GRUPA CAPITAL PARK

FINANCIAL RESULTS OF H1 2021

2021

September 3rd, 2021

AGENDA

- About Capital Park Group
- Business summary
  - Q2 2021 update
  - Covid-19 impact
  - Real estate market environment
  - Property portfolio
  - 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

18 years

experience on the Polish property market

EUR 1.3bn

raised external financing since 2003

207,000 m²

GLA of property portfolio under management

PLN 2.3bn

value of the property portfolio under management

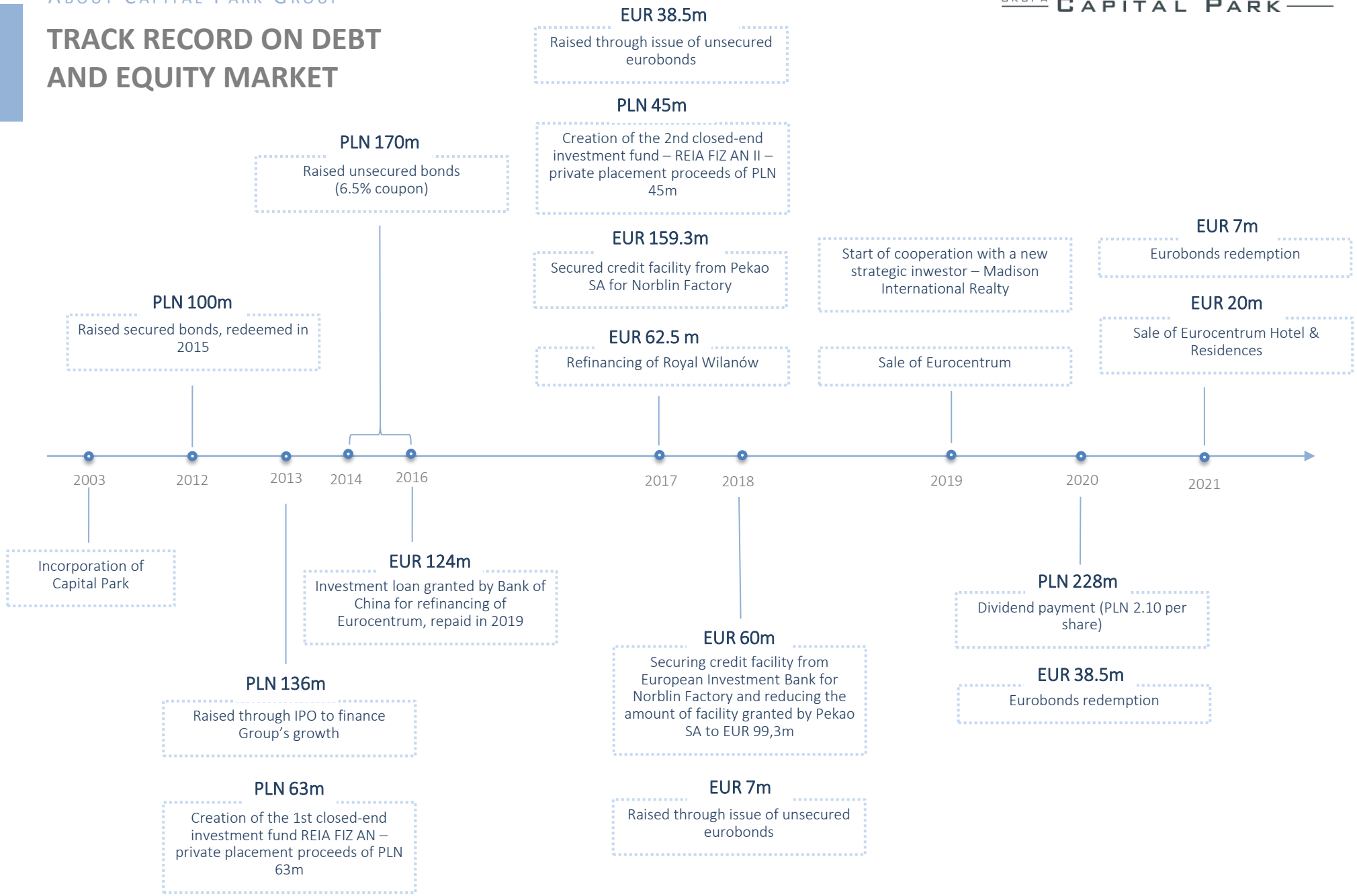
65,400 m²

GLA under construction

PLN 128m

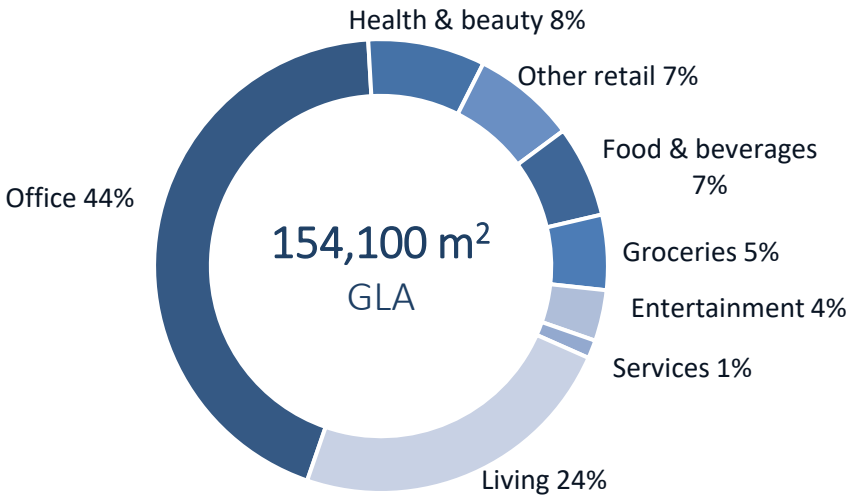
Cash

TRACK RECORD ON DEBT AND EQUITY MARKET



HIGH QUALITY REAL ESTATE PORTFOLIO ALL OVER POLAND

PORTFOLIO STRUCTURE



90% of portfolio solely owned by the Group is located in Warsaw
BOOK VALUE: PLN 1.6bn

98%
Occupancy rate

5.5 years
WAULT

60%
Share of assets under construction in the value of the portfolio

PROPERTY PORTFOLIO

Polski Hak
Residential
Land: 1.3 ha
In pipeline

Galeria Zaspa
Retail
GLA: 8,670 m²
Completed: 04/2016

Eurocentrum Office Complex (sold in 11/2019)
Office
GLA: 85,160 m²
Completed: 08/2015

Hampton by Hilton Old Town Gdańsk
Hotel & retail
GLA: 8,884 m²
Completed: 06/2018

Norblin Factory
Mixed-use
GLA: 65,400 m²
Completed: 08/2021

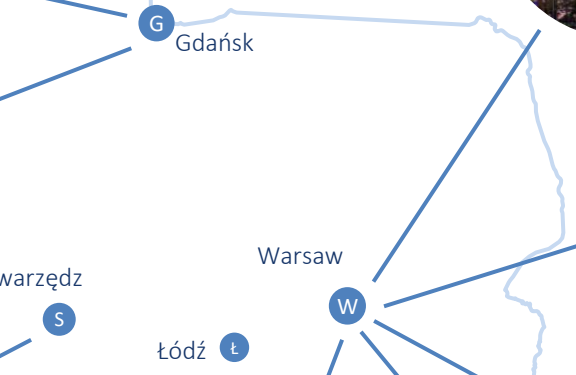
ETC Swarzędz (jv)
Retail
GLA: 20,104 m²
Completed: 10/2017

Royal Wilanów
Mixed-use
GLA: 36,821 m²
Completed: 08/2015

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
Sold: 08/2021



BUSINESS SUMMARY

Norblin Factory, Warsaw

Q2 2021 UPDATE

Norblin Factory, Warsaw

Development progress in Norblin Factory and Polski Hak

Leasing update of Norblin Factory

Redemption of bonds

Sale of Warsaw Belgradzka
and
Eurocentrum Hotel & Residences

GRUPA CAPITAL PARK

UNDER CONSTRUCTION – Q2 2021 UPDATE

73%
Pre-lease rate

NORBLIN FACTORY

GLA	65,400 m^2 (office: 41,800 m^2, health & beauty 4,100 m^2, groceries: 900 m^2, food & beverages: 6,900 m^2, entertainment: 5,600 m^2, other retail: 4,750 m^2, services: 1,350 m^2, 724 underground parking spaces)
Planned delivery date	Q3 2021
Book value	PLN 1,077m (EUR 238m)
Pre-lease	73% (office – 80%, retail – 58%)
Capex after Q2 21	PLN 228m (EUR 50,5m)
Key tenants	Allegro, JTI Polska, SEB Bank, General Property, Kino Gram, food hall operator, Music Club, Biobazar, Art Box, Directors' Guild of Poland, Apple Museum, Medicover, Blue Cactus
Update	New tenants – Medicover, Apple Museum, Blue Cactus

*Book value excluding IFRS 16, occupancy as of date of this report

NORBLIN FACTORY – FINISHING WORKS AND PROGRESS IN COMMERCIALISATION

CONTRUCTION

- Most of the construction works have been completed – fit-out works are gaining momentum.
- Works related to the original, vintage machines adapted into the project are under way.
- Ongoing works related to the external area such as plants and trees.
- Use permit granted on August 26, 2021.
- Current snapshot of Norblin Factory August 2021 https://www.youtube.com/watch?v=WDPYLRL0ZNk

COMMERCIALISATION

- The commercialization of the project is improving despite the unstable pandemic situation.
- New lease agreements for over **4,000 m2** have been signed in 2021 so far. The current level of commercialisation of the Norblin Factory is **80% for office space and 58% for retail space**, which is almost 73% of total area.
- Thanks to the pre-lease of the project, the financial covenants are achieved with both ISCR and DSCR exceeding the requirements of the bank loan agreements (ISCR – 2.83 / min: 1.2, DSCR – 1.62 / min: 1.2).

UNIQUE CONCEPTS AT THE NORBLIN FACTORY

NORBLIN FACTORY FOUNDATION

- Established in 2012, with main goal to continue the artistic history build in Norblin Factory through its owners widely known as artists, philanthropists and patrons of all kind of arts.
- The Foundation operates in several key areas: Posters & paintings – cooperation with the Art Academy, National Museum, Poster Museum; Design and applied art – cooperation with School of Form; Movies – cooperation with Wajda School, KinoGram, Polish Directors Guild; Music – cooperation with Polish National Radio Symphony Orchestra NOSPR, Jassmine Warsaw; Photography - exhibition of Brodziak & Wieteska.

NORBLIN FACTORY MUSEUM

- Ultra-modern and multimedia-based museum
- Planned to be self-financing in maintenance & development
- 4 sightseeing paths (People, Architecture & Buildings, Machines, Products) with different variants for various groups of interest (i.e. enthusiasts or children)
- 45 antique and worldly unique machines, 10 of them with special, multimedia effects and newest technological solutions

UNIQUE CONCEPTS AT THE NORBLIN FACTORY

KINOGRAM

- A boutique cinema (3,400 m^2)
  - 7 screening rooms for 620 people in total
  - Elaborate design and cozy interior
  - Cutting-Edge technologies
  - A great variety of films together with an agenda full of cultural events
  - Cooperation with Directors' Guild of Poland
  - An original menu with waiter service

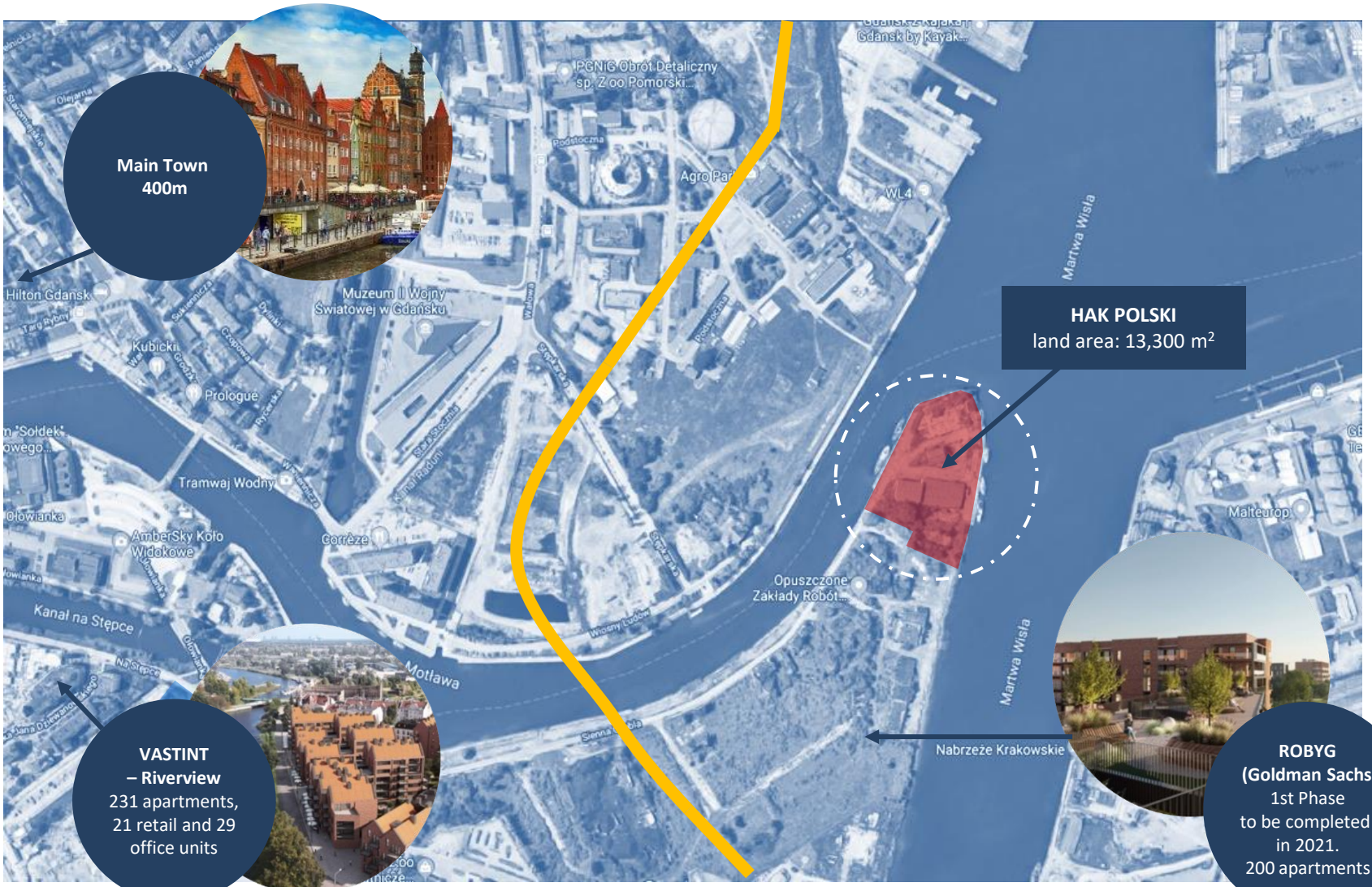
DIGITAL ART GALLERY

- First in Poland, fully immersive digital gallery offering visitors a unique experience: combination of modern animation techniques and sound effects presented on 360 LED screens and complimented with 2D and 3D projections
- Art Box Experience in the Norblin Factory https://www.youtube.com/watch?v=gls30mRVV3c

UNIQUE CONCEPTS AT THE NORBLIN FACTORY

- Norblin Factory navigation will be facilitated by the self developed **mobile application** prepared in accordance with the latest pop-tech trends. In addition to the general access functions, it will also enable the comprehensive use of the entertainment and retail offer
- **A whole range of additional services** for Tenants (i.e. Office Doctor, shopping concierge, valet parking, Box Office)
- **Food Town** (3,200 m^2) – street food served in 23 stands & restaurants and 4 bars that will take guests in culinary trip all over the world
- **BioBazar** (1,900 m^2) – well-known organic food market – a friendly place for fans of cuisine, cooking & a healthy lifestyle, the only market with certified eco products
- **The Apple Museum Poland** (332 m^2) – creative and intearactive Apple Museum with 1,500 exhibits related to the development and evolution of Apple products
- **Blue Cactus restaurant** (447 m^2) – well-know restaurant will complement gastronomic offer planned for Noblin Factory
- **Tenants community** - Norblin Factory will be a place where series of events will be organized every day

HAK POLSKI – Q2 2021 UPDATE



EFFECT OF COVID-19 ON THE GROUP'S BUSINESS IN Q2 2021

Office projects	▪ Rental income decreased by 2% to pre-covid forecast and rent collection was 100% ▪ The Group granted additional discounts on rent for the fitness and kindergarten ▪ Office occupancy remains stable ▪ Office tenants are both domestic and international companies with a stable market position, ensuring solid bank security and stable income
Retail projects	▪ Rental income decreased by 17% to pre-covid assumptions and rent collection was 96% ▪ Introducing bans, restrictions for certain types of activities and exempting tenants from fees with no government support for owners of shopping centres ▪ The Group granted temporary rent reductions or additional rent-free in exchange for extension of term of lease agreements for tenants who experienced a deterioration of their financial situation
Hotel & living projects	▪ Rental income decreased by 25% to pre-covid assumptions and rent collection was 100% ▪ The Group awarded discount on rent for the period of the ban on hotel operations ▪ Reduction in hotel's turnover due to the outflow of foreign tourists (the main target group) as a result of imposed restrictions and limitations in air traffic

-11%

Impact of Covid-19 on rental income in H1 2021*

98%

Rent collections after discounts

* Impact of Covid-19 on rental income and NOI excluding Covid-19 'straight-line rent'
** Rent collections as of 25/08/2021

REAL ESTATE MARKET ENVIRONMENT

WARSAW OFFICE MARKET

Existing office stock
6.1m m^2

Vacancy rate
12.5%

New supply
226 thous. m^2

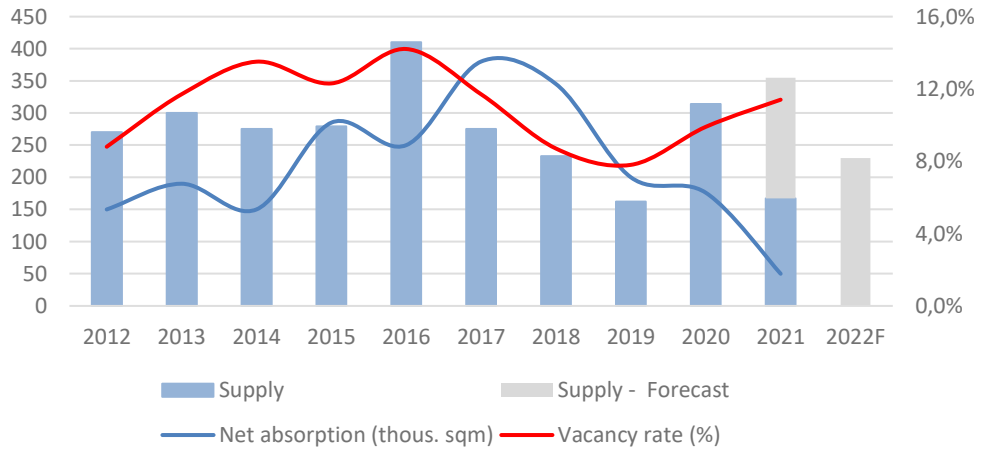
Office space under construction
360 thous. m^2

Lease transaction volume
250 thous. m^2

Prime yields
4.6%

- In H1 2021 approximately 226,000 m^2 of modern office space was delivered to Warsaw in 10 projects. The new completions came to the market on an average 55% let.
- The average vacancy rate in Warsaw reached 12.5% (1.1 p.p. growth from Q1 2021), which translates into over 760,000 m2 of available space. In central zones the vacancy rate was 13.8%, while outside the city centre it reached 11.4%.
- Nearly 360,000 m^2 remains under construction, 120,000 m^2 of which is scheduled for completion by the end of 2021 – the pipeline is currently 44% pre-let.
- Prime headline rents in Central locations reach EUR 20.00-25.00 m2/month.

NET ABSORPTION, SUPPLY AND VACANCY RATIO IN WARSAW



Source: EMEA REAL ESTATE Market Outlook 2021 CBRE, Polska – Rynek biurowy i inwestycyjny I po. 2021 KF

RETAIL MARKET

Modern retail space with at least 5,000 m² of GLA
12,2m m²

New supply
242 thous. m²
(includes commercial formats < 5000 m²)

Retail space under construction
447 thous. m²
(includes all modern commercial formats)

- Due to the COVID-19 pandemic, owners of commercial space faced a number of challenges, including reduced business activity of retail operators or lower demand for tenants' services. As a result, 2020 saw renegotiation of lease contracts by most tenants and retail space owners, and gave rise to new issues, such as payments of rent depending on sales volumes, additional options for early termination of contracts or accounting for online sales.
- Shopping centres were reopened on May 4, 2021 and, according to the Polish Council of Shopping Centres, during the first week after the reopening, the footfall reached 97% of the results from 2019. At the end of May 2021 footfall stabilised at 87% of the results from May 2019. At the same time, total turnover in the shopping centres industry reached 96% of 2019 results.
- The results of the retail investment market were still affected by the pandemic and limitations imposed on retail trading in H1 2021. The total investment turnouver stood at approx. EUR 290m, which was the lowest volume for H1 since 2013. However the number of transactions was among the highest ever recorded. The lower turnover was due to the type of assets that are the most popular among the investors which are retail parks, convenience centres, DIY stores and grocery shops. Thanks to the improving turnovers recorded after the reopening of shopping centres in May, there is a clear improvement in investors' sentiment to retail market.
- According to JLL's estimates, prime malls yields are 5.25% and further decompression is expected. Top retail parks will remain stable at around 6.80%.
- In the first half of 2021, 242,000 m2 GLA of retail space was delivered to Polish market - 43% was delivered in retail parks and convenience centres, 47% came in stand-alone retail warehouses (mainly due to ongoing process of taking over former Tesco stores by DIY operators and new IKEA store opened in Szczecin), 10% of the new stock was delivered in shoping centres.

Source: Polish retail market H1 2021 JLL

COMPLETED PROJECTS – Q2 2021 UPDATE

ROYAL WILANÓW

GLA	36,834 m^2 (offices: 25,730 m^2, health & beauty 4,720 m^2, groceries: 2,170 m^2, food & beverages: 1,986 m^2, other retail: 1,892 m^2, services: 336 m^2, 908 underground parking spaces)
Delivery date	August 2015
Book value	PLN 462m (EUR 102m)
Occupancy	100% (no changes q/q)
WAULT	4.1 years
Key tenants	ERBUD, Boehringer Ingelheim, Artis, Medicover, Carrefour
Update	Stabilised asset for sale. Lease update: no material changes, 100% occupancy.

*Book value excluding IFRS 16, WAULT as of Q2 2021

COMPLETED PROJECTS – Q2 2021 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
Book value	PLN 61m (EUR 14m);	PLN 69m (EUR 15m)
Occupancy	89% (+2 p. p. vs Q1 2021)	100% (no changes q/q)
WAULT	4.0 years	15.5 years
Key tenants	Intermarche, Rossmann, Euro RTV AGD, Pepco, KIK	VHM (Hampton by Hilton hotel operator), Kos Delicatessen, Manufaktura Nalewki, Pan Kejk

*Book value excluding IFRS 16, WAULT and occupancy as of Q2 2021; valuation of Hampton by Hilton Old Town Gdańsk based on the preliminary property sale agreement

JOINT VENTURE PROJECTS – Q2 2021 UPDATE

	ETC SWARZĘDZ	VIS À VIS WILANÓW
GLA	20,104 m^2	4,090 m^2
Delivery date	October 2017	October 2018
Book value	PLN 160m (EUR 34m)	PLN 40m (EUR 9m)
Occupancy	91% (-1% vs. Q1 2021)	100% (no changes q/q)
WAULT	4.2 years	7.0 years
Key tenants	Intermarche, Reserved, RTV Euro AGD, CCC, Deichmann, KIK, Empik, Smyk, Martes Sport, Kids OK, Dealz, Pepco, Sinsay, Home&you, 4F, Halfprice, Up to You	Villa Nova Dental Clinic, RTV Euro AGD, Max Burgers, Hebe, Decathlon, fitness club Orange Theory, Vininova, Veda Restaurant, Sakana Sushi Bar, Poczta Polska, Bang & Olufsen, DESEO
Group's interest	60%	66%
Update	New lease agreements with Up to You (fitness club) which repleaced previous one for 1.583 m2.	

*Book value excluding IFRS 16, WAULT and occupancy as of Q2 2021

Q2 2021 FINANCIAL RESULTS

Royal Wilanów, Warsaw

KEY FIGURES OF Q2 2021

PLN 19.5m

Net operating income
-5% vs. H1 2020

PLN 1,805m

Investment portfolio value
+1% vs. Q1 2021

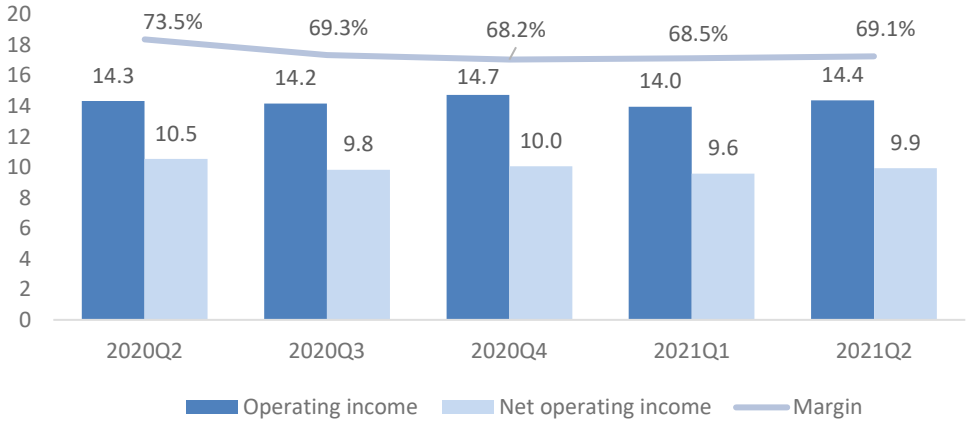
PLN 128m

Total cash
-22% vs. Q1 2021

Notes: investment portfolio excluding effect of IFRS 16

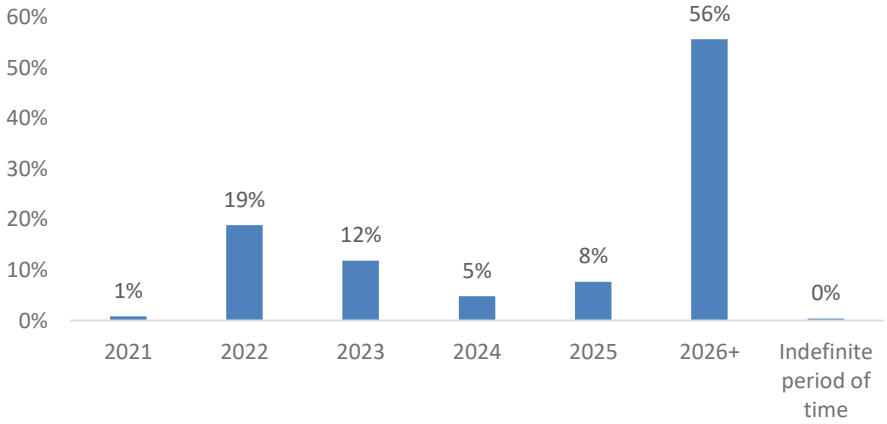
REVENUES FROM LEASE

OPERATING INCOME AND NOI (PLN M)



LEASE EXPIRY

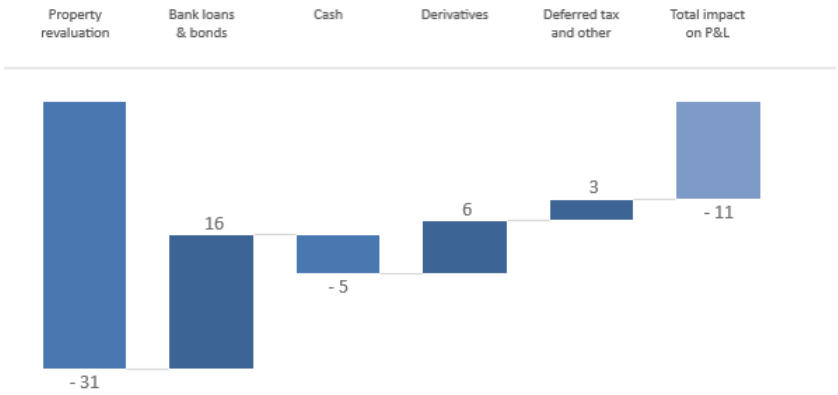
WAULT = 5.5



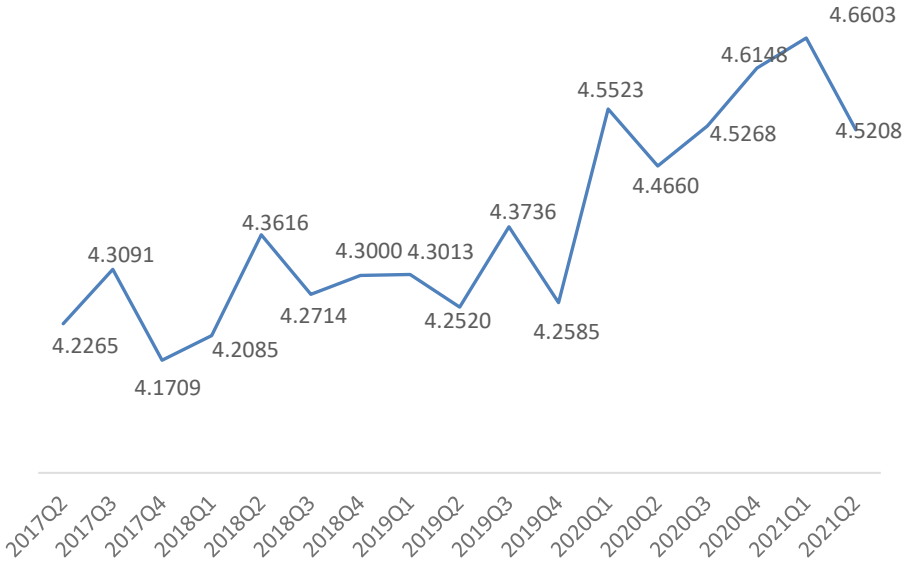
- Net operating income amounted to PLN 9.9m in Q2 2021 – decreased by PLN 0.6m comparing to Q2 2020 (PLN 10.5m) mainly due to void periods connected with tenants replacement in Royal Wilanów
- 69% of the contracted lease agreements expire after 2023

IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE ON H1 2021 RESULTS

IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE H1 2021 (PLN M)



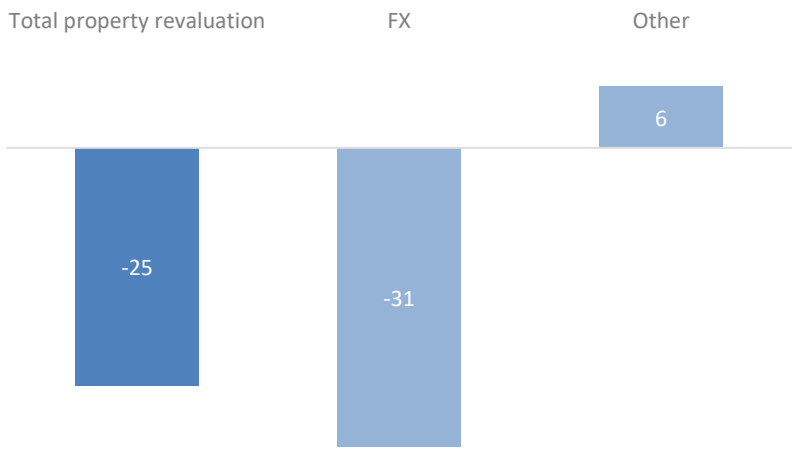
EXCHANGE RATES AT THE END OF REPORTING PERIODS



- Exchange rates have a significant impact not only on the valuation of investment properties, but also on other financial positions such as bank loans, bonds, derivatives and cash
- 97% of financial debt is in EUR
- 95% of property portfolio is valued in EUR

A SIGNIFICANT CONTRIBUTION OF THE PROPERTY REVALUATION TO H1 2021 RESULTS

COMPONENTS OF THE PROPERTY REVALUATION IN H1 2021 (PLN M)

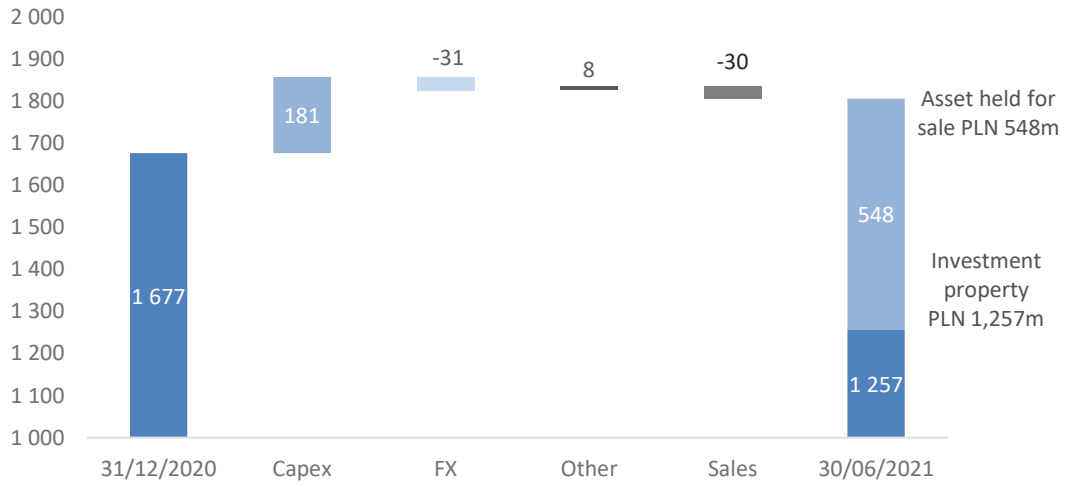


PROPERTY REVALUATION BY TYPE OF PROJECTS IN H1 2021 (PLN M)

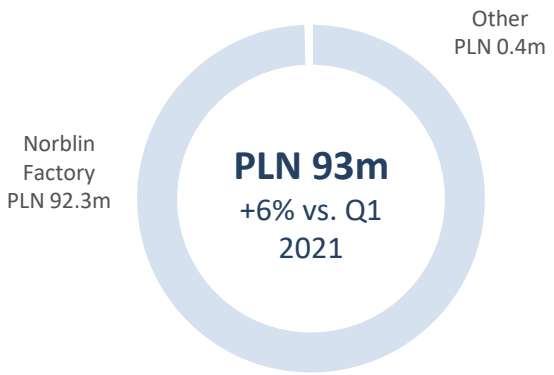
- The revaluation loss on investment properties in H1 2021 reached PLN 25m compared to gain on investment properties PLN 8.6m in H1 2020
- Negative impact of fx changes on the property revaluation amounted to PLN 31m in H1 2021 compared to positive impact PLN 62.2m in H1 2020

REAL ESTATE PORTFOLIO VALUE

CHANGE IN VALUE OF INVESTMENT PROPERTY (PLN M)

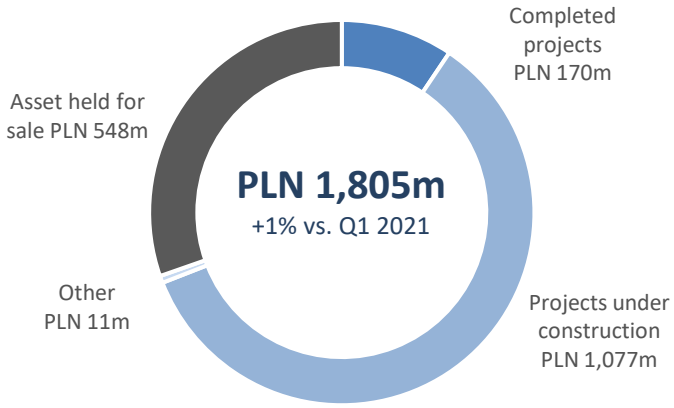


CAPEX IN Q2 2021



- Change in property portfolio primarily due to:
  - Capex of PLN 181m
  - Negative impact of FX changes of PLN 31m
  - Sale of Warsaw Belgradzka of PLN 30m
- In Q2 2021 capex expenditure was attributable mainly to Norblin Factory construction

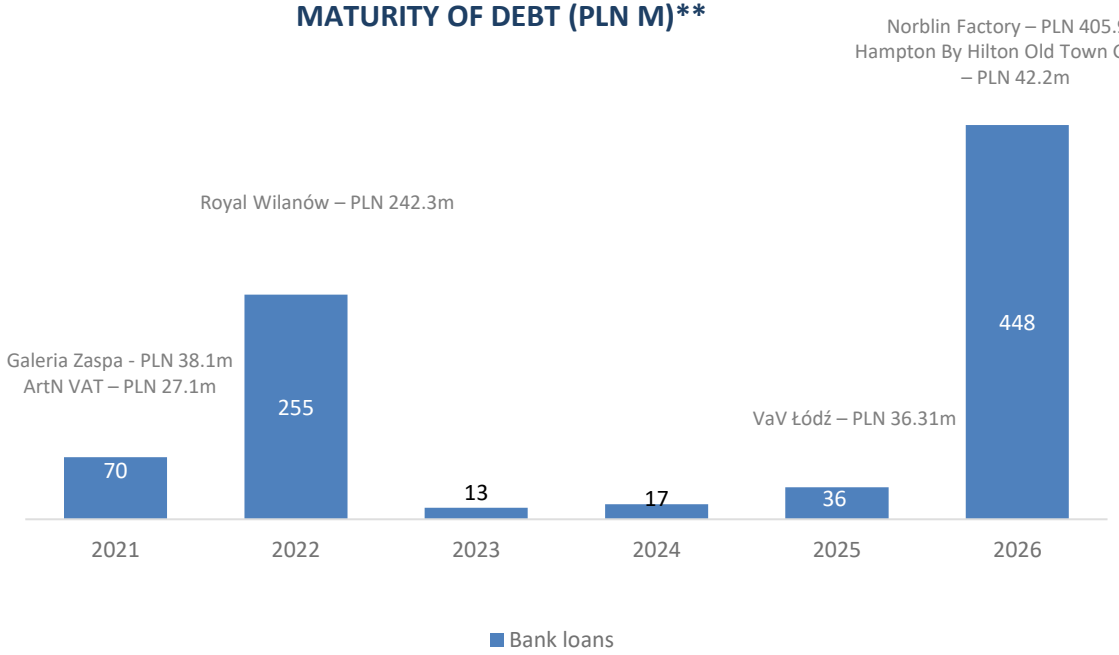
PROPERTY PORTFOLIO STRUCTURE



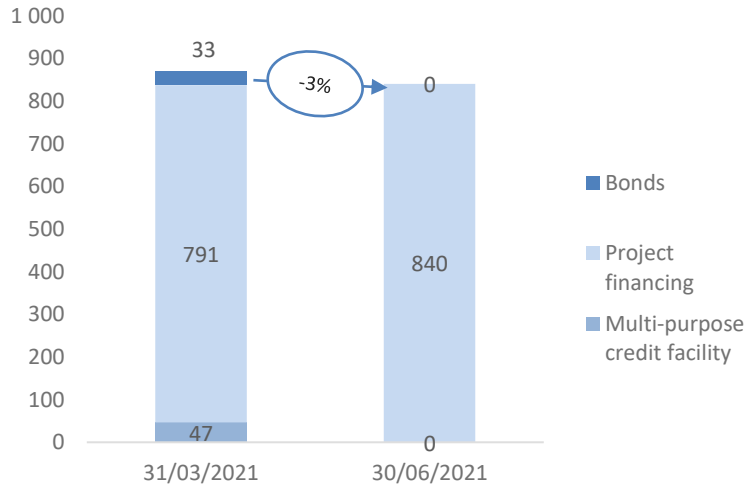
*Change in value of investment property excluding effect of IFRS 16.

MATURITY OF DEBT & FINANCING STRUCTURE

MATURITY OF DEBT (PLN M)**



FINANCING STRUCTURE (PLN M)**



- As at June 30, 2021 despite of Belgradzka's loan and bonds N repayment, total debt increased due to Norblin Factory construction loan utilisation.
- In Q3 Group repaid multi-purpose loan of PLN 45.2m
- Credit facilities maturing in 2021-2022 will be refinanced unless the Group manage to sell the Royal Wilanów project earlier
- The Group looks for any opportunities of refinancing projects in advance of maturity to ensure optimal financing conditions

KEY DEBT PARAMETERS	Q1 2021	Q2 2021
Weighted average cost of debt	2.67%	2.51%
Net debt to total assets	35%	37%
Debt currency structure (EUR/PLN)	97%	97%

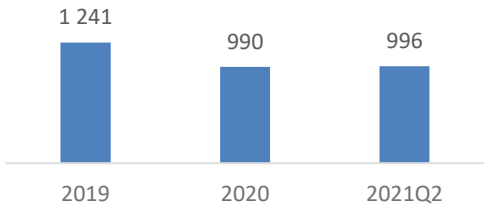
*Data excluding amortized cost valuation (SCN).
** Group's debt at 30-06-2021 excl. Multi-purpose loan which was repaid in August.

NAV/SHARE

PLN M	2020	30/06/2021	change
Investment property, incl. assets held for sale	**1,676.6**	**1,805.2**	**8%**
Interest bearing liabilities, incl. liabilities related to assets held for sale	**808.3**	**890.1**	**10%**
Cash and cash equivalents	**164.9**	**128.4**	**-22%**
Net debt	643.4	761.7	**18%**
NAV	**989.6**	**995.7**	**1%**
NAV/share (PLN)	9.13	9.19	1%
Nominal number of shares	108 333 998	108 333 998	0%

EUR M	2020	30/06/2021	change
Investment property, incl. assets held for sale	**363.3**	**399.3**	**10%**
Interest bearing liabilities, incl. liabilities related to assets held for sale	**175.1**	**196.9**	**12%**
Cash and cash equivalents	**35.7**	**28.4**	**-21%**
Net debt	139.4	168.5	**21%**
NAV	**214.4**	**220.3**	**3%**
NAV/share (PLN)	1.98	2.03	3%
Nominal number of shares	108 333 998	108 333 998	0%

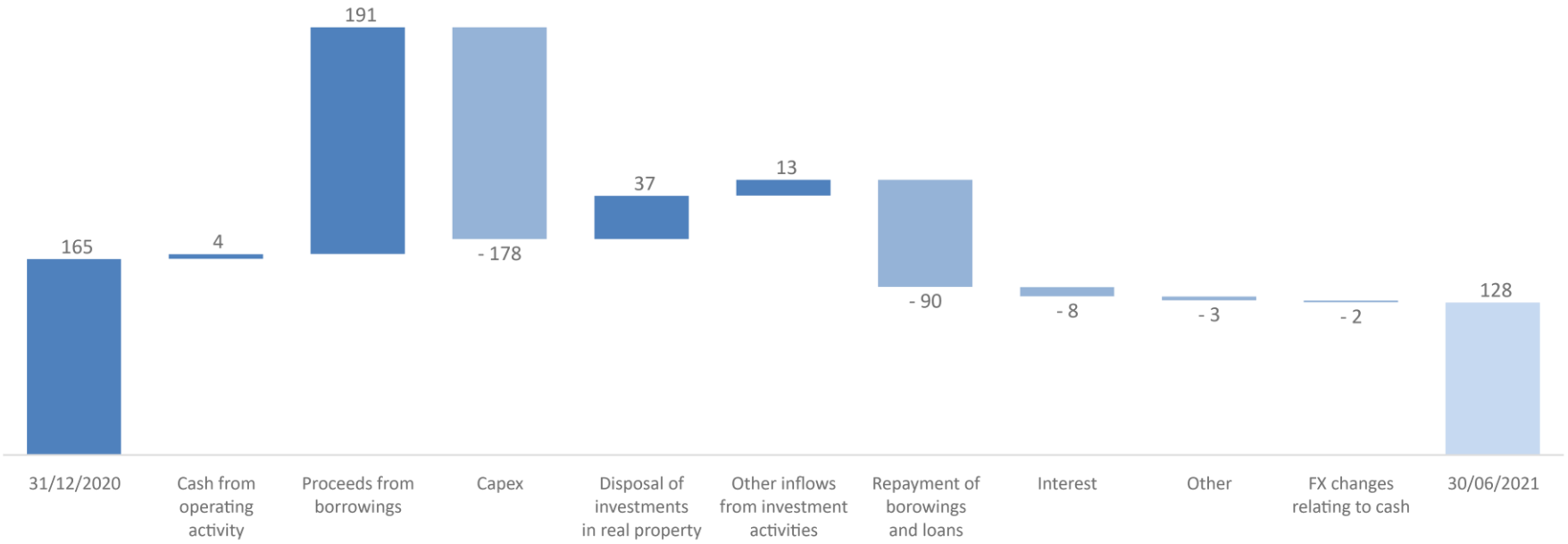
NAV EXCL. NCI (PLN M)



PLN 9.19
NAV / SHARE

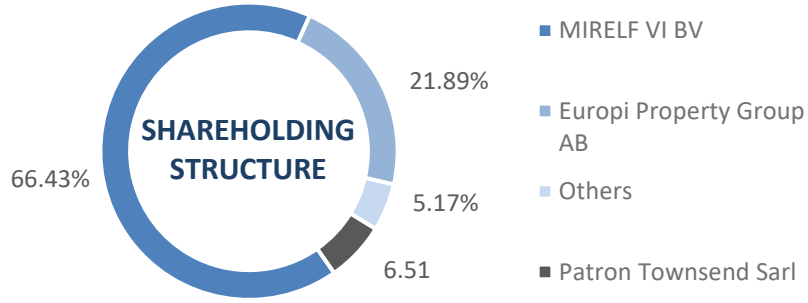
Notes: Investment property, bank loans and other financial liabilities excluding IFRS 16

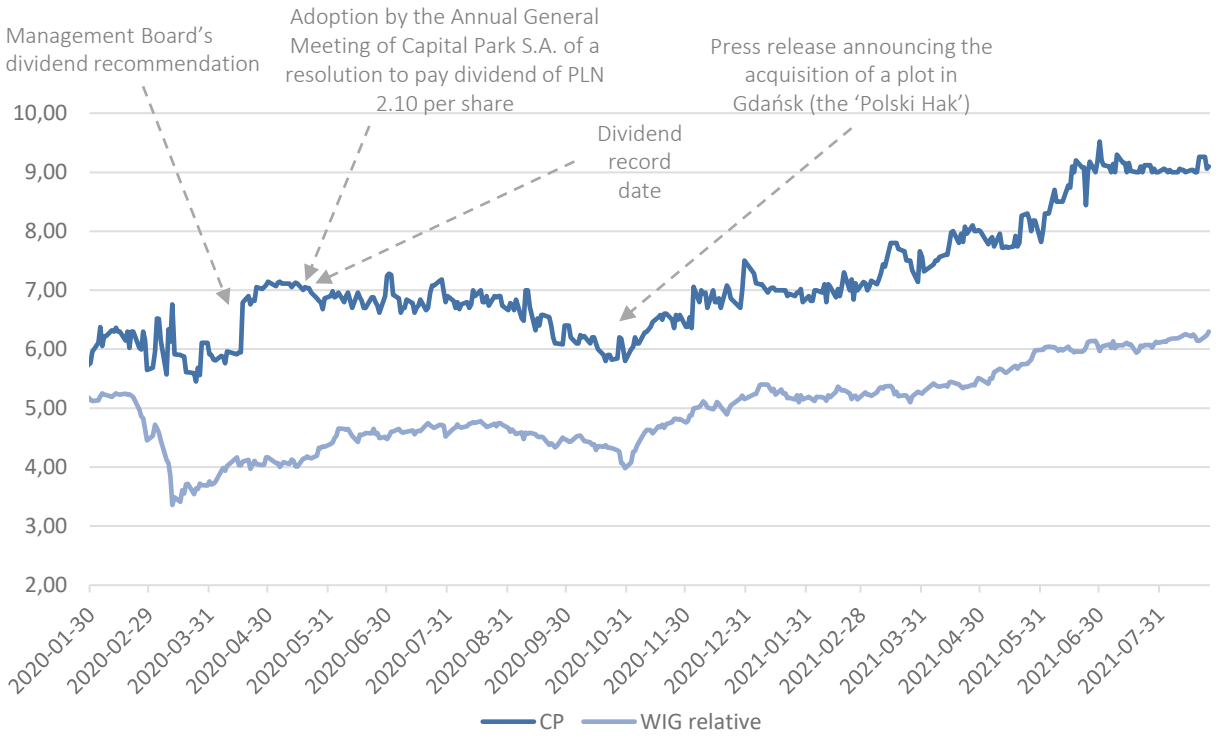
CASH FLOW



- Cash flow from operating activity in H1 2021 concerns mainly net operating income (NOI) and platform overhead costs
- Cash flow from investment activity concerned capex expenditure (PLN 178m) attributable mainly to the Norblin Factory construction and proces from disposal of investments in real property (PLN 37m)
- Cash flow from financing activities concern utilization of development and VAT loans granted to Norblin Factory (PLN 191m) and repayment of borrowings – mainly bonds redemption (PLN 31.5m) and Warsaw Belgradzka loan (PLN 18.9m)
- Effects of foreign exchange differences from cash amounted to -PLN 2m

SHAREHOLDING STRUCTURE & SHARE PRICE PERFORMANCE





PLN 1,031m

market capitalisation
at the end of Q2 2021

7 years

presence on the Warsaw
Stock Exchange

PLN 228m

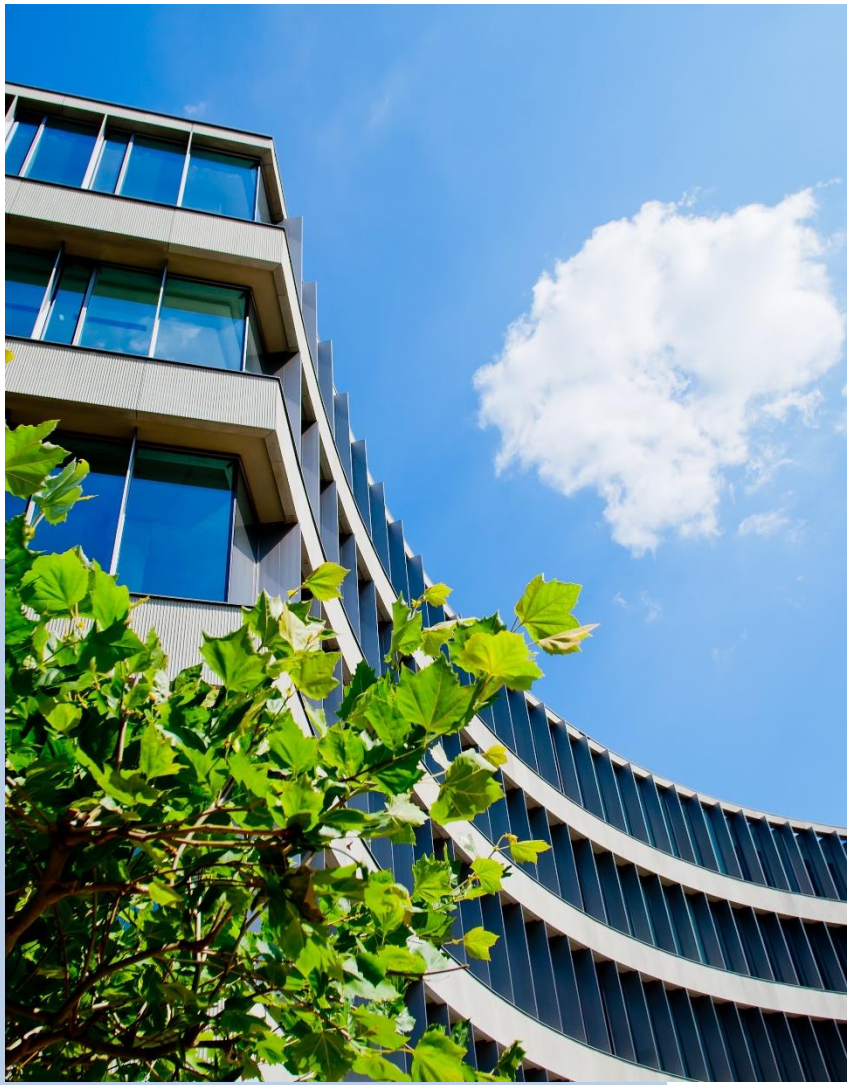
dividend paid for 2019 FY
(23% dividend yield)

SUMMARY OF FINANCIAL STANDING IN Q2 2021

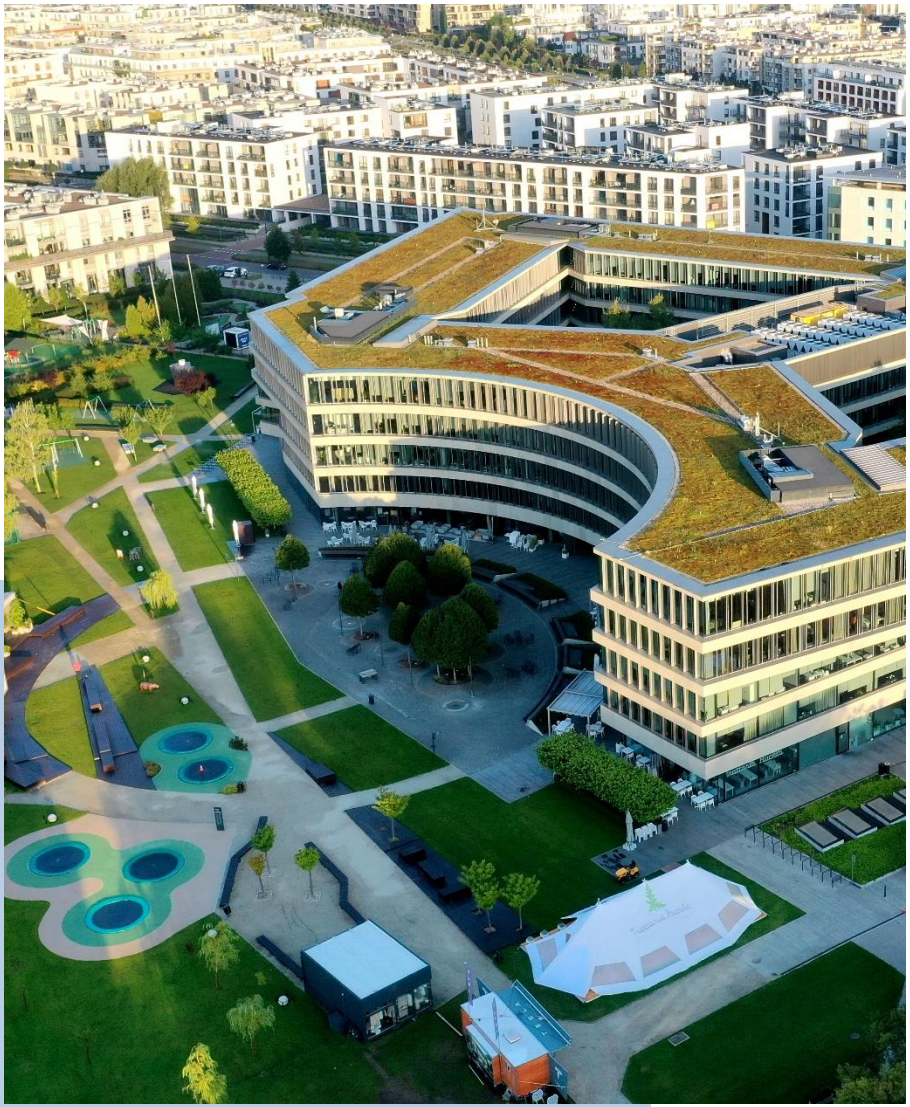
Stable cash position and healthy balance sheet

Safe level of debt
(net debt to assets: 37%)

Non-cash negative impact of changes in fx rate



PLANS FOR 2021



Our focus is on commercialisation of our flagship project – revitalisation of the former Norblin Factory

We will aim to close the sale of Royal Wilanów

We will seek to lease out remaining vacant space in completed projects

We will strive to secure additional capital to further expand our property portfolio

Q&A

Vis à Vis, Warsaw

SUPPORTING MATERIALS

Royal Wilanów, Warsaw

REAL ESTATE PORTFOLIO SUMMARY

Investment property	City	GLA (thous. sqm)	Occupancy (31/03/2021)	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 Q2 2021 (PLN m)
COMPLETED PROJECTS											
Royal Wilanów	Warsaw	37	100%	102	462	474	6.50%	4.2	246	36	6
Galeria Zaspa	Gdańsk	9	89%	14	61	63	8.25%	4.1	38	5	1
Hampton by Hilton Old Town Gdańsk	Gdańsk	9	100%	15	69	69	8.50%	15.6	52	6	0
Vis à Vis Łódź	Łódź	6	92%	8	34	34	8.00%	4.7	25	3	0
Warszawa KEN	Warsaw	0	100%	1	5	5	7.00%	4.6	0	<1	0
Bydgoszcz Krasińskiego	Bydgoszcz	0	100%	0	1	1	8.00%	3.6	0	<1	0
Total		**61**	**98%**	**140**	**632**	**646**		**5.5**	**361**	**50**	**7**
PROJECTS UNDER CONSTRUCTION AND IN PIPELINE											
Norblin Factory	Warsaw	65	73%	238	1 077	1 428	4.97%	n/a	453	80	224
Eurocentrum Hotel & Residences	Warsaw	28	n/a	19	85	0	n/a		0	-	0
Other	3 cities	1	n/a	2	11	11	n/a	n/a	0	-	-
Total		**94**		**259**	**1 173**	**1 439**		**n/a**	**453**	**80**	**224**
TOTAL - consolidated in full method		**155**		**399**	**1 805**	**2 085**		**5.5**	**814**	**130**	**231**
JOINT VENTURE PROJECTS											
ETC Swarzędz	Swarzędz	20	91%	34	156	157	7.75%	4.3	124	12	4
Vis à Vis Wilanów	Warsaw	4	100%	9	40	40	7.25%	7.0	19	3	0
Total		**24**	**93%**	**43**	**196**	**197**		**5.0**	**143**	**15**	**4**
TOTAL		**179**		**443**	**2 000**	**2 282**		**5.4**	**957**	**145**	**235**

Source: Capital Park; Valuation reports on the Capital Park property portfolio as at December 31st 2020, 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 NOI and required capex. Data is presented in PLNm as at June 30th 2021, unless stated otherwise.
Notes: 1) Carrying amounts in PLN and EUR are presented excluding the impact of IFRS 16. 2) The book value of Hampton by Hilton Old Town Gdańsk based on the preliminary property sale agreement. 3) Financial debt is presented in nominal amounts, i.e. excluding the effect of amortised cost. 4) Required capex represents capital expenditure to be incurred in a project after December 31st 2020. 5) In the Eurocentrum Hotel i Rezydencje project, the GLA refers to 8,000 m^2 of the planned usable floor area of apartments; the carrying amount is based on the preliminary sale agreement; 6) The table presents 100% of the property value and the indebtedness of the joint venture projects. 7) Yields for office projects: 4.75-6.50%, retail projects: 5.40%-8.25%, hotel: 7.50%-8.50%. 8) Target NOI for Royal Wilanów and Norblin Factory calculated on the basis of concluded lease agreements and assumed market rent for vacant space. 7) Eurocentrum Hotel& Residences sold in Q3 2021.

P&L

Consolidated Statement of Profit or Loss and Other Comprehensive Income (PLNm)	6 months 2020	6 months 2021	Change
Rental revenue	28.7	28.3	-1%
Direct property operating expenses	-8.2	-8.8	
Net operating income (NOI)	**20.5**	**19.5**	-5%
Other income, including management fees	2.0	12.8	536%
Operating expenses of SPVs	-1.7	-1.5	
Administrative expenses	-6.6	-6.2	-7%
Gain/(loss) on property revaluation	8.6	-24.9	-391%
Other expenses	-2.0	-0.2	
Share in net profit/(loss) of equity accounted entities	0.8	0.1	
Profit/(loss) from operating activities	**21.6**	**-0.4**	-102%
Dividend income	0.2	0.0	
Interest income	1.7	1.2	
Interest expense	-9.7	-8.3	
Other finance income and costs	-40.1	21.8	154%
Profit/(loss) before tax	**-26.3**	**14.3**	155%
Income tax	-3.7	-8.0	
Net profit/(loss)	**-30.0**	**6.3**	121%

Decrease in revenues due to void periods (tenants replacement in RW in 2021)

In Q1 2021 ArtN received compensation in the amount of PLN 11m for the land transferred to the City in 2013 in connection to reconstruction of Prosta Street.

Revaluation of properties resulted mainly from impact of fx changes -PLN 31m

Gain on revaluation of liabilities due to decrease in fx rate

Additional information	6 months 2020	6 months 2021	Change
PLN/EUR exchange rate at the end of the quarter	4.4660	4.5208	1%
Average PLN/EUR exchange rate in the period	4.4413	4.5472	2%

BALANCE SHEET – KEY ELEMENTS

ASSETS (PLNm)	31/12/2020	30/06/2021
Non-current assets	**1,248.3**	**1,394.5**
Investment property	1,171.4	1,306.6
Investments in jointly controlled entities	41.0	43.2
Financial assets	21.6	21.1
Other non-current assets	14.4	23.6
Current assets	**771.5**	**733.0**
Receivables and other current assets	31.8	39.6
Financial assets	8.5	6.5
Cash and cash equivalents	148.9	110.5
Non-current assets classified as held for sale	582.5	576.4

TOTAL EQUITY AND LIABILITIES (PLNm)	31/12/2020	30/06/2021
Equity	**989.6**	**995.7**
Share capital	108.3	108.3
Statutory reserve funds	852.5	826.4
Other capital reserve	73.4	73.4
Exchange differences on translating foreign operations	5.0	4.9
Retained earnings / (deficit)	(49.7)	(17.3)
Non-current liabilities	**530.2**	**684.3**
Bank borrowings	374.0	525.2
Other financial liabilities	24.1	18.9
Liabilities under notes in issue	0.0	0.0
Lease liabilities	48.5	47.3
Other liabilities and provisions	8.9	9.2
Deferred tax liabilities	74.6	83.7
Current liabilities	**500.0**	**447.5**
Bank borrowings	114.4	98.6
Other financial	7.4	1.3
Liabilities under notes in issue	32.0	0.0
Lease liabilities	2.0	1.9
Trade and other liabilities	31.4	44.1
Group's liabilities for sale classified as held for sale	312.7	301.6
Total equity and liabilities	**2,019.8**	**2,127.5**
Net debt	643.4	761.7
Net debt/Total assets	**32.85%**	**36.84%**

Change in property portfolio primarily due to:
- *Capex of PLN 181m*
- *Revaluation of properties in the amount -PLN 25m including impact of fx changes -PLN 31m*
- *Sale of Warsaw Belgradzka -PLN 30m*

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

Investments in REIA & REIA II closed-end investment funds

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

Increase due to construction loan utilisation

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

Bonds redemption

Bank loan and deferred tax liability related to Royal Wilanów

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.	▪ EUR 7m of bonds series N redeemed in Q2 2021 ▪ EUR 10m of multi-purpose loan in Getin
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 market ▪ 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.	At the end of Q2 2021: ▪ the net debt to assets ratio was 37% and ▪ net debt reached PLN 762m

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.	▪ 95% of Group's property portfolio is 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	▪ 97% 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.	▪ Active property management and cost optimisation ▪ Maintaining direct and close relations with tenants in order to work out the best solutions, entering into agreements with tenants whose financial condition has deteriorated (temporary rent discounts granted in exchange for lease extensions) ▪ 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 *See the Group's response to Covid-19 on slides 43-45*

EFFECT OF COVID-19 ON THE GROUP'S BUSINESS IN Q2 2021

- Due to healthy balance sheet and good cash position, the structure of our portfolio, and our unique projects, the Group remained resilient to the shocks caused by successive waves of Covid-19 pandemic.
- In connection with the bans and restrictions imposed on various types of business activity and as a result of temporary reductions in rent awarded to tenants, the Group's consolidated rental income (on a cash basis) for Q2 2021 decreased by 11% to the pre-covid assumptions*.
- There were no financial covenants breach on any of the projects.
- Thanks to progressive vaccinations and decrease in cases of Covid-19 diseases, retail centres opened again from May 4, hotels opened on May 8 with max. 50% of occupancy, restaurants and fitness centres opened on May 28.
- Starting from June 26 hotels, restaurants, cinema opened with max. 75% occupancy. Occupancy limit does not include vaccinated customers.

*In accordance with IFRS 16, the Group presents its rental income taking into account the average rent over the lease term ('straight-line rent'), which means that any changes in rent rates during the life of a lease (including reductions due to COVID-19, discounts and rent-free periods) are recognised on an accrual basis, therefore the adverse effect of the coronavirus on revenue for H1 2021 was spread ('evened out') over the lease terms.

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 repayment of principal in almost all projects allowing to mitigate the decrease in revenues resulting from temporary suspension of leases implemented by the government

HEALTHY BALANCE SHEET

The surplus cash generated by the Eurocentrum Office Complex sale in late 2019 allowed us to pay dividend in 2020 (PLN 228m), repay of bonds maturing in 2020 and 2021 (EUR 45.5m) 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

Property portfolio with 98% occupancy, excellent locations, WAULT of over 5 years and well diversified tenant base

DIVERSIFIED PROPERTY PORTFOLIO

Despite the decrease of share of offices in the portfolio after sale of Eurocentrum Office Complex, property portfolio is well-diversified and currently GLA of completed projects accounts for 42% of office, 44% of retail and 14% of hotel

SAFE LEVEL OF DEBT

The Group maintains safe level of debt. Credit facilities maturing in 2021-2022 will be refinanced unless the Group sells the Royal Wilanów project earlier

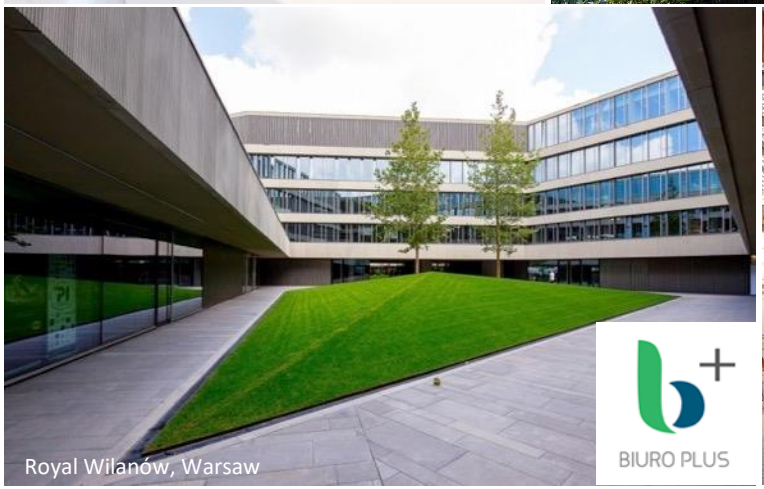
GROUP'S INITIATIVES IN THE TIME OF COVID-19 CRISIS

- Twice last year – in spring and autumn – we got involved in the **#property4heroes** campaign, in which leaders of the real estate industry support employees of hospitals and ambulance services throughout Poland. Together with our gastronomic tenants in Royal Wilanów and Street Mall Vis à Vis Wilanów we provided over 3000 meals for the medical staff in Warsaw hospitals.
- **Office Doctor** first aid medical service is an invaluable addition to the offer of the Royal Wilanów complex and is well received by tenants. During the COVID-19 epidemic, we had an average of 5 critical interventions every month, 3 of which would have been fatal if not for Office Doctor's intervention. In addition, in connection with the Covid-19 pandemic, each month medics receive about 80-100 reports related to the health condition of people staying in Royal Wilanów, the desire to perform a test to detect the presence of SARS-COV 2 virus or the level of antibodies.
- 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+ 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



Royal Wilanów, Warsaw

BIURO PLUS

Norblin Factory, Warsaw

BEE CREATIVE

New quality of co-working in friendly environment

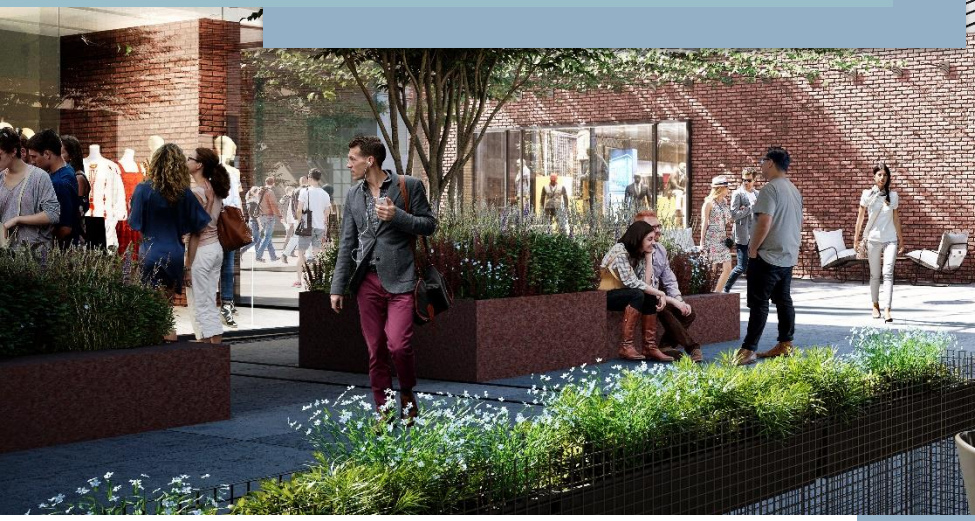
In 2018, in Royal Wilanów, one of our flagship projects, we developed co-working space of our own design, named ‘Bee Creative’. It is a perfect place for all those who need comfortable and design-conscious office space in a top quality building and friendly environment.

GLOSSARY

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
Capex	Capital expenditure
FFO	Funds From Operations, i.e. operating performance in cash terms
GAV	Gross Asset Value
GLA	Gross Leasable Area
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
NOI	Net Operating Income, net rental income

Klimczaka 1, 02-797 Warszawa
+48 22 318 88 88
biuro@capitalpark.pl

www.capitalpark.pl
www.inwestor.capitalpark.pl

Thank YOU!

2021