



GRUPA CAPITAL PARK

FINANCIAL RESULTS OF 9 MONTHS OF 2020 REPORT

2020



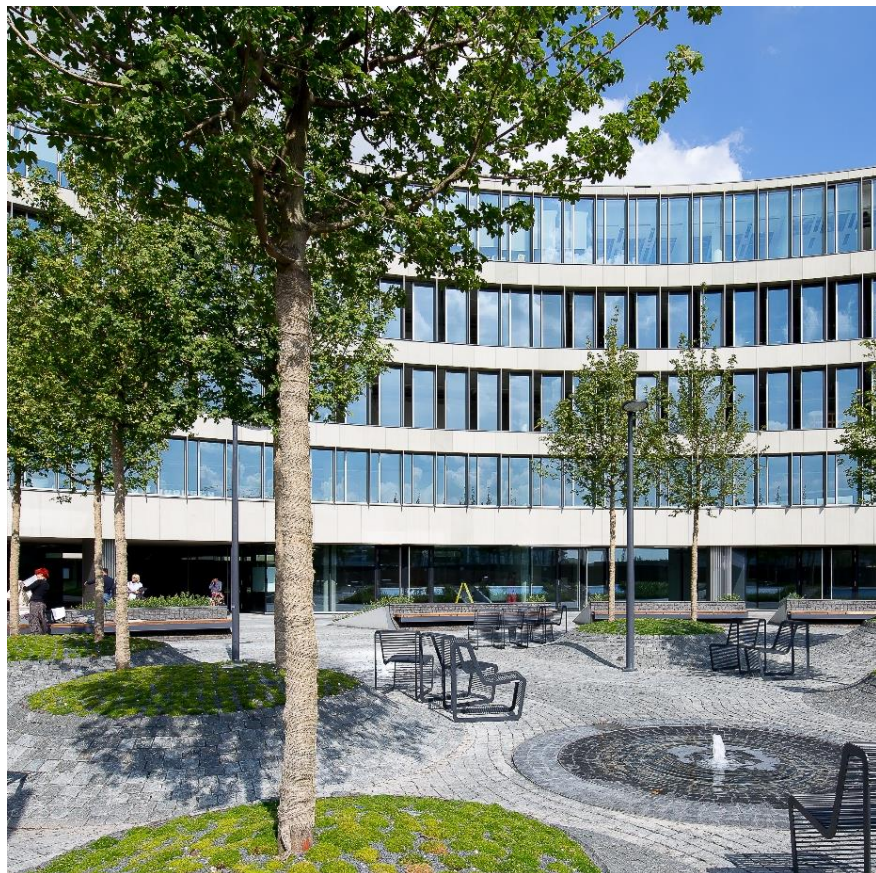
November 6th 2020

AGENDA

- About Capital Park Group
- Business summary
 - Key events of Q3 2020
 - Covid-19 impact
 - Real estate market environment
 - Property portfolio Q3 2020 update
- Financial results
- Supporting materials



INVESTMENT COMPANY ON THE REAL ESTATE MARKET



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

17 years

experience on the
Polish real estate
market

83

professionals

212,000 m²

GLA of property portfolio
under management

PLN 2.1bn

value of the property
portfolio under management

65,000 m²

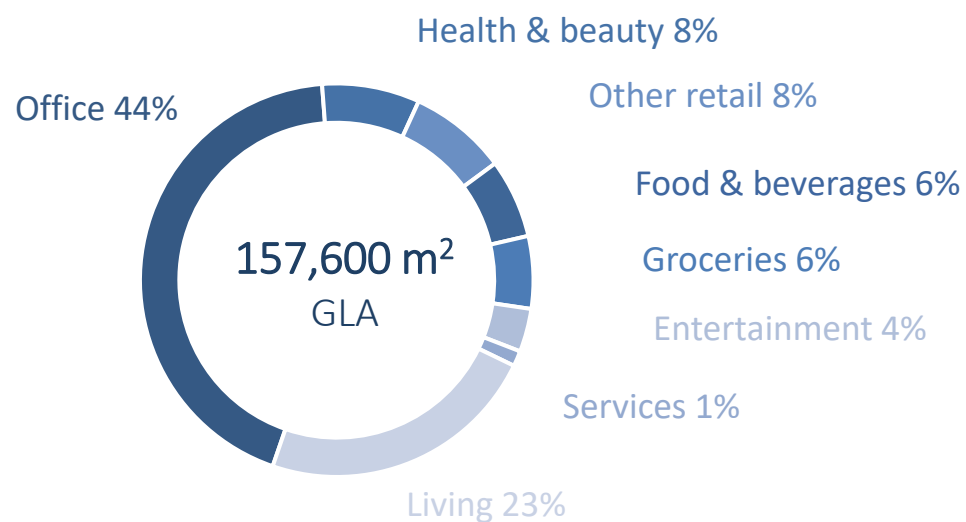
GLA under construction

PLN 228m

Dividend paid for 2019 FY

HIGH QUALITY REAL ESTATE PORTFOLIO ALL OVER POLAND

PORTFOLIO STRUCTURE



95%

Occupancy of completed
portfolio

5.3 years

WAULT



89% of portfolio (consolidated in 100%) is located in Warsaw

BOOK VALUE: PLN 1.6m

PROPERTY PORTFOLIO

Galeria ZaspA

Retail

GLA: 8,670 m²

Completed: 04/2016



Hampton by Hilton Old Town Gdańsk

Hotel & retail

GLA: 8,884 m²

Completed: 06/2018



ETC Swarzędz (jv)

Retail

GLA: 20,104 m²

Completed: 10/2017



Vis À Vis Łódź

Retail

GLA: 5,712 m²

Completed: 12/2014



Vis À Vis Wilanów (jv)

Retail

GLA: 4,090 m²

Completed 12/2018



Eurocentrum Hotel & Residences

Hotel & residential

GLA: 28,220 m²

In pipeline

Eurocentrum Office Complex

Office

GLA: 85,160 m²

Completed: 08/2015

Sold: 11/2019



Norblin Factory

Mixed-use

GLA: 65,400 m²

Under construction

Completion: Q2/2021



Royal Wilanów

Mixed-use

GLA: 36,809 m²

Completed: 08/2015



BUSINESS SUMMARY



KEY EVENTS IN Q3 2020



Norblin Factory, Warsaw

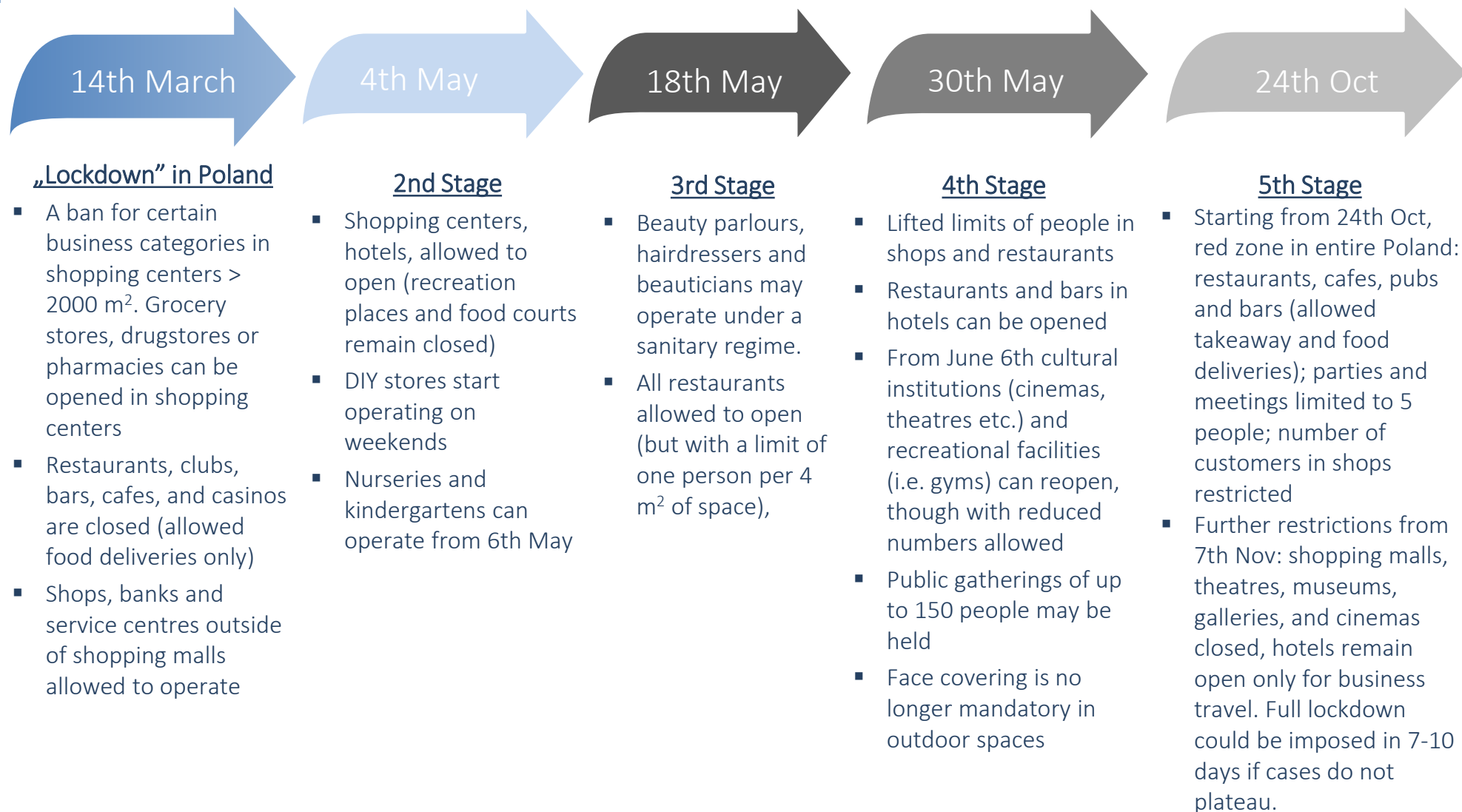
Preliminary purchase agreement of land in Gdańsk (Hak Polski) for a residential investment

Allegro expansion in Norblin

Norblin Factory topping out ceremony

CP's response to Covid-19

COVID-19 PANDEMIC – THE PROCESS OF IMPOSING AND REMOVING RESTRICTIONS IN POLAND



COVID-19 PANDEMIC IMPACT ON THE GROUP'S ACTIVITY

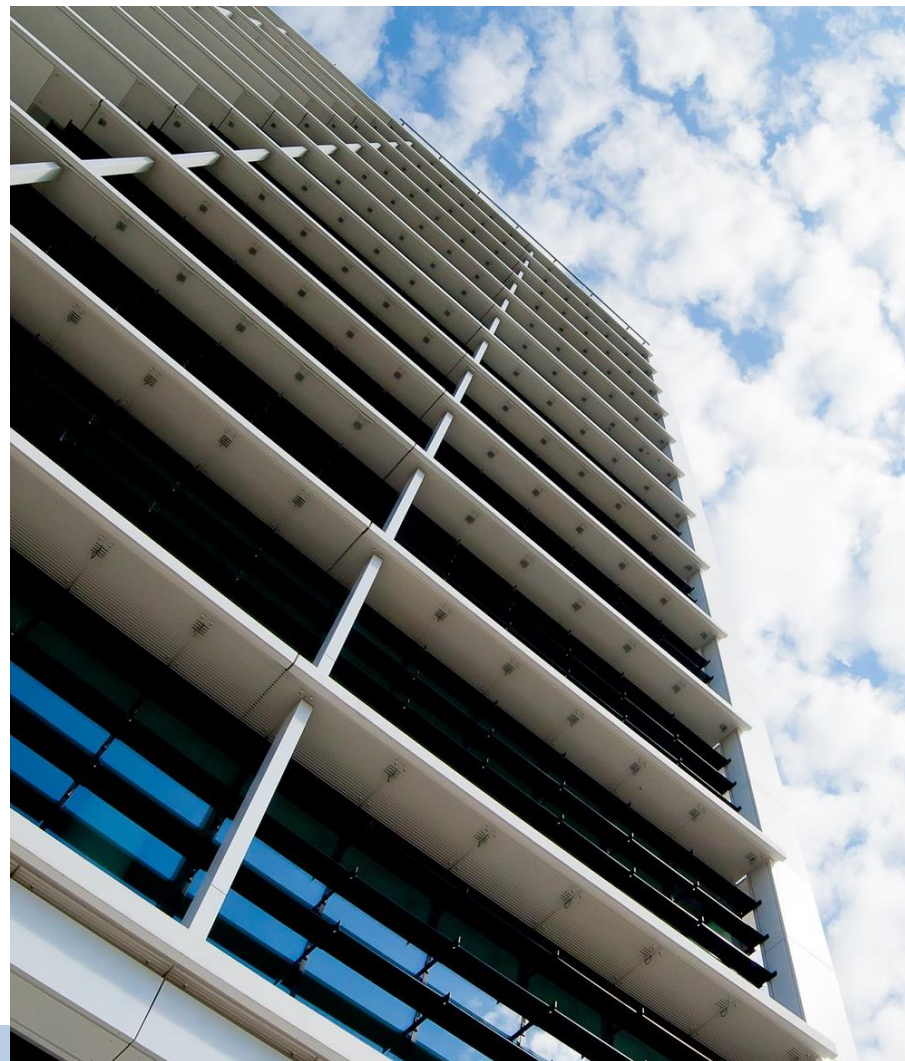
- Rental income for the second and third quarter of 2020 decreased by 39% and by 9% respectively to the pre-covid assumptions
- Increase in trade receivables due to deterioration of economic and tenants conditions as of 30 Sep 2020
- PLN 50m negative impact on property revaluation (excluding FX valuation) on net profit for Q1-Q3 2020
- Despite the ongoing pandemic construction works on the Norblin Factory are carried out without any significant disruptions
- There were no financial covenants breach on any of the projects

-18%

Covid-19 impact on
rental income
in Q1-Q3 2020

91%

Collections of rental
income for Q3 2020
as of 20/10/2020



THE GROUP'S RESPONSE TO COVID-19 CRISIS

ACTIVE ASSET MANAGEMENT AND OPTIMIZATION OF COSTS



Reduction of administrative and marketing costs across the Group and optimization of operating costs where possible

GREAT LANDLORD-TENANT RELATIONSHIP



In order to develop and maintain long-term relationships with tenants, we decided to grant discounts to tenants struggling difficulties due to Covid-19 crisis → in nearly all cases discounts were granted in exchange for extension of lease agreements

GOOD RELATIONS WITH BANKS



Thanks to continuous dialogue with banks we managed to suspend the bank loan installment payments in almost all projects allowing to mitigate the decrease in revenues resulting from temporary termination of leases implemented by the government

HEALTHY BALANCE SHEET



The surplus cash generated by the Eurocentrum Office Complex sale in Q4 2019 allowed us to pay dividend (PLN 228m), repay of bonds maturing in 2020 (EUR 38.5m) and make cash reserves for the time of the Covid-19 crisis

THE GROUP'S RESPONSE TO COVID-19 CRISIS

CONSTRUCTION PROGRESSING SMOOTHLY



High pre-lease rate of Norblin Factory
Construction work is carried out without
significant disruption

HIGH QUALITY PROPERTY PORTFOLIO



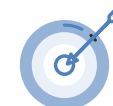
Properties with high occupancy, excellent
locations, long leases, strong tenants and
attractive yields

DIVERSIFIED PROPERTY PORTFOLIO



However share of offices in the portfolio
decreased after sale of Eurocentrum Office
Complex, property portfolio is well-diversified
and currently NOI accounts for 44% of offices,
46% of retail and 10% of hotel

SAFE LEVEL OF DEBT



The Group maintains safe level of debt and there
is no significant maturities before 2022

GROUP'S INITIATIVES IN THE TIME OF COVID-19 CRISIS



- We have joined the **#property4heroes** campaign, in which leaders of the real estate industry support employees of hospitals and ambulance services throughout Poland. From 27 April till the end of May, our gastronomic tenants in Royal Wilanów and Street Mall Vis à Vis Wilanów provided 900 meals for the medical staff of the Institute of Psychiatry and Neurology in Warsaw.
- As part of our cooperation with the Warsaw Insurgent Support House, we have provided to its employees, volunteers and wards 400 protective masks, 200 disinfectant fluids, as well as protective helmets and coveralls.
- Office Doctor first aid medical service monitors health & safety measures on the site of Royal Wilanów and Norblin Factory. Thanks to Office Doctor first aid medical service Royal Wilanów tenants have the access to full-day medical care (including testing for covid-19) provided by a qualified paramedic and a medical team with a specialized ambulance, equipped with advanced appliances for saving human life and health in the workplace.

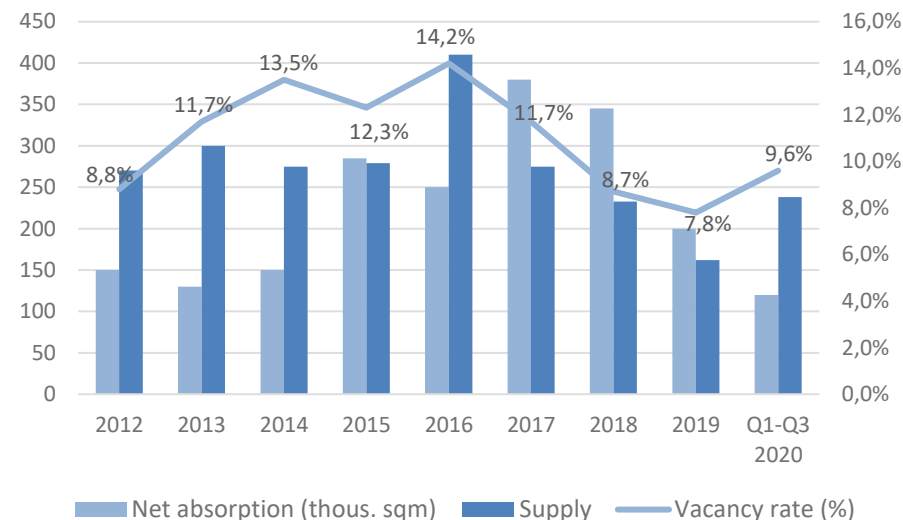
MARKET OVERVIEW



WARSAW OFFICE MARKET – LIMITED COVID-19 IMPACT ON Q3 2020

- 9.6% - vacancy rate (8.4% in Central zones and 10.4% in the Non-Central zones of the city), which is a 1.8 pp increase compared with the end of 2019 (and 1.7 p.p. q/q)
- Prime rents in Warsaw range between EUR 18 and EUR 24/m²/month in the centre and up to EUR 16/m²/month outside of it.
- 447,500 m² - gross take-up in Q1-Q3 2020, of which 113,200 m² of space was leased in Q3 2020. New agreements (including pre-lets) - 48%, renegotiations – 48%, expansions – 4%.
- 131,500 m² of new supply in Q3 2020 in 6 projects: The Warsaw HUB complex (89,000 m²), The Malthouse Offices (24,000 m²), The Park 7 (10,000 m²), Bolero Office Point II (1,900 m²), Kolonia Sielce Office (2,600 m²) and Kosmatki 8 (4,000 m²).
- 600,000 m² of office space under construction at the end of Q3 2020;

NET ABSORPTION, SUPPLY AND VACANCY RATIO IN WARSAW



COVID-19 IMPACT

- Warsaw, which has been responsible for 61% of total capital invested in the office sector this year, remains on investors' radar. As many as 18 office investment transactions for assets located in Warsaw (worth EUR 939m) were concluded in Q1-Q3 2020 (the 3rd best result over the past decade). It is noteworthy that all of the office schemes acquired in Q3 (Generation Park Z, Chmielna 89 (65%) and Concept Tower) are located in City Centre West. Moreover, most of the closed deals were initiated in 2019. Current restrictions in travel and viewings are postponing new transactions to some extent.
- Developers are much more cautious about starting new construction, only a few of them did that in the past few months. In the mid-term that may create a supply gap in Warsaw, especially outside of the city centre. There will be a scarcity of new product, while non-central locations may gain in popularity in coming years.
- It is to be expected that the current market situation will force landlords to be more flexible in their approach to the duration of contracts, fit-out budgets, and rent-free periods for both new agreements and renegotiations.

COMPLETED PROJECTS – Q3 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	6.60% (+0.1 p.p. vs 31/12/2019)
Book value	PLN 455m (EUR 101m)
Occupancy	98% (+1 p.p. q/q)
WAULT	3.6 years
Key tenants	ERBUD, Boehringer Ingelheim, Artis, Medicover, Carrefour
Update	Sale process in progress. Lease update: new office tenant: Essmann – Kingspan for nearly 800 m ² of space for 5 years (in exchange for reduction of the Sygnity area); new retail tenants: Słodki Słony restaurant, POC (sport shop), Tesla Poland (container), Świat Prasy, Tefal. Termination of agreements: Złoto Hiszpani restaurant, Fraternity, Locco.

COMPLETED PROJECTS – Q3 2020 UPDATE



GALERIA ZASPA

GLA	8,682 m ²
Delivery date	April 2016
Yield	8.25% (+ 0.25 p.p. vs 31/12/2019)
Book value	PLN 61m (EUR 14m);
Occupancy	87% (-1 p.p. q/q)
WAULT	4.1 years
Key tenants	Intermarche, Rossmann, Euro RTV AGD, Pepco, KIK



HAMPTON BY HILTON OLD TOWN GDAŃSK

GLA	8,884 m ² (174 hotel rooms, retail: 665 m ²)
Delivery date	June 2018
Yield	8.50%
Book value	PLN 76m (EUR 17m)
Occupancy	100%
WAULT	15.8 years
Key tenants	VHM (Hampton by Hilton hotel operator), Kos Delicatessen, Manufaktura Nalewki, Pan Kejk

UNDER CONSTRUCTION – Q3 2020 UPDATE



NORBLIN FACTORY

GLA	65,400 m ² (office: 41,800 m ² , retail: 23,600 m ²)
Delivery date	2Q 2021
Yield	4.98% (-0.04 p.p. vs 31/12/2019)
Book value	PLN 818m (EUR 181m)
Pre-lease	66% (office – 71%, retail – 57%)
Capex after Q3	PLN 466m (EUR 103m)
Key tenants	Allegro, JTI Polska, SEB Bank, City Office, cinema operator, food hall operator, Music Club, Biobazar, Art Box
Update	Construction site: The buildings achieved the highest construction point. Video from the topping out ceremony: https://youtu.be/2qOSrDNpV1c . Pre-lease status: In Q3 2020 Allegro increased it's space by 661 m ² and currently it amounts to 16,148 m ² .

NORBLIN FACTORY CONSTRUCTION PROGRESSING SMOOTHLY



NORBLIN FACTORY

- As of date of this report, 66% of area is pre-leased which is almost 70% 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.
- Despite Covid-19 the construction is proceeding smoothly. A number of security measures have been introduced. Number of workers remains on average at 90%. Construction works have been completed, which means the building shell has been reached for the entire Norblin Factory complex. On main buildings A and B interior finishing and installation works are performed in the underground and overground storeys as well as facade works. Part of the southern elevation has already been unveiled after the scaffolding has been dismantled.

JOINT VENTURE PROJECTS – Q3 2020 UPDATE



ETC SWARZĘDZ



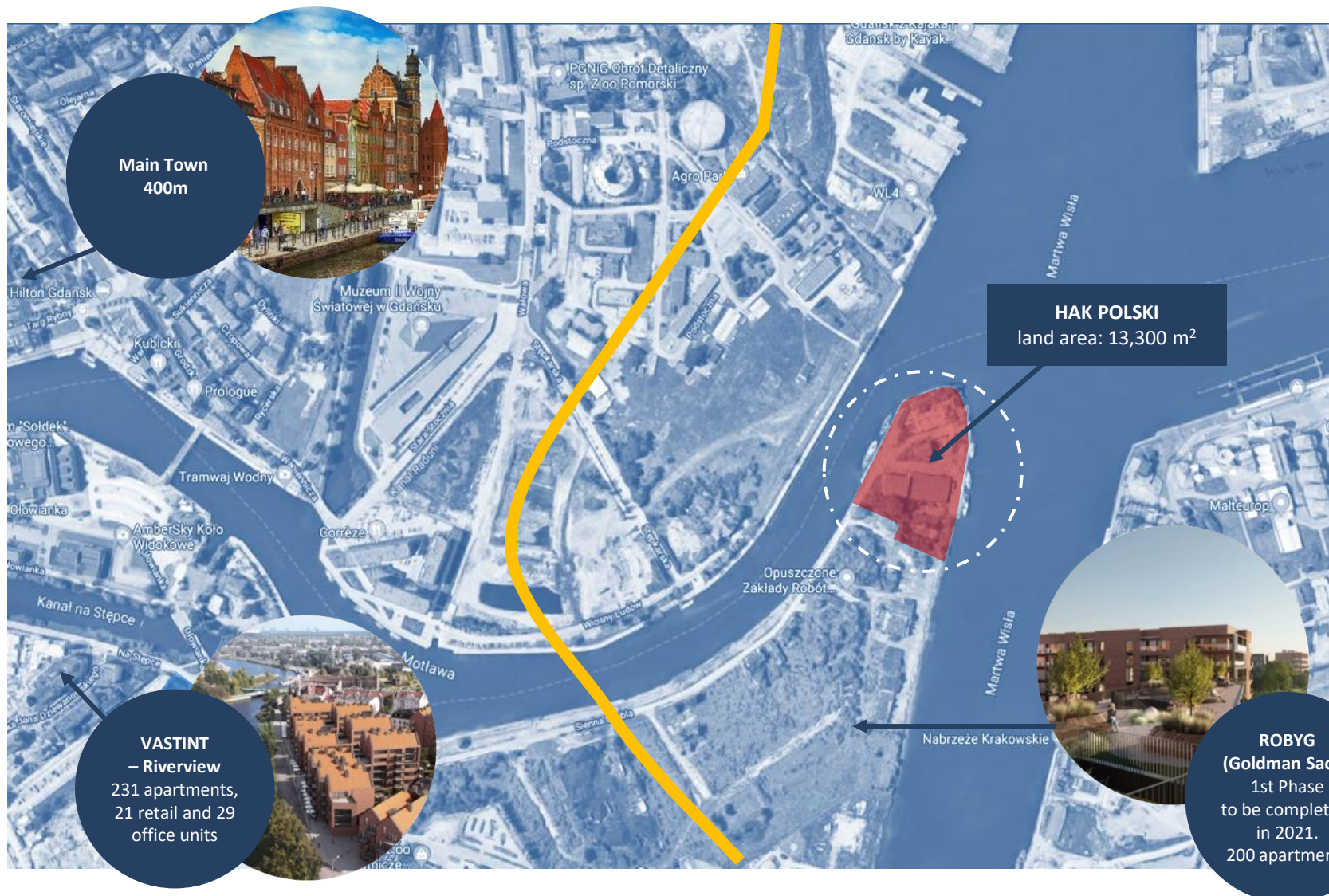
VIS À VIS WILANÓW

GLA	20,104 m ²
Delivery date	October 2017
Yield	7.50%
Book value	PLN 156m (EUR 35m)
Occupancy	90% (no changes q/q)
WAULT	3.9 years
Key tenants	Intermarche, Reserved, RTV Euro AGD, CCC, Deichmann, KIK, Empik, Smyk, Martes Sport, Kids OK, Dealz, Pepco, Sinsay, Home&you, 4F
Group's interest	60%

GLA	4,090 m ²
Delivery date	October 2018
Yield	7.00%
Book value	PLN 41m (EUR 9m)
Occupancy	99% (no changes q/q)
WAULT	7.7 years
Key tenants	Villa Nova Dental Clinic, RTV Euro AGD, Max Burgers, Hebe, Decathlon, fitness club Orange Theory, Vininova, Veda Indian Restaurant, Sakana Sushi Bar, Poczta Polska, Bang & Olufsen
Group's interest	66%

*Book value excluding IFRS 16, WAULT and occupancy as of Q3 2020

NEW ACQUISITION - POLSKI HAK



— New road and tunnel under Motława river (planned)

Q1-Q3 2020 FINANCIAL RESULTS



KEY FIGURES OF Q1-Q3 2020

PLN 30m

Net operating income

PLN 1,575m

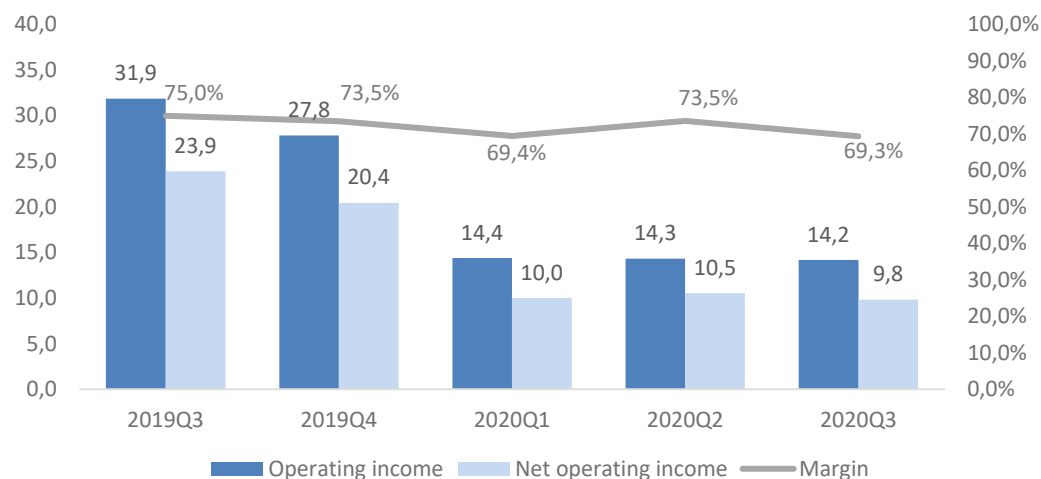
Investment portfolio value
(excl. effect of IFRS 16)

PLN 182m

Cash

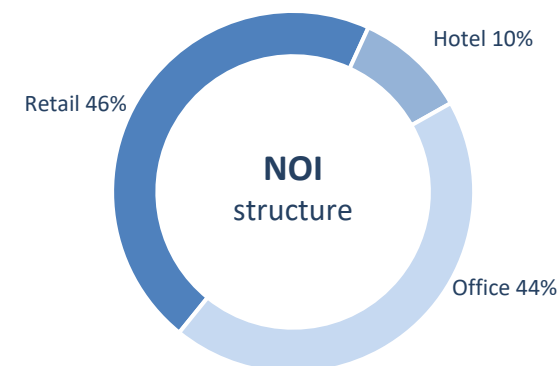
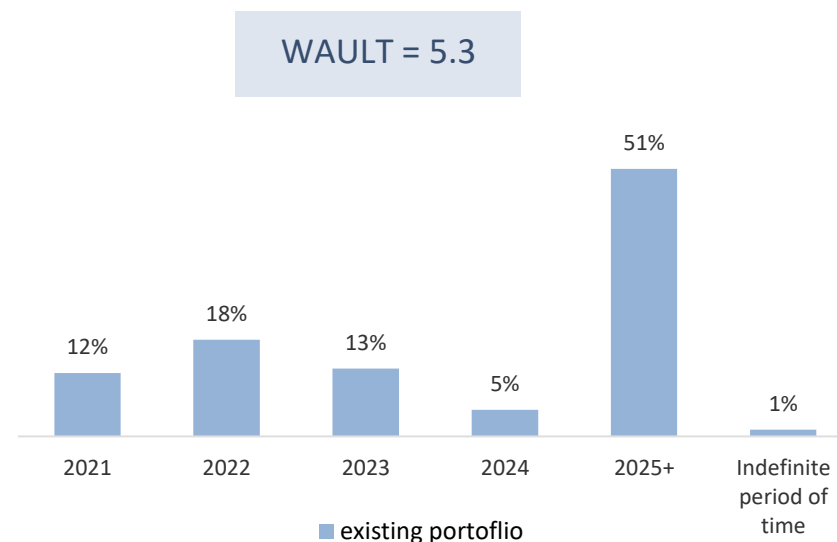


REVENUES FROM LEASE

OPERATING INCOME AND NOI
(PLN M)

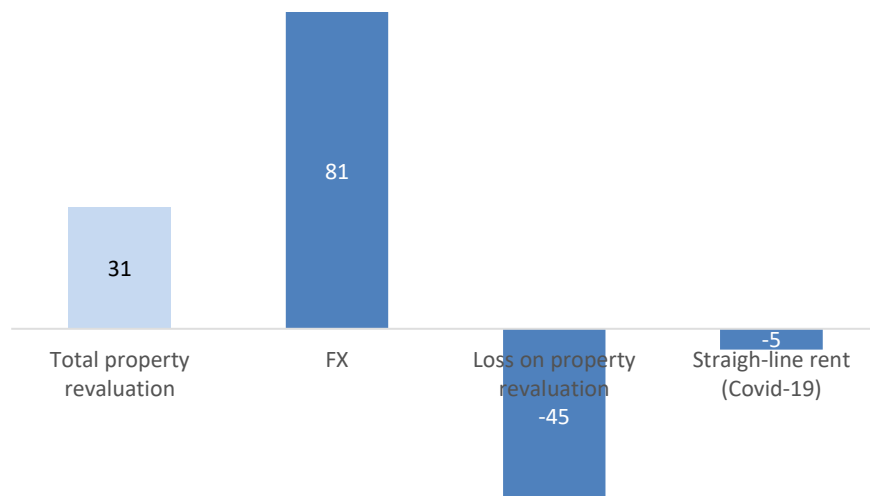
- Operating income amounted to PLN 14.2m in Q3 2020 however it included so-called revenue recognition regarding Covid-19 in the amount of PLN 0.8m (which means that the negative impact of the Covid-19 on the revenues generated in Q3 2020 was spread over the entire term of the lease agreements).
- The cash based operating income for Q3 2020 amounted to PLN 13.4m and increased from PLN 9.7m in Q2 2020 by 38%.
- 69% of the contracted lease agreements expire after 2022

LEASE EXPIRY

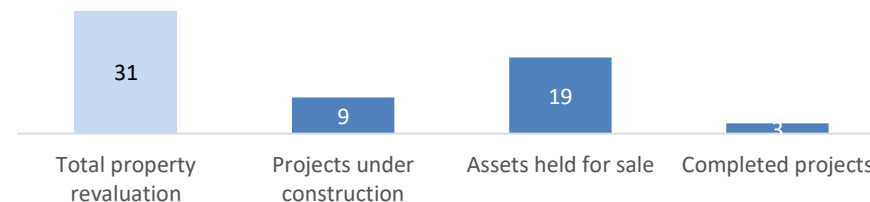


A SIGNIFICANT CONTRIBUTION OF THE PROPERTY REVALUATION TO Q1-Q3 2020 RESULTS

COMPONENTS OF THE REVALUATION IN Q1-Q3 2020
(PLN M)



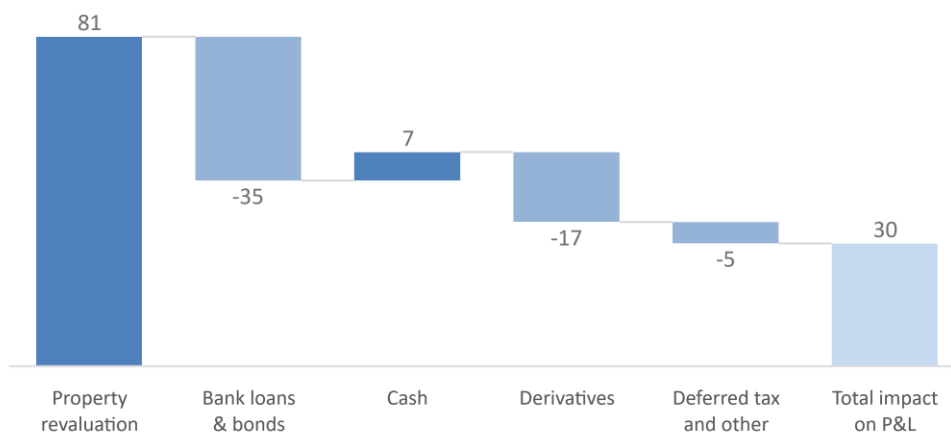
COMPONENTS OF THE REVALUATION IN Q1-Q3 2020
BY TYPE OF PROJECTS (PLN M)



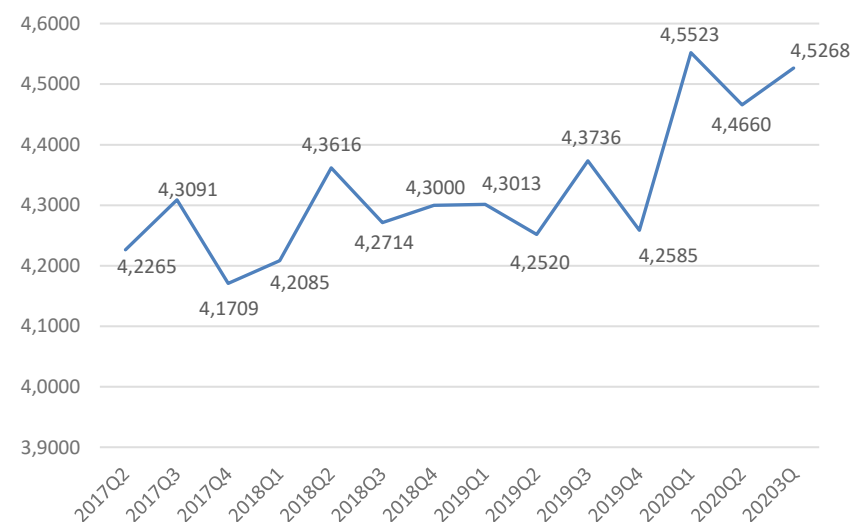
- The total impact of revaluation on investment properties in Q1-Q3 2020 reached + PLN 31m.
- The negative impact of revaluation in the amount of PLN 50m resulted from taking into account the situation of each property related to Covid-19 as well as real estate market conditions.
- The positive impact of fx changes on the property revaluation in Q1-Q3 2020 amounted to PLN 81m.

IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE ON Q1-Q3 2020 RESULTS

IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE Q1-Q3 2020
(PLN M)

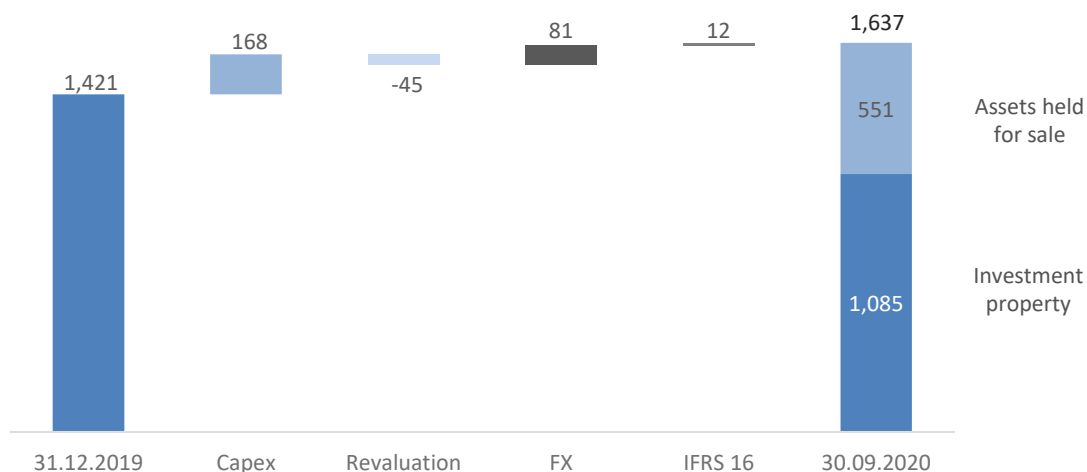


EXCHANGE RATES AT THE END OF REPORTING PERIODS

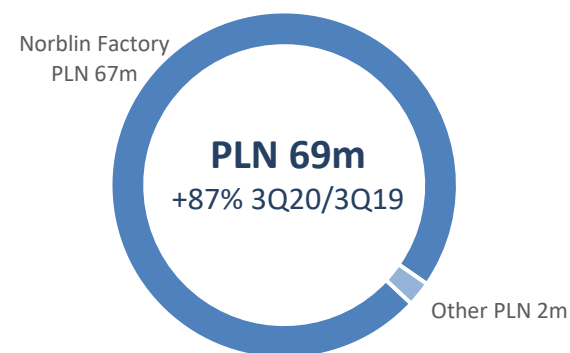


- Exchange rate has a significant impact not only on the valuation of investment properties, but also on other elements of profit and loss account, i.e. bank loans, bonds, derivatives and cash.
- 98% of financial debt is in EUR
- 94% of property portfolio is valued in EUR

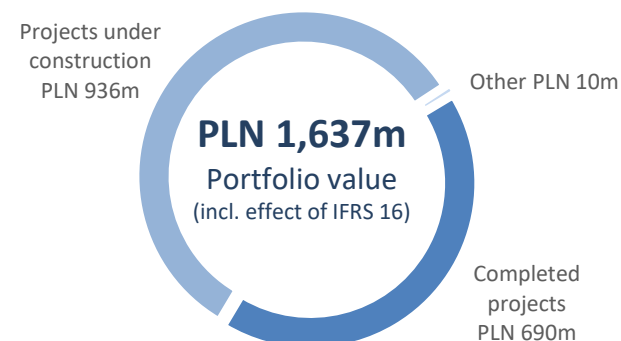
REAL ESTATE PORTFOLIO VALUE

CHANGE IN VALUE OF INVESTMENT PROPERTY
(PLN M)

CAPEX IN Q3 2020



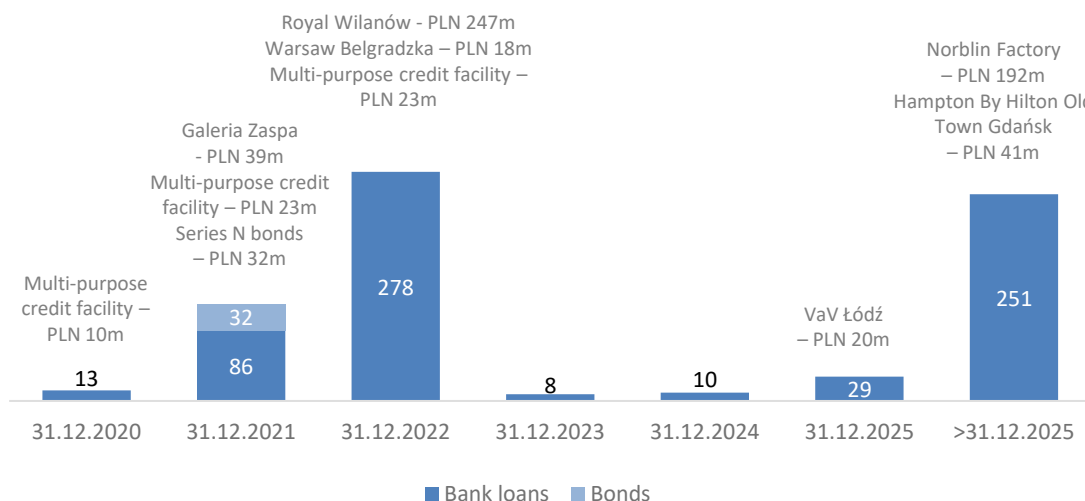
PROPERTY PORTFOLIO STRUCTURE



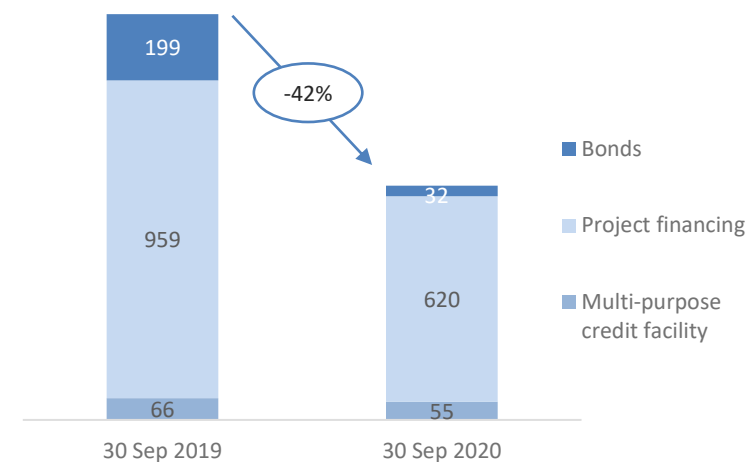
- Change in property portfolio primarily due to:
 - Capex of PLN 168m,
 - Negative impact of Covid-19 amounted to PLN 45m
 - Exchange rates of PLN 81m
 - Perpetual usufruct (IFRS 16) of PLN 12m
- In 2020 capex expenditure was attributable mainly to Norblin Factory construction.

SAFE MATURITY OF DEBT & FINANCING STRUCTURE

MATURITY OF DEBT (PLN M)



FINANCING STRUCTURE (PLN M)



- In Q1-Q3 2020 the Group repaid EUR 38.5m of bonds and as of June 2020 only EUR 7m of bonds remains
- No significant repayments before 2022 (maturity of Royal Wilanów bank loan)
- Change of financing structure due to repayment of bonds and disposal of Eurocentrum
- Increase of net debt to assets ratio due to a reduction in cash (dividend payment) and an increase in the Norblin construction loan

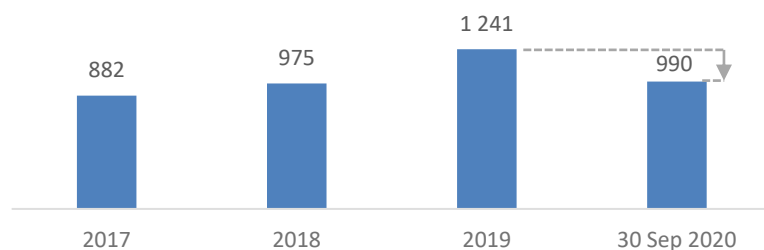
KEY DEBT PARAMETERS	Q3 2019	2019	Q3 2020
Weighted average cost of debt	2.83%	3.33%	3.01%
Net debt to total assets	46%	5%	29%
Debt currency structure (EUR/PLN)	99%	99%	98%

NAV/SHARE

PLN M	2019	30 Sep 2020	change
Investment properties, incl. assets held for sale	1,420.9	1,636.7	15%
Long-term interest bearing liabilities, incl. liabilities related to assets held for sale	267.8	338.1	26%
Bank loans and other financial liabilities	238.5	338.1	
Bonds	29.4	0.0	
Short-term interest bearing liabilities	438.4	384.2	(12%)
Bank loans and other financial liabilities	274.9	352.9	
Bonds	163.4	31.4	
Cash and cash equivalents	604.3	182.2	(70%)
Net debt	102.0	540.1	430%
NAV	1,240.8	990.5	(20%)
NAV/ share (PLN)	11.45	9.14	(20%)
Nominal number of shares	108,333,998	108,333,998	0%

EUR M	2019	30 Sep 2020	change
Investment properties, incl. assets held for sale	333.7	361.6	8%
Long-term interest bearing liabilities, incl. liabilities related to assets held for sale	62.9	74.7	19%
Bank loans and other financial liabilities	56.0	74.7	
Bonds	6.9	0.0	
Short-term interest bearing liabilities	102.9	84.9	(18%)
Bank loans and other financial liabilities	64.6	77.9	
Bonds	38.4	6.9	
Cash and cash equivalents	141.9	40.2	(72%)
Net debt	23.9	119.3	398%
NAV	291.4	218.8	(25%)
NAV/ share (EUR)	2.69	2.02	(25%)
Nominal number of shares	108,333,998	108,333,998	0%

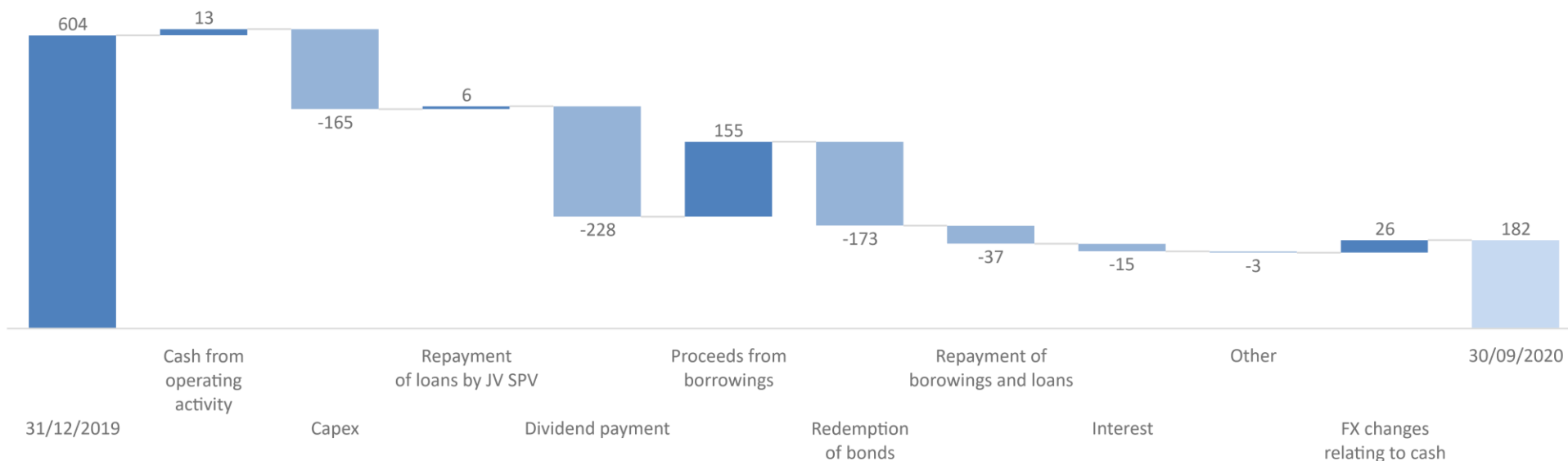
NAV EXCL. NCI (PLN M)



Decrease in NAV by 20% is due primarily to dividend payment (PLN 228m) and negative impact of Covid-19 on revaluation of properties

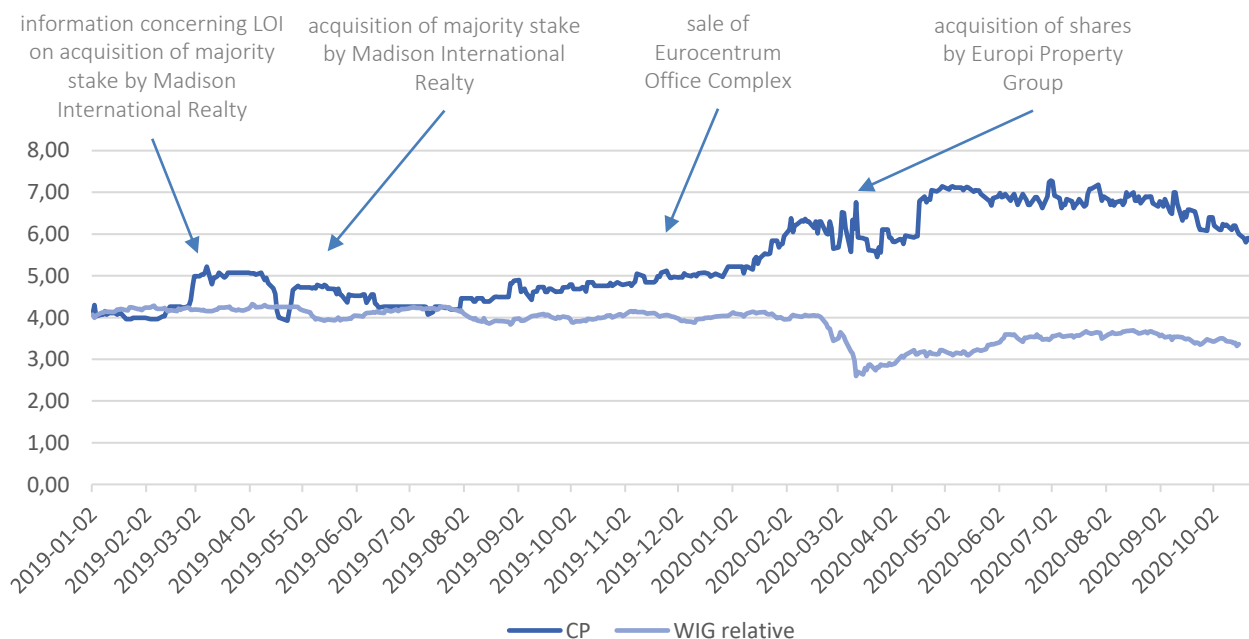
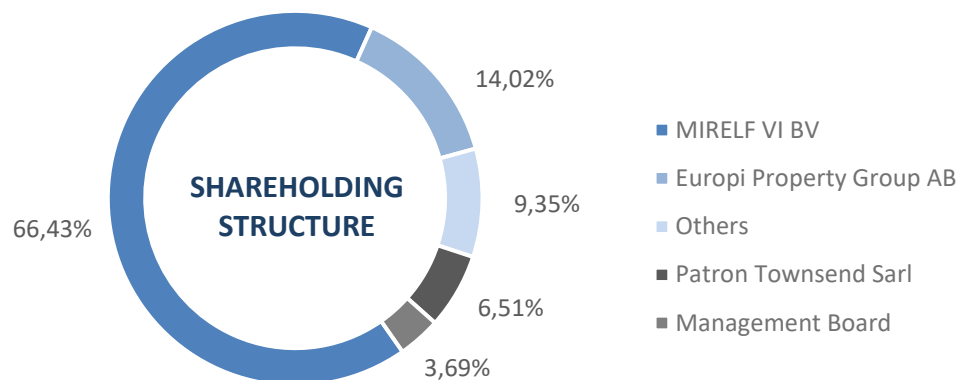
PLN 9.14
NAV / SHARE

CASH FLOW



- Cash flow from operating activity in Q1-Q3 2020 concerns mainly net operating income (NOI) and platform overhead costs. Decrease of NOI y/y resulted mainly from (i) the sale of Eurocentrum Office Complex and (ii) negative impact of Covid-19 pandemic.
- Cash flow from investment activity concerned capex expenditure (PLN 165m) attributable mainly to the Norblin Factory construction and repayment of loan by a jointly controlled entity (PLN 6m).
- Cash flow from financial activity shows primarily dividend payment of PLN 228m, bonds repayment of EUR 38.5m, drawdown of construction loan for the Norblin Factory (+PLN 155m) as well as repayments according to the schedule.
- Effects of foreign exchange differences from cash amounted to PLN 26m.

SHAREHOLDING STRUCTURE & SHARE PRICE PERFORMANCE

**PLN 693m**

market capitalisation
as of 30 September 2020

7 years

presence on the Warsaw
Stock Exchange

228 mln PLN

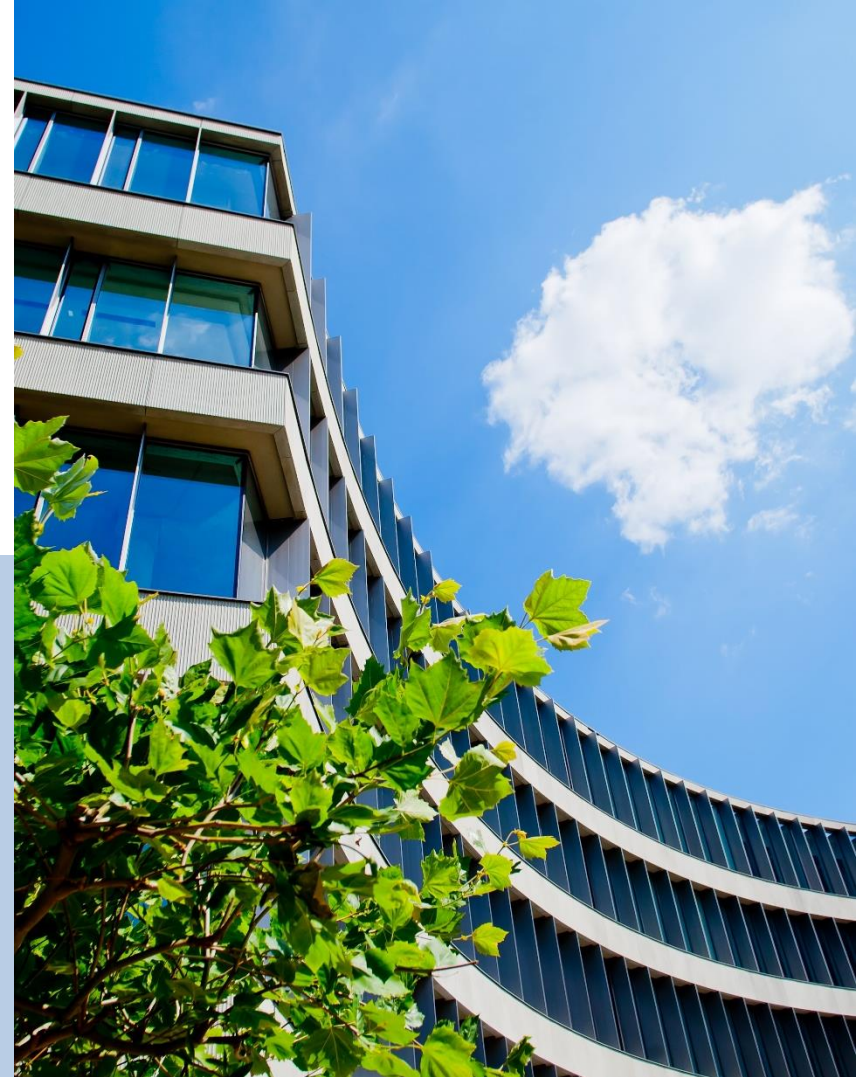
dividend paid from the profit
for 2019 (23% per share)

SUMMARY OF FINANCIAL STANDING IN Q1-Q3 2020

Safe cash position and low debt level

Changed NOI structure after sale
of Eurocentrum Office Complex

Revenue sensitivity to the Covid-19 crisis



Q&A

CAPITAL PARK



CHALLENGES OF THE REAL ESTATE MARKET IN THE TIME OF COVID-19 PANDEMIC



COVID-19 pandemic – short-term and long-term consequences



Decline in rental income?



Financial uncertainty, decline in demand & consumption



Disrupted financial liquidity of tenants



Dynamic growth of e-commerce



Need for cooperation of tenants, landlords, financial sector and the government



Homeworking vs office life

SUPPORTING MATERIALS



REAL ESTATE PORTFOLIO SUMMARY

Investment property	City	GLA (thous. sqm)	Occupancy (30/09/2020)	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 Q3 2020 (PLN m)	Group's interest
COMPLETED PROJECTS												
Royal Wilanów	Warsaw	37	98%	101	455	460	6,60%	3.6	258	30	1	100%
Galeria Zaspą	Gdańsk	9	87%	14	61	63	8.25%	4.1	39	5	1	100%
Hampton by Hilton Old Town Gdańsk	Gdańsk	9	100%	17	76	76	8.50%	15.8	52	6	0	100%
Vis à Vis Łódź	Łódź	6	91%	8	34	35	8.00%	3.6	26	3	1	100%
Warszawa Belgradzka	Warsaw	4	80%	6	28	28	7.50%	5.6	19	2	0	100%
Warszawa KEN	Warsaw	<1	100%	1	5	5	7.00%	5.3	-	<1	0	100%
Bydgoszcz Krasieńskiego	Bydgoszcz	<1	100%	0	1	1	8.00%	4.3	-	<1	0	100%
Total		64	95%	146	662	669		5.3	394	47	3	
PROJECTS UNDER CONSTRUCTION AND IN PIPELINE												
Norblin Factory	Warsaw	65	66%	181	818	1 428	4.98%	n/a	214	71	466	100%
Eurocentrum Hotel & Residences	Warsaw	28	n/a	19	85	87	n/a		-	-	0	100%
Other	3 cities	1	n/a	2	10	10	n/a	n/a	-	-	-	100%
Total		94		202	914	1 525		n/a	214	71	466	
TOTAL - consolidated in full method		158		348	1,575	2 194		4.6	607	119	469	
JOINT VENTURE PROJECTS												
ETC Swarzędz	Swarzędz	20	90%	35	156	162	7.50%	3.9	124	12	3	50%
Vis à Vis Wilanów	Warsaw	4	99%	9	41	41	7.00%	7.7	20	3	0	66%
Total		24	91%	44	197	203		4.8	144	15	2	
TOTAL		182		392	1,773	2 397		5.1	751	134	472	

Source: Capital Park; Valuation reports on the Capital Park property portfolio as at June 30th 2020 for Norblin Factory, Royal Wilanów, Galeria Zaspą, Vis à Vis Łódź, W-wa Belgradzka, KEN and for other projects as at December 31st 2019. Data is presented in PLNm as at September 30th 2020, 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: 7.30%, Norblin Factory: 5.31%. 3 Debt is presented net of the effect of amortised cost. 4 In the Eurocentrum Hotel & Residences project, GLA for 8 thousand m² 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

Consolidated Statement of Profit or Loss and Other Comprehensive Income (PLNm)	9M 2019	9M 2020	change	
Operating income	95.9	42.9	(55%)	Difference in revenues from lease due to Covid-19 impact and sale of Eurocentrum Office Complex
Direct property operating expenses	(24.6)	(12.5)		
Net operating income (NOI)	71.3	30.3	(57%)	
Revenue from the management services	2.5	3.5		
Costs of special purpose vehicles operation	(3.5)	(2.2)		
General management costs	(17.8)	(9.8)	(45%)	
Costs of renovation and repair of real estate	(0.1)	0.0		
Costs of the incentive program valuation	(2.2)	0.0		
Profit/Loss on the revaluation of real estate	134.9	31.2	(77%)	Revaluation of properties resulted from: 1) increase in fx rate + PLN 81m 2) loss on the revaluation of property due to Covid-19 in the amount of PLN 50m
Other costs	(0.4)	(2.1)		
Share in net profit/(loss) of equity accounted entities	5.2	1.1		
Gain/(loss) on the sale of subsidiaries	4.0	0.0		
Gain on loss of control over subsidiaries	4.4	0.0		
Profit/(loss) from operating activities	198.3	52.0	(74%)	
Dividend income	0.6	0.2		
Interest income	2.7	2.2		
Interest expense	(26.7)	(13.6)		
Profit/(loss) from the valuation of financial liabilities	(53.9)	(57.5)	7%	Loss on revaluation of liabilities due to increase in fx rate
Profit/loss before tax	121.0	(16.7)		
Income tax	(31.0)	(6.1)	(80%)	
Net profit/loss	90.0	(22.8)		

Additional information	9M 2019	9M 2020	change
PLN/EUR exchange rate at the end of the quarter	4.3736	4.5268	4%
Average PLN/EUR exchange rate in the period	4.3086	4.4420	3%

BALANCE SHEET – KEY ELEMENTS

ASSETS (PLNm)	31.12.2019	30.09.2020	
Non-current assets	983.2	1 152.8	
Investment property	890.8	1 085.2	
Investments in jointly controlled entities	51.1	42.6	
Other financial assets at fair value through profit or loss	28.1	21.1	
Other financial assets measured at amortised cost	5.0	-	
Deferred tax assets	5.8	-	
Other non-current assets	2.3	4.0	
Current assets	1,158.8	772.7	
Other receivables and other current assets	10.3	21.2	
Asset held for sale	543.4	575.0	
Trade receivables	6.6	7.9	
Other financial assets at fair value through profit or loss	1.3	-	
Other financial assets measured at amortised cost	6.3	9.9	
Cash and cash equivalents	591.0	158.7	
TOTAL EQUITY AND LIABILITIES (PLNm)	31.12.2019	30.09.2020	
Equity	1,240.8	990.5	
Share capital	108.3	108.3	
Statutory reserve funds	778.1	852.5	
Other capital reserve	73.4	73.4	
Exchange differences on translating foreign operations	5.0	5.0	
Retained earnings / (deficit)	13.0	(26.0)	
Net profit/(loss) for the current period	262.9	(22.8)	
Non-current liabilities	402.5	470.2	
Bank borrowings and other financial liabilities	228.9	316.2	
Other financial liabilities at fair value through profit or loss	9.5	21.9	
Liabilities under notes in issue measured at amortised cost	29.4	-	
Lease liabilities	37.4	48.5	
Other liabilities and provisions	6.8	8.0	
Deferred tax liabilities	90.5	75.6	
Current liabilities	498.6	464.8	
Bank borrowings and other financial liabilities	27.7	83.8	
Other financial liabilities at fair value through profit or loss	2.0	10.8	
Liabilities under notes in issue	163.4	31.4	
Lease liabilities	1.5	2.0	
Trade payables	3.6	11.5	
Other liabilities and provisions	17.4	14.4	
Liabilities related to assets held for sale	283.0	311.1	
Total equity and liabilities	2,142.0	1,925.5	
Net debt	102.0	540.1	
Net debt/Total assets	4.87%	28.97%	

Change in property portfolio primarily due to:

- Capex of PLN 168m
- IFRS 16 (+PLN 12m)
- Revaluation of properties in the amount PLN 31m due to fx changes + PLN 81m, loss on revaluation of properties – PLN 45m

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

Decrease of cash due to repayment of bonds – EUR 38.5m, dividend payment – PLN 227.5m

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

Repayment of EUR 38.5m of bonds series K-M in H1 2020

Royal Wilanów bank loan

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.

- In Q1-Q3 2020 the Group repaid EUR 38.5m of bonds series J-M
- Only EUR 7m of bonds series N maturing in 2021 remained

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 30 September 2020:

- the net debt to assets ratio amounted to 29% and
- net debt reached PLN 540m

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	CASH FLOW	BALANCE SHEET
<p>The purpose of the application is an even distribution of the loan costs within the profit and loss account</p> <div> <div>effective loan rate</div> <div>X</div> <div>(interest cost + provisions + the amount of granted loan)</div> </div>	<p>Actual cash flows are displayed:</p> <ul style="list-style-type: none"> 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) 	<p>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.</p> <p>In subsequent periods of the balance sheet the value of the bank loan</p> <p>Value from the period T-1 - paid installment (i.e. capital + interests) + interest calculated according to the effective rate</p>

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
<ul style="list-style-type: none"> 99% of the Group's rental income is based on EUR denominated lease contracts, while revenue is reported in PLN. 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> ▪ 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. 	<ul style="list-style-type: none"> ▪ 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. 	<ul style="list-style-type: none"> • 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 <p>For more details see slide 10-11.</p>

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



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

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Thank YOU!

2020

