



# ANNUAL REPORT





**2019 was a breakthrough year: the Group attracted a new strategic partner and sold one of the largest asset in the portfolio with a significant premium to book value. At the beginning of 2020 we are very well positioned for the new challenges and opportunities.**

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# ABOUT CAPITAL PARK GROUP

Capital Park is a recognised real estate investment, development and management company with extensive experience on the Polish market and a six years' presence on the Warsaw Stock Exchange.

The Group has an extensive track record of developing of a prime quality modern class A office and retail assets, including Eurocentrum Office Complex and Royal Wilanow and is currently developing a flagship revitalization project - Norblin Factory in central Warsaw.



**17 years**

experience on the Polish real estate market



**PLN 1.8bn**

value of the property portfolio under management at the end of 2019



The Group manages a portfolio of properties with a total area of **213,000 m<sup>2</sup>** and a market value of **PLN 1.8bn**



### Property investor

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developer and manager with a strong reputation



### 'Office+'

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originator of the 'Office+' concept, featuring the highest quality office space offered with a range of supplementary services

# Ladies and Gentlemen,

It is our great pleasure to present to you the 2019 Annual Report of the Capital Park Group. Last year was very fruitful for us and witnessed a number of ground-breaking events which had a consequential impact on consolidating our market position.

One of last year's landmark developments for our Group was **securing the cooperation of a new strategic partner**. In May 2019, Madison International Realty, a global real estate investor, finalised the acquisition of a controlling stake

(65.99%) in Capital Park S.A. from Patron Capital Partners, a pan-European private equity real estate fund which had been our previous main investor. Patron Capital Partners retained a minority shareholding in the Group. With this transaction, we gained a strong partner with whom we will be able to take up new challenges and be more active on the investment market. At the same time, our long-standing investor, with whom we have been pursuing our business strategy and solidifying the Group's position on the Polish

property market for almost 14 years, retains its equity involvement in the Company. The changes in the shareholding structure are continuing in 2020. In March, Europi Property Group of Sweden acquired a 12.27% interest in Capital Park S.A. from MetLife OFE, which had been among our shareholders from the first-time listing of our shares on the Warsaw Stock Exchange in 2013. EPG is a real estate investment company founded in 2019 by former Blackstone Real Estate Group executive Jonathan Willén and Brunswick Real Estate



Ventures, a leading Nordic real estate investor and fund manager. We are extremely grateful for the support provided to us by the previous partners, and would like to thank the new ones for their trust and embracing the Group's current growth strategy.

Another milestone event at the Capital Park Group was **the sale of the Eurocentrum Office Complex, one of our flagship projects**. At the end of November 2019, this largest green office complex in Warsaw, offering a total leasable area of more than 85,100 m<sup>2</sup>, was bought by CPI Property Group, a leading real estate company in CEE (Central and Eastern Europe). Eurocentrum, historically the first office building of its kind on the local market, now plays a dominant role in the upper part of the Aleje Jerozolimskie street and serves as a benchmark for new trends on Poland's office property market. It stands out for its timeless design, top construction quality and modern technological solutions. It is fully let and its loyal tenants, including Unilever, COTY, Group One, Randstadt, SAGE, PSE S.A. and the Polish Office of Rail Transport, generate stable rental income. Eurocentrum is the largest office building featuring eco-friendly functions and a comprehensive set of services highly appreciated by the tenants, and we are positive that

it will generate added value and growing profits for its new owner.

In 2019, we also worked hard on our **largest and most prestigious project, the Norblin Factory**. Revitalisation and construction work on the two-hectare site of the former Norblin Buch Bros. and T. Werner Factory was progressing at full speed. In 2019, the bulk of specialist work was carried out underground to build a four-storey car park and to protect the ten historic buildings. In addition, unusual and extremely rare operations were performed on the construction site. In April, a 900-tonne building was moved by 15 metres, back to its original location. Another operation involved suspending two historic buildings with a total weight of 750 tonnes about one metre above the ground to make the concrete ceiling above the underground part of the building. In parallel with the construction and conservation work, efforts were made to commercialise the project. In 2019, almost 40% of its total area was leased out reaching 47% at the date of this report. In addition, credit facilities of EUR 99.3m from Pekao S.A. and EUR 60m from the European Investment Bank were disbursed. Combined with the Capital Park Group's own funds, they fully cover the costs of the project's construction. All work is planned to be completed in the second quarter

of 2021. The revitalised historic space will be brought back to the city and its residents. We want the Norblin Factory to be an attraction also for tourists visiting Warsaw, to be a place that combines multiple and diverse functions and draws on the factory's fascinating history and international success.

We are proud to present to you the Annual Report showing the Capital Park Group's highest ever consolidated earnings. The Capital Park Group's 2019 consolidated net profit reached an impressive PLN 263m, mainly driven by the sale of the Eurocentrum Office Complex at a price markedly exceeding its book value, as well as the progress in the development and lease of the Norblin Factory which, with the favourable property market climate and the yield compression seen in 2019, translated into a high gain on investment property revaluation and subsequently into a record high growth of NAV (+27% y/y). Proceeds from the sale of this key project increased our cash balance to a record high of PLN 604m and reduced our net debt to as little as 5% at the end of the year.

We are most pleased that after an outstanding 2019 we can recommend to our Supervisory Board and the General Meeting the first dividend payment in the



Company's history in the amount of PLN 2.10 per share, i.e. PLN 227.5m, which represents 83.3% of the Company's profit for 2019. This impressive performance was made possible by the commercialisation of our key projects. Eurocentrum Office Complex was sold with 99% occupancy rate. At the end of 2019, in our second key project, Royal Wilanów, 97% of space was leased out. In 2019 we signed lease agreements for 22,000 m<sup>2</sup>. At the end of 2019 the occupancy rate across our portfolio was 94%, with the weighted average lease term of more than five years.

Our business successes would not have been possible without our

dedicated and competent team, to whom we would like to offer sincere thanks on behalf of all the Management Board members. Our gratitude also goes to all our investors, banks, tenants, suppliers, business partners and associates, for the good cooperation so far and the trust they have placed in us.

The end of the first quarter of 2020 was marked by tragic events brought about by the spread of the COVID-19 virus. We are concerned about the direct impacts of the pandemic and its indirect effect on various spheres of life, restrictions on civil liberties, and safety measures related to the implementation of social distancing policies. For entrepreneurs, having

to shut down or discontinue their business in many areas often means losing their only source of income. Many businesses fear that they will be unable to continue their operations. The crisis directly hit tenants of retail and mixed-use premises, who had to close down their retail, hotel and service businesses. Loss of income by some of our tenants impacts their ability to pay rent. One of the measures as part of the Anti-Crisis Shield deployed by Poland's government as at the date of issue of this Report was suspension of the obligations under lease contracts for tenants of shopping centers with a retail area of more than 2,000 m<sup>2</sup>. As a result, since the imposition of the



first prohibitions affecting business on March 14th 2020, most of our projects have lost much of their rental income. As of the date of this report, most of the banks financing our projects had agreed to postpone principal or principal-and-interest payments. Nevertheless, the crisis will lead to a significant loss of revenue in 2020 and, depending on the financing banks' approach, it may have a major adverse effect on the liquidity position of our individual special purpose vehicles. We would like to emphasise that despite the loss of current revenues in 2020, the profits earned in 2019 and in previous years, strong cash balance and low debt levels give us a sense of security and provide

a substantial buffer protecting the Capital Park Group from the adverse consequences of the coronavirus crisis. Detailed description of the impact of the COVID-19 pandemic on the Capital Park Group's business and the new risks to our operations stemming from the situation are provided in the further parts of this report.

We deeply believe that despite the crisis our position is stable for now. We are not only prepared to service our debts maturing in 2020 and beyond, but also to carry on our current investment projects and make potential new acquisitions. We remain optimistic about the future and hope that we will emerge from

the current difficulties wiser, stronger and more united.

Yours faithfully,

Jan Motz, President of the Management Board, CEO  
Kinga Nowakowska, Member of the Management Board, COO  
Marcin Juszczyk, Member of the Management Board, CFO/CIO

A decorative image on the left side of the page. It features several glowing, spherical light bulbs hanging from a thin black cord. Below the lights, two dark-colored vases sit on a light-colored wooden table, each containing a green plant with spiky leaves. The background is a plain, light-colored wall.

## BUSINESS MODEL

- Seeking out investment projects with high value creation potential.
- Acquisitions of ownership stakes in prime properties and portfolios in growth-oriented markets.
- Execution of complex development and revitalization projects which offer above average risk-adjusted returns.
- Close and direct relations with customers, enhancing tenants' satisfaction and rental growth through innovative approach to properties:
  - development of the unique 'Office+' concept,
  - implementation of value-added services,
  - active Asset Management aimed at increasing tenants' loyalty.
- Developing architecturally advanced and customer friendly mixed-use concepts that introduce new quality and play city-forming role and which are attractive to local communities, tenants and buyers.
- Sustainable development and care for the environment confirmed by international certificates LEED or BREEAM.
- Entering into joint ventures with reputable funds, developers and landowners.
- Disposal of the completed projects, if and when market conditions allow to achieve targeted returns.

**Proven business model of an investment company offering above average returns on investments.**

# COMPETITIVE ADVANTAGES



## High quality property portfolio

comprising modern class A office and retail space, including Royal Wilanów and Norblin Factory (currently under construction) with a total area of 213,000 m<sup>2</sup> and a market value of PLN 1.8bn, 79% of which are properties located in Warsaw, Poland's most attractive real estate market.



## Secure capital structure

proven ability to raise both traditional and innovative financing and secured funding for key projects. Therefore, we are well positioned to develop the Norblin Factory and Eurocentrum Hotel i Rezydencje, projects intended to drive the Group's value growth over the next two years.



## Management Board with more than 20 years of experience

in property development and management, both in Poland and the US, and with unique ideas, vision and ability to create and develop projects that generate value for the Company's stakeholders. Fully-functional operating platform with an experienced, committed and loyal team of 84 professionals, who are able to carry out comprehensive investment processes.



## Unique Office+ concept

which offers prime quality office space and a comfortable environment complete with a wide range of amenities. We maintain close and direct relations with our tenants, that remain loyal and repeatedly express their appreciation in satisfaction surveys. We use modern, energy efficient solutions and state-of-the art IT systems in our key projects, thus helping tenants to significantly reduce operating expenses, help create communities around our projects and enhance comfort of use of real estate.

# STRATEGY AND VALUES

## OUR VALUES

We regard corporate responsibility as integral to our business, and we seek to maintain a reputation as a reliable partner for investors and other stakeholders. The values which are embedded in our approach to business set us apart from competitors and help us build a brand of choice for people and organisations.



## EFFECTIVENESS

We are proud of our achievements and the way we manage our properties

- delivering on all objectives set at our IPO in 2013,
- reaching all financial and investment targets set for 2019,
- completing and delivering all projects on schedule and within budget, with their occupancy rate at 94% at the end of 2019,
- disposal of investment projects at a value significantly exceeding the book value of the property.

## CONFIDENCE

We think ahead and always seek to build lasting relationships with our stakeholders

- strong relations with investors and banks,
- close and direct relations with tenants confirmed by satisfaction surveys and resulting in reduced churn,
- experienced and loyal management team creating fully-functional operating platform,
- strong reputation among contractors and partners.

## VALUE BUILDING

For it is value that underpins success on the property market

- high quality intelligent buildings,
- best locations,
- modern space meeting the highest standards.

## INNOVATION

We identify new opportunities and strive for innovation in seeking out and creating attractive new projects

- forerunner on the Polish market in offering unique services for tenants and creating comfortable spaces in buildings,
- placemaking – innovative approach to creating public space,
- use of modern technology to enhance customer experience and optimise efficiency of the building,
- unique 'Office+' concept,
- revitalisation of the former Norblin factory,
- creative approach to retail space commercialisation,
- creation of one of Poland's first dividend funds on the real estate market.

## STRATEGIC OBJECTIVES FOR 2020-2022

The Capital Park Group's objectives include maximizing of the value of existing projects, unlocking the accumulated value of its portfolio through partial sale of stabilized assets and gradual cash distributions to shareholders as well as acquisition of new projects to drive further growth.

Completion of construction, commercialisation and stabilization of development projects	What we achieved	<ul style="list-style-type: none"> <li>■ The Norblin Factory with 47% of pre-lease as at date of this report.</li> </ul>
Delivery of significant development margin on completed projects		<ul style="list-style-type: none"> <li>■ 8% growth of NOI like-for-like.</li> <li>■ Eurocentrum Office Complex sold with 19% premium to last book value.</li> </ul>
Disposal of completed projects		<ul style="list-style-type: none"> <li>■ Successful sale of Eurocentrum Office Complex and Mazury land.</li> </ul>
Distribution to shareholders		<ul style="list-style-type: none"> <li>■ Management Board to recommend a dividend for the year 2019 of PLN 2.10 per share, i.e. PLN 227.5m in total.</li> </ul>
Acquisition of new projects and continued development of the property portfolio		<ul style="list-style-type: none"> <li>■ Start of cooperation with the new strategic investor - Madison International Realty currently owning over 66% of the Company's shares.</li> <li>■ Subsequent acquisition of over 12% of the Company's shares by Europi Property Group.</li> <li>■ Building of pipeline of new projects.</li> </ul>



The year 2019 was very fruitful for the Group. We gained a new strategic partner - Madison International Property, we filled in our completed buildings and successfully sold Eurocentrum Office Complex with a 19% premium to the most recent reported book value of the property. By the end of the year we accumulated cash that now allows us to repay the notes falling due in 2020 and 2021, and to recommend – for the first time in our history - dividend distribution to our shareholders. With significantly reduced debt and sufficient cash reserves we are very well positioned to withstand the coronavirus crisis with its widespread impact on the markets and look for opportunities that would drive further growth of the Group.

**Marcin Juszczyk,**  
**Member of the Management Board,**  
**Chief Financial Officer/Chief Investment Officer**

# HISTORY OF THE GROUP

## 2003-2019



### 2003

Capital Park sp. z o.o. established (now CP Management sp. z o.o.)

### 2005

Start of cooperation with the Patron Capital Partners Group. Joint acquisition of Neptun Film, owner of several dozen cinemas in Poland.

### 2007-2009

Adding new types of real estate to the Group's portfolio, including:

- purchase of Eurocentrum, with building Alfa completed and construction of another three buildings under way,
- purchase of a plot of land in Wilanów for the office and retail project Royal Wilanów,
- purchase of the former Norblin factory in the centre of Warsaw,
- purchase of other development lands in Warsaw and Łódź.

### 2011

Completion of Raclawicka Point, an office building in Warsaw, and the first street mall Vis à Vis - in Radom.

### 2012

Commencement of construction of Eurocentrum Office Complex in Warsaw – Beta and Gamma buildings.

### 2013

Creation of the first dividend fund on the Polish real estate market and sale of 85% of the fund certificates for a total of PLN 64m.

Start of Royal Wilanów construction.

Capital Park S.A.'s PLN 136m IPO on the main market of the Warsaw Stock Exchange.



## 2014

Completion of Eurocentrum Office Complex – Beta and Gamma buildings.

## 2015

Completion of the Royal Wilanów

Acquisition of a 53% interest in Galeria Zaspá in Gdańsk and the start of reconstruction of the building jointly with the Akron Group.

## 2016

Completion of the second stage of Eurocentrum Office Complex – Delta building

Completion of the Galeria Zaspá modernization project.

Creation of REIA II FIZAN our second dividend fund.

Completion of Topos, a small office building in the centre of Cracow.

Purchase of a 60% interest in the ETC Swarzędz shopping mall and start of the repositioning of the project.

## 2017

Raising PLN 44m from sale of 85% of REIA II FIZAN investment certificates.

Purchase of a 47% interest in the Galeria Zaspá project in Gdańsk.

Start of construction of the Norblin Factory.

Completion of repositioning of the ETC shopping mall in Swarzędz.

## 2018

Completion of:

- Hampton By Hilton Old Town Gdańsk,
- Vis à Vis Wilanów street mall,
- Rezydencje Pałacowa II, a single-family housing project.

## 2019

Start of cooperation with a new strategic investor - Madison International Realty, a global real estate investment platform.

Sale of Eurocentrum Office Complex, the Group's largest office building with total GLA of more than 85,100 m<sup>2</sup>.

# KEY ACHIEVEMENTS IN 2019

## Divestments

- Sale of Eurocentrum Office Complex, the Group's largest office building with total GLA of more than 85,100 m<sup>2</sup>, with 19% premium to the last book value. Eurocentrum was certified with the highest LEED Platinum 'green' rating. At the date of transaction the complex was leased in 99%.
- Sale of Mazury land with 18% premium to the last book value.
- Signing a letter of intent concerning sale of Royal Wilanów, a top-class office and retail building with total GLA of 36,809 m<sup>2</sup> and a favourite meeting spot for local residents.

## New strategic investor

- On May 13th 2019 Madison International Realty acquired a majority stake in Capital Park. Madison International Realty is a global real estate private equity firm investing in class A properties and portfolios.

## Projects under construction and in pipeline

- Significant growth on the Norblin Factory construction and commercialisation. The project, scheduled to be delivered in Q2 2021, is currently 47% pre-let to well-known brands and reputable tenants.
- The Group obtained a building permit for Eurocentrum Hotel & Residences – a mixed-use project in Warsaw with 28,220 m<sup>2</sup> of GLA and began sale process.





## Commercialization & Asset Management

- In 2019 the Group leased 22,000 m<sup>2</sup> of GLA (excluding Eurocentrum Office Complex) of which: 8,400 m<sup>2</sup> new leases, 4,300 m<sup>2</sup> renewals, 9,300 m<sup>2</sup> pre-lease.
- The occupancy rate of the Group's standing portfolio (like-for-like) increased to 94% at the end of 2019, from 92% at the end of 2018.
- The opening of our first original coworking concept 'Bee Creative' in Royal Wilanów.
- Implementation of the first aid medical services 'Office Doctor' dedicated for the office employees in Eurocentrum Office Complex and Royal Wilanów.

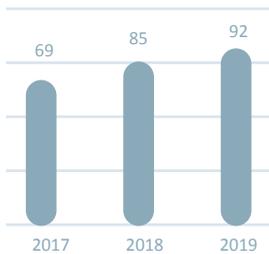
## Awards

- The Group's latest joint-venture project - Street Mall Vis à Vis Wilanów, with GLA of 4,090 m<sup>2</sup>, received CEE Retail Awards 2019 in two categories: Retail Project (small) and Best Convenience Store Development Chain.
- In 2019, the Group received two awards in 'Top Woman In Real Estate 2019' competition:
  - Pro-Women Company – Capital Park Group,
  - Project Management – Sylwia Filewicz (Head of Development Department in Capital Park Group).

# KEY FIGURES 2019



NOI



NAV (excluding NCI)



Record high NAV growth of 27% y/y and potential of further property portfolio value growth due to development of Norblin Factory.

LTV



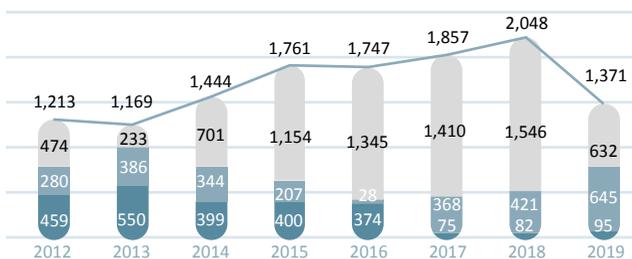
Net debt to assets



In 2019 the Group generated a net operating income in the amount of PLN 92m which represented an 8% increase y/y (excluding closed-end funds).

Safe level of debt. Decrease of debt ratios due to repayment of Eurocentrum Office Complex bank loan.

PROPERTY PORTFOLIO STRUCTURE

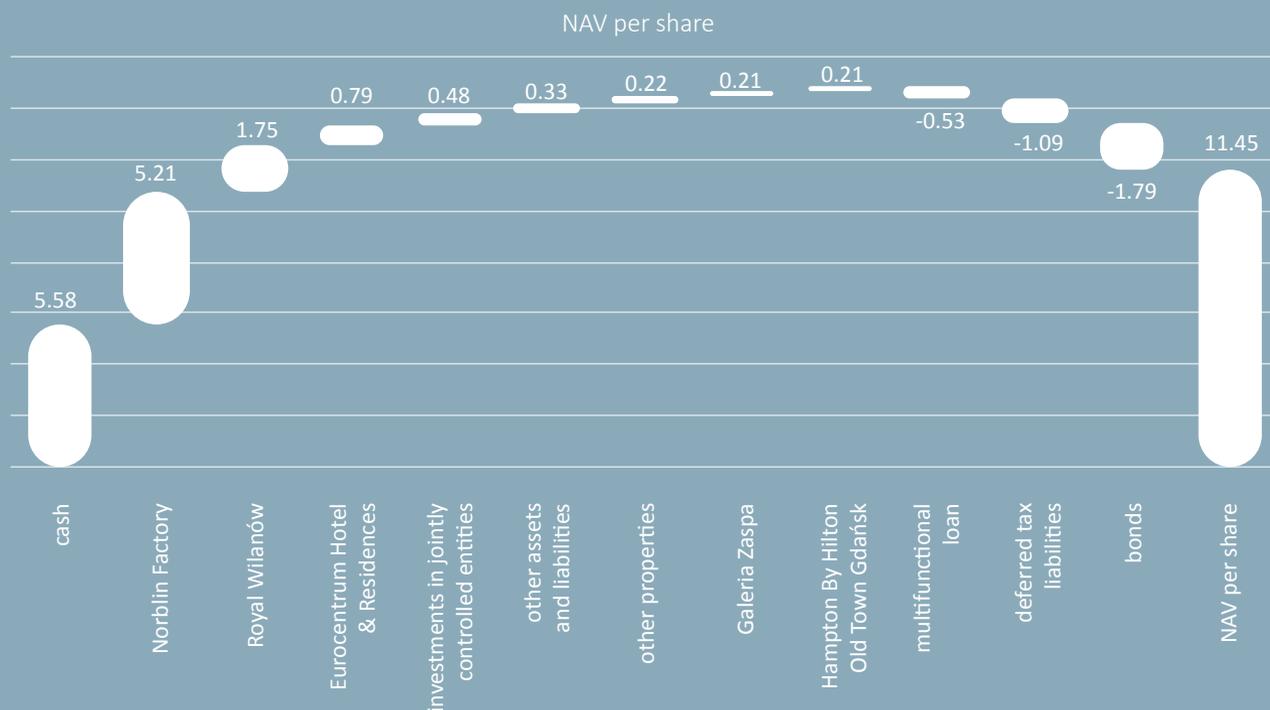


● Completed     
 ● Under construction     
 ● In the pipeline  
 — Total

Change in the value of property portfolio in 2019 was primarily attributable to sale of Eurocentrum Office Complex and land in Mazury.

In 2019 property portfolio value like-for-like increased by 23% y/y mainly due to valuation gain on Norblin Factory and capex.

Notes:  
 1 Historic data excluding closed-end investment funds  
 2 Property values excluding IFRS 16



**PLN 263m**

Net profit

**84**

Professionals

**PLN 92m**

NOI

**94%**

Occupancy rate in completed properties

**EUR 40m**

Gain on the sale of Eurocentrum Office Complex\*

**PLN 1.8bn**

Value of managed property portfolio

**11.45**

NAV per share

**PLN 604m**

Cash

\*difference between property value from the purchase price and its book value

## KEY FINANCIAL DATA

	2019 PLN '000	2018 PLN '000	2019 EUR '000	2018 EUR '000
Investment property and assets held for sale	1,420,858	2,360,158	333,652	548,874
<i>Investment property and assets held for sale</i>	1,371,325	2,360,158	322,021	548,874
<i>IFRS 16</i>	49,533	-	11,631	-
Cash and cash equivalents, including cash related to assets held for sale	604,251	110,338	141,893	25,660
Total assets	2,141,977	2,569,907	502,989	597,653
Interest bearing liabilities, including liabilities related to assets held for sale	706,202	1,330,701	165,833	309,465
Total liabilities	901,171	1,480,127	211,617	344,216
Non-controlling interests	-	114,904	-	26,722
NAV	1,240,806	1,089,780	291,371	253,437
NAV (excluding NCI)	1,240,806	974,876	291,371	226,715
NAVPS	11.45	9.07	2.69	2.12
Nominal number of shares	108,333,998	107,495,143	108,333,998	107,495,143
Net debt to total assets	4.87%	47.49%	4.87%	47.49%
Net debt to equity	0.08	1.12	0.08	1.12
Rental income	123,730	145,836	28,763	34,178
Net operating profit	91,759	108,580	21,331	25,447
Margin	74%	74%	74%	74%
G&A including SPV costs	(25,166)	(14,419)	(5,850)	(3,379)
Gain/(loss) on sale of subsidiaries	134,982	-	31,697	-
EBIT before revaluation of properties	204,885	92,754	47,628	21,738
Revaluation of properties	162,417	79,198	37,756	18,561
EBIT	367,302	171,951	85,384	40,299
Net profit/(loss)	262,938	85,339	61,123	20,000
EPS (diluted)	2.44	0.79	0.57	0.19
Cash flows from operating activities	85,788	106,249	19,943	24,901
Cash flows from investing activities	385,645	(115,089)	89,648	(26,973)
Cash flows from financing activities	22,479	(74,148)	5,226	(17,377)

# COVID-19 PANDEMIC

A novel coronavirus outbreak has been spreading rapidly worldwide in the first months of 2020, causing a global pandemic. In order to control the outbreak in Poland, the government has taken a number of preventive measures, including a ban on operation of certain business categories, which was implemented in the second half of March 2020.

These developments have had no impact on the Group's consolidated financial statements for 2019. However, based on its current knowledge, the Group expects that the coronavirus pandemic may have an adverse effect on the Group's financial performance in 2020 and, depending on the duration of restrictions imposed in connection with the pandemic, in the following periods as well.

In the Management Board's opinion, following a temporary suspension of lease contracts in large retail facilities, restrictions and limitations imposed on certain business categories and a deteriorating financial condition of tenants, the Covid-19 pandemic may cause an approximately 45% drop in the Group's consolidated net operating income (NOI) for the second quarter of 2020, reflecting a reduction in payments under leases.

In addition to that, the Management Board has identified the following areas where the pandemic may have a significant impact on the Group:

- inability to complete running projects on time and/or within budget due to work stoppages faced by contractors, labour shortages, supply chain disruptions, and lengthening of the permitting process and other administrative procedures;
- more difficult access to finance and/or additional security required by banks under credit facility agreements;
- subdued activity of tenants and business partners in the property market in Poland, leading to the suspension or abandonment of contract signing or investment processes.



The Management Board is monitoring the spread of the epidemic on an ongoing basis and is taking steps to minimise the risks described above, particularly in order to ensure:

- construction of the Norblin Factory project in line with the agreed schedule and budget;
- normal operation of the Group, with the least possible disruptions;
- execution of ongoing sale and investment processes;
- maintaining the Group's liquidity.

As at the date of this report, construction work is carried out without any disruption, and the Group's financial condition is stable and has not deteriorated. The Group has currently access to almost PLN 606m of cash, maintaining a safe liquidity position despite the turbulence caused by the coronavirus pandemic.

The Group has not identified a risk of default or breach under any of its bank loan, bond or other agreements. As at the date of these consolidated financial statements, the Group has not identified a risk of having to recognise impairment losses on its financial or non-financial assets. The Group measures its investment property at fair value. A global economic downturn triggered by the pandemic may affect the value of the property. As at date of this report, the Management Board is unable to assess the impact of the current situation on the value of its properties.

This assessment has been prepared according to the best of the Group's knowledge as at the date of this report, with the scale and impact of the pandemic impossible to estimate and depending on factors which are beyond the Group's influence and control.

# PROPERTY PORTFOLIO OVERVIEW

## » 7 completed properties

GAV: PLN 632m  
GLA: 64,200 m<sup>2</sup>

## » 1 project under construction

GAV: PLN 643m  
GLA: 65,000 m<sup>2</sup>

## » 4 other projects

GAV: PLN 95m  
GLA: 28,700 m<sup>2</sup>

## » 3 JV projects

Group's interest: PLN 51m  
GLA: 25,100 m<sup>2</sup>

## » 2 closed-end investment funds

Group's interest: PLN 22m  
GLA: 30,000 m<sup>2</sup>

The portfolio value (like-for-like) increased in 2019 to PLN 1.4bn from PLN 1.1bn at the end of 2018. Valuations increased by 23% due to progress in construction of Norblin Factory, building permit for Eurocentrum Hotel & Residences, higher rents and stable levels of occupancy in standing assets. Occupancy (like-for-like) remains high at 94% (vs 2018: 92%). During 2019, the Group disposed of Eurocentrum Office Complex in Warsaw and plot in Mazury.

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## PLN 1.4bn

Value of the property portfolio consolidated in 100%

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## PLN 1.8bn

Value of the property portfolio under management

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## 94%

Occupancy rate of property portfolio

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## 5.4 years

Weighted average unexpired lease term in completed properties

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## 213,000 m<sup>2</sup>

GLA of portfolio under management

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## Location of top assets



# 79%

of the portfolio value  
located in Warsaw

the strongest real estate market in Poland

# WHAT MAKES OUR PROJECTS STAND OUT



## Pro-environmental solutions that generate savings

For us, ecology and environmental protection are not just empty words, but stand for real solutions that we put into practice. Eurocentrum Office Complex (sold in 2019), could boast the highest LEED PLATINIUM 'green' rating, and Royal Wilanów is BREEAM certified with a 'Very Good' rating. The Norblin Factory, our flagship project, where a large amount of historical space is an additional challenge for the certification process, has been BREEAM pre-certified with a 'Very Good' rating. A great deal of commitment, both during project design and construction, is needed to obtain such certificates, which involves meeting numerous strict requirements and following detailed guidelines.



## Royal Wilanów has in-built modern, water and energy-saving solutions. Some of its distinguishing features include:

- Use of rainwater to flush toilets and to water greenery in atria and around the building
- Reflective glass that reflects light and prevents overheating of the building
- Water-saving bathroom fittings
- Energy-saving solutions in HVAC installations
- Energy-efficient lighting with motion detectors based on LED technology
- Lifts with minimal electricity consumption with economical drive and lighting
- Energy saving through BMS instruments
- Reduced heat island effect owing to the high light reflectance roof membrane
- The use of modern and environmentally friendly low-emission finishing materials
- Environmental Education Programme for tenants





Our buildings come with many pro-environmental solutions that not only have a positive impact on the environment and the comfort of the tenants, but also guarantee lower operating costs. The space we offer is for those companies that care about their employees and the environment, and expect their headquarters to generate savings in the long term.



### Comfortable workplace and a wide range of services attracting reputable tenants

Our flagship projects combine comfortable workplace with elegant retail and service space, where friendly architecture, aesthetic form and properly selected technical solutions create a climate conducive to organizational development, business success and building interpersonal ties.



The advantages of our properties include:

- General-access atria with natural vegetation,
- A full range of services which is used daily by tenants' employees and local residents. A typical building houses numerous shops, service points, restaurants and cafes, which remain open both during and outside office hours.
- Facilities for users of alternative means of transport: numerous bicycle parking spaces, showers with changing rooms, a self-service bicycle repair station, Veturillo city bike stations.
- Electric car charging points and a carpooling platform for employees.
- Works of art on display in common areas.



## Innovative approach to Asset Management

We value an individual approach to our tenants, with their comfort and satisfaction being our utmost priority. We go beyond market standards and introduce innovative services, all to build tenant satisfaction and long-term relationships.

- We were the first office space provider in Poland to launch a free Concierge & Lifestyle Manager service in an office building.
- We were the first to provide the innovative first aid medical service for tenants of Eurocentrum and Royal Wilanów, called 'Office Doctor', thanks to which, office employees have the access to full-day medical care provided by a qualified paramedic and a medical team with specialized ambulance, equipped with advanced appliances for saving human life and health.
- We operate a participatory budget scheme, with tenants deciding what additional amenities we should introduce in the buildings.
- We have launched a dedicated car pooling platform, enabling our tenants to share their commute.
- We support physical activity by organizing such campaigns as Healthy Spine or Summer Fitness Zone at Royal Wilanów, where everyone was able to participate in open professional training sessions in disciplines such as crossfit, outdoor cycling or pose running.
- We prepare practical manuals with information about the building's life as well as 'green guides' promoting environmental education. We have also launched our proprietary mobile application Royal Wilanów.
- We put a strong emphasis on animation of the common space and areas around the buildings, and organise numerous campaigns and events, such as art exhibitions, blood donor sessions, fan areas, late night concerts or joint celebrations of the building's birthday.



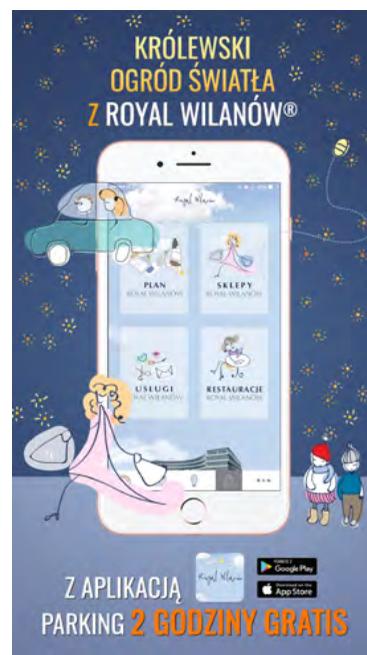
We go beyond market standards and introduce innovative services, all to build tenant satisfaction and long-term relationships.



## Awards and distinctions

Our properties are appreciated in prestigious competitions. Eurocentrum Office Complex was a runner up in the Space 2014 category in an all-Poland competition for developers organized by the Minister of the Environment to highlight projects which are friendly to people and the environment, while Royal Wilanów received the Best City Space 2017 award from CIJ Awards

Poland. In 2019, our latest project – the fourth Street Mall Vis à Vis shopping mall in Wilanów – received CEE Retail Awards 2019 in two categories: Retail Project (small) and Best Convenience Store Development Chain, which is proof to us that also smaller, local retail projects may stand out with their original offer and architecture.



# PROPERTY PORTFOLIO SUMMARY

Property	City	Type	GLA (thous. m <sup>2</sup> )	Occupancy (31/12/2019)	Carrying amount excluding IFRS 16 (EURm)
<b>COMPLETED PROJECTS</b>					
Royal Wilanów	Warsaw	Mixed-use	37	97%	102
Hampton By Hilton Old Town Gdańsk	Gdańsk	Hotel	9	100%	17
Gdańsk Zaspą	Gdańsk	Retail	9	93%	14
Vis à Vis Łódź	Łódź	Retail	6	89%	8
Warsaw, Belgradzka	Warsaw	Retail	4	63%	6
Warsaw, Aleja KEN	Warsaw	Retail	0	100%	1
Bydgoszcz Krasińskiego	Bydgoszcz	Retail	0	100%	0
<b>Total</b>			<b>64</b>	<b>94%</b>	<b>148</b>
<b>PROJECTS UNDER CONSTRUCTION AND IN PIPELINE</b>					
Norblin Factory	Warsaw	Mixed-use	65	37%	151
Eurocentrum Hotel & Residences	Warsaw	Hotel & residential	28	33%	20
Other	5 cities	-	1	n/a	2
<b>Total</b>			<b>94</b>		<b>174</b>
<b>Total – fully consolidated projects</b>			<b>158</b>		<b>322</b>
<b>JOINT-VENTURE PROJECTS</b>					
ETC Swarzędz	Swarzędz	Retail	20	89%	35
Vis à Vis Wilanów	Warsaw	Retail	4	100%	9
Rezydencje Pałacowa II	Warsaw	Residential	1	83%	2
<b>Total</b>			<b>25</b>	<b>93%</b>	<b>45</b>
<b>Total</b>			<b>183</b>		<b>367</b>

**SOURCE:** Capital Park; Valuation reports on the Capital Park property portfolio as at December 31st 2019, prepared by Knight Frank Sp. z o.o., Jones Lang LaSalle sp. z o.o., and Emmerson Evaluation sp. z o.o., covering carrying amount, target value, NOI, yield, and required capex. Data is presented in PLNm as at December 31st 2019, unless stated otherwise.

#### NOTES:

- 1 The yield for Hampton by Hilton Old Town Gdańsk based on the preliminary property sale agreement.
- 2 Reversionary yields (ratio of market rent for fully occupied building to property value) for the key projects are as follows: Royal Wilanów: 7.60%, Norblin Factory: 5.19% .
- 3 Debt is presented in nominal value.
- 4 In the Eurocentrum Hotel & Residences project, GLA for 8 thousand m<sup>2</sup> of planned usable floor area of apartments; carrying amount based on the preliminary property sale agreement .
- 5 In the Rezydencje Pałacowa II project, GLA for usable floor area of the houses, while the target value of the project is based on net proceeds from sale of the houses. As at date of the report all houses are sold.
6. Presented 100% of joint venture projects value and debt.
7. As at date of this report the Norblin Factory was pre-leased in 47%.

Carrying amount excluding IFRS 16 (PLNm)	Target value (PLNm)	Yield	WAULT (years)	Debt	Target NOI (PLNm)	Capex to be incurred (PLNm)	Group's interest (%)
434	438	6.50%	3.8	245	28	2	100%
72	72	8.50%	16.0	49	6	0	100%
61	62	8.00%	3.9	37	5	1	100%
33	33	7.75%	4.9	25	3	1	100%
26	26	7.25%	6.1	18	2	1	100%
5	5	7.25%	2.6	-	<1	0	100%
1	1	7.25%	5.1	-	<1	0	100%
<b>632</b>	<b>637</b>		<b>5.4</b>	<b>374</b>	<b>44</b>	<b>5</b>	
645	1,334	4.94%	n/a	81	66	565	100%
85	85	n/a		-	-	0	100%
9	9	n/a	n/a	-	-	-	100%
<b>739</b>	<b>1,429</b>		<b>n/a</b>	<b>81</b>	<b>66</b>	<b>565</b>	
<b>1,371</b>	<b>2,066</b>		<b>4.6</b>	<b>455</b>	<b>110</b>	<b>570</b>	
147	152	7,50%	4.1	117	11	3	60%
38	38	7,00%	8.1	19	3	0	66%
7	7	n/a	n/a	-	-	-	66%
<b>192</b>	<b>198</b>		<b>5.1</b>	<b>136</b>	<b>14</b>	<b>3</b>	
<b>1,563</b>	<b>2,264</b>		<b>5.3</b>	<b>591</b>	<b>124</b>	<b>572</b>	



**Royal Wilanów is a top-class office and retail building, one of Wilanów's landmarks and a favourite meeting spot for local residents.** The building has been designed with care for the environment and is BREEAM-certified with a 'Very Good' rating.

In 2019 we opened our first original coworking concept 'Bee Creative', which was fully leased in short time, and enriched the offer for tenants with the innovative 'Office Doctor' service. Our tenants joined among others: Carrefour, AZIA Restaurants, Foods by Ann Healthy Store, M&P Alkohole świata, Bakery Wilanów. Last year, the complex also hosted dozen of free events that were extremely popular with tenants and

local residents. They included among others outdoor cinema Filmowa Stolica Lata (Summer Film Capital), Nocne Granie (Night-Time Playing), an ice rink, pro-health actions, regular sports practice for children as well as numerous workshops and festivals. In addition, recreational areas around the building were supplemented by a public minigolf and a VR booth with a virtual beekeeper game.

**Royal Wilanów is centre of entertainment, sport, cultural, educational and pro-ecological events, open seven days a week to both tenants and local residents.**

The building offers a wide range of amenities, including, among others, numerous restaurants, a supermarket, medical centre, fitness club, fashion boutiques and hairdresser's.

Ecological certificate is a commitment, that's why trees grow in the building's inner atria, live plants climb across all floors in its reception areas and roof-top urban beehive farm crowns the building.

The building is surrounded by squares of greenery and recreation areas, including trampolines, a climbing wall and a volleyball court open to the general public.



# Royal Wilanów

Royal Wilanów

GLA	36,809 m <sup>2</sup> (office: 29,580 m <sup>2</sup> , retail: 7,229 m <sup>2</sup> )
Completion date	August 2015
Carrying amount	PLN 434m
Target NOI	PLN 28m
Occupancy rate	97% (office: 98%, retail: 100%)
WAULT	3.8 years
Yield	6.50%

## Location

Royal Wilanów is located in the very centre of Wilanów, in the prestigious neighbourhood of the historic Wilanów Palace and town hall, surrounded by modern housing estates, within a 15-minute drive from the airport and city centre.

### Key tenants

ERBUD, Sygnity, Carrefour, Boehringer Ingelheim, Medicover, Gedeon Richter, General Property, Lindt & Sprungli, Artis Wellness Club.



[www.royal-wilanow.pl](http://www.royal-wilanow.pl)



[/royal.wilanow](https://www.facebook.com/royal.wilanow)



[/royal\\_wilanow](https://www.instagram.com/royal_wilanow)

The walls of the main foyer and reception areas are decorated with works of art; and exhibitions of renowned artists are regularly organised.

The building provides a number of facilities for cyclists, such as bike parking racks, locker rooms, selfservice repair stations and a Veturilo (Warsaw's public bicycle-sharing system) station in the vicinity.

We regularly inform about events held in Royal Wilanów in a proprietary mobile application, in which users can also get to know current promotions by our tenants or join the Royal Loyal programme.



**A one-of-a-kind hotel and retail project in the centre of Gdańsk with 174 rooms, two conference halls and a gym for guests. The ground floor accommodate modern retail space, accessible from both Piwna and Długa Streets. The building also has 34 underground parking spaces and a small cinema.**

An art house cinema, run together with the Pomeranian Film Foundation and open to the general public, has been retained in the building, with interior design of the lobby, hotel rooms and corridors harking back to its historical function.

In 2019, the first full year of operations, the hotel enjoyed an average annual occupancy of 75%, which was a result much above assumptions.



# Hampton by Hilton Old Town Gdańsk



GLA	8,884 m <sup>2</sup> (hotel: 8,219 m <sup>2</sup> , retail: 665 m <sup>2</sup> )
Completion date	June 2018
Carrying amount	PLN 72m
Target NOI	PLN 6m
Occupancy rate	100%
WAULT	16.0 years
Yield	8.50%

## Location

The project is located in the very heart of Gdańsk – in the Old Town district, between Długa, Kaletnicza, Piwna and Lektykarska Streets, in the midst of elegant townhouses, famous monuments and a wide range of cafes and restaurants. This vibrant neighbourhood is Gdańsk's flagship location, known for centuries as a hub of commerce and culture.

### Key tenants

VHM (operator of the Hampton by Hilton hotel), Delikatesy Kos, Manufaktura Nalewki, Pan Kejk





**Galeria ZaspA is the new face of ETC, the first shopping centre in the Tri-City (Gdańsk-Gdynia-Sopot metropolitan area).**

The building was refurbished by the Capital Park Group as a joint venture project with the Akron Group, completed in April 2016. In 2017, the Group bought Akron Group's interest

and is now the sole owner of the property. Its architectural design and interior decor refer to the history of the building, which originally served as an aircraft hangar. The shopping centre includes 50 shops and service outlets over two floors, as well as 215 free parking spaces.

In 2019 the shopping centre tenants were joined by Cukiernia Sowa (bakery) and NailArts. The complex hosted numerous free events and promotional campaigns for local residents. In 2019 the centre attracted more than 1,700,000 visitors.



## Galeria Zaspa



GLA	8,670 m <sup>2</sup>
Completion date	April 2016
Carrying amount	PLN 61m
Target NOI	PLN 5m
Occupancy rate	93%
WAULT	3.9 years
Yield	8.00%

## Location

The shopping centre is located in the heart of the Zaspa district of Gdańsk, at Al. Rzeczypospolitej 33, the main thoroughfare of the Tri-City. It is excellently connected by nearby tram and bus stops.



### Key tenants

Intermarche, Euro RTV AGD, Calypso Fitness, Pepco, KiK, Rossmann, ZooKarina, Textil Market, PKO BP, Apteka DOZ, Dominos Pizza, YES



[www.etcgdanskgaleriazaspa.pl](http://www.etcgdanskgaleriazaspa.pl)



[/galeriazaspa](https://www.facebook.com/galeriazaspa)



**Street Mall Vis à Vis in Łódź is a small one-storey retail complex with an area of approximately 5,712 m<sup>2</sup>, housing a supermarket, 16 retail and service outlets and 100 parking spaces.**

Street Mall Vis à Vis is designed around the accessibility concept, with individual outlets accessible directly from the street and car park, and common areas minimised.

In 2019 the shopping centre struggled temporary difficulties due to the lack of a food operator however in December 2019 the Group managed to acquire new popular nationwide food operator – Lidl, which after carrying out refurbishment work, will open its store in the second half of 2020.



## Street Mall Vis à Vis Łódź



GLA	5,712 m <sup>2</sup>
Completion date	December 2014
Carrying amount	PLN 33m
Target NOI	PLN 3m
Occupancy rate	89%
WAULT	3.9 years
Yield	7.75%

## Location

Street Mall Vis à Vis is located in the northern part of Łódź and surrounded by the city's largest housing estates, in the immediate vicinity of a Castorama outlet. Its location near one of the city's major transport hubs, the intersection of Zgierska, Aleja Włóknarzy and Sikorskiego Streets, ensures excellent exposure and very good access, both for local residents and inhabitants of Zgierz commuting to work in Łódź.

### Key tenants

Lidl, Pepco, Rossmann, FitFabric fitness club, Blue Medica health centre, Domino's Pizza



[www.visavis-streetmall.pl/lodz](http://www.visavis-streetmall.pl/lodz)



[/streetmall.visavis.lodz/](https://www.facebook.com/streetmall.visavis.lodz/)



**In 2019 significant growth was made on the construction site of the Norblin Factory, a unique mixed-use project aimed at revitalizing the site of the former Norblin factory. Last year saw intensive and extremely demanding works carried out underground and with the protection of historic buildings. Works are currently underway on the overground part of the first of two new office buildings. The construction is proceeding according to schedule and budget and is expected to be completed in 5 quarters. The 8-storey scheme will**

**offer 41,200 m<sup>2</sup> of office space along with 23,800 m<sup>2</sup> of modern retail space. As at date of this Report, the building was pre-leased in 47%.**

When you look at the landscape of the Wola district of Warsaw, you can see the ambience of this place is changing day by day, undergoing a spectacular transformation before our eyes. The post-industrial areas and their potential were recognised by investors, and they keep unveiling their unique character. The symbol of the changing face of the Wola district is the one of a kind in the world project to revitalise the former

Norblin, Buch Brothers and T. Werner factories located at the intersection of Żelazna, Łucka and Prosta streets. The post-industrial heritage buildings are being brought to their former glory, with modern space built on top of them. Soon this place will come to life again and will be brought back to the city and its inhabitants. The revitalised complex is scheduled to be opened in the second quarter of 2021.



## Norblin Factory

GLA	65,034 m <sup>2</sup> (office: 41,232 m <sup>2</sup> , retail: 23,802 m <sup>2</sup> )
Planned completion date	Q2 2021
Carrying amount	PLN 645m
Target NOI	PLN 66m
Pre-lease rate	37% (47% as at date of this Report)
Capex to be incurred	PLN 565m
Yield	4.94%

## Location

The two-hectare project site is located in the centre of Warsaw, ul. Żelazna 51/53, between two metro stations: Rondo Daszyńskiego and Rondo ONZ.

In its immediate vicinity are both tram and bus stops; the Central Railway Station and Warszawa Śródmieście Train Station are located within a ten-minute walk.

The Norblin Factory project is a unique area within the Warsaw West Centre. The up-and-coming district of Wola, with a number of newly developed high-rise buildings, has already been called the capital city's 'new centre'.

### Key tenants

JTI Polska, renowned scandinavian bank, General Property, Cinema operator, Food Hall operator, BioBazar, Music Club



A virtual tour of the  
Norblin Factory

## GEM OF POST-INDUSTRIAL ARCHITECTURE

Two centuries ago, the Wola district of Warsaw was home to one of the most flourishing factories of plating and metal products in the Kingdom of Poland, operating under the name of Norblin, Buch Brothers and T. Werner. It was there that some of the most beautiful plating products and works of applied art were created, which are now only to be seen in private collections. Today, the Capital Park Group is writing the next chapter in the history of this remarkable place. The area of the former Norblin factory, which for years had been a run-down jewel of post-industrial architecture, is now being revitalised and transformed into a new part of the city with offices, shops, restaurants, cafes, a foodhall, a market selling organic produce, a boutique cinema and a museum commemorating the history of one of the largest companies in Poland's history. The Norblin factory is set to become a part of the fast-growing Wola, the new heart of the city, vibrant with culture and entertainment. The complex will be a natural extension of open public space, friendly and inviting.

### TWO HECTARES OF LAND BROUGHT BACK TO THE CITY

More than 65,000 m<sup>2</sup> of usable area will be created on the post-industrial land, of which 41,200 m<sup>2</sup> will be occupied by offices. The remaining 23,800 m<sup>2</sup> will serve mixed functions: entertainment, food and beverage, services, retail, cultural attractions, and wellness. The area will accommodate a boutique cinema, BioBazar – a market with organic and certified produce, a foodhall with more than 20 food and beverages concepts, Piano Bar with live music, as well as numerous restaurants. Visitors will be able to use a four-storey underground car park with 720 parking bays and 200 dedicated bicycle racks. The buildings will feature a number of environmentally-friendly solutions – at the design phase, they were awarded the BREEAM certificate with a 'very good' rating. This will be a unique project in terms of architecture and functionality, which will add value not only to the surrounding area but the entire district. Two hectares of land in the city centre will be revitalised and will become a publicly available space where people can relax, meet friends, go to cultural events, have a good time, go shopping or enjoy good food. The revitalised, historic space will be brought back to the city and its inhabitants. The Norblin factory will serve a number of different functions and will be a tribute to the incredible history of the factory and its international successes.



## AMAZING CONSTRUCTION OPERATIONS

Revitalisation and construction work on the site of the former Norblin factory is progressing at full speed. But before the complex could start to rise from the earth, the bulk of specialist work in 2019 had to be carried out underground to build a four-storey car park and to protect the nine historic buildings. It took five months to relocate one of them, weighing 900 tonnes. The building was cut off at the base and moved 15 meters. Meanwhile, 32 metre-deep cavity walls were made in its vicinity. Moving the building back to its original location began in late April 2019. It was pulled over eight sliding beams using servomotors and high-strength bars mounted on them. The process required using a hydraulic system comprising six servomotors (each acting with a force of about 56 tonnes), a 700 bar hydraulic pump and auxiliary measuring equipment.

Another remarkable operation involved suspension of two buildings weighing about 750 tonnes in total. Both buildings were placed on 64 micro piles, each with a diameter of about 35 cm and length ranging from 8 to 13 meters. Several specialist firms had to be hired to perform the operation, which took 11 months in total.

## HISTORY FOR THE TAKING

A modern, multimedia open Museum of the Former Norblin Factory will be created within the complex to commemorate the history of the factory located near Żelazna Street. Every future user of the office, retail, service or food and beverage space will be able to feel the spirit of this place. Hence the concept of an open museum forming an integral part of the complex. The exhibits will include the post-industrial buildings as well as the machinery and equipment which comprised the former factory's process line.

The revitalised Norblin Factory will write a new story for itself, of a place created with people – city dwellers, office workers and tourists – as well as their needs in mind.

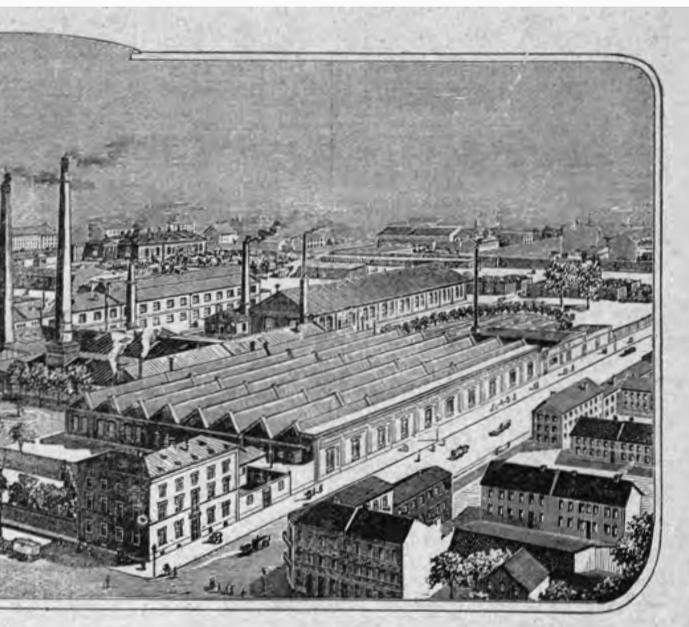


Figure 25 from the National Library collection



Historical  
building  
relocation



Lifting of the  
historical  
buildings



On a 5,984 m<sup>2</sup> plot of land, the Group planned to construct a mixed-use project which, with an area of approximately 28,220 m<sup>2</sup>, will comprise a four-star Holiday Inn hotel with 217 rooms, 390 premium apartments for rent, retail space, and a four-storey underground car park with 430 parking spaces.

In 2019 the Group obtained a building permit and started a sale process of the property.



## Eurocentrum Hotel & Residences

GLA	28,220 m <sup>2</sup>
Carrying amount	PLN 85m
Pre-lease rate	33%
Capex to be incurred	n/a
Yield	n/a

### Location

The project is located on Aleje Jerozolimskie, near Warsaw's main transport hubs ensuring convenient access by any means of transport: car, bus, tram, WKD and SKM trains, and PKP railways, virtually from all districts of the capital city, as well as towns and cities forming the Warsaw Metropolitan Area.



#### Key tenants

VHM Hotel Management Sp. z o.o. (operator of the Holiday Inn hotel)



**ETC Swarzędz was the first shopping centre in the Poznań region. Since its opening in 1994, it has attracted a loyal customer base and established itself as a widely-recognised and popular shopping destination in the region.**

In July 2016, as part of a joint-venture project with Akron Groups, the Group started the refurbishment and upgrade of the shopping centre, in particular by combining its three separate halls into a single building and facilitating the circulation system inside, changing the existing tenant mix as well as changing the image of the centre.

As a result, in April 2017, the centre was transformed into a modern complex with spacious passageways and entirely new external walls. ETC Swarzędz now meets the latest trends in retail and architecture, featuring common areas, a food court, and rest areas for customers. The upgraded centre is accessible to people with disabilities and meets the needs of families with children. The parking lot has been extended to accommodate 1,000 parking spaces, as well as bicycle parking racks. The shopping centre houses 80 retail and service outlets leased to well-known Polish and international retail chains as well as local brands.

In 2019 the offer of ETC Swarzędz was extended by four new brands, which were not available in the city so far (4F, Sinsay, IGA exclusive women clothing and Wonderland hair and beauty salon). Numerous free events took place in the centre that were very popular among clients and local residents. Despite the limited trade on Sunday, in 2019 nearly 2,700,000 people visited the shopping centre, which was the same result as in previous year.



## ETC Swarzędz



GLA	20,104 m <sup>2</sup>
Completion date	October 2017
Carrying amount	PLN 147m
Target NOI	PLN 11m
Occupancy rate	89%
WAULT	4.1 years
Yield	7.50%
Group's interest	60%
JV Partner	Akron Group

## Location

The ETC shopping centre is located in Swarzędz, in the eastern part of the Poznań conurbation, by national road no. 92 connecting Poznań with Konin. Its location makes it quickly and conveniently accessible by customers, regardless of whether they come from Swarzędz, downtown Poznań, or numerous nearby residential estates or towns.



### Key tenants

Intermarche, Reserved, Euro RTV AGD, CCC, Deichmann, Home&You, KIK, Dealz, 4F, Sinsay, Empik, Pepco, Smyk, Rossmann, Martes Sport, Kids OK



Street Mall Vis à Vis Wilanów opened on December 1st 2018 is leased in 100% and has proved very popular with customers.

The shopping centre with a gross leasable area of 4,090 m<sup>2</sup>, features 17 brand shops and service outlets, where customers can make their daily shopping quickly and conveniently on their way home. For the improved comfort of customers, a large car park with 104 parking spaces has been built in front of the building.



# Street Mall Vis à Vis Wilanów



GLA	4,090 m <sup>2</sup>
Completion date	December 2018
Carrying amount	PLN 38m
Target NOI	PLN 3m
Occupancy rate	100%
WAULT	8.1 years
Yield	7.00%
Group's interest	66%
JV Partner	Real Management SA

## Location

Street Mall Vis à Vis Wilanów is located near the intersection of Przyczółkowska and Pałacowa Streets in the south of Warsaw, close to Biedronka discount.

Its location on the main road from the centre of Warsaw to Wilanów and Konstancin-Jeziorna, near a planned exit from the Southern Warsaw Bypass, guarantees excellent exposure and transport links.

### Key tenants

Decathlon, HEBE, Euro RTV AGD, Villa Nova Dental Clinic, Orangetheory Fitness, Max Burgers, Sakana Sushi Bar, Veda Indian Bistro, Vininova wine shop, Poczta Polska, Optique Wilanów



[www.visavis-streetmall.pl/strona-glowna/wilanow/](http://www.visavis-streetmall.pl/strona-glowna/wilanow/)



[/VisaVisWilanow](https://www.facebook.com/VisaVisWilanow)



**Rezydencje Pałacowa is an upmarket suburban residential estate of 48 houses built in two phases: The first one, completed in 2013, comprised 24 houses, which had all been sold, while the second one, in which 24 more houses were built, was completed in Q3 2018. As at date of this report, all houses were sold.**

Both the grounds and houses have been designed by PRC Architekci, a renowned firm of architects, in line with international standards of modern design. Inspired by modernist Warsaw residences of the 1930s, the houses are distinguished by their imaginative silhouettes, the interplay of open, bright spaces, and, above all, their functionality, comfort and security.

The road running through the estate's middle is lined with six building complexes consisting of four three-storey houses. Each has a floor area of approximately 230 m<sup>2</sup>, a garden, as well as a spacious balcony on the top floor and two parking spaces in the garage.



## Rezydencje Pałacowa II



REZYDENCJE  
PAŁACOWA

Floor area	5,760 m <sup>2</sup>
Completion date	September 2018
Carrying amount	PLN 7m
Houses sold	100% (as at date of this report)
Group's interest	66%
JV Partner	Real Management SA

## Location

Rezydencje Pałacowa II is a one-of-a-kind location. Surrounded by green areas, including Natolin park, Wilanów Palace, and the Botanical Garden in Powsin, it encourages residents to take up active outdoor recreation.

Close to Rezydencje Pałacowa, in Przyczółkowa Street, the Group has built Street Mall Vis à Vis Wilanów, a modern gallery dedicated to shoppers who are passionate about sports and healthy lifestyle, completed on December 2018. Thanks to the close vicinity of the Miasteczko Wilanów housing complex, it enjoys good access to shops and service outlets, kindergartens and schools, out-patient clinics and a shopping centre with a range of facilities for recreation and entertainment.

Moreover, its location near two traffic improvement projects, namely the Przyczółkowa interchange and the Southern Warsaw Bypass, which are currently under construction, will ensure a quick and easy link to the centre of Warsaw and the Okęcie airport.



[www.rezydencjepalacowa.pl](http://www.rezydencjepalacowa.pl)



[/RezydencjaPalacowa](https://www.facebook.com/RezydencjaPalacowa)

# REAL ESTATE MARKET CLIMATE

## WARSAW OFFICE MARKET IN 2019

- **4.25% - 4.50% - record low yields for prime office assets in Warsaw**
- EUR 2.4bn - total office transaction value in Warsaw in 2019, i.e. over 63% of all funds invested last year in the office sector in Poland. The most spectacular transactions included: the purchase of the Warsaw Spire A office tower by Immofinanz, the acquisition of Ethos and Astoria by Credit Suisse and the acquisition of Warsaw Financial Center and the Eurocentrum Office Complex by CPI Property Group.
- **A record-breaking demand for office space, 880,000 m<sup>2</sup> of space leased (increase of 36% compared to 2018), including 225,000 m<sup>2</sup> of pre-let, which is an increase of 60% as compared with the whole 2018.**
- 50,000 m<sup>2</sup> of new space opened in 2019 by flexible space operators including the largest flex centre in Poland, 14,200 m<sup>2</sup> by WeWork in Mennica Legacy.
- Continued strong developer activity. 790,000 m<sup>2</sup> – office space under-construction (under 27 projects), to be completed by 2022.
- High tenants activity in conjunction with limited supply of new office space caused a further decline in the vacancy ratio to 7.8% (5.3% in Central zones and 9.4% in Non-Central zones of the city).
- The new supply totalled 162,000 m<sup>2</sup> in 17 buildings. The largest new openings include: Wola Retro (24,500 m<sup>2</sup> Develia), Moje Miejsce B1 (18,700 m<sup>2</sup>, Echo Investment) and Generation Park Z (17,300 m<sup>2</sup>, Skanska Property Poland).
- Slight increase in asking rents in new office buildings. In the wide centre of Warsaw the prime rents quoted at EUR 18 to EUR 24 /m<sup>2</sup>/month, while prime assets in non-central locations lease for EUR 11 to EUR 16 EUR/m<sup>2</sup>/month.

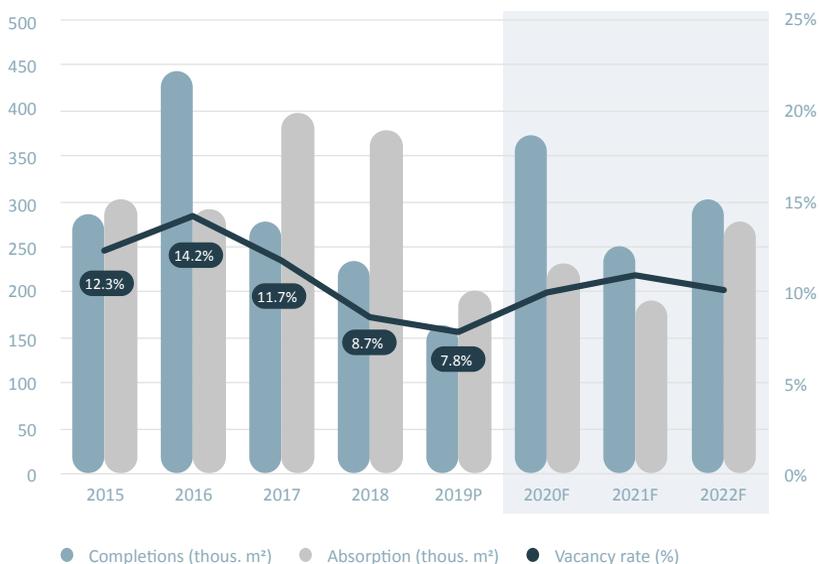
Source: Warsaw Office Market 2019, Knight Frank, JLL; 2019 Review & 2020 Outlook, Knight Frank





## IMPACT OF COVID-19 ON OFFICE MARKET IN POLAND

- Currently there is no legislation limiting construction works in Poland and most of the office construction sites continue.
- New buildings under pre-lets should be delivered on time, generating signed absorption but also some vacancy. Other constructions will be moved to next years, flattening the vacancy rates.
- Rise in vacancy at the end of 2020 and 2021 when some unleased space is delivered to the market.
- Currently stable prime rents but with downward pressure. Weakness of the PLN will strongly add up to the rental decrease claims.
- In long-term, flexible office solutions and short-term agreements should gain on popularity and be a more common alternative for institutional long term leasing, which may be seen as more risky.
- Deals in advanced stages are still pushing ahead and closing, however most investors have taken a 'wait-and-see' position. Expected further slowdown of investor activity starting from Q2 2020.



Source: Covid-19 impact on real estate in Poland, CBRE, Cushman & Wakefield, March 2020

## SIX YEARS SINCE THE IPO

In December 2019, Capital Park S.A. celebrated the 6th anniversary of its listing on the main market of the Warsaw Stock Exchange. The price of Capital Park shares on the first trading day, i.e. December 13th 2013, was PLN 5.57. The all-time low came on August 28th 2014 (PLN 3.60 per share) and the all-time high – on March 13th 2020 (PLN 8.80 per share). In 2019, the Capital Park stock was traded within the PLN 5.10–PLN 6.80 range. On the last trading day in 2019, the stock closed at PLN 6.80, which put the Company's market capitalisation at PLN 737m. During 2019, the Company's share price increased by 31%. The first quarter of 2020 saw a significant increase in the Company's stock price with an average closing rate of PLN 7.64 and the maximum intraday rate of PLN 9.00.



### Communication with the market

One of the means used by the Company to communicate with the capital market is the Investor Relations section, in both Polish and English, on the Group's website at <http://investor.capitalpark.pl/>. The Group organises quarterly investor meetings and prepares presentations summarising financial and operating results.



# SHAREHOLDING STRUCTURE

The majority shareholder of Capital Park S.A. is Madison International Real Estate Liquidity Fund VI ('MIRELF VI'), owned by Madison International Realty, which on May 13th 2019 acquired a controlling, 65.99% stake in the Company from Patron Capital Partners ('Patron'). Madison International Realty ([www.madisonint.com](http://www.madisonint.com)) is a leading liquidity provider to real estate investors worldwide. Madison provides equity capital for real estate owners and investors seeking to monetize embedded equity, to replace capital partners seeking an exit and to recapitalize balance sheets. The firm provides equity for recapitalizations, partner buyouts and capital infusions; and acquires joint venture, limited partner and co-investment interests as principals. Madison invests only in secondary transactions and focuses solely on existing properties and portfolios in the U.S., U.K. and Western Europe. Madison has offices in New York, London and Frankfurt/M, Germany, where the firm operates under the name of Madison International Realty GmbH. As at date of this report MIRELF VI held 66.43% of the share capital and voting rights in the Company.

Patron Capital Partners, has retained a minority stake in the Company through the Patron Townsend S.a r.l., which

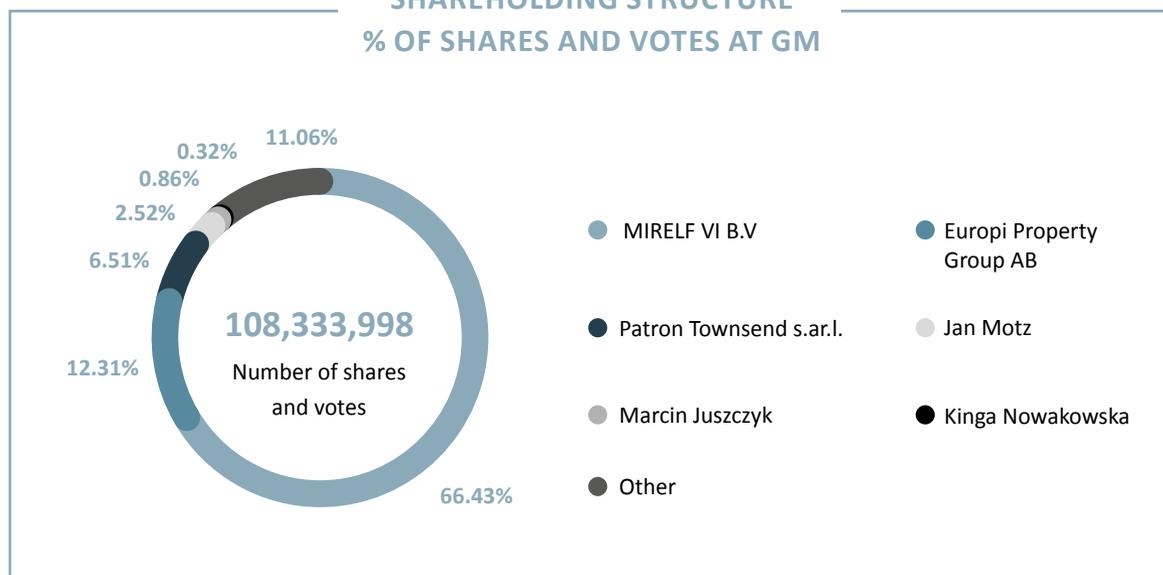
as at date of this report amounted to 6.51% of Company's shares and votes.

As at the date of this Report 2019 12.31% of the Company shares were held by Europi Property Group ('EPG'). EPG AB is a pan-European real estate investment company with offices in London and Stockholm, investing its dedicated capital across all sectors. EPG was founded in September 2019 by Jonathan Willén, previously a Principal in Blackstone's European Real Estate Group, and Brunswick Real Estate Ventures, a leading Nordic real estate investor and fund manager with more than EUR 3bn of assets under management.

3.69% of the Company shares representing the same amount of the total voting rights at the GM are held by the Management Board of Capital Park, including Jan Motz, founder of the Capital Park Group and President of the Management Board, who holds 2.52% of the Company shares, Marcin Juszczyk, Member of the Management Board, who holds 0.86% of the Company shares; and Kinga Nowakowska, who holds 0.32% of the Company shares and voting rights at the GM.



## SHAREHOLDING STRUCTURE % OF SHARES AND VOTES AT GM



### Change in rights attached to Company shares

On May 13th 2019, Series F registered preference shares were converted into Series B ordinary bearer shares. The change of rights attached to the shares was effected under the legal basis provided by Art. 334.2 of the Commercial Companies Code, Art. 5.9 and Art. 5.10 of the Company's Articles of Association, as well as the Management Board's Resolution No. 01/03/2019 of March 8th 2019. Before the change: 2,765,240 Series F registered shares had a preference of one to two votes at the Company's General Meeting, i.e. they carried a total of 5,530,480 votes at the Company's General Meeting. After the change: there are 2,765,240 Series B ordinary bearer shares, each carrying one voting right at the Company's General Meeting, i.e. they carry a total of 2,765,240 voting rights at the Company's General Meeting. The change in the rights attached to the shares was entered into the National Court Register on July 12th 2019.

### Closing of the Management Incentive Scheme

Due to the change of control, i.e. the decrease in direct and indirect holdings of the Patron Capital Group in the Company below the 25% total voting rights, all warrants issued before the change of control became immediately exercisable under section 8.3 of the Rules of the Incentive Scheme. Therefore, pursuant to Resolution No. 16/06/2019 of June 20th 2019, the Incentive Scheme for members of the Management Board and Secondary Eligible Persons was closed and no payments will be made under the L-M Series warrants.

### Tender Offer for the Company shares

On October 8th 2019 Townsend Holding B.V. ('Townsend') announced the tender offer for the Company shares, whereby Townsend intended to acquire 36,833,560 of Company shares (34% of voting rights in the Company) which would allow Townsend to reach 100% of total voting rights in the Company. As at the date of the announcement, Townsend held 66.00% of the Company's share capital and 66.00% of the total voting rights in the Company. Upon the completion of the tender offer and as at the date of this Report MIRELF VI B.V., which merged with Townsend on December 12th 2019, held directly 71,964,356 shares in Capital Park SA corresponding to 66.43% of votes at the General Meeting of the Company.

# OUR STAKEHOLDERS

As Capital Park Group, we strive for systematic dialogue with all of our stakeholders. We make sure that our current activity is transparent and clear for our target groups. We believe that only open and two-way communication with our partners is able to build long-term relationships that

translate into business success. To ensure the highest quality of relations with each of stakeholders group we respond to their expectations and information needs on a regular basis.

Our Stakeholders	Forms of dialogue
Shareholders and capital market	<ul style="list-style-type: none"> <li>■ Investor Relations office</li> <li>■ Dedicated IR website <a href="http://inwestor.capitalpark.pl/">http://inwestor.capitalpark.pl/</a></li> <li>■ Current and periodic reports</li> <li>■ Quarterly financial results conferences</li> <li>■ Quarterly presentations summarising financial and operating results</li> <li>■ Direct dialogue at meetings and conferences</li> <li>■ E-mail and phone contact</li> <li>■ Roadshows and study tours</li> </ul>
Financial institutions	<ul style="list-style-type: none"> <li>■ Individual meetings</li> <li>■ Cyclical reporting</li> <li>■ On-going e-mail and phone contact</li> </ul>
Tenants	<ul style="list-style-type: none"> <li>■ On-going e-mail and phone contact</li> <li>■ Participatory budgets</li> <li>■ Tenant satisfaction surveys</li> <li>■ Social media</li> <li>■ Newsletters</li> <li>■ Websites dedicated to projects</li> </ul>
Employees and consultants	<ul style="list-style-type: none"> <li>■ On-going dialogue</li> <li>■ Employee training</li> <li>■ Satisfaction surveys</li> <li>■ Integration meetings</li> <li>■ Intranet</li> </ul>
Business partners Strategic alliances Brokers	<ul style="list-style-type: none"> <li>■ One-on-one meetings</li> <li>■ Phone and e-mail contact</li> <li>■ Industry conferences</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>■ Regular dialogue</li> <li>■ Phone and e-mail contact</li> <li>■ Corporate website</li> </ul>




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## Our Stakeholders

## Forms of dialogue

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### Regulators and local Authorities

- Process of obtaining and managing permits and authorisations.
- Cooperation on local events
- Meetings
- Consultation process
- Phone and e-mail contact

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### Communities

- Cooperations with communities
- Websites and social media dedicated to individual project
- Programme partnerships
- Organization of events promoting sport and healthy lifestyle
- Organization of cultural and social events

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### Business environment Competitors

- Conferences and fairs
- Social media
- Sponsorship of industry events
- Participation in real estate associations
- Participation in working groups

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### Opinion Leaders, e.g. associations, NGOs

- Presentations and lectures
- Local visions
- Direct dialogue
- Organization joint events

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### Media

- Conferences and fairs
  - Events related to the investment process of an individual project
  - Interviews
  - Press meetings on the property premises
  - PR, marketing and advertising cooperation
  - Social media
  - Corporate website
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# PORTFOLIO MANAGEMENT

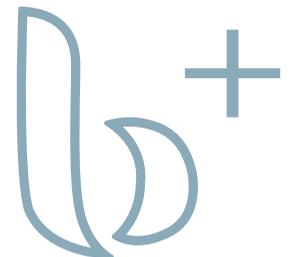
We are not only an investor and developer, but we also manage our properties. We do not use third-party property managers because we value an individual approach to our tenants and their expectations, with their comfort and satisfaction being our key priorities. We have established our own Asset Management team (currently 23-person-strong), which takes care of both the tenants and the proper operation of the buildings on a daily basis. The team, with over 10 years of experience and extensive know-how, is supported by internal facility management, legal, finance & accounting and marketing departments, which guarantees high quality of the service and helps reduce costs.



In the properties managed by us, we implement the proprietary concept of Office+, which we launched a few years ago. At the heart of the Office+ is a simple premise: to enable as many matters as possible to be taken care of while at the workplace,

to save employees' time and to offer more than just standard office space. As a manager, we act strategically and follow global trends, while listening to the expectations of our tenants and their staff. This way we know that what tenants

currently want is, first of all, everyday comfort and functionality. In order to satisfy these expectations as they appear, we maintain continuous dialogue with our tenants, for instance through numerous questionnaires and satisfaction surveys.





The office market is rapidly evolving and experiencing new trends amid dynamic shifts in the labour market and rising employee expectations. It is no longer just development opportunities or fair remuneration that employees look for. One of the key factors that drive the decision to take up a new job is an interesting and creative office space. A few years ago we launched our proprietary Office+ programme to offer comfortable office space that meets the highest standards at exceptional locations, complemented with a range of dedicated services. Last year, for example, we introduced Office Doctor, the first immediate medical assistance service for tenants in Poland. Employees have access to all-day care of a professional rescuer and a specialised ambulance crew equipped with advanced health- and life-saving equipment.

We are constantly developing our management competencies and striving to create friendly places for our tenants' employees as well as local communities and residents in line with the idea of placemaking, which we have been implementing in our projects for years. We want our projects to be city-forming – we create them for people with their needs in mind. Therefore, our flagship project Norblin Factory will be open 24 hours a day to serve as a work space but also a place to interact with others, have fun and relax. Combining multiple functions, the complex will make a perfect place to spend quality time, making it much easier for working people to combine work and private life.



**Kinga Nowakowska**  
Member of the Management Board,  
Chief Operating Officer



## BEE CREATIVE

Bee Creative is a coworking concept of our own design, developed at the end of 2018 in one of our flagship projects - Royal Wilanów in Warsaw. It is a perfect place for all those design-conscious who need comfortable office space in a top quality building and friendly environment.

Bee Creative is one of the Capital Park Group's latest projects targeted at freelancers, small business owners, and people working from home or on a part-time basis. What stands behind the name is a modern coworking space housed in one of the Capital Park Group's flagship properties – Royal Wilanów. Over an area of some 650 m<sup>2</sup> there are 20 office rooms, conference premises and common space with 22 fully ergonomic, excellently equipped workstations. Launched originally in July 2018, the place was thoroughly refurbished towards the end of 2018 and in early 2019. As a result, the coworking environment was given a modern facelift and functionally furnished to afford maximum comfort to both existing and future users of this workplace format.

Bee Creative offers a wide range of amenities to both self-employers and larger firms. The available service packages vary in scope and price.

The two basic ones are dedicated to individuals and companies that have no office of their own, but need a place to handle their correspondence and an official business address.

The other packages allow users to rent a desk or a whole room, giving them access to the venue's complete infrastructure (including a kitchen, dining area with a coffee machine, water diffuser and wall of fresh herbs, entertainment room, battery recharging exercise bikes, meeting rooms, printer, wi-fi Internet access and many other amenities). Bee Creative is also a pet-friendly place, welcoming dogs and cats into the space.

Since its inception, the concept has been very popular and is developing at a brisk pace, attracting an increasing number of users.



Scan the code and get to know our author  
Bee Creative's co-working space





A new quality  
of coworking  
in a friendly  
environment.





# FINANCIAL STANDING

In 2019, operating income was PLN 91.8m, having increased by 8% year on year, from PLN 85m (excluding the FIZAN funds) in 2018. The main driver of the increase was the lease of space in the Eurocentrum Office Complex and in the Royal Wilanów mixed-use project.

Another major contributor to the 2019 financial results was the sale of Eurocentrum Office Complex. The project was sold for a price of EUR 255m, i.e. 19% above its carrying amount. The resulting gain translated directly into operating profit, which rose to PLN 367m at the year end, compared with PLN 172m in 2018.

The surplus cash generated by the EC sale will allow us to maintain a stable cash position going forward, supporting the redemption of bonds maturing in 2020 for a total amount of EUR 38.4m, as well as the planned dividend payment for 2019. In addition, the net debt to assets ratio fell to a record low of 5%.

The Group's net assets increased 27% year on year on the back of its strategy of selling projects, combined with appreciation of the value of projects under construction.

At the beginning of 2020, an important external factor, bearing also on the commercial property sector, was the outbreak of the Covid-19 pandemic. The prohibitions and restrictions on free movement imposed by Polish authorities, compounded further by restrictions on trade, will certainly affect the financial performance of commercial property operators. The Group monitors all newly enacted regulations and their impact on the financial results of its companies. It has taken a number of measures to secure the liquidity of its special purpose vehicles, which include discussions with banks and tenants. The Group's strong cash position is bound to cushion any potential impacts of the pandemic.



Our strategy rests on two pillars. We focus on value growth through new projects and on maximising rental income from completed projects.

Jakub Poniatowski,  
Finance Director

## INCOME STATEMENT (KEY SELECTED DATA)

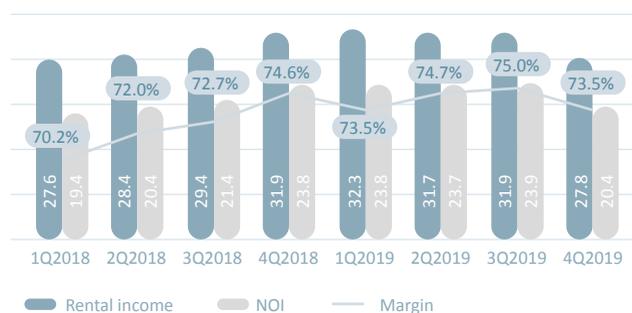
PLN million	2018	2019
Rental income	145.8	123.7
Direct property operating expenses	(37.3)	(32.0)
<b>NOI</b>	<b>108.6</b>	<b>91.8</b>
G&A including SPV costs	(15.2)	(25.2)
Gain/(loss) on the sale of subsidiaries	-	135.0
<b>Operating profit adjusted for revaluation of properties</b>	<b>92.8</b>	<b>204.9</b>
Gain on property revaluation	79.2	162.4
Operating profit	172.0	367.3
<b>Net profit attributable to owners of the parent</b>	<b>85.3</b>	<b>262.9</b>

Gain on the sale of subsidiaries primarily resulted from the sale of Eurocentrum Office Complex and sale of land in Mazury.

Gain on property revaluation is related mainly to progress in the Norblin Factory and Eurocentrum Hotel & Residences. Impact of fx changes on the property revaluation amounted to PLN 5.7m.

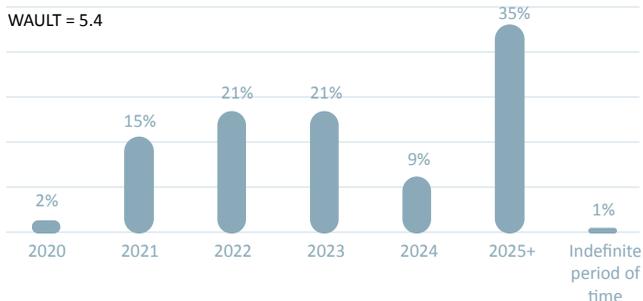
NOI amounted to PLN 91.8m compared to PLN 85.0m in 2018 (after deconsolidation of funds), representing a year on year increase of 8%. Eurocentrum and Royal Wilanów accounted for the largest contribution of NOI. Decrease in Q4 2019 attributable to disposal of Eurocentrum.

### Rental income and NOI\*



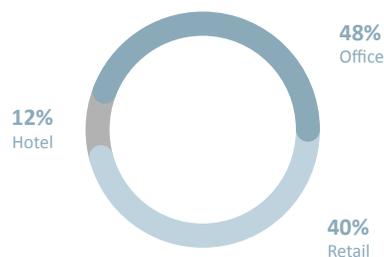
\*Historic data excluding closed-end investment funds

### Lease expiry



83% of existing lease contracts expire after 2021

### NOI structure after sale of Eurocentrum Office Complex



**+27%**

NAV growth in 2019

**PLN 604m**

cash balance at the end of 2019

## BALANCE SHEET (KEY SELECTED DATA)

		PLN million	
		2018	2019
Investments in jointly controlled entities i.e. ETC Swarzędz, Vis à Vis Wilanów, Rezydencje Pałacowa II	Investment certificates in REIA FIZAN and REIA II FIZAN owned by the Group (19% and 15% respectively) with a total value of PLN 22m and financial instruments (related with the Norblin Factory's construction loan) in the amount of PLN 6m.	2,360.2	1,420.9
		54.2	51.1
Increase in balance of cash due to sale of Eurocentrum Office Complex	The Group's net asset value increased by 27% y/y which resulted mainly from gain on sale of Eurocentrum and property portfolio revaluation.	0.7	28.1
		110.3	604.3
Deferred tax liability resulting from the difference between the book value and tax value of the properties.		2,569.9	2,142.0
		1,330.7	706.2
		1,480.1	901.2
		110.0	90.5
		114.9	-
		974.9	1,240.8

## SAFE LEVEL OF FINANCIAL DEBTS AND DEBT MATURITY PROFILE

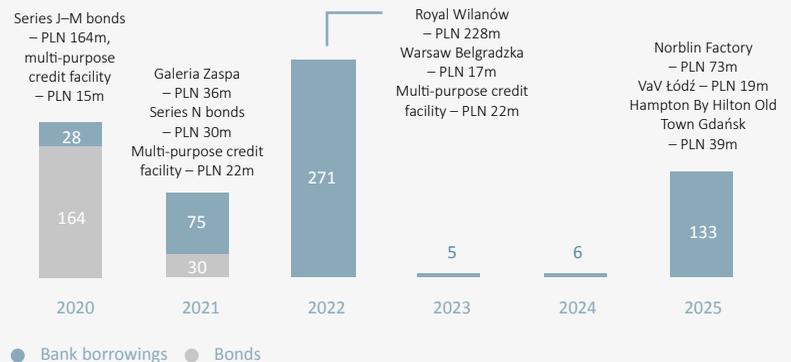
Financial debt dropped due to repayment of Eurocentrum Office Complex's credit facility.

The largest part of debt matures in 2022 due to Royal Wilanów loan.

The Group has already secured cash for bonds maturing in 2020 in the total amount of EUR 38.5m.

No default or violation expected under any bank, bond or other agreements due to Covid-19 crisis.

## Maturities of the Group's liabilities as at December 31st 2019

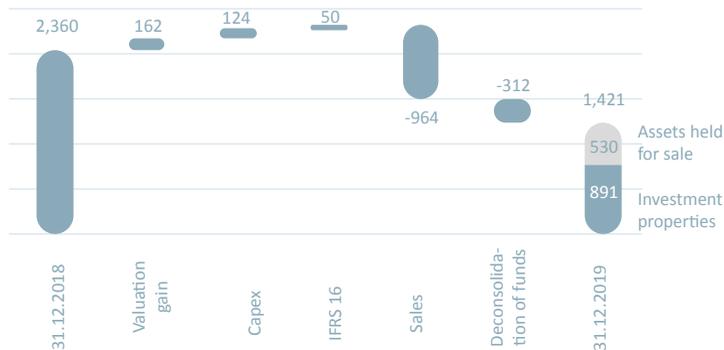




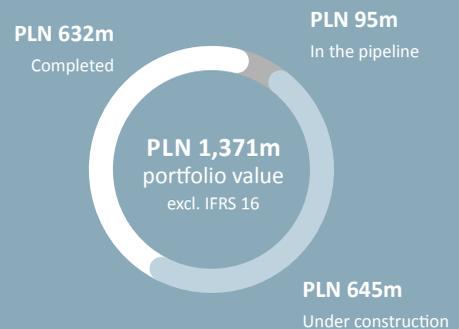
Change in property portfolio primarily due to:

- Disposal of Eurocentrum Office Complex and Land in Mazury of PLN 964m
- Deconsolidation of funds (- PLN 312m)
- Valuation gain of PLN 162m mainly the Norblin Factory and the Eurocentrum Hotel & Residences
- Capex of PLN 124m
- Implementation of IFRS 16 (+PLN 50m)

Change in property portfolio



Property portfolio structure as at December 31st 2019

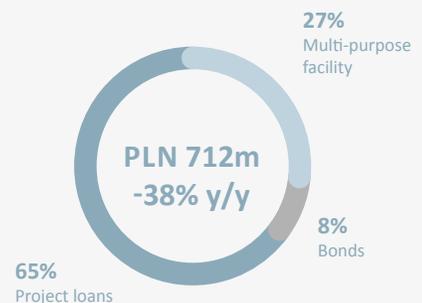


## GROUP'S FINANCING STRUCTURE

We have a diversified debt structure comprising both bank loans and notes. At the end of 2019, total debt (excluding effect of valuation at amortised cost) was PLN 712m, of which PLN 518m was under bank borrowings and other financial liabilities, and PLN 194m was under notes. Financial debts decreased primarily due to repayment of Eurocentrum Office Complex's credit facility.

### KEY DEBT PARAMETERS

	2017	2018	2019
Weighted average cost of debt	3.18%	2.95%	3.33%
Net debt to total assets	44%	46%	5%
LTV	62%	56%	50%
Debt currency structure (EUR/PLN)	91%	99%	99%



Note: Debt excluding effect of valuation at amortised cost and implementation of IFRS 16; historical data excluding closed-end funds.

## CASH FLOW (KEY SELECTED DATA)

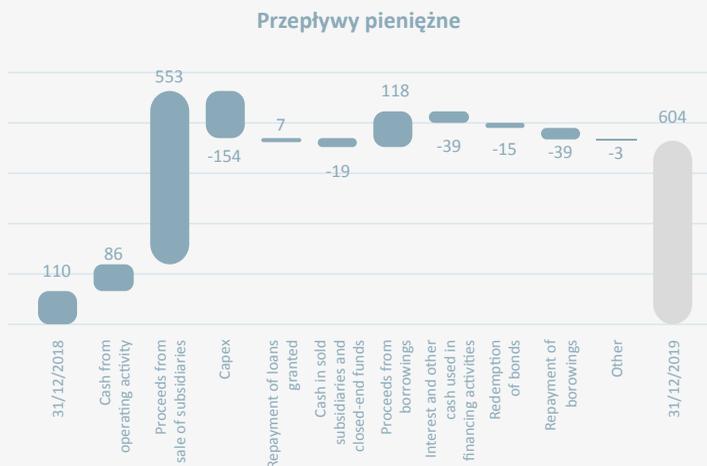
PLN million	2018	2019
Cash flow from operating activities	106.2	85.8
Cash flow from investing activities	(115.1)	385.6
Cash flow from financing activities	(74.1)	22.5

Cash flow from operating activity in 2019 concerns mainly net operating income (NOI) and platform overhead costs. Decrease resulted from one-off costs associated with attaining a new investor.

Cash flow from investment activity concerned primarily proceeds from the sale of Eurocentrum Office Complex and land in Mazury (PLN 553m). In 2019 capex expenditure was primarily attributable to the Norblin Factory construction and fit out in Eurocentrum Office Complex.



Cash flow from financial activity shows proceeds from borrowings (primarily drawdown of construction loan for the Norblin Factory) and repayments according to the schedule.



## OVERVIEW OF FINANCIAL POSITION

Safe cash position and secured funds both for bonds due in 2020 and for future investments

Significant growth of NAV by 27% year on year and PLN 11.45 of NAVPS

Safe level of debt and maturity profile

Changed NOI structure after sale of Eurocentrum Office Complex

Revenue sensitivity to the Covid-19 crisis (expected drop in NOI for 2Q20)



## NOTES REGARDING COMPARABILITY

2018

The Group consolidated REIA FIZAN and REIA II FIZAN subsidiaries with full method. As a result 100% of properties and bank liabilities of funds' SPV's and non-controlling interests was presented in the Groups' balance sheet. The profit and loss account included 100% of revenues and costs of funds' SPV's.

Lack of implementation of IFRS 16.

2019

Due to changes in management boards of REIA FIZAN and REIA II FIZAN's SPVs, starting from Q1 2019 the Group deconsolidated funds.

Impact:

- Investment properties: -PLN 312m
- Non-controlling interests: -PLN 115m
- Other investment assets at fair value: +PLN 22m
- Financial debt: -PLN 186m

Introduction of IFRS 16 (for the first time).

Impact:

- Assets: Investment properties: +PLN 49.5m
- Equity and liabilities: Financial lease liabilities: + PLN 49.5m
- No impact on the consolidated profit or loss account.

## OUR APPROACH TO FINANCING

One of the ways in which the investment and finance department has contributed to the Group's success is through ensuring project financing on optimum terms.

In incurring new financial obligations, we take a conservative approach to LTV, seeking to manage risks and minimise debt service costs.

### Securing financing sources

- Securing an equity contribution to projects under construction and new projects.
- Managing debt maturities.
- Minimising borrowing costs.

### Diversification

- Securing bank credit by individual SPVs responsible for individual projects (without recourse to the holding company).
- Unsecured corporate notes.
- Multi-purpose credit facilities at the holding company.

### Sound balance sheet

We use two ratios to assess our debt position:

- the loan to value ratio (LTV) - both at consolidated level and level of individual projects in SPVs,
- the net debt ratio at the consolidated level.

At the end of 2019 the Group has already secured cash for bonds maturing in 2020 in the total amount of EUR 38.5m

- Currently relations with 13 banks
- Extensive experience on debt capital markets
- Good relations with equity and debt capital market

At the end of 2019, the net debt to assets ratio fell to a record low of 5% and net debt reached PLN 102m

Capital Park has extensive experience in raising competitive financing both on public markets and through private placements.



**EUR 1.3bn**

bank financing



**PLN 463m**

notes



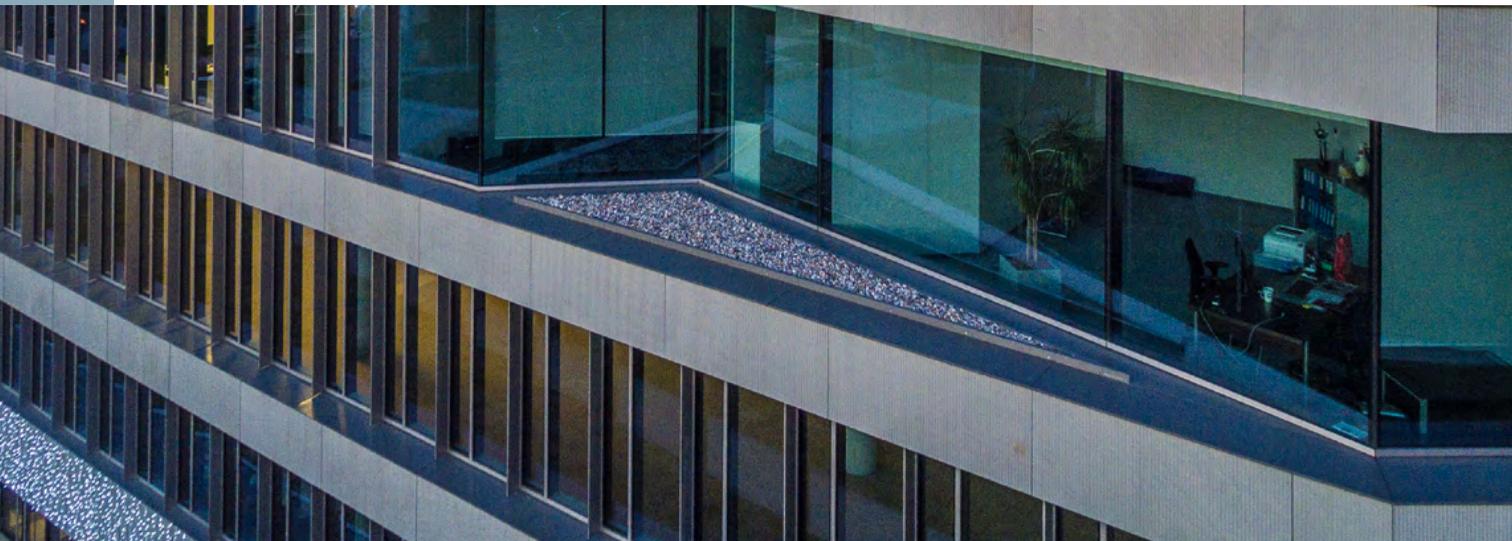
**EUR 40m**

gain on sale of Eurocentrum Office Complex



## ACHIEVEMENTS

- since 2003** Capital Park has raised over EUR 1.3bn in financing from 17 different banks and financial institutions (Polish or foreign)
- 2012** a PLN 100m issue of secured notes (mortgage over the Norblin plot) with a 10% coupon, repaid in 2015
- 2013** creation of our first dividend closed-end investment fund – REIA FIZ AN, private placement proceeds of PLN 63m
- 2013** PLN 136m raised through IPO to finance Capital Park's growth
- 2014/16** PLN 170m raised through issue of unsecured notes
- 2016** refinancing of Eurocentrum with an investment facility of EUR 124m taken out from the Bank of China, repaid in 2019
- 2017** more than EUR 38m raised through issue of unsecured eurobonds to refinance notes denominated in PLN
- 2017** creation of our second dividend closed-end investment fund – REIA FIZ AN II, private placement gross proceeds of PLN 45m
- 2017** securing a EUR 159.3m credit facility from Pekao S.A. for reconstruction of the Norblin Factory, our flagship project, and a EUR 62.5m facility for refinancing of the Royal Wilanów project.
- 2018** securing a EUR 60m credit facility from the European Central Bank for the Norblin Factory project and reducing the amount of facility for the project, granted by Pekao S.A., to EUR 99.3m.
- 2019** **sale of Eurocentrum Office Complex and start of cooperation with a new strategic investor – Madison International Realty**



# KEY RISK FACTORS

The Group's approach to risk management reflects its business model and relies on the knowledge and experience of a committed management team. All investment decisions and progress of work are discussed at regular meetings of the Management Board.

The risk areas described below and their effective management are also subject to ongoing review by the Internal Control Department and the Audit Committee. Investment decisions which may carry potentially higher risks or which involve considerable resources are also subject to review by the Investment Committee.

Below are presented key risk factors which the Management Board believes to have the strongest bearing on the Group's portfolio.

The list of risks discussed below is neither complete nor exhaustive, and therefore the risks may not be treated as the only risks to which the Group is exposed.

## EXTERNAL RISK FACTORS

### RISK FACTORS

#### RISK ASSOCIATED WITH THE SPREAD OF COVID-19

- Prohibition of specific types of activities
- Limited social mobility
- Deterioration of general economic conditions in the world and in Poland
- Uncertainty as to the duration of the pandemic and the scale of government measures
- Deterioration of the tenants' financial condition and/or potential bankruptcies among the tenants

#### RISK OF MACROECONOMIC VOLATILITY

- Deterioration of overall economic conditions globally and in Poland
- Deterioration of economic conditions in the real estate market and property development sector
- Cyclical nature of the real estate market
- Deterioration of conditions in the financial sector
- Changes in the Polish financial system – ongoing deregulation of open-end pension funds (OFE)

#### FOREIGN EXCHANGE RISK

- Fluctuations in foreign exchange rates, in particular the EUR/PLN exchange rate

#### INTEREST RATE RISK

- Interest rates rising
- Interest rates going down

## POTENTIAL IMPACT

## RISK MITIGATING MEASURES

- Decrease of the Group's revenues / proceeds from lease
- Inability to complete projects within the set schedule and / or in line with the budget due to supply chain disruptions, shortages in the workforce, extension of the deadlines for obtaining permits and other administrative procedures
- More difficult access to finance and/or additional security required by banks under credit facility agreements
- Decrease in the activity of tenants and business partners resulting in suspension, delay or failure of signing contract / investment and divestment processes
- Negative impact of renegotiation of lease conditions and / or potential restructuring processes of tenants on lease agreements, rental income and property value

- Undertaking actions to enable conducting regular operating activities of the Group with the least disruptions and the implementation of the Group's project under construction in accordance with agreed budget and schedules
- Protecting assets and minimising exposure of employees to the impact of Covid-19 (home office, daily monitoring on number of staff on site and construction progress, implementation of additional health & safety measures with experts i.e. office doctor's audits and consulting on site),
- Maintaining a safe level of cash
- Negotiations with banks aiming to suspend repayment of loan principal and interest where necessary and possible in order to amortize impact of reduced rental income (a key objective is to keep all completed projects self-financing, without a need for further equity injections)

- Decline in the market value of properties
- Limited ability to sell properties leading to loss of liquidity
- Tenants' bankruptcies negatively affecting the liquidity position
- Drop in rents which may be obtained from lease of properties
- Lower availability of credit
- Lower demand or no demand for new note issues
- Higher finance costs

- Appropriate selection of portfolio properties. Careful analysis of the location and quality of properties
- Appreciation of the value of properties through regular maintenance and upgrades
- Choosing strong-brand tenants of sound financial standing Entering into agreements with chain tenants and reputable institutions
- Using diversified sources of debt financing
- Diversification of financing sources and fostering good relations with leading financial institutions
- Adding dividends and property management fees to income sources

- Lower proceeds from sale of properties in PLN terms
- Lower rental income
- A drop of the EUR/PLN exchange rate leads to a decrease in the carrying amounts of properties

- Use of natural hedging by matching loan facility currencies with lease currencies. However, as EUR is the principal currency in which the properties are valued, and because the net hedging position does not cover the full exposure, the Group has and will continue to have an exporter's currency profile. It is not possible to fully eliminate the foreign exchange risk
- Limited use of derivative instruments available on the market

- Increase in debt service costs caused by higher interest rates
- Higher capitalisation rates (i.e. decline in the value of the Group's properties). Cap rates are strongly correlated with risk-free rates of return and may rise along with rising interest rates
- Opposite situation: yields decline as a result of falling interest rates and push up the prices of properties that the Group wants to purchase

- Long-term strategy of managing income-generating assets
- Continuous monitoring of the real estate market and economic situation, and fine-tuning the adopted strategy
- Use of interest rate swaps. Such transactions, however, do not cover 100% of the exposure. The degree of exposure coverage is a trade-off between lower risk and higher cost



## RISK FACTORS

### COMPETITION RISK

- Competitor activity
- Activity of local private investors

### CLIMATE CHANGE RISK

- Physical risks caused by climate change, including increase in greenhouse gas emissions, increase in temperature, deterioration of air quality, etc
- Growing awareness of climate change in society, resulting in increased pressure on companies to care for the relationship between climate, sustainable development and society
- Economy shifting to low-carbon technologies and models, climate resilience
- Introduction of legal regulations making it necessary to adapt business activities to the requirements of sustainable development and climate risk management
- EU actions aimed at creating a financial system supporting sustainable development

## RISK FACTORS RELATED TO THE PROPERTY PORTFOLIO

### RISK FACTORS

#### RISK RELATED TO LOSS OF TENANTS

- Loss of tenants for office or retail space, or difficulties in finding such tenants
- Failure to acquire tenants for office space in Warsaw on large oversupply
- Loss of anchor tenant

#### RISK RELATED TO PROPERTY VALUATION

- Decrease in the value of properties recognised as loss on revaluation
- Adoption of erroneous assumptions leading to mis-valuation of properties and implementation of wrong strategies for a given project

#### RISK RELATED TO PROJECTS UNDER CONSTRUCTION

- Budget overruns
- Failure by general contractors to meet the agreed quality standards and deadlines
- Failure to obtain occupancy permits

#### RISK RELATED TO ADMINISTRATIVE PROCEDURES

- Sluggish public administration sector in Poland
- Actions by non-governmental organisations or owners of neighbouring properties and local residents
- Lack of local zoning plans

POTENTIAL IMPACT	RISK MITIGATING MEASURES
<ul style="list-style-type: none"> <li>■ Declining rents and selling prices of properties</li> <li>■ More unoccupied space/units</li> <li>■ Increase in prices and costs of properties</li> <li>■ Project development process becoming longer and more difficult</li> </ul>	<ul style="list-style-type: none"> <li>■ Careful selection of properties and taking advantage of opportunities related to distressed assets</li> <li>■ Building on experience in project execution and knowledge of the market to implement unique projects</li> <li>■ Leveraging the Group's financial and organisational potential</li> <li>■ Active management of properties</li> <li>■ Developing unique concepts that can distinguish Capital Park projects on the market, such as 'Office+' or 'Make stories not stores'</li> </ul>
<ul style="list-style-type: none"> <li>■ Increase in investment implementation costs and/or a need to incur additional investment expenses (capex) in standing buildings</li> <li>■ Restrictions on obtaining financing</li> <li>■ Restrictions on acquiring new investment plots</li> </ul>	<ul style="list-style-type: none"> <li>■ 'Green' certification of buildings as a confirmation that Group's projects are developed in compliance with sustainable building principles throughout the design, construction and operation phases. Eurocentrum Office Complex received the highest Leed Platinum 'green' rating while Royal Wilanów and Norblin Factory received BREEAM certificates with a 'Very Good' rating</li> <li>■ Promotion of responsible attitudes among employees, tenants and local residents (i.e. effective waste management)</li> <li>■ Development of Environmental Education Programme and special 'green' guide for tenants in key Group's buildings to encourage them to actively engage in environmental protection initiatives and to develop eco-friendly habits in their daily life</li> <li>■ Ongoing assessment and evaluation of climate-related risks throughout the Group's operations, suppliers, business partners and across the communities in which it operates</li> </ul>

POTENTIAL IMPACT	RISK MITIGATING MEASURES
<ul style="list-style-type: none"> <li>■ Loss of income and liquidity due to: <ul style="list-style-type: none"> <li>□ Lower rental income</li> <li>□ Inability to sell properties</li> <li>□ Inability to raise bank financing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Careful choice of tenants</li> <li>■ Cooperation with reputable external firms specialising in real estate agency services</li> <li>■ Attractive offering for tenants</li> <li>■ Regular monitoring of tenant satisfaction (through regular customer satisfaction surveys and other measures) and taking remedial action</li> <li>■ Using deposits and bank guarantees as security for lease contracts</li> </ul>
<ul style="list-style-type: none"> <li>■ Lower-than-expected income from rents and sale of properties</li> <li>■ Carrying amount of properties that fails to reflect their fair value</li> </ul>	<ul style="list-style-type: none"> <li>■ Cooperation with independent property appraisers</li> <li>■ Careful choice of valuation methods</li> <li>■ Valuation approval procedure consisting of several stages</li> <li>■ Regular property reviews, and monitoring of the key assumptions</li> </ul>
<ul style="list-style-type: none"> <li>■ Development margin erosion</li> <li>■ Project delays adversely affecting rental income</li> <li>■ Breach of covenants under bank financing agreements</li> <li>■ Emergence of claims</li> <li>■ Negative impact on the Group's image and ability to lease space</li> </ul>	<ul style="list-style-type: none"> <li>■ Cooperation with reputable contractors of sound financial standing</li> <li>■ Security mechanisms included in general contractor agreements</li> <li>■ Ongoing monitoring and supervision of construction work by building inspectors or specialised external firms</li> <li>■ Recruiting experienced specialists</li> <li>■ Experience in managing property development projects and ongoing monitoring of the progress of work</li> </ul>
<ul style="list-style-type: none"> <li>■ Failure to receive or delayed receipt of permits and administrative decisions, leading to delays in or abandonment of projects</li> <li>■ Prolonged process of obtaining permits adversely affecting profitability of projects</li> <li>■ Revocation of permits</li> </ul>	<ul style="list-style-type: none"> <li>■ Drawing on experience in going through administrative procedures</li> <li>■ Recruiting specialists in relevant areas, including finance, law, construction and administrative procedures</li> </ul>

# CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility lies in the DNA of the Capital Park Group and is an inextricable part of our daily business. We believe that the company's business success and long-term development is only possible through cooperation with all stakeholder groups and with respect for the environment. In keeping with the good neighbour policy, we make every effort that each project we carry out creates added value for the place where it is constructed, for the people who use it and for the local community.

## ENVIRONMENTAL ACTIVITIES

Our principle is to create environmentally friendly buildings. Commitment to sustainable construction, human health and well-being, reducing CO<sub>2</sub> emissions and consumption of non-renewable resources, and contributing to the improvement of air quality should be a priority. We put these ideas into practice every day by:

- seeking environmental certification for our development projects based on international standards (Royal Wilanów and Norblin Factory – BREEAM Very Good)
- using rainwater for flushing toilets and watering plants in the atria (in 2019, we used 2.3 million litres of rainwater in Eurocentrum Office Complex!)
- optimizing electricity and heat consumption while maintaining thermal comfort – the Virtual Power Plant technology employed at Eurocentrum Office Complex and Royal Wilanów generated nearly PLN 800 thousand in cost savings in 2019
- promoting sustainable transport – our projects come with extensive infrastructure for cyclists: bicycle boxes, changing rooms, showers, bicycle repair stations. We also support the development of facilities for electric cars and promote the car sharing concept
- minimizing the area of concrete surfaces, introdu-

cing green roofs and terraces, as well as friendly vegetation in public and outdoor areas, which prevents overheating of buildings and increases comfort of staying indoor

- developing urban apiaries – we are one of the first companies in Poland to introduce sky hives on the roofs of its buildings – at Eurocentrum Office Complex and Royal Wilanów, and soon at the Norblin Factory
- engaging in environmental initiatives, such as planting an anti-smog meadow in Royal Wilanów in partnership with Fundacja Łąka or creating a greenhouse with fresh herbs for the needs of restaurants operating in Royal Wilanów
- shaping pro-environmental attitudes among tenants and employees – we make sure that they are aware of the solutions employed in our buildings. For this purpose, we have created special eco guides with tips to help reduce the negative impact on the environment in every-day activities.

## SOCIAL ENGAGEMENT AND COMMUNITY DEVELOPMENT

The Group's investments should be more than just office or commercial space. We create space for people with their needs in mind. Our projects integrate the local community through education and promotion of social awareness and environmentally responsible attitudes. It is also a place for cultural events and fine arts – the projects serve as venues for:

- sports events: yoga classes, charity races, health education, events promoting alternative means of transport
- cultural projects: concerts, theatre screenings, outdoor cinema screenings
- blood donations
- charity events for foundations, institutions, animal shelters
- auctions for the Great Orchestra of Christmas Charity.





Every year, we partner with municipal and district authorities where Capital Park facilities are built or operate. We make our areas available for local events. We sponsor regional events, as well as city and district festivals. We cooperate with NGOs, institutions and foundations. At the end of 2019, we established contact with the Support Centre for Veterans of the Warsaw Uprising located near our flagship project, the Norblin Factory – thus, we initiated cooperation, which we will continue in the coming years.

Last year, we also became one of the main sponsors of the '28 Dreams – Disabled on the Way to the Top initiative' (<https://28marzen.pl/>), in which nine students and seven carers from the Rehabilitation and Educational Care Facility and Non-Public School for Work Adaptation in Działdowo set off to conquer 28 highest peaks of Polish mountain ranges known as the Crown of Polish Mountains. They intend to climb the peaks of the Sudetes, the Beskids, the Carpathians and the Świętokrzyskie Mountains over the span of 12 months and, in the process, to overcome their own fears and limitations and to acquire new skills. The philosophy behind this initiative is something we believe in – we are all equal, there is no 'us and them', and everyone has the right to dream and make dreams come true. And everyone can help a person with a disability.

#### MENTORING, PROMOTION OF EQUAL OPPORTUNITIES IN BUSINESS

Supporting women in the real estate industry and promoting equal opportunities in business is part of the Capital Park Group's activities. In 2019, in cooperation with the Top Woman in Real Estate competition organizer, we engaged in a mentoring and inspirational programme for young women working in the real estate industry. Among the mentors was Kinga Nowakowska, Chief Operating Officer and Member of the Management Board of the Capital Park Group and the winner of the contest in the Business Management category in 2018. Kinga shared her knowledge and experience with the participants of the programme who are about to embark on new, professional careers in real estate.



# MANAGEMENT AND CORPORATE GOVERNANCE

## MANAGEMENT BOARD

As at December 31st 2019 the Management Board of the Capital Park Group composed of the following members:

First name and surname	Position	Year of first appointment	Year of appointment for current term	Year of expiry of current term of office
Jan Motz	President of the Management Board	2010	2019	2024
Marcin Juszczyk	Member of the Management Board	2010	2019	2024
Kinga Nowakowska	Member of the Management Board	2016	2019	2024

Jan Motz, Marcin Juszczyk and Kinga Nowakowska were reappointed for a new term on March 21st 2019. The current joint term of office is five years and will end on March 21st 2024. In the period from January 1st 2019 to the date of this report, there were no changes in the composition of the Management Board.



## JAN MOTZ

Founder of the Capital Park Group, CEO and President of the Management Board of Capital Park S.A. with more than 30 years of experience in the real estate sector, has been involved in the preparation, financing and development of commercial projects, particularly office buildings. In 1997, he founded Communication One Inc., a group that included Call Center Poland S.A. – the leader of the Polish call centre service market. In 1986–2001, he was the owner of Progressive Development Inc., a US-based construction company. At the peak point, the construction companies owned by Jan Motz employed 1,500 staff working on multiple simultaneous projects. In the 1990s, Mr. Motz was a shareholder in a group of Polish companies owned by Euro RSCG, one of Europe’s leading marketing groups. He is a member of the Executive Committee of Forum Obywatelskiego Rozwoju headed by Professor Leszek Balcerowicz. Graduate of the Faculty of Veterinary Medicine of the Warsaw University of Life Sciences – SGGW.

## MARCIN JUSZCZYK

With the Capital Park Group since 2006, Member of the Management Board of Capital Park S.A. since its inception. In 2004–2005 – the Group’s CFO, since 2005 – the Group’s Chief Investment Officer, and since 2016 – both its CFO and CIO. In 2001–2006 – Chief Financial Officer at Communication One Inc., a group that included Call Center Poland S.A., in charge of mergers, acquisitions and JV transactions. In 1995–1997 – consultant at the business consulting agency Agencja Doradztwa Gospodarczego AM Jesiołowscy, responsible for privatisation projects and company valuations. In 1997–2001 – consultancy project leader at Normax Sp. z o.o. (member of Hogart, an international business consulting group). Graduate of the Cracow University of Economics, with major in IT and Econometrics. Member of ACCA (Association of Chartered Certified Accountants), an FCCA since 2010.

## KINGA NOWAKOWSKA

With the Capital Park Group since 2007, Member of the Management Board of Capital Park S.A. since 2016. Ms. Nowakowska serves as the Group’s Chief Operating Officer. She has been involved in the Group’s major projects, including Eurocentrum and Royal Wilanów. Since 2009, she has also been CEO of ArtN Sp. z o.o., an SPV established to carry out a prestigious mixed-use revitalisation project in the former Norblin Factory in Warsaw. In 1995–1996, she was a sales coordinator of IBM networking products for Eastern Europe, working for French company Sodexi. For 11 years, beginning in 1997, Ms. Nowakowska was Chief Executive Officer of Call Center Poland, which under her leadership became one of the largest multi-language customer service outsourcing hubs in Eastern Europe, successfully sold in 2007. Graduate of International Business Law at the Sorbonne Law School.

## SUPERVISORY BOARD COMMITTEES

As at December 31st 2019 the Supervisory Board of the Capital Park Group composed of the following members:

First name and surname	Position	Year of first appointment	Year of appointment for current term	Year of expiry of current term of office
Derek Jacobson	Chairman of the Supervisory Board	2019	2019	2023
Kimberly Adamek Cholewa	Member of the Supervisory Board	2019	2019	2023
Matthias Oliver Cordier	Member of the Supervisory Board	2019	2019	2023
Anna Frankowska-Gzyra	Independent Member of the Supervisory Board	2013	2018	2023
Katarzyna Ishikawa	Member of the Supervisory Board	2011	2018	2023
Jacek Kseń	Independent Member of the Supervisory Board	2013	2018	2023

### Changes in the composition of the Supervisory Board

On May 10th 2019, Messrs Keith Breslauer, Shane Law and Matthew Utting resigned as members of the Company's Supervisory Board, with effect upon the indirect acquisition by MIRELF VI B.V. 66% of the Company's share capital and 66% of total voting rights at the Company's General Meeting. The sale of shares by CP Holdings S.à r.l. of Luxembourg to MIRELF VI B.V. of Amsterdam took place on May 13th 2019.

At the same time, pursuant to Art. 19.7 of the Company's Articles of Association, the following persons have been appointed to the Company's Supervisory Board: Mr Derek Jacobson – to serve as Chair of the Supervisory Board of Capital Park S.A., Ms Kimberly Adamek Cholewa, Mr Matthias Oliver Cordier. The appointment took effect upon the acquisition by MIRELF VI B.V. of all shares in the share capital of Townsend Holding B.V. of Amsterdam, i.e. on May 13th 2019. Katarzyna Ishikawa (nominated by Jan Motz), Anna Frankowska and Jacek Kseń (both independent Board Members) retained their functions on the Supervisory Board.

Below are presented the professional biographies of the Supervisory Board members.





**Derek Jacobson**  
**Chairman of the Supervisory Board**

Mr. Jacobson serves as Co-Chief Investment Officer, with primary responsibility for the oversight of Madison's European investment activities including origination, underwriting, and execution of transactions for Madison's managed funds. He works on all aspects of financial analysis, property due diligence and transaction structuring with specific focus on closed-end funds and equity recapitalizations in Germany, the U.K., and Madison's other non-U.S. markets. He serves on both the management and investment committee at Madison. Mr. Jacobson is currently on Christie BV board of directors, Welput HAC as well the Advisory Committee of SPF – Sierra Portugal Real Estate and on the board of Lazora S.I.I., S.A. and a director of MIRELF VI B.V. Prior to joining Madison in 2004, he was a financial analyst for Taurus Investment Holdings, an international real estate private equity firm, where he served in the acquisitions and underwriting group. Mr. Jacobson is a fluent German speaker and received a BA degree from the University of North Carolina at Chapel Hill.



**Kimberly Adamek Cholewa**  
**Member of the Supervisory Board**

Ms. Adamek oversees the asset and portfolio management of Madison Fund VI, a USD 1.3bn private equity fund. She serves as Portfolio Manager at Madison International Realty, with responsibility for the asset management of Madison's domestic and international investment portfolio. She participates in all aspects of the asset and portfolio management process, including oversight of Madison's investment positions, monitoring financial performance, maintaining relationships with Madison's counterparties, and providing strategic recommendations to enhance investment returns. She also serves as a Board Member in MIRELF VI B.V. and as a Director in MIRELF VI Irish Investments ICAV and MIRELF VI Eastpoint ICAV. Prior to joining Madison in 2014, Ms. Adamek spent seven years with CBRE Global Investors. While there, she served as an Acquisition Director in the Managed Accounts Group, responsible for sourcing, underwriting and closing over USD 1bn in commercial assets. Prior to CBRE Global Investors, she was an Associate at Unico Properties, where she worked on the Investments team underwriting real estate transactions. Ms. Adamek graduated with an MBA from New York University and a BS in Finance from Northern Arizona University.





**Matthias Oliver Cordier**  
Member of the Supervisory Board

Since 2011, Mr. Cordier has served as Managing Director at Madison International Realty GmbH with primary responsibility for the sourcing, underwriting due diligence and execution of investments including limited partnership buyouts, mezzanine investments, equity recapitalizations, and structured equity investments with a focus on Germany, France, the Nordics, Poland and Portugal. He structures and negotiates sale and purchase agreements, loan agreements, joint venture and shareholder agreements, and advisory agreements. Madison International Realty GmbH specializes in providing fresh equity for existing ownership structures where owners and investors seek to restructure balance sheets, re-deploy capital or provide partners with an exit strategy. He also serves as Managing Director at Madison Europa GmbH and Madison VI Real Estate GmbH. Between 2007 and 2011, Mr. Cordier worked as an Associate in the European Commercial Real Estate Group of Deutsche Bank on the underwriting, due diligence, structuring and closing of financings for commercial real estate assets in Germany and Western Europe. He was also part of the team responsible for the structuring, sourcing and due diligence of a German closed-end retail fund including analysis of the overall closed-end fund market. Mr. Cordier is a German native speaker and received a BA from CSU in Milwaukee with a major in International Business and a BA degree in European Business from the University of Applied Sciences, Worms (Germany).



**Anna Frankowska – Gzyra**  
Independent Member of the Supervisory Board

Ms. Frankowska–Gzyra is a retired partner at Weil, Gotshal & Manges LL.P, a leading New York-based law firm, and the former head of the Warsaw office’s capital markets department. After graduating magna cum laude from St. Louis University, she received her Juris Doctor degree from the University of Illinois College of Law at Campaign-Urbana in 1990. Following graduation she worked in a top law firm in Chicago. After returning to Warsaw in 1994, Anna advised international investors on capital markets transactions and major privatisations. She joined Weil in 1996 and was the Firm’s leading capital markets expert until her retirement in 2019. Anna was repeatedly named as one of Poland’s best capital markets specialists by various leading legal rankings.



**Katarzyna Ishikawa**  
Member of the Supervisory Board

Ms. Ishikawa has practised law since 2001, including as a partner at Ishikawa, Broclawik, Sajna Adwokaci i Radcowie Prawni sp. p., a law firm, since 2009. In 2002–2007, she served on the supervisory board of Call Center Poland S.A. In 2004–2007, she was an arbitrator at the Warsaw Stock Exchange Court. In 2013–2015, she served as a member of the supervisory board of W.KRUK S.A. Ms. Ishikawa has extensive legal expertise in real estate transactions, construction projects, and property commercialisation. Graduate of the Faculty of Law and Administration at the Jagiellonian University in Cracow. She completed legal training in court and as an attorney.



**Jacek Kseń**  
**Independent Member of the  
Supervisory Board**

Jacek Kseń has been involved with the financial markets for several decades. In 1978–1996 he lived in France, where he worked for three different banks. In 1996–2007, he served as President of the Management Board of Bank Zachodni WBK S.A. Since 2007 – owner of an independent consulting practice. He has a long-standing track record of serving on the supervisory boards of such companies as Orbis S.A., Wydawnictwa Szkolne i Pedagogiczne S.A., Nest Bank S.A., Polimex-Mostostal S.A., AmRest Holdings S.E. He is also Polish operating adviser to Advent International, a leading private equity fund. Graduate of the Poznań University of Economics, Faculty of Foreign Trade, and Higher School of Planning and Statistics in Warsaw (now the Warsaw School of Economics), where he completed doctoral studies in international financial markets.



## RULES OF OPERATION OF THE COMPANY'S GOVERNING BODIES

### GENERAL MEETING

- The General Meeting is held once a year as an Annual General Meeting (the 'AGM') or in special cases as an Extraordinary General Meeting (the 'EGM').
- A General Meeting may be convened by the Company shareholders (Jan Motz and Townsend Holding B.V.) in the exercise of their special rights (see Section 4.2 of the Directors' Report for 2018).
- A General Meeting may be convened by shareholders holding more than one twentieth of the Company's share capital

The powers and responsibilities of the General Meeting include:

- approval of the Company's financial statements and distribution of profit,
- granting discharge to the Management Board and Supervisory Board members in respect of their performance of duties,
- making amendments to the Articles of Association,
- adoption of Rules of Procedure for the General Meeting and Rules of Procedure for the Supervisory Board

### SUPERVISORY BOARD

- 6 members
- five-year term of office
- two members are appointed and removed from office by the General Meeting, while four members are appointed and removed by the Company shareholders (Jan Motz – one member, Townsend Holding B.V. – three members, including the Chairperson), in the exercise of their special rights,
- resolutions of the Supervisory Board are valid if at least four members of the Supervisory Board are present at the meeting, except for resolutions on suspension or removal of the Management Board members, which require an absolute majority of votes cast to be valid.

The powers and responsibilities of the Supervisory Board include:

- approval of annual financial plans,
- approval of all transactions which have not been provided for, or are implemented on conditions different from those envisaged in, the Group's annual business plan, where their net value exceeds a specified limit (subject to Art. 23.4 of the Articles of Association),
- appointment of the auditor

### MANAGEMENT BOARD

- 1–4 members
- five-year term of office
- directs the Company's affairs, manages its assets, and represents the Company before courts, government authorities and third parties.
- represented by one member
- resolutions of the Management Board shall be passed by an absolute majority of votes and in the event of a tied vote, the President of the Management Board has the casting vote.

Powers and responsibilities of individual Management Board members:

**Jan Motz** – President of the Management Board, CEO; in particular, he supervises the preparation, construction and commercialisation of investment projects; responsible for IR.

**Marcin Juszczyk** – Member of the Management Board and CIO/ CFO, oversees investment planning and preparation, divestments, finance, treasury, controlling, and accounting and IR.

**Kinga Nowakowska** – Member of the Management Board and COO, oversees management and commercialisation of retail property, IR, marketing, and development of the Company's proprietary 'Office +' concept.

## SUPERVISORY BOARD COMMITTEES

### INVESTMENT COMMITTEE

- Meets at least once a month.
- Considers monthly management reports and draft reports on important events in the Company's activities.
- Reviews draft business plans.

The committee's main tasks are to consult and consider:

- proposed investments and purchase of assets by the Group,
- all financial and legal documents related to the Group's projects,
- selection of persons to fill top executive positions,
- supervision of the Group's capital expenditure.

### AUDIT COMMITTEE

- Meets at least once a quarter.
- Analyses quarterly financial reports, directors' reports and draft financial statements.

The committee's tasks include in particular:

- monitoring of financial reporting processes,
- monitoring of the effectiveness of the internal control, internal audit and risk management systems,
- monitoring of the financial audit function,
- making recommendations to the Supervisory Board as to the selection of an entity qualified to audit financial statements,

### REMUNERATION COMMITTEE

The tasks and rules of operation of the Remuneration Committee and the Nomination Committee are defined by Annex I to the Commission Recommendation of February 15th 2005 on the role of non-executive directors (2005/162/EC).

The committee's tasks include:

- submitting to the Supervisory Board proposals concerning remuneration of executive or management directors and assessment of their performance,
- monitoring the level and structure of remuneration of senior management staff,
- discussing general rules of the remuneration systems, in particular stock options, and submitting proposals concerning these matters to the Supervisory Board.

#### Composition:

Derek Jacobson (Chairman)  
Matthias Oliver Cordier  
Kimberly Adamek Cholewa

#### Composition:

Jacek Kseń (Chairman, Independent)  
Kimberly Adamek Cholewa  
Anna Frankowska-Gzyra (Independent)

#### Composition:

Kimberly Adamek Cholewa  
Jacek Kseń (Independent)  
Anna Frankowska-Gzyra (Independent)

## GENERAL MEETINGS HELD IN 2019

Date	Type	Matters discussed
April 8th 2019	Extraordinary General Meeting	<p>The shareholders resolved to amend the Company's Articles of Association:</p> <ul style="list-style-type: none"> <li>■ Townsend Holding BV of Amsterdam, the Netherlands, replaced CP Holdings Sarl of Luxembourg as the Second Entitled Shareholder.</li> <li>■ The Second Entitled Shareholder is vested with the special right to remove three members of the Supervisory Board appointed by CP Holdings S.à.r.l. of Luxembourg in the exercise of a special right held by CP Holdings S.à.r.l. when it was still the Company's shareholder.</li> </ul> <p>Rationale: the amendment was proposed following the change of shareholder reported by the Company in Current Report No. 5/2019 of March 8th 2019.</p>
June 20th 2019	Annual General Meeting	<ol style="list-style-type: none"> <li>1. Approval of standalone and consolidated financial statements of Capital Park SA for the year 2018 and Management Board report on activity of Capital Park SA and the Group in 2018 and granting votes of approval to all of the Supervisory Board and Management Board members in the year 2018. The General Meeting resolved to cover Capital Park S.A.'s retained loss for the financial year 2018 of PLN 19,516,483.95 from the Company's statutory reserve funds.</li> <li>2. The shareholders resolved to amend the Company's Articles of Association were related to the closing of the transaction whereby CP Holdings S.à r.l. of Luxembourg sold to MIRELF VI B.V. of Amsterdam 100% of the shares in Townsend Holding B.V. of Amsterdam, holding 65.997% of the Company's share capital (the 'Transaction'): <ul style="list-style-type: none"> <li>■ Amendments to Art. 5 and Art. 11.2 of the Company's Articles of Association – made to reflect changes in the structure and amount of the Company's share capital;</li> <li>■ Amendments to Art. 12.2-4, Art. 13, Art. 14, Art. 20, Art. 20.3-9 and Art. 26 of the Company's Articles of Association – made to adjust the Company's corporate governance in connection with the change of indirect control of the Company following the closing of the Transaction, i.e. the change of the entity controlling the Company's main shareholder Townsend Holding B.V.</li> </ul> </li> </ol> <p>The other amendments to the Articles of Association of Capital Park S.A. introduced by Resolution No. 17/06/2019 of the Company's Annual General Meeting of June 20th 2019 are of editorial nature.</p>

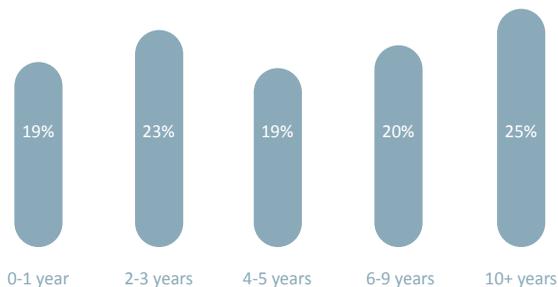


## OUR TEAM

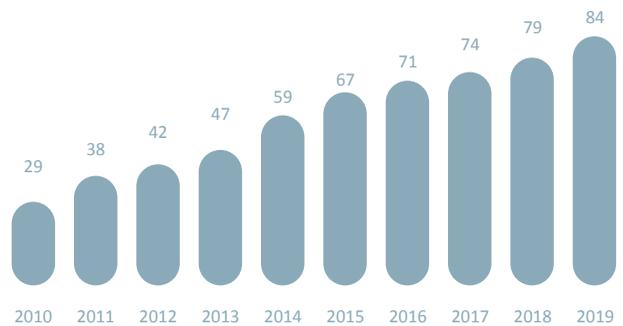
- Capital Park is an integrated and fully functional operating platform, with internal resources capable of implementing investment processes on an end-to-end basis.
- The team comprises 84 professionals who have the knowledge, experience and skills necessary to seek out promising projects, perform due diligence, secure funding, obtain permits, develop conceptual designs, implement projects, commercialise space and actively manage properties.
- The senior officers and department managers have an average of 18 years of relevant experience, including 10 years with Capital Park.

Our team is one of our most valuable assets. Our goal is to recruit and retain top professionals whose experience, competence and commitment would consolidate our competitive advantage.

Years of service for Capital Park Group



Capital Park team



## DIVERSITY POLICY

Together with the organizer of the 'Top Woman in Real Estate', we have been involved in a mentoring program for young women who tie their careers to the real estate market. The goal of the programme is to support women in business and to promote diversity. Among the mentors is Kinga Nowakowska, Member of the Management Board and COO of the Group, which shares her knowledge and experience with program participants.

Kinga Nowakowska has been involved in numerous women's right and equal opportunities activities for many years. In 2018, she was awarded the prestigious 'Top Woman in Real Estate' title in the Business Management category. She is also the originator and founder of the Black Swan Fund, a network of business angels, which offers financial and business support to start-ups and companies run and invented by women.



**51%**  
of employees  
and consultants  
work with Capital Park  
Group at  
least 5 years.

In 2019, the Group received two awards in 'Top Woman In Real Estate 2019' competition:

- Pro-Women Company – Capital Park Group,
- Project Management – Sylwia Filewicz (Head of Development Department in Capital Park Group).

Share, by profession



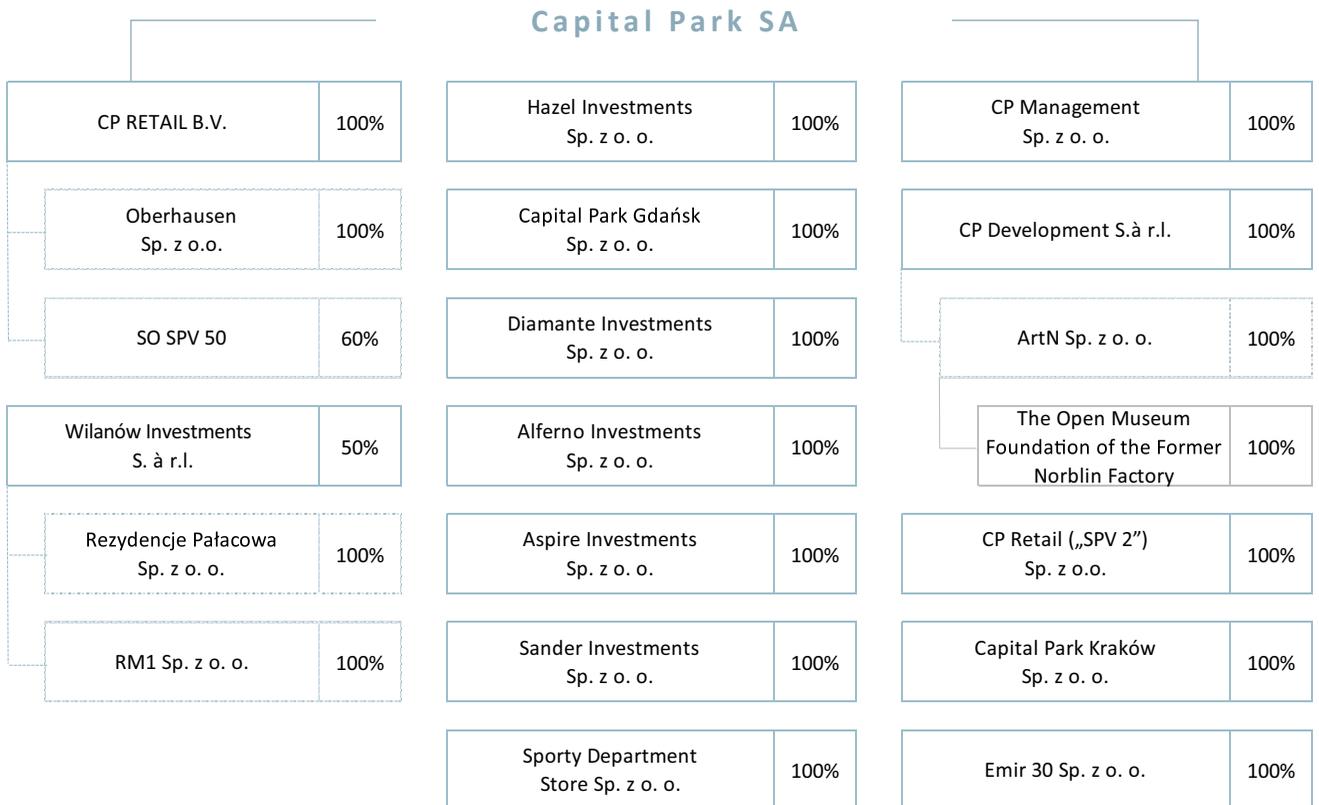
### Work-life balance

The Capital Park Group offers its employees and their families opportunities to participate in interesting events, such as picnics or family meetings. We are open-minded and understand the needs of employees with children. Since 2018, the Royal Wilanów office building, where our headquarters are located, has housed a kindergarten, so our employees with young children may have their kids taken care of in a facility located directly at their workplace. This makes it easier for them to combine work with family life.

**60%**  
of the Group's  
employees  
and consultants  
are women

## STRUCTURE OF THE GROUP

As at December 31st 2019, the CAPITAL PARK Group comprised 21 entities, including the parent Capital Park S.A., 19 special purpose vehicles and The Open Museum Foundation of the Former Norblin Factory. The Group's property and development projects are managed by CP Management Sp. z o.o.



Changes in the structure of the Group from January 1st 2019 to December 31st 2019 results from:

- Loss of control over subsidiaries (deconsolidation of two closed investment funds: Real Estate Income Assets FIZAN and Real Estate Income Assets II FIZAN).
- Disposal of a closed investment fund Ipopema 141 FIZAN and Roryd Investments sp. z o.o., the owner of land in Mazury.
- Disposal of Dakota Investments sp. z o.o., the owner of Eurocentrum Office Complex.

# CONSOLIDATED FINANCIAL STATEMENTS – HIGHLIGHTS

## 1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Dec 31 2019 /audited/	Dec 31 2018
<b>Non-current assets</b>		
Investment property	890,770	2,360,158
Investments in jointly controlled entities	51,107	54,176
Other financial assets at fair value through profit or loss	28,138	695
Other financial assets measured at amortised cost	5,000	-
Deferred tax assets	5,835	3,344
Other non-current assets	2,331	1,989
	983,181	2,420,363
<b>Current assets</b>		
Other receivables and other current assets	10,296	16,628
Trade receivables	6,589	16,102
Other financial assets at fair value through profit or loss	1,300	-
Other financial assets measured at amortised cost	6,273	6,477
Cash and cash equivalents	590,988	110,338
Assets held for sale	543,350	-
	1,158,796	149,545
<b>TOTAL ASSETS</b>	<b>2,141,977</b>	<b>2,569,908</b>
EQUITY AND LIABILITIES	Dec 31 2019 /audited/	Dec 31 2018
<b>Equity</b>		
Share capital	108,334	107,495
Statutory reserve funds	778,139	797,655
Other capital reserves	73,420	71,256
Exchange differences on translating foreign operations	5,007	5,019
Retained earnings/(deficit)	12,968	(91,888)
Net profit/(loss) for current period	262,938	85,339
	1,240,806	974,877
<i>Non-controlling interests</i>	-	<b>114,904</b>
	1,240,806	1,089,781
<b>Non-current liabilities</b>		
Bank borrowings and other financial liabilities measured at amortised cost	228,929	1,089,419
Other financial liabilities at fair value through profit or loss	9,546	5,157
Liabilities under notes in issue measured at amortised cost	29,361	192,758
Lease liabilities	37,351	-
Other liabilities and provisions	6,802	19,776
Deferred tax liabilities	90,540	110,026
	402,529	1,417,136
<b>Current liabilities</b>		
Bank borrowings and other financial liabilities measured at amortised cost	27,717	30,810
Other financial liabilities at fair value through profit or loss	2,018	162
Liabilities under notes in issue measured at amortised cost	163,427	12,395
Lease liabilities	1,525	-
Trade payables	3,575	7,631
Other liabilities and provisions	17,377	11,993
The Group's liabilities for sale classified as held for sale	283,003	-
	498,642	62,991
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,141,977</b>	<b>2,569,908</b>

Notes are disclosed in consolidated financial statements of the Capital Park Group for 2019, please see our website <http://inwestor.capitalpark.pl/periodic-reports/?lang=enten>

## 2. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	12M 2019 /audited/	12M 2018
Rental income	97,937	117,103
Service charge income	25,793	28,733
<b>Operating income</b>	<b>123,730</b>	<b>145,836</b>
Direct property operating expenses	(31,971)	(37,256)
<b>Net operating profit</b>	<b>91,759</b>	<b>108,580</b>
Other income including income from property management	3,676	2,610
Cost of SPV operations	(4,114)	(6,057)
Administrative expenses	(21,052)	(8,362)
Renovation and repair of property	(50)	(733)
Cost of incentive scheme measurement	(2,228)	(5,609)
Gain/(loss) on property revaluation	162,417	79,198
Other expenses	(129)	(652)
Share in net profit/(loss) of equity-accounted entities	2,041	2,977
Gain/(loss) on sale of subsidiaries, including:	134,982	-
- <i>gain/(loss) on sale of subsidiaries</i>	<i>130,540</i>	-
- <i>gain/(loss) on loss of control of subsidiaries</i>	<i>4,442</i>	-
<b>Operating profit/(loss)</b>	<b>367,302</b>	<b>171,951</b>
Dividend income	599	-
Interest income	3,272	2,645
Interest expense	(34,357)	(40,954)
Gain/(loss) on measurement of financial liabilities	(11,112)	(37,099)
<b>Profit/(loss) before tax</b>	<b>325,703</b>	<b>96,544</b>
Corporate income tax	(62,765)	(5,466)
<b>Net profit/(loss)</b>	<b>262,938</b>	<b>91,078</b>
<b>Other comprehensive income net</b>	<b>(12)</b>	<b>2,725</b>
- positions not reclassified to profit and loss account - exchange differences on translating foreign operations	(12)	2,725
<b>Total comprehensive income</b>	<b>262,926</b>	<b>93,803</b>
Net profit/(loss) attributable to owners of the parent	262,938	85,339
Net profit/(loss) attributable to non-controlling interests	-	5,739
<b>Net earnings/(loss) per share (PLN)</b>		
Basic	2.44	0.80
Diluted	2.44	0.79

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The entire profit was earned from continuing operations.

### 3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserves from issue of shares pending registration	Other components of equity
<b>Equity as at Jan 1 2019</b>	<b>107,495</b>	<b>797,655</b>	<b>-</b>	<b>71,256</b>
Issue of shares	839	-	-	-
Share-based payments	-	-	-	2,164
Profit distribution	-	(19,516)	-	-
Dividend payment	-	-	-	-
Changes in the Group's structure	-	-	-	-
<b>Total transactions with shareholders</b>	<b>839</b>	<b>(19,516)</b>	<b>-</b>	<b>2,164</b>
Net profit/(loss) for current period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity as at Dec 31 2019</b>	<b>108,334</b>	<b>778,139</b>	<b>-</b>	<b>73,420</b>
<b>Equity as at Jan 1 2018</b>	<b>106,484</b>	<b>858,320</b>	<b>45</b>	<b>6,352</b>
Issue of shares	1,011	-	(45)	-
Share-based payments	-	-	-	3,975
Profit distribution	-	(60,665)	-	60,665
Dividend payment	-	-	-	-
Changes in the Group's structure	-	-	-	264
<b>Total transactions with shareholders</b>	<b>1,011</b>	<b>(60,665)</b>	<b>(45)</b>	<b>64,904</b>
Net profit/(loss) for current period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity as at Dec 31 2018</b>	<b>107,495</b>	<b>797,655</b>	<b>-</b>	<b>71,256</b>

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Exchange differences on translating foreign operations	Retained earnings/ (deficit)	Net profit/(loss) for current period	Non-controlling interests	Total equity
<b>5,019</b>	<b>(91,888)</b>	<b>85,339</b>	<b>114,904</b>	<b>1,089,781</b>
-	-	-	-	839
-	-	-	-	2,164
-	104,855	(85,339)	-	-
-	-	-	-	-
-	-	-	(114,904)	(114,904)
-	<b>104,855</b>	-	-	<b>(111,901)</b>
-	-	262,938	-	262,938
(12)	-	-	-	(12)
<b>(12)</b>	-	<b>262,938</b>	-	<b>262,926</b>
<b>5,007</b>	<b>12,968</b>	<b>262,938</b>	-	<b>1,240,806</b>
<b>2,294</b>	<b>(77,758)</b>	<b>(14,130)</b>	<b>114,918</b>	<b>996,525</b>
-	-	-	-	966
-	-	-	-	3,975
-	(14,130)	14,130	-	-
-	-	-	(4,608)	(4,608)
-	-	-	(1,145)	(881)
-	<b>(14,130)</b>	<b>14,130</b>	<b>(5,752)</b>	<b>(547)</b>
-	-	85,339	5,739	91,078
2,725	-	-	-	2,725
<b>2,725</b>	-	<b>85,339</b>	<b>5,739</b>	<b>93,803</b>
<b>5,019</b>	<b>(91,888)</b>	<b>85,339</b>	<b>114,904</b>	<b>1,089,781</b>

#### 4. CONSOLIDATED STATEMENT OF CASH FLOWS

	12M 2019 /audited/	12M 2018 /audited/
<b>OPERATING ACTIVITIES</b>		
Proceeds from sale of goods and services	180,661	251,486
Purchases of goods and services	(91,550)	(142,138)
Interest received from bank deposits	430	417
<b>Cash from operating activities</b>	<b>89,541</b>	<b>109,765</b>
Income tax refunded/(paid)	(3,753)	(3,515)
<b>A. Net cash from operating activities</b>	<b>85,788</b>	<b>106,249</b>
<b>INVESTING ACTIVITIES</b>		
Disposal of investment property and inventories	-	50
Sales of shares and investment certificates decreased by cash and cash equivalents of entities sold	553,359	-
Investment property capex expenditures	(154,400)	(111,948)
Purchase of shares	-	-
Loans advanced	-	(5,092)
Repayment of loans	5,377	1,900
Repayment of loan interest	1,182	-
Purchase of intangible assets, and property, plant and equipment	-	-
Dividend received	599	-
Loss of control in subsidiaries	(18,690)	-
Other cash provided by investing activities	(1,782)	-
<b>B. Net cash from investing activities</b>	<b>385,645</b>	<b>(115,089)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from shares issue	-	-
Proceeds from issue of notes	-	29,639
Proceeds from borrowings	117,716	59,198
Dividends and other distributions to REIA FIZ AN and REIA II FIZ AN certificates owners	-	(4,608)
Interest and other cash used in financing activities	(39,308)	(42,265)
Redemption of notes	(15,000)	(46,115)
Repayment of borrowings	(38,794)	(69,997)
Lease payments	(2,135)	-
<b>C. Net cash from financing activities</b>	<b>22,479</b>	<b>(74,148)</b>
<b>D. Total net cash flows</b>	<b>493,912</b>	<b>(82,988)</b>
<b>E. Net increase /(decrease) in cash and cash equivalents, including cash related to assets held for sale</b>	<b>493,912</b>	<b>(82,988)</b>
<b>F. Cash and cash equivalents at beginning of period</b>	<b>110,338</b>	<b>193,326</b>
<b>G. Cash and cash equivalents at end of period, including cash related to assets held for sale - including restricted cash</b>	<b>604,250</b>	<b>110,338</b>
	16,073	45,872

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# GLOSSARY

GLA	Gross Leasable Area
WAULT	Weighted Average Unexpired Lease Term
Reversionary yield	Rate of yield, i.e. the ratio of market rent for fully occupied building to the property value
Capex	Capital expenditure
NOI	Net Operating Income, net rental income
Absorption	Net change in space occupied by tenants, taking into account a change in the size of unoccupied space and supply of new space in a period
Measurement at amortised cost	Measurement at amortised cost, less transaction costs which may be directly attributed to the acquisition or issue of a given financial liability.
NAV	Net Asset Value
NCI	Non-controlling interest
GAV	Gross Asset Value

## Forward-looking statements

This Report contains statements with regard to the future of the business, financial condition and performance of the Group or the industry in which the Group operates. Such forward-looking statements relate to circumstances that have not arisen yet, as well as to performance and other statements that are not historical facts, and are characterised by inclusion of such phrases as 'believe', 'expect', 'intend', 'assume', 'plan', 'estimate', 'is designed to', 'forecast', 'anticipate', 'aim', 'seek' and other similar expressions. Forward-looking statements contained in this Report, including assumptions, opinions and views of the Group or of third parties, are merely opinions and forecasts which are uncertain and subject to risks. Actual events may differ significantly from any anticipated developments due to a number of factors, including without limitation, changes in overall economic conditions, especially in Poland, changes affecting interest rate levels, changes in competition levels, changes in laws and regulations, environmental damage, the potential impact of legal proceedings and actions and the Group's ability to achieve operational synergies from past or future acquisitions. The Group does not guarantee that the assumptions underlying forward-looking statements in this Report are free from errors, nor does it accept any liability for the future accuracy of opinions expressed in this Report or assume any obligation to update statements in this Report to reflect subsequent events. Forward-looking statements included in this Report are valid as of its date. Neither release of this Report nor any future discussions with its recipients held by the Group will in any circumstances mean that there has been no change in the Group's affairs since the date of this Report. Therefore, the Group does not undertake to review, update or confirm any projections or estimates made by analysts, or to release to the public any amendments to forward-looking statements in response to the occurrence of any events or circumstances relating to the contents of this Report.

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**Capital Park Group**

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