RE (formerly Nova RE)

On 30 October 2020, Sorgente Group Italia S.r.l. (“SGI”) notified to Next 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 Next 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 9 March 2021 the judge granted the parties terms for the filing defense briefs and the Proceeding has been postponed to the hearing of 12 October 2021 to assess the admissibility and relevance of the requests formulated by the parties with the defensive briefs. The judge postponed the previously scheduled September 2022 hearing until January 2024.

CPI Tor di Valle and the Municipality of Rome

On 8 July 2021, CPI TOR DI VALLE S.p.A., an indirectly held and fully consolidated subsidiary of the Company (“CPI Tor di Valle”), purchased an urban area (the “Area”) from Eurnova S.p.A. (Eurnova) to be developed as the new stadium of the Italian football club, AS Roma in Rome, Italy as well as a business park, in accordance with the Council of the Municipality of Rome town planning public procedures. Following the statement of AS Roma that it was no longer interested in the stadium on the Area, on 21 July 2021, the Council of the Municipality of Rome revoked the status of public interest to the stadium project on the Area (the “Revocation Resolution”) and terminated the town planning public procedure and therefore prevented the development project from progressing.

On 27 October 2021, CPI Tor di Valle filed a claim against the Municipality of Rome before the competent administrative court. In such claim, CPI Tor di Valle asked the court to: (i) declare the annulment of the Revocation Resolution; and (ii) determine the right of CPI Tor di Valle to be compensated for damages in connection with the Revocation Resolution (in terms of emerging damages and loss of profit in a range between EUR 235 million and EUR 260 million). According to CPI Tor di Valle’s external legal advisors, CPI Tor di Valle’s claim is founded since the Revocation Resolution breached the legitimate expectations of CPI Tor di Valle. On 20 December 2021, the Municipality of Rome challenged the claim filed by CPI Tor di Valle and in addition filed a counterclaim for damages against Eurnova, AS Roma and CPI Tor di Valle, jointly and severally, or, subordinately on a pro rata basis, and claimed that the amount of damages suffered by it were EUR 311 million (such damages claims included damage to image, damage for waste of administrative activity and damages arising from failure of carrying out public works connected with the development project).

According to CPI Tor di Valle’s external legal advisors, the legal claim filed by the Municipality of Rome against CPI Tor di Valle: (i) did not identify any conduct legally attributable to CPI Tor di Valle, in connection with the claimed damages by the Municipality of Rome; (ii) did not consider that possible damaging events (if any) occurred before the acquisition of the Area from CPI Tor di Valle; and (iii) did not consider that CPI Tor di Valle never assumed the formal status of proponent (and therefore did not manage the town planning public procedure). Therefore, according to CPI Tor di Valle’s external legal advisors, the action filed by the Municipality of Rome is groundless against CPI Tor di Valle.

Cyprus Litigation

In January 2023 CPIPG received information about the filing of a lawsuit before the District Court of Nicosia, Republic of Cyprus, by Mr. Marek Čmejla, Mr. Jiří Diviš and entities controlled by them (Investhold Limited and Verali Limited). The claim includes a temporary injunction which purports to prevent CPIPG from disposing assets which would have the effect of CPIPG’s assets falling below the value of EUR 535 million, which is the alleged value of the claim.

CPIPG understands that the lawsuit simply recycles old allegations and claims pursued in previous lawsuits, which have been consistently and categorically denied. Furthermore, CPIPG does not believe that Cyprus has jurisdiction on this claim or that it is an appropriate forum. The alleged claim is for EUR 535 million, a figure without any factual basis. CPIPG is taking all appropriate action to defend our company and our stakeholders. CPIPG’s opposition was filed in June 2023 and the hearing is scheduled for 29 November 2023.

Investhold Limited and Verali Limited are offshore vehicles of Mr. Čmejla, a Czech citizen, and Mr. Diviš, a Swiss citizen of Czech origin. In connection with the privatization of Mostecká uhelná (a Czech coal mining company) Mr. Čmejla and Mr. Diviš were convicted of fraud and money laundering in Switzerland. In 2019, the above offshore vehicles and their principals, together with Kingstown, filed a lawsuit against CPIPG and Mr. Radovan Vitek and other parties (alleging violations of the RICO act) in the United States described earlier.

With the United States RICO case dismissed both at first instance and on appeal, it appears that the claimants are pursuing yet another vexatious and unjustified claim without merit whatsoever.

9 Capital and other commitments

The Group has capital commitments in the total amount of EUR 85.4 million in respect of capital expenditures contracted as at 30 June 2023 (EUR 180.9 million as at 31 December 2022).

10 Related party transactions

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

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

	Six-month period ended	
	30 June 2023	30 June 2022
Remuneration paid to the key management personnel and members of Board of Directors	2.2	2.4
Total remuneration	2.2	2.4

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

	30 June 2023	31 December 2022
Trade receivables	-	0.1
Perpetual notes	0.2	0.2
Transactions		
Other costs	(0.6)	(1.2)

Breakdown of balances and transactions with the majority shareholder of the Group:

	30 June 2023	31 December 2022
Trade receivables	-	0.8
Other receivables	0.1	0.1
Transactions		
Other revenues	2.0	2.9

Breakdown of balances and transactions with other related parties:

Entities over which the majority shareholder has control	30 June 2023	31 December 2022
Loans provided	286.0	173.1
Trade receivables	0.1	0.1
Other receivables	0.1	0.6
Trade payables	0.4	-
Other payables	0.4	-
Transactions		
Other revenues	0.1	0.5
Interest income	7.7	8.9
Other costs	-	(0.1)
Close family members/entities controlled by close family members of the majority shareholder	30 June 2023	31 December 2022
Other payables	0.8	0.8
Transactions		
Other revenues	-	0.4
Entities controlled by members of Board of Directors	30 June 2023	31 December 2022
Loans provided	-	0.8
Other receivables	1.3	1.4
Loans received	0.2	0.4
Trade payables	0.2	0.2
Transactions		
Other revenues	0.2	0.2
Other costs	-	-
Interest expense	-	(0.1)
Joint ventures	30 June 2023	31 December 2022
Loans provided	30.9	29.8
Transactions		
Interest income	1.1	1.8

Main transactions with related parties in the six-month period ended 30 June 2023

As at 30 June 2023, the outstanding balance of a loan provided by the Group to Senales Invest Sàrl (Luxembourg based entity), a company closely related to the majority shareholder, which outstanding balance of loans provided amounts to EUR 277.6 million (EUR 169.6 million as at 31 December 2022). The loan bears a fixed interest at a rate of 5% p.a and is repayable in 2027.

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

11 Events after the reporting period

On 31 August 2023, CPIPG signed a new EUR 635.0 million 3-year bridge loan with a group of six relationship banks. The new bridge loan is expected to be drawn by the end of October and will replace the existing bridge arrangements.

12 Appendix I – Changes to group entities

Blitz 21-67 GmbH have merged with IMMOFINANZ Deutschland GmbH as the successor company. All assets and liabilities passed to the successor company.