FINANCIAL INFORMATION

2022

Including the

Consolidated financial statements

and

Report of the Réviseur d'Entreprises

for the financial year ended as at 31 December 2022

CPI FIM SA * Société Anonyme * 40 rue de la Vallée, L2661 Luxembourg

R. C. S. Luxembourg – B 44.996

SUMMARY

Management Report as at 31 December 2022

CPI FIM SA, société anonyme (the "**Company**") and its subsidiaries (together the "**Group**" or "**CPI FIM**"), is an owner of income-generating real estate and land bank primarily in Poland and in the Czech Republic. The Company is a subsidiary of CPI Property Group (also "**CPIPG**" and together with its subsidiaries as the "**CPIPG Group**"), which holds 97.31% of the Company shares. The Company is also involved in providing equity loans and management services to other entities within the CPIPG Group.

The Company is a joint stock company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg. The trade registry number of the Company is B 44 996.

The Company's shares registered under ISIN code LU0122624777 are listed on the regulated markets of the Luxembourg Stock Exchange and the Warsaw Stock Exchange.

MESSAGE FROM THE MANAGEMENT

Although the COVID-19 restrictions were eased in different countries during the year 2022, the economic environment in the whole of Europe remained under pressure and the post-pandemic growth was slowing mainly due to the Russian invasion of Ukraine and higher inflation. However, the Group demonstrated resilient performance during 2022. This was largely due to the Group's high exposure to office properties and landbank, the resilience of our tenants and careful cost management.

Total assets decreased by €516.0 million (7%) to €6,867.6 million as at 31 December 2022. The EPRA Net Reinstatement Value (former EPRA NAV) per share as at 31 December 2022 was €1.19 compared to €1.04 as at 31 December 2021. At the end of 2022, the EPRA Net Disposal Value (former EPRA NNNAV) amounted to €1.07 per share compared to €0.94 at the end of 2021.

The Group achieved an operating profit of €93.1 million in 2022 compared to €316.5 million in 2021. Total net profit was €180.6 million in 2022 compared to €366.8 million in 2021.

Resulting from the Company's integration into CPIPG in 2016, one of its roles is to serve as an intergroup financing vehicle to the entities within the CPIPG Group. As at 31 December 2022, the outstanding balance of the loans provided to the CPIPG Group amounted to approximately €4,713.0 million.

During 2022, the Group sold land plots in the Czech Republic, resulting in a decrease of the total Group´s land bank area by 226,000 sqm, and also a residential property in France to the CPIPG Group. In the second half of 2022, the Group started a development project of Kolbenova park in Vysočany, Prague 9.

The annual general meeting held in May 2022 (the "AGM") approved the statutory and consolidated accounts and the allocation of financial results for the financial year ending 31 December 2021. The AGM resolved to re-appoint Anita Dubost, David Greenbaum, Edward Hughes, and Scot Wardlaw to the Board of Directors of the Company. David Greenbaum and Martin Němeček were also re-appointed as Managing Directors (*administrateurs délégués*) of the Company.

The Group will continue to focus on efficient operational performance and the well-being of our tenants and employees.

David Greenbaum,
Managing Director

YEAR 2022 AND POST-CLOSING KEY EVENTS

Annual general meeting of shareholders

The AGM of shareholders of the Company was held on 30 May 2022 in Luxembourg, with approximately 97.36% of the voting rights present or represented.

The AGM approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2021, as well as the allocation of financial results for the financial year ending 31 December 2021.

The AGM further granted a discharge to the members of the Company's Board of Directors as well as to the auditors for the performance of their duties during the financial year ending 31 December 2021.

The AGM also resolved to re-appoint the following persons as members of the Company's Board of Directors until the annual general meeting of 2023: Anita Dubost, David Greenbaum, Edward Hughes, and Scot Wardlaw. The AGM also re-approved Ernst & Young S.A., Luxembourg as the auditor of the Company until the annual general meeting of 2023.

The AGM re-elected David Greenbaum and Martin Němeček to serve as Managing Directors (*administrateurs délégués*) of the Company.

Share Buy-back programme of the Company

On 30 May 2022, the AGM of shareholders of the Company also approved the terms and conditions of the share buy-back programme of the Company. The Company itself, or through a company in which the Company holds directly the majority of the voting rights, or through a person acting in their own name but for the account of the Company may repurchase, in one or several steps, a maximum of 35,308,653 shares of the Company, for a purchase price in the range between €0.01 per share to €5 per share.

The shares may be repurchased on the Luxembourg Stock Exchange or the Warsaw Stock Exchange or directly from existing and/or future shareholders by consensual or private sale. The duration of the share buy-back programme is 5 years from the AGM of shareholders of the Company which was held on 30 May 2022.

Development of the Kolbenova park in Prague

In 2022, the Group started the Kolbenova park project. It is a new residential neighbourhood with its own public park. Overall, the project will provide about 1,000 apartments in six multiple-dwelling apartment houses with a quiet, semi-private inner courtyard opening into a park. This residential neighbourhood is situated near the Vysočanská station on the Prague metro B line (15 minutes from the Prague city centre).

Disposals of land plots in the Czech Republic

During 2022, the Group sold a land plot with a total area of more than 67,000 sqm located in the city district of Prague 9 (Klíčov), and land plots with a total area of about 159,000 sqm primarily located in the Ústecký region (Chrabařovice, Dělouš and Velké Chvojno).

Disposal of residential property in France

During the first half of 2022, the Group also sold a residential property close to the city of Nice to CPIPG Group.

Intergroup financing

Resulting from the Company's integration into the CPIPG Group in 2016, one of its roles is to function as an intergroup financing vehicle to the entities within the CPIPG Group. In 2022, the Group continued to provide equity loans to other entities within the CPIPG Group. At the end of 2022, loans provided substantially decreased due to offset of loans between the Company and CPI PG SA. As at 31 December 2022, the outstanding balance of the provided loans to CPIPG Group amounted to €4,713.0 million (31 Dec 2021: €5,136.0 million).

COVID-19 impact and the Russian invasion of Ukraine

Although the COVID-19 restrictions were eased in different countries during the year 2022, the economic environment across Europe remained under pressure and the post-pandemic growth was slowing mainly due to the Russian invasion of Ukraine coupled with higher inflation. However, the Group demonstrated resilient performance during the year 2022. This was largely due to the Group´s high exposure to office properties and landbank, the resilience of our tenants and careful cost management.

The Group is constantly monitoring the situation, with a focus on business continuity and the well-being of our employees and tenants.

MARKET ENVIRONMENT

Global macro-economic conditions

Czech Republic[1]

During 2022, the GDP in the Czech Republic grew by 2.5%. In line with other European economies, GDP growth was dynamic in the first two quarters of 2022 with 4.6% and 3.5%, followed by a significant slowdown in the second half of 2022 due to the impact of the Russian invasion of Ukraine and the subsequent effect on commodity prices coupled with rising inflation. In Q4 2022, quarterly GDP expanded by 0.2%, slightly avoiding a contraction.

The expansion was supported by fixed investment and by external demand. On the other hand, the consumption expenditure of households had a negative influence. On the production side, key drivers of growth were manufacturing and a group of economic activities of trade, transportation, and accommodation and food service activities. The S&P Global Czech Republic Manufacturing PMI declined from its expansion outlook in December 2021 of 59.1 to a low of 41.6 points in November, rising to 44.3 points as of February 2023 but remaining on the contraction outlook. On the price front, input cost and output charge inflation rates eased further amid reports of lower prices for some raw materials. Suppliers' delivery times also continued to worsen despite a marked contraction in input buying across the manufacturing sector.

Unemployment increased only slightly from a very low level of 3.5% at the end of 2021 to 3.7% in December 2022. This resilience of labour markets is even more remarkable as the Czech Republic integrated a significant number of Ukrainian refugees into its labour market. Unemployment rates below 4% are typically considered full employment.

Inflation accelerated sharply during 2022, with the Czech Republic experiencing levels that haven't been seen since the 1990s, peaking at around 18% in September 2022. As of February 2023, the year-on-year inflation rate stood at 16.7%. The Czech central bank raised its benchmark interest rate several times during the year from 3.75% to 7.0% at the end of June 2022 and remained at that level. The Czech Koruna appreciated in value, reaching EUR/CZK 24.88 at the end of the year.

Poland[2]

Over the last decade, the Polish economy has been one of the most dynamic in Europe, with above average growth rates for the region. Even during the pandemic year of 2020, GDP contracted only by a modest 2.5%, followed by a robust 6.8% expansion in 2021. During 2022, the Polish economy further demonstrated its robustness with 4.9% growth.

Growth was led by industrial production as the economy continued to rebound from the impact of the Covid pandemic. Still, consumer spending is expected to have slowed sharply due to soaring inflation triggered by Russia's invasion of Ukraine and consequent rate hikes by the National Bank of Poland. The S&P Global Manufacturing PMI turned from expansion to contradiction in May 2022 as it fell below 50 points. After reaching an intra-year low in August, the PMI continued to climb, reaching 45.6 points in December 2022. The consumer confidence index showed a similar intra-year pattern.

The labour market remained surprisingly robust despite all the uncertainty, with the latest unemployment rate as of January 2023 at 5.5% versus 5.9% a year earlier. After increasing already during 2021, inflation further accelerated in 2022 from 9.4% at the beginning of the year to 16.6% at the end of December, reaching 18.4% as

[1] *Sources: Czech Statistical Office, Trading Economics, Ministry of Labour and Social Affairs; Markit Economics*

[2] *Sources: Central Statistical Office of Poland, Trading Economics*

of February 2023. Consequently, the National Bank of Poland raised its policy rate from 2.25% at the start of the year to 6.75% in September, which remained until today. The Polish Zloty remained broadly stable to the Euro.

Selected market focus

Prague office market[3]

At the end of 2022, the total Prague modern office stock reached 3.8 million m² with 75,400 m² of new office stock added to the market, which is c. 45% below the long-term average of approximately 130,000 m². For 2023, currently 130,000 m² of completions are expected and only 55,000 m² for 2024. In the second half of 2022, no new construction was started, which results in the significant decrease in completions expected in 2024.

The office sector generally does not reflect any significant structural changes in the occupational market, although the pandemic has shifted occupancy strategies. Tenants are increasingly looking for more flexibility in the workspace to accommodate hybrid working patterns and emphasise wellness and sustainability in their building selection. Flexible office space currently represents 2.7% of the total office space, with several flexible office centres opened this year.

Total gross take-up reached 550,100 m² in 2022, a YoY increase of over 45%. Take-up was focused on Prague 4, 8 and 1. Tenants from the IT sector (36%), the pharmaceutical sector (10%) and the finance sector (10%) were the main drivers of demand. Total net absorption was positive, with a total of 73,200 m². Take-up continues to be supported by growth in office-based employment.

The vacancy rate remained stable at 7.7%, nearly unchanged from 7.8% at year-end 2021. The variation across submarkets remains substantial, with the lowest vacancy rate in Prague 8 (4.8%) compared to the highest in Prague 3 (23.8%).

Prime rents increased to €26.5/m²/month, and average rents at good locations ranged from €16.0 to €18.0/m²/month. The annual transaction volume fell to €1.6 billion from €1.9 billion in the previous year. Office properties were the most popular asset class, with a share of roughly 36%, followed by industrial and logistics properties at around 22% and retail properties at 20%. Prime yields increased from 4.25% to 4.8% for office properties and from 5.75% to 6.25% for retail properties.

Warsaw office market [4]

At the end of December 2022, Warsaw's total modern office stock amounted to 6.3 million m². The total new supply delivered to the Warsaw office market in 2022 was approximately 237,000 m² as twelve new office schemes were completed. The most prominent new completions included: Varso Tower (63,800 m², HB Reavis) ForestTower (51,500 m², HB Reavis) and SkySAWA II (22,800 m², Phn).

Currently, there is only 185,000 m² of office space under construction between 2023 and 2025, the lowest level since 2010. This slowdown in development activity is expected to result in a supply gap in 2023, putting downward pressure on future vacancy rates.

Leasing activity was strong, with 860,000 m² in take-up in 2022, including over 253,000 m² in Q4 2022. Companies are also taking a more conservative approach to leasing, renegotiating existing leases rather than moving to new locations. As a result, renegotiations accounted for 40% of total office take-up – the highest annual figure on record. New deals, including pre-let transactions, represent 45% of the leases.

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[3] *Source: Prague Research Forum, Cushman & Wakefield, JLL*

[4] *Source: PINK, JLL, CBRE, Avison Young, BNP Paripas Real Estate*

Since the start of the year, Warsaw's vacancy rate has declined by 1.1 p.p. to 11.6%, with lower rates inside central zones. Location remains a crucial factor in tenants' decisions, with the city centre and CBD zones being the most popular submarkets.

Prime office property rent increased in 2022, ranging between €26 and €28/m^2/month in the city centre and up to €19/m^2/month outside of the area. Rental rates are expected to continue to rise in 2023 due to the new supply gap leading to limited rental opportunities and rising construction costs for new schemes.

Poland's commercial real estate investment market grew by almost 2% to €5.9 billion in 2022 versus €5.7 billion in the previous year. Office properties generated the highest transaction volume, with a market share of roughly 36% or €2.1 billion. Industrial and logistics properties ranked second with €2.0 billion and a market share of approximately 34%. The transaction volume for retail properties rose to roughly €1.5 billion or 26%. Yields increased by 75 basis points to 5.25% for office properties and by 50 basis points to 6.25% for retail properties.

OPERATIONS OF THE GROUP IN 2022

The Group is engaged in financing of and rendering of services to entities within the CPIPG Group and also holds and operates a significant property portfolio.

Financing of CPIPG Group

The Group acts as an internal financing entity within the CPIPG Group and shall finance the real estate companies (SPVs) by intra-group loans. In order to fund the intra-group loans, CPIPG raises external financing and provides these funds to CPI FIM. Subsequently, CPI FIM provides the funds in a form of loans to the respective SPVs.

In 2022, the Group continued to provide the equity loans to other entities within the CPIPG Group.

The Group generated interest income of €216 million in 2022, which represents an increase by €4.5 million, compared to 2021.

As at 31 December 2022, the Group provided loans to related parties in the amount of €4,713.0 million, which represents a decrease by €421.9 million compared to 31 December 2021. As at 31 December 2022, the loans provided in the amount of €144.6 million and €4,568.4 million were classified as current and non-current, respectively.

Rendering of services to CPIPG Group

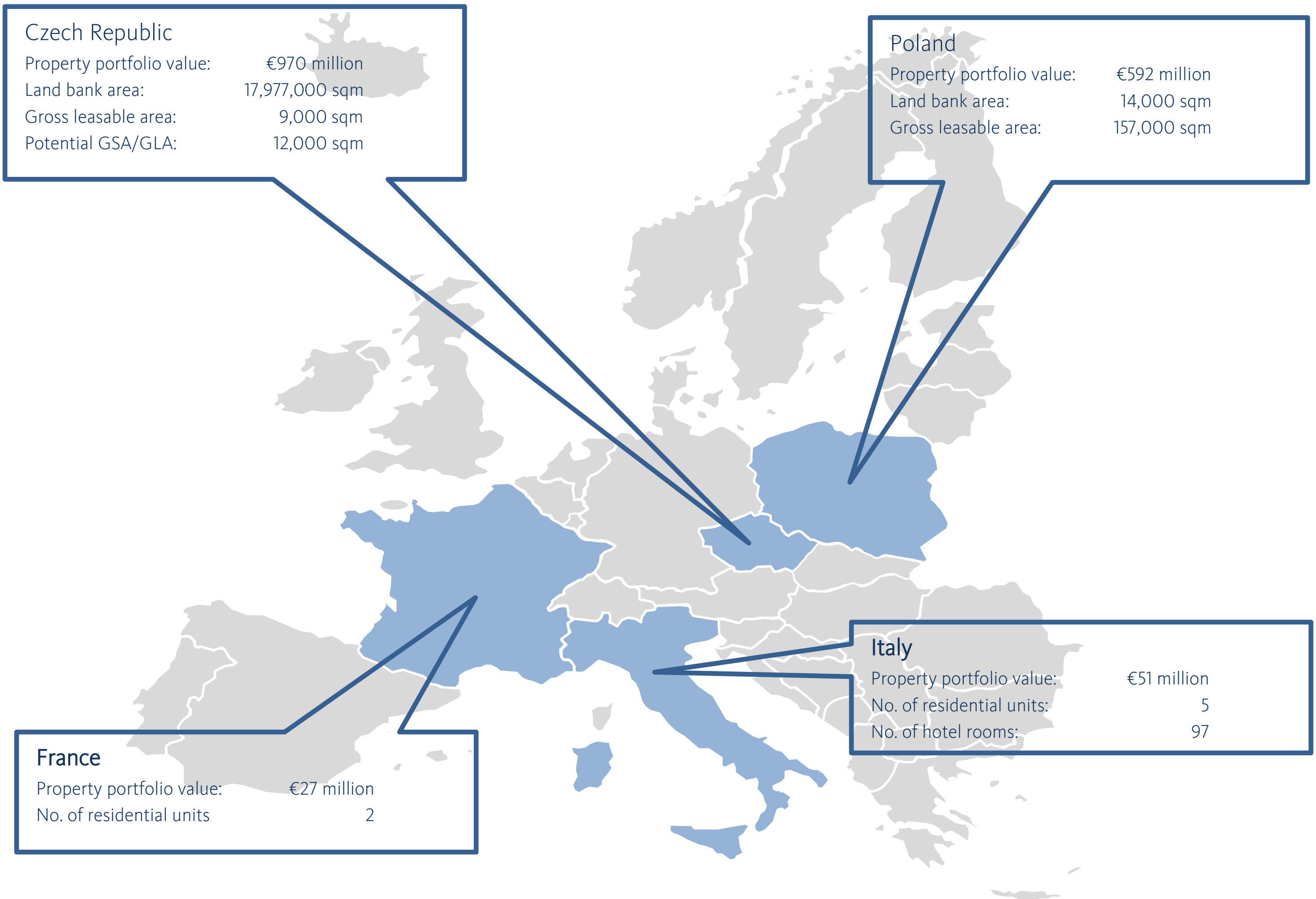
CPI FIM, as the service company within the CPIPG Group is used to provide its affiliates with a wide range of management and key business services. Key strategic services provided by CPI FIM mainly included development of investment strategies and plans for SPVs, communication with banks and financial strategy planning, analyses of markets, negotiations and maintaining relationships with key tenants.

Since the beginning of 2022, CPI FIM stopped providing the vast majority of such services to the CPIPG Group, especially due to COVID-19 travel restrictions.

PROPERTY PORTFOLIO

Total Property Portfolio

The Group concentrates on long-term investments and real-estate leases, primarily in the Central European region. The Group owns rental income-generating properties mainly in the office segment but is also focused on an extensive portfolio of land plots in the Czech Republic. Additionally, the Group has some development projects.



The property portfolio of the Group is reported on the balance sheet under the following positions:

- Investment property
- Property, plant and equipment
- Inventories
- Assets held for sale

"Investment property" consists of rental properties, investment property under development and land bank. Investment property under development represents projects currently in progress, which will be reclassified by the Group as rental properties after completion. Land bank represents properties held for development and/or capital appreciation.

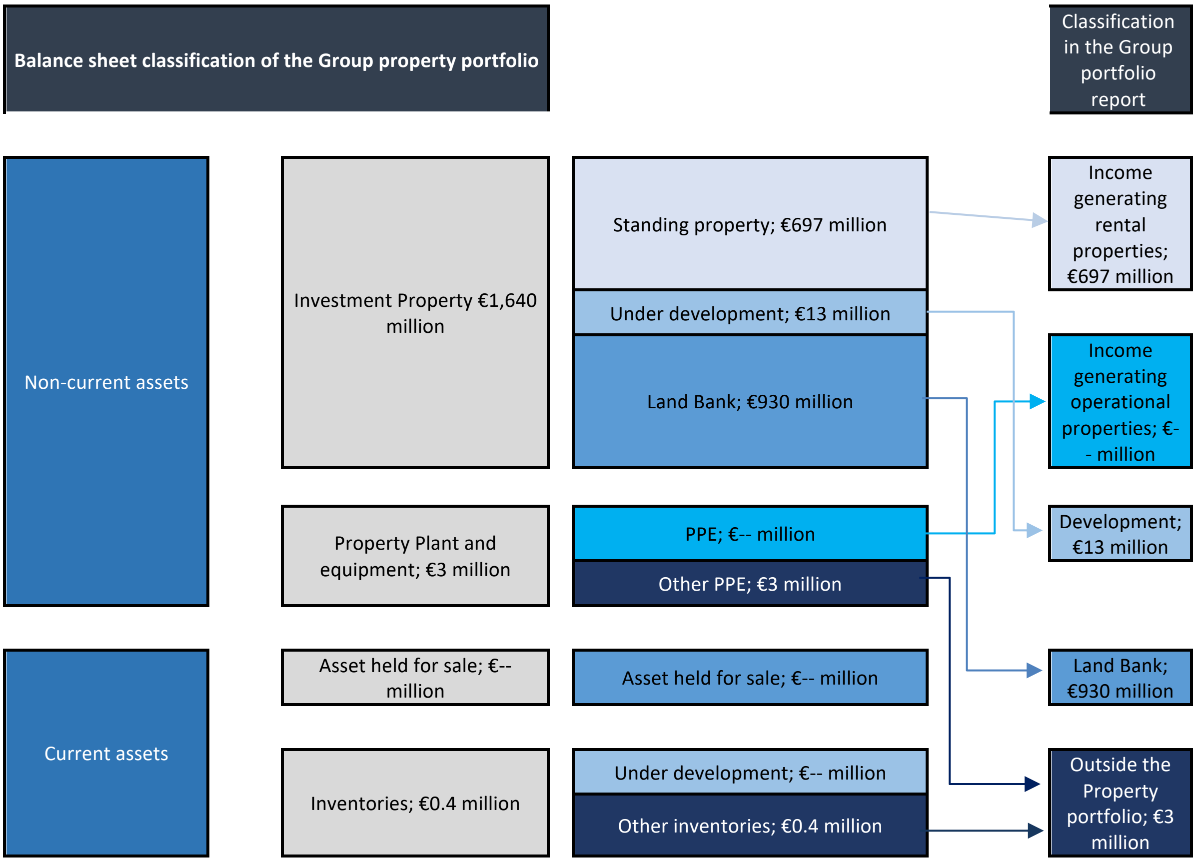
“Property, plant and equipment” comprises hotel properties or advances paid for construction works on the projects.

“Inventories” comprise properties that are under development or have been finished and are intended for a future sale in the ordinary course of business.

“Assets held for sale” consist of properties presented in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” which are to be sold due to the intention of the management.

The property portfolio report covers all properties held by the Group, independent of the balance sheet classification. These properties are reported as income-generating properties (generating rental income or income from operations), development projects (investment property projects under development and inventories) or landbank.

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 31 December 2022 with the presentation in our portfolio report:

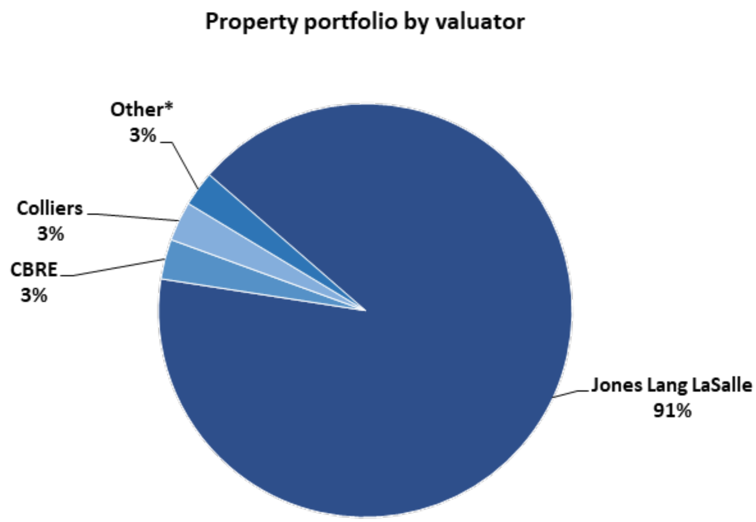


Property Valuation

The consolidated financial statements of the Group as at 31 December 2022 were 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 Investment properties owned by the Group must be stated at fair value, the annual valuation of these properties by independent experts is recommended.

The property portfolio valuation as at 31 December 2022 is based on reports issued by:

- Jones Lang LaSalle (further "JLL"). JLL is a financial and professional services company specializing in real estate services and investment management. JLL has more than 98,000 employees across 328 corporate offices in more than 80 countries and serves the local, regional and global real estate needs of their clients.
- CBRE is a commercial real estate services and investment firm. It is the largest company of its kind in the world. It is based in Dallas, Texas and operates in 500 offices worldwide and serves clients in more than 100 countries, employing more than 105,000 global professionals.
- Colliers is a leading diversified professional services and investment management company. Colliers operates in 63 countries and draws on the expertise of over 18,000 professionals working collaboratively to provide expert real estate and investment advice to clients.
- Cushman&Wakefield (also "C&W"). C&W is one of the leading commercial real estate services companies, providing a full range of services to real estate tenats, developers and investors on a local and international basis. C&W has about 400 offices in 60 countries, employing more than 50,000 professionals.
- RSM in CZ&SK (also "RSM"). RSM is part of the sixth largest network of professional firms RSM International. RSM International operates in 120 countries, has 860 offices and more than 51,000 professionals. RMS provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll.
- B.S.O. spol s.r.o. (also "BSO"). BSO provides knowledge and expert advice across business valuation, registered trademark valuation, valuation of receivables, movable asset valuation, real estate valuation and real burden valuation. BSO is a small local valuator.



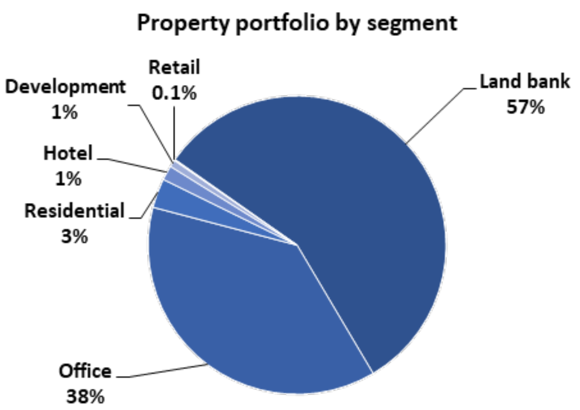
**Cushman&Wakefield, RMS CZ&SK, BSO, Acquisition costs, internal*

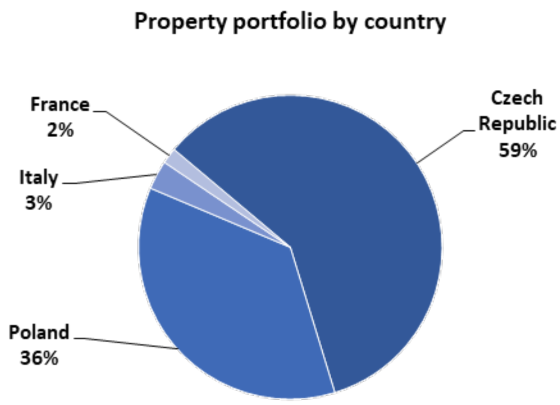
The following table shows the carrying value of the Group's property portfolio as at 31 December 2022 and 31 December 2021:

PROPERTY PORTFOLIO as at 31 December 2022	No of properties	No. of units	No. of hotel rooms	GLA thousand sqm	Office € million	Residential € million	Develop. € million	Hotel € million	Retail € million	Land bank € million	PP value € million	PP value %
Czech Republic	3	--	--	9	25	--	13	--	2	930	970	59%
Poland	4	--	--	157	592	--	--	--	--	0.4	592	36%
Italy	1	5	97	--	--	25	--	26	--	--	51	3%
France	--	2	--	--	--	27	--	--	--	--	27	2%
The GROUP	**8**	**7**	**97**	**166**	**617**	**52**	**13**	**26**	**2**	**930**	**1,640**	**100%**

PROPERTY PORTFOLIO as at 31 December 2021	No of properties	No. of units	No. of hotel rooms	GLA thousand sqm	Office € million	Residential € million	Develop. € million	Hotel € million	Retail € million	Land bank € million	PP value € million	PP value %
Czech Republic	2	--	--	9	26	--	--	--	2	866	894	56%
Poland	4	--	--	157	614	--	--	--	--	0.4	614	39%
Italy	1	5	97	--	--	25	--	21	--	--	46	3%
France	--	3	--	--	--	36	--	--	--	--	36	2%
The GROUP	**7**	**8**	**97**	**166**	**640**	**61**	**--**	**21**	**2**	**866**	**1,590**	**100%**

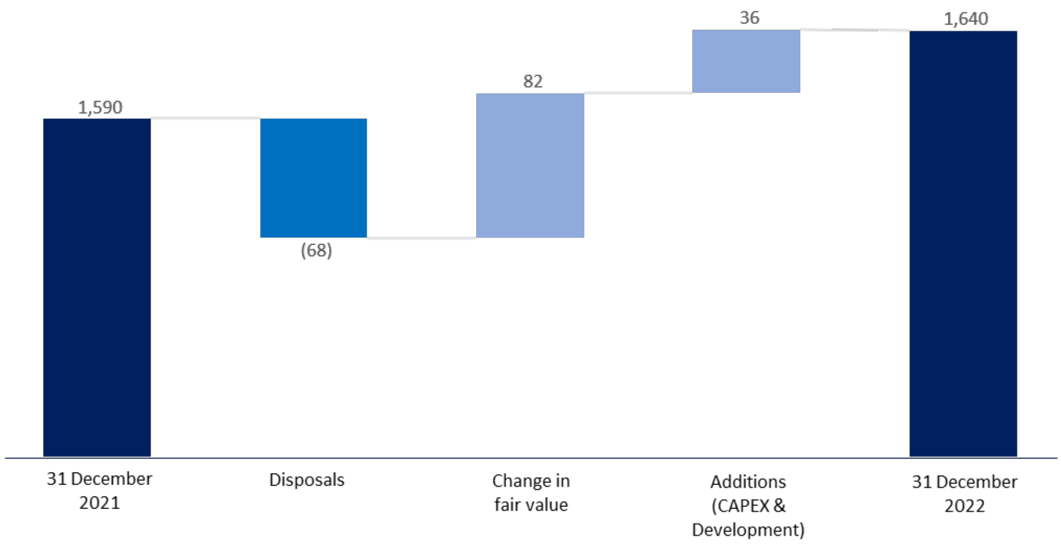
The Group's property value totals €1,640 million as at 31 December 2022 (31 Dec 2021: €1,590 million), of which 38% is represented by office and 57% is represented by land bank. The majority of the Group's property portfolio is located in the Czech Republic with 59%, Poland with 36%, followed by Italy with 3% and France with 2%.





The total net change of €50 million in the portfolio value in 2022 was mainly attributable to the following:

- Disposals of €68 million, comprising the sale of several land plots in the Czech Republic and a residential property in France;
- Change in fair value of €82 million, represented primarily by revaluation of a landbank portfolio in the Czech Republic, and FX impact;
- Additions of €36 million, mainly spent on Investment Property within the whole Group.



Office

Key Figures – December 2022

92.3 %	5
Occupancy	Number of properties
617 million €	165,000 sqm
Property value	Gross leasable area

Office portfolio represents an important segment of investment activities of the Group. As at 31 December 2022, the Group owns buildings in Poland and in the Czech Republic.

OFFICE 31 December 2022	Nº of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Poland	4	592	96%	157	93.1%	18.0	--
Czech Republic	1	25	4%	8	76.4%	14.2	--
The GROUP	**5**	**617**	**100%**	**165**	**92.3%**	**17.8**	**--**

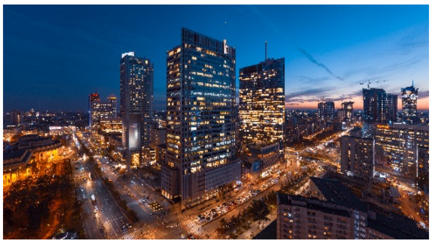
OFFICE 31 December 2021	Nº of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Poland	4	614	96%	157	95.2%	17.6	--
Czech Republic	1	26	4%	8	89.6%	7.5	--
The GROUP	**5**	**640**	**100%**	**165**	**95.0%**	**17.1**	**--**

- **Eurocentrum Office, Warsaw**

Eurocentrum Office has a highest LEED level of certification, i.e. PLATINUM and offers over 85,000 sqm of lettable space. Eurocentrum Office is a modern office building with many eco-friendly solutions, for example: rainwater is used for flushing toilets and watering greenery in atrium - savings in drinking water consumption; savings in electricity consumption for general building systems; heat island effect reduction with the employment of high light reflecting roof membrane etc.

Furthermore, Eurocentrum has 1,500 sqm atrium with natural vegetation, a wide range of shops and restaurants, excellent access to daylight as a result of large glazing areas, fresh air exchange process well above average, office space is not overheated in the summer and amenities dedicated to persons using alternative means of transportation: parking spaces for bicycles (over 200 parking places), changing rooms and showers and 22 charging stations for electric cars. In 2016, a sky apiary was created on the roof of the Eurocentrum office building.

- **Warsaw Financial Center, Warsaw**



Warsaw Financial Center, one of Warsaw's most prestigious skyscrapers (LEED Gold), was completed in 1998 and offers almost 50,000 sqm of grade A office space across 32 floors. It was designed by the American architects Kohn Pedersen Fox Associates in cooperation with A. Epstein & Sons International. Warsaw Financial Center has a very good location. WFC is located only 0.6 km from Warsaw's main train station, 8.3 km from international Warsaw Chopin Airport and 39.3 km from Warsaw Modlin Airport.

Warsaw Financial Center is a 32-story high skyscraper with sixteen elevators, open space offices with colorful walls, huge Marylin Monroe prints, and comfortable sofas for creative brainstorming, and classic timeless interiors in understated hues that support the uniqueness of the building. At any time during the day, the first six floors of the building offer 350 parking spaces for cars and bicycles.

Currently, WFC ranks among the most prestigious high-rise buildings in Poland. Top Polish and international corporations have been attracted by its outstanding quality (Google, Bloomberg and Kompania Piwowarska).

- **Equator IV Offices, Warsaw**

Equator IV Offices was constructed in 2018 and is of a modern A-class specification (BREEAM Very Good). It has 16 aboveground and 4 underground levels comprising 226 parking spaces. The Property consists of a stand-alone office building comprising more than 21,000 leasable sqm, situated on a site with a total area of 2,900 sqm.

Property is located in Warsaw within the Ochota district, in a distance of ca. 3 km to the Palace of Culture and Science, considered as a central point of Warsaw. The office building is situated at the main east-west arterial road in Warsaw – Al. Jerozolimskie within a third largest office district in Warsaw– "Jerozolimskie corridor". The area is a recognized office location providing direct access and reasonable distance to the city centre as well as convenient access to the Warsaw ring road.

- **Diana Office, Warsaw**

The property was constructed in 2004 and comprises about 1,500 sqm of rentable area. The Property is located in Warsaw city centre, along Chmielna Street, which forms one of the best recognizable retail streets of the city. The building is of a reinforced concrete structure with hip roof. The property is fully let to one tenant - Goethe Institut.

- **Mayhouse, Prague**

The Mayhouse office building is located in the sought-after area of Pankrác, Prague 4. Mayhouse has an excellent accessibility. Only a few minutes' walk away is the metro line C Pražského povstání and tram station Vozovna Pankrác is just around the corner. By car, you can promptly reach the historic city centre as well as to Prague ring road and D1 motorway.

The office building has six above ground floors and offers about 8,000 sqm of leasable modern space. The interior of the premises comprises modern, 'A' grade office areas, which include air-conditioned offices with suspended ceilings, double floors, openable windows, kitchenettes and an electronic access system. Fitness, showers, bike storage and lounge are situated on the ground floor. There are also 64 parking spaces in the underground parking garage.

Land bank

Key Figures – December 2022

930 million	€
Property value	

17,991,000	sqm
Total area	

Land bank is comprised of an extensive portfolio of land plots primarily in the Czech Republic. Plots are often in attractive locations, either separate or adjacent to existing commercial buildings or in the city centre and their value continues to increase with the growth of surrounding infrastructure. Out of the total plots area, approximately 11.3% are with zoning.

LAND BANK 31 December 2022	Total area	Area with zoning	Area without zoning	PP value	PP value	Outstanding financing
	thds. sqm	thds. Sqm	thds. Sqm	€ million	%	€ million
Czech Republic	17,977	2,019	15,958	930	99.9%	--
Poland	14	14	--	0.4	0.1%	--
THE GROUP	**17,991**	**2,033**	**15,958**	**930**	**100%**	**--**

LAND BANK 31 December 2021	Total area	Area with zoning	Area without zoning	PP value	PP value	Outstanding financing
	thds. sqm	thds. Sqm	thds. Sqm	€ million	%	€ million
Czech Republic	18,061	2,012	16,049	866	99.9%	--
Poland	14	14	--	0.4	0.1%	--
THE GROUP	**18,075**	**2,026**	**16,049**	**866**	**100%**	**--**

The landbank portfolio includes:

- **Former brownfield:**
  1. (1) **Praga** in Prague amounting to circa 64,200 sqm, which are zoned, are prepared for residential development with expected start during 2023;
  2. (2) **Nová Zbrojovka** in Brno with 231,600 sqm that will be used for mixed development (Commercial & Residential).
- **Bubny** located close to the city centre. Bubny remains the last brownfield plot in the centre of Prague and the Group intends to develop mixed-use area consisting of residential and commercial units, offices and shops as well as educational, medical, and cultural facilities. In addition, a modern train terminal at Vltavská metro station and large green spaces will be incorporated. The main goal for the mid-term period is to continue the process of changing the Bubny masterplan. The plot of Bubny amounting to over 200,000 sqm of land in Prague 7 is at the core of the commercial development pipeline in Central Europe.
  On 26 June 2018, the Group disposed of an 80% stake of Bubny Development, s.r.o. In accordance with IFRS 10, through its remaining 20% stake the Group retained control over this subsidiary which is why it is consolidated by the Company.
- **Land plot Holešovice** (at the metro line C, station Nádraží Holešovice) of 10,000 sqm is strategically located nearby the Group's existing landbank in Bubny. The land plot was leased back to the seller and will continue to operate as a bus terminal.

During 2022, the Group extended its land plots area in the Czech Republic by 148,000 sqm. On the other hand, the Group sold several land plots in the Czech Republic, resulting into a decrease of the total Group's landbank area by 226,000 sqm. The Group's land plot in Prague 9 - Vysočany (more than 6,000 sqm) has been used for development construction.

Residential

Key Figures – December 2022

52 million €	7
Property value	Number of units

The Group currently owns 7 residential units. Two of them are located in the district of Saint-Anne and Mont Boron in France. A building with five residential units is located on Piazza della Pigna in Rome, Italy.

During the first half of 2022, the Group sold a residential property close to the city of Nice to CPIPG Group.

RESIDENTIAL 31 December 2022	PP value € million	PP value %	Occupancy* %	No. of units	No. of rented units	Outstanding financing € million
France	27	53%	0.0%	2	--	21
Italy	25	47%	0.0%	5	--	--
The GROUP	**52**	**100%**	**0.0%**	**7**	**--**	**21**

** Occupancy based on rented units*

RESIDENTIAL 31 December 2021	PP value € million	PP value %	Occupancy* %	No. of units	No. of rented units	Outstanding financing € million
France	36	59%	33.3%	3	1	21
Italy	25	41%	0.0%	5	--	--
The GROUP	**61**	**100%**	**12.5%**	**8**	**1**	**21**

** Occupancy based on rented units*

- **Villa Lou Paradou**

Neo provençal style villa dating from the 1970's is exposed to the South-West side and it is used as residential accommodation. It consists of walk-up basement, a ground floor with one adjoining service house (studio) below the main house and a swimming pool. There is also a horse stable at the entrance of the property.

- **Villa Mas Du Figuer**

The property consists of a private villa used as residential accommodation, arranged over a basement, a ground floor and first upper floor. There is also a guest house (comprised of 4 bedrooms and a guard house), a gym and a garage. The outside facilites include two swimming-pools and a tennis court.

- **Residential property Piazza della Pigna**

The sixteenth-century building has five above-ground floors, a warehouse and car parking on the underground level, and a winter garden on the ground floor. The rooms are built around a staircase connecting the five floors, all decorated with high-end finishes and superb marble and wood inlays.

Hotels

Key Figures – December 2022

26 million €
Property value

1
Number of properties

97
Number of rooms

In 2021, the Group acquired the Acaya resort in Puglia, Italy.

HOTELS 31 December 2022	No. of properties	No. of rooms	PP value € million	PP value %	Outstanding financing € million
Italy	1	97	26	100%	--
The GROUP	**1**	**97**	**26**	**100%**	**--**

HOTELS 31 December 2021	No. of properties	No. of rooms	PP value € million	PP value %	Outstanding financing € million
Italy	1	97	21	100%	--
The GROUP	**1**	**97**	**21**	**100%**	**--**

- **Hotel Acaya**

The Acaya resort is surrounded by the natural oasis of Le Cesine, with its extraordinary biodiversity, and is located less than five kilometres from the Adriatic Sea. It offers 97 rooms and suites, 18 hole golf course, football field, an extraordinary 1,200 sqm spa, indoor and outdoor pools.

Retail

Key Figures – December 2022

2 million €	Property value
1	Number of properties
500 sqm	Gross leasable area

The Group currently owns about 500 sqm of a rentable space suitable for a fast food operator. In October 2021, the space was provided to McDonald's, which also offers a drive-thru service. The lease agreement with McDonald's was signed until September 2041. The property is located in the Vysočany district, Prague.

RETAIL 31 December 2022	Nº of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Czech Republic	1	2	100%	0.5	100%	17.6	--
The GROUP	**1**	**2**	**100%**	**0.5**	**100%**	**17.6**	**--**

RETAIL 31 December 2021	Nº of properties	PP value € million	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm €	Outstanding financing € million
Czech Republic	1	2	100%	0.5	100%	15.0	--
The GROUP	**1**	**2**	**100%**	**0.5**	**100%**	**15.0**	**--**

Development

Key Figures – December 2022

12,000	sqm
Potential gross saleable/ leasable area	

13 million	€
Development	

During the second half of 2022, the Group started the development project Kolbenova park in Prague with an expected completion in 2024. In total, the project will create six apartment blocks, which will provide approximately 1,000 modern flats. Most of the flats will include a balcony, terrace or green terrace, a reserved parking space and basement storage.

DEVELOPMENT 31 December 2022	Nº of properties	Potential GSA/GLA thds. sqm	Development € million	Development %	Outstanding financing € million
Czech Republic	1	12	13	100%	--
THE GROUP	**1**	**12**	**13**	**100%**	**--**

DEVELOPMENT 31 December 2021	Nº of properties	Potential GSA/GLA thds. sqm	Development € million	Development %	Outstanding financing € million
--	--	--	--	--	--
THE GROUP	**--**	**--**	**--**	**--**	**--**

FINANCING

Cash and cash equivalents

As at 31 December 2022, cash and cash equivalents consist of cash at bank of €104.1 million (2021: €210.1 million) and cash on hand of €2 thousand (2021: €2 thousand).

Financial liabilities

Financial debts amount to €4,899.9 million, including mainly loans from CPIPG (€4,298.1 million).

Financial debts decreased by €761.9 million. This variation of €1,007.8 million is mainly due to offset of long-term loans from and to CPI PG SA. On the other hand, long-term loans provided by GSG offices increased due to additional drawdown of EUR 228.5 million.

CPI FIM

RESULTS AND NET ASSETS

Income statement

Income statement for the year ended 31 December 2022 is as follows:

	12 month period ended	
	31 December 2022	31 December 2021
Gross rental income	34,685	34,880
Service charge and other income	11,150	32,499
Cost of service and other charges	(10,449)	(9,719)
Property operating expenses	(3,485)	(4,048)
Net service and rental income	**31,901**	**53,612**
Hotel revenue	597	246
Hotel operating expenses	(480)	(248)
Net service and rental income	**117**	**(2)**
Total revenues	46,432	67,625
Total direct business operating expenses	(14,414)	(14,015)
Net business income	**32,018**	**53,610**
Net valuation gain on investment property	62,674	263,702
Net gain on the disposal of investment property and subsidiaries	7,839	3,746
Net gain on the disposal of other investments	-	6,175
Amortization, depreciation and impairments	(2,726)	3,455
Administrative expenses	(6,679)	(14,022)
Other operating income	513	704
Other operating expenses	(554)	(827)
Operating result	**93,085**	**316,543**
Interest income	215,972	211,507
Interest expense	(125,827)	(161,231)
Other net financial result	35,826	56,554
Net finance income	**125,971**	**106,830**
Share of profit of equity-accounted investees (net of tax)	1,481	1,146
Profit before income tax	**220,537**	**424,519**
Income tax expense	(39,892)	(57,676)
Net profit from continuing operations	**180,645**	**366,843**

Service charge and other income

Service charge and other income decreased to €11.2 million in 2022 (2021: €32.5 million). The decrease is due to the decrease in advisory and accounting services charged by CPI FIM of EUR 21.9 million.

Net valuation gain

The net valuation gain amounts to €62.7 million (€263.7 million in 2021) and comprised of valuation gain of €107.3 million and valuation loss of €44.6 million. The valuation gain was mainly attributable to the Czech property portfolio (€106.6 million). The gain was driven primarily by the zoning approvals, for more details please refer to note 7.5 of the Consolidated Financial Statements as at 31 December 2022.

Administrative expenses

Administrative expenses decreased to €6.7 million in 2022 compared to €14.0 million in 2021. In 2022, administrative expenses decrease due to management services provided to CPI FIM by related parties.

Net finance income

Total net finance income has increased from €106.8 million in 2021 to €126.0 million in 2022. The interest income increased from €211.5 million in 2021 to €216.0 million in 2022. The increase in interest income reflects the increase of interest rates in loans provided by the Company to entities within the CPIPG Group and other related parties. The interest expense decreased from €161.2 million in 2021 to €125.8 million in 2022. The decrease in interest expense reflects the decrease in loans received by the Company from entities within the CPIPG Group and other related parties.

The other net financial result has decreased from a gain of €56.6 million in 2021 to a gain of €35.8 million in 2022. The net foreign exchange gain was driven by retranslation of loans provided to related parties in foreign currencies.

Balance sheet

Balance sheet as at 31 December 2022 corresponds to consolidated financial statements.

	31 December 2022	31 December 2021
NON-CURRENT ASSETS		
Intangible assets	842	610
Investment property	1,640,110	1,514,430
Property, plant and equipment	2,752	22,193
Equity accounted investees	9,724	8,190
Other investments	61,655	52,990
Loans provided	4,568,394	4,948,061
Trade and other receivables	76	74
Deferred tax asset	120,370	133,921
Total non-current assets	**6,403,923**	**6,680,469**
CURRENT ASSETS		
Inventories	402	355
Current tax receivables	522	116
Derivative instruments	13,730	2,078
Trade receivables	6,074	6,929
Loans provided	144,579	186,859
Cash and cash equivalents	104,082	210,076
Other receivables	188,058	236,795
Other non-financial assets	6,254	5,379
Assets held for sale	-	54,586
Total current assets	**463,701**	**703,173**
TOTAL ASSETS	**6,867,624**	**7,383,642**
EQUITY		
Equity attributable to owners of the Company	1,408,219	1,238,649
Non-controlling interests	310,726	277,321
Total equity	**1,718,945**	**1,515,970**
NON-CURRENT LIABILITIES		
Financial debts	4,653,862	5,400,425
Deferred tax liability	149,139	130,866
Other financial liabilities	5,383	4,793
Total non-current liabilities	**4,808,384**	**5,536,084**
CURRENT LIABILITIES		
Financial debts	246,013	261,324
Trade payables	12,623	8,953
Income tax liabilities	10,063	687
Other financial liabilities	70,307	59,534
Other non-financial liabilities	1,289	1,090
Liabilities held for sale	-	-
Total current liabilities	**340,295**	**331,588**
TOTAL EQUITY AND LIABILITIES	**6,867,624**	**7,383,642**

Total assets and total liabilities

Total assets decreased by €516.0 million (7%) to €6,867.6 million as at 31 December 2022. The main reason is the decrease of long-term loans provided to entities within the CPIPG Group.

Non-current and current liabilities total €5,148.7 million as at 31 December 2022 which represents a decrease of €719.0 million (12.3%) compared to 31 December 2021. The main driver was an offset with loans provided to CPIPG SA.

EPRA NRV (former EPRA NAV) and EPRA NDV (former EPRA NNNAV)

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 and EPRA Net Disposal Value (NDV). The Company provides below the calculation of EPRA NRV as an equivalent of former EPRA NAV and the calculation of EPRA NDV as an equivalent of former EPRA NNNAV.

As at 31 December 2022, the consolidated equity increased by €169.6 million. The main driver of this increase is the profit for the period amounting to €147.2 million and an increase of translation reserve by €14.9 million and of revaluation reserve by €7.5 million.

The EPRA Net Reinstatement Value per share as at 31 December 2022 is €1.19 compared to €1.04 as at 31 December 2021.

	31 December 2022	31 December 2021
Consolidated equity	**1,408,219**	**1,238,649**
Deferred taxes on revaluations	150,758	133,998
EPRA Net reinstatement value	**1,558,977**	**1,372,647**
Existing shares (in thousands)	1,314,508	1,314,508
Net reinstatement value in € per share	1.19	1.04
EPRA Net reinstatement value	**1,558,977**	**1,372,647**
Deferred taxes on revaluations	(150,758)	(133,998)
EPRA Net disposal value	**1,408,219**	**1,238,649**
Fully diluted shares	1,314,508	1,314,508
Net disposal value in € per share	1.07	0.94

The EPRA Net Disposal Value amounts to €1.07 per share as at 31 December 2022 compared to €0.94 at the end of 2021.

CORPORATE GOVERNANCE

Principles

Good corporate governance improves transparency and the quality of reporting, enables effective management control, safeguards shareholder interests and serves as an important tool to build corporate culture. The Company is dedicated to acting in the best interests of its shareholders and stakeholders. Toward these ends, it is recognized that sound corporate governance is critical. The Company is committed to continually and progressively implementing industry best practices with respect to corporate governance and has been adjusting and improving its internal practices in order to meet evolving standards. The Company aims to communicate regularly to its shareholders and stakeholders regarding corporate governance and to provide regular updates on its website.

Since the Company was founded in 1991, its accounts have been audited regularly each year. KPMG served as auditor of the Company since 2013. In 2019, the Company tendered for a new auditor. The Company´s Audit Committee recommended an appointment of Ernst & Young S.A., Luxembourg as the Group's new auditor for the financial year commencing on 1 January 2019, which was approved by the shareholders' general meeting. The 2021 annual general meeting of shareholders resolved unanimously to appoint Ernst & Young S.A., Luxembourg, as the approved auditor (réviseur d'entreprises agréé) of the Company until the annual general meeting of shareholders of the Company to be held in 2023.

In addition, the Company's portfolio of assets is regularly evaluated by independent experts.

In 2007, the Company's Board of Directors adopted the Director's Corporate Governance Guide and continues to communicate throughout the Group based on the values articulated by this guide. As a company incorporated in Luxembourg, the Company's primary regulator is the Commission de Surveillance du Secteur Financier (the "CSSF"). The Company's procedures are designed to comply with applicable regulations, in particular those dealing with market abuse. The Company also has a risk assessment procedure designed to identify and limit risk. In addition, the Company aims to implement corporate governance best practices inspired by the recommendations applicable in Luxembourg and Poland.

On 23 May 2012, the Board of Directors elected the Ten Principles and their Recommendations of the Luxembourg Stock Exchange as a reference for its Corporate Governance Rules (https://www.bourse.lu/corporate-governance).

The Company's parent company CPIPG has implemented industry best practices with respect to corporate governance and external reporting. In 2019, the CPIPG Group approved the "Code of Business Ethics and Conduct of CPI Property Group" 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). These were adopted for the Group (for more details regarding the application of the CSR policies across the CPIPG Group kindly refer to annual report of CPIPG).

Board of Directors

The Company is administered and supervised by a Board of Directors made up of at least three members.

Appointment of Directors

The Directors are appointed by the general meeting of shareholders for a period of office not exceeding six years. They are eligible for re-election and may be removed at any time by decision of the general meeting of shareholders by simple majority vote. In the event of a vacancy in the office of a Director, the remaining Directors may provisionally fill such vacancy, in which case the general meeting of shareholders will hold a final election at the time of its next meeting.

Current Board of Directors

As at 31 December 2022 the Board of Directors consisted of: 2 members representing the management of CPIPG Group, Mr. David Greenbaum and Mrs. Anita Dubost, and 2 independent members, Mr. Edward Hughes and Mr. Scot Wardlaw.

Anita Dubost, 1979 , Tax Manager, executive member.

Anita Dubost was appointed to the Board of Directors in May 2019. Before joining CPIPG, she worked at Tristan Capital Partners as Senior Tax Manager within the Luxembourg Operations team. In her role she was in charge of overseeing the tax structuring of the Tristan-managed funds. She was also a member of the Investment Committee. Anita began her career at Atoz (member of the international Tax and network) where she was Senior Associate advising multi-national clients. Anita holds a Master's Degree in Law and in Business Administration specialized in finance and tax.

David Greenbaum, 1977, Chief Financial Officer of CPI Property Group, executive member.

David Greenbaum was appointed to the Board of Directors in May 2019. Before joining CPIPG, he worked for nearly 16 years at Deutsche Bank, where he was most recently co-head of debt capital markets for the CEEMEA region. David began his career at Alliance Capital Management in 1999. In 2000 he joined Credit Suisse First Boston before moving to Deutsche Bank in 2002. David graduated magna cum laude from Cornell University with a degree in English language and literature.

Edward Hughes, 1966, independent, non-executive member.

Edward Hughes 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 acquisition, and development projects in the region. Edward is a Chartered Accountant, after starting his career with Arthur Andersen (London – 1988), in September 1991 he transferred to the Prague office. Since this time, 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).

Scot Wardlaw, 1967, independent, non-executive member.

Scot Wardlaw was appointed to the Board of Directors in May 2020. Scot has over two decades experience in project and process management in the fields of IT, software and product development in an international environment. He currently serves as Managing Director for various real estate investment platforms based in Luxembourg and is part of Central Business Development at SIMRES Real Estate where he manages the group's strategic development. Scot graduated magna cum laude from Savannah College of Art & Design with a degree in Computer Art and Art History.

The current members of the Board of Directors are appointed until the annual general meeting of 2023 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2022.

The independent directors are not involved in management, are not employees or advisors with a regular salary and do not provide professional services such as external audit services or legal advice. Furthermore, they are not related persons or close relatives of any management member or majority shareholder of the Company.

The Board of Directors meetings are held as often as deemed necessary or appropriate. All members, and in particular the independent and non-executive members, are guided by the interests of the Company and its business, such interests including but not limited to the interests of the Company's shareholders and employees.

Powers of the Board of Directors

The Board of Directors represents the shareholders and acts in the best interests of the Company. Each member, whatever his/her designation, represents the Company's shareholders.

The Board of Directors is empowered to carry out all and any acts deemed necessary or useful in view of the realization of the corporate purpose; all matters that are not reserved for the general meeting by law or by the present Articles of Association shall be within its competence. In its relationship with third parties, the Company shall even be bound by acts exceeding the Company's corporate purpose, unless it can prove that the third party knew such act exceeded the Company's corporate purpose or could not ignore this taking account of circumstances.

Deliberations

The Board of Directors may only deliberate if a majority of its members are present or represented by proxy, which may be given in writing, by telegram, telex or fax. In cases of emergency, the Directors may vote in writing, by telegram, telex, fax, electronic signature or by any other secured means.

The decisions of the Board of Directors must be made by majority vote; in case of a tie, the Chairman of the meeting shall have the deciding vote.

Resolutions signed unanimously by the members of the Board of Directors are as valid and enforceable as those taken at the time of a duly convened and held meeting of the Board.

The Board will regularly evaluate its performance and its relationship with the management. During 2022, the Board held 5 meetings, with all members being present or represented.

Delegations of powers to Managing Directors

The Board of Directors may delegate all or part of its powers regarding the daily management as well as the representation of the Company with regard to such daily management to one or more persons (administrateur délégué), who need not be Directors (a "Managing Director"). The realization and the pursuit of all transactions and operations basically approved by the Board of Directors are likewise included in the daily management of the Company. Within this scope, acts of daily management may include particularly all management and provisional operations, including the realization and the pursuit of acquisitions of real estate and securities, the establishment of financings, the taking of participating interests and the placing at disposal of loans, warranties and guarantees to group companies, without such list being limited.

David Greenbaum and Martin Němeček are elected as Managing Directors (administrateurs délégués) of the Company.

Signatory powers within the Board of Directors

The Company may be legally bound either by the joint signatures of any two Directors or by the single signature of a Managing Director.

Special commitments in relation to the election of the members of the Board of Directors

The Company is not aware of commitments that are in effect as of the date of this report by any parties relating to the election of members of the Board of Directors.

Management of the Company

The management is entrusted with the day-to-day running of the Company and among other things to:

- be responsible for preparing complete, timely, reliable and accurate financial reports in accordance with the accounting standards and policies of the Company;

- submit an objective and comprehensible assessment of the company's financial situation to the Board of Directors;
- regularly submit proposals to the Board of Directors concerning strategy definition;
- participate in the preparation of decisions to be taken by the Board of Directors;
- supply the Board of Directors with all information necessary for the discharge of its obligations in a timely fashion;
- set up internal controls (systems for the identification, assessment, management and monitoring of financial and other risks), without prejudice to the Board's monitoring role in this matter; and
- regularly account to the Board for the discharge of its responsibilities.

The members of the management meet on a regular basis to review the operating performance of the business lines and the containment of operating expenses.

As at 31 December 2022, the Company's management consisted of the following members:

David Greenbaum, Managing Director,

Martin Němeček, Managing Director,

Erik Morgenstern, Chief Financial Officer,

Anita Dubost, Tax Manager.

Committees of the Board of Directors

As at 31 December 2022 the Board of Directors has the following committees:

- Audit Committee; and
- Remuneration, Appointment and Related Party Transaction Committee.

The implementation of decisions taken by these committees enhances the Company's transparency and corporate governance.

Independent and non-executive directors are always in the majority of the members of these committees.

Audit Committee

The Audit Committee is now comprised of Mr. Edward Hughes, Mr. Scot Wardlaw, and Mrs. Anita Dubost. Mr. Edward Hughes is the president of the 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 Company's reporting procedures by business lines, reviews risk factors and risk control procedures, analyzes the Company's group structure, assesses the work of external auditors, examines consolidated accounts, verifies the valuations of real estate assets, and audits reports. The Audit Committee has therefore invited persons whose collaboration is deemed to be advantageous to assist it in its work and to attend its meetings.

During 2022, the Audit Committee held 4 meetings (with 100% attendance).

Remuneration, Appointment and Related Party Transaction Committee

Following the changes in the Board of Directors composition in 2020 the Remuneration, Appointment and Related Party Transaction Committee (the "Remuneration Committee") is now comprised of of Mr. Edward

Hughes, Mr. Scot Wardlaw, and Mr. David Greenbaum. Mr. Edward Hughes is the president of the Remuneration Committee.

The Remuneration Committee presents proposals to the Board of Directors about remuneration and incentive programs to be offered to the management and the Directors of the Company. The Remuneration Committee also deals with related party transactions.

The role of the Remuneration Committee is, among other things, to submit proposals to the Board regarding the remuneration of executive managers, to define objective performance criteria respecting the policy fixed by the Company regarding the variable part of the remuneration of top management (including bonus and share allocations, share options or any other right to acquire shares) and that the remuneration of non-executive Directors remains proportional to their responsibilities and the time devoted to their functions.

During 2022, the role of the Remuneration Committee has been assumed directly by the Board of Directors.

Description of internal controls relative to financial information processing.

The Company has organized the management of internal control by defining control environment, identifying the main risks to which it is exposed together with the level of control of these risks, and strengthening the reliability of the financial reporting and communication process.

Control Environment

For the annual closure, the Company's management completes an individual questionnaire so that any transactions they have carried out with the Company as "Related parties" can be identified.

The Audit Committee has a specific duty in terms of internal control; the role and activities of the Audit Committee are described in this Management Report.

Remuneration and benefits

Board of Directors

See note 1 of the Consolidated financial statements as at 31 December 2022.

Corporate Governance rules and regulations

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 the following elements:

(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 only one class of shares carrying the same rights.

The Company shares (ISIN LU0122624777) had been listed on the regulated market of Euronext Paris since 2000 and until their delisting as at 18 February 2016. Out of 1,314,507,629 Company shares outstanding, the 314,507,629 Company shares (representing app. 23.9% of the total share capital) have been admitted to trading on the regulated markets of the Luxembourg Stock Exchange and the Warsaw Stock Exchange.

(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 is no restriction on the transfer of securities of the Company as at 31 December 2022.

(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:

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as at 31 December 2021. The information collected is based on the notifications received by the Company from any shareholder crossing the thresholds of 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% of the aggregate voting rights in the Company.

Shareholder	Number of shares	% of capital / voting rights
CPI PROPERTY GROUP (directly)	1,279,198,976	97.31%
Others	35,308,653	2.69%
Total	**1,314,507,629**	**100.0%**

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

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

This is not applicable. 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 is no restriction on voting rights.

(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:

To the knowledge of the Company, no shareholder agreements have been entered by and between shareholders that are in effect as of the date of this report. 97.31% of shares in the Company are held directly by CPI PROPERTY GROUP.

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

See section Appointment of Directors of this report.

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

The Company has no authorized but unissued and unsubscribed share capital in addition to the issued and subscribed corporate capital of €13,145,076.29.

(j) 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:

Under the Securities Note and Summary dated 22 March 2007, with respect to the issue of the 2014 Warrants, the occurrence of a Change of Control (as described in Condition 4.1.8.1.2.1 of the Securities Note and Summary dated 22 March 2007) could result in a potential liability for the Company due to "Change of Control Compensation Amount".

On 10 June 2016 the Company received a major shareholder notification stating that NUKASSO (CYP) and CPI PROPERTY GROUP, which are ultimately held by Mr. Radovan Vitek, hold directly and indirectly 1,279,198,976 of the Company's shares corresponding to 97.31% of voting rights as at 8 June 2016. Accordingly, the Company issued a Change of Control Notice 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.

In accordance with the judgement of the Paris Commercial Court (the "Court") pronounced on 26 October 2015 concerning the termination of the Company'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 Company's Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the Company'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 Company's Safeguard will be unenforceable against the Company.

To the knowledge of the Company, no other agreements have been entered into by the Company.

(k) 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:

As at 31 December 2022, there are no potential termination indemnity payments in place payable to the members of the Company's management in the event of termination of their contracts in excess of the compensation as required by the respective labour codes.

Additional information

Legal form and share capital

CPI FIM is a public limited company ("société anonyme") incorporated and existing under Luxembourg law. Its corporate capital, subscribed and fully paid-up capital of €13,145,076.29 is represented by 1,314,507,629 shares without nominal value. The accounting par value price is €0.01 per share.

Date of incorporation and termination

The Company was incorporated by deed drawn on 9 September 1993 by Maître Frank Baden, for an indeterminate period of time.

Jurisdiction and applicable laws

The Company exists under the Luxembourg Act of 10 August 1915 on commercial companies, as amended.

Object of business

As described in article 4 of the updated Articles of Association of the Company, its corporate purpose is the direct acquisition of real estate, the holding of ownership interests and the making of loans to companies that form part of its group. Its activity may consist in carrying out investments in real estate, such as the purchase, sale, construction, valorization, management and rental of buildings, as well as in the promotion of real estate, whether on its own or through its branches.

It has as a further corporate purpose the holding of ownership interests, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign companies, whether they are part of the group or not, the acquisition of all and any securities and rights by way of ownership, contribution, subscription, underwriting or purchase options, or negotiation, and in any other way, and in particular the acquisition of patents and licenses, their management and development, the granting to undertakings in which it holds a direct or indirect stake of all kinds of assistance, loans, advances or guarantees and finally all and any activities directly or indirectly relating to its corporate purpose. It may thus play a financial role or carry out a management activity in enterprises or companies it holds or owns.

The Company may likewise carry out all and any commercial, property, real estate and financial operations likely to relate directly or indirectly to the activities defined above and susceptible to promoting their fulfillment.

Trade register

RCS Luxembourg B 44 996.

Financial year

The Company’s financial year begins on the first day of January and ends on the thirty-first day of December.

Distribution of profits and payment of dividends

Each year, at least five per cent of the net corporate profits are set aside and allocated to a reserve. Such deduction ceases being mandatory when such reserve reaches ten per cent of the corporate capital, but will resume whenever such reserve falls below ten per cent. The general meeting of shareholders determines the allocation and distribution of the net corporate profits.

Payment of dividends:

The Board of Directors is entitled to pay advances on dividends when the legal conditions listed below are fulfilled:

- an accounting statement must be established which indicates that the available funds for the distribution are sufficient;
- the amount to be distributed may not exceed the amount of revenues since the end of the last accounting year for which the accounts have been approved, increased by the reported profits and by the deduction made on the available reserves for this purpose and decreased by the reported losses and by the sums allocated to reserves in accordance with any legal and statutory provision;
- the Board of Directors’ decision to distribute interim dividends can only be taken within two months after the date of the accounting statement described above;
- the distribution may not be determined less than six months after the closing date of the previous accounting year and before the approval of the annual accounts related to this accounting year;
- whenever a first interim dividend has been distributed, the decision to distribute a second one may only be taken at least three months after the decision to distribute the first one; and
- the statutory and independent auditor(s) in its (their) report to the Board of Directors confirm(s)

- the conditions listed above are fulfilled.

Under general Luxembourg law, the conditions for making advances on dividends are less stringent than the conditions listed above, however, the more restrictive provisions of the Company's Articles of Association will prevail as the recent changes under Luxembourg law have not yet been reflected in the Articles of Association of the Company.

When an advance distribution exceeds the amount of dividend subsequently approved by the general meeting of shareholders, such advance payment is considered an advance on future dividends.

Exceeding a threshold

Any shareholder who crosses a threshold limit of 5%, 10%, 15%, 33 1/3%, 50% or 66 2/3% of the total of the voting rights must inform the Company, which is then obliged to inform the relevant controlling authorities. Any shareholder not complying with this obligation will lose his voting rights at the next general meeting of shareholders, and until proper majority shareholding notification is made.

Documents on display

Copies of the following documents may be inspected at the registered office of the Company (tel: +352 26 47 67 1), 40 rue de la Vallée, L-2661 Luxembourg, on any weekday (excluding public holidays) during normal business hours:

1. Articles of Association of the Company;

2. Audited consolidated financial statements of the Company as of and for the years ended 31 December 2022, 2021, and 2020, prepared in accordance with IFRS adopted by the European Union;

The registration document(s) and most of the information mentioned are available on the Company's website:

www.cpifimsa.com

The registration document(s) is available on the website of Luxembourg Stock Exchange: www.bourse.lu.

External Auditors

Ernst & Young S.A., Luxembourg were elected as the Group's new approved auditor (réviseur d'entreprises agréé) for the financial year commencing on 1 January 2019. The 2021 AGM resolved to approve Ernst & Young S.A., Luxembourg as auditors for the financial year ending 31 December 2022.

Reporting

The consolidated management report and the stand-alone management report are presented under the form of a sole report.

SHAREHOLDING

Share capital and voting rights

The subscribed and fully paid-up capital of the Company of €13,145,076.29 is represented by 1,314,507,629 shares without nominal value. The accounting par value is €0.01 per share.

The Company has no authorized but unissued and unsubscribed share capital in addition to the issued and subscribed corporate capital of €13,145,076.29.

All the shares issued by the Company are fully paid up and have the same value. The shares will be either in the form of registered shares or in the form of bearer shares, as decided by the shareholder, except to the extent otherwise provided by law.

The shareholder can freely sell or transfer the shares. The shares are indivisible and the Company only recognizes one holder per share. If there are several owners per share, the Company is entitled to suspend the exercise of all rights attached to such shares until the appointment of a single person as owner of the shares. The same applies in the case of usufruct and bare ownership or security granted on the shares.

Joint owners of shares must be represented within the Company by one of them considered as sole owner or by a proxy, who in case of conflict may be legally designated by a court at the request of one of the owners.

Shareholder holding structure

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as at 31 December 2021. The information collected is based on the notifications received by the Company from any shareholder crossing the thresholds of 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% of the aggregate voting rights in the Company.

Shareholder	Number of shares	% of capital / voting rights
CPI PROPERTY GROUP (directly)	1,279,198,976	97.31%
Others	35,308,653	2.69%
Total	**1,314,507,629**	**100.0%**

Authorized capital not issued

The Company has no authorized but unissued and unsubscribed share capital in addition to the issued and subscribed corporate capital of €13,145,076.29.

POTENTIAL RISKS AND OTHER REPORTING REQUIREMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow interest rate risk and other risks), credit risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

Subsequent closing events

Please refer to note 12 of the Consolidated financial statements as at 31 December 2022.

Other reporting requirements

- The Company does not have any activities in research and development.
- The Company does not have any branches.

Financial risks exposure

For a thorough description of the principal risks and uncertainties, please refer to note 7 of the Consolidated financial statements as at 31 December 2022.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

Certain subsidiaries may be in breach of loan covenants

As of the date of this report, none of the Company's subsidiaries are in breach of financial ratios specified in their respective loan agreements and administrative covenants.

The Group's financing arrangements could give rise to additional risk

When the Group acquires a property using external financing, the Group usually provides a mortgage over the acquired property and pledges the shares of the specific subsidiary acquiring the property. There can be no assurance that the registration of mortgages and pledges has been concluded in accordance with applicable local law, and a successful challenge against such mortgages or pledges may entitle the lender to demand early repayment of its loan to the Group. The Group's financing agreements contain financial covenants that could, among other things, require the Group to maintain certain financial ratios. In addition, some of the financing agreements require the prior written consent of the lender to any merger, consolidation or corporate changes of the borrower and the other obligors. Should the Group breach any representations, warranties or covenants contained in any such loan or other financing agreement, or otherwise be unable to service interest payments or principal repayments, the Group may be required immediately to repay such borrowings in whole or in part, together with any related costs. If the Group does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the properties comprising the Group's investment portfolio, or refinance those borrowings with the risk that borrowings may not be able to be refinanced or that the terms of such refinancing may be less favorable than the existing terms of borrowing.

Market risk

Foreign currency risk

Currency risk is applicable generally to those business activities and development projects where different currencies are used for repayment of liabilities under the relevant financing to that of the revenues generated by the relevant property or project. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the CZK, but also others (see note 7.3 Market risk of the Consolidated financial statements as at 31 December 2022). The functional currency of most Group companies is the Czech koruna and a significant portion of revenues and costs are realised primarily in the Czech koruna.

For more detail, please refer to note 7.3 Foreign currency risk of the Consolidated financial statements as at 31 December 2022.

Price risk

To manage its price risk arising from investments in equity securities and such embedded derivatives, the Group diversifies its portfolio or only enters these operations if they are linked to operational investments.

For more detail, please refer to note 7.3 Price risk of the Consolidated financial statements as at 31 December 2022.

Interest rate risk

The Group uses fixed rate debt financing to finance the purchase, development, construction and maintenance of its properties. When floating rate financing is used, the Group's costs increase if prevailing interest rate levels rise. While the Group generally seeks to control its exposure to interest rate risks by entering into interest rate swaps, not all financing arrangements are covered by such swaps and a significant increase in interest expenses would have an unfavorable effect on the Group's financial results and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Rising interest rates could also affect the Group's ability to make new investments and could reduce the value of the properties. Conversely, hedged interests do not allow the Company to benefit from falling interest rates.

For more detail, please refer to note 7.3 Interest rate risk of the Consolidated financial statements as at 31 December 2022.

Other risks

The Group is also exposed to property price and property rentals risk but it does not pursue any speculative policy. Even though the Group's activities are focused on one geographical area (Central Europe) such activities are spread over several business lines (residences, offices) and different countries.

Credit risk

The Group has no significant concentrations of commercial credit risk. Rental contracts are made with customers with an appropriate credit history. Credit risk is managed by local management and by Group management.

For more detail, please refer to note 7.1 Credit risk of the Consolidated financial statements as at 31 December 2022.

Liquidity risk

For more detail, please refer to note 7.2 Liquidity risk of the Consolidated financial statements as at 31 December 2022.

Capital management

For more detail, please refer to note 7.4 Capital management of the Consolidated financial statements as at 31 December 2022.

Risks associated with real estate and financial markets

Changes in the general economic and cyclical parameters may negatively influence the Group's business activity.

The Group's core business activity is mainly based on the letting and sale of real estate property. The revenues from rents and revenues from sales of real estate property investments are key figures for the Group's value and profitability. Rents and sales prices depend on economic and cyclical parameters, which the Group cannot control.

The Group's property valuations may not reflect the real value of its portfolio, and the valuation of its assets may fluctuate from one period to the next.

The Group's investment property portfolio is valued at least once a year by an independent appraiser. The Group's property assets were valued as at 31 December 2022. The change in the appraised value of investment properties, in each period, determined on the basis of expert valuations and adjusted to account for any acquisitions and sales of buildings and capital expenditures, is recorded in the Group's income statements. For each Euro of change in the fair value of the investment properties, the net income of the Group changes by one Euro. Changes in the fair value of the buildings could also affect gains from sales recorded on the income statement (which are determined by reference to the value of the buildings) and the rental yield from the buildings (which is equal to the ratio of rental revenues to the fair value of the buildings). Furthermore, adverse changes in the fair value of the buildings could affect the Group's cost of debt financing, its compliance with financial covenants and its borrowing capacity.

The values determined by independent appraisers are based on numerous assumptions that may not prove correct, and also depend on trends in the relevant property markets. An example is the assumption that the Company is a "going concern", i.e., that it is not a "distressed seller" whose valuation of the property assets may not reflect potential selling prices. In addition, the figures may vary substantially between valuations. A decline in valuation may have a significant adverse impact on the Group's financial condition and results, particularly because changes in property values are reflected in the Group's consolidated net profit. Conversely, valuations may be lagging soaring market conditions, inadequately reflecting the fair property values at a later time.

The Group is also exposed to valuation risk regarding the receivables from its asset sales. Management values these receivables by assessing the credit risk attached to the counterparties for the receivables. Any change in the credit worthiness of a counterparty or in the Group's ability to collect on the receivable could have a significant adverse impact on the Group's financial position and results.

Changing residential trends or tax policies may adversely affect sales of developments.

The Group is involved in residential, commercial and retail development projects. Changing residential trends are likely to emerge within the markets in Central and Eastern Europe as they mature and, in some regions, relaxed planning policies may give rise to over-development, thereby affecting the sales potential of the Group's residential developments. Changing real estate taxes or VAT taxes may also have a notable impact on sales (such as for example a hike in sales before implementation of a tax increase followed by structurally lower sales). These factors will be considered within the investment strategy implemented by the Group but may not always be anticipated and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

CORPORATE RESPONSIBILITY

Corporate responsibility and sustainable development is at the core of the strategy of the Company. The Group's top management actively foster best practices as an opportunity to improve the cost efficiency of internal processes and the value creation of our main activity - development of properties, provision of equity loans and management services to other entities within the CPIPG Group.[5]

Environmental, social and ethical matters

The Group is 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 the policy. Our environmental policy is to comply with all applicable local regulations, while pursuing energy-efficient solutions and green / LEED certification wherever possible. Ethical practice is a core component of our corporate philosophy; we have achieved top-quality standards in reporting and communications, and have invested in the best professionals. From a social perspective, we care deeply about all our stakeholders. Our corporate culture is centered around respect and professionalism, and we believe in giving back to our community.

Environmental matters

The Group follows a pragmatic approach to environmental aspects of its business. Environmental criteria are one of the main aspects of the Group's development and construction projects.

Before each potential asset investment, the Group examines the environmental risks. Project timing, progress and budgets are carefully monitored, mostly with the support of external project monitoring advisors. Health, safety and environmental risks are monitored before and during construction.

Health and safety, as well as the technical and security installations are periodically inspected for checking of their status and the conformity with applicable legislation and local regulation.

As a priority item for apartment building renovations, the Group replaces older heating systems with natural gas systems, and seeks to improve the overall level of thermal insulation in its buildings.

Social matters

The Group follows the Environmental, Social and Governance (ESG) framework of its parent company CPIPG.

The Group aims to promote personal development of its employees. The Group provides a work environment that is motivating, competitive and reflects the needs of the employees. The Group promotes diversity and equal opportunity in the workplace.

Employees of the Group conduct annual reviews with their managers, covering also the relationships of the employees with their work and working place, as well as the Group in general.

Ethical matters

The Group has policies addressing conduct, including conflicts of interest, confidentiality, abuse of company property and business gifts.

[5] For the ESG related statements, also applicable to the Company, please refer to the management report of CPI PROPERTY GROUP.

EU TAXONOMY

The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. It recognises green, or "environmentally sustainable", economic activities that make a substantial contribution to at least one of the EU's climate and environmental objectives while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

In accordance with the EU Taxonomy Regulation and based on Annex I and Annex II of the supplementary delegated act on the climate targets of the EU Taxonomy, by using the EU Taxonomy Compass, the Group has identified all activities and determined those deemed eligible for taxonomy based on the descriptions in the taxonomy :

7.7 – Acquisition and ownership of buildings

Eligible activities 7.1 – 7.6 are included in 7.7 Acquisition and ownership of buildings to avoid double counting as these relate to ownership.

7.1 – Construction of new buildings

7.2 – Renovation of existing buildings

7.3 – Installation, maintenance and repair of energy efficiency equipment

7.4 – Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

7.5 – Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings

7.6 – Installation, maintenance and repair of renewable energy technologies

For the year 2021, we reported only these activities as being environmentally sustainable and therefore eligible for taxonomy. For 2022, we included also reporting of alignment based on technical screening criteria, together with fulfilling the minimum social safeguards related to human rights and social standards.

We have assessed the Group's taxonomy eligibility of revenue, capital expenditures (additions) and property operating expenses for 2022 relating to the environmental objectives of "climate change mitigation" and "adaptation to climate change."

The calculations were performed in accordance with IFRS in line with the consolidated financial statements.

2022 EU Taxonomy activities in € million	Revenues		CAPEX (Additions)		OPEX	
Eligible	44.8	97%	13.0	37%	3.5	87%
of that Aligned activities	*0.6*		*5.7*		*0.5*	
Non-eligible	1.5	3%	22.5	63%	0.5	13%
Total	**46.4**	**100%**	**35.5**	**100%**	**4.0**	**100%**

2021 EU Taxonomy activities in € million	Revenues		CAPEX (Additions)		OPEX	
Eligible	66.0	98%	11.8	60%	3.0	69%
Non-eligible	1.6	2%	7.8	40%	1.3	31%
Total	**67.6**	**100%**	**19.6**	**100%**	**4.3**	**100%**

GLOSSARY & DEFINITIONS

Alternative Performance Measures

The Company presents alternative performance measures (APMs). The APMs used in our report are commonly referred to and analysed amongst professionals participating in the Real Estate Sector to reflect the underlying business performance and to enhance comparability both between different companies in the sector and between different financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. The presentation of APMs in the Real Estate Sector is considered advantageous by various participants, including banks, analysts, bondholders and other users of financial information:

- APMs provide additional helpful and useful information in a concise and practical manner.
- APMs are commonly used by senior management and Board of Directors for their decisions and setting of mid and long-term strategy of the Group and assist in discussion with outside parties.
- APMs in some cases might better reflect key trends in the Group's performance which are specific to that sector, i.e. APMs are a way for the management to highlight the key value drivers within the business that may not be obvious in the consolidated financial statements.

For new definitions of measures or reasons for their change, see below.

EPRA NRV (former EPRA NAV)

EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity. The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

The performance indicator has 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 NRV per share

EPRA NRV divided by the diluted number of shares at the period end.

EPRA NDV (former EPRA NNNAV)

EPRA NDV represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. The objective of the EPRA NDV measure is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NRV.

The performance indicator has 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 NDV per share

EPRA NDV divided by the diluted number of shares at the period end.

Equity ratio

Equity ratio is a measure that provides a general assessment of financial risk undertaken and is calculated as total equity as reported divided by total assets as reported.

Project Loan-to-Value

With respect to a structure of financing, the Group no longer provides the calculation of this measure, since it might be confusing for the reader.

EPRA NAV and EPRA NAV per share

The Group no longer provides the calculation of these measures, since they were replaced by the calculation of EPRA NRV and EPRA NRV per share.

EPRA NNNAV and EPRA NNNAV per share

The Group no longer provides the calculation of these measures, since they were replaced by the calculation of EPRA NDV and EPRA NDV per share.

Other definitions

EPRA

European Public Real Estate Association.

Development for rental

Development for Rental represents carrying value of developed assets – ie. under development or finished assets – being held by the Group with the intention to rent the assets in the foreseeable future.

Development for sale

Development for Sale represents carrying value of developed assets – ie. under development or finished assets – being held by the Group with the intention to sell the assets in the foreseeable future.

Gross Asset Value (GAV) or Fair value of Property portfolio or Property portfolio value

The sum of fair value of all real estate assets held by the Group on the basis of the consolidation scope and real estate financial investments (being shares in real estate funds, loans to third parties active in real estate or shares in non-consolidated real estate companies).

Gross Leasable Area (GLA)

GLA is the amount of floor space available to be rented. GLA is the area for which tenants pay rent, and thus the area that produces income for the property owner.

Gross Saleable Area (GSA)

GSA is the amount of floor space held by the Group with the intention to be sold. GSA is the area of property to be sold with a capital gain.

Market value

The estimated amount determined by the Group’s external valuer in accordance with the RICS Valuation Standards, for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing.

Occupancy rate

The ratio of leased premises to leasable premises.

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.