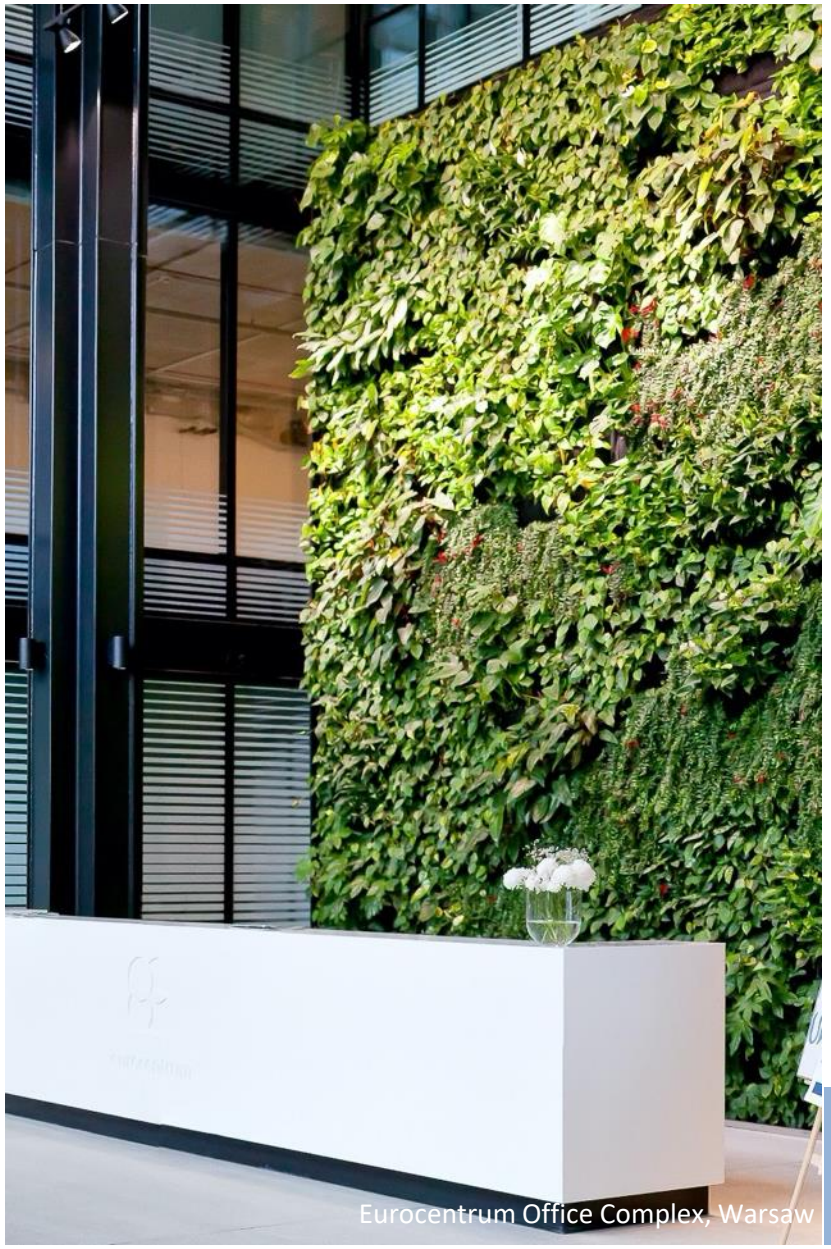
GRUPA CAPITAL PARK

Presentation of results for Q1 2020

May 22th 2020

AGENDA

- About Capital Park Group
- Business summary
  - Key events of Q1 2020
  - Real estate market environment
  - Property portfolio – Q1 2020 update
- Financial results
- Supporting materials



Eurocentrum Office Complex, Warsaw

INVESTMENT COMPANY ON THE REAL ESTATE MARKET

94.0%

Occupancy of completed portfolio

212,000 m²

GLA of property portfolio under management

65,000 m²

GLA under construction

PLN 2.0bn

Value of property portfolio under management

PLN 10m

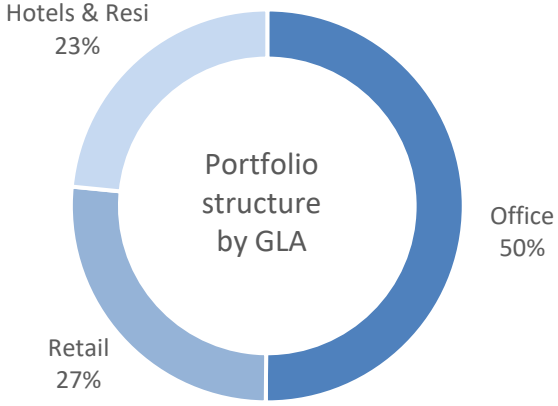
NOI (-58% vs Q1 2019)

PLN 1.3bn

NAV (+3% vs Q4 2019)

CAPITAL PARK IS A PUBLIC INVESTOR, DEVELOPER AND MANAGER OF HIGH QUALITY REAL ESTATE PROJECTS ON THE POLISH MARKET

LOCATION OF PROPERTY PORTFOLIO



* Data including project under construction and joint venture projects

80% OF THE MANAGED PORTFOLIO*

VALUE LOCATED IN WARSAW

strongest real estate market in Poland

Eurocentrum Hotel & Residences
Jerozolimskie 128

Norblin Factory
Żelazna 51/53

Royal Wilanów
Klimczaka 1

Rezydencje Pałacowa II
Wiedeńska 91

Street Mall Vis à Vis Wilanów
Przyczółkowa 219

BUSINESS SUMMARY

Norblin Factory, Warsaw

KEY EVENTS OF Q1 2020

Progress in construction and pre-lease of Norblin Factory. The project, scheduled to be delivered in Q2 2021, is currently 64% pre-let to well-known brands and reputable tenants.

Dividend for 2019 in the amount of PLN 2.10 per share approved by AGM on 18 May 2020

Acquisition of 12% of Capital Park's shares by Europi Property Group from Metlife OFE

Norblin Factory, Warsaw

COVID-19 IMPACT ON THE GROUP'S ACTIVITY

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.

IMPACT OF COVID-19

REVENUES

- Suspension of lease agreements in shopping centers > 2000 m^2 for certain business categories introduced from 18 March 2020 (as part of the Anti-Crisis Shield deployed by Poland's government),
- Deterioration of the economic situation of tenants
- Reduction in rental charges

Impact:

- Decrease in basic rental income by 4% in Q1 2020
- Increase in trade receivables
- Expected 48% reduction of the consolidated net operating profit (NOI) in the second quarter of 2020

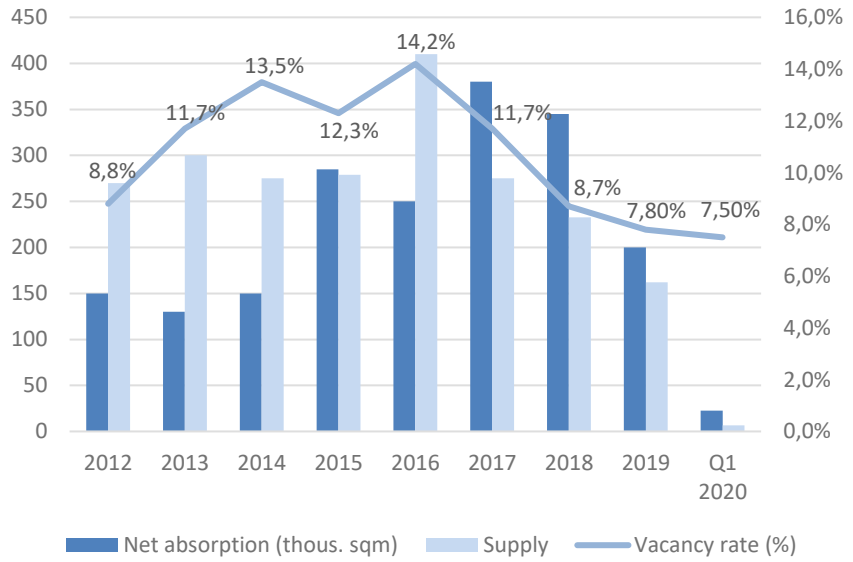
ASSETS & DEBT

- Construction work is carried out without significant disruption (no legislation limiting construction works)
- No default or violation expected under any bank, bond or other agreements. The Group managed to suspend the repayment of principal and interest instalments and reporting covenants for Q1 2020
- Too early for a reliable assessment on the impact on property valuations

WARSAW OFFICE MARKET – LIMITED COVID-19 IMPACT ON Q1 2020

- 7.5% - vacancy rate (down by 0.3% q/q and 1.7% y/y)
- 4.30% - prime office yields
- EUR 24/m^2/month – prime headline rents
- 139,800 m^2 - gross take-up in Q1 2020, down by 0.5% on the same period in 2019. New leases – 55% including 28% of pre-lets, expansions – 14%, renegotiations – 31%.
- 6,700 m^2 of new supply in Q1 2020 (1 building – Varso I)
- More than 760,000 m^2 of office space under construction at the end of March 2020; of that total, 340,000 m^2 is scheduled for delivery in 2020
  - 73% - pre-lets in the buildings to be completed in Q2-Q4 2020
  - 29% - pre-lets in buildings to be completed in 2021

NET ABSORPTION, SUPPLY AND VACANCY RATIO IN WARSAW



COVID-19 IMPACT

- Currently there is no legislation limiting construction works in Poland and most of the office construction sites continue.
- Possible delays in completion of some office projects underway in the near term due to protracted administrative procedures, limited labour availability, potential disruptions to supply chains and consequently rising construction costs.
- In the long term, the current situation may lead developers to delay their decisions to commence projects planned for 2022-2023, which may result in a supply gap in these years.

Source: Marketbeat, Warsaw Office Market, Cushman & Wakefield Q1 2020

COMPLETED PROJECTS – Q1 2020 UPDATE

ROYAL WILANÓW

GLA	36,809 m^2 (office: 29,361 m^2, retail: 7,230 m^2, storage: 218 m^2)
Delivery date	August 2015
Yield	6.50%
Book value	PLN 464m (EUR 102m)
Occupancy	98%
WAULT	3.7 years
Key tenants	ERBUD, Boehringer Ingelheim, Artis, Medicover, Carrefour
Update	Sale process in progress. In Q1 2020 the Group signed agreements on lease renewals with Gedeon Richter and Ajinomoto Poland and lease expansion with Loyalty Point.

*Book value excluding IFRS 16, WAULT and occupancy as of Q1 2020

GRUPA CAPITAL PARK

COMPLETED PROJECTS – Q1 2020 UPDATE

	GALERIA ZASPA	HAMPTON BY HILTON OLD TOWN GDAŃSK
GLA	8,682 m^2	8,884 m^2 (174 hotel rooms, retail: 665 m^2)
Delivery date	April 2016	June 2018
Yield	8.00%	8.50%
Book value	PLN 65m (EUR 14m)	PLN 77m (EUR 17m)
Occupancy	93%	100%
WAULT	3.7 years	16.0 years
Key tenants	Intermarche, Rossmann, Euro RTV AGD, Calypso, Pepco, KIK	VHM (Hampton by Hilton hotel operator), Kos Delicatessen, Manufaktura Nalewki, Pan Kejk

*Book value excluding IFRS 16, WAULT and occupancy as of Q1 2020

UNDER CONSTRUCTION – Q1 2020 UPDATE

NORBLIN FACTORY

GLA	65,034 m^2 (office: 41,232 m^2, retail: 23,802 m^2)
Delivery date	2Q 2021
Yield	4.94%
Book value	PLN 719m (EUR 158m)
Pre-lease	47% (64% as at date of this report; office – 70%, retail – 55%)
Capex after Q1	PLN 538m
Key tenants	Leading e-commerce platform, JTI Polska, renowned Scandinavian bank, City Office, cinema operator, food hall operator, Music Club, Biobazar
Update	Construction site: On the main building (A) works are carried out on the 6th floor while on the building B from Żelazna street builders work on the 3rd floor. Video from the construction site – May 2020: https://youtu.be/d4uXaxTBfsE Pre-lease: In 2020 Group signed agreements with 3 office tenants for the total GLA of 27,200 m^2 and NOI of EUR 12m.

*Book value excluding IFRS 16; capex to be incurred according to appraisal report

NORBLIN FACTORY CONSTRUCTION ACCORDING TO SCHEDULE AND BUDGET

The Group already signed pre-lease agreements for 64% of total GLA and 68% of target NOI.

- Due to high pre-lease of project, current finance covenants are: ISCR – 2.6 / min: 1.2, DSCR – 1.5 / min: 1.2, which means the Group achieved all financial goals and DSCR exceeded the level required by the bank loan agreement.
- Covid-19 impact on the construction works: A number of security measures have been introduced. Number of workers remains on average at 90%. Currently there is about 1-2 weeks delay due to sudden changes in time of steel delivery however the contractor declares to make up the delay until the end of the shell, without affecting the schedule. Delays in the delivery of materials are corrected as far as possible by means of reorganization of works. The status of orders with suppliers is monitored on an ongoing basis. Where possible, we secure advance supplies for construction or to warehouses. Works were not interrupted on any of the work fronts.

JOINT VENTURE PROJECTS – Q1 2020 UPDATE

	ETC SWARZĘDZ	VIS À VIS WILANÓW	REZYDENCJE PAŁACOWA II
GLA	20,104 m^2	4,090 m^2	24 houses (5,700 m^2)
Delivery date	October 2017	October 2018	September 2018
Yield	7.50%	7.00%	n/a
Book value	PLN 157m (EUR 35m)	PLN 41m (EUR 9m)	-
Occupancy	89%	99%	Houses sold: 100%
WAULT	3.9 years	7.3 years	n/a
Key tenants	Intermarche, Reserved, RTV Euro AGD, CCC, Deichmann, KIK, Empik, Smyk, Martes Sport, Kids OK, Dealz, Pepco, Sinsay, Home&you, 4F	Villa Nova Dental Clinic, RTV Euro AGD, Max Burgers, Hebe, Decathlon, fitness club Orange Theory, Vininova, Veda Indian Restaurant, Sakana Sushi Bar, Poczta Polska	n/a
Group's interest	60%	66%	66%

*Book value excluding IFRS 16, WAULT and occupancy as of Q1 2020

Q1 2020 FINANCIAL RESULTS

Royal Wilanów, Warsaw

KEY FIGURES FOR Q1 2020

NOI

PLN 10m

-58% vs. Q1 2019

NAV

PLN 1,272m

+3% vs. Dec 31st 2019

Cash

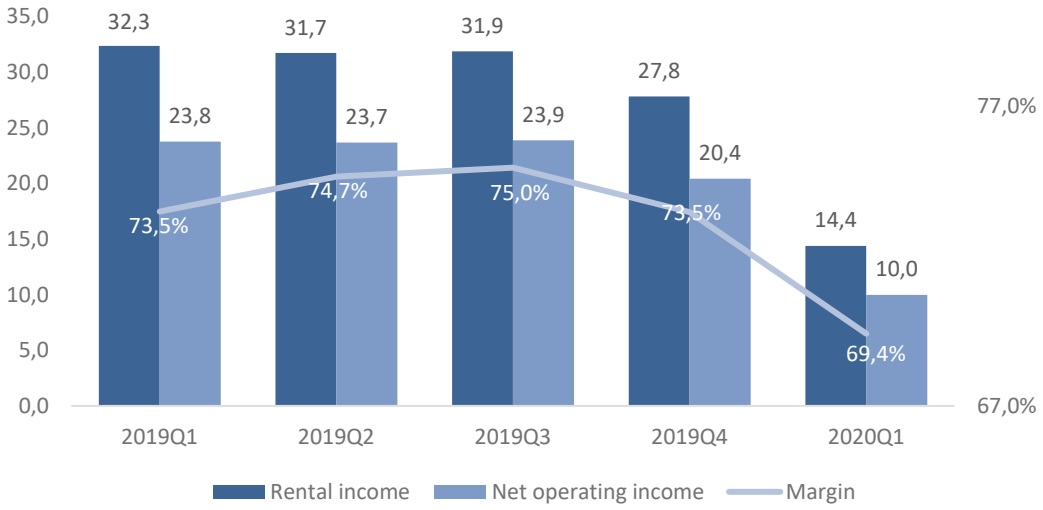
PLN 627m

+4% vs. Dec 31st 2019

Norblin Factory, Warsaw

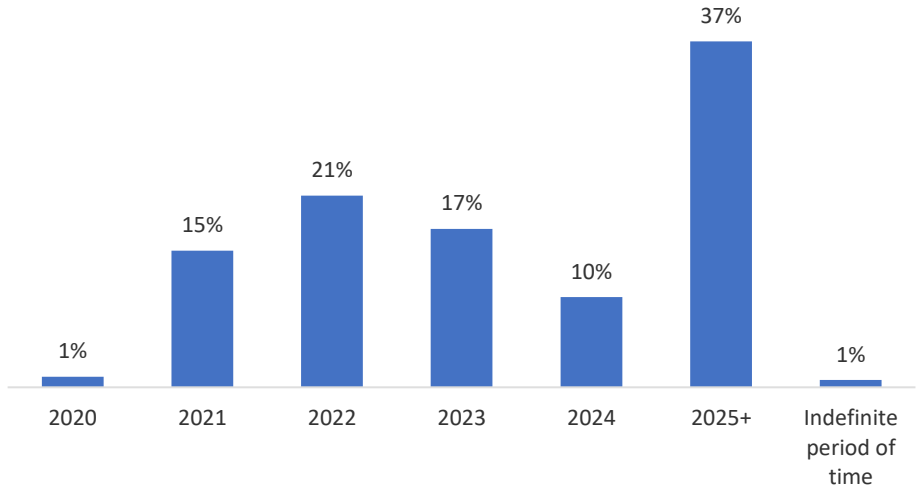
REVENUES FROM LEASE

RENTAL INCOME AND NOI (PLN M)

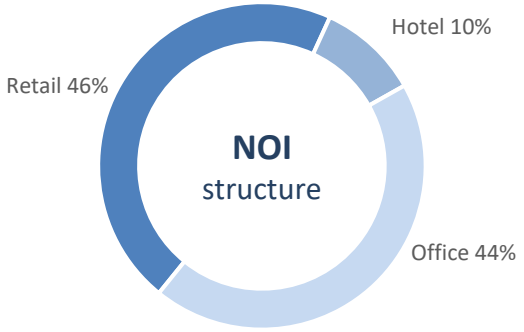


LEASE EXPIRY

WAULT = 5.4

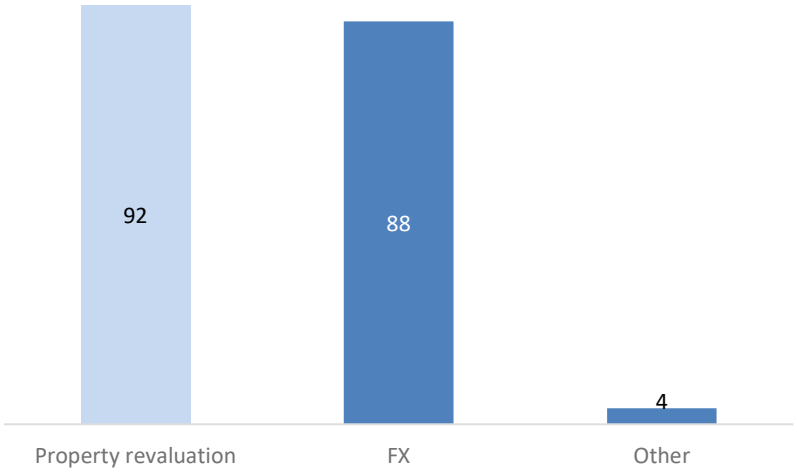


- NOI amounted to PLN 10.0m compared to PLN 23.8m in Q1 2019, representing a q1/q1 decrease of 58% due to sale of Eurocentrum.
- Royal Wilanów accounted for the largest contribution of NOI.
- 63% of the contracted lease agreements expire after 2022.

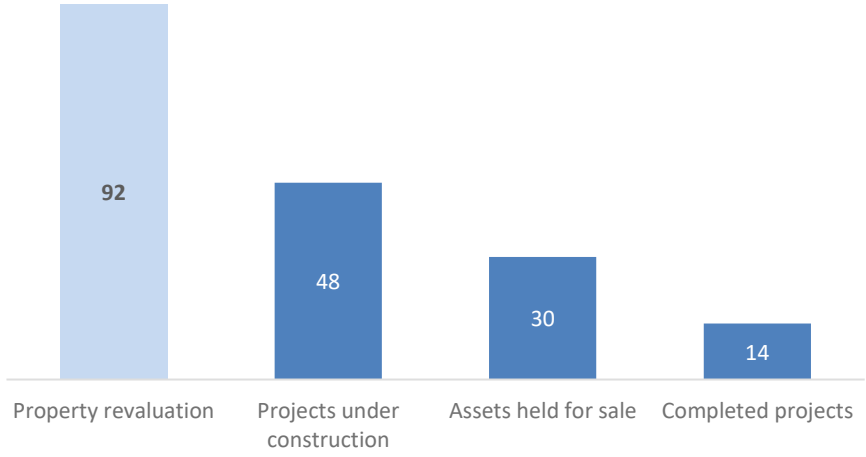


A SIGNIFICANT CONTRIBUTION OF THE PROPERTY REVALUATION TO Q1 2020 RESULTS

COMPONENTS OF THE REVALUATION IN Q1 2020 (PLN M)



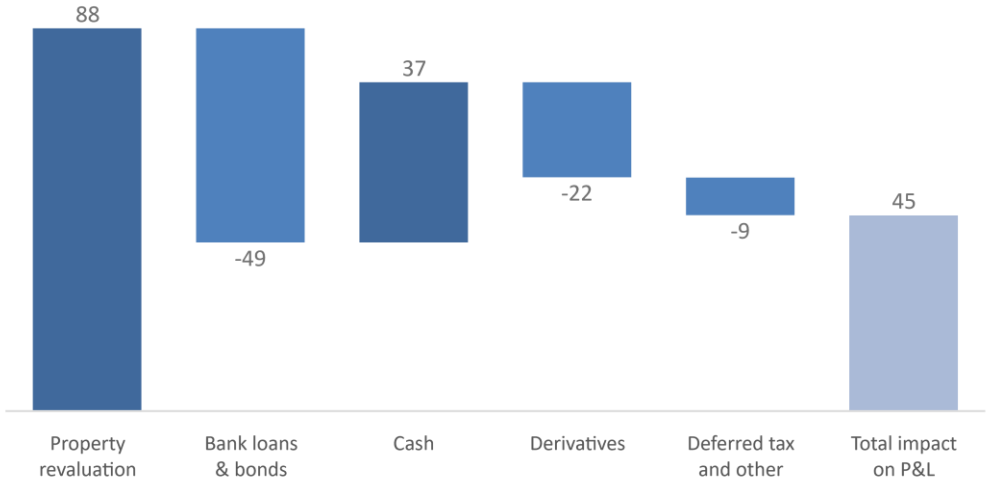
COMPONENTS OF THE REVALUATION IN Q1 2020 BY TYPE OF PROJECTS (PLN M)



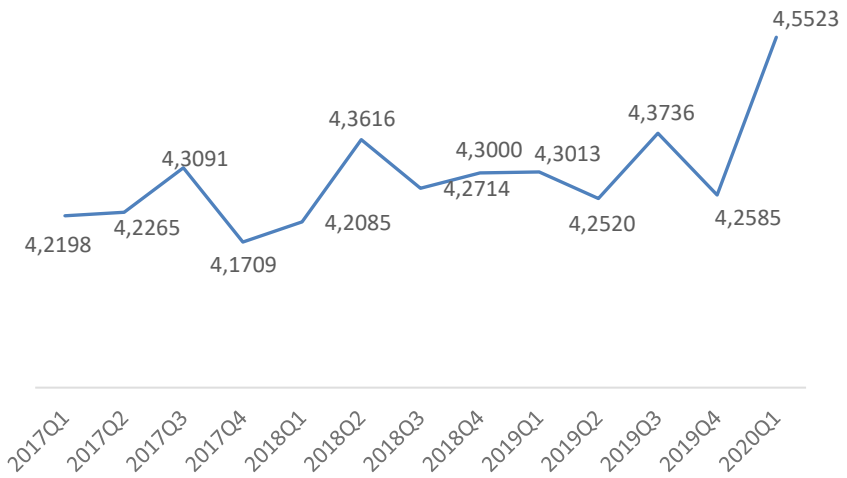
- The revaluation gain on investment properties in Q1 2020 reached PLN 92m, compared to PLN 4m in Q1 2019.
- Impact of fx changes on the property revaluation amounted to PLN 88m.

IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE ON Q1 2020 RESULTS

IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE Q1 2020 (PLN M)



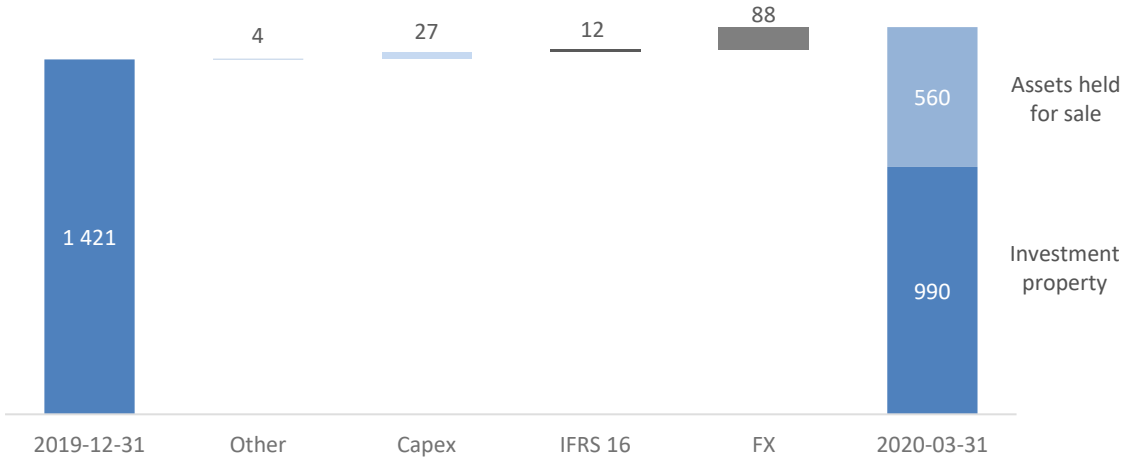
EXCHANGE RATES AT THE END OF REPORTING PERIODS



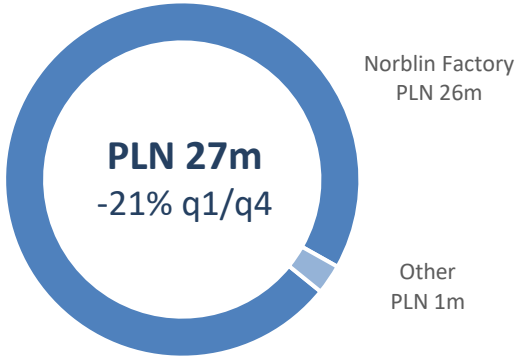
- Exchange rate has a significant impact not only on the valuation of investment properties, but also on other elements of profit and loss account, i.e. bonds, loans and cash.
- 99% of financial debt is in EUR
- 94% of properties are valued in EUR

REAL ESTATE PORTFOLIO VALUE

CHANGE IN VALUE OF INVESTMENT PROPERTY (PLN M)

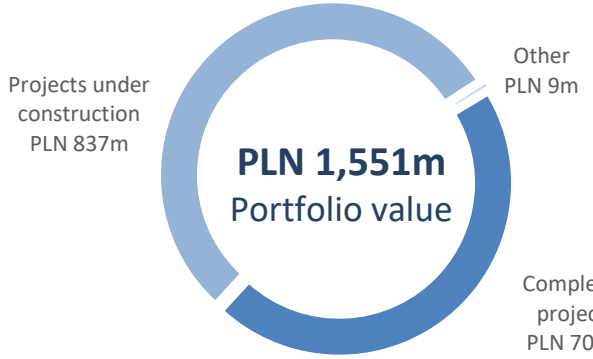


CAPEX IN Q1 2020



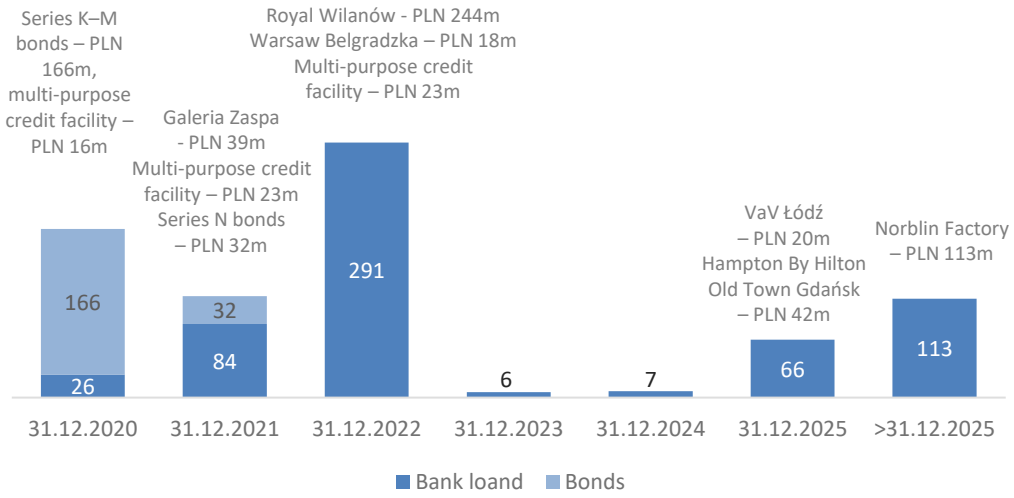
- Change in property portfolio primarily due to:
  - Capex of +PLN 27m,
  - Perpetual usufruct (IFRS 16) +PLN 12m,
  - Exchange rates +PLN 88m.
- In 2020 capex expenditure was attributable to Norblin Factory construction.

PROPERTY PORTFOLIO STRUCTURE

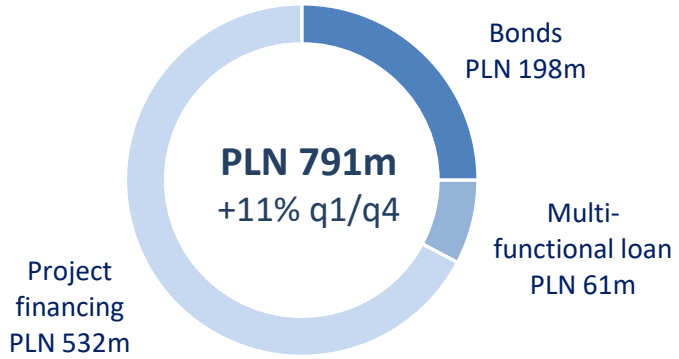


MATURITY OF DEBT & FINANCING STRUCTURE

MATURITY OF DEBT (PLN M)



FINANCING STRUCTURE



- The Group repaid bonds series K-L of EUR 21.4m in April 2020.
- Early repayment of bonds series M of EUR 15m is scheduled for June 2020. After Q1 2020, the Group performed buyout of 1.4m EUR of bonds series M.
- The biggest part of debt matures in 2022 after the completion of the the Norblin Factory.

KEY DEBT PARAMETERS	2018	2019	Mar 31 2020
Weighted average cost of debt	2.95%	3.33%	3.21%
Net debt to total assets	46%	5%	7%
LTV	56%	50%	53%
Debt currency structure (EUR/PLN)	99%	99%	99%

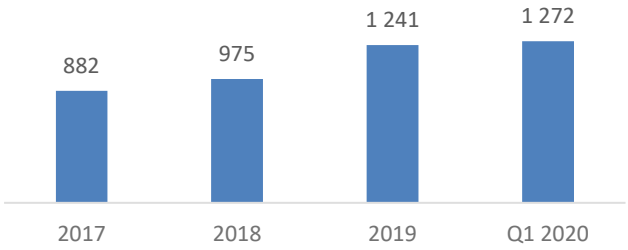
*Data excluding amortized cost valuation (SCN). Historic data excluding closed-end funds.

NAV/SHARE

PLN M	2019	Q1 2020	change
Investment properties, incl. assets held for sale	**1,420.9**	**1,550.9**	**9%**
Long-term interest bearing liabilities, incl. liabilities related to assets held for sale	**267.8**	**321.5**	**20%**
Bank loans and other financial liabilities	238.5	291.4	
Bonds	29.4	30.1	
Short-term interest bearing liabilities	**438.4**	**485.5**	**11%**
Bank loans and other financial liabilities	274.9	316.7	
Bonds	163.4	168.9	
Cash and cash equivalents	**604.3**	**626.8**	**4%**
Net debt	102.0	180.2	
NAV	**1.240.8**	**1.272.5**	**3%**
NAV/ share (PLN)*	11.45	11.75	3%
Nominal number of shares	108,333,998	108,333,998	0%

EUR M	2019	Q1 2020	change
Investment properties, incl. assets held for sale	**333.7**	**340.7**	**2%**
Long-term interest bearing liabilities, incl. liabilities related to assets held for sale	**62.9**	**70.6**	**12%**
Bank loans and other financial liabilities	56.0	64.0	
Bonds	6.9	6.6	
Short-term interest bearing liabilities	**102.9**	**106.7**	**4%**
Bank loans and other financial liabilities	64.6	69.6	
Bonds	38.4	37.1	
Cash and cash equivalents	**141.9**	**137.7**	**-3%**
Net debt	23.9	39.6	
NAV	**291.4**	**279.5**	**-4%**
NAV/ share (EUR)	2.69	2.58	-4%
Nominal number of shares	108,333,998	108,333,998	0%

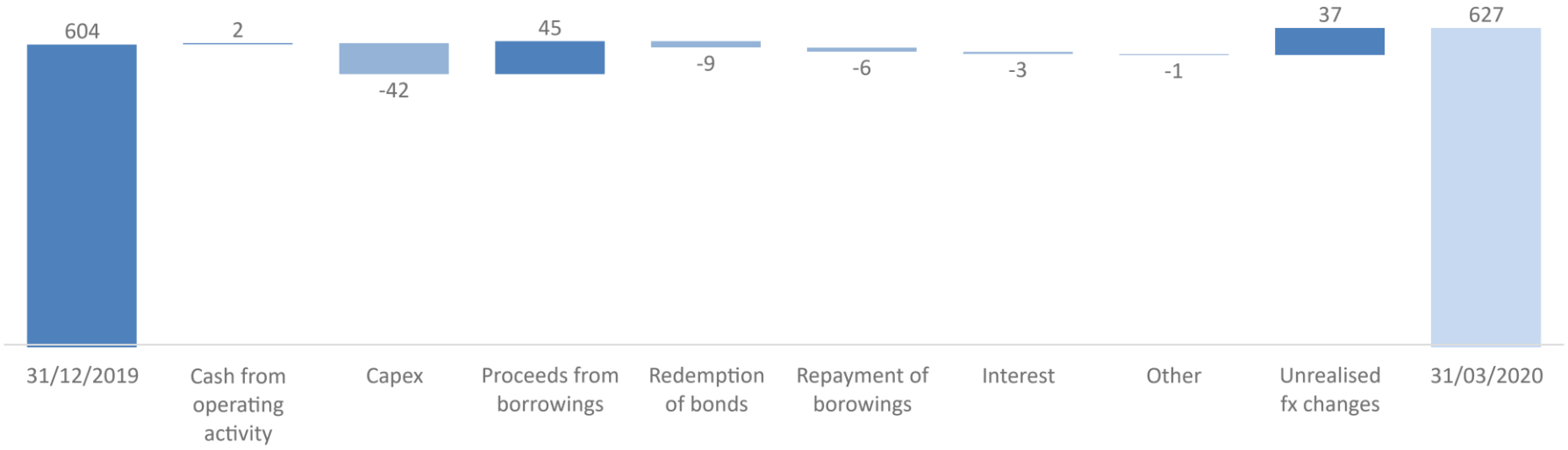
NAV EXCL. NCI (PLN M)



PLN 11.75
NAV / SHARE

Notes: 1. Bank loans and other financial liabilities excluding IFRS 16, 2. NAV/share calculated based on nominal number of shares

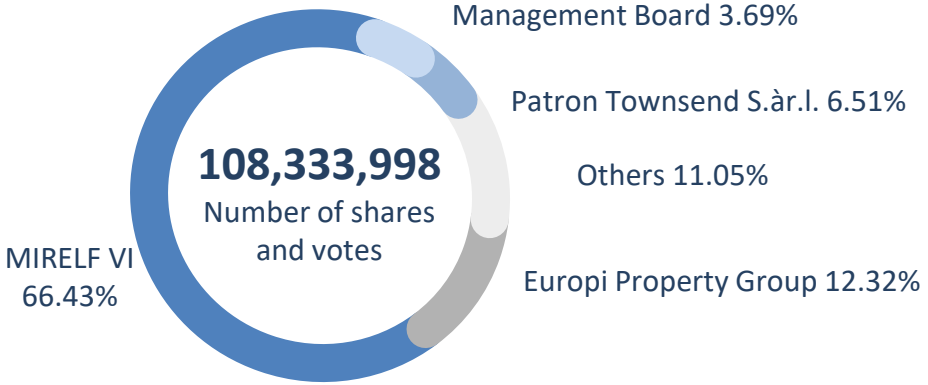
CASH FLOW



- Cash flow from operating activity in Q1 2020 concerns mainly net operating income (NOI) and platform overhead costs. Decrease resulted mainly from the sale of Eurocentrum Office Complex and increase in balance of trade receivables.
- Cash flow from investment activity concerned primarily capex expenditure attributable to the Norblin Factory construction.
- Cash flow from financial activity shows primarily drawdown of construction loan for the Norblin Factory and repayments according to the schedule.
- Unrealized exchange rate differences had significant positive impact on the cash balance at the end of Q1 2020.

SHAREHOLDING STRUCTURE

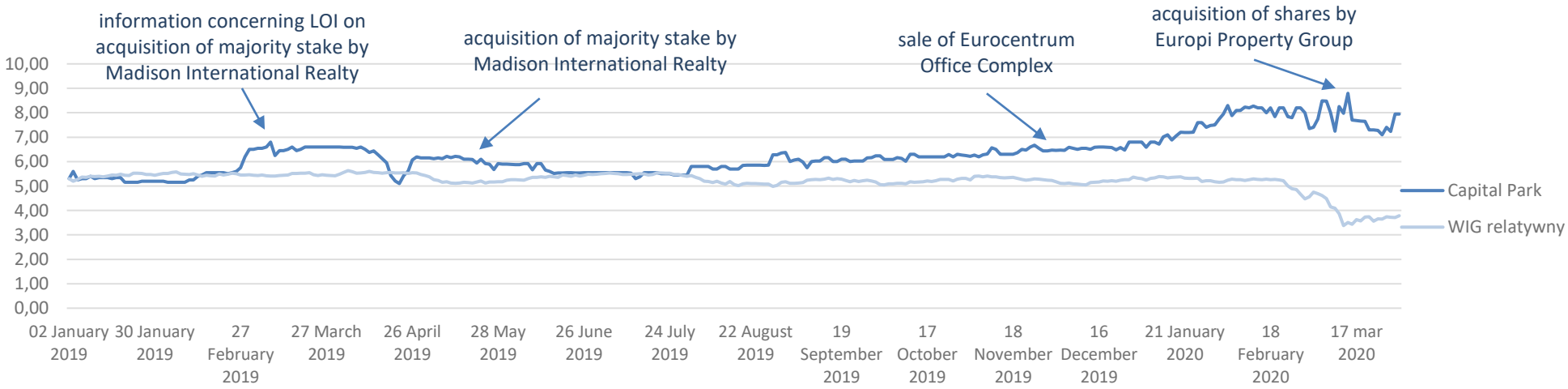
SHAREHOLDING STRUCTURE AS AT THE PUBLICATION DATE



CHANGES IN THE SHAREHOLDING STRUCTURE:

- The acquisition of a controlling stake (65.99%) by Madison International Realty from Patron Capital Partners – May 2019
- The acquisition of 12% of shares by Europi Property Group from MetLife OFE – March 2020

SHARE PRICE PERFORMANCE



SUMMARY OF FINANCIAL STANDING IN Q1 2020

Safe cash position and secured funds for bonds due in 2020

Declared dividend for 2019

Changed NOI structure after sale of Eurocentrum Office Complex

Revenue sensitivity to the Covid-19 crisis (expected drop in NOI for Q2 2020)

Norblin Factory, Warsaw

SUPPORTING MATERIALS

Royal Wilanów, Warsaw

REAL ESTATE PORTFOLIO SUMMARY

Investment property	City	GLA (thous. sqm)	Occupancy (31/03/2020)	Carrying amount excl. IFRS 16 (EUR m)	Carrying amount excl. IFRS 16 (PLN m)	Target value (PLN m)	Yield	WAULT	Financial debt	Target NOI (PLN m)	Capex to be incurred after Q1 2020 (PLN m)	Group's interest
COMPLETED PROJECTS												
Royal Wilanów	Warsaw	37	98%	102	464	468	6,50%	3,7	259	30	2	100%
Galeria Zaspa	Gdańsk	9	93%	14	65	66	8,00%	3,7	40	5	1	100%
Hampton by Hilton Old Town Gdańsk	Gdańsk	9	100%	17	77	77	8,50%	16,0	52	7	0	100%
Vis à Vis Łódź	Łódź	6	91%	8	35	35	7,75%	4,8	26	3	1	100%
Warszawa Belgradzka	Warsaw	4	63%	6	28	28	7,25%	5,9	19	2	1	100%
Warszawa KEN	Warsaw	0	100%	1	5	5	7,25%	5,3	-	<1	0	100%
Bydgoszcz Krasińskiego	Bydgoszcz	0	100%	0	1	1	7,25%	4,8	-	<1	0	100%
Total		**64**	**94%**	**148**	**676**	**680**		**5,4**	**397**	**48**	**5**	
PROJECTS UNDER CONSTRUCTION AND IN PIPELINE												
Norblin Factory	Warsaw	65	47%	158	719	1.426	4,94%	n/a	126	70	538	100%
Eurocentrum Hotel & Residences	Warsaw	28	n/a	19	85	85	n/a	-	-	-	-	100%
Other	3 cities	1	n/a	2	9	9	n/a	n/a	-	-	-	100%
Total		**94**		**179**	**814**	**1.521**		**n/a**	**126**	**70**	**538**	
TOTAL - consolidated in full method		**158**		**327**	**1,489**	**2,201**		**4,6**	**523**	**118**	**543**	
JOINT VENTURE PROJECTS												
ETC Swarzędz	Swarzędz	20	89%	35	157	163	7,50%	3,9	125	12	3	50%
Vis à Vis Wilanów	Warsaw	4	100%	9	41	41	7,00%	7,3	20	3	0	66%
Rezydencje Pałacowa II	Warsaw	-	100%	-	-	-	n/a	n/a	-	-	-	66%
Total		**24**	**93%**	**44**	**198**	**204**		**4,7**	**145**	**15**	**3**	
TOTAL		**182**		**371**	**1,688**	**2,405**		**5,3**	**668**	**133**	**546**	

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 net of the effect of amortised cost. 4 In the Eurocentrum Hotel & Residences project, GLA for 8 thousand m^2 of planned usable floor area of apartments; carrying amount based on the preliminary property sale agreement. 5 Presented 100% of joint venture projects value and debt.

P&L (PLN M)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (PLNm)	Q1 2019 /restated/	Q1 2020	q/q
Rental revenue	32.3	14.4	-56%
Direct property operating expenses	(8.6)	(4.4)	
Net operating income (NOI)	**23.8**	**10.0**	-58%
Revenue from the management services	0.7	1.4	
Costs of special purpose vehicles operation	(1.1)	(1.0)	
General management costs	(5.5)	(3.2)	
Costs of renovation and repair of real estate	0.0	0.0	
Costs of the incentive program valuation	(0.3)	0.0	
Profit/Loss on the revaluation of real estate	3.6	91.6	2444%
Other costs	(0.2)	(1.9)	
Share in net profit/(loss) of equity accounted entities	3.3	1.2	
Gain/(loss) on the sale of subsidiaries	4.4	0.0	
Profit/(loss) from operating activities	**28.7**	**98.0**	241%
Dividend income	0.2	0.2	
Interest income	0.7	0.6	
Interest expense	(8.4)	(4.7)	
Profit/(loss) from the valuation of financial liabilities	(3.3)	(49.3)	1409%
Profit/loss before tax	**18.1**	**44.9**	
Income tax	(2.4)	(13.6)	
Net profit/loss	**15.7**	**31.3**	

Difference in revenues from lease due to sale of Eurocentrum Office Complex

Revaluation of properties resulted mainly from increase in fx rate

Loss on revaluation of liabilities due to increase in fx rate

Additional information	Q1 2019	Q1 2020	q/q
PLN/EUR exchange rate at the end of the quarter	4.3013	4.5523	6%
Average PLN/EUR exchange rate in the period	4.2978	4.3963	2%

BALANCE SHEET (PLN M)

ASSETS	31/12/2019	31/03/2020
Non-current assets	**983.2**	**1,067.7**
Investment property	890.8	990.4
Investments in jointly controlled entities	51.1	47.1
Other financial assets at fair value through profit or loss	28.1	20.6
Other financial assets measured at amortised cost	5.0	5.0
Deferred tax assets	5.8	0.9
Other non-current assets	2.3	3.6
Current assets	**1,158.8**	**1,224.6**
Other receivanles and other current assets	10.3	20.8
Asset held for sale	543.4	579.2
Trade receivables	6.6	10.1
Other financial assets at fair value through profit or loss	1.3	0.0
Other financial assets measured at amortised cost	6.3	6.3
Cash and cash equivalents	591.0	608.1
TOTAL EQUITY AND LIABILITIES	**31/12/2019**	**31/03/2020**
Equity	**1,240.8**	**1,272.5**
Share capital	108.3	108.3
Statutory reserve funds	778.1	778.1
Other capital reserve	73.4	73.4
Exchange differences on translating foreign operations	5.0	5.4
Retained earnings / (deficit)	13.0	275.9
Net profit/(loss) for the current period	262.9	31.3
Non-current liabilities	**402.5**	**474.9**
Bank borrowings and other financial libilities	228.9	271.2
Other financial liabilities at fair value through profit or loss	9.5	20.2
Liabilities under notes in issue measured at amortised cost	29.4	30.1
Lease liabilities	37.4	48.5
Other liabilities and provisions	6.8	8.2
Deferred tax liabilities	90.5	96.6
Current liabilities	**498.6**	**544.9**
Bank borrowings and other financial libilities	27.7	43.2
Other financial liabilities at fair value through profit or loss	2.0	11.8
Liabilities under notes in issue	163.4	168.9
Trade payables	3.6	7.1
Other liabilities and provisions	18.9	12.1
The Group's liabilities for sale classified as held for sale	283.0	301.8
Total equity and liabilities	**2,142.0**	**2,292.3**
Net debt	102.0	180.2
Net debt/Total assets	**4.87%**	**8.08%**

Change in property portfolio primarily due to:
- *Valuation gain of PLN 92m mainly from fx changes*
- *Capex of PLN 27m*
- *IFRS 16 (+PLN 11m)*

Investments in jointly controlled entities: ETC Swarzędz, Vis à Vis Wilanów, Rezydencje Pałacowa II

Investments in REIA and REIA II closed-end investment funds and financial instruments

Royal Wilanów and Eurocentrum Hotel & Residences, including cash on project's accounts

Increase of cash due to impact of fx change.

Increase due to construction loan utilisation and impact of fx changes

Deferred tax liability results from the difference between the book value and tax value of the properties

Bank loan, deferred tax liabilities etc. regarding assets held for sale

EUR 24.1m of bonds series K-L was repaid in April 2020. On May 15th 2020 the Group annonuced early redemption of bonds series M (EUR 15m) scheduled for June 2020.

OUR APPROACH TO FINANCING IS BASED AROUND THREE PILLARS

LIQUIDITY	▪ Securing equity contribution to projects under construction and new projects. ▪ Managing debt maturities. ▪ Minimising costs of debt.	**At the end of 2019 the Group secured cash for bonds due in 2020, of which:** ▪ **EUR 23.4m has already been repaid in March-April 2020** ▪ **EUR 15.1m announced for early redemption in June 2020**
DIVERSIFICATION	▪ Credit facility agreements for individual projects within the framework of special purpose vehicles (without recourse to the holding company). ▪ Corporate bonds (not secured). ▪ Multi-functional loan at the holding company.	▪ **Relations with 13 banks** ▪ **Extensive experience on debt capital markets** ▪ **Good relations with equity and debt capital market**
HEALTHY BALANCE SHEET	We use two debt ratios to assess our debt position: ▪ loan to value ratio (LTV) at consolidated level and at level of individual projects in SPVs. ▪ the net debt to total assets ratio at the consolidated level.	**As at March 31st 2020 the net debt to assets ratio amounted to 8% and net debt reached PLN 180m**

AMORTIZED COST – METHOD OF VALUATION OF LIABILITIES

VALUATION OF LIABILITIES ACCORDING TO THE AMORTIZED COST WAS CARRIED OUT IN ACCORDANCE WITH BOTH IAS 39 AND CURRENTLY IFRS 9. THE AMORTIZED COST MEANS THAT THE VALUE OF LIABILITY RESULTS FROM THE PLANNED CASH FLOWS RELATED TO ITS IMPLEMENTATION TAKING INTO ACCOUNT EFFECTIVE INTEREST RATE.

PROFIT AND LOSS ACCOUNT

The purpose of the application is an even distribution of the loan costs within the profit and loss account

effective loan rate **X** (interest cost + provisions + the amount of granted loan)

CASH FLOW

Actual cash flows are displayed:

- drawdown of the bank loan or issue of notes,
- actual cash outflows in the form of interest paid (operating CF) and repaid principal instalments (financial CF)

BALANCE SHEET

The balance sheet shows the discounted value of the proceeds from the bank loan less discounted outflows (commissions, interest, loan instalments). The internal rate of return (IRR) is used as the discount rate.

In subsequent periods of the balance sheet the value of the bank loan

Value from the period T-1 - paid installment (i.e. capital + interests) + interest calculated according to the effective rate

FOREIGN EXCHANGE RISK

THE GROUP IS EXPOSED TO FOREIGN EXCHANGE RISK (MAINLY PLN/EUR), WITH THE MAIN SOURCE OF THE RISK BEING THE DIFFERENCE BETWEEN THE REPORTING CURRENCY OF THE FINANCIAL STATEMENTS (PLN) AND THE MEASUREMENT CURRENCY OF PROPERTY, LIABILITIES AND CONTRACTS WITH TENANTS (EUR).

THREE KEY AREAS OF IMPACT OF PLN/EUR EXCHANGE RATE ON FINANCIAL STATEMENTS

REVENUES	ASSETS	DEBT
▪ 99% of the Group's rental income is based on EUR denominated lease contracts, while revenue is reported in PLN.	▪ 94% of Group's properties are valued in EUR. ▪ Gain/loss on revaluation of projects (assets in the balance sheet) results from the estimation of the value of projects in the euro, followed by their translation into the Polish currency	▪ 99% of the on-balance-sheet debt is denominated in the euro. Bank borrowings are translated into PLN at the reporting date and the difference is recognised in profit or loss.

- Applying natural hedging by adjusting the loan currency to the lease currency. Due to incomplete balance sheet hedging (the value of loans is less than the value of priced properties), the group has an exporter profile. Depreciation of PLN in relation to EURO is beneficial for the Group, while appreciation is not. A possibility of using derivatives is limited.

RISKS ASSOCIATED WITH THE SPREAD OF COVID-19

RISK ASSOCIATED WITH THE SPREAD OF COVID-19		
RISK FACTORS	**POTENTIAL IMPACT**	**RISK MITIGATING MEASURES**
▪ Prohibition of specific types of activities ▪ Limited social mobility ▪ Deterioration of general economic conditions in the world and in Poland. ▪ Uncertainty related to the duration of the pandemic and the scale of government administration activities, ▪ Deterioration of financial condition of tenants and / or potential tenants' bankruptcies.	▪ Decrease of the Group's revenues and 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; ▪ Difficult access to financing and / or demanding additional collateral by banks ▪ 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, possible restructuring processes of tenants on lease agreements, impact on 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), • Maintaining a safe level of cash For more details see slide 8 and 9.

OFFICE DOCTOR SERVICE PROVED ITS IMPORTANCE IN THE TIME OF COVID-19 CRISIS

Capital Park Group has launched the first aid medical service dedicated for the tenants of Eurocentrum and Royal Wilanów office complexes in Warsaw. Office Doctor is the first service of this type on the market. Thanks to its implementation, office employees will have the access to full-day medical care provided by a qualified paramedic and a medical team with a specialized ambulance, equipped with advanced appliances for saving human life and health.

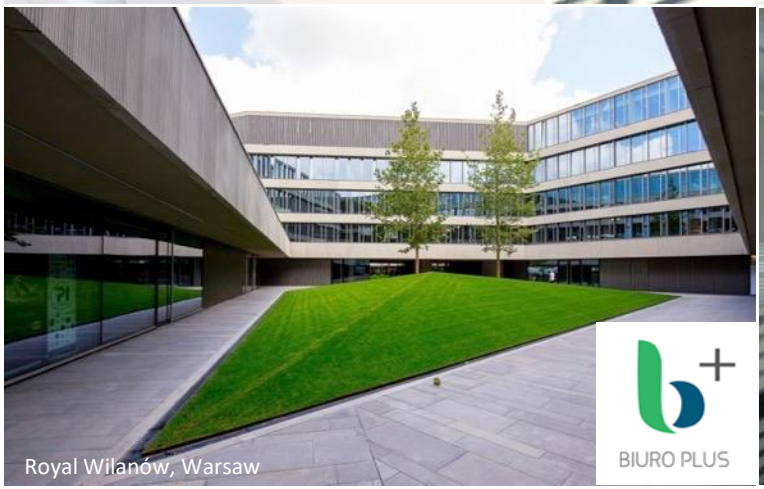
OFFICE DOCTOR

Capital Park
provides professional
medical assistance in the workplace

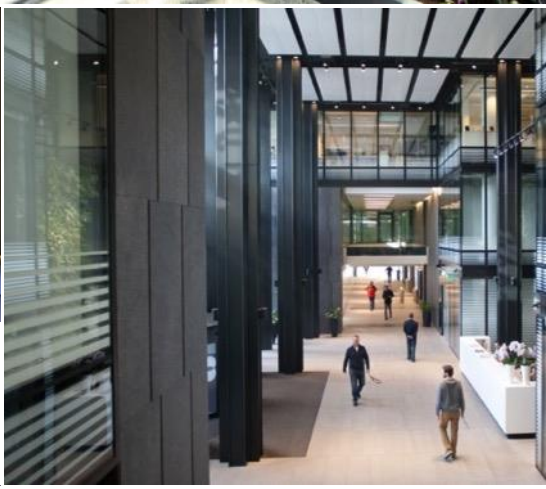
OFFICE+ CONCEPT

- A wide range of services
- High quality architecture
- Art and culture in common areas
- Care for the natural environment and sustainable growth
- Promotion of sports and healthy lifestyle
- Green areas and high quality of the surroundings

Eurocentrum Office Complex, Warsaw


Royal Wilanów, Warsaw

BIURO PLUS



Norblin Factory, Warsaw

BEE CREATIVE

New quality of co-working in friendly environment

In 2018, in Royal Wilanów, one of our flagship projects, we developed co-working space of our own design, named ‘Bee Creative’. It is a perfect place for all those who need comfortable and design-conscious office space in a top quality building and friendly environment.

DICTIONARY

GLA	Gross Leasable Area
WAULT	Weighted Average Unexpired Lease Term
CAPEX	Capital expenditures
Reversionary yield	Rate of yield, i.e. the ratio of market rent for fully occupied building to the property value
NOI	Net Operating 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

GRUPA CAPITAL PARK

THANK YOU!

SEE YOU!

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