

SUSTAINABILITY REPORT OF THE CAPITAL PARK GROUP FOR 2021

2021



25.03.2022

photo by Marcin Czechowicz



GRUPA **CAPITAL PARK**

PLN 43m

NOI

PLN 107m

Free cash

PLN 11.36

NAV per share

PLN 2.6bn

Value of portfolio under management

34%

Net debt to assets

92

Specialists

93%

Occupancy rate in completed fully-consolidated properties



2021 was a landmark year for the Capital Park Group. Despite the ongoing pandemic, we completed our flagship project to revitalise Norblin Factory in the Wola district of Warsaw, delivering it ready for occupancy in August 2021. We also successfully closed the sale of Eurocentrum Hotel i Rezydencje and managed to repay all corporate debt at the holding company level. What we present to you now is our first sustainability report. ESG aspects have been an integral element of our strategy and projects for years. Now we have decided to summarise our stakeholder engagement in this report.

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LETTER FROM THE MANAGEMENT BOARD

Environmental, social and governance aspects have always been a vital part of our operations, influencing our strategy since the Company's inception. Now, to meet the expectations of our stakeholders, we have prepared a report summarising our sustainability efforts.



Despite the ongoing pandemic, we have successfully completed our flagship project to revitalise Norblin Factory. After 46 months of intensive and complex construction, conservation and restoration works, in August 2021 we secured a final occupancy permit for the project.

We are pleased to present to you the Capital Park Group's first Sustainability Report, which provides a quantitative summary of our activities for a wide range of stakeholders. Environmental, social and governance (ESG) aspects have always been a vital part of our operations, influencing our strategy since the Company's inception. Now, to meet the expectations of our stakeholders, we have prepared a report summarising our sustainability efforts. The reported information is compliant with the Polish Accounting Act as well as the international reporting standards of the Sustainability Accounting Standards Board (SASB) and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

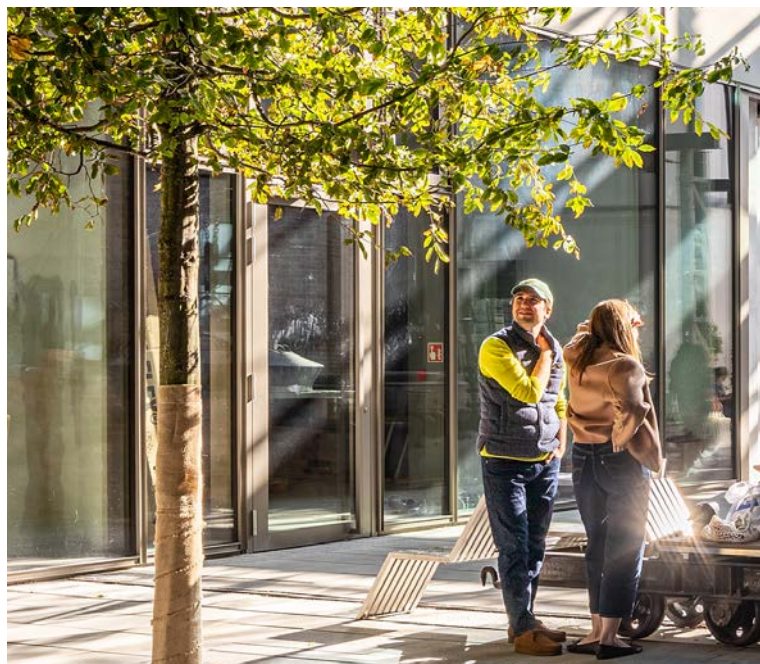
Last year was marked by the challenges of successive waves of the COVID-19 pandemic. In the demanding environment of coronavirus restrictions, we sought to support our tenants business-wise through rent concessions and marketing initiatives to boost tenant revenues, but also by providing a direct medical support service called the 'Office Doctor' in our buildings. The pandemic also affected the pace and progress of work on our key project – Norblin Factory, located in the Wola district of Warsaw. Despite these headwinds, we successfully closed new leases for a total of 27.2 thousand m², with Royal Wilanów and the office section of

Norblin Factory having reached full occupancy by the end of 2021. As at the date of this report, the remaining space in the complex, designated for entertainment, cultural, food service and retail uses, was 68% leased. Our new tenants signed in 2021 include the LUX MED Group, Arago and MJM in Royal Wilanów and the Allegro.pl Group, ISS World Services, the newonce.media Group and Medicover Stomatologia in Norblin Factory.

Despite the ongoing pandemic, we successfully completed our flagship project to revitalise Norblin Factory. After 46 months of intensive and complex construction, conservation and restoration works, in August 2021 we secured a final occupancy permit for the project. By the end of the year we handed over space to office tenants and opened the key cultural, entertainment, food service and retail outlets: BioBazar, Warsaw's first and best-known marketplace selling certified organic food; KinoGram, a boutique seven-screen cinema housing the head office of the Directors Guild of Poland; Food Town, Warsaw's largest food hall offering 24 food concepts from around the world; and Piano Bar, which quickly became one of the most popular live music venues in the capital. The Norblin Factory Museum, commemorating the 200-year history of the site on Żelazna Street in the Wola district of Warsaw, also opened its doors. The start of this year has brought

new leases and further openings of retail, cultural and entertainment outlets. Examples include Art Box Experience, the only immersive art gallery in Poland and this part of Europe, which will welcome first visitors in the coming days, and Apple Museum Poland, home to the most extensive collection of Apple products in the world, which will open its doors in mid-April. New retail establishments and restaurants will also open to the public, including Orange Theory Fitness, where you can come for a workout starting this spring.

In 2021, the Capital Park Group was busily engaged in its investment activity. The Group successfully completed two sale transactions: Eurocentrum Hotel i Rezydencje, a residential and hotel project located at Aleje Jerozolimskie near Eurocentrum Office Complex, and retail units on Belgradzka Street in Warsaw. The transactions generated total proceeds of PLN 121.8m, with the prices paid for the projects exceeding their respective book values. The proceeds were largely used to redeem bonds maturing in 2021 (Series N) and to repay a corporate credit facility granted to Capital Park SA by Getin Noble Bank S.A. At the end of the year, Capital Park SA no longer carried any outstanding debt under bonds or credit facilities. As at December 31st 2021, the only liabilities of the Group were under loans provided to special purpose vehicles implementing individual development projects.



Fully stabilised and 100% leased, Royal Wilanów was prepared for the sale process. The Capital Park team were working intensively on the previously acquired projects: Polski Hak in Gdańsk and Nowy Wełnowiec in Katowice and Siemianowice. Our efforts focused on securing exclusivity, pre-acquisition preparations and further development of new projects in Warsaw, Szczecin and Kołobrzeg. The transactions are being finalised and joint venture agreements are being signed with landowners and financial investors.

The Group's financial standing is stable. Operating income in 2021 came in at PLN 65.4m, a 13.5% increase on 2020. As the completion of Norblin Factory culminated in an occupancy permit and handover of space to key tenants, the market value of the project could be determined using the DCF method. The growth in NOI, 100% occupancy rate and slight yield compression at year-end also contributed to a higher book value of Royal Wilanów. The strong revaluation gains on the two projects were a key factor leading to the PLN 274m over-



photo by Marcin Czechowicz

100%

Occupancy rate for Royal Wilanów project

88%

Occupancy rate for mixed-use Norblin Factory project

PLN 245.6m

Capital Park Group's 2021 consolidated net profit

all revaluation gain and a 31% appreciation in the value of the investment property portfolio, which rose to PLN 2.2bn. Overall, the Capital Park Group earned a consolidated net profit of PLN 245.6m, or PLN 2.27 per share (EPS), increasing its book value per share (NAVPS) by 24% to PLN 11.36. The Group boasts a very healthy balance sheet, with a year-end cash balance of PLN 172m and net debt ratio of just 34%.

In addition to our principal business, non-financial activities are a prominent part of the Group's daily operations. Every year we partner with district authorities and the local community to host numerous sporting, educational and health promotion events in our retail and mixed-use properties. We take an active part in local initiatives and initiate our own cultural events, with summer cinema festivals, winter projects and educational initiatives already our hallmark. We are honoured to have partnered with the Day Centre for Warsaw Uprising Veterans

and the '28 Dreams' initiative for young people with moderate mental and motor disabilities. We firmly believe that regular support brings real benefits, improving the quality of life for those in need. For us, helping is a source of joy and a way to practise humility in everyday work. Working on the Norblin Factory project we put a lot of effort into promoting culture and art by hosting unique concepts and by fostering partnerships with both renowned artists, such as Pola Dwurnik and Tytus Brzozowski, and young artistic talent, whom we support through the Norblin Factory Foundation. Together with budding art students, we breathed new life into old factory carts, which now serve as benches, display case bases or tables, and into historical gates, turned into creative installations adorning the walls of the underground parking lot. Every Wednesday, the Food Town hall hosts the 'Jam Session. Young Stage' event for young and experienced musicians to showcase their skills. In fact, music fills Norblin Factory every day.

We are proud to say that the challenging and busy year 2021 closed with strong performance. On be-

half of the Management Board of the Capital Park Group, we would like to wholeheartedly thank all employees and associates for their commitment and hard work, which contributed to our joint success stories, particularly the completion of Norblin Factory, our most complex project to date. We also thank our investors for their openness and trust, and our banks for being reliable partners during the challenging time of the pandemic. Let us also extend our thanks to all tenants, suppliers and business partners.

The beginning of this year has surprised us with new developments. Russia's brutal aggression against our eastern neighbour, independent Ukraine, launched on February 24th, has caused a new geopolitical, economic and social upheaval. We have devoted part of our efforts and financial resources to support people who lost their homes overnight and were forced to leave their homeland fleeing the war. We also take great pride in the personal commitment of our employees and their families. For the time being it is hard to fully assess the political and economic implications of



the war in Ukraine, as they will largely depend on how long the hostilities last. Despite the uncertainty, the property market is in a good condition, with demand for office space high and rising. We expect this trend to be further reinforced by businesses moving to Poland from Russia, Ukraine and Belarus. The growth in home prices and sales volumes reported by major players is slowing down, but supply has adjusted to demand and the market fundamentals remain sound. The migration of Ukrainian refugees has generated additional rental demand, which may feed through to the home buying market in the long term. Russia's aggression and the resulting uncertainty has slowed down or, in the case of some core/core+ investors even halted, commercial property acquisitions. When the situation in Ukraine de-escalates, we hope investors in commercial property will return to business as usual, which would allow us to successfully market the Royal Wilanów project, now fully leased, stabilised and ready for sale.

Despite the geopolitical and economic turbulence, the Capital Park Group's financial position is robust after the successful 2021. With a safe cash balance, low debt levels, projects generating stable income and new projects in the pipeline, we are well positioned for further growth. Looking into the future, we believe the situation will gradually return to normal over the next few weeks, and we will be able to live and work again in a safe world and focus on creating the value of our business.

With kind regards,

Jan Motz, President of the Management Board

Kinga Nowakowska, Member of the Management Board

Marcin Juszczyk, Member of the Management Board



CAPITAL PARK GROUP

Capital Park is a recognised investor, property developer and manager on the Polish real estate market, listed on the Warsaw Stock Exchange since 2013. The Group has extensive experience in developing high-quality modern mixed-use properties, including Royal Wilanów, and revitalisation projects, such as Norblin Factory in central Warsaw.





177
thousand m²

total area of the
property portfolio under
management



PLN 2.6bn

value of the property
portfolio under
management at the end of
2021



93%

commercialisation rate
for completed income-
generating projects



92%

of the portfolio are
properties located in
Warsaw – the most
promising commercial
property market in Central
and Eastern Europe



19 years

experience on the Polish
property market



8 years

since listing on the Warsaw
Stock Exchange



High-quality property portfolio

The portfolio of completed properties comprises modern office, retail and mixed-use space, including Royal Wilanów and the revitalised Norblin Factory complex.



Recurring business model

We have a proven ability to develop and deliver unique projects and raise project funding. Further unique projects, including Polski Hak and Nowy Wełnowiec, are in the pipeline.



Experienced team

Our employees have unique ideas and competencies to create projects that generate value for the Company's stakeholders. Our experienced, dedicated and loyal team consists of 92 professionals responsible for the comprehensive implementation of development processes.



Sustainability

As we manage properties and develop new projects, we take into account their impact on local communities, the city fabric, natural environment and climate. In each of our new developments, we employ pro-environmental solutions that help reduce service charges for tenants and increase occupant comfort. We conduct our activities in compliance with the law, good practices and modern corporate governance principles.

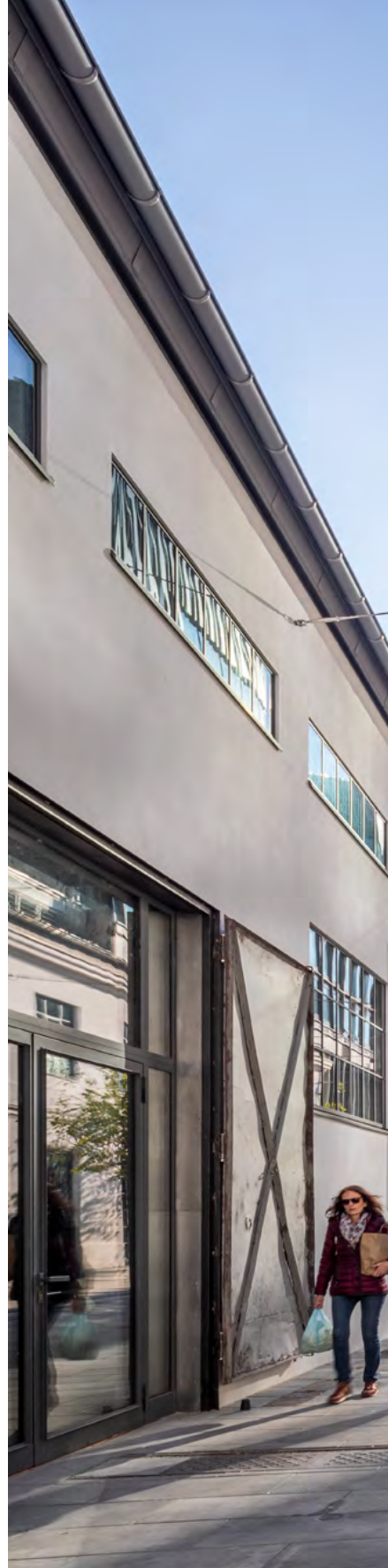


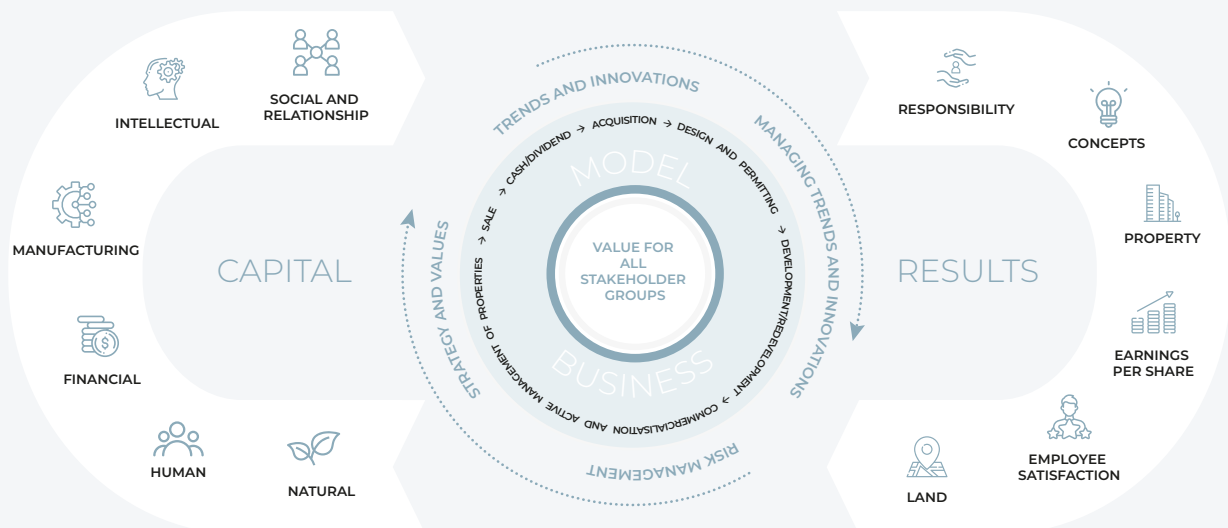


photo by Marcin Czechowicz



BUSINESS MODEL

Proven business model of a company active on the real estate market, delivering attractive returns on investments



CAPITALS

NATURAL CAPITAL

- Land
- Natural resources used in property development

HUMAN CAPITAL

- Our team of employees and associates

INTELLECTUAL CAPITAL

- Original concepts representing a project's added value, such as the 'Office Plus' concept

FINANCIAL CAPITAL

- Debt
- Equity

MANUFACTURING CAPITAL

- High-quality, sustainable projects
- Revitalisation projects
- Unique mixed-use concepts and local retail concepts – Vis à Vis
- Innovative concepts to shape urban space

SOCIAL AND RELATIONSHIP CAPITAL

- Reputation, market position and relations with brokers
- Close and direct relations with tenants
- Relations with banks, investors, the regulator
- Business partners
- Social impact

BUSINESS MODEL

PURCHASE

- We seek out investment projects with a high value creation potential
- We acquire unique properties in promising markets
- We acquire controlling interests in prime properties and portfolios in growth-oriented markets
- We enter into joint ventures with reputable funds, developers and landowners

DESIGN AND PERMITTING

- We develop functional, sustainable and architecturally advanced mixed-use concepts that appeal to tenants, local communities and investors

DEVELOPMENT/REDEVELOPMENT

- We execute complex development and revitalisation projects, delivering attractive returns
- We revitalise, upgrade and convert obsolete projects into modern, functional space meeting the latest standards, particularly environmental

COMMERCIALISATION AND ACTIVE MANAGEMENT OF PROPERTIES

- We ensure an optimum mix of tenants to maximise income and enhance project value
- We foster close and direct relations with tenants through innovative approach to properties

- We develop the 'Office Plus' concept
- We implement value-add services
- We provide active Asset Management to foster tenant loyalty

SALE

- We sell completed projects when market conditions allow to achieve target returns

RESULTS

UNMATCHED REAL ESTATE CONCEPTS

- Premium quality and comfortable space
- Important role in shaping urban space
- Unique services for tenants, buyers and local communities
- Supporting art and culture

DELIVERY OF SIGNIFICANT DEVELOPMENT MARGIN ON PROJECTS

PROFIT FOR SHAREHOLDERS

ENHANCING TENANTS' SATISFACTION AND RENT GROWTH

ACTING EFFICIENTLY AND RESPONSIBLY

- Environmental and climate impact management (sustainable construction confirmed by international certificates)
- Beneficial impact on the local community
- Friendly employer

STRATEGY AND VALUES

OUR VALUES

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

EFFECTIVENESS

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

- we deliver on our goals – despite the pandemic headwinds, in August 2021 we successfully completed our most complex and demanding revitalisation project so far, the Norblin Factory, with 100% of its office space and over 50% of retail space leased by the year's end,
- in August we sold the Eurocentrum Hotel i Rezydencje project above book value,
- occupancy rate at Royal Wilanow reached 100% and our portfolio of completed properties including the recent addition of Norblin Factory is now 93% leased.

CONFIDENCE

We think ahead and build long-term relationships with our stakeholders

- we forge strong relations with investors and banks,

- we have close and direct relations with tenants confirmed by satisfaction surveys and resulting in low churn – despite the pandemic in the past two years we have extended leases for almost 7.6 thousand m² in Royal Wilanów alone, representing around 21% of the project's total GLA,
- we are an experienced team with a strong sense of commitment and the necessary resources to deliver development projects from concept to completion,
- our contractors and partners value our work, often inviting us to join them in new projects.

INVESTING IN SUSTAINABLE DEVELOPMENT

Sustainable development is an integral part of our core values and investment strategy

- in designing buildings we use cutting-edge green solutions, as confirmed by certificates of environmental sustainability,
- our projects create modern public space with access to culture and entertainment, integrat-





ing local communities,

- we encourage pro-environmental attitudes among tenants, employees and local communities,
- we incorporate sustainability in all stages of our development projects.

FOCUS ON VALUE CREATION

Value underpins success on the property market

- we develop high-quality smart buildings in premium locations,
- we have a portfolio of properties marked by high commercialisation rates and reputable tenants with established market positions,
- we plan further value creation – we have new projects in the pipeline.

INNOVATION

We are a forerunner on the Polish market in offering unique services and buildings

- we have created the 'Office Plus' and 'Office Doctor' concepts and were among the first to offer concierge service in office buildings,
- we develop PropTech systems, including mobile apps, and use advanced technologies to enhance customer experience and optimise the performance of buildings,
- we create up-to-date entertainment concepts and often operate them ourselves – examples include the boutique cinema KinoGram located in Norblin Factory,
- we deploy unique solutions and actively manage public spaces, for example by investing in infrastructure and hosting music events on the premises of Norblin Factory.

Strategic objectives 2021–2023

The Capital Park Group's objectives include maximising the value of existing projects, unlocking the created value of its property portfolio through sale of stabilised assets and gradual cash distributions to shareholders, and acquiring new projects to drive growth.

STRATEGIC OBJECTIVES	ACHIEVEMENTS IN 2021
Complete construction of, commercialise and stabilise current projects	<ul style="list-style-type: none"> ▪ We completed revitalisation of the Norblin Factory in Warsaw ▪ We leased 100% of the office space and 68% of the retail space delivered under the project
Stabilise projects despite COVID-19 pandemic	<ul style="list-style-type: none"> ▪ We successfully handed over space to key tenants of Norblin Factory and we opened BioBazar, Food Town, KinoGram, Piano Bar and Norblin Factory Museum. We are preparing for the launch of numerous new service and restaurant concepts ▪ We extended lease contracts at Royal Wilanów and replaced poorly performing food service tenants with new leases
Sell projects	<ul style="list-style-type: none"> ▪ We sold the Eurocentrum Hotel i Rezydencje project and retail units on Belgradzka Street in Warsaw for a price above book value ▪ We launched the process to sell Royal Wilanów
Distributions to shareholders	<ul style="list-style-type: none"> ▪ We significantly increased the Group's dividend paying capacity delivering a standalone net profit of EUR 53.6m ▪ We will strive to pay a dividend to shareholders after the sale of Royal Wilanów
Acquire new projects and continue to develop the property portfolio	<ul style="list-style-type: none"> ▪ We are developing a new project pipeline ▪ We are about to finalise the purchase of a 1.3 ha plot in Gdańsk, between the Motława and Martwa Wisła rivers, in the area called 'Polski Hak'
Measure our environmental and climate impacts	<ul style="list-style-type: none"> ▪ This report contains our first energy and water use data and estimates of greenhouse gas emissions ▪ We plan for the long term, incorporating climate risks and opportunities into decision making processes

PLANS FOR 2022

Stabilise our flagship
Norblin Factory
project

Complete the sale of
Royal Wilanów

Finalise purchase
transactions
and joint venture
agreements for
secured projects and
continue to search
for new attractive
property develop-
ment opportunities

Secure new sources
of funding



Marcin Juszczyk

Member of the
Management Board,
CFO/CIO

In 2021, most efforts focused on our flagship project to revitalise Norblin Factory. Work continued on many fronts, including construction and finishing, lease of vacant units, handover of finished space and coordination of tenants' works as well as marketing projects carried out together with tenants and the Norblin Factory Foundation. Despite major headwinds created by the successive waves of the COVID-19 pandemic, we successfully completed the main works and received an occupancy permit in August. In September, the first concepts, i.e. the KinoGram cinema and BioBazar, launched operations and we handed over space to office tenants. We leased out all office space by the end of the year. As at the issue date of this report, the retail space is 68% leased.

Last year we completed two sale transactions, as a result of which ground-floor retail units on Belgradzka Street in Warsaw and the Eurocentrum Hotel i Rezydencje project changed hands, their sale prices having exceeded book values.

We applied the proceeds to repay bank debt and outstanding corporate bonds issued by Capital Park SA. As at the end of 2021, the Group carried no corporate debt at the holding company level, had a consolidated net debt ratio of 34% and held PLN 172m in cash.

Throughout 2021 we worked hard to acquire and prepared new development projects and secure new JV partners. In the case of the Polski Hak project, a conceptual design was developed, fitting perfectly in with the new zoning plan adopted by the Gdańsk city authorities. We attracted a financial partner, with whom we are finalising a joint venture agreement and purchase of shares in Projekt I sp. z o.o., the owner of the land. New projects in Szczecin, Warsaw, Kołobrzeg and Katowice were added to the purchase pipeline. Intensive work is under way on further joint venture agreements.

Russia's unprecedented aggression against sovereign Ukraine on February 24th 2022 and the hostilities taking place in the territory of that country have shaken financial markets and sent a new economic shock of a magnitude greater than the pandemic. Despite the current uncertainty, the property market is in a good condition, with demand for office space high and rising. The uptrend in home prices has slowed down, but market fundamentals remain healthy. We expect that after the first shock caused by the war in Ukraine subsides, investors in commercial property markets will return to business as usual, which would allow us to successfully market the Royal Wilanów project, which is now fully leased, stabilised and ready for sale.





HISTORY OF THE GROUP

2003

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

2005

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

2007-2009

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

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

2011

Completion of Raclawicka Point, an office building in Warsaw, and Vis à Vis, a street mall in Radom

2012

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

2013

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

Start of Royal Wilanów construction

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

2014

Completion of Eurocentrum Office Complex – Beta and Gamma buildings

Opening of the second Vis à Vis street mall in Łódź

2016

Completion of the Royal Wilanów project

Acquisition of a 53% interest in Galeria ZaspA in Gdańsk and start of redevelopment of the building jointly with the Akron Group



2016

Completion of the second stage of Eurocentrum Office Complex – Delta building
Completion of the Galeria Zaspas modernisation project
Creation of REIA II FIZAN, another closed-end fund
Completion of Topos, a small office building in the centre of Cracow
Purchase of a 60% interest in and start of redevelopment of the ETC Swarzędz shopping mall

2017

Raising PLN 45m from sale of 85% of REIA II FIZAN investment certificates
Purchase of a 47% interest in the Galeria Zaspas project in Gdańsk
Start of the Norblin Factory revitalisation project
Completion of redevelopment of the ETC shopping mall in Swarzędz

2018

Completion of:

- Hampton By Hilton Old Town Gdańsk
- Street Mall Vis à Vis Wilanów
- 2nd stage of Rezydencja Pałacowa, a single-family houses project

2019

Entering into cooperation with a new strategic investor – Madison International Realty, a global platform investing in Class A properties
Sale of Eurocentrum Office Complex, the Group's largest office building, with a total gross leasable area of 85.1 thousand m²

2020

Acquisition of a 14.1% interest in the Company by Europi Property Group AB
Spread of the COVID-19 pandemic
Payment of the first dividend in the Company's history, with the dividend yield at 23%
Repayment of corporate bonds



JANUARY

Music MasterClass is launched, which is a scholarship programme of the Norblin Factory Foundation for young musicians, partnered by Hania Rani, Natalia Przybysz, Adam Sztaba, Kuba Badach, Marek Napiórkowski, Andrzej Smolik and Piotr Metz

FEBRUARY

Fastest electric car charging station in Warsaw, with a capacity of up to 100 kW, is placed in service in the Royal Wilanów building

MARCH

The Norblin Factory Museum is entered on the list of museums maintained by the Minister of Culture and National Heritage

In the wake of the third wave of the pandemic, new lockdown restrictions are imposed, affecting the retail facilities owned by the Group

Mixed-use building Royal Wilanów acquires two new tenants: LUX MED and Hilti Polska. Thanks to these transactions, despite the pandemic, the building's occupancy rate reached 100%.

SARS-Cov-2 and influenza testing point for tenants, employees and Warsaw residents opens at Royal Wilanów

CAPITAL PARK IN 2021



APRIL

Directors Guild of Poland, a trade union that associates some of the most recognised names in the Polish film industry, resolves to move its headquarters to the revitalised Norblin Factory

JULY

Apple Museum Poland leases space in Norblin Factory – the world's most comprehensive and largest collection of Apple products will take up 350 m² of space in the revitalised complex



MAY

Sale of a complex of retail units on Belgradzka Street in Warsaw

AUGUST

Capital Park Group and Marvipol Development sign an agreement for the sale of Eurocentrum Hotel i Rezydencje, located at Aleje Jerozolimskie in the Ochota district of Warsaw

JUNE

ISS/AS, a leading provider of integrated facility management, workplace and placemaking services, is added to the tenant base of the revitalised Norblin Factory

Capital Park Group repays on time the last series of bonds (Series N) of EUR 7m plus accrued interest. Since 2012, the Group has placed in total nine series of PLN-denominated bonds worth PLN 270m and five series of EUR-denominated bonds worth EUR 45.5m

Norblin Factory revitalisation project, which took 46 months to complete, is granted an occupancy permit

Małgorzata Badzyńska-Trojan, Architect & Design Director at the Capital Park Group wins the 4th edition of the Top Woman in Real Estate competition in the Architecture, Design and Work Place category



SEPTEMBER

Original boutique cinema KinoGram opens in Norblin Factory

BioBazar returns to its home in one of the historical Norblin Factory halls

newonce.media signs a lease contract for space in Norblin Factory. The complex will house the new newonce.radio studio, editorial offices of the Group's media outlets and modern office facilities

OCTOBER

Food Town is launched in five historical halls of Norblin Factory, the largest food hall in Warsaw featuring over 20 different concepts and four original bars created by Tomasz Małek, multiple winner of prestigious bartending competitions

NOVEMBER

Norblin Factory wins the Best Legacy Development of the Year category in the 20th edition of CiJ Awards Poland 2021

Capital Park Group partners the Polish Chamber of Commercial Real Estate (PINK) and companies representing the property market to launch the 'In Office 2022' information campaign promoting a return to office work

Norblin Factory opening ceremony is held with the participation of Deputy Mayor of Warsaw Michał Olszewski, Deputy Mayor of the Wola District Robert Rafałowski, financial institutions, representatives of the Capital Park Group, architects, contractors, tenants, and the media

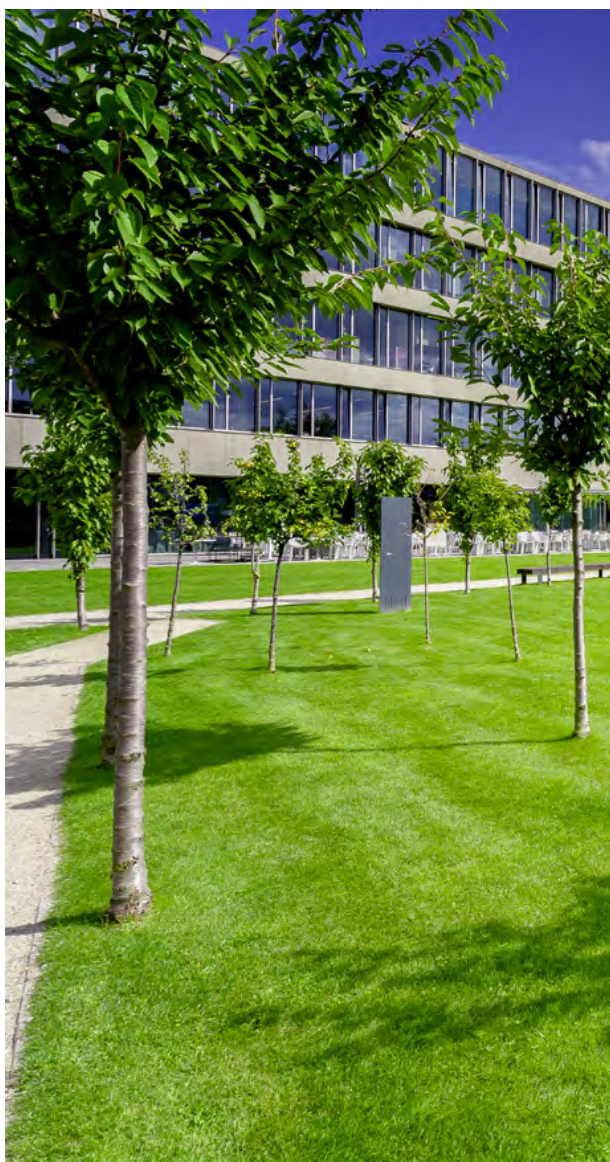
100% of office space is taken up at Norblin Factory when the largest tenant, the Allegro.pl Group, resolves to expand its premises by leasing all of the project's remaining office space



DECEMBER

Norblin Factory Museum opens its doors to Warsaw residents and tourists in a test mode

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



” The pandemic did not stop the Group from completing the development and revitalisation of its flagship Norblin Factory project in Warsaw

2021 was the second year of the COVID-19 pandemic, which impacted the Capital Park Group and its business environment. As in 2020, the entire real estate industry faced administrative restrictions designed to contain the pandemic spread, including closure of retail operations with an area of over 2 thousand m² and consequences of the lockdowns in the form of relief for tenants. In contrast with 2020, the Group saw a positive impact from the vaccination rollout and faster return of customers and tenants to retail venues and offices. The pandemic did not stop the Group from completing the construction work on its flagship Norblin Factory project in Warsaw.

Effect of COVID-19 on financial results

OFFICE PROJECTS

- Rental income fell 2% due to the lockdown restrictions and rent concessions granted as a consequence, with the collection rate at 100%.
- Office leasing remains stable, as demonstrated by contract extensions by existing tenants.
- Office tenants are Polish and foreign companies with established market positions, including Allegro, JTI, and Lindt & Sprüngli.

RETAIL PROJECTS

- Rental income fell 9%, with the collection rate at 97%.
- Most restrictions on the provision of selected services and exemption of tenants from payments to shopping centre owners were effective in the first half of 2021.
- The Group provided temporary rent concessions or additional rent-free periods in exchange for lease extensions to tenants who experienced financial difficulties as a result of the pandemic.

HOTEL PROJECTS

- Rental income fell 12%, with the collection rate at 100%.
- The Group provided rent concessions during the period of restricted hotel operations in exchange for lease extensions.
- In the second half of 2021, revenue generated by hotel operations increased significantly, enabling regular rent payments.

-6%

Effect of COVID-19 on rental income in 2021

99%

Collection rate in 2021





Impact of COVID-19 on property valuation

Over 94% of the Group's investment property was valued by external appraisers, with the balance valued internally/against the available offers, taking into account changes in yield rates and other assumptions consistent with the available practice.

Effect of COVID-19 on the Company's future position

Over the past two years, the Group has learned to operate in the pandemic environment. The market situation is monitored on an ongoing basis to identify potential operational risks as early as possible.

As at the date of this report, the Management Board identifies the following areas that may have a material impact on the Group's business.

- reduced activity of tenants, resulting in suspension of or failure to enter into new lease contracts, in particular for retail and food court areas,
- deterioration of the economic situation and uncertainty on the property market leading to temporary suspension/extension of the ongoing sale and investment processes,
- more difficult access to financing,
- increased costs due to supply chain disruptions.

As at the date of this report, the Group does not identify any significant risk of default or breach under any of its credit facilities, or other contracts or agreements.

As at the date of this report, the Group's financial position is stable and has not deteriorated. The Group currently holds PLN 107m in free cash, which helps it to maintain a safe liquidity position despite the turbulence caused by the coronavirus pandemic.



PROPERTY PORTFOLIO

PROPERTY PORTFOLIO OVERVIEW

7

COMPLETED INCOME- GENERATING PROJECTS

GLA: 126,400 m²
GAV: PLN 2.2bn

5

OTHER PROJECTS

GLA: 506 m²
GAV: PLN 12m

2

JOINT VENTURE PROJECTS

GLA: 25,000 m²
GAV: PLN 199m
Group's share of GAV: PLN 122m

2

CLOSED-END INVESTMENT FUNDS

GLA: 25,100 m²
Group's share: PLN 21m



93%

Occupancy rate of completed income-generating projects

5.9 years

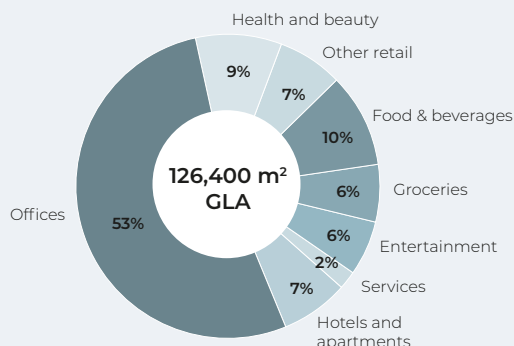
Weighted average lease term

We manage a portfolio of properties with a total area of 177 thousand m² and a value of PLN 2.6bn.

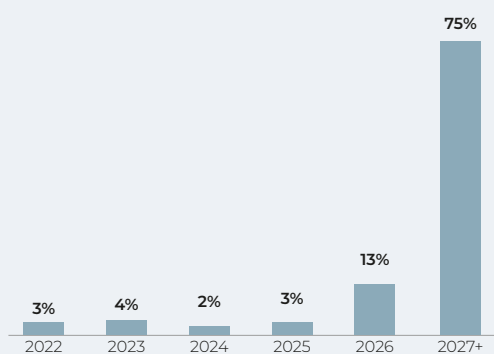
We are the sole owner of a portfolio of properties with a total area of 126.9 thousand m² and a carrying amount of PLN 2.2bn as at December 31st 2021.



REAL ESTATE PORTFOLIO BY FUNCTION



UNEXPIRED LEASE TERMS



WAULT = 5.9 years

75% of lease contracts expire after 2026

The value of the property portfolio increased from PLN 1.7bn at the end of 2020 to PLN 2.2bn in 2021.

In 2021, changes in the value of the property were caused mainly by:

- Capital expenditure of PLN 360m, mainly on the Norblin Factory project
- Gain on property revaluation of PLN 274m.

Property rental

2021 was a successful year in terms of the number of executed lease contracts. Despite headwinds caused by the pandemic, our lease teams signed contracts for a total of 27.2 thousand m² of GLA in our facilities, including over 18.6 thousand m² under new leases (of which 12.5 thousand m² was leased out in Norblin Factory), and 8.6 thousand m² under lease extension contracts. Thanks to these efforts, in 2021 the occupancy rate of Norblin Factory increased to 88% (up +22pp year on year) and the occupancy rate of completed projects (including Norblin Factory) reached 93%, with the weighted average unexpired lease term at around a solid six years. All this has secured rental income from lease of our properties in the coming years. The results so far and the progress of talks with prospective tenants support our belief that the remaining space in the properties will also be successfully leased out.

Location of key properties of the Group



92%

of the value of the property portfolio owned solely by the Group is located in Warsaw – the most promising commercial property market in Central and Eastern Europe

PROPERTY PORTFOLIO SUMMARY

Property	City	Property type	GLA (thous. m ²)	Type	Occupancy rate as at the report date
KEY PROJECTS					
Fabryka Norblina	Warsaw	Office and retail	66	Mixed-use	88%
Royal Wilanów	Warsaw	Office and retail	37	Mixed-use	100%
Total			103		
OTHER PROJECTS					
Gdańsk Zaspą	Gdańsk	Retail	9	Retail	90%
Hampton By Hilton Old Town Gdańsk	Gdańsk	Hotel	9	Hotel	100%
Vis à Vis Łódź	Łódź	Retail	6	Retail	94%
Warszawa Aleja KEN	Warsaw	Retail	<1	Retail	100%
Bydgoszcz Krasińskiego	Bydgoszcz	Retail	<1	Retail	100%
Other	5 cities	-	1	-	n/a
Total			24		
Total – fully consolidated properties			127		
JOINT-VENTURE PROJECTS					
ETC Swarzędz	Swarzędz	Retail	21	Retail	92%
Vis à Vis Wilanów	Warsaw	Retail	4	Retail	100%
Total			25		
TOTAL			152		

Source: Capital Park; Valuation reports on the Capital Park property portfolio as at December 31st 2021, 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 December 31st 2021, unless stated otherwise.

Notes:

1. Carrying amounts in PLN and EUR are presented excluding the impact of IFRS 16.
2. The carrying amount of Hampton by Hilton Old Town Gdańsk is 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 2021.
5. The table presents 100% of the property value and debt of the joint venture projects.
6. Yield range for office projects: 4.405%-6.50%, for retail projects: 5.25%-8.25%, for hotel projects: 7.25%-8.50%.
7. Target NOI for Royal Wilanów and Norblin Factory calculated based on concluded lease contracts and projected market rent for vacant space.

Carrying amount (EURm)	Carrying amount (PLNm)	WAULT (in years)	Debt (PLNm)	Target NOI (PLNm)	CAPEX to be incurred (PLNm)	Group's share: (%)
317	1,456	7.0	624	81	67	100%
121	555	4.8	246	37	3	100%
437	2,011		871	118	70	
12	55	4.1	37	5	1	100%
15	71	15.0	52	6	-	100%
8	35	4.4	25	3	1	100%
1	6	4.2	-	<1	-	100%
<1	1	3.1	-	<1	-	100%
3	12	-	-	-	-	100%
39	179		114	14	1	
476	2,190		984	132	71	
34	157	4.0	124	12	1	60%
9	43	6.6	19	3	-	66%
43	199		143	15	1	
519	2,390		1,128	147	72	



photo by Marcin Czechowicz



NORBLIN FACTORY

GLA	65,681 m ²
Offices	41,338 m ²
Health and beauty	2,620 m ²
Groceries	123 m ²
Food & beverages	10,196 m ²
Entertainment	8,079 m ²
Other retail	1,841 m ²
Services	1,484 m ²
Underground parking spaces	724
Carrying amount	PLN 1,456m
Target NOI	PLN 81m
Occupancy rate	88% (as at the report date)
WAULT	7.0 years



photo by Marcin Czechowicz

2021 was a breakthrough year for the Norblin Factory project. After more than a decade of intensive design, construction and conservation works, the historical post-industrial site returned to the map of Poland's capital city. As at the end of August 2021, the complex was permitted for occupancy and in November was officially opened with local government officials, investment partners and the media in attendance. The aggregate space of Norblin Factory is more than 65 thousand m². The project's predominant use is that of modern office space, already fully taken up by tenants, with more than 24 thousand m² (from level -1 to level +2) of mixed-use space combining unique cultural, entertainment, restaurant and retail functions.

From past to present

Our adventure with Norblin Factory began in 2008, when we decided to buy the post-industrial site and bring it back to the city with new functions. The complex is a heritage site and a symbol of Warsaw's industry. It dates back to the mid-18th century, when the area was a suburban residence of Franciszek Ryx, the butler of the last king of Poland, Stanislaus Augustus. Only later did it gradually transform into a thriving manufacturing works, one of the most recognisable in the then Warsaw. The factory was best known for its metal plated tableware, whose heyday came at the end of the 19th century, but it achieved its greatest scale of operations a little later with the manufacture of prefabricated elements. Due to the outbreak of the Second



World War and the Warsaw Uprising, the condition of the buildings gradually deteriorated. After the war the factory was rebuilt in a community effort and then nationalised. Until 1981, it operated as the Warsaw Metal Rolling Mill.

Revitalisation of this post-industrial complex turned out to be an extremely challenging and complicated process, both at the design and construction stages. The first phase covered preparatory work, including development of a concept in accordance with the conservator's guidelines, gathering the necessary documentation and securing the required administrative permits. Then, for almost four years, construction, conservation and restoration works were carried out, involving

up to 1,000 workers and more than 100 conservators at peak times. During the revitalisation, we performed spectacular construction operations on three historical buildings. One of them was the extremely rarely performed building relocation. The 900-tonne relic of Edward Luckfield's factory house was moved 15 metres because of the need to do some underground works at the parking lot. Five months later, it was returned to its original location. Another exciting construction process was the suspension of two historical buildings, a former mechanical laboratory and a 19th century hardening shop, totalling 750 tonnes in combined weight. The purpose of the suspension, which lasted 11 months, was to carry out some works on the foundation slab.

The project brought the post-industrial buildings to former glory, but it also involved the construction of modern eight-floor office space, designed in an industrial style, on top of them. The author of the architectural design was the PRC Architekci studio, and the general contractor of the project was Warbud S.A., which cooperated with Soletanche Polska, Maat4 and TKT Engineering, among others. The conservation work was entrusted to Monument Service.

World-class revitalisation

Conceptual studies on the already delivered revitalisation project began in 2008. Back then, all the historical buildings of Norblin Factory were in a very poor state of repair. Thanks to the enormous effort of employees of the Museum of Industry and management of the NOT Museum of Technology, who had occupied the premises since 1982, the production line of the former Warsaw Metal Rolling Mill survived in a fairly complete form. This is how the core of the present-day Norblin Factory Museum collection originated, consisting of ten buildings and about 50 pieces of machinery and other industrial equipment, which together tell a com-

pelling story of how the factory functioned. The basic principle guiding the conservation efforts was authenticity, which is especially important in the case of historical machinery. In the course of the conservation work, we left traces of wear and tear, minor damage and patina, and made sure to show the improvised and makeshift nature of some machine parts and on-site elements, including those from the period of reconstruction after World War II. Its final form is the result of several conservation ideas implemented in parallel. The work was conducted both on site and in conservator studios. Many of the historical machines have been left in original locations, where the relationship between



photo by Marcin Czechowicz

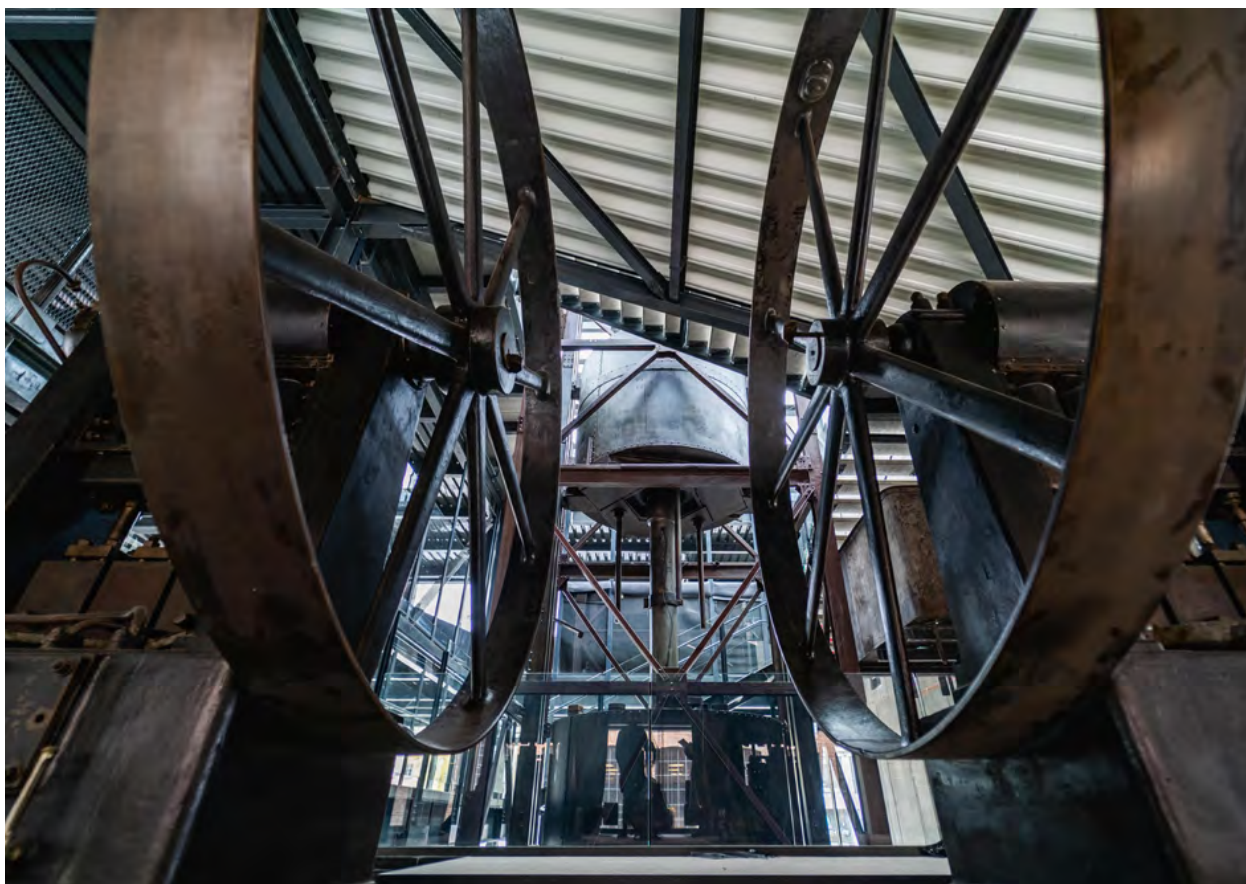
technology and architecture was of significant historical value, and some have been moved to achieve optimum accessibility for visitors. In addition to architectural monuments and historical machinery, our conservation efforts have also managed to preserve the associated infrastructure, giving visitors a pretty clear idea of the functional and process links between the various constituent parts. There are nearly 380 old factory relics, including the tracks of an on-site narrow-gauge railway complete with carts, floors made of cast-iron plates serving as circulation spaces between the tracks and larger machines, interconnecting cables, old mechanical fans, overhead cranes, traces of wood-

en structures for storing metal scrap, and miscellaneous small metal items scattered throughout the factory complex.

As part of the contemporary development work, we reconstructed the factory's historical urban environment from the Prosta Street, one of Warsaw's major thoroughfares, filling in the gaps with new buildings conforming to the historical scale. As part of that work, we preserved the landmark feature – a water tower, now a fully glazed structure. The result is a reconstructed inner factory street. Thanks to their glazed exteriors, the two new structures built along the frontage of Prosta Street resemble huge museum showcases inviting passers-by to the Norblin Factory Museum.

After four years of work, a unique place on the map of Poland has been created, whose value lies in meeting contemporary needs while giving voice to those speaking to us from the past. To really feel the spirit of this place, one should visit the permanent exhibition of the Norblin Factory Museum.

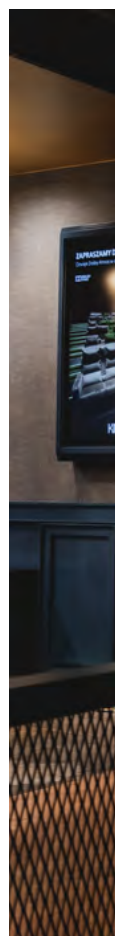




Unique museum venue

Restored with meticulous attention to detail, the historical buildings, machinery and collection of metal plated cutlery and utensils, being works of applied art, can now be admired in the Norblin Factory Museum, where visitors are offered four available paths – Architecture and Buildings, Machinery and Equipment, People and Products. The fifth path combines assorted elements of the four main ones. Each of them comes in three available variants: Family, Tourist and Expert. The history of the site as captured by the permanent exhibition goes back 240 years. Our visitors' journey through the history begins in the 18th century, when the site was still owned by Franciszek Ryx, through the years of prosperity of the Norblin, Buch Brothers

and T. Werner factory, to its post-war activity as the Warsaw Metal Rolling Mill. The museum also shows what were the site's fortunes after 1982, when the factory production ended. Visitors can learn about the Werner and Norblin families, as well as other historical figures who were important or made a significant contribution to the factory, such as Franciszek Ryx and Julia Keilowa, an outstanding interwar designer working for Poland's major plating facilities, including the Norblin Factory. The very concept of the Museum is unusual in that the exhibits are located throughout the complex and thus integrated into the life of the modern city. The Museum was registered with and agreed its regulations with the Ministry of Culture and National Heritage, operating since that time under its aegis and supervision.





Culture, entertainment and food factory

The Norblin Factory project stands for mixed-use space combining a wide spectrum of functions and distinctive concepts, of which we are very proud as the project owner. The complex houses KinoGram, a prime quality boutique cinema, whose industrial style decor is infused with historical references. The interiors are maintained in an artistic vintage style, reminiscent of the golden age of American studio cinemas. Its seven cosy auditoria, designed with attention to every detail, can seat an audience of 525, the largest one seating 115 people. Each room is furnished with comfortable velvet sofas, armchairs and wooden tables, while featuring state-of-the-art technological solutions. As one of only few cinemas in Poland, KinoGram has two auditoria with the Dolby ATMOS sound system. In the foyer there is a 14-metre bar for ordering snacks and drinks. Other attractions for visitors include the Flow Art House art gallery, open daily, and concerts of live music, given on weekends. KinoGram is also the only cinema in Europe which can boast the possession of an original Oscar statuette. The trophy has been loaned to the cinema by its Polish winner, the composer Jan A.P. Kaczmarek, who won it for the score to 'Finding Neverland'. KinoGram has its own KinoGram International Film Festival of short films. It is home to the Directors Guild of Poland, with Agnieszka Holland, Małgorzata Szumowska, Andrzej Saramonowicz, Paweł Pawlikowski and other acclaimed filmmakers among its members. The Guild has extended its support to the cinema. In addition, every Monday there are meetings held between the audiences and directors after film screenings.



After four years, BioBazar, the first market in Poland to offer certified organic food, has returned to its original location within the complex after 11 years. What the exhibitors offer are in-season and locally sourced products, but also foodstuffs from around the world. In one of the historical halls – formerly known as Drawing Plant II, where BioBazar is now located, customers can enjoy exquisite coffee. There is also BioBazar Bistro, which serves delicious dishes cooked from ingredients offered by BioBazar exhibitors. BioBazar is not only a shopping venue, but also educational space with culinary demonstrations, training and workshops. Such activities advance the important mission of serving the natural environment, promoting health and well-being of our planet. BioBazar customers can



choose between over 70 exhibitors offering more than a dozen thousand products.

October 2021 saw the launch on the premises of Norblin Factory of Food Town, Warsaw's largest food & drink zone. The five historical halls, covering an area of 3.5 thousand m², accommodate more than 20 concepts inspired by trends from around the world. There are cafes, breakfast restaurants, and a very wide range of lunch options, including

a variety of European, Middle Eastern, Asian, Tex-Mex and American cuisines, as well as original vege and vegan concepts, many of them offered under brands that are new entrants to Poland. Restaurants are located within four historical halls, the fifth one being dedicated to entertainment and culture.

Food Town is a special place surrounded by beautiful historical architecture, with music playing in the background and food that appeals to every taste. It contains four thematic bars: Old Shaker, Amaro Mio!, Gimlet and Pandan, which are staffed by a 50-strong team led by Tomek Małek, a multiple winner of world bartending competitions.

Norblin Factory houses the atmospheric Piano Bar, located in one of the oldest buildings of the complex, dating back to the times of its first owner, Franciszek Ryx. Piano Bar is a unique place, vibrant with good live music performed by professional artists. The menu includes drinks and snacks. Piano Bar is also an ideal venue for concerts, corporate events and private parties.

Our complex also includes Poland's only multimedia art and education gallery Art Box Experience, representing a merge of art, science and technology that is set to remodel Warsaw's cultural landscape. Visitors to the gallery can experience an immersion into worlds created with advanced technologies. They will participate in extraordinary audiovisual performances, with a guarantee of unforgettable experience. The artistic exhibitions are created in association with the Oscar-nominated Warsaw-based Platige Image studio. The gallery's one-of-a-kind multimedia installation consists of dozens of integrated mobile screens that display specially designed, complementary projections. The resulting life-like animated worlds will surround the viewers on all sides. Today, visitors can already see the 'Retro Warsaw' exhibition, based on old photos showing Warsaw as it was 100 years ago. Another attraction, the digitalised 'Save The Planet' exhibition, will take viewers on a journey to the most remote parts of the Earth on a mission to save it. The Art Box Experience space can host art exhibitions, multimedia concerts, live visuals, corporate events, premieres, live streaming broadcasts and e-sports competitions.

Another unique concept, scheduled to appear in Norblin Factory in April this year, will be the Apple Museum Poland, with over 1,500 exhibits directly related to the history of development and evolution of Apple, the most recognisable technology brand. In addition to old computers, the museum's collection will also present software, hardware, peripherals, multimedia carriers with films produced by Apple, as well as all forms of promotional and informational materials such as unique posters, souvenir gadgets, leaflets, manuals and trade magazines. The varied and wide-ranging content makes the museum a unique place to visit, not only on the local, Polish scale. In fact, it is the most exceptional and largest collection in the world.



Long live art!

Culture and art are inextricably linked with the history of Norblin Factory, as they were the passion of the factory's first owners and the object of their philanthropic activities. The Norblin Factory Foundation, offering its patronage to promote young talented artists, is a tribute to the Norblins' cultural legacy. It supports various branches of art, including filmmaking, music and artistic design, and organises initiatives involving the most prominent figures of the Polish art scene. The Foundation's flagship project is the Music MasterClass scholarship programme, featuring Natalia Przybysz, Hania Rani, Adam Sztaba, Marek Napiórkowski, Kuba Badach, Andrzej Smolik and Piotr Metz as Music Masters, as well as Mentors: Radek Łukasiewicz – lyrics, Gabi Drzewiecka – media relations, Kamila Polit – artistic coaching, Maciej Ślusarek – copyright law, and Wojciech Olszak – production.

The Foundation has also cooperated with the Academy of Fine Arts in Warsaw in organising the 'A nuż widelec' competition for a poster design referring to metal plated products that had been manufactured by the factory, and in the 'O(d)twórz drzwi' project, as part of which a team consisting of students and graduates of the Faculty of Graphic Arts and Painting, under the direction of dr hab. Jan Mioduszewski and dr Marcin Władyka, made an artistic reinterpretation of eight pairs of doors from the former factory.

Norblin Factory has also made use of historical transport carts that used to move along the railway tracks preserved on the site to this day. Now, thanks to collaboration with the School of Form, they have been given a new life as benches. In addition, some carts have been used as display bases for the museum's collection of metal plated cutlery and utensils, as well as tables within our tenants' concepts.





Kinga
Nowakowska
– welcome to
Norblin Factory



Sylwia Filewicz –
construction site
challenges



Artur Setniewski
– Norblin Factory
revitalisation



Igo Galas –
architecture

The guests of the Norblin Factory are greeted by three outstanding works of Polish artists. On the historical exterior wall buildings at the intersection of Żelazna and Prosta Streets, a 90 m² mural was created based on Edward Dwurnik's 2009 painting 'The Norblin Factory'. The other two paintings are located inside the complex. A work by Pola Dwurnik is an artistic invitation to the Norblin Factory Museum, while a mural by Tytus Brzozowski, referring to the complex open to the city, was painted on the wall by the main exit from the parking lot.

Norblin Factory in your pocket

The entire Norblin Factory complex has its own dedicated building application, offering three levels of access: for guests, office tenants and suppliers. Thanks to this solution, visitors to the complex can find information about our tenants, check out events for the coming weeks, receive a discount when paying for parking, or purchase a ticket to the cinema. Office tenants' employees use the application to access defined parts of the building, from the moment they enter the parking lot to the very entrance to their office. Suppliers of goods can book parking space in the delivery area. The application is available for free download. It will gradually be expanded to include new modules and functionalities.

COMPLETED PROJECTS





Royal Wilanów

ROYAL WILANÓW

GLA	36,853 m ²
Offices	25,542 m ²
Health and beauty	4,746 m ²
Groceries	2,235 m ²
Food & beverages	1,929 m ²
Other retail	1,994 m ²
Services	407 m ²
Underground parking spaces	908
Completed	September 2015
Carrying amount	PLN 555m
Target NOI	PLN 37m
Occupancy rate	100% (as at the report date)
WAULT	4.8 years



www.royal-wilanow.pl



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



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

Royal Wilanów is a Class A+ mixed-use building, in operation since 2015, with modern space designed by the JEMS studio. It houses a diverse range of shops, restaurants, cafes, boutiques, service outlets as well as beauty and hair parlours. The building has been designed with care for the environment and is BREEAM-certified with a 'Very Good' rating. Trees grow in the inner atria, live plants climb across all floors in its reception areas, and a rooftop urban beehive farm crowns the building. Royal Wilanów is surrounded by publicly accessible green and leisure areas with trampolines, a climbing wall, attractions for children and sports fields. Open air cinema screenings, live music concerts and other events are held here during summers, organised together with the district authorities, and an ice rink is set up in winters, making Royal Wilanów a vibrant district centre and an integral element of the urban fabric.

We are strongly committed to supporting sustainable transport. In the spring of 2021, a new publicly accessible vehicle-charging station, the fastest so far in Warsaw, was opened in the underground parking, where four cars can be charged simultaneously. Currently, this is the only charging point in Warsaw that can boast such parameters (2 connectors with 100 kW DC), capable of serving all, not just selected, vehicle models. It is open 24 hours a day to everyone, not only tenants and customers of the facility. The building also offers numerous amenities for cyclists, such as parking racks, changing rooms with showers, and self-service bicycle repair stations. There is a city bike station nearby, too.

Our investment strategy focusing on mixed-use, city forming projects has proven particularly effective in the current pandemic situation. The occupancy rate for the entire building is 100%. Negotiations of new contracts continued despite the outbreak of the pandemic, which significantly altered the functioning of office buildings. In 2020–2022, we successfully leased out and commercial-



ised nearly 19 thousand m² of space. New elements of the facility management strategy had to be implemented, including arrangements necessary to maintain the required sanitary measures. Such functions are performed at Royal Wilanów by the Office Doctor team, who regularly disinfect common areas and tenants' premises. Additionally, in early 2021 a point was launched offering COVID-19 and influenza virus testing on a commercial basis. Operating seven days a week, the point is open to the public, including Royal Wilanów employees but also local residents.

Given its architectural design, i.e. low-rise buildings, a large number of staircases and entrances, an interior patio, and a large green area, the building proved to be a naturally safer place, with foot traffic spread over a larger area. The location of the building in a border district of the city, at the popular Warsaw-Konstancin Jeziorna route, outside the city centre and near Miasteczko Wilanów, was crucial. Even more so during the pandemic, which prompted a shift towards remote and hybrid working models. There is also noticeably growing de-



mand for flexible office space and Royal Wilanów confirms the trend. A perfect example is our innovative co-working space – Bee Creative, operating there. It is 650 m² of creatively arranged space dedicated to freelancers, small businesses, and individuals working remotely. All available office space is currently leased, and the number of inquiries concerning availability and demand for more office space are constantly growing.



Location

The project is located in the very centre of Wilanów, in the prestigious neighbourhood of the historical Wilanów Palace and district hall, surrounded by modern housing estates. Immediate accessibility of public transport makes commuting to the city centre fast and easy. With the completion of the S2 Southern Warsaw Bypass, the accessibility of the capital city's other districts and satellite towns has improved significantly. The tunnel opened in December 2021, directly connecting the S2 road with Wilanów, has noticeably reduced traffic, thus shortening commuting times. Concurrently, key district roads have been upgraded and broadened, linking directly the districts of Wilanów and Ursynów. Two new bus lines have been launched, connecting Wilanów with Ursynów, and also with Wawer located on the other side of the Vistula.





GALERIA ZASPA

GLA	8,670 m ²
Completed	April 2016
Carrying amount	PLN 55m
Target NOI	PLN 5m
Occupancy rate	90%
WAULT	4.1 years



www.etcgdanskgaleriespaspa.pl



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



Galeria ZaspA is the shopping centre of choice for residents of Gdańsk's ZaspA district, where they can do shopping and other errands. The Intermarché grocery, Rossmann beauty store, bakeries and confectioneries, and numerous service outlets, such as a bank, currency exchange office, laundry, pharmacy and medical sample collection facility – all available at a single venue. Galeria ZaspA regularly engages in local community initiatives, e.g. as one of the sponsors of the annual ZaspA district festival. It has also partnered with Geneva Trust Poland to organise, more than a dozen times a year, free mammography screening programmes for local female residents, participates in charity drives, and supports pro-climate initiatives such as WWF's

Earth Hour. Despite the coronavirus pandemic, two new tenants were signed up in 2021: Maxi ZOO and Gerlang Language School.

Key tenants

Intermarché, Euro RTV AGD, Pepco, KiK, Rossmann, Maxi Zoo, PKO BP, Apteka DOZ, Dominos Pizza, YES



Gdańsk
Al. Rzeczypospolitej 33



Location

The shopping centre is conveniently located in the heart of Gdańsk's Zaspá district, surrounded by numerous housing estates. It is easily accessible by bus and tram, and offers nearly 200 overground parking spaces for customers.





HAMPTON BY HILTON OLD TOWN GDAŃSK

GLA	8,884 m ²
Hotel	8,219 m ²
Retail	665 m ²
Completed	June 2018
Carrying amount	PLN 71m
Target NOI	PLN 6m
Occupancy rate	100%
WAULT	15 years



Hampton by Hilton Old Town Gdańsk hotel opened in 2018 is located in the heart of the Main City of Gdańsk, the erstwhile location of the iconic Gdańsk Film Centre. Modern interiors of the hotel feature elements reminiscent of the unique history of the place. What makes the hotel particularly exceptional is a small cinema room decorated with a retro twist, located in its historical underground chambers. The main lobby features a restored metal gate, once leading to the cinema, and a renovated piece of historical sgraffito with the Gdańsk coat of arms of, which used to decorate the wall of the cinema lobby.

The hotel offers 174 rooms, a business area with two conference rooms, and a 24/7 gym. Apart from the hotel, the four-storey building accommodates retail space leased by Manufaktura Nalewki and the Pan Kejk pancake house, to name just a few tenants. Since its opening, the hotel has topped the rankings of tourist websites, such as Booking.com, Trivago.pl and Travelist.pl, and in 2021 won the Tripadvisor Travellers' Choice Award.



Location

The hotel is located in the very heart of Gdańsk – in the Old City district, between Długa, Kaletnicza, Piwna and Lektykarska Streets, roughly 1.5 km from Gdańsk Główny railroad station and 15 km from Gdańsk Lech Wałęsa Airport. An indisputable advantage of the hotel's location is the proximity of the most popular tourist sites of the city, such as: St. Mary's Basilica (50 m), Fountain of Neptune (150 m) and the Crane, as well as luxurious town houses, numerous cafes and restaurants.





STREET MALL VIS À VIS ŁÓDŹ

GLA	5,711 m ²
Completed	December 2014
Carrying amount	PLN 35m
Target NOI	PLN 3m
Occupancy rate	94%
WAULT	4.4 years



www.visavis-streetmall.pl/lodz



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



'Vis à Vis Łódź' has been in operation since December 2014. It is a convenience shopping mall with an area of over 5.7 thousand m², located in Bałuty – one of Łódź's largest districts, in the northern part of the city, featuring a Lidl supermarket as well as 16 retail and service outlets, and offering over 100 parking spaces. Street Mall Vis à Vis is designed around the concept of a fast and convenient shopping experience. With the individual outlets accessible directly from the street and car park, minimised common use areas gained importance at the time of the pandemic, when safety and social distancing became the main criteria for shoppers' choices. Small retail venues, such as Street Mall Vis à Vis, were the first ones to return to the pre-pandemic numbers of shoppers.

Key tenants

Lidl, Pepco, Rossmann, FitFabric fitness club, Domino's Pizza, Euro Apteka, M&P Alkohole Świata



Location

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





ETC SWARZĘDZ

GLA	20,886 m ²
Completed	October 2017
Carrying amount	PLN 157m
Target NOI	PLN 12m
Occupancy rate	92%
WAULT	4 years
Group's share:	60%
JV Partner	Akron Group



www.etcswarzedz.pl



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



ETC Swarzędz is much more than a shopping mall. After an upgrade, recommercialisation and repositioning of the mall in 2016 as part of a joint venture between the Capital Park Group and the Akron Group, ETC, in addition to a broad fashion and service offering, hosts numerous community events and is one of the most-liked meeting places for local residents.

The mall is home to popular brands, including CCC, Deichman, Sinsay, Reserved, Top Secret and YES, as well as a number of local businesses. The ETC portfolio also includes important service outlets, numerous restaurants, a hair salon and a fitness club. The mall features a playground for children and leisure facilities. ETC Swarzędz is a great place for family entertainment, offering such fun activities as meet

Santa Claus events, children's workshops and games with prizes, to name just a few. ETC Swarzędz regularly engages in community initiatives and projects run by the local government, with blood donation drives, free mammography checks, animal fundraisers, etc., held several times a year.

The mall is fully adapted to the needs of families with children and mobility impaired visitors.

The year 2021 was marred by further pandemic restrictions imposed on retailers. The mall adapted its operations to the sanitary measures and made an effort to help seniors with their shopping. To support our tenants, we continued the campaign enabling online shopping at the stores which had to close during lockdowns, and we extended the



opening hours of the mall just before Easter and Christmas.

Key tenants

Intermarche, Reserved, Euro RTV AGD, CCC, De-ichmann, Home&You, KIK, Dealz, 4F, Sinsay, Empik, Pepco, Smyk, Rossmann, Martes Sport, Kids OK, Maxi Zoo

Location

A strength of ETC Swarzędz is its strategic location at National Road 92 linking Poznań and Warsaw, which provides quick access for Swarzędz residents and people living in neighbouring towns. ETC has a free parking lot for over 1,000 cars, bike racks and parking spaces and a self-service bike repair station.





STREET MALL VIS À VIS WILANÓW

GLA	4,090 m ²
Completed	December 2018
Carrying amount	PLN 43m
Target NOI	PLN 3m
Occupancy rate	100%
WAULT	6.6 years
Group's share:	66%
JV Partner	Real Management S.A.



www.visavis-streetmall.pl/strona-glowna/wilanow/



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



Opened on December 1st 2018, Street Mall Vis à Vis Wilanów is an intimate shopping arcade, located at 219 Przyczółkowa Street, at the border of Błonia Wilanowskie and Powsin. It offers over 4 thousand m² of retail space and 17 units housing grocery stores, service outlets and restaurants. Vis à Vis is home to recognisable and well-liked brands that operate in an entirely new format. A case in point is Decathlon, which has taken up a smaller space than usual but offers a fresh concept, not available anywhere else. Some brands have chosen Vis à Vis Wilanów as the place to make their debuts in the capital city. These include the Swedish restaurant chain Max Premium Burgers, which opened its first location in Warsaw.

The mall is distinguished by friendly architecture, green surroundings and convenient access to the premises directly from the parking lot with 105 parking spaces. The facility is biker friendly, providing approximately 60 bike parking spaces and a self-service bicycle repair station. Its unique location in the heart of the Wilanów district of Warsaw and the adjacent recreational areas support a combination of leisure with convenience shopping functions. An additional 18 trees were planted in 2021. Recent additions include an InPost parcel locker and an Allegro pick-up point.

An agreeable low-rise silhouette fitting seamlessly into the surroundings, outdoor areas covered by vegetation, discreet street furniture, and above all, its



appealing and diversified offering have made Vis à Vis Wilanów a go-to place for convenience shopping and leisure for residents of this city district.

Key tenants

Max Burger, Decathlon, Euro RTV AGD, Hebe, Pet Expert

Location

Vis à Vis in Warsaw is located at 219/221/223 Przyczółkowa Street, at road 724 between Warsaw and Konstancin-Jeziorna. A few hundred metres away a junction of the S2 Warsaw Southern Bypass was built, along with the longest tunnel in Poland, which was opened in December 2021, providing easy access to the main exit routes from the city. Moreover, there is a public bus stop serving seven routes in the immediate vicinity of the arcade.

POLSKI HAK

In November 2020, the Capital Park Group concluded a preliminary purchase agreement concerning two plots of land in Polski Hak, with a total area of 1.3 ha. It is one of the most prestigious locations in the heart of the Tricity (Gdańsk-Gdynia-Sopot conurbation), situated on the picturesque headland where the Motława river joins Martwa Wisła. The planned project is a residential development, with retail and service functions on the ground floors of the buildings. A key feature will be a recreational promenade open to all Gdańsk residents and tourists, with food & drink services and carefully designed greenery, running along the renovated quay. Piers for mooring small vessels from the side of the Martwa Wisła river are also planned. The project's architecture opens up most apartments to river views. A distinctive feature giving the project its unique character are additional spaces and functions, including a semi-private green courtyard, an intimate swimming pool, a gym, co-working rooms and separate playrooms for small children and teenagers. The author of the winning architectural concept for the development is JEMS Architekci of Warsaw.

This is yet another project developed by the Capital Park Group in the Gdańsk-Gdynia-Sopot conurbation, set to give the historical and representative part of the city a new look. In previous years, the Group managed to revitalise a historical town house presently housing Hampton by Hilton Old Town Gdańsk Hotel (June 2018), upgrade the Galeria Zaspa shopping centre situated at the for-

mer Gdańsk-Wrzeszcz airport (April 2016), and re-develop a legendary building housing the Cristal restaurant in Gdańsk Wrzeszcz (2010).

Polski Hak is an area with a rich historical past. In the 16th century, it was a water entrance into the city, occupied mainly by fishermen who had their settlement there. The name 'Polski Hak' comes from the Low German language (Plautdietsch), where 'Hake' meant a cape or shoal. In the mid-19th century, the land was acquired by Julius Klawitter who began to expand the Klawitter Shipyard, established back in 1827. In the early 20th century, all its shipbuilding operations were moved to Polski Hak. During the interwar period and times of the Free City of Danzing (Gdańsk), it served as a marina of the Polish Rowing Club in Gdańsk. After the Second World War, a fish processing plant ('Zakłady Rybne Gdańsk') and a fishermen's cooperative base ('Jedność Rybacka') were established there. The former plant buildings have been demolished and presently the area is unbuilt. However, the neighbourhood is filling up with new housing estates and is being systematically revitalised by local authorities and managers of water areas. Due to the poor technical condition of the Polski Hak quay and huge investor interest in the land, in 2020-2021 the Maritime Office in Gdynia carried out its major renovation.

Location

The project will be located on Sienna Grobla Street, running along the waterfront of Polski Hak, near the Main Town and landmarks such as the Fountain of Neptune, the Basilica of the Assumption of the Blessed Virgin Mary and the famous Crane. Also, the European Solidarity Centre, the World War II Museum, the Gdańsk Shipyard and the Hevelianum educational and recreational centre are located nearby. Sitting at the confluence of two rivers, the Motława and Martwa Wisła, and offering a panorama spanning the port and the waterfront, the area provides an extremely attractive location.



NOWY WEŁNOWIEC

Nowy Wełnowiec is a green, multifunctional district to be developed in the northern part of Katowice between Wojciecha Korfatego Alley and Konduktorska Street, stretching into Siemianowice Śląskie. A 43-ha former steelworks site will be remediated, revitalised and returned to the city.

The author of the concept of Nowy Wełnowiec is JEMS Architekci, the studio behind the design of the International Congress Centre in Katowice. The company responsible for managing the project is Eko-Bryza. The Capital Park Group is the strategic partner responsible for development supervision. INVESTEKO carried out a detailed soil investigation and developed a remediation concept.

The history of Wełnowiec, the northern district of Katowice, is inextricably linked with heavy industry. In the past, the project site contained a steelworks belonging to the Hohenlohe family. After the war and numerous changes, the steelworks operated as part of the Silesia Metallurgical Plant. Employing innovative technologies, the steelworks produced large amounts of zinc and zinc products, contributing to the economic development of Poland. The plant was closed down in the late 1980s.

Nowy Wełnowiec: people, climate and space

Designed as a meeting place and space of social integration, Nowy Wełnowiec will be a multi-generational, sustainable and multifunctional district of Katowice. Sustainably planned as an open space with no car traffic allowed in public areas, the new neighborhood will put people and the climate at its core. The development will be mostly residential, with the remaining space designated for office,

food & drink service, retail, entertainment, cultural, scientific and social functions, including a hotel, school, kindergarten and crèche. Recreational and entertainment areas will also be created.

The project will address social needs, but also those related to the climate and environment. The design minimises the use of concrete and asphalt, maximising green spaces, which will occupy almost 60% of the project area and will include a 4-ha central park, green squares, plazas, wildflower meadows, lawns, forest zones, and numerous plant beds. Interestingly, plants will also contribute to the land remediation process through phytoremediation (removal of pollutants from contaminated soil). Special species of trees and shrubs will be selected for this purpose. Several thousand trees will be planted, with cutting-edge technologies supporting the vegetation to build energy independence for the district. The plans include low-energy homes, renewable energy sources, green roofs, rain gardens and other rainwater retention solutions.

Eliminating car traffic will maximise the area available for recreation and free movement of residents, employees and visitors using the services offered by the district. Naturally, the design also addresses the needs of motorists, with an underground parking lot with access roads to be built for vehicle owners.

Location

The project is sited in two cities, Katowice and Siemianowice Śląskie. The Katowice section of Nowy Wełnowiec is located in the quarter between Wojciecha Korfante-go Alley and Konduktorska Street. Nowy Wełnowiec is located approximately 1.5 km away from the Spodek arena and 2 km away from the city centre with the railway and bus stations. A tram line and city bus lines run along the project site. The site offers excellent transport links enabling district residents as well as people from Katowice and the GZM Metropolis to freely use the on-site transport services.



RISK FACTORS RELATED TO THE PROPERTY PORTFOLIO

RISK RELATED TO LOSS OF TENANTS		
RISK FACTORS	POTENTIAL IMPACT	RISK MITIGATING MEASURES
<ul style="list-style-type: none"> ▪ Loss of tenants for office or retail space, or difficulties in finding such tenants ▪ Failure to attract tenants for office space in Warsaw on large oversupply ▪ Loss of anchor tenant ▪ Tenant bankruptcies 	<p>Loss of income and liquidity due to:</p> <ul style="list-style-type: none"> ▪ Lower rental income ▪ Inability to sell properties ▪ Inability to raise bank financing 	<ul style="list-style-type: none"> ▪ Careful choice of tenants ▪ Cooperation with reputable external firms specialising in real property agency services ▪ Attractive offering for tenants ▪ Active asset management and fostering close relations with tenants ▪ Regular monitoring of tenants' satisfaction and taking remedial action

RISK RELATED TO PROPERTY VALUATION		
RISK FACTORS	POTENTIAL IMPACT	RISK MITIGATING MEASURES
<ul style="list-style-type: none"> ▪ Decrease in the value of properties recognised as loss on revaluation ▪ Adoption of erroneous assumptions leading to mis-valuation of properties and implementation of wrong strategies for a given project 	<ul style="list-style-type: none"> ▪ Lower-than-expected income from rents and sale of properties ▪ Carrying amount of properties that fails to reflect their fair value 	<ul style="list-style-type: none"> ▪ Cooperation with independent property appraisers ▪ Careful choice of valuation methods ▪ Valuation approval procedure consisting of several stages ▪ Regular property reviews, and monitoring of the key assumptions

RISK RELATED TO PROJECT PIPELINE

RISK FACTORS	POTENTIAL IMPACT	RISK MITIGATING MEASURES
<ul style="list-style-type: none"> ▪ Failure to secure administrative decisions (environmental decisions, building permits, decisions relating to conservation of historical heritage) ▪ Risk associated with project purchase ▪ Materialisation of legal risks associated with title to properties ▪ Risk related to performance of contractual obligations by sellers or JV partners 	<ul style="list-style-type: none"> ▪ Increase in project implementation costs and/or a need to incur additional investment expenses (capex) in standing buildings ▪ Constrained access to financing ▪ Constrained access to new development land 	<ul style="list-style-type: none"> ▪ Cooperation with reputable contractors of sound financial standing ▪ Security mechanisms included in general contractor agreements ▪ Ongoing monitoring and supervision of construction work by building inspectors or specialised external firms

RISK RELATED TO ADMINISTRATIVE PROCEDURES

RISK FACTORS	POTENTIAL IMPACT	RISK MITIGATING MEASURES
<ul style="list-style-type: none"> ▪ Sluggish public administration sector in Poland ▪ Actions by non-governmental organisations or owners of neighbouring properties and local residents ▪ Lack of local zoning plans 	<ul style="list-style-type: none"> ▪ Failure to receive or delayed receipt of permits and administrative decisions, leading to delays in or abandonment of projects ▪ Prolonged process of obtaining permits adversely affecting profitability of projects ▪ Revocation of permits 	<ul style="list-style-type: none"> ▪ Drawing on experience in going through administrative procedures ▪ Recruiting specialists in relevant areas, including finance, law, construction and administrative procedures



OUR STAKEHOLDERS

For the purposes of this report, we have defined seven stakeholder groups, based on their influence on and interest in the Group, the Group's impact, as well as the frequency and type of interaction. These include both internal and external stakeholders of the Group.

As the Capital Park Group, we strive for systematic dialogue with all of our stakeholders. We make sure that our current activity is transparent and clear for our target groups.

We believe that only open and two-way communication with our partners is able to build long-term relationships that translate into business success. To ensure the highest quality of relations with each of stakeholders group we respond to their expectations and information needs on a regular basis.

EMPLOYEES AND INDEPENDENT CON- TRACTORS

Impact

Our employees and associates (independent contractors) are our internal stakeholders. With them we can do business, develop new projects, execute on-going work and grow as a Group.

Form of dialogue

- Employee training
- Satisfaction surveys
- Team-building meetings

INVESTORS, BANKS, JV PARTNERS, OTHER CAPITAL MARKET REPRESENTATIVES	<p>Impact</p> <p>Institutional investors are both our shareholders and bondholders. Some of them have significant shareholdings and are represented on the Supervisory Board. Banks provide us with liquidity and help finance long-term investments that add value to the Group. Some of our projects are carried out together with partners under joint venture agreements. Individual investors and equity analysts who publish reports and recommendations on our Group are also important to us.</p> <p>Form of dialogue</p> <ul style="list-style-type: none"> ▪ Investor Relations office ▪ Dedicated IR website http://inwestor.capitalpark.pl/ ▪ Periodic and current reports ▪ Quarterly financial results conferences ▪ Quarterly presentations summarising financial and operating results ▪ Direct dialogue at meetings and conferences (one-on-one and group meetings) ▪ Ongoing e-mail and phone contact
CLIENTS (PROPERTY TENANTS, HOME BUYERS)	<p>Impact</p> <p>Tenants are our key clients. Our commercial and residential projects are developed with them in mind. When designing our properties, we consider the comfort, safety and usability of space for tenants, as well as its accessibility and appealing proposals for local residents. A separate group of clients are the buyers of our properties, who appreciate their quality and environmental sustainability, as well as location and commercial potential.</p> <p>Form of dialogue</p> <ul style="list-style-type: none"> ▪ Ongoing contact via e-mail, phone and in person ▪ Tenant satisfaction surveys ▪ Social media ▪ Newsletters ▪ Organisation of events ▪ Guidelines for tenants ▪ Project-dedicated websites

<p>LOCAL AND REGIONAL AUTHORITIES, ASSOCIATIONS (NGOS), LOCAL COMMUNITIES AT THE PROJECT SITE</p>	<p>Impact</p> <p>Stakeholders associated with our project locations are important to us. When designing our properties, we factor in legal matters, opinions of local and regional authorities, associations, and the local community. During the construction process, we keep in mind the comfort of our neighbours and the environmental impact of our properties.</p> <p>Form of dialogue</p> <ul style="list-style-type: none"> ▪ Process of obtaining and managing permits and authorisations ▪ Cooperation on local events ▪ Public consultation ▪ Project-dedicated websites ▪ Social media accounts for individual projects ▪ Programme partnerships ▪ Organisation of events promoting sports and healthy lifestyles, cultural and social events ▪ Presentations and lectures ▪ Local visions ▪ Organisation of joint events
<p>PROJECT CONTRACTORS, BUSINESS PARTNERS, ARCHITECTS, SUPPLIERS</p>	<p>Impact</p> <p>Architects and contractors are our business partners who design our projects and execute the designs. From our suppliers we buy all services and goods required to build and expand our properties and for our day-to-day activities.</p> <p>Form of dialogue</p> <ul style="list-style-type: none"> ▪ Phone and e-mail contact ▪ Corporate website ▪ Conferences and fairs ▪ Social media ▪ Sponsorship of industry events ▪ Participation in real estate associations ▪ Participation in working groups

MEDIA AND INDUSTRY ORGANISATIONS	Impact
	Thanks to the media and industry organisations, we can communicate with our stakeholders and present our activities and plans.
	Form of dialogue <ul style="list-style-type: none"> ▪ PR and press office of the Group ▪ Conferences and fairs ▪ Events related to the investment process of an individual project ▪ Interviews ▪ Press meetings on the property premises ▪ Marketing and advertising cooperation ▪ Social media ▪ Corporate website
REGULATORS AND CENTRAL ADMINI- STRATION	Impact
	As a Warsaw Stock Exchange-listed company, we are regulated by both the WSE and the Polish Financial Supervision Authority. We conduct our business and pay taxes in Poland, which makes the central administration another of our stakeholders.
	Form of dialogue <ul style="list-style-type: none"> ▪ In writing or by phone, as appropriate

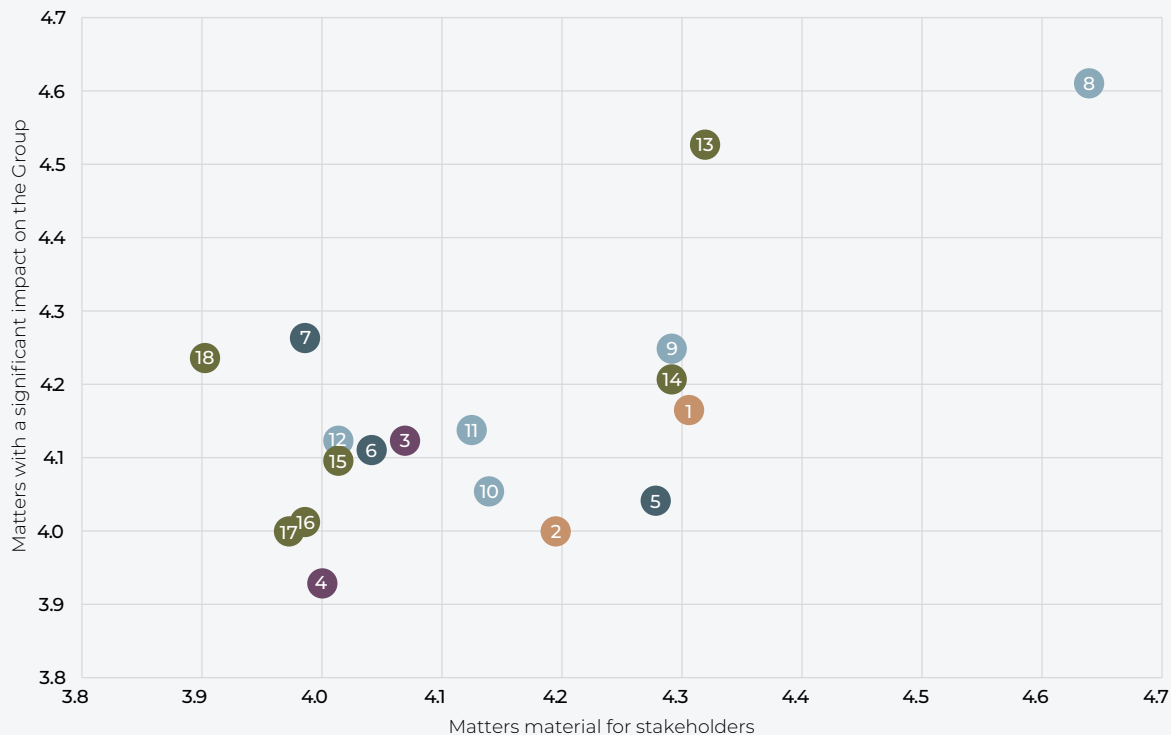
Our analysis of stakeholder groups was expanded to include a materiality study. It was conducted in January 2022 as an anonymous online survey. We received answers from 72 Polish and international stakeholders. Based on this survey, we identified material aspects for our stakeholders which they believe should be reported on, as well as matters that, according to these stakeholders, are likely to have a significant impact on the Group's business model over the next three years.

We divided the key questions into five categories: (i) environmental and climate matters, (ii) labour and social matters, (iii) local community matters, (iv) ethics and legal matters, and (v) financial and risk management matters. The respondents stated that ethics and legal matters were the most important to them, while financial and risk management

matters were set to have the greatest impact on the Group's business model. However, the differences between these categories were insignificant.

At the same time, for each of these five categories, stakeholders identified the most important issues and aspects with the highest impact. The key themes included regulatory compliance, financial performance, ethical and responsible stakeholder communication, a sustainability strategy integrated into the business strategy, use of renewable energy, and efforts to reduce the environmental impact of properties. The key aspects are shown on the materiality matrix below. The indications by external and internal stakeholders for both materiality and impact were very similar.

STAKEHOLDER MATERIALITY MATRIX



Environmental matters

1. Use of renewable energy
2. Sustainability policy with environmental impact reduction targets

Labour and social matters

3. Job stability for employees/associates (...)
4. Human capital development (...)

Local community matters and impact on urban areas

5. Efforts to reduce the environmental impact of projects
6. Building environmentally certified projects
7. Creating mixed-use property (...)

Legal matters and ethics

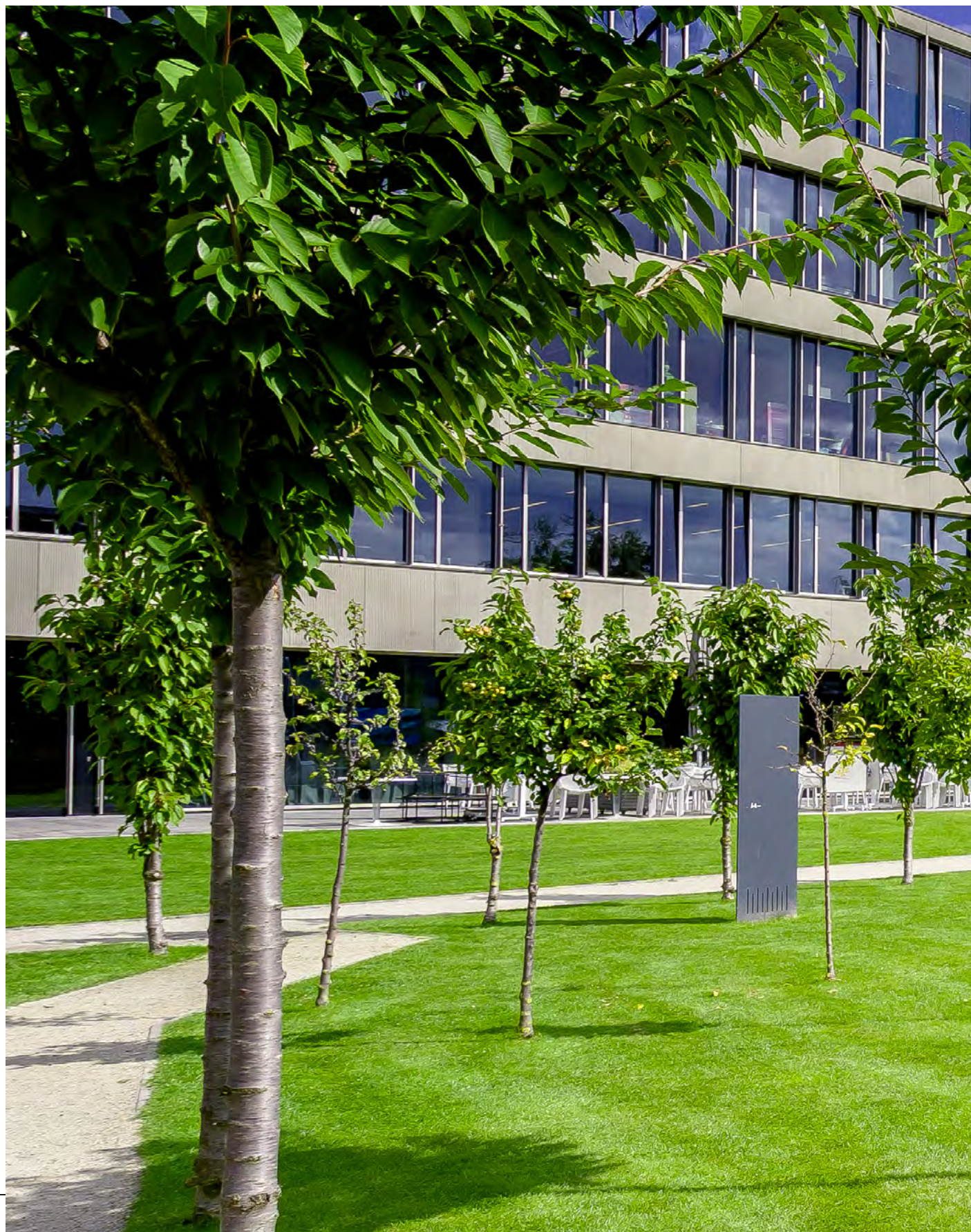
8. Compliance with the law
9. Ethical and responsible stakeholder communication
10. Efforts to counteract corruption and bribery
11. Compliance with corporate governance principles
12. Cyber security, personal data protection

Financial performance and risk management

13. Financial performance
14. Having a business strategy combined with sustainability strategy in place
15. The Group's debt
16. Building stakeholder value
17. Managing climate risks and opportunities
18. Building shareholder value

Stakeholder feedback is very important to us and has been used in the preparation of this report and the disclosures it contains. We will engage in con-

tinued dialogue with our stakeholders to provide them with relevant sustainability information.



ENVIRONMENT



Conscious investments

As an investor, we are aware of how every new building affects the increasingly dense urban space. Already at the design stage, we implement solutions to minimise the adverse environmental and climate impact of our projects. For many years, our properties have been certified for sustainability according to BREEAM and LEED, the world's leading environmental certification schemes. By the end of 2021, 67.9% of our completed project footprint was certified.

Our first green development, Eurocentrum Office Complex (sold in 2019), is also the largest environmentally sustainable office complex in the Polish capital with the highest LEED certification status of 'Platinum'. Royal Wilanów is BREEAM certified

as 'Very Good' and incorporates a number of solutions resulting from the certification process itself and from additional efforts we have made to protect the environment. These include one of the first rooftop apiaries in Warsaw, an anti-smog meadow next to the building, and the fastest electric vehicle charging station in Warsaw, opened in 2021. Since 2020, a comfort and HVAC performance monitoring solution has been used in the management of the Royal Wilanów building. It was developed by Virtual Power Plant sp. z o.o. (VPPlant), a specialist in the optimisation of modern large-size buildings. Advanced technologies delivered by the company to improve the energy efficiency of our building, helping reduce its carbon footprint.



As for Norblin Factory, it was BREEAM pre-certified as 'Very Good' at the design stage and is now undergoing the final certification process. This is our latest project, in which great attention has been paid to sustainability. In view of its historical fabric and absence of biologically active areas, the site called for well-thought-out solutions to meet the unique requirements of a historical site. On the grounds of Norblin Factory, 22 trees, up to 10 metres tall, were planted along historical streets in huge pots embedded in the ceiling of the underground car park. The other 84 trees adorn the terraces and rooftops of the office buildings, where an urban apiary will be added in the spring. We also made sure that urban birds would stay safe, using low reflectivity glass on our façades to avoid collisions, and addi-

tionally marking the most prominent parts of glass structures in consultation with an ornithologist. The complex is accessible to people with disabilities. To make sure Norblin Factory is accessible to people with different needs and requirements, we cooperate with the Integration Foundation, which has been working to improve the living conditions of people with disabilities in Poland since 1994. What makes Norblin Factory special are definitely its sustainable transport solutions, including Poland's first automatic underground bike parking offering 95 spaces. With cycling enthusiasts in mind, we have put up bike racks all over the outdoor area of the complex. The facility also offers 200 bicycle spaces with complete infrastructure for office employees. Motorists can use a four-level underground car park with 720 spaces and charging stations for hybrid and electric vehicles.

Warbud S.A., the general contractor, employed procedures and activities to minimise the project's adverse impact on the environment and its immediate surroundings already at the stage of construction activities. These include:

1. Implementation of an internal environmental procedure for the Norblin Factory project in accordance with the Warbud S.A. Integrated Management System Policy and procedures based on ISO9001, ISO14001 and ISO45001 standards.

2. Using materials with the lowest environmental footprint: recycled, low-carbon, energy-efficient materials, and materials in bulk packaging.
3. Employing solutions to reduce the consumption of energy (e.g. energy-efficient site lighting, energy saving equipment) and water, monitoring the usage of utilities and transport of construction materials and waste.
4. Using only certified wood (FSC, PEFC) throughout the project.
5. Designating individuals responsible for all measures to preserve biodiversity and for oversight of waste management. The types of waste expected to be generated during construction works and by the site office and staff facilities were identified. Waste was regularly handed over for recycling and recovery to licensed waste contractors. Employees of Warbud S.A. and of its subcontractors were informed of the waste separation requirements by the site manager and were given regular training on the prevention and reduction of soil, water and air pollution, conservation of natural resources and sound waste management.
6. Informing local residents and project neighbours about the progress of construction works and nuisances entailed. A 'complaint log' was available at the site office during the execution period.
7. Keeping the project site and access roads clean and tidy. Hardening of internal roads for the duration of construction works, regular washing of site machinery to reduce pollution in the neighbourhood and dust. Minimising dust from materials by using covers, proper storage practices, and appropriate equipment.
8. Using low-noise construction machinery. Performing the noisiest activities at such times as to minimise nuisance to local communities.

9. Equipping the site with a spill kit (sorbents) in case of an environmental accident. Training workers and subcontractors on environmental hazards, wildlife protection measures and all environmental compartments on and around the construction site.

Encouraging tenants to act sustainably

We understand it is not only our activities, but also those of our tenants, that have an impact on the climate and environment. Our contracts with tenants do not provide for reimbursement of their capital expenditure on efficiency improvements. Therefore we make sure that our tenants have access to sustainable solutions.

Our properties offer a range of such solutions, including:

- ability to manage a tenant's own environmental and climate impacts with separate meters to bill their water and (partly) electricity consumption,
- support in proper waste separation,
- in the case of Norblin Factory – an advanced building application, which will soon have a resource-sharing feature,
- the Royal Wilanów application enabling employees to share rides to work
- sustainable transport options, such as public transport services (convenient location of our properties), facilities for cyclists (bike parking spaces with changing rooms and showers, repair stations), and charging stations for electric vehicles.

Measuring our water consumption

We monitor water usage in each property within our portfolio to employ water saving solutions. A total of 76.1 thousand m³ of water was used across our properties in 2021. The highest water consumption (approximately 47%) was recorded in retail properties, making up the largest part of our property portfolio. We have water meters for tenants across our floor space. We present water usage data for our entire property footprint, including joint venture projects.

We have not adopted a formal water management policy. However, we take proactive measures to reduce water consumption across our properties and thus address this risk:

- we install rainwater collection tanks (Royal Wilanów – 330 m³, Norblin Factory – 1,200 m³). The collected water is used to flush toilets and to water plants in the atria and around the buildings,
- we use water saving sanitary fixtures (such as touchless taps, aerators and dishwashers).

We think of long term outcomes when deciding where to locate our projects, considering any attendant environmental and climate risks. One such risk is groundwater scarcity and land drying, which could affect the availability and cost of water in our buildings. Only one of our properties is located in an affected area: the 5,712.6 m² Street Mall Vis a Vis Łódź. In 2021, the property used 1,556 m³ of water, or 2.0% of our total water consumption.

Data for 2021	Water consumption (m ³)	Structure	Space (m ²)	Water consumption in m ³ per m ²
Office	31,296.4	41.1%	70,453	0.44
Retail	36,105.7	47.4%	72,660	0.50
Hotels	8,518.5	11.2%	8,219	1.04
Other	216.6	0.3%	506	0.43
Total	76,137.2	100.0%	151,838	0.5

Measuring our electricity consumption

As required by the Energy Efficiency Act of May 20th 2016, our properties undergo regular energy audits. We have electricity consumption data available for all types of spaces across our portfolio. In 2021, our properties used 12.2 GWh (43,919 GJ) of electricity. The data is presented for 78% of our entire floor space. We have separate electricity meters installed for all tenants occupying our office space, hotels and other properties. The exception is our retail space. Some tenants have signed separate electricity supply contracts. For this reason, the data we present reflects 54% of our total retail space.

Our properties are supplied with grid electricity. At the end of 2021, we did not own any sources of renewable energy. We are now exploring the possibility of having such sources installed at our properties to reduce our carbon footprint and energy demand.

We have identified risks associated with electricity consumption. The first one is the scale of our grid electricity usage. We recognise that our tenants, like us, look to reduce their carbon footprint. For this reason, we consider state-of-the-art energy saving technologies already at the design stage (we use reflective glass to reflect light and reduce air conditioning requirements, we install lifts with energy-efficient drives and lighting), and we use LED lights with motion sensors in rooms, common areas, garages, and car parks of all our properties. The other one are the rising electricity prices. In addition to tenant education on ways to reduce their electricity consumption, we also engage in price negotiations with electricity suppliers whenever possible.

Data for 2021	Electricity consumption (MWh)	Structure
Office	6,432.2	52.7%
Retail	4,796.6	39.3%
Hotels	925.7	7.6%
Other	45.2	0.4%
Total	12,199.7	100.0%

Managing our heat consumption

In addition to managing our water and electricity consumption, we take a number of measures to reduce the amount of heat consumed across our properties:

- we use reflective glass to prevent the buildings from overheating,
- we use building materials and systems that can collect heat inside the buildings (HVAC systems),

- we have installed water loop heat pump systems (Norblin Factory, Vis a Vis Wilanów),
- we recover heat from retail spaces, electric lifts and hooding systems.



”

Kinga Nowakowska

Member of the
Management Board,
COO

Sustainability considerations are intrinsic to every project implemented by the Capital Park Group. All our projects are executed with the environment in mind and contribute to the well-being of their users: tenants, business partners, customers, visitors, and local residents. Our priority is to educate and build around our projects environmentally conscious communities, who would not be indifferent to the challenges of climate change. Our project implementation approach has evolved over the years, as has the awareness of tenants and financial institutions. Today, a commercial building without a green certificate is unimaginable, while only a few years ago, when we were developing the Eurocentrum Office Complex, people were surprised that it had already been certified at the design stage, as it was not seen as a necessity. But we were convinced that this was what future would look like and we led the change. We are now facing challenges that not so long ago seemed quite remote and irrelevant, such as smog and global warming. New development projects should leverage technologies that would address climate change and ensure that people inside stay healthy and comfortable.

We began our sustainability efforts over ten years ago, with the 'Office Plus' concept, which is implemented into each of our projects by providing customised solutions, addressing individual tenants' needs. The key distinguishing features of our properties include: high quality architecture, care for the natural environment and sustainable development, green areas and high quality of surroundings, promotion of sports and physical activity, art and culture in common areas, as well as a wide range of services and creative approach to asset management. The present report is the next step for the Capital Park Group. It illustrates our environmental, social and climate efforts and impacts through specific examples and figures.

Our activities contribute to sustainable development on various levels, thus increasing public awareness of the fact that we can make a positive difference in the world. In our buildings we deploy solutions mitigating their carbon footprint and use special tanks to collect rainwater and, thus, reduce water consumption. We set up bird feeders, nesting boxes, and urban beehives; we plant trees and shrubs that absorb smog; and we equip our buildings with modern filtration systems. We use thermal insulation facade and roof systems and energy efficient lighting systems which make adjustments depending on daylight availability and the presence of occupants. We also recover waste heat from service and retail space. Out of concern for the safety of urban birds, we use low reflectivity glass on building facades. We take an environmentally-minded approach in whatever we do. For example we have applied photocatalytic paints to create a large-format mural on one of the historical buildings of Norblin Factory. When exposed to sunlight, one of the ingredients neutralises harmful pollutants, so that the entire surface of the mural purifies the air drawn in.

We also support sustainable transport. All of our projects feature bike parking spaces and infrastructure for cyclists. We also make sure that fast charging stations for electric and hybrid vehicles are available. At Norblin Factory, we offer Poland's first automated underground bicycle park with almost 100 spaces, modelled after solutions seen in Japan and the Netherlands. Our projects are always located near public transport and underground railway stops. We also encourage our tenants to implement carpooling for shared commutes. At Norblin Factory, with our proprietary building application, we are introducing a sharing economy, which will support a dramatic improvement in resource efficiency.

Increasingly often customers, tenants, and visitors look for spaces where, besides shopping or work, they will be able to interact in a pleasant ambiance, be it in business contexts or with friends, or to enjoy original leisure activities. As a society we tend to work more and more, hence the preference for places that can accommodate various activities. But the ambiance and atmosphere are equally important. What we want are unique, exceptional, one-of-a-kind facilities, and our projects cater to these very needs. We see a key advantage of our properties in greenery and publicly accessible places of rest and leisure. We also collaborate with artists whose works decorate public spaces of our projects. We want our projects to be open to the city and people, attracting them with their unique energy. And we want our projects to be environmentally friendly.

Measuring carbon footprint

This report presents the first estimation of our carbon footprint measured in accordance with the *Greenhouse Gas Protocol: A Corporate Reporting Standard*. Based on this methodology, we have defined our organisational boundaries (the calculations cover all companies under our operational or financial control) and operational boundaries (we separately account for and report on Scopes 1, 2 and 3). This report presents our estimates for Scope 1 (direct emissions) and Scope 2 (indirect emissions). Our calculations of Scope 2 emissions are based on electricity consumption for 78% of our total floor space. We have not yet made emission estimates for Scope 3. We plan to develop and expand the methodology for calculating greenhouse gas emissions in the coming years.

The analysis of the Group's activity revealed no Scope 1 GHG emissions. The Group has no production facilities or its own vehicles. The Group's Scope 2 emissions are emissions from electricity consumption. The reported figures represent lo-

cation-method emissions, based on benchmark values publicly available on the KOBIZE (National Centre for Emissions Balancing and Management) website.

Additionally, given changes in our total usable area, we also calculate greenhouse gas emissions in CO₂ equivalent per m². These are the key indicators that will be used to monitor our climate-related risks and opportunities.

Seeing climate-related risks and opportunities

We identify both risks and opportunities associated with climate change that affect the Group's operations. We carry out climate change analyses to predict short (through 2030), medium (through 2050), and long term (through 2100) developments.

Data for 2021	CO2e emissions (tonnes)	CO2e emissions (tonnes) per m ²
Scope 1	0.0	0.00
Scope 2	8,515.3	0.06
Total	8,515.3	0.06



photo by JTI GBS Poland Sp. z o.o.

SHORT TERM DEVELOPMENTS

Climate risks

- Extreme weather events that may cause local flooding, with a short-term impact on the availability of our properties (acute physical risks)
- Transition risks associated with policies – the EU's sustainable finance requirements may increase the cost of debt capital for companies that do not take sufficient action and do not disclose the required sustainability information

Climate opportunities

- Attracting new long term tenants by deploying state-of-the-art solutions that reduce environmental impacts and by seeking to have the properties certified in terms of their environmental and sustainability performance
- Gradual reduction of dependence on the national power grid

MEDIUM TERM DEVELOPMENTS

Climate risks

- Market transition risks – clients seeking only properties with the highest environmental certification status and the least climate and environmental impacts
- Market transition risks – lower demand for office space and growing trend towards remote work models perceived as a means to further reduce environmental impact
- Reputational transition risks – insufficient action on sustainability may damage the Group's reputation and cause problems with attracting talent and retaining employees
- Regulatory transition risks – the EU's further sustainability regulations may lead to higher prices of construction materials used to build new properties
- Impact of acute physical risks – heavier downpours and more violent weather events may have a negative impact on the affected areas
- Impact of chronic physical risks – rising water levels are of particular concern

Climate opportunities

- Further upgrade of portfolio properties to meet the highest environmental standards and tenants' requirements
- Continued sustainability efforts that will enhance the Group's reputation, allowing it to retain commitment of employees and attract new ones
- Further diversification of the business model towards residential properties

LONG TERM DEVELOPMENTS

Climate risks

- Chronic physical risks – rising sea and ocean levels might threaten our existing properties in the Tricity
- Chronic physical risks – high and rising temperatures may have an adverse impact on retail and office buildings, e.g. through more intensive use of air conditioning

Climate opportunities

- Investing in green building solutions, deploying state-of-the-art technologies

We take account of climate-related (transition and physical) risks and opportunities in our plans and decisions, because we are aware of their possible impact on our business model. The Group's development projects are recognised for their environmentally friendly solutions. We want to maintain this strategic approach to minimise the environmental impact of our projects and build the Group's competitive advantage on the property market. This will allow us to maintain high occupancy rates in our properties and favourable lease terms, with a positive effect on our operating cash flows, creditworthiness of the Group's companies and value of the property portfolio. Additionally, when choosing locations for our projects, we take into account physical risks, in particular the risk of rising surface water levels. Based on the data available at <https://isok.gov.pl/hydroportal>, only one of our projects (in Bydgoszcz, GLA 160 m²) is at risk of flooding (0.001% of our portfolio).

Assessing our business model's resilience to climate change

As recommended by the Task Force for Climate-Related Financial Disclosures (TCFD), we have also examined the resilience of our business model and strategy to two climate-related scenarios: the 'warming below 2°C' scenario and the 'warming above 2°C' scenario. The scenario analyses were qualitative rather than quantitative, and based on publicly available climate-related scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), included in the Sixth Assessment Report (AR6) published in 2021.



<p>SCENARIO SSP1- 2.6 - LOW GREENHOUSE GAS EMISSIONS SCENARIO, WHERE GLOBAL WARMING OF 2°C IS UNLIKELY TO BE EXCEEDED</p>	<p>Possible impact of climate risks</p> <p>Under this scenario, states and companies would need to take real and meaningful action in the coming years to significantly bring down greenhouse gas emissions. This, however, would likely produce considerable climate risks resulting from the transition to a low-carbon economy. These risks could even-tuate as:</p> <ul style="list-style-type: none"> ▪ implementation of stringent requirements for building materials used for construction of properties, which could drive up the cost of new develop-ment projects, ▪ implementation of stringent energy and water consumption requirements for properties, which could necessitate upgrades of some of our projects, ▪ implementation by the Group's clients and tenants of measures to reduce their carbon footprint, which could involve reducing office or retail space, as well as a greater shift to remote working or online sales. <p>Under this scenario, physical risks, especially of the chronic kind, could be miti-gated in the long term as a result of keeping the global warming below 2°C.</p> <p>Possible actions</p> <p>Assuming such a scenario, the Management Board will take all necessary steps for the Group to be optimally positioned, which may include accelerated deployment of pro-environmental measures, particularly those improving the energy efficiency of buildings. The Group has extensive experience in deve-losing various types of commercial and residential property, and thus it can flexibly adapt its projects to address existing demand and market conditions.</p>
<p>SCENARIO SSP3- 7.0 - HIGH GREENHOUSE GAS EMISSIONS SCENARIO, WHERE GLOBAL WARMING OF 2°C IS LIKELY TO BE EXCEEDED</p>	<p>Possible impact of climate risks</p> <p>This scenario would mean exposure to acute physical risks in the medium and long term, resulting from failure to take action on the part of states and com-panies to reduce greenhouse gas emissions. Arguably, it would mean lower transition risks than in the case of the first scenario.</p> <p>We have identified three significant physical risks:</p> <ul style="list-style-type: none"> ▪ rising sea and ocean levels, which might have a negative impact on proper-ties located by the sea and rivers, ▪ higher temperatures, which might impair occupancy comfort for the properties owned by the Group, ▪ extreme weather events, which may occur with increased frequency and have more severe adverse impacts on the Group's properties, their accessi-bility and usability. <p>Possible actions</p> <p>If such a scenario materialises, the Management Board will take steps to apply building materials and technologies that respond to changing climate con-ditions: by increasing the resistance of buildings to gusty winds, draining ra-inwater in the case of heavy downpours and adapting HVAC systems to high temperatures.</p>

A photograph of three people in a modern, industrial-style setting. On the left, a man with grey hair stands wearing a blue blazer and light trousers. In the center, a man with glasses and a beard sits on a stool, wearing a grey blazer and dark trousers. On the right, a woman with short brown hair stands wearing a white shirt with a red patterned vest and brown trousers. The background features concrete walls and warm lighting.

OUR EMPLOYEES AND SOCIETY



45%

employees and
associates have worked
for the Capital Park
Group for five years
or more

**In 2021, 21 professionals
joined our team, while 14
left the Group.**

Stable team

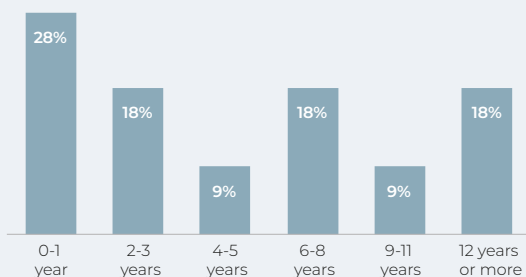
- Capital Park is an integrated and fully functional operating platform, with internal resources capable of implementing investment processes on an end-to-end basis.
- The Group employs 92 professionals who have the knowledge, experience and skills necessary to seek out promising projects, perform due diligence, secure funding, obtain permits, develop conceptual designs, implement projects, commercialise space and actively manage properties.
- The senior officers and department managers have an average of 20 years of relevant professional experience, including 12 years with Capital Park.

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

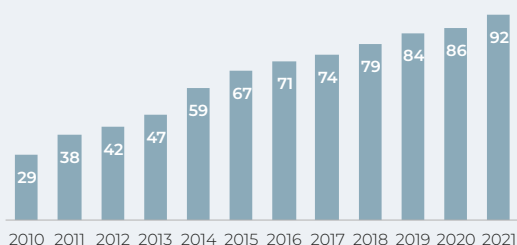
WORKFORCE BY PROFESSION



YEARS WITH THE GROUP



CAPITAL PARK TEAM



Supporting diversity

Diversity, openness, mutual respect and trust are among the core values that drive Capital Park's business. The Group is guided by the principle of equal treatment of all its employees, supporting measures to prevent any form of discrimination and actively seeking to increase diversity and ensure equal opportunities for professional development of its staff. This drives productivity and growth of the Group's business. Particular emphasis is placed by the Management Board on creating a work environment in which employees, regardless of any differences between them, can fully utilise their potential. The Group recruits staff based solely on whether they meet the requirements for the relevant post with respect to expertise, professional track record, and educational background.

The Group employs both women and men of various ages, based on candidates' merits only.

The Management Board and Supervisory Board include members qualified in such areas as law, economics and finance, with diverse professional experience. As at December 31st 2021, the Management Board was composed of one woman and two men, while the Supervisory Board comprised two women and four men.

The key management staff, i.e. directors of the investment, finance, accounting, legal, construction, retail lease, office lease, facility management and investor relations departments, comprises seven women and two men.

As at December 31st 2021, women accounted for 63% of all of the Group's employees and consultants.



Building human capital

The Capital Park Group is made up of top class professionals. We are committed to making their knowledge up to date and enhancing their skills and qualifications. Every year we organise training for our employees on subjects related to the Group's operations. These training programmes improve the work comfort of our team in the changing market environment, and build our Group's competitive advantage in the real estate market. In 2021, the average number of training hours per employee of the Group was 12.

Our employees and representatives are also contributing to the development of employment standards in the Polish property sector. Together with the organiser of the 'Top Woman in Real Estate' competition we participated in a mentoring programme for young women who intend to pursue their professional careers on this market. The programme's objectives are to support women in business and promote diversity, and to provide mentoring support for those working in the real estate business. The group of mentors who share their knowledge and experience with the programme participants include the Capital Park Group representatives: Kinga Nowakowska, Management Board Member and Chief Operating Officer, who for many years has been involved in numerous campaigns to advocate the rights and equal op-

portunities for women, initiator and founder of the Black Swan Fund, winner of the prestigious 'Top Woman in Real Estate 2018' title in the Business Management category, and Sylwia Filewicz, Head of the Construction Department, winner of 'Top Woman in Real Estate 2019' in the Project Management category.

And in 2020 the statuette in the Banking & Finance category went to Anna Tomaszewska, Investment Director at Capital Park. In 2021, Małgorzata Badzyńska-Trojan, Architect & Design Director at the Capital Park Group, joined the group of 'Top Woman in Real Estate 2020' winners in the Architecture, Design and Work Place category.

Promoting work-life balance

The Capital Park Group offers its employees and their families opportunities to participate in interesting events, such as picnics or family meetings. We are open-minded and understand the needs of employees with children. Since 2018, the Royal Wilanów office building, where our headquarters are located, has housed a kindergarten, so our employees with young children may have their kids taken care of in a facility located directly at their workplace. This makes it easier for them to combine work with family life. In connection with the pandemic, we have adopted a very flexible approach to work for employees whose children stay at home having been put on remote or hybrid learning plans.

We also take, on a daily basis, reasonable measures to protect the health and safety of our employees during the pandemic. Together with the 'Office Doctor' medical support team, we ensure proper protection of the workplaces and common areas, arrange for professional and regular disinfection of office space, provide coronavirus tests as a preventive measure, and keep our employees up-to-date on current recommendations and restrictions. We do our best to provide a comfortable and safe work environment for our office staff.

Respecting human rights

Respect for human rights is one of the fundamental principles in the Capital Park Group's business operations. We treat all persons – our employees, associates, clients and business partners – with due respect, recognising their dignity and rights, regardless of nationality, gender, language, religion, political views, social background or financial status. While we do not have in place a formal anti-discrimination or anti-bullying policy, we do not tolerate any such conduct. We have implemented an anonymous whistleblowing system accessible to both internal and external stakeholders.

Any cases of misconduct can be reported using a form available on our website to Kinga Nowakowska, a member of the Company's Management Board, and in special cases to Katarzyna Ishikawa, a member of the Supervisory Board. Once a report is submitted, an investigation process is launched. Then, those responsible are brought to account and appropriate disciplinary, organisational or legal measures are taken with respect to them by the Management Board, acting on the basis of the committee's recommendation.

The system ensures anonymity and no retaliation against the whistleblowers. Reports of misconduct are received by the dedicated member of the Management Board, but any such reports concerning a member of the Management Board should be submitted to the designated member of the Supervisory Board. No reports of misconduct were received in 2021. We respect the right of anyone accused of misconduct to defend their good name and to be judged in an independent and impartial manner.

We respect everyone's right to freedom of opinion and expression. We operate in a culture of debate and discussion, seeking to arrive at shared conclusions and work out solutions by joint effort. At the



same time, we respect the freedom of association and the right of employees to form and join trade unions. There are no trade unions at the Company or the Group, which is due to our staffing structure and no need to engage in such initiatives. The Group is in compliance with all applicable laws and regulations, in particular the provisions of labour law. We offer decent working and pay conditions as well as holiday entitlements.

An important aspect of our operations is protecting the privacy of individuals whose personal data is stored in our systems. We exercise due diligence in this area, having implemented a GDPR policy. There were no data leaks in 2021, and no notification to the Data Protection Authority were filed with respect to the Company or other members of its Group.

Supporting local communities

As an investor actively operating on the Polish commercial property market, we have set ourselves a goal of ensuring that our projects are fully integrated with the local communities. Realising that we are part of each neighborhood communi-



ty, we want to be actively involved in its life and initiatives. Our projects are defined not only by their address, but above all by the responsibility for the place where we operate, so one of our priorities is to establish and nurture good relations with the local community. We are involved in charitable, cultural, social and educational initiatives, and we are also open to ideas and suggestions put forward by our neighbours. We join forces to foster one of the most important aspects of the contemporary world – interpersonal bonds.

Throughout the summer holidays we ran the 'Night-Time Playing' project, with concerts performed by well-known artists and winners of national and international singing competitions, held on the open-air stage of Royal Wilanów. We hosted, among others, Mietek Szcześniak, Patrycja Kuś, Must Be The Music winner Paulina Szurnicka, and Weronika Kmita, a Danish art school scholarship holder. Guitarist Rafał Christa, who has collaborated with and created music for the Dramatic Theatre and Rampa Theatre in Warsaw, also appeared on the summer stage of Royal Wilanów, with a piano accompaniment provided by Pedro Pedrito,



associated with the Roma Theatre and the National Philharmonic in Warsaw. Wilanów residents could participate in open-air film screenings as part of the Outdoor Cinema events. There was also a fan zone for watching European Football Championship matches together. We also organised theatre shows and music workshops for the youngest, which could be attended for instance as part of Artistic Day Camps. An important aspect of our activity is environmental protection: we organised a zero waste workshop on the premises of Royal Wilanów, and joined the Polish edition of the Earth Hour project, held under the slogan 'Save the Baltic before We Miss It' dedicated to protecting the Baltic Sea. We continued our joint initiatives with the Municipal Office of the Wilanów District, with which we organised an open-air family event called 'Wilanów Days'. We also joined the 'I Do My Shopping in Wilanów' campaign, initiated by the Municipal Office, aimed at encouraging district residents to support local businesses. Royal Wilanów invited bicycle lovers to an open-air event called 'BIKE EXPO – Bicycle Wilanów', whose main theme was the safety of cyclists. Throughout the year, we also



organised thematic attractions for our neighbours, such as the Pumpkin Festival, or outdoor exercises in stretching and yoga. In winter, residents of Wilanów were also offered an opportunity to enjoy an ice skating rink and ice slide on the premises of our project.

SHOPPING CENTRE ACTIVITIES

Activities for the benefit of local communities are also undertaken at our other projects, located in Gdańsk and Swarzędz. Every year we engage in local outreach initiatives at Galeria Zaspą in Gdańsk. Traditionally, we are one of the sponsors of the Zaspą Run, an event promoting healthy lifestyles, which is joined by hundreds of residents of Gdańsk. We cooperate on an ongoing basis with Geneva Trust Polska sp. z o.o. in providing more than ten free screening mammography campaigns yearly for women living in the area. We also reach out to those most in need. Together with the Światółko Foundation we co-organise a fundraiser and donate the proceeds to local children's homes. At the ETC Swarzędz shopping centre near Poznań, we organise regular visits of a mobile breast screening van as well as numerous charity events. We have also joined forces with the Regional Blood Donation and Haemotherapy Centre and Leroy Merlin to encourage Swarzędz residents to support the blood bank. They can use the services of a mobile



blood collection team, who park their vehicle on the premises of ETC Swarzędz several times a year. We also promote fundraising drives for the Great Orchestra of Christmas Charity and the animal shelter in Skałowo. For many years, we have partnered with the Municipality Office of Swarzędz in holding the 'Swarzędz Days' event.

NORBLIN FACTORY SUPPORTING WARSAW INSURGENTS

We offer support to the Day Centre for Warsaw Uprising Veterans located in the vicinity of our flagship project in Warsaw, the Norblin Factory. Our involvement with this institution dates back to the time when we still worked on revitalising this historical site in the Wola district of Warsaw, so it has lasted for a good few years now. It is a great honour for us to support these extraordinary people, true heroes, thanks to whom that we can now live in a free country. Each of the veterans under the care of the Day Centre commands respect and admiration, so it is with great affection that we join in



celebrating their birthdays. In the past year Norblin Factory once again had the honour to prepare birthday gifts and personally offer best wishes to the Insurgents. We admire the Warsaw Insurgents for their courage and determination, but also for their kindness, warmth and smile, which they give to one another and to their guests every day despite having gone through such a devastating ordeal. We are proud to participate in the life of the Day Centre for Warsaw Uprising Veterans and that we can show our appreciation for their sacrifice through what we do. The effort is a great lesson in humility, sensitivity and respect.

MEETINGS THAT BUILD BONDS

Norblin Factory is a symbol of the Warsaw industry and two hundred years' history of this place. No wonder our project has aroused, even during the construction phase, enormous interest among the local community, city residents, historians, varsavianists, people on internet fora devoted to development projects in Warsaw, as well as en-

thusiasts of historical spaces and post-industrial sites. Throughout the past year, particularly when the construction works were nearing completion, we held regular tours around Norblin Factory for each of these groups. Walks around the premises of Norblin Factory allowed us to communicate our project in a transparent way to all interested parties. Visitors learned about the history of Norblin Factory from the times of its first owner, Franciszek Ryx, to modern times, when the factory was closed down. The tour participants could take a glimpse behind the scenes of the revitalisation of historical buildings, see some of the historical machines that were brought back to their home location and hear about platters made by the factory in its heyday. Visitors enquired about the various aspects of Norblin Factory, and we did our best to provide exhaustive answers. These meetings allowed us to familiarise members of the local community with the project and forge good relations, which are bound to provide a strong foundation for good community engagement going forward.

WOLA UNITES US FOR A COMMON CAUSE

Norblin Factory has emerged after years of oblivion and dereliction as an important place on the map of Warsaw. It is a testament to the identity of the capital city and industrial tradition of the Wola district. This motivates us to work closely with the mayor, councilors and Municipal Office of the Wola District. The Norblin Factory revitalisation project shed some light on the many secrets hidden in this historical place. The works carried out at the adjacent Łucka Street uncovered a historical pavement. In consultation with the authorities of the Wola district we resolved that the new pavement should be similar in shape to its historical predecessor, with cobblestones found during the excavation works to be incorporated into the parking space design. The idea has been approved by the Masovian Provincial Conservator of Monuments. Works to reconstruct

Łucka Street are currently in progress. The middle of the roadway will be paved with asphalt, while parking spaces and bays will be covered with what historical cobblestones are available.

Supporting important projects

HELPING DREAMS COME TRUE

The Capital Park Group was again invited to participate in another project initiated by young people of the Rehabilitation, Education and Childcare Centre and of the Private Vocational Training School in Działdowo. The youth, aged 15 to 22 with moderate intellectual disabilities, motor impairments, visual impairments or autism, fulfill their dreams by setting themselves a new challenge every year. In 2020, the challenge was to climb the 28 highest peaks of the Crown of Polish Mountains. This time the project participants challenged themselves to cycle 550 kilometres along the Polish coast. As part of the initiative called '28 Dreams – Disabled on their Way to the Hel Peninsula', three bike tours will be held with 17 lighthouses visited on the way from Świnoujście to Krynica Morska. Some of the participants cycled on their own, while others took to tandems or rode in customised bike trailers. The cycling team set off from Świnoujście visiting on their way a number of towns, including Kikut, Niechorze, Kołobrzeg, Gąski, Jarosławiec, Darłowo, Ustka, Czołpino, Stilo, Rozewie, Jastarnia, Sopot,

Hel, Gdańsk North Port, Gdańsk New Port and Krynica Morska. The Capital Park Group was happy to join the cycling team and support the initiative financially.

INDUSTRY INITIATIVES

The Capital Park Group is a member of the Polish Chamber of Commercial Real Estate (PINK), the Urban Land Institute and the REIT Poland Association. We are actively involved in working groups operating within these organisations, sharing our knowledge and experience. In 2021, we attended a meeting of an interdepartmental team to develop regulations for entities investing in rental property. During the consultation we discussed such things as the legal form and supervision of entities that may operate as REITs, types of assets REITs may invest in, and related tax issues. Our common objective is to prepare draft regulations that would be ready for consultation before the legislative process commences and to ensure the authorities pass a law that would match the needs and capabilities of the Polish real estate market.

As an investor, we are an active member of the Polish Chamber of Commercial Real Estate, and we actively participate in initiatives undertaken by the organisation. One of them is the handbook 'In Office 2022. The New Normal', developed in collaboration with PINK and other companies representing the commercial real estate market. The pandemic certainly turned the office reality as we knew it on its head. Most people worked remotely or in a hybrid model, and the return to office has been quite a challenge for employees and employers alike. The study provides concrete proposals and recommendations that can help companies navigate the new office reality and choose the working model that suits them best. The handbook provides guidance to help businesses develop an optimal working model and raise awareness of new employee needs and expectations for safety and



comfort in a workplace that is increasingly full of people. The study also provides a wealth of research findings, expert advice, analysis and recommendations on how to help companies make the return to office efficient, safe, and flexible. In the handbook we present lessons learned and solutions that had a real impact on the standard and sense of safe-

ty in our office work during the pandemic. These include the ‘Office Doctor’ medical care service in place at Royal Wilanów and Norblin Factory.



RISK FACTORS

RISK OF LOSS OF HUMAN CAPITAL		
RISK FACTORS	POTENTIAL IMPACT	RISK MITIGATING MEASURES
<ul style="list-style-type: none"> Competitor activity Loss of employees across all levels of the Group Inability to attract talent 	<ul style="list-style-type: none"> Decline in operational capacity Loss of key executive and management personnel Scaling down of the Group's expansion plans 	<ul style="list-style-type: none"> Employee development programme Employee education and upskilling Ensuring decent working conditions Providing support programmes, including medical packages Promoting a balanced lifestyle, appropriate work-life balance, flexible working hours Clear, transparent and honest communication with employees about our mission and growth plans.

FINANCIAL STANDING OF THE GROUP

KEY 2021 NUMBERS

PLN 43m

NOI

PLN 245.6m

Net profit

PLN 172m

Cash

PLN 11.36

NAV per share

PLN 2.6bn

Value of portfolio under
management

34%

Net debt to assets

93%

Occupancy rate in completed
properties

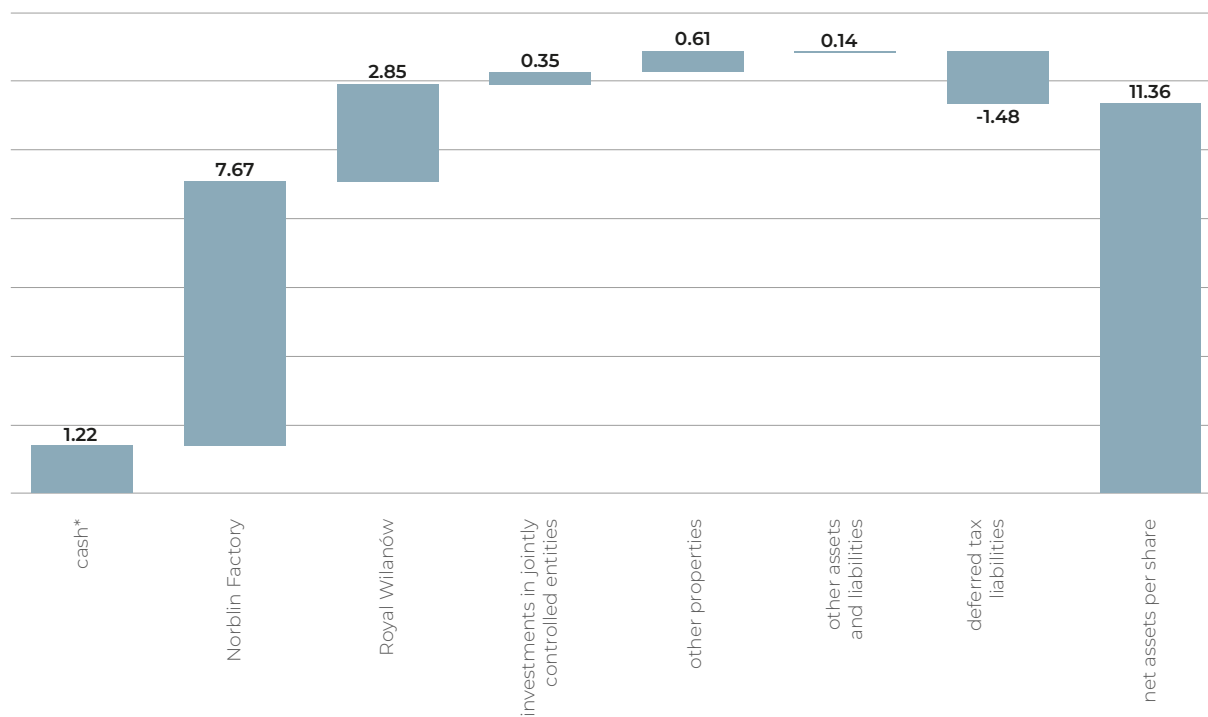
92

Specialists

**177
thousand m²**

total area of the property
portfolio under management

NAV PER SHARE



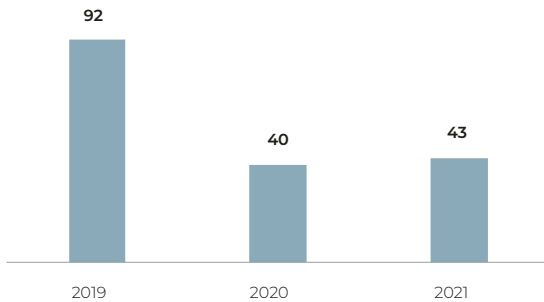
* cash less the balance of the VAT facility granted for Norblin Factory

Explanation:

NAV was calculated based on the nominal amount of debt, the effect of measurement at amortised cost was recognised under 'other assets and liabilities'.

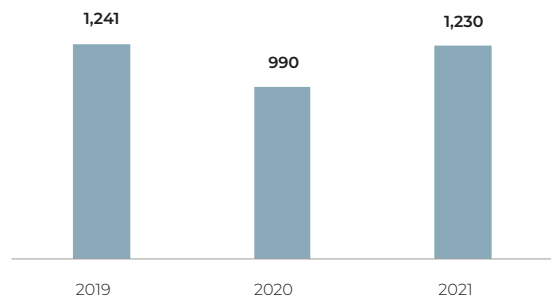


NOI (NET OPERATING INCOME)



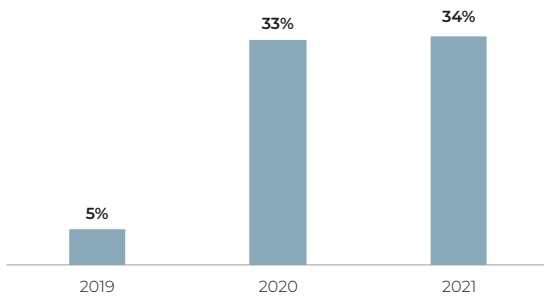
The decrease of NOI in 2020 reflected the sale of Eurocentrum Office Complex. The increase of NOI in 2021 versus 2020 was driven by rental income from the newly opened Norblin Factory

NAV (NET ASSET VALUE)



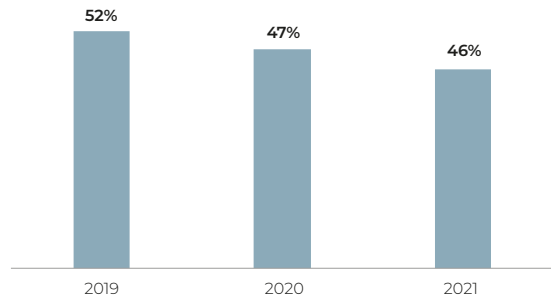
The decrease of NAV in 2020 was due to dividends paid, while the increase of NAV in 2021 was attributable to property revaluation

NET DEBT TO ASSETS

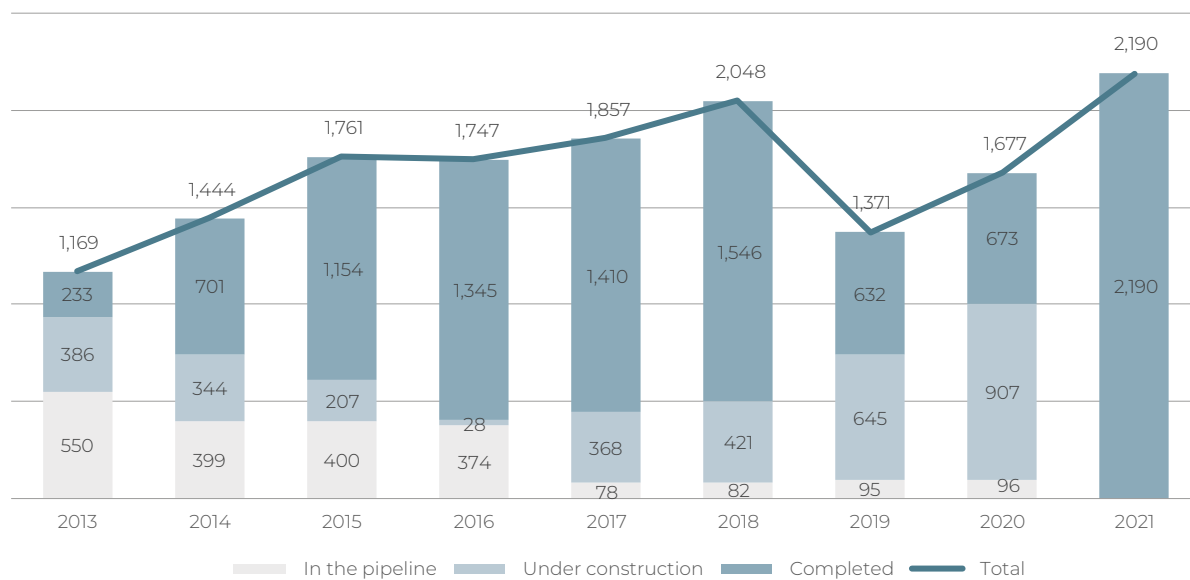


The Group maintains a safe level of debt. The debt ratio increased on a lower cash balance following a dividend payment and an increase in debt attributable to the Norblin Factory project.

LTV (LOAN TO VALUE)



PROPERTY PORTFOLIO STRUCTURE



Notes:

- Historical data excluding real estate investment funds
- Property value excluding the impact of IFRS 16

The increase in the property portfolio value in 2021 reflected mainly progress achieved on the Norblin Factory project.





MARKET ENVIRONMENT IN 2021

Warsaw office space market

Existing office stock

6.2 million m²

(+5%)

Vacancy rate

12.7%

(+27pp)

New supply

325 thousand m²

(+4%)

Office space under construction

337 thousand m²

Lease transaction volume

650 thousand m²

(+8%)

Net absorption

125 thousand m²

(-29%)

Asking rent

EUR 20-25

Prime yields

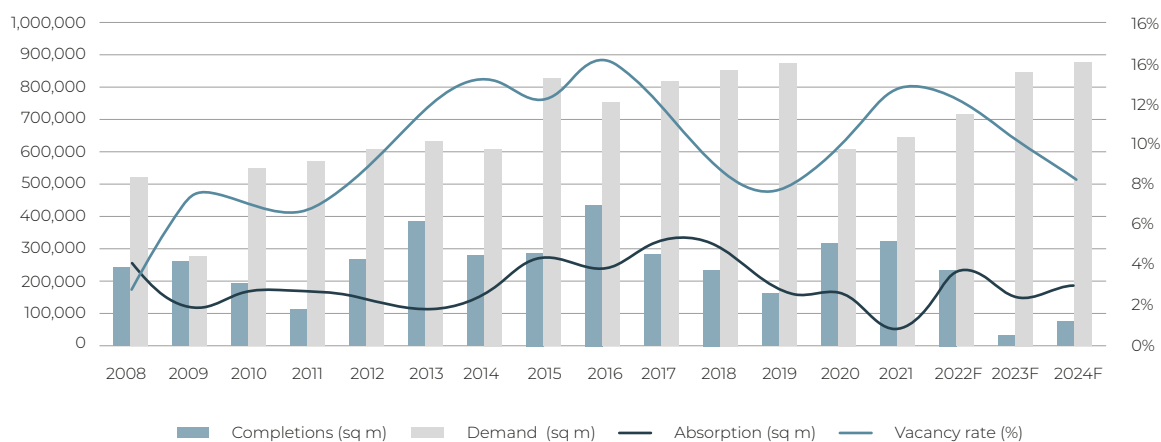
4.50%

(-0.15pp)

photo by Marcin Czechowicz

- 2021 ended with a record number of transactions on the Warsaw office market (164), with a transaction volume of EUR 5.71bn (up 7% in 2020). In the fourth quarter of 2021 alone, the value of transactions amounted to EUR 2.18m (38% of the total volume). The second and third quarters saw similar volumes of EUR 1.23bn and EUR 1.53bn, respectively, by contrast, the value of transactions in the first quarter was lower, at EUR 0.77m.
- There was a slight yield compression for prime office properties, to 4.5%.
- In 2021, new supply of office space was 325 thousand m², of which 255 thousand m² was located within three new projects around Rondo Daszyńskiego – Skyliner, Generation Park Y, and Warsaw UNIT.
- At the end of 2021, approximately 320 thousand m² of office space was still under construction (compared with about 600–700 thousand m² of new supply per year in the past ten years), of which some 260 thousand m² will be delivered in 2022. Most of this space was pre-leased. The office space planned to be delivered in 2023/2024 is at a record low of 60 thousand m² per year.
- Demand for office space remained strong, with gross demand in 2021 at 646.5 thousand m² and net absorption in Class A buildings of over 170 thousand m². On the other hand, an outflow of tenants from Class B buildings was significant.
- At the end of 2021, the vacancy rate was 12.7%, but with the existing large gap between demand and supply, we expect the vacancy rate to drop significantly, by 4–5pp over the next two to three years. The reduction in space available for lease will also put upward pressure on rents in the coming years. We believe that an additional demand driver will be the relocation of foreign businesses from Ukraine and countries on which economic sanctions have been imposed, i.e. Russia and Belarus.

ANNUAL OFFICE SPACE SUPPLY, VACANCY RATES AND NET ABSORPTION



Source: CBRE

According to 2022 projections, the overall investment volume will be maintained at EUR 6.5-7m. By sector, the largest share will continue to be attributable to industrial and logistics, followed by the office sector, with retail coming in third.

Retail market

Modern retail space

16.4 million m²

New supply

546 thousand m²

Closures

269 thousand m²

(10 facilities, mainly first generation shopping malls)

Retail space under construction

420 thousand m²



- In 2021, the investment transaction volume in the retail property sector was EUR 1m, 40% of the 2020 figure.
- Retail parks and convenience centres attracted the strongest investor interest. Notably in 2021, for the first time since the pandemic's outbreak, there were again transactions involving large shopping centres, mainly value-add and high residual value assets.



- Prime retail space yields for shopping centres reached 5.25% to 5.75%, and for retail parks – 6.80%.
- In the past year, retail sales rebounded as stores re-opened. In 2021, retail footfall was 29% lower than in 2019, but in 2020 it had fallen 33% from the 2019 level. Retail turnover improved significantly relative to 2020. In 2021, it was 16% lower than in 2019, compared with the 30% decline in 2020 vs 2019.
- In 2021, new supply amounted to 546 thousand m², of which 40% were retail parks. The largest parks were opened in Szczecin (IKEA 29 thousand m²) and Kraków (Mozaika 25.4 thousand m²). Approximately 269 thousand m² was withdrawn from the supply of modern retail space as a result of continued closures of older facilities (mainly TESCO).

Residential market

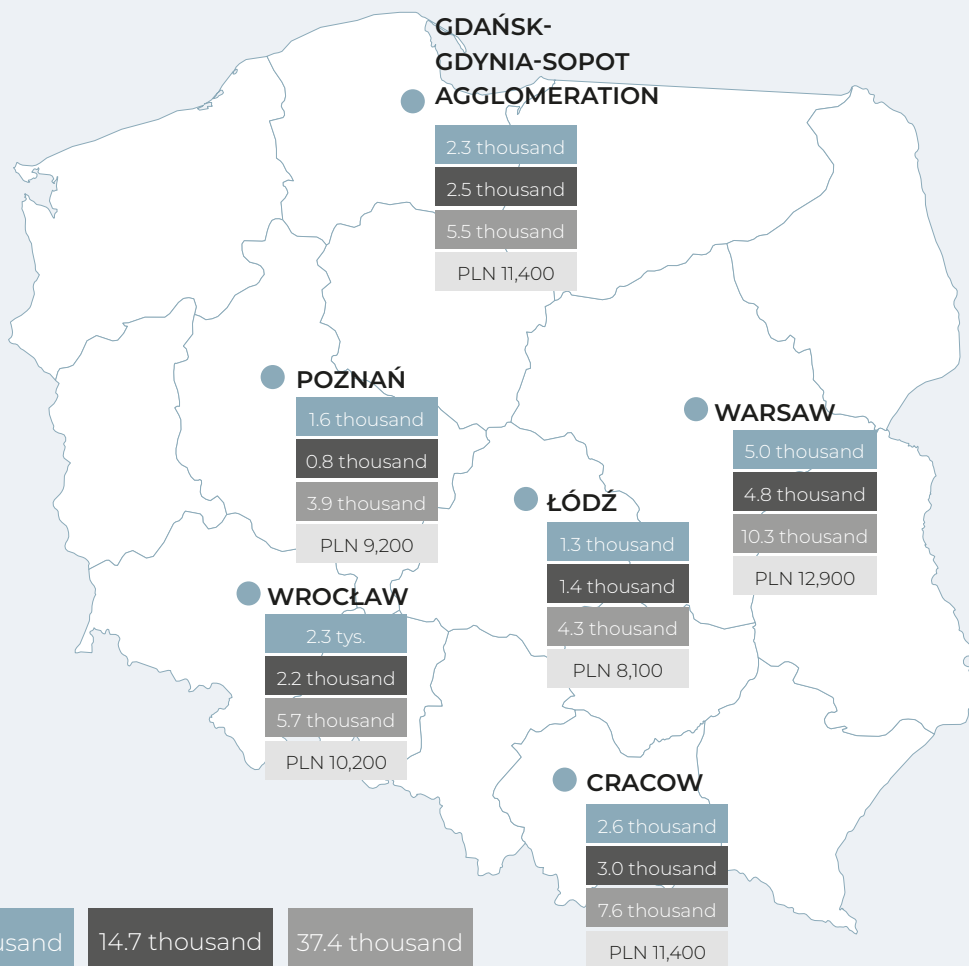


A total of 69 thousand residential units were sold in 2021. The only single year in which more apartments were sold was 2017. The supply of new units was 58.1 thousand. Such a significant gap between demand and supply was last seen in 2013. Strong demand, higher prices of materials, and rising inflation were reflected in double-digit rates of price growth for residential properties. On the five main markets, i.e. Warsaw, Cracow, Poznań, Wrocław and the Tricity, the prices rose by 14% to 18% over the year, while in Łódź – by 21%. Many apartments are bought for cash.

Rising inflation means that an increasing part of apartment buyers are investors, for whom the key objective is to preserve the value of their capital. To counter the growing inflation, the Monetary Policy Council embarked on a rate raising cycle from the fourth quarter of last year. After a series of six rate hikes, the process of tightening the monetary policy is to continue.

The resulting higher cost of housing loans will discourage customers from taking out such loans. On the other hand, constrained access to housing loans and higher prices of residential properties may drive up demand on the rental market. Growth of this market will also be driven by increasing presence of institutional investors, offering apartments for rent as a modern investment product.

Another factor affecting the rental market is the migration to Poland caused by the war in Ukraine. We expect that the diminishing supply of rental housing and growth of the Private Rented Sector (PRS) market will prompt property developers to start more rental housing projects.



Legend:

Residential units sold in the fourth quarter 2021.

Residential units put out for sale in the fourth quarter 2021.

Offered at the end of the fourth quarter 2021.

Average price of residential units offered at the end of the quarter (PLN/m²)

* aggregated data for six cities: Warsaw, Cracow, Wrocław, Tricity, Poznań and Łódź

Source: Residential market in Poland Q4 2021, JLL

STRUCTURE OF THE GROUP

Capital Park SA

CP RETAIL B.V.	100%	Hazel Investments Sp. z o. o.	100%	CP Management Sp. z o. o.	100%
ArtN Sp. z o. o.	100%	Capital Park Gdańsk Sp. z o. o.	100%	CP Retail („SPV 2”) Sp. z o.o.	100%
Fundacja Fabryki Norblina	100%	Diamante Investments Sp. z o. o.	100%	Sporty Department Store Sp. z o. o.	100%
Oberhausen Sp. z o.o.	100%	Alferno Investments Sp. z o. o.	100%	Capital Park Kraków Sp. z o. o.	100%
SO SPV 50 Sp. z o.o.*	60%	Aspire Investments Sp. z o. o.	100%	Emir 30 Sp. z o. o.	100%
Wilanów Investments S. à r.l.	50%	Sander Investments Sp. z o. o.	100%	Kinogram Sp. z o.o.	100%
Rezydencje Pałacowa Sp. z o. o.*	100%	CP Property 6 Sp. z o.o.	100%	Polski Hak Sp. z o.o.	100%
RM1 Sp. z o. o.*	100%	CP Property 7 Sp. z o.o.	100%	Krynica Investments Sp. z o.o.	100%

*JV projects



As at December 31st 2021, the Capital Park Group comprised 25 entities, including the parent Capital Park SA, 23 special purpose vehicles, and the Norblin Factory Foundation. The Group's properties and development projects are managed by CP Management sp. z o.o.

Changes in the Group's structure:

- Incorporation of Krynica Investments sp. z o.o. on February 24th 2021
- Merger of CP Development sarl and CP Retail BV on October 26th 2021
- Acquisition of CP Property 6 sp. z o.o. and CP Property 7 sp. z o.o. on December 13th 2021

OVERVIEW OF FINACIAL POSITION



”

Jakub Poniatowski
CFO

The Group's operating income in 2021 was PLN 65.4m, an increase of 13.5% on 2020, driven by income from the Norblin Factory project, delivered in August 2021. As at the date of this report, our flagship project was 88% commercialised, with the 100% occupancy rate for office space. Annual NOI from the leases is expected to exceed EUR 15m in the coming years.

Also worth noting is that last year we signed new or renegotiated existing lease contracts for over 7.6 thousand m² in Royal Wilanów. Consequently, as at the end of 2021, WAULT for all the Group's properties was just under six years.

The record high increase of the Group's property value resulted mainly from the completion of Norblin Factory and pending negotiations for the sale of Royal Wilanów. The value of investment property was positively affected by gain on property revaluation of PLN 274m (excluding the effect of foreign exchange rates). It represents a 31% increase in the investment portfolio value, to nearly PLN 2.2bn.

Last year, we sold two properties: Eurocentrum Hotel i Rezydencje – an undeveloped plot of land located in Warsaw on Aleje Jerozolimskie Street, and a complex of retail units on Belgradzka Street in Warsaw. With excess proceeds from the sale we



were able to repay the EUR 10m multi-purpose credit facility taken out by Capital Park SA with Getin Noble Bank. In June 2021, we also fully redeemed EUR 7m of Series N bonds. At the end of 2021, the Group had no corporate debt allocated to Capital Park SA, and its portfolio was only comprised of project loans allocated to individual SPVs.

The Group's financial performance in 2021 continued to be affected by COVID-19. The temporary restrictions on retail introduced in the first half of the year directly contributed to a decrease in the Group's operating income by approximately 6%, primarily attributable to discounts granted to tenants during the lockdown. It should be noted that as at the date of this report most of the restrictions, particularly limits on the number of people allowed in a single outlet, were lifted. We expect that the lifting of the restrictions and vaccination rates will ultimately result in stabilisation of the commercial property market.

The property market is being affected by the rise in inflation and gradual depreciation of the Polish złoty. We address these developments by deploying tools that minimise their impact on the Group's business, such as interest rate hedges entered into when borrowing funds and rent adjustment based on the inflation rate. The Group additionally relies

on natural hedging by financing projects in the same currency in which the rents are collected.

Apart from its general impact on the business environment of the property sector, the war in Ukraine is not directly affecting the Group. We do not own any properties in either Ukraine or Russia, and the Group has no business links with and is not financed by any sanctioned entities. However, it should be noted that the current situation in Ukraine may have an adverse impact on the investment market liquidity as a result of increased caution on the part of potential investors in real estate.

The Group's strong cash position, low debt level and contracted long-term lease proceeds safeguard the Group against any market turbulence.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (SELECTED ITEMS)

(PLNm)	2020	2021
Operating income	57.6	65.4
Direct property operating expenses	(17.2)	(22.4)
Net operating income (NOI)	40.4	43.0
Administrative expenses	(14.0)	(13.1)
Operating profit adjusted for revaluation of investment property	25.8	41.1
Gain on property revaluation	46.3	261.2
Operating profit	72.1	302.3
Other finance income and costs	(72.0)	6.4
Net profit/(loss) attributable to owners of the parent	(23.7)	245.6

In 2021, NOI was PLN 43.0m compared with PLN 40.4m the year before, a year-on-year increase of 6% driven mainly by the delivery of Norblin Factory in the autumn of 2021.

Although the first months of leases are rent-free periods for the tenants of Norblin Factory, the Group presents its rental income taking into account the average rent over the lease term (straight-line rent), which means that such rent-free periods or any changes in rent rates during the lease term (including reductions due to COVID-19) are recognised on an accrual basis, in accordance with IFRS 16.

On account of the straight-line rent, the Group's NOI increased in 2021 by nearly PLN 8m.

The gain on property revaluation was mainly attributable to:

- PLN 5m effect of the EUR/PLN exchange rate drop on property valuation
- PLN 274m gain on property valuation, resulting mainly from the post-completion valuation of Norblin Factory and revaluation of Royal Wilanów.



BALANCE SHEET (SELECTED ITEMS)

(PLNm)	2020	2021
Investment properties*	1,676.6	2,190.2
Investments in jointly controlled entities	41.0	37.7
Financial assets	21.6	21.3
Cash and cash equivalents	164.9	172.4
Total assets	2,019.8	2,540.7
Interest-bearing liabilities**	808.3	1,004.3
Total liabilities	1,030.3	1,310.6
Deferred tax liability**	120.4	160.8
NAV	990.0	1,230.1

* Including assets held for sale; the value of investment property excluding the effect of IFRS 16

** Including assets held for sale

In 2021, changes in the value of the property were caused mainly by:

- PLN 360m in capital expenditure,
- PLN 274m gain on property valuation,
- PLN 5m effect of the EUR/PLN exchange rate drop on property valuation.

Financial assets of PLN 21.3m were investments in closed-end funds.

Deferred tax liability (PLN 160.8m) represents the difference between the carrying amount and the tax base of property.

24% NAV increase was driven primarily by the growing value of the investment property portfolio on completion of the Norblin Factory project and partial recommercialisation of space in Royal Wilanów.

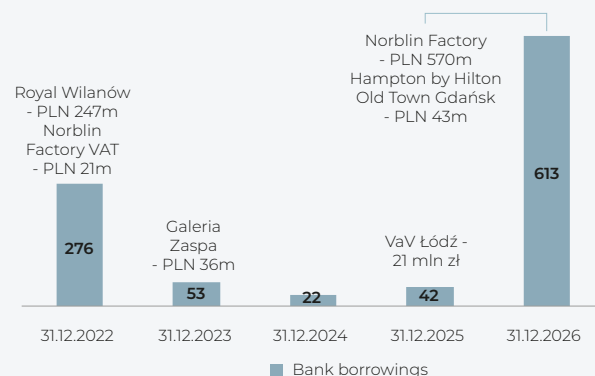


Safe financial debt level and debt maturity profile

In 2021, the Group redeemed EUR 7m of Series N bonds and repaid a EUR 10m multi-purpose facility.

Project facilities maturing in 2022-2023 will be refinanced or repaid when the Royal Wilanów project is sold. The Group maintains a safe level of financing with 34% of net debt to assets, and an LTV of 46%.

MATURITY OF THE GROUP'S LIABILITIES AS AT DECEMBER 31ST 2021 (PLN M)



Financing structure of the Group

Following repayment of EUR 17m corporate debt (EUR 7m of Series N bonds and EUR 10m of multi-purpose facility), the Group's financial debt consists only of bank loans granted directly to special purpose vehicles responsible for individual projects.

At the end of 2021, the total nominal debt was PLN 1bn. The increase in financial debt was primarily driven by an increase in the balance of the Norblin Factory construction loan.

Key debt parameters

	2019	2020	2021
Weighted average cost of debt	3.33%	2.80%	2.59%
Net debt to total assets	5%	33%	34%
LTV	52%	47%	46%
Debt currency structure (EUR/PLN)	99%	97%	98%

Cash flows (selected items)

(PLNm)	2020	2021
Cash at beginning of period	604	165
Cash flows from operating activities	18	39
Cash flows from investing activities	-249	-207
Cash flows from financing activities	-237	177
Cash at end of period	165	172

Net cash increased by PLN 7m in 2021, to PLN 172m at the end of the year.

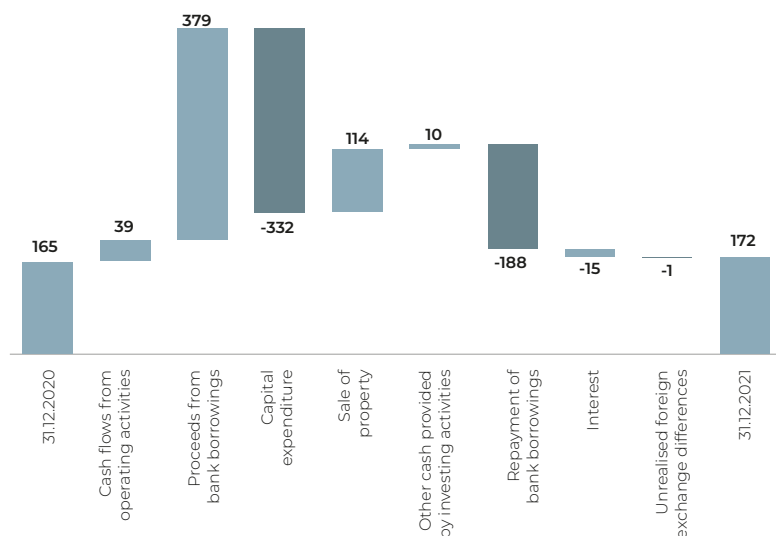
The Group generated PLN 39m in cash from operating activities in 2021, with key items including net operating income (NOI) and expenses on the platform management, as well as the receipt of security deposits from Norblin Factory tenants.

Cash flows from investing activities comprised mainly investment expenditure of PLN 332m, the bulk of which was spent on the Norblin Factory project, as well as proceeds from the sale of Euro-

centrum Hotel i Rezydencje and retail units on Belgradzka Street in Warsaw (totalling PLN 114m).

Last year, cash used in financing activities included primarily repayment of PLN 31.7m of bonds, repayment of the PLN 46m corporate credit facility and repayment of the revolving VAT facility granted in connection with the Norblin Factory project. Cash provided by financing activities comprised mainly proceeds from the construction loan for the Norblin Factory project.

CASH FLOWS



Summary of financial position

- Stable cash position and sound balance sheet
- Safe debt level (net debt to assets: 34%)
- Contracted long-term lease proceeds



photo by Marcin Czechowicz

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



EUR 1.3bn

Bank financing



PLN 463m

Bonds

Achievements

Since 2003

Capital Park has raised EUR 1.3bn in financing from 17 different banks and financial institutions (both domestic and foreign).

2012

PLN 100m issue of secured bonds (mortgage over the Norblin plot) with a 10% co-upon, repaid in 2015.

2013

Creation of our first dividend real estate fund – REIA FIZ AN, private placement proceeds of PLN 63m.

2013

PLN 136m raised through IPO to finance Capital Park's growth.

2014/2016

PLN 170m raised through issue of unsecured bonds.

2016

Refinancing of Eurocentrum with an investment facility of EUR 124m taken out from Bank of China.

2017

More than EUR 38m raised through issue of unsecured eurobonds to refinance bonds denominated in PLN.

2017

Creation of our second dividend real estate fund – REIA FIZ AN II, gross private placement proceeds of PLN 45m.

2017

Securing a EUR 159.3m credit facility from Pekao SA for Norblin Factory – our flagship revitalisation project, and a EUR 62.5m facility for refinancing the Royal Wilanów project.

2018

Securing a EUR 60m loan from the European Investment Bank for the Norblin Factory project and, concurrently, reducing the amount of the project facility taken out from Pekao SA to EUR 99.3m. EIB's decision to grant the loan was preceded by detailed due diligence of the project.

2019

Sale of Eurocentrum Office Complex; entering into cooperation with a new strategic investor – Madison International Realty.

2020

Distribution of dividends by Capital Park SA of PLN 2.10 per share, totalling PLN 227.5m (dividend yield of 23%). Redemption of EUR 38.5m of bonds.

2021

Redemption of EUR 7m of bonds and repayment of EUR 10m corporate credit facility.

FINANCIAL RISKS

RISK FACTORS	POTENTIAL IMPACT
RISK RELATED TO THE COVID-19 PANDEMIC	
<ul style="list-style-type: none"> ▪ Prohibition of specific types of activities ▪ Limited social mobility ▪ Economic slowdown ▪ Deterioration of overall economic conditions globally and in Poland ▪ Uncertainty as to the duration of the pandemic and the scale of government measures ▪ Deterioration of the tenants' financial condition and/or potential bankruptcies among tenants 	<ul style="list-style-type: none"> ▪ Lower revenue from property leases ▪ Inability to complete running projects on time and/or within budget due to work stoppages faced by contractors, labour shortages, supply chain disruptions, and lengthening of the permitting process and other administrative procedures ▪ More difficult access to finance and/or additional security required by banks under credit facility agreements ▪ Reduced activity of tenants and business partners on the real estate market in Poland, resulting in suspension or failure to enter into new lease contracts or to execute investment and divestment projects ▪ Negative impact of renegotiation of the lease contracts, restructuring of tenants on the existing lease contracts, rental income and the value of properties
RISK OF MACROECONOMIC VOLATILITY	
<ul style="list-style-type: none"> ▪ Deterioration of overall economic conditions globally and in Poland ▪ Deterioration of economic conditions in the real estate market and property development sector ▪ Cyclical nature of the real estate market ▪ Deterioration of conditions in the financial sector ▪ Changes in the Polish financial system – ongoing deregulation of open-end pension funds (OFE) 	<ul style="list-style-type: none"> ▪ Decline in the market value of properties ▪ Limited ability to sell properties leading to loss of liquidity ▪ Tenants' bankruptcies negatively affecting the liquidity position ▪ Drop in rents which may be obtained from lease of properties ▪ Lower availability of credit ▪ Lower demand or no demand for new bond issues ▪ Higher financing costs

RISK MITIGATING MEASURES

- 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)
- Taking measures to enable normal operation of the Group and implementation of the Norblin Factory project with the least possible disruption
- Protecting assets and minimising exposure of employees to the impact of COVID-19 (home office)
- Maintaining a safe level of cash
- Holding negotiations with banks to suspend, where necessary and possible, payments of principal and interest in order to mitigate the effects of lower rental income (the key objective is to maintain the self-financing ability of all completed projects, without having to make any further equity contributions)

For a detailed description of measures taken by the Group during the pandemic, see page 27 of this report.

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

RISK FACTORS	POTENTIAL IMPACT
FOREIGN EXCHANGE RISK	
<ul style="list-style-type: none"> ▪ Fluctuations in foreign exchange rates, in particular the EUR/PLN exchange rate 	<ul style="list-style-type: none"> ▪ Lower proceeds from sale of properties in PLN terms ▪ Lower rental income ▪ A drop of the EUR/PLN exchange rate leads to a decrease in the carrying amounts of real properties
INTEREST RATE RISK	
<ul style="list-style-type: none"> ▪ Interest rates rising ▪ Interest rates going down 	<ul style="list-style-type: none"> ▪ Increase in debt service costs caused by higher interest rates ▪ Higher yields (i.e. decline in the value of the Group's properties). Yields are strongly correlated with risk-free rates of return and may rise along with rising interest rates ▪ Opposite situation: yields decline as a result of falling interest rates and push up the prices of properties that the Group wants to purchase
COMPETITION RISK	
<ul style="list-style-type: none"> ▪ Competitor activity ▪ Activity of local private investors 	<ul style="list-style-type: none"> ▪ Declining rents and selling prices of properties ▪ More unoccupied space/units ▪ Increase in prices and costs of properties ▪ Project development process becoming longer and more difficult

RISK MITIGATING MEASURES

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

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

- Careful selection of properties and taking advantage of opportunities related to distressed assets
 - Building on experience in project execution and knowledge of the market to implement unique projects
 - Leveraging the Group's financial and organisational potential
 - Active management of properties
 - Developing unique concepts that can distinguish Capital Park projects on the market, such as 'Office Plus', 'Office Doctor' and 'The place to be, the place to work'
-

CORPORATE GOVERNANCE

CAPITAL PARK ON THE WSE

In December 2021, Capital Park SA celebrated the 8th anniversary of its floatation on the main market of the Warsaw Stock Exchange. The price of Capital Park shares on the first trading day, i.e. December 13th 2013, was PLN 5.57. In 2020, the Company paid dividends of PLN 2.10 per share.

The intraday Capital Park stock price reached a high of PLN 9.90 on October 8th 2021. In 2021, the Capital Park stock was traded within the PLN 6.62–PLN 9.90 range, with the average closing price of PLN 8.49. On the last trading day in 2021, the stock closed at PLN 9.84, which put the Company's market capitalisation at PLN 1,066m. In 2021, the price of Company shares rose by 31%.

Entity

CAPITAL PARK SA

Abbreviated name

CPGROUP

Sector

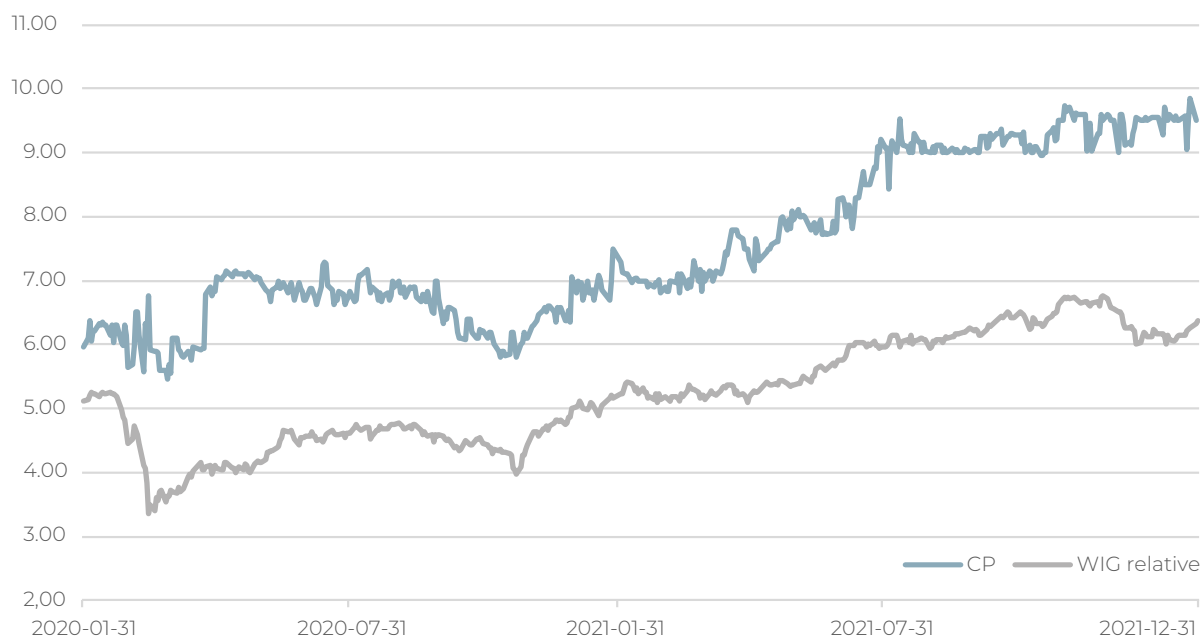
PROPERTY

8 YEARS

on the Warsaw Stock
Exchange



CAPITAL PARK SHARE PRICE PERFORMANCE VS WIG IN 2020 AND 2021



Stock performance	2020	2021	Change
Share price at end of year (PLN)	7.50	9.84	31%
High (PLN)	7.50	9.84	31%
Low (PLN)	5.06	6.8	34%
Average price in period (PLN)	6.45	8.49	32%
Number of shares	108,333,998	108,333,998	0%
Market capitalisation at end of year (PLN)	812,504,985	1,066,006,540	31%
Average volume per session	50,486	11,244	-78%
Price / Book value	0.82	0.87	6%
Free float	13.04%	1.47%	-11.57pp

*Share prices at close of trading.



SHAREHOLDERS

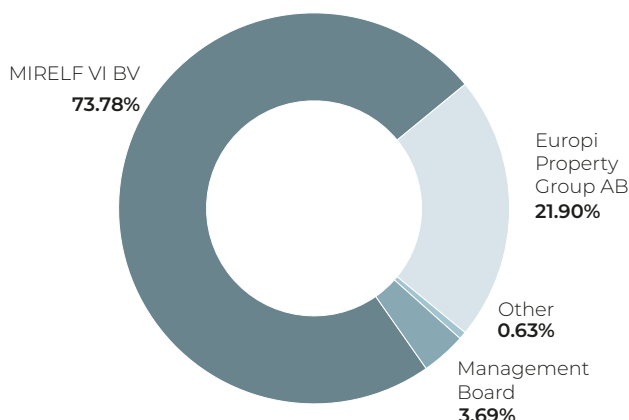
As at the date of issue of this report, the parent of Capital Park SA was Madison International Real Estate Liquidity Fund VI ("MIRELF VI"), a Madison International Realty Group company, which on May 13th 2019 acquired a controlling interest (65.99%) in Capital Park SA from Patron Capital Partners ("Patron"). As at the date of issue of this report, MIRELF VI held 73.78% of shares and voting rights in the Company.

As at the date of issue of this report, 21.90% of shares and voting rights in the Company were held by Europi Property Group (<https://europi.se/>).

3.69% of the Company shares representing 3.69% of the total voting rights at the GM were held by the Management Board of Capital Park, including Jan Motz, founder of the Capital Park Group and President of the Management Board, who held 2.52% of the Company shares, representing 2.52% of the total voting rights at the GM; Marcin Juszczyk, Member of the Management Board, who held 0.86% of

the Company shares, representing 0.86% of the total voting rights at the GM; and Kinga Nowakowska, Member of the Management Board, who held 0.32% of the Company shares, representing 0.32% of the total voting rights at the GM.

PERCENTAGE OF SHARES AND VOTING RIGHTS AT GENERAL MEETING



SUPERVISORY BOARD

First name and sur-name	Position	Year of first appointment	Year of appointment for current term	Year of expiry of current term
Carey Flaherty	Chair of the Supervisory Board	2021	2021	2023
Kimberly Adamek	Member of the Supervisory Board	2019	2019	2023
Steffen Meinshausen	Member of the Supervisory Board	2022	2022	2023
Jonathan Willén	Independent Member of the Supervisory Board	2021	2021	2023
Katarzyna Ishikawa	Member of the Supervisory Board	2011	2018	2023
Jacek Kseń	Independent Member of the Supervisory Board	2013	2018	2023

In the period from January 1st 2021 to the date of this report, further changes occurred in the composition of the Supervisory Board.

On October 12th 2021, Matthias Oliver Cordier resigned from the Supervisory Board of the Company.

On October 12th 2021, Carey Flaherty was appointed member of the Supervisory Board.

On November 9th 2021, Anna Frankowska-Gzyra resigned from the Supervisory Board with effect from November 15th 2021.

On November 10th 2021, we received the nomina-

tion of Jonathan Willén for a member of the Supervisory Board.

On November 15th 2021, the Extraordinary General Meeting appointed Jonathan Willén as a member of the Supervisory Board.

On January 13th 2022, Derek Jakobson was removed, and Steffen Meinshausen was appointed in his place on January 13th 2022.

Provided below are biographies of the Supervisory Board members as at the date of this report.



Carey J. Flaherty
Chair of the Supervisory Board

He serves as Managing Director of Madison International Realty LLC. He is primarily responsible for project acquisition, risk assessment and managing investment opportunities in the United States. Mr Flaherty serves on Madison's investment committee and is a member of Madison's senior management team. His previous responsibilities included oversight of investment activities at Madison International Realty, including preparation, risk assessment and approval of transactions by Madison-managed funds. Carey Flaherty provided oversight of all aspects of the investment process including financial analysis, property due diligence, transaction structuring and approvals. Prior to joining Madison in 2003, he was an investment analyst at Deutsche Bank, where he analysed, documented and structured debt products. He earned a BA degree from Columbia University.



Kimberly Adamek Cholewa
Member of the Supervisory Board

Ms Adamek oversees the asset and portfolio management of Madison Fund VI, a USD 1.3bn private equity fund. She serves as Portfolio and Asset Management Director at Madison International Realty LLC, with responsibility for the asset management of Madison's domestic and international investment portfolio. Ms Adamek participates in all aspects of the asset and portfolio management process, including oversight of Madison's investment positions, monitoring financial performance, maintaining relationships with Madison's counterparties, and providing strategic recommendations to enhance investment returns. Ms Adamek also

serves as a Board Member in MIRELF VI B.V. and as a Director in MIRELF VI Irish Investments ICAV and MIRELF VI Eastpoint ICAV. Prior to joining Madison in 2014, Ms Adamek spent seven years with CBRE Global Investors. While there, Ms Adamek served as an Acquisition Director in the Managed Accounts Group, responsible for sourcing, underwriting and closing over USD 1bn in commercial assets. Prior to CBRE Global Investors, Ms Adamek was an Associate at Unico Properties, where she worked on the investments team underwriting real estate transactions. Ms Adamek graduated with an MBA from New York University and a BS in Finance from Northern Arizona University.



Dr. Steffen Meinshausen
Member of the Supervisory Board

Dr Steffen Meinshausen serves as Head of Investments at Madison International Realty and leads Madison's investment department in Frankfurt. Dr Meinshausen is responsible for the sourcing and execution of Madison's equity transactions including all aspects of financial analysis, property due diligence and transaction structuring across Western Europe, with a focus on Germany.

He works closely with the New York and London offices on equity transactions in Europe. Prior to joining Madison in 2021, Dr Meinshausen served as Director in Investments at 777 Capital Advisors and prior to that as Vice President at Corestate Capital Advisors. He received his diploma in business administration from Private University of Applied Sciences, Goettingen, as well as his Doctoral degree in Corporate Finance from Darmstadt University of Technology.



Jonathan Willén
**Independent Member of the
Supervisory Board**

Jonathan Willén is the CEO and Co-Founder of Europi Property Group, a pan-European real estate investment fund based in London and Stockholm. Founded in 2019, Europi invests its capital in all sectors within Europe, alongside local partners. Jonathan Willén is also a Partner at Brunswick Real Estate, a founding shareholder of Europi, and fund manager in the Nordics. In addition, he is a founding member of the Harvard Alumni Real Estate Board.

Since 2015, Mr Willén has served as a Principal in Blackstone's real estate private equity group based in London. Prior to joining Blackstone, he was a Senior Associate at Goldman Sachs, focusing on cross-asset derivatives structuring and client trading. Prior to that, he worked at Morgan Stanley in the credit derivatives structuring group.

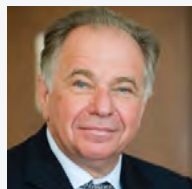


Katarzyna Ishikawa
**Member of the Supervisory
Board**

Katarzyna Ishikawa has been an attorney-at-law since 2001 and a partner in the law firm Ishikawa Broclawik Adwokaci i Radcowie Prawni sp. p. since 2009. In 2002–2007, she sat on the supervisory board of Call Center Poland S.A.

In 2004–2007, she was an arbitrator at the Warsaw Stock Exchange Court. Currently she is a member of the Supervisory Boards of Capital Park SA and Mount TFI SA. She has extensive legal advisory expertise related to real property trade, construction projects, property commercialisation and capi-

tal markets. She is a graduate of the Faculty of Law and Administration at the Jagiellonian University in Kraków. She completed legal training in court and as an attorney.



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

Jacek Kseń has been involved with the financial markets for several decades. In 1978–1996 he lived in France and worked for three different banks. In 1996–2007, he was President of Bank Zachodni WBK S.A. Since 2007 he has run his own consulting practice. He has many years of experience serving on the supervisory boards of business entities, including Orbis S.A., Wydawnictwa Szkolne i Pedagogiczne S.A., Nest Bank S.A., Polimex-Mostostal S.A., and AmRest Holdings S.E. He was a Polish operations adviser to a top private equity fund, Advent International. He is a graduate of the Poznań University of Economics, Foreign Trade Department, and Higher School of Planning and Statistics in Warsaw (now the Warsaw School of Economics) (Ph.D. in international financial markets).



photo by Marcin Czechowicz

Supervisory Board Committees

INVESTMENT COMMITTEE

- meets at least once a month,
- receives monthly management reports and draft reports on important developments in the Company's business,
- receives draft business plans.

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

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

Composition:

- Carey J. Flaherty (Chair)
- Dr Steffen Meinshausen
- Kimberly Adamek Cholewa

AUDIT COMMITTEE

- meets at least once a quarter
- receives quarterly financial reports, directors' reports and draft financial statements

The committee's tasks include in particular:

- monitoring of financial reporting processes,
- monitoring of the effectiveness of the internal control, internal audit and risk management systems,
- monitoring of the financial audit function,
- making recommendations to the Supervisory Board as to the selection of an entity qualified to audit financial statements,
- reviewing the Company's financial statements and presenting opinion on the statements to the Supervisory Board.

Composition:

- Jacek Kseń (Chair, independent member)
- Kimberly Adamek Cholewa
- Jonathan Willén (independent member)

REMUNERATION COMMITTEE

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

The committee's responsibilities include: submitting proposals to the Supervisory Board concerning remuneration of executive or managing directors and assessment of their performance, monitoring the level and structure of remuneration of senior management staff, discussing general rules of the remuneration systems, in particular stock options, and submitting proposals concerning these matters to the Supervisory Board.

Composition:

- Kimberly Adamek Cholewa
- Jacek Kseń (independent member)
- Jonathan Willén (independent member)



MANAGEMENT BOARD

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

In the period from January 1st 2021 to the date of this report, there were no changes in the composition of the Management Board.



JAN MOTZ

Mr Motz is the founder of the Capital Park Group, CEO and President of the Management Board of Capital Park SA with 30 years of experience in the real property sector. He oversees the preparation, financing and execution of the Group's unique commercial projects, with a focus on office, retail and mixed-use. He is responsible for the Group's vision and business strategy and for its expansion into new real estate sectors. In 1997, he founded Communication One Inc., a group that included Call Center Poland S.A. – the leader of the Polish call centre service market. In 1986–2001, he was the owner of Progressive Development Inc., a US-based construction company. In the 1990s, Mr Motz was a shareholder in a group of Polish companies owned by Euro RSCG, one of Europe's leading marketing groups. He is a member of the Executive Committee of Forum Obywatelskiego Rozwoju headed by Professor Leszek Balcerowicz. Graduate of the Faculty of Veterinary Medicine of the Warsaw University of Life Sciences – SGGW.

-
- Construction department
 - Office lease department
 - Investor relations
 - Retail lease department



MARCIN JUSZCZYK

Marcin Juszczyk has been with the Capital Park Group since 2003, Member of the Management Board of Capital Park SA since its inception. In 2003–2005 – the Group's CFO, Since 2005 – Chief Investment Officer, and since 2016 – both its CFO and CIO. In 2001–2006 – Chief Financial Officer at Communication One Inc., a group that included Call Center Poland S.A., in charge of mergers, acquisitions and JV transactions. In 1995–1997 – consultant at the business consulting agency Agencja Doradztwa Gospodarczego AM Jesiołowscy, responsible for privatisation projects and company valuations. In 1997–2001 – consultancy project leader at Normax sp. z o.o. (member of Hogart, an international business consulting group). Graduate of the Kraków University of Economics, with major in IT and Econometrics. Member of ACCA (Association of Chartered Certified Accountants), an FCCA since 2010. He is a member of the REIT Poland Association, Polish Chamber of Commercial Real Estate (PINK) and REITs Education and Research Foundation.

-
- Investments
 - Finance and treasury
 - Controlling
 - Accounting



KINGA NOWAKOWSKA

With the Capital Park Group since 2007. She is a Member of the Management Board and Chief Operating Officer. She has been involved in the Group's major projects and has been responsible for the prestigious Norblin Factory revitalisation project in Warsaw since 2009. Kinga Nowakowska is responsible for the Group's asset management projects. She is the author of the 'Office Plus' concept of bespoke solutions for tenants implemented by the Capital Park Group in each of its projects. The concept is customised for each project, but at its core it always has the following elements: quality architecture, care for the natural environment and sustainable development, green areas and high quality of surroundings, promotion of sports and physical activity, art and culture within common areas, a wide range of services, and creative approach to asset management. She has founded and runs the Business Angels – Black Swan Fund network investing in start-ups managed by women. She serves on its management board. She herself invests in start-ups across various industries. One of her most compelling investments is BioBazar, the first food market in Poland offering certified organic food, which has operated in Warsaw for 11 years.

For 11 years, beginning in 1997, Ms Nowakowska was Chief Executive Officer of Call Center Poland, which under her leadership became one of the largest multi-language customer service outsourcing hubs in Europe, successfully sold in 2007. Graduate of International Business Law at the Sorbonne Law School.

-
- Property management
 - Retail lease department
 - Legal department
 - Marketing
 - ESC

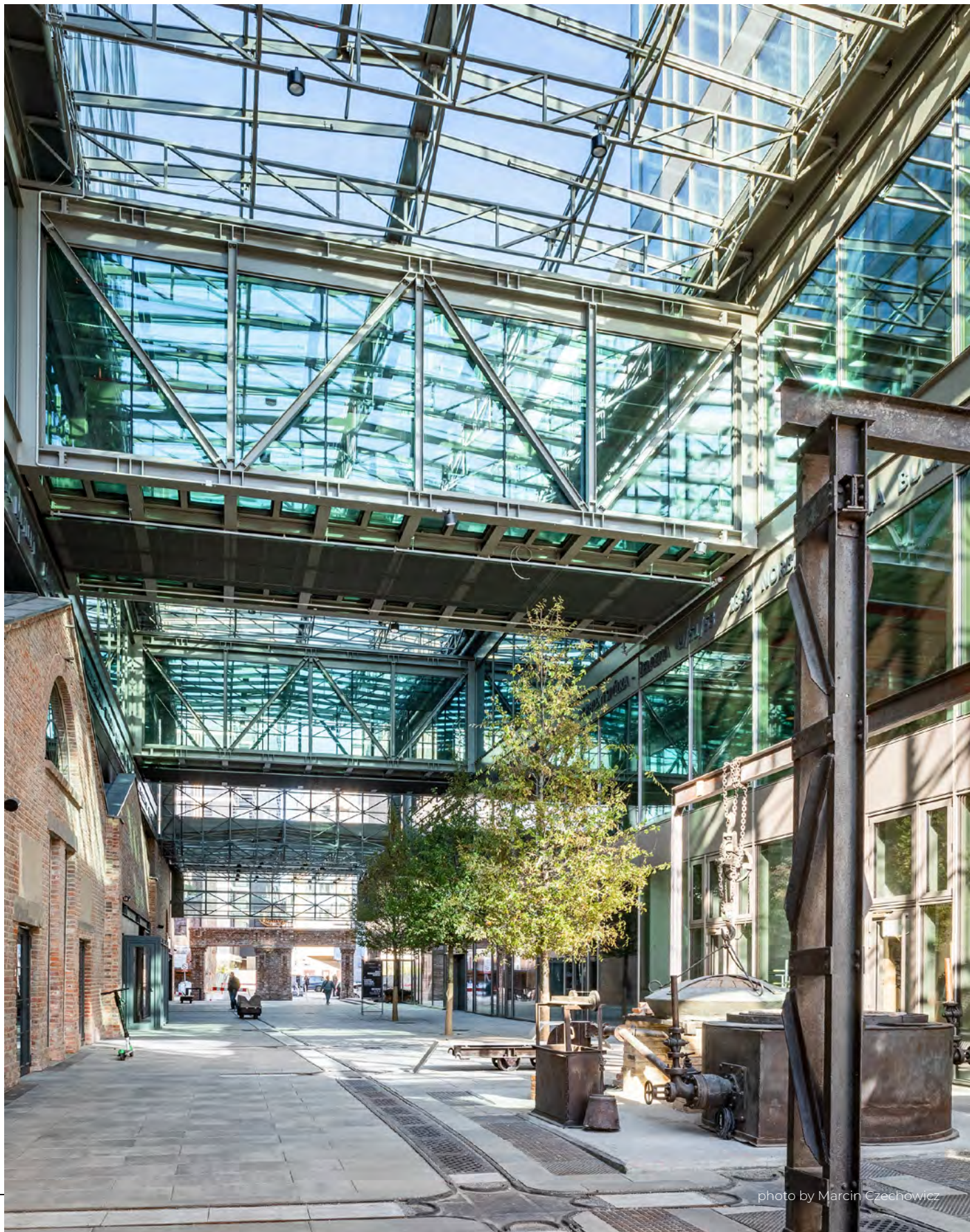


photo by Marcin Czechowicz

Rules of operation of the Company's governing bodies

GENERAL MEETING

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

The powers and responsibilities of the General Meeting include:

- approval of the Company's financial statements,
- granting discharge from liability to the Management Board and Supervisory Board members,
- amendments to the Articles of Association,
- adoption of Rules of Procedure for the General Meeting and Rules of Procedure for the Supervisory Board,
- adoption of a remuneration policy for the Supervisory Board and Management Board

SUPERVISORY BOARD

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

The powers and responsibilities of the Supervisory Board include:

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

MANAGEMENT BOARD

- one to four members
- five-year term of office
- Directs the Company's affairs, manages its assets, and represents the Company before courts, government authorities and third parties.
- Represented by one member
- Management Board resolutions are passed by an absolute majority of votes. In the event of a tied vote, the President of the Management Board has the casting vote.

Powers and responsibilities of individual Management Board members:

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

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

Kinga Nowakowska – Member of the Management Board and COO, oversees management and commercialisation of retail property, marketing and ESG aspects.



ANTI-CORRUPTION AND ANTI-BRIBERY

We act to prevent corruption and provide employees with anti-corruption training. We care to maintain professional business relationships with our partners and make sure that any gifts accepted from them are permitted under Polish law.

We strive to minimise bribery through our anti-corruption procedure aimed at counteracting corruption understood as acts falling within the scope of the offences defined in Art. 229, 230, 230a, 296a and 305 of the Penal Code of June 6th 1997 (the "Penal Code") and reducing the risk of its occurrence within the Group.

We make it clear that preventing, counteracting, detecting and reporting corruption is the duty of all associates of the Group, who should be prepared to cooperate with us in efforts to combat corruption. All employees have the responsibility to prevent and report corruption. Suspected corrupt conduct can be reported online via https://capital-park.pl/?page_id=961

Any cases of misconduct can be reported using a form available on our website to Kinga Nowakowska, a member of the Company's Management Board, and in special cases to Katarzyna Ishikawa, a member of the Supervisory Board. Once a report is submitted, an investigation process is launched. Then, those responsible are brought to account and appropriate disciplinary, organisational or legal measures are taken with respect to them by

the Management Board, acting on the basis of the committee's recommendation.



RISK MANAGEMENT

In its business operations, the Group is exposed to various financial and non-financial risks. The parent's Management Board reviews and establishes rules for managing each of these types of risk. This report presents key risk factors which the Management Board believes have or may have the strongest bearing on the Group's business. The list is neither complete nor exhaustive, and therefore the risks may not be treated as the only risks to which the Group is exposed.

The Group's approach to risk management reflects its business model and relies on the knowledge and experience of a committed management team. All investment decisions and progress of work are discussed at regular meetings of the Management Board. Risk identification and effective risk management are also subject to ongoing review by the Internal Control Department and the Audit Committee. Investment decisions which may carry potentially higher risks or which involve considerable resources are also subject to review by the Investment Committee. In addition to being reviewed on a regular basis, all identified risks are updated on publication of each issue prospectus (particularly when corporate bonds are issued or new factors emerge, such as COVID-19).

The Group has implemented an internal control and risk management system, and internal procedures are in place concerning financial information and document flow, the purpose of which is to identify and eliminate risk areas and irregularities in all aspects of the Group companies' activity. The control procedures are regularly evaluated and revised. The internal control procedures are

overseen by the Financial Controller to ensure their security and effectiveness, as well as compliance with adopted regulations. In the course of a year, detailed financial reports are prepared by Capital Park Group companies to enable their respective Management Boards to review and evaluate their current performance. Evaluation and control of current but also of planned investment projects is performed on the basis of financial models prepared by the Group for each project. Detailed project budgets are drawn up based on the Capital Park Group team's long track record and extensive expertise in the property market. Financial plans prepared by the Group allow it to supervise and assess the entire property development process as it unfolds, to control costs and performance against budget, and to monitor timetables. The budgets of projects in progress are updated as needed, while other project budgets are updated at least once every three months.

Risk management is overseen at the Management Board level. Each Management Board Member is responsible for a particular area related to risk and growth opportunities. Our Management Board Member, Kinga Nowakowska, is responsible for environmental and climate issues, including climate opportunities and risks.

A specific type of risks identified are climate risks related to the transition to a low-carbon economy and physical risks, including:

- short- and long-term risks of rising average temperatures, particularly rising water levels that may affect our existing properties, which could

also result in reduced availability of land for development and higher land prices,

- growing awareness of climate change in society and increased pressure on companies to care for the relationship between climate, sustainable development and society,
- transition to low-carbon technologies and models that may entail higher project implementation costs and/or a need to incur additional investment expenses (capex) in standing buildings,
- introduction of legal regulations making it necessary to adapt business activities to the requirements of sustainable development and climate risk management,
- EU efforts to create a financial system supporting sustainable development, which may lead to, among other things, higher financing costs or reduced availability of external financing for projects that do not support the transition to a zero-carbon economy.

We have identified short-, medium- and long-term risks. We have also commenced to collect data relating to our climate and environmental impacts. The next step will be to collect the data regularly, expand its scope, discuss it regularly at the executive level, and set targets for reducing our impact.

Also, we will continue our current activities that help integrate environmental and climate goals into each step of the development process. Analyses performed at each stage of a development project allow the Group to identify opportunities for using space in the most environmentally-friendly way and deploying technical and IT solutions to minimise climate impacts.

An example of our climate risk management efforts is the steps we have taken with respect to a project in the pipeline, Polski Hak. We chose to site the project in a location exposed to the long-term risk of a water level rise, but we have minimised this risk

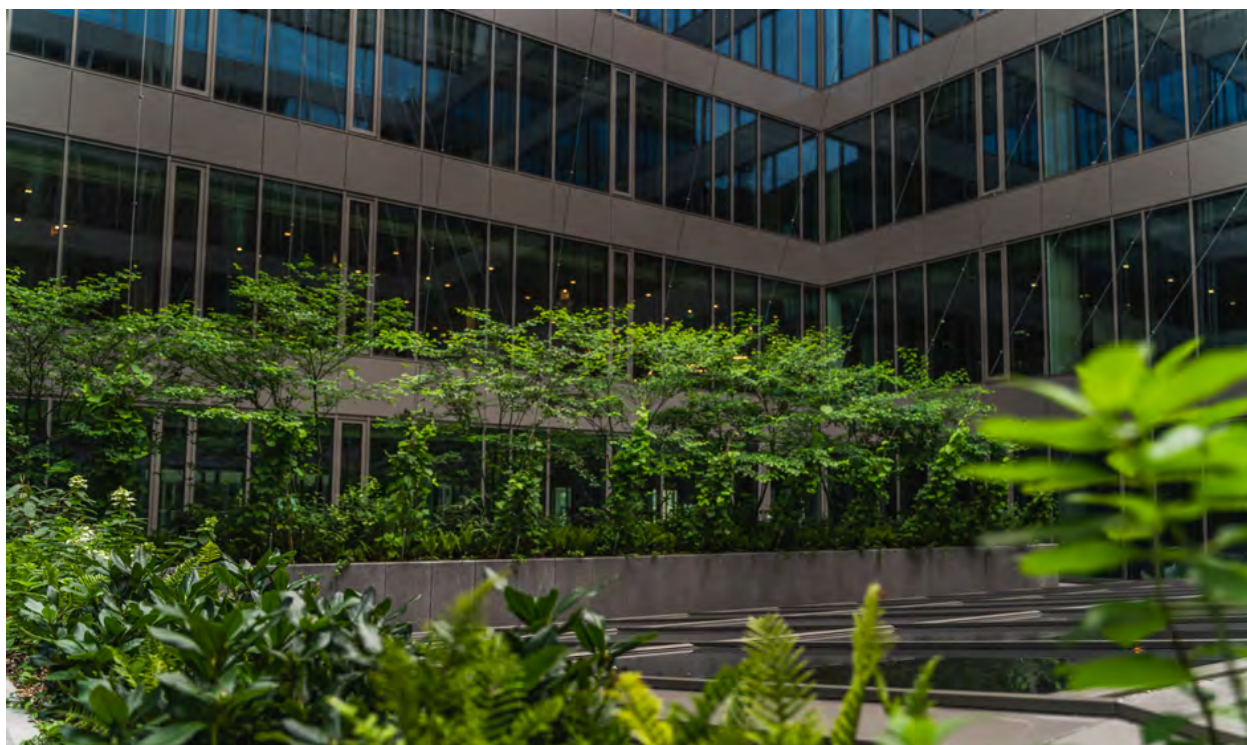
through riverbank protection measures on the Martwa Wisła river. In the course of work on the project design, appropriate construction solutions will be considered, including elevation of the entire building by 50 cm above the 100-year flood level, as indicated in the Local Zoning Plan. The building currently being designed is not at risk of flooding. In addition, the project will comply with the requirements of the proposed 'drought law' by having the required rainwater retention measures within the project site, including retention tanks, greenery on native soil and green roofs. These measures are aimed to protect the building from adverse impacts of the changing climate conditions.

This proactive approach to risk management is one of the hallmarks of the Capital Park Group. For example, we have our properties certified (Eurocentrum Office Complex sold in 2019 received the highest 'green' Leed Platinum rating, Royal Wilanów was awarded a BREEAM certificate with a 'Very Good' rating, and Norblin Factory is undergoing pre-certification) and promote responsible attitudes among employees, tenants and residents (including through the Environmental Education Programme and eco-guides prepared for tenants in the Group's key buildings to promote environmental protection initiatives and develop eco-friendly habits for everyday life). We intend to continue these efforts in the future to tackle climate risks and seize climate opportunities that come our way.

BEST PRACTICE FOR LISTED COMPANIES 2021

Being a public company listed on the Warsaw Stock Exchange carries with it certain responsibilities. In addition to ensuring legal compliance, we follow corporate governance principles set out in the Best Practice for Listed Companies 2021. They are reported in the 'comply or explain' form, meaning that we are required to provide an explanation if a principle is not complied with. According to the Best Practice 2021 compliance statement, the Capital Park Group complies with 70% of the corporate go-

vernance principles, with 27% of the principles not complied with and 3% not applicable to the Group. Corporate governance principles to which the Group has not adhered include the latest principles on integrating ESG aspects into the adopted strategy and diversity policy. This report is a step toward meeting at least some of the principles regarding sustainable development.





ABOUT THE REPORT

SCOPE OF DISCLOSURE

Sustainability has long been an integral part of the Capital Park Group's business. In preparing our first environmental, social and governance report, we sought to reconcile the expectations of both domestic and international stakeholders. Therefore, we have prepared a report that complies with the requirements of the Accounting Act as well as SASB's non-financial reporting standards and TCFD's climate disclosure recommendations.

The ESG disclosures made by the Capital Park Group are voluntary. The Group is a public interest entity (PIE) within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight, but does not meet the regulatory requirements for corporate groups (Art. 55.2b.3) under the Accounting Act. Although our total assets exceeded PLN

102.0m at the end of 2021, we do not meet the average annual workforce threshold of 500 set in the Accounting Act.

In order to ensure international comparability of the reported indicators, we have resolved to apply the non-financial reporting standards issued by the Sustainability Accounting Standards Board (SASB) and climate recommendations developed by the Task Force on Climate-Related Financial Disclosures (TCFD).



ACCOUNTING ACT COMPLIANCE TABLE

Aspect	Pages where the aspect is addressed
1. Business model	10-15
2. Key performance indicators	The key indicators are presented in the respective sections of this report
3. Risks and risk management	76-77, 92-94, 105, 126-129, 145-146
4. Key policies and procedures of the Capital Park Group and implementation outcomes	
a. Employee matters	96-99
b. Social matters	100-105
c. Environmental matters	84-95
d. Respect for human rights	100
e. Anti-corruption and anti-bribery	144

SASB COMPLIANCE TABLE

Topic	Metric
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector (IF-RE-130a.1)
	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector (IF-RE-130a.2)
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector (IF-RE-130a.3)
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector (IF-RE-130a.4)
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy (IF-RE-130a.5)

Brief description	Page
The electricity data is presented for 78% of our entire floor space. We have separate electricity meters installed for all tenants occupying our office space, hotels and other properties. The exception is our retail space. Some tenants have signed separate electricity supply contracts. For this reason, the data we present reflects 54% of our total retail space.	88
(1) In 2021, our properties used 12.2 GWh (43,919 GJ) of electricity. (2) Our properties are supplied with grid electricity. (3) At the end of 2021, we did not own any sources of renewable energy.	88
No data available, the present report is the first sustainability report and includes data for 2021.	-
For many years, our properties have been certified for sustainability according to BREEAM and LEED, the world's leading environmental certification schemes. By the end of 2021, 67.9% of our project footprint was certified.	84
We have identified risks associated with electricity consumption. The first one is the scale of our grid electricity usage. We recognise that our tenants, like us, look to reduce their carbon footprint. For this reason, we consider state-of-the-art energy saving technologies already at the design stage (we use reflective glass to reflect light and reduce air conditioning requirements, we install lifts with energy-efficient drives and lighting), and we use LED lights with motion sensors in rooms, common areas, garages, and car parks of all our properties. The other one is the rising electricity prices. In addition to tenant education on ways to reduce their electricity consumption, we also engage in price negotiations with electricity suppliers whenever possible.	88

Topic	Metric
Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector (IF-RE-140a.1)
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector (IF-RE-140a.2)
	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector (IF-RE-140a.3)
	Description of water management risks and discussion of strategies and practices to mitigate those risks (IF-RE-140a.4)
Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector (IF-RE-410a.1)
	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector (IF-RE-410a.2)
	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants (IF-RE-410a.3)

Brief description	Page
(1) We have water usage data for all our properties.	86
(2) Only one of our properties is located in an affected area: the 5,712.6 m ² Street Mall Vis a Vis Łódź.	
(1) A total of 76,100 m ³ of water was used across our properties in 2021. The highest water consumption (approximately 47%) was recorded in retail properties, making up the largest part of our property portfolio. See the table for details.	87
(2) Only one of our properties is located in an affected area: the 5,712.6 m ² Street Mall Vis a Vis Łódź. In 2021, the property used 1,556 m ³ of water, or 2.0% of our total water consumption.	
No data available, the present report is the first sustainability report and includes data for 2021.	-
We have not adopted a formal water management policy. We take proactive measures to reduce water consumption across our properties and thus address this risk: we install rainwater collection tanks (Royal Wilanów – 330 m ³ , Norblin Factory – 1,200 m ³). The collected water is used to flush toilets and to water plants in the atria and around the buildings, we use water saving sanitary fixtures (such as touchless taps, aerators, dishwashers).	87
Our contracts with tenants do not provide for reimbursement of their capital expenditure on efficiency improvements.	86
Our properties offer a range of solutions, including: ability to manage a tenant's own environmental and climate impacts with separate meters to bill their water and (partly) electricity consumption.	86
Our properties offer a range of solutions, including: ability to manage a tenant's own environmental and climate impacts with separate meters to bill their water and (partly) electricity consumption, support in proper waste segregation, in the case of Norblin Factory – an advanced building application which will soon have a resource-sharing feature, the Royal Wilanów application enabling employees to share rides to work, sustainable transport options, such as public transport services (convenient location of our properties), facilities for cyclists (bike parking spaces with changing rooms and showers, repair stations), and charging stations for electric vehicles.	86-87

Topic	Metric
Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector (IF-RE-450a.1)
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks (IF-RE-450a.2)
Activity Metrics	Number of assets, by property subsector (IF-RE-000.A)
	Leasable floor area, by property subsector (IF-RE-000.B)
	Percentage of indirectly managed assets, by property subsector (IF-RE-000.C)
	Average occupancy rate, by property subsector (F-RE-000.D)

Brief description	Page
When choosing locations for our properties, we take into account physical risks, in particular the risk of rising surface water levels. Based on the data available on the https://isok.gov.pl/hydroportal , only one of our projects (in Bydgoszcz, GLA of 160 m ²) is at risk of flooding (0.001% of our portfolio).	94
We take account of climate (transition and physical) risks and opportunities in our plans and decisions, because we are aware of their possible impact on our business model. The Group's development projects are recognised for their environmentally friendly solutions. We want to maintain this strategic approach to minimise the environmental impact of our projects and build the Group's competitive advantage on the property market. This will allow us to maintain high occupancy rates in our properties and favourable lease terms, with a positive effect on our operating cash flows, creditworthiness of the Group's companies and value of the property portfolio. Additionally, in this report we discuss climate risks and opportunities in the short, medium, and long terms, as well as the resilience of our business model to two climate scenarios.	91-95
16 projects: 7 completed income-generating projects, 5 remaining projects, 2 joint venture projects, 2 closed-end investment funds	30
Approximately 152 thousand m ² of GLA, of which 127 thousand m ² is fully consolidated.	34-35
We do not have any indirectly controlled space.	-
On average, our properties are 93% leased. See the table for details by type of space.	34-35

TCFD COMPLIANCE TABLE

Area	Metric
Governance	Describe of board's oversight of climate-related risks and opportunities
	Describe of management's role in assessing and managing climate-related risks and opportunities
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
	Describe the resilience of the organisation's business model and strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks.
	Describe the organisation's processes for managing climate-related risks.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
Metrics and targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Pages		Comment
145-146		Disclosures
145-146		Disclosures
91-94		Disclosures
91-94		Qualitative disclosures
94-95		Disclosures; qualitative scenario analysis
145-146		Disclosures
145-146		Disclosures
145-146		Disclosures
84-95	The indicators are disclosed in the respective parts of the environment section	
91	Scope 1 and Scope 2 GHG emission estimates according to the GHG Protocol.	
-		No disclosures.

GLOSSARY

Absorption	Net change in space occupied by tenants, taking into account a change in the size of vacant space and supply of new space in a period
Capex	Capital expenditure
GAV	Gross Asset Value
GLA	Gross Leasable Area
LTV	Loan to Value
NAV	Net Asset Value
NCI	Non-controlling interest
NOI	Net Operating Income, net rental income
WAULT	Weighted Average Unexpired Lease Term
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.

NOTES

