



# FINANCIAL RESULTS OF CAPITAL PARK GROUP

**Q1 2023**



May 12th, 2023

## AGENDA

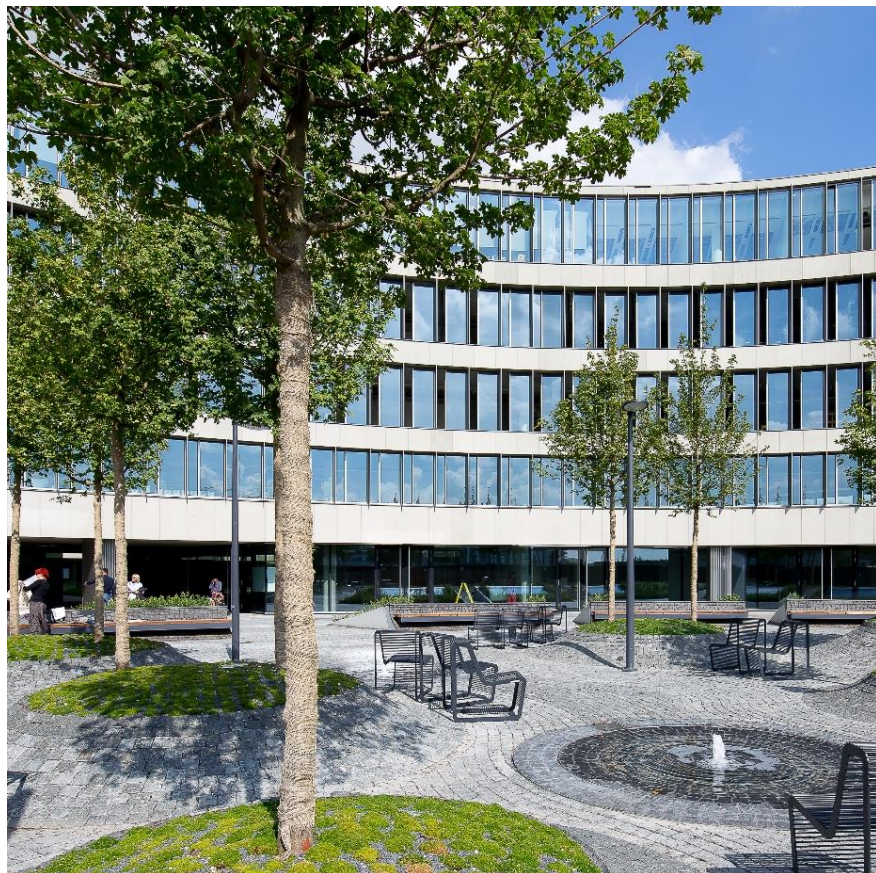


- About Capital Park Group
- Business summary
  - Key events of Q1 2023
  - Real estate market environment
  - Property portfolio
  - Financial results
- Supporting materials





## INVESTMENT COMPANY ON THE REAL ESTATE MARKET



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

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# 20 years

Experience on the Polish  
property market

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# 10 years

Since listing on the Warsaw  
Stock Exchange

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# 163,500 m<sup>2</sup>

Total area of the property  
portfolio under  
management

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# PLN 2.7bn

Value of the property  
portfolio under management  
at the end of Q1 2023

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# 89

Strong team of  
professionals

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# 95%

Portfolio occupancy

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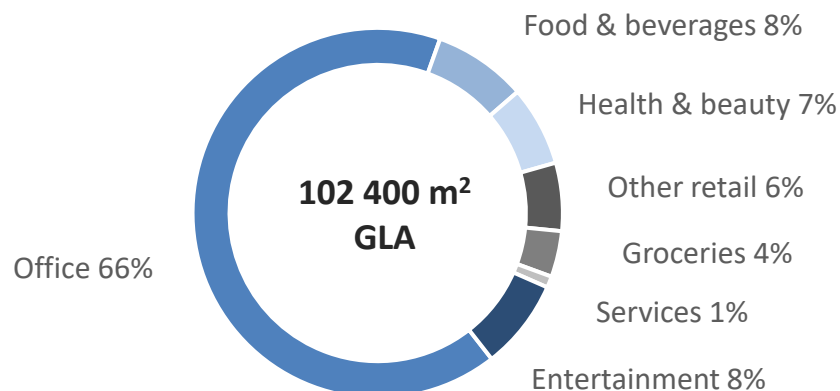
## PROPERTY PORTFOLIO OVERVIEW



### KEY ASSETS

- 2 strategic income generating mixed-use projects
- include the prestigious **Royal Wilanów** and the recently revitalized **Norblin Factory** complex
- Located in Warsaw

### PORTFOLIO STRUCTURE



## PLN 2.1bn

Total gross asset value

## 95%

Occupancy rate

## 5.5 years

WAULT



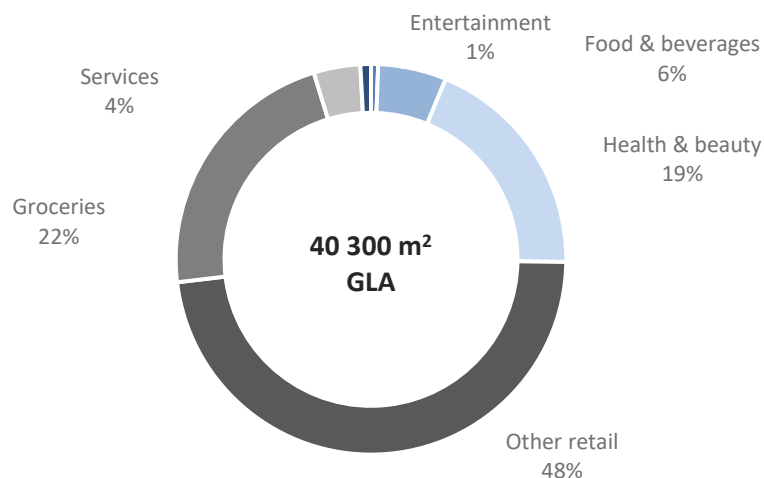
## PROPERTY PORTFOLIO OVERVIEW



### NON-STRATEGIC ASSETS

- 4 non-strategic income generating projects comprising a diverse range of modern retail
- 1 residential project in pipeline
- 5 other projects (mainly lands)
- 3 joint venture projects, including 1 residential project in the pipeline

### PORTFOLIO STRUCTURE



**PLN 0.4bn**

Total gross asset value

**94%**

Occupancy rate

**4.0 years**

WAULT

## LOCATION OF THE GROUP'S PROPERTY PORTFOLIO

### KEY ASSETS

#### Norblin Factory

W

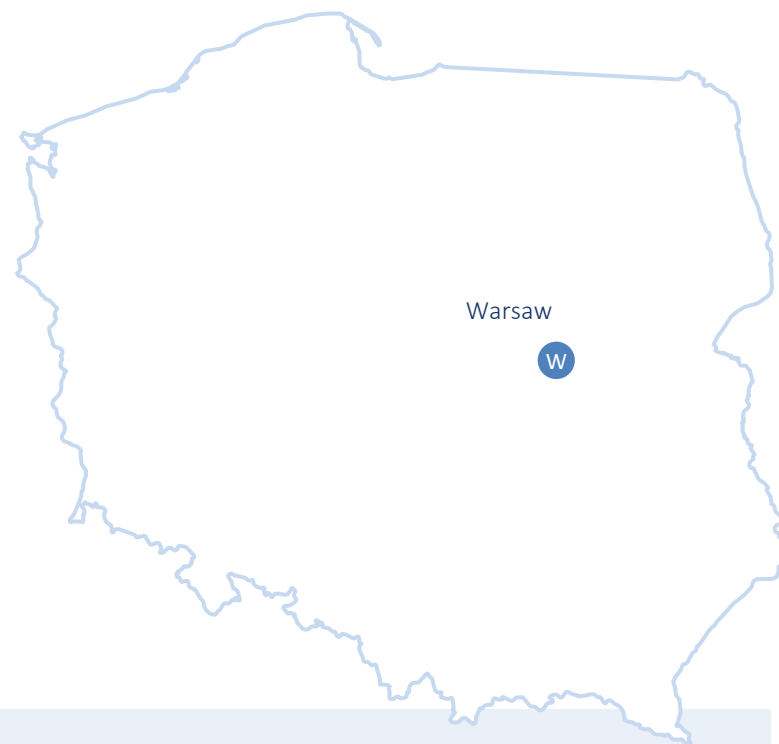
Mixed-use  
GLA: 65,591 m<sup>2</sup>  
Completed: 08/2021



#### Royal Wilanów

W

Mixed-use  
GLA: 36,822 m<sup>2</sup>  
Completed: 08/2015



**91% of the Group's portfolio (solely owned)  
is key assets located in Warsaw  
BOOK VALUE: PLN 2.1bn**



# LOCATION OF THE GROUP'S PROPERTY PORTFOLIO



## NON-STRATEGIC ASSETS

### Galeria ZaspA

Retail  
GLA: 8,662 m<sup>2</sup>  
Completed: 04/2016



### Hampton by Hilton Old Town Gdańsk

Hotel & retail  
GLA: 8,884 m<sup>2</sup>  
Sold: 03/2023



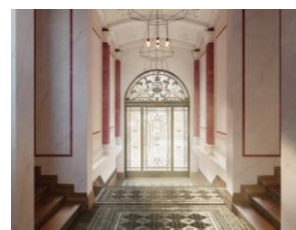
### Vis À Vis Łódź

Retail  
GLA: 5,711 m<sup>2</sup>  
Completed: 12/2014



### REZYDENCJA ALEJA FONTANN, SZCZECIN

Residential  
Usable area of flats: 5,941 m<sup>2</sup>  
In pipeline



### Vis À Vis Wilanów (JV)

Retail  
GLA: 4,129 m<sup>2</sup>  
Completed 12/2018



### Polski Hak (JV)

Residential  
Land: 1.3 ha  
In pipeline



### Nowy Wełnowiec (JV)

Residential, mixed-use  
Land: 44 ha  
In pipeline



### ETC SWARZĘDZ (JV)

Retail  
GLA: 20,757 m<sup>2</sup>  
Completed: 10/2017

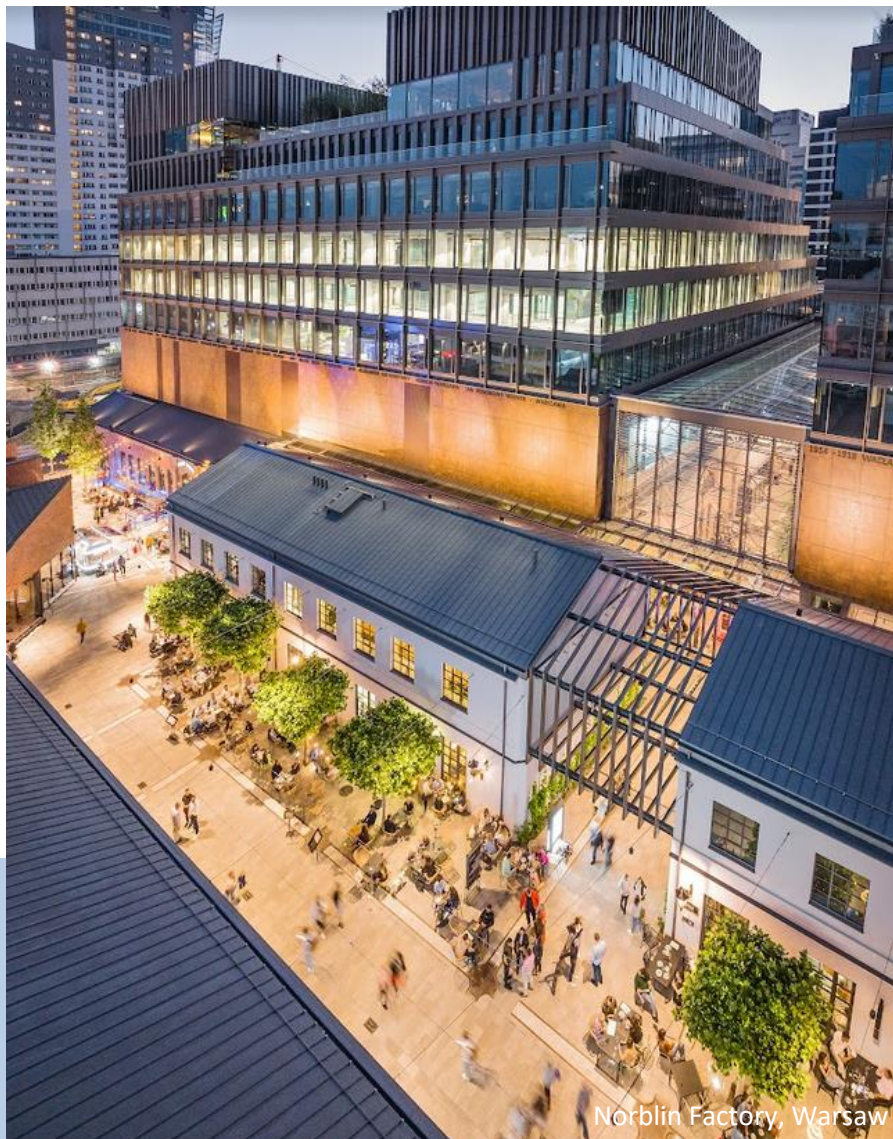


## BUSINESS SUMMARY





## Q1 2023 UPDATE



Norblin Factory, Warsaw

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Sale of HbH Old Town Gdańsk

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Acquisition of 10% shares in Silesia  
Nova (Nowy Wełnowiec)

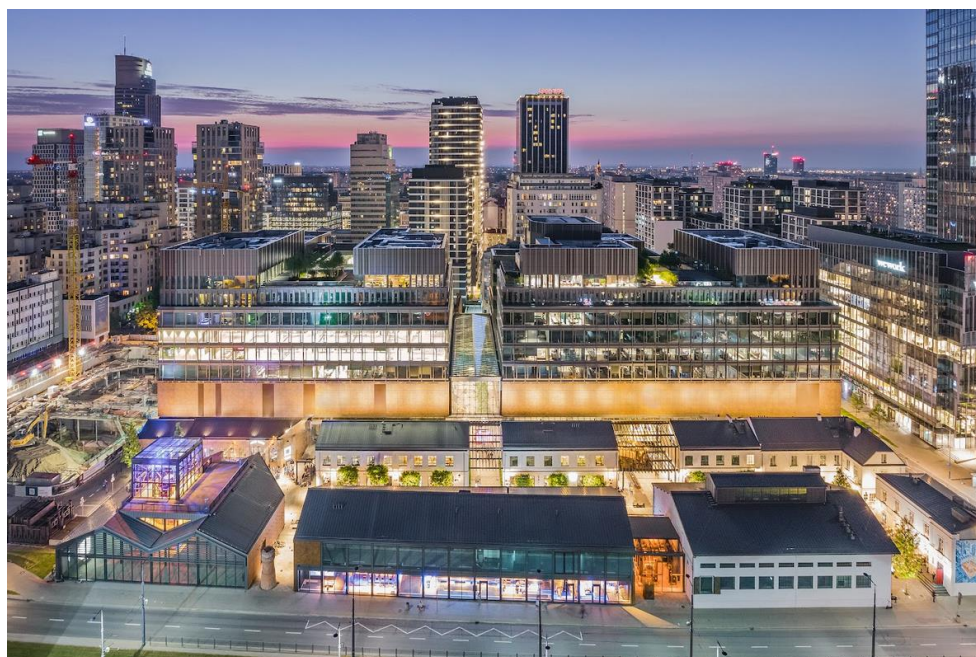
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Leasing update of Norblin Factory and  
Royal Wilanów

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# COMPLETED – Q1 2023 UPDATE



## NORBLIN FACTORY

GLA	65,591 m <sup>2</sup> (office: 41,794 m <sup>2</sup> , health & beauty 2,747 m <sup>2</sup> , groceries: 2,044 m <sup>2</sup> , food & beverages: 6,359 m <sup>2</sup> , entertainment: 8,060 m <sup>2</sup> , other retail: 3,914 m <sup>2</sup> , services: 673 m <sup>2</sup> , 724 underground parking spaces)
Delivery date	August 2021
Book value	PLN 1,552m (EUR 332m)
Occupancy	94% (no changes q/q)
Capex after Q1 23	PLN 19m (EUR 4m)
Key tenants	Allegro, JTI Polska, SEB Bank, ISS World Service Poland, KinoGram, Food Town, Music Club Moxo, Biobazar, Art Box, Apple Museum, Medicover, Blue Cactus, Mount TFI, Smart Kids Planet, Orange Theory
Update	Norblin Factory secured a BREEAM Excellent certificate for its office space and BREEAM Very Good for retail space.



## POLSKI HAK – Q1 2023 UPDATE



## POLSKI HAK

Type:	Residential
Area:	13,300 m <sup>2</sup>
Location:	Gdańsk
Book value:	PLN 55m (EUR 12m)
Group's interest:	26%

In March 2022, the Capital Park Group concluded the final purchase agreement concerning two plots of land in Polski Hak, with a total area of 1.3 ha.

The author of the concept for the development is JEMS Architekci.

- It is one of the most prestigious locations in the heart of the Tricity, situated on the picturesque headland where the Motława joins the 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.

## NEW PROJECTS IN PIPELINE



CURRENT



PLANNED

## SZCZECIN, ALEJA FONTANN

Type:	Residential
Usable area of flats:	5,941 m <sup>2</sup>
Units:	51
Location:	Szczecin
Book value:	PLN 18m (EUR 4m)
Group's interest:	100%

In April 2022, the Capital Park Group purchased a historical central Szczecin townhouse dating back to the end of the 19th century.

- The property is located in the picturesque Aleja Fontann street near the Grunwaldzki Square built with a radial plan that is characteristic of the city.
- Work is under way to prepare technical documentation for the project. Preparations are being made for a survey and assessment of the condition and technical parameters of individual elements of the building to assess whether they are fit for future use.
- Capital Park plans to revitalise the townhouse, restore it to its former glory and convert it to apartments.



## NEW PROJECTS IN PIPELINE



**Nowy Wełnowiec** is a green, multifunctional district to be developed in the northern part of Katowice, stretching into Siemianowice Śląskie. A 44-ha post-industrial site will be remediated, revitalised and returned to the city.

The author of the concept of Nowy Wełnowiec is JEMS Architekci.

The Capital Park Group is a shareholder (holding a 10% share in the project since March 2023) and a strategic partner responsible for managing the project and development supervision.



### NOWY WEŁNOWIEC

Type:	Residential, mixed use
Usable area of flats:	208,100 m <sup>2</sup>
Units:	3,469
Mixed-use:	74,800 m <sup>2</sup>
Warehouse:	51,000 m <sup>2</sup>
Location:	Katowice
Group's interest:	current 10% (target 33%)

- Apartments, office, retail & entertainment, recreation, culture and science
- Safety and comfort - no car traffic in the above-ground area of the project
- Implementation of the investment with respect for nature and adaptation to ongoing climate change
- Significant share of green areas, natural retention and recreation
- Modern solutions, sustainable and ecological, the basis for the implementation of the investment (ESG)



# REAL ESTATE MARKET ENVIRONMENT





## WARSAW OFFICE MARKET

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### Existing office stock

6.3 m m2

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### Vacancy rate

11.6%

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### New supply in Q1 2023

0 m2

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### Office space under construction

212 thous. m2

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### Lease transaction volume in Q1 2023

159 thous. m2

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### Prime yields

5.25%

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- Lease contracts for approximately 159 thousand m2 of space were signed in Q1 2023 (-40% vs Q1 2022). New leases accounted for 70% of all contracts, lease renegotiations – for 25% and lease expansions – for 5%. Central locations were most in demand with tenants, accounting for just under 55% of all space leased in Q1 2023.
- At the end of March 2023, asking rents ranged between EUR 19 and EUR 26 per m2 per month in central city locations, including high-end projects, and between EUR 15 and EUR 24 per m2 per month in other central locations.
- It should also be noted that due to the changing regulatory landscape and the pursuit of climate neutrality targets, ESG is becoming one of the strongest trends in the office market. This is bound to have an impact on solutions applied by property developers and owners of older buildings, prompting building upgrades designed to optimise costs for the tenant and the landlord.



## RETAIL MARKET

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### Modern retail space

12.8 m m2

(excl. formats < 5,000 m2)

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### New supply in Q1 2023

81 thous. m2

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### Retail space under construction

322 thous. m2

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### Prime yields

6.25%

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- Retail parks and convenience schemes remain the most attractive retail assets.
- In Q1 2023, the volume of investment transactions in the commercial property sector was EUR 134m.
- Yields in prime shopping centres decompressed to 6.25%.
- In Q1 2023 new supply amounted to 81 thousand m2 - 6 new projects and 3 rebuilt. At the end of Q1 2023, approximately 322 thousand m2 of retail space was under construction.
- The mixed-use segment is expanding in parallel with convenience retail projects, offering a broad selection of food service and entertainment space surrounded by attractive architecture. Mixed-use projects are usually built in adapted historical spaces.

## RESIDENTIAL MARKET

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### Sales in Q1 2023

11,400

Residential units  
(total for 6 regions)

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### New supply in Q1 2023

6,800 flats

Residential units  
(total for 6 regions)

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### Average price/sqm

from PLN 9,100 in  
Łódź to PLN 14,500 in  
Warsaw

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- In Q1 2023, a total of 1.4 thousand units were sold (+34% vs. Q4 2022 and +9.7% vs. Q1 2022). In Q1 2023 most purchase transactions in the second half of the year were cash transactions. The best sellers were slightly more expensive properties in top locations and smaller buy-to-let units.
- We observe increasing demands from buyer interested in an interest subsidy program to support first-time apartment buyers, announced by the government to be implemented in H1 2023.
- The new supply in Q1 2023 amounting to 6,800 units seems to be suspended – the newly-listed units was as low as in H2 2022. The new units in Tri-City and Kraków amounted to less than 1,000. In Wrocław, Poznań and Łódź it was between 1,100 and 1,200. In Warsaw it was less than 2,000 units which is also exceptionally low.

## COMPLETED PROJECTS / KEY ASSETS – Q1 2023 UPDATE



98%  
Occupancy rate

### ROYAL WILANÓW

GLA	36,822 m <sup>2</sup> (offices: 25,833 m <sup>2</sup> , health & beauty 4,401 m <sup>2</sup> , groceries: 2,072 m <sup>2</sup> , food & beverages: 1,994 m <sup>2</sup> , other retail: 2,183 m <sup>2</sup> , services: 339 m <sup>2</sup> , 908 underground parking spaces)
Delivery date	August 2015
Book value	PLN 553m (EUR 118m)
Occupancy	98% (no changes pp q/q)
WAULT	4.5 years
Key tenants	ERBUD, Artis Club, Medicover, Carrefour, Hilti, Perfect Gym, MHC Mobility
Update	Stabilised asset.



## COMPLETED PROJECTS / NON-STRATEGIC ASSETS – Q1 2023 UPDATE

**GALERIA ZASPA**

GLA	8,689 m <sup>2</sup>
Delivery date	April 2016
Book value	PL 56m (EUR 12m);
Occupancy	97% (no changes q/q)
WAULT	3.2 years
Key tenants	Intermarche, Rossmann, Euro RTV AGD, Pepco, KIK, Sinsay, Maxi Zoo, PKO BP, Apteka DOZ, Dominos Pizza

**VIS À VIS ŁÓDŹ**

GLA	5,711 m <sup>2</sup>
Delivery date	December 2014
Book value	PLN 34m (EUR 7.4m)
Occupancy	95% (no changes q/q)
WAULT	4.1 years
Key tenants	Lidl, Pepco, Benefit Systems, Rossmann, Euro-Apteka, Empik

## JOINT VENTURE PROJECTS / NON-STRATEGIC ASSETS – Q1 2023 UPDATE

**ETC SWARZĘDZ**

GLA	20,757 m <sup>2</sup>
Delivery date	October 2017
Book value	PLN 160m (EUR 34m)
Occupancy	91% (no changes q/q)
WAULT	3.7 years
Key tenants	Intermarche, Reserved, RTV Euro AGD, CCC, Deichmann, KIK, Empik, Smyk, Martes Sport, Kids OK, Dealz, Pepco, Sinsay, Home&you, 4F, Up to You
Group's interest	60%

**VIS À VIS WILANÓW**

GLA	4,090 m <sup>2</sup>
Delivery date	October 2018
Book value	PLN 50m (EUR 11m)
Occupancy	100% (no changes q/q)
WAULT	6.1 years
Key tenants	Villa Nova Dental Clinic, RTV Euro AGD, Max Burgers, Hebe, Decathlon, fitness club Orange Theory, Vininova, Veda Restaurant, Sakana Sushi Bar, Poczta Polska, Bang & Olufsen, DESEO
Group's interest	66%



## Q1 2023 FINANCIAL RESULTS





## KEY FIGURES OF Q1 2023

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**PLN 30.1m**

Net operating income  
+66% vs. Q1 2022

key assets PLN 22.4m  
non-strategic assets PLN 7.7m

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**PLN 2,232m**

Investment portfolio value

key assets PLN 2,105m  
non-strategic assets PLN 127m

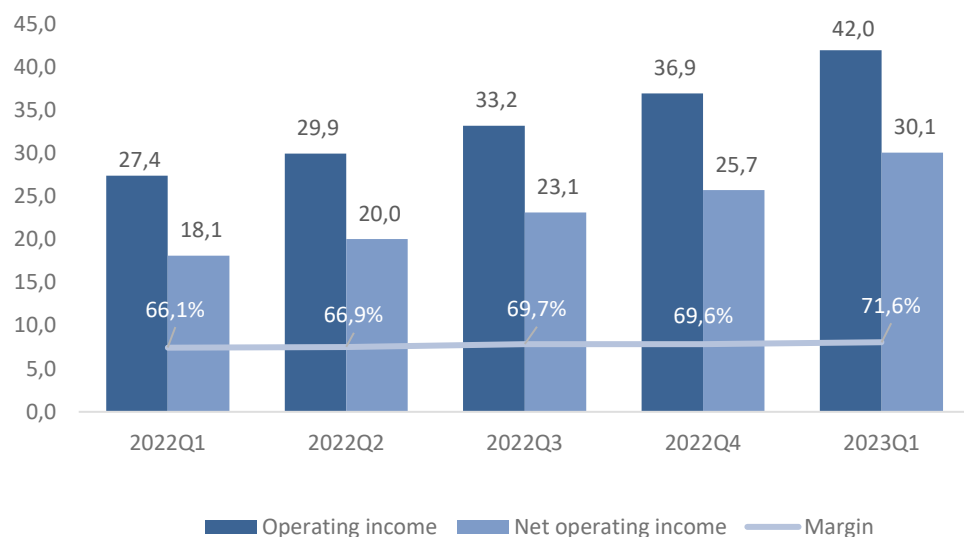
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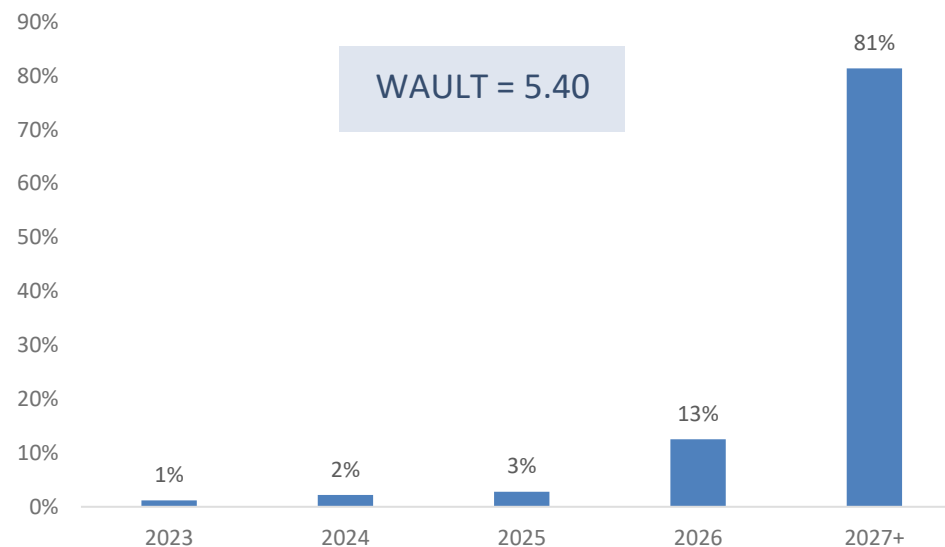
Norblin Factory, Warsaw



## REVENUES FROM LEASE

OPERATING INCOME AND NOI  
(PLN M)

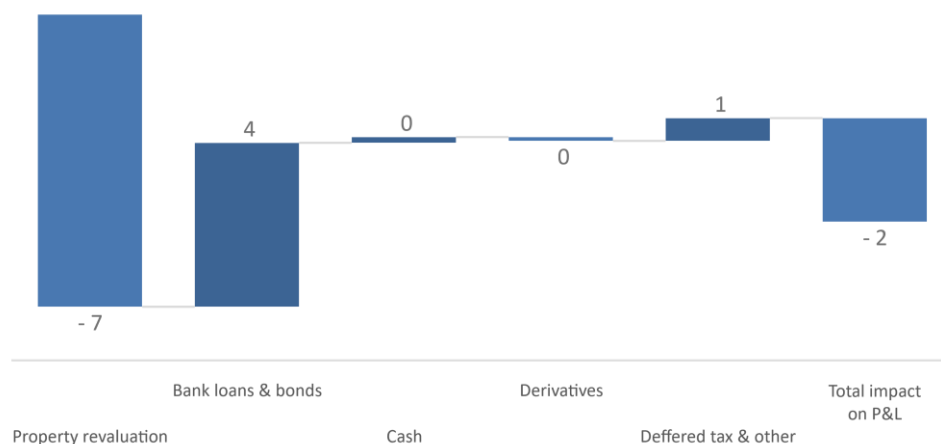
## LEASE EXPIRY



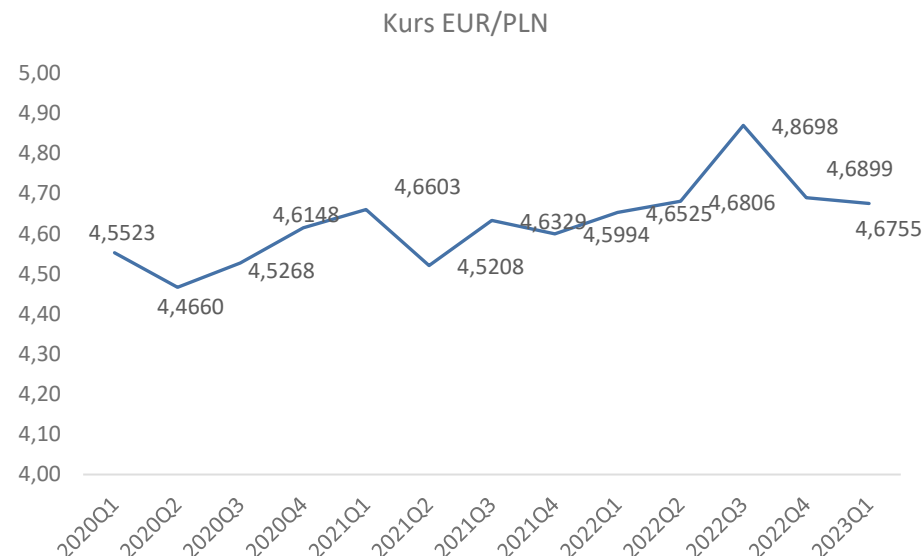
- Net operating income amounted to PLN 30.1m in Q1 2023 – mainly due to increased occupancy and progressing area takeover in Norblin Factory. NOI of strategic assets amounted to PLN 22.4m. NOI of the non-strategic assets amounted to PLN 7.7m.
- Change of WAULT structure – 81% of the contracted lease agreements expire after 2026 mainly due to lease agreements in Norblin Factory

## IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE ON Q1 2023 RESULTS

**IMPACT OF UNREALISED EXCHANGE RATE DIFFERENCE  
Q1 2023 (PLN M)**



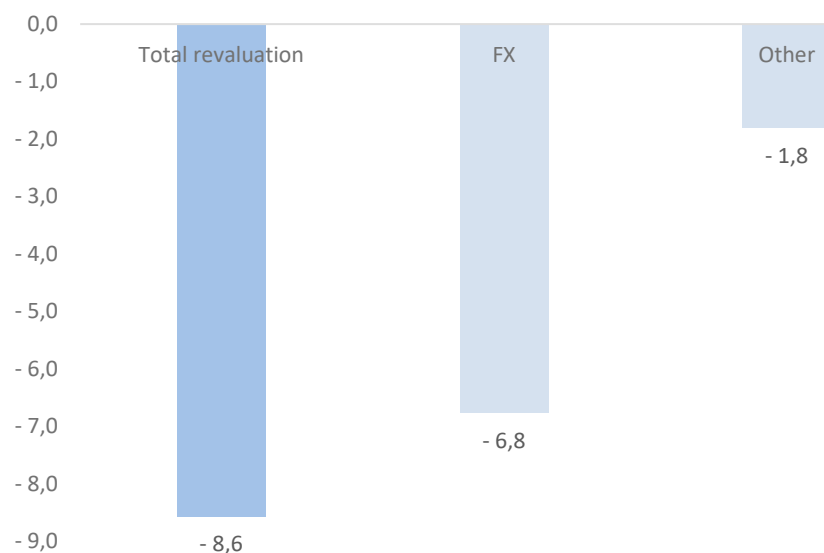
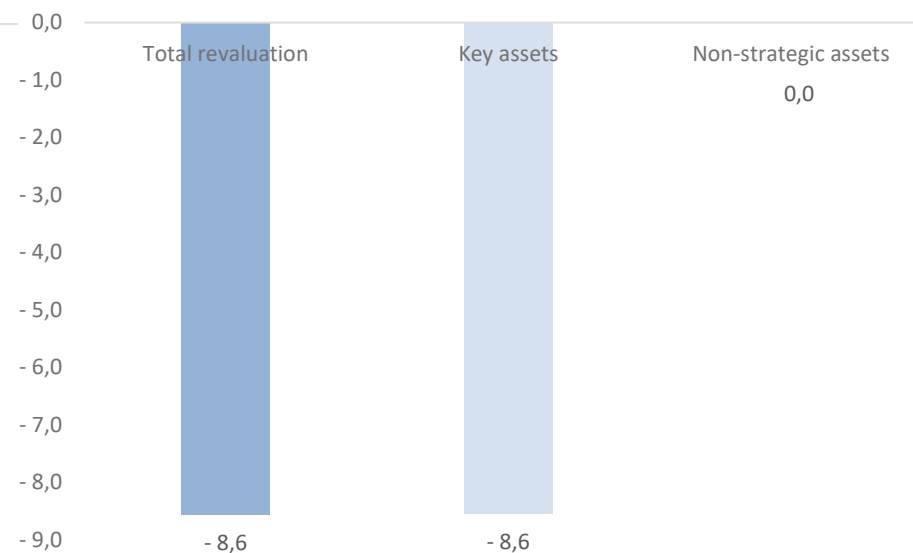
**EXCHANGE RATES AT THE END OF REPORTING PERIODS**



- Exchange rate has a significant impact not only on the valuation of investment properties, but also on other elements of statement of financial position, i.e. bank loans, bonds, derivatives and cash.
- 100% of financial debt is in EUR
- 99% of property portfolio is valued in EUR



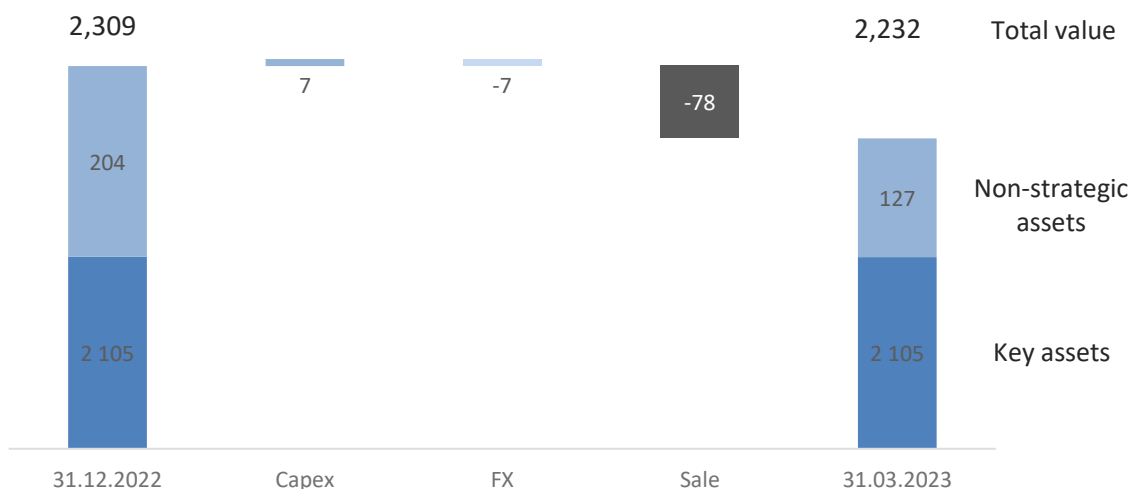
## PROPERTY REVALUATION Q1 2023

COMPONENTS OF THE PROPERTY REVALUATION  
IN Q1 2023 (PLN M)PROPERTY REVALUATION BY TYPE OF PROJECTS  
IN Q1 2023 (PLN M)

The revaluation lost on investment properties in Q1 2023 reached PLN 8.6m and was driven mostly by:

- Negative impact of fx changes in the amount of PLN 6.8m
- Negative impact of other components (revenue recognition) PLN 1.8m.

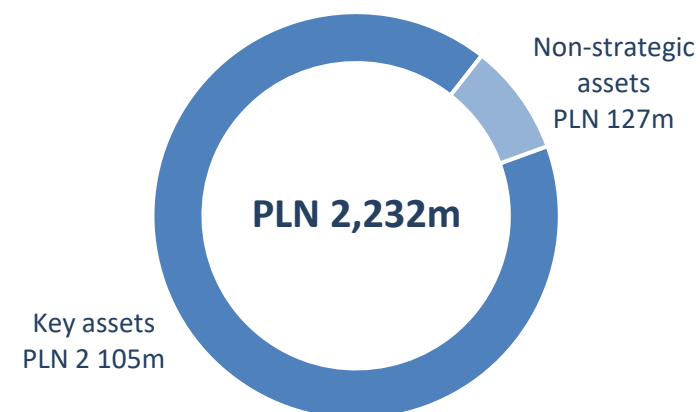
## REAL ESTATE PORTFOLIO VALUE

CHANGE IN VALUE OF PROPERTY PORTFOLIO  
(PLN M)\*

## CAPEX IN Q1 2023



## PROPERTY PORTFOLIO STRUCTURE



Change in property portfolio primarily due to:

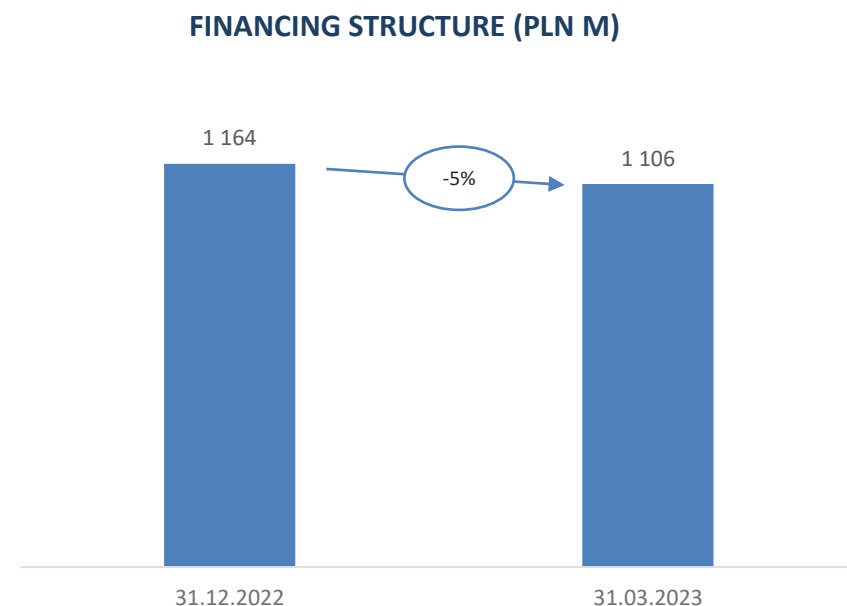
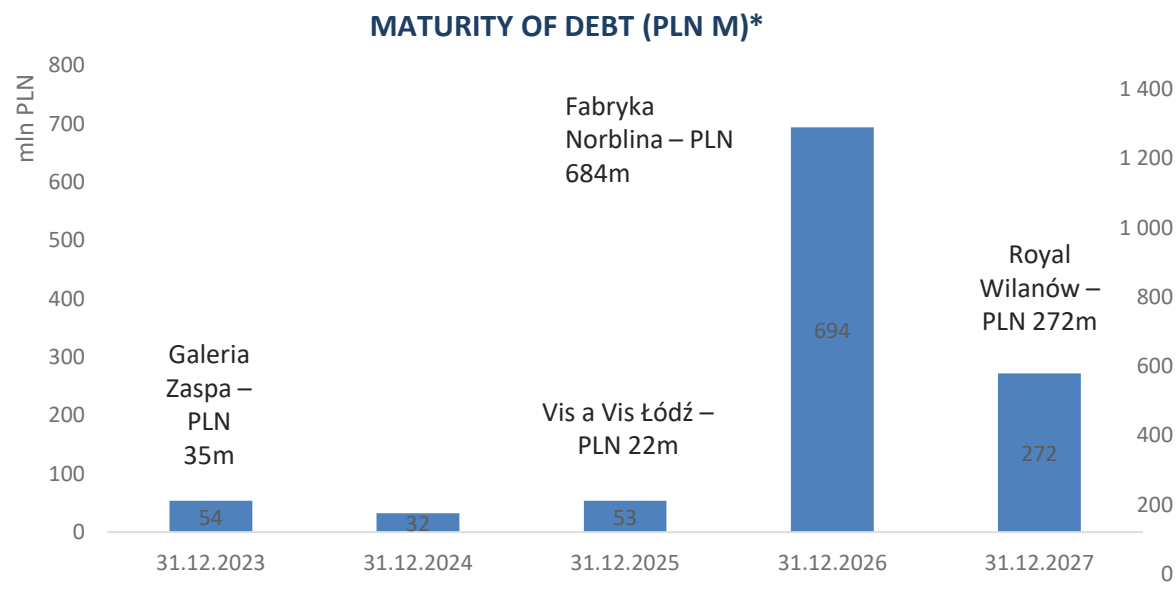
- Capex of PLN 7m
- Negative fx changes of PLN 7m
- Sale of HbH Old Town Gdańsk of PLN 78m

In Q1 2023 capex expenditure concerned mainly Norblin Factory.

\*Change in value of investment property excluding effect of IFRS 16 and including properties presented in inventories – only controlled in 100%



## MATURITY OF DEBT & FINANCING STRUCTURE



- Loan of Galeria Zaspas will be prolonged or refinance by the maturity date.
- Decrease of total loan outstanding caused by sale of HbH Old Town Gdańsk.
- The Group looks for the opportunities of refinancing projects in advance of maturity to ensure optimal financing conditions

KEY DEBT PARAMETERS	2022	Q1 2023
Weighted average cost of debt	3.04%	4.23%
Net debt to total assets	39%	38%
Debt currency structure (EUR/PLN)	100%	100%

\*Data excluding amortized cost valuation (SCN).

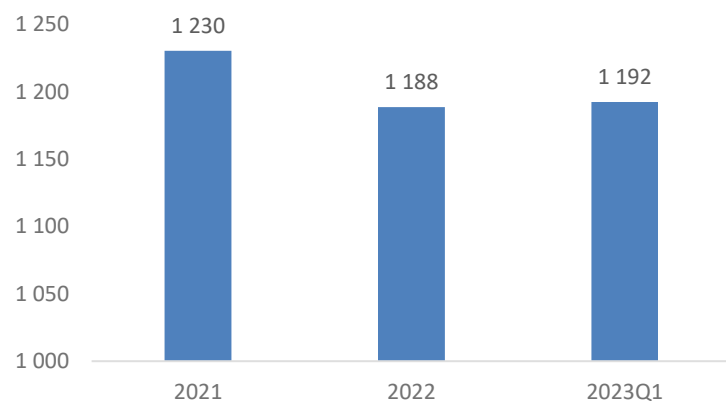
## NAV/SHARE



PLN M	2022	Q1 2023	change
Investment property, incl. assets held for sale	2,309.3	2,231.9	-3%
Interest bearing liabilities, incl. liabilities related to assets held for sale	1,099.0	1,046.7	-5%
Cash and cash equivalents	99.3	106.7	7%
Net debt	999.6	940.0	-6%
NAV	1,188.5	1,192.4	0%
NAV/share (PLN)	10.97	11.01	0,3%
Nominal number of shares	108,333,998	108,333,998	0%

EUR M	2022	Q1 2023	change
Investment property, incl. assets held for sale	492.4	477.4	-3%
Interest bearing liabilities, incl. liabilities related to assets held for sale	234.3	223.9	-4%
Cash and cash equivalents	21.2	22.8	8%
Net debt	213.1	201.0	-6%
NAV	253.4	255.0	1%
NAV/share (PLN)	2.34	2.35	1%
Nominal number of shares	108,333,998	108,333,998	0%

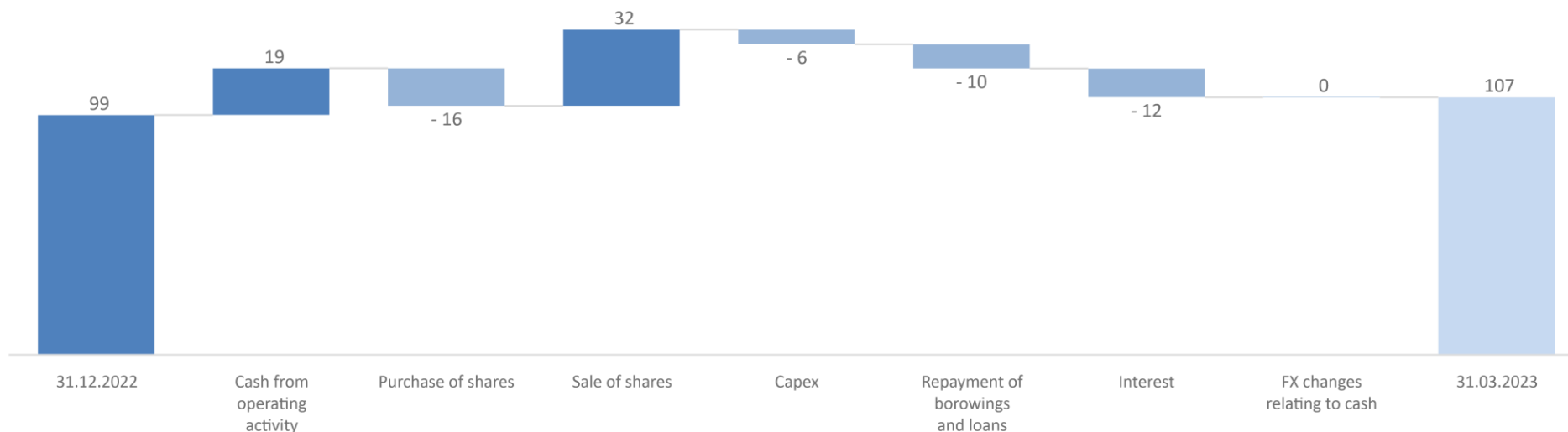
NAV (PLN M)



**PLN 11.01**  
NAV per share  
(+0.3% vs Q4 2022)

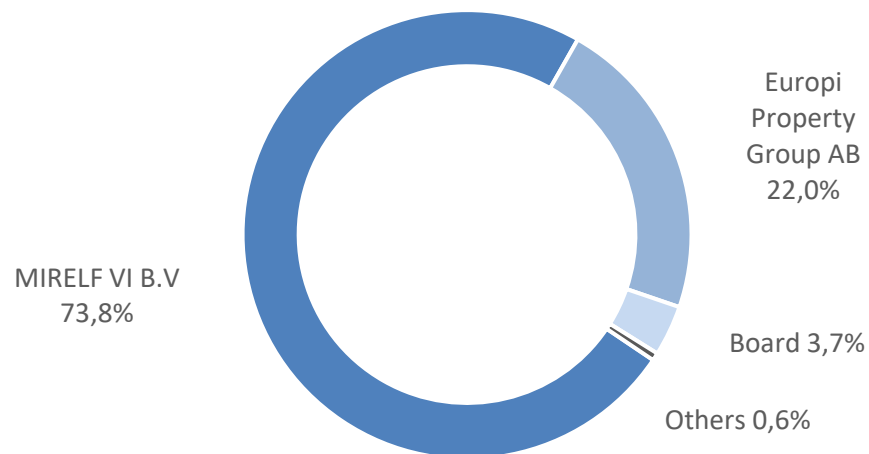


## CASH FLOW



- Cash flow from operating activity in Q1 2023 concerned mainly net operating income (NOI) and platform overhead costs.
- The Group incurred an expense for the purchase of a shares in Silesia Nova (Nowy Wełnowiec) in the amount of PLN 16m.
- The Group sold shares in CP Gdańsk (owner of HbH Old Town Gdańsk) in the amount of PLN 32m.
- Cash flow from investment activity concerned investment expenditure (PLN 6m) attributable mainly to the Norblin Factory.
- Cash flow from financing activities concerned repayment of borrowings and interests.

# SHAREHOLDING STRUCTURE & SHARE PRICE PERFORMANCE

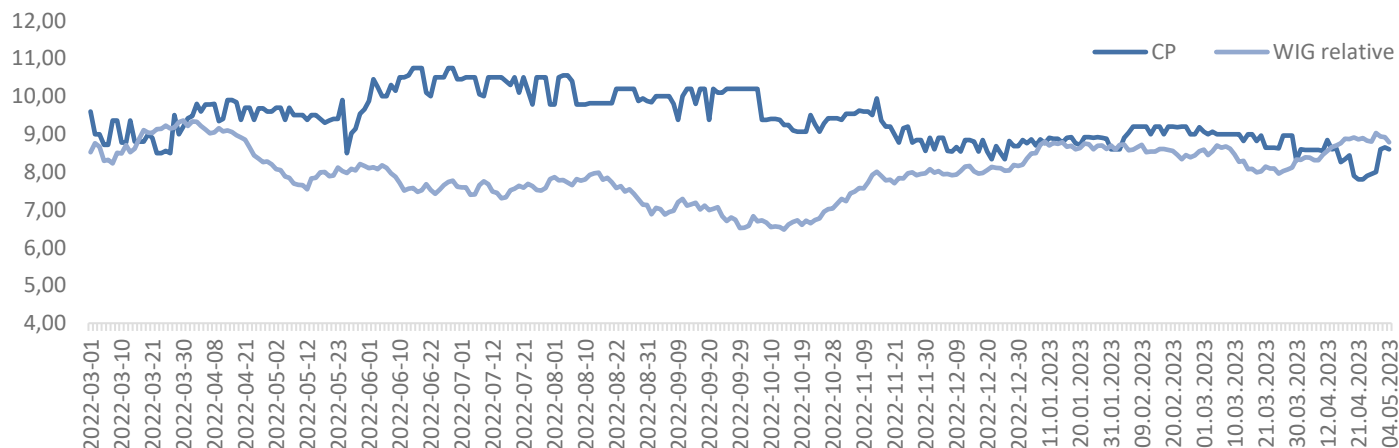


**PLN 932m**

Market capitalisation  
at the end of Q1 2023

**10 years**

Since listing on the Warsaw  
Stock Exchange



## SUMMARY OF FINANCIAL STANDING IN Q1 2023



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Stable cash position and healthy balance sheet

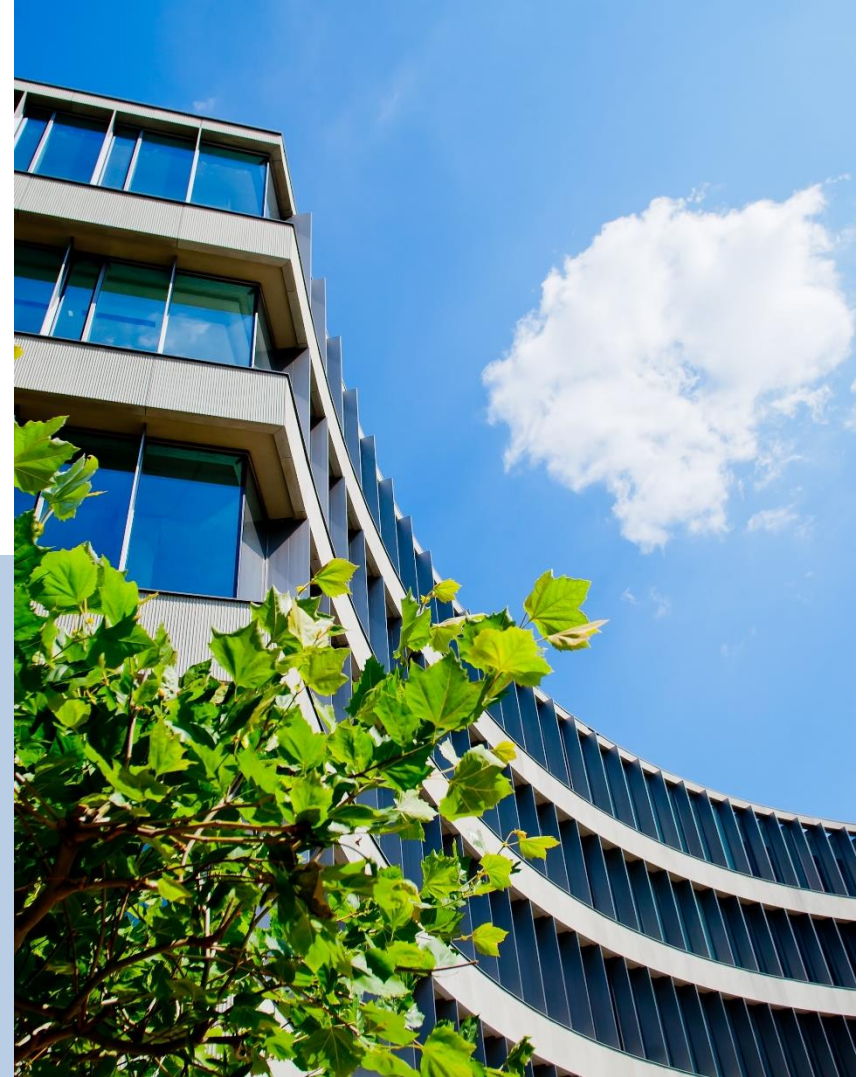
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Safe level of debt  
(net debt to assets: 38%)

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Secured long-term rental income  
(81% of lease agreements expire after 2026)

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## PLANS FOR 2023-2024



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Stabilize our  
flagship Norblin Factory project

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Complete the sale of Royal Wilanów

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Lease out remaining vacant space and add  
value through active asset management  
across the portfolio

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Finalize purchase transactions and joint  
venture agreements for secured projects and  
continue to search for new attractive  
property development opportunities

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## SUPPORTING MATERIALS





## REAL ESTATE PORTFOLIO SUMMARY



Investment property	City	Type	GLA (thous. sqm)	Occupancy	Carrying amount excl. IFRS 16 (EUR m)	Carrying amount excl. IFRS 16 (PLN m)	WAULT	Financial debt (PLN m)	Target NOI (PLN m)	Capex to be incurred after Q1 2023 (PLN m)	Group's interest
<b>KEY PROJECTS</b>											
Norblin Factory	Warsaw	mixed-use	66	94%	332	1 552	6	741	84	19	100%
Royal Wilanów	Warsaw	mixed-use	37	98%	118	553	5	307	40	5	100%
<b>Total</b>			<b>102</b>		<b>450</b>	<b>2 105</b>		<b>1 047</b>	<b>125</b>	<b>24</b>	
<b>OTHER PROJECTS</b>											
Galeria Zaspą	Gdańsk	retail	9	97%	12	56	3	35	5	1	100%
Vis à Vis Łódź	Łódź	retail	6	95%	7	34	4	24	3	1	100%
Warszawa KEN	Warsaw	retail	0	66%	1	6	3	0	0	0	100%
Bydgoszcz Krasieńskiego	Bydgoszcz	retail	0	100%	0	1	2	0	0	0	100%
Szczecin, al. Fontann	Szczecin	residential	n/a	n/a	4	18	n/a	0	n/a	n/a*	100%
Other	5 cities	-	0	n/a	3	12	n/a	0	n/a	0	100%
<b>Total</b>			<b>15</b>		<b>27</b>	<b>127</b>		<b>58</b>	<b>8</b>	<b>1</b>	
<b>TOTAL - consolidated in full method</b>			<b>117</b>		<b>477</b>	<b>2 232</b>		<b>1 062</b>	<b>133</b>	<b>25</b>	
<b>JOINT VENTURE PROJECTS</b>											
ETC Swarzędz	Swarzędz	retail	21	91%	34	160	4	122	12	1	60%
Vis à Vis Wilanów	Warsaw	retail	4	98%	11	50	6	29	4	0	66%
Polski Hak	Gdańsk	residential	n/a	n/a	12	55	n/a	0	n/a	n/a*	26%
Nowy Wełnowiec	Katowice	mixed-use	n/a	n/a	3	16	n/a	0	n/a	n/a*	10%
<b>Total</b>			<b>25</b>	<b>2</b>	<b>60</b>	<b>280</b>	<b>10</b>	<b>151</b>	<b>16</b>	<b>1</b>	
<b>TOTAL</b>			<b>142</b>		<b>537</b>	<b>2 512</b>		<b>1 213</b>	<b>148</b>	<b>27</b>	

Source: Capital Park; valuation reports on the Capital Park property portfolio as at December 31st 2022, prepared by Knight Frank sp. z o.o., Jones Lang LaSalle sp. z o.o., Emmerson Evaluation sp. z o.o. and Axi Immo Group sp. z o.o., covering carrying amount, target NOI and required capex. Data is presented in PLNm as at March 31st 2023, unless stated otherwise.

## Notes:

- Carrying amounts in PLN and EUR are presented excluding the impact of IFRS 16
- The carrying amount of Hampton by Hilton Old Town Gdańsk is based on the preliminary property sale agreement
- Financial debt is presented in nominal amounts, i.e. excluding the effect of amortised cost
- Required capex represents capital expenditure to be incurred in a project after March 31st 2023
- The table presents 100% of the property value and debt of the joint venture projects
- Yield range for office projects: 5.00%–7.00%, for retail projects: 6.25%–8.50%, for hotel projects: 7.50%–8.50%
- Capex budget for Nowy Wełnowiec, Szczecin and Polski Hak under preparation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (PLNm)	Q1 2022	Q1 2023	Change	
Rental revenue	27.4	42.0	53%	Due to increased occupancy and area takeover in Norblin Factory
Direct property operating expenses	(9.3)	(11.9)	28%	
<b>Net operating income (NOI)</b>	18.1	30.1	66%	
Other income, including management fees	10.2	0.8	-92%	In Q1 2022 ArtN agreed with Warbud payment of contractual penalties for delays (PLN 9.7m).
Gain/(loss) on disposal of investment property/SPV	1.3	3.5		
Operating expenses of SPVs	(1.0)	(1.1)	6%	
Administrative expenses	(3.3)	(5.2)	60%	
Gain/(loss) on property revaluation	16.6	(8.6)		Loss on property valuation results from the negative impact of the fx rate change on the property valuation (PLN 7m)
Other expenses	(0.8)	(0.1)	-87%	
Share in net profit/(loss) of equity accounted entities	1.0	0.3	-72%	
<b>Profit/(loss) from operating activities</b>	42.2	19.7	-53%	
Dividend income	0,0	0,0		
Interest income	0.5	0.9	81%	
Interest expense	(8.1)	(12.6)	56%	
Other finance income and costs	13.2	(3.8)		
<b>Profit/(loss) before tax</b>	47.8	4.3	-91%	
Income tax	(8.9)	(0.4)	-95%	
<b>Net profit/(loss)</b>	38.9	3.9	-90%	

Additional information	Q1 2022	Q1 2023	change
PLN/EUR exchange rate at the end of the quarter	4.6525	4.6755	0%
Average PLN/EUR exchange rate in the period	4.6472	4.7005	1%

## BALANCE SHEET – KEY ELEMENTS

ASSETS (PLNm)	31.12.2022	31.03.2023	
<b>Non-current assets</b>	<b>1 910.6</b>	<b>1 840.5</b>	
Investment property	1 788.0	1 706.9	Change in property portfolio primarily due to: <ul style="list-style-type: none"> <li>• Capex of PLN 7m</li> <li>• Effect of FX changes on property valuation of -PLN 7m</li> <li>• Sale of HbH Old Town Gdańsk of PLN 78m</li> </ul>
Investments in jointly controlled entities	48.7	65.4	
Financial assets	67.9	61.9	
Other non-current assets	6.0	6.3	
<b>Current assets</b>	<b>699.2</b>	<b>721.3</b>	
Inventories	17.9	18.5	Investments in jointly controlled entities: ETC Swarzędz, Vis à Vis Wilanów. Increase in Q1 2023 due to acquisition of 10% in Silesia Nova SPV
Receivables and other current assets	17.0	31.3	
Financial assets	0.8	1.2	
Cash and cash equivalents	99.3	106.7	
Non-current assets classified as held for sale	564.2	563.5	
<b>TOTAL EQUITY AND LIABILITIES (PLNm)</b>	<b>31.12.2022</b>	<b>31.03.2023</b>	
<b>Equity</b>	<b>1 188.5</b>	<b>1 192.4</b>	
Share capital	108.3	108.3	
Statutory reserve funds	826.4	826.4	
Other capital reserve	210.9	210.9	
Retained earnings / (deficit)	42.9	46.7	
<b>Non-current liabilities</b>	<b>1 327.5</b>	<b>1 266.8</b>	
Bank borrowings	1 086.9	1 031.4	
Other financial liabilities	0.4	0.9	
Lease liabilities	47.5	43.8	
Other liabilities and provisions	13.8	16.2	
Deferred tax liabilities	178.9	174.4	Deferred tax liability results from the difference between the book value and tax value of the properties
<b>Current liabilities</b>	<b>93.9</b>	<b>102.6</b>	
Bank borrowings	60.1	57.9	
Other financial liabilities	0.0	0.0	
Lease liabilities	2.7	2.6	
Trade and other liabilities	20.4	31.5	
Group's liabilities for sale classified as held for sale	10.7	10.7	
<b>Total equity and liabilities</b>	<b>2 609.8</b>	<b>2 561.7</b>	
Net debt	999.6	940.0	
<b>Net debt/Total assets</b>	<b>39.22%</b>	<b>37.53%</b>	





## ENVIRONMENT, SOCIAL AND GOVERNANCE



KEY ESG OBJECTIVES FOR 2023-2024

The Group is increasingly integrating sustainability into its business operations to build value for shareholders and other stakeholders.

Plans for 2023 and 2024

Optimise electricity procurement (green energy procurement) in our key projects

Reduce CO2 emissions including by installing solar PV panels in our projects

Develop a decarbonisation plan for key projects

Implement green leases for tenants

Achievements in 2022

ENVIRONMENT

- Stronger integration of climate risks and opportunities in project planning, and first carbon footprint calculations undertaken by the Group
- Feasibility analysis of installing solar PV panels in our selected projects
- Promoting pro-environmental attitudes among tenants and engaging employees in sustainability

EMPLOYEES AND SOCIETY

- Supporting diversity in the workplace: policies and actions
- Low employee turnover rate of 12%
- Continued support for local initiatives: support for Ukrainians, 28 Dreams project, Day Centre for Warsaw Uprising Veterans

GOVERNANCE

- Voluntary publication of the first sustainability report compliant with SASB Standards and TCFD recommendations
- Establishment of an interdepartmental ESG team under the supervision of Management Board members, whose role is to fully integrate ESG into the Group’s business model

## ESG TEAM

Our strong commitment to environmental, social and governance excellence is best demonstrated by the fact that two of the three members of the Management Board have been part of the interdepartmental ESG Team since 2022.

Marcin Juszczyk  
Member of the Management  
Board, CIO, CFO – responsible  
for ESG at the Group, Chair

Kinga Nowakowska  
Member of the Management Board,  
Chief Operating Officer, Co-chair

### Department representatives

Sustainable  
construction

Investments

Property  
Management

Legal and  
Compliance

Finance and  
Reporting



## ESG TEAM RESPONSIBILITIES

The ESG team meets at least once a month, and their work focuses on ESG programme development, regulatory landscape, ESG training and knowledge enhancement, ESG objective setting, ESG integration and compliance (adapting the Group's operations and structures to meet growing ESG requirements), and ESG reporting.

### ESG STRATEGY DEVELOPMENT

- Develop an ESG strategy and decarbonisation roadmap
- Manage ESG risks and opportunities
- Create strategic competitive advantage using new ESG opportunities
- Raise awareness of climate and ESG issues (training and workshops)

### INTEGRATION OF ESG INTO GROUP'S OPERATIONS

- Prepare sustainable development projects
- Handle building certification processes
- Identify gaps and non-compliance with ESG guidelines

### MEETING STAKEHOLDERS EXPECTATIONS

- Address ESG reporting requirements and frameworks (national regulations, industry guidelines)
- Develop best practices regarding responsibility towards employees, diversity and human rights
- Help to enhance the Group's transparency

## GLOSSARY



<b>Absorption</b>	Net change in space occupied by tenants, taking into account a change in the size of unoccupied space and supply of new space in a period
<b>Capex</b>	Capital expenditure
<b>GAV</b>	Gross Asset Value
<b>GLA</b>	Gross Leasable Area
<b>Measurement at amortised cost</b>	Measurement at amortised cost, less transaction costs which may be directly attributed to the acquisition or issue of a given financial liability.
<b>NAV</b>	Net Asset Value
<b>NOI</b>	Net Operating Income

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# Thank YOU!

Q1 2023

