

# Financial results 2019

Combined financial statements  
for the year ended 31 December 2019



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## CTP Group

The CTP group provides full-service property development and asset management via two privately held business entities: CTP Invest, spol. s r.o. (Czech Republic) and CTP B.V. (Netherlands). This corporate structure provides a balance between operational risk and long-term financial stability.

**CTP Invest, spol. s r.o.**

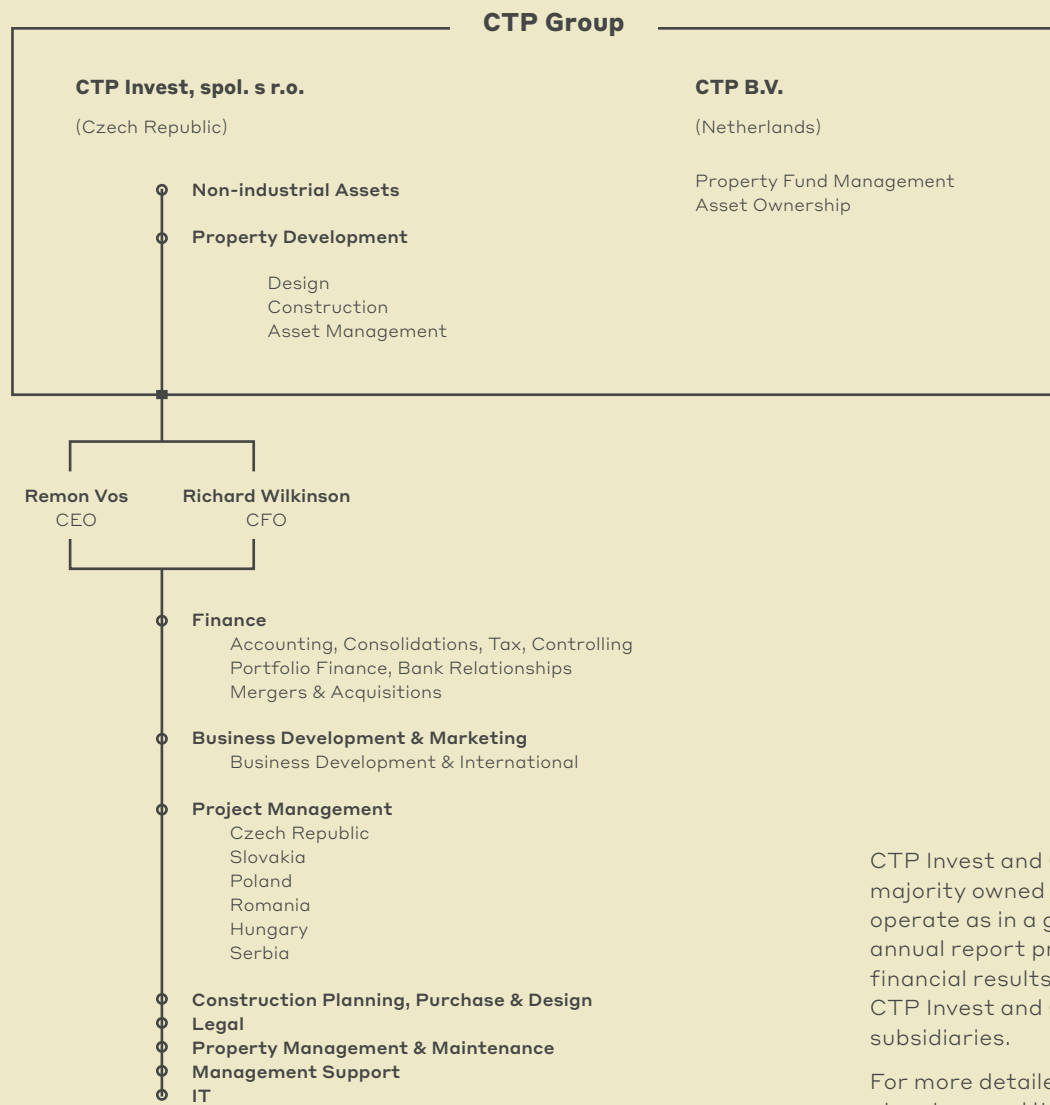
Central Trade Park D1 1571  
396 01 Humpolec  
Czech Republic

Full-service property development company. Unique among its competitors in Central Europe, CTP is a vertically integrated business with dedicated in-house teams focused on core capabilities. These include all development and construction activities from concept to completion, in-house legal and permitting teams, full-service property management and client after-care. Upon project completion, the properties are transferred to the ownership of CTP B.V. as part of fund management. CTP Invest continues to provide full-service property and asset management, as well as tenant after-care services following transfer of ownership to CTP B.V.

## CTP B.V.

Groeneweg 11  
4197 HD Buurmalsen  
Netherlands

Property fund manager with a standing portfolio of over 200 properties financed by different banks. The principal activity of the company and its subsidiaries is the lease and management of investment property in the Czech Republic and elsewhere in Central Europe. CTP B.V. holds all operating lease agreements and receivables from leasing and asset management. Company subsidiaries each have a sub-portfolio of assets and financial partners.



CTP Invest and CTP B.V. are privately held and majority owned by the same shareholders and operate as in a group structure. The financial annual report presents combined, proforma financial results based on separate IFRS audits of CTP Invest and CTP B.V., and of their respective subsidiaries.

For more detailed information about CTP group structure and its subsidiaries, see page 60-61.



## **Independent auditor's report**

To: the Management of CTP B.V.

### **Report on the accompanying combined financial statements**

#### ***Our opinion***

We have audited the combined financial statements for the year ended 31 December 2019 of CTP B.V., based in Buurmalsen the Netherlands and CTP Invest, spol. s.r.o. based in Humpolec, Czech Republic (hereafter: 'the Company').

In our opinion the accompanying combined financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The combined financial statements comprise:

- 1 the combined statement of financial position as at 31 December 2019;
- 2 the following combined statements for the year ended 31 December 2019: the statement of profit and loss and comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

#### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the combined financial statements' section of our report.

We are independent of the Company in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter - Basis of Accounting**

We draw attention to note 1, 3 and 4, which describes the special purpose of the combined financial statements and the notes, including the basis of accounting. The combined financial statements are prepared for the purpose of providing information on the combined activities of the Company. As a result, the combined financial statements may not be suitable for another purpose. Our opinion is not modified for this matter.



## **Description of the responsibilities for the combined financial statements**

### ***Responsibilities of management for the combined financial statements***

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with EU-IFRS. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the combined financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the combined financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the combined financial statements.

### ***Our responsibilities for the audit of the combined financial statements***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the combined financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the combined financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the combined financial statements, including the disclosures; and
- evaluating whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities or operations. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities or operations for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 11 September 2020

KPMG Accountants N.V.

H.D. Grönloh RA

# Combined statement of profit and loss and comprehensive income

For the year ended 31 December

		2019			2018		
In EUR thousand	Note	Revenues	Attributable external expenses		Revenues	Attributable external expenses	
Rental income	8	257,986			241,960		
Service charge income	8	22,379			19,990		
Property operating expenses	9		-40,575			-29,799	
<b>Net rental income</b>				239,790			232,151
Hotel operating revenue	10	17,312			16,805		
Hotel operating expenses	10		-11,546			-10,681	
<b>Net operating income from hotel operations</b>				5,766			6,124
Income from development activities	11	12,519			9,358		
Expenses from development activities	11		-10,304			-7,891	
<b>Net income from development activities</b>				2,215			1,467
<b>Total revenues</b>		310,196			288,113		
<b>Total attributable external expenses</b>			-62,425			-48,371	
				247,771			239,742
<b>Net valuation result on investment property</b>				408,356			238,017
Other income	12			9,097			49,693
Amortization and depreciation	19			-8,000			-3,868
Employee benefits	13			-13,200			-11,335
Other expenses	13			-21,129			-28,356
<b>Net other income/expenses</b>				-33,232			6,134
<b>Net profit/loss before finance costs</b>				622,895			483,893
Interest income	14			582			1,953
Interest expense	14			-54,413			-54,927
Other financial expenses	14			-18,552			-8,405
Other financial gains/losses	14			-44,809			1,361
<b>Net finance costs</b>				-117,192			-60,018
<b>Profit/loss before income tax</b>				505,703			423,875
Income tax expense	15			-109,498			-60,992
<b>Profit for the period</b>				396,205			362,883
<b>OTHER COMPREHENSIVE INCOME</b>							
<b>Items that will never be reclassified to profit and loss</b>							
Revaluation of PPE				-64			2,063
<b>Items that will be reclassified to profit and loss</b>							
Foreign currency translation differences net of tax				1,692			538
<b>Total other comprehensive income</b>				1,628			2,600
<b>Total comprehensive income for the year</b>				397,833			365,483
<b>PROFIT ATTRIBUTABLE TO:</b>							
Non-controlling interests				-14			-3,392
Combined equity holders of the Company				396,219			366,275
<b>Total comprehensive income attributable to:</b>							
Non-controlling interests				-14			-3392
Combined equity holders of the Company				397,847			368,875

The notes on pages 12-59 form an integral part of this combined financial statements.

# Combined statement of financial position

As at 31 December

In EUR thousand	Note	31 December 2019	31 December 2018	1 January 2018
<b>ASSETS</b>				
Investment property	16	4,794,732	4,094,048	3,786,710
Investment property under development	17	440,727	315,357	310,089
Property, plant and equipment	19	47,021	54,220	33,858
Contract assets	20	32,343	33,730	28,726
Trade and other receivables		11,755	23,872	35,699
Financial derivatives	28	403	1,047	2,509
Financial investments		1,280	204	--
Receivables from related parties	31	54,257	15,467	26,985
Deferred tax assets	29	9,119	8,568	9,222
<b>Total non-current assets</b>		<b>5,391,637</b>	<b>4,546,513</b>	<b>4,233,798</b>
Trade and other receivables	21	113,117	79,789	67,869
Short-term receivables due from related parties	31	143	296	--
Financial derivatives	28	337	402	1,350
Inventories		8,461	1,343	--
Assets held for sale		--	--	85,967
Cash and cash equivalents	22	63,821	46,284	25,485
<b>Total current assets</b>		<b>185,879</b>	<b>128,114</b>	<b>180,671</b>
<b>Total assets</b>		<b>5,577,516</b>	<b>4,674,627</b>	<b>4,414,469</b>
<b>EQUITY AND LIABILITIES</b>				
Combined issued capital	23	74,019	74,019	74,019
Translation reserve	23	5,985	4,293	3,755
Combined reserves	23	828,682	138,921	138,921
Combined retained earnings	23	717,047	356,282	1,496,668
Revaluation reserve	23	12,586	12,650	10,587
Net result for the year	23	396,219	366,275	--
<b>Total combined equity attributable to owners of the Company</b>		<b>2,034,538</b>	<b>952,440</b>	<b>1,723,950</b>
<b>Non-controlling interest</b>		<b>625</b>	<b>639</b>	<b>4,031</b>
<b>Total combined equity</b>		<b>2,035,163</b>	<b>953,079</b>	<b>1,727,981</b>
Interest-bearing loans and borrowings from financial institutions	24	2,507,777	1,978,281	1,887,686
Trade and other payables	26	21,672	17,422	4,244
Contract liabilities	25	34,200	35,918	29,710
Long-term payables to related parties	31	41,081	967,199	34,269
Financial derivatives	28	11,013	12,379	7,472
Provisions		--	14	14
Deferred tax liabilities	29	491,356	397,577	381,677
<b>Total non-current liabilities</b>		<b>3,107,099</b>	<b>3,408,790</b>	<b>2,345,072</b>
Interest-bearing loans and borrowings from financial institutions	24	187,409	153,061	136,958
Trade and other payables	26	175,098	148,250	151,206
Contract liabilities	25	7,630	7,244	7,261
Short-term payables to related parties	31	60,005	167	753
Financial derivatives	28	5,112	3,794	2,870
Liabilities associated with assets held for sale		--	--	38,728
Provisions		--	242	3,640
<b>Total current liabilities</b>		<b>435,254</b>	<b>312,758</b>	<b>341,416</b>
<b>Total liabilities</b>		<b>3,542,353</b>	<b>3,721,548</b>	<b>2,686,488</b>
<b>Total equity and liabilities</b>		<b>5,577,516</b>	<b>4,674,627</b>	<b>4,414,469</b>

The notes on pages 12-59 form an integral part of this combined financial statements.

# Combined statement of changes in equity

As at 31 December

In EUR thousand	Combined issued capital	Translation reserve	Combined reserves	Revaluation reserve	Combined retained earnings	Net result for the year	Total combined equity attributable to parent	Non controlling interest	Total combined equity
Balance at 1 January 2018	74,019	3,755	138,921	10,587	1,496,668	0	1,723,950	4,031	1,727,981
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>									
Profit for period	--	--	--	--	--	366,275	366,275	-3,392	362,883
<b>OTHER COMPREHENSIVE INCOME</b>							--		
Revaluation of plant and equipment	--	--	--	2,063	--	--	2,063	--	2,063
Foreign currency translation differences	--	538	--	--	--	--	538	--	538
Total comprehensive income for the period	0	538	0	2,063	0	366,275	368,876	-3,392	365,484
<b>OTHER MOVEMENTS</b>									
Common control transactions	--	--	--	--	--	--	--	--	--
Paid dividends	--	--	--	--	-1,140,386	--	-1,140,386	--	-1,140,386
Total other movements	0	0	0	0	-1,140,386	0	-1,140,386	0	-1,140,386
Balance at 31 December 2018	74,019	4,293	138,921	12,650	356,282	366,275	952,440	639	953,079
Balance at 1 January 2019	74,019	4,293	138,921	12,650	356,282	366,275	952,440	639	953,079
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>									
Profit for period	--	--	--	--	--	396,219	396,219	-14	396,205
<b>OTHER COMPREHENSIVE INCOME</b>							--		--
Revaluation of plant and equipment	--	--	--	-64	--	--	-64	--	-64
Foreign currency translation differences	--	1,692	--	--	--	--	1,692	--	1,692
Total comprehensive income for the period	0	1,692	0	-64	0	396,219	397,847	-14	397,833
<b>OTHER MOVEMENTS</b>									
Transfer of profit 2018	--	--	--	--	366,275	-366,275	--	--	--
Decrease of reserves	--	--	-138,921	--	--	--	-138,921	--	-138,921
Addition to reserves	--	--	828,682	--	--	--	828,682	--	828,682
Common control transactions	--	--	--	--	-5,510	--	-5,510	--	-5,510
Paid dividends	--	--	--	--	--	--	--	--	--
Total other movements	0	0	689,761	0	360,765	-366,275	684,251	0	684,251
Balance at 31 December 2019	74,019	5,985	828,682	12,586	717,047	396,219	2,034,538	625	2,035,163

The notes on pages 12-59 form an integral part of this combined financial statements.

# Combined statement of cash flows

For the year ended 31 December

In EUR thousand	Note	2019	2018
<b>OPERATING ACTIVITIES</b>			
Profit for the period		396,219	366,275
Net valuation result on investment property	18	-408,356	-238,017
Amortisation and depreciation	19	8,000	3,868
Net interest expense and expenses from derivatives	14	53,831	52,762
Change in fair value of derivatives	14	32,349	10,469
Other changes		5,322	-7,609
Income from non-controlling interest		-14	-3,392
Gain from sale of investment property and subsidiaries	7	--	-34,977
Income tax expense	15	109,498	60,992
<b>Operating profit before changes in working capital</b>		<b>196,849</b>	<b>210,371</b>
Decrease/(increase) in trade and other receivables		-45,376	1,556
Increase/(decrease) in trade and other payables		47,148	32,853
Decrease/increase in inventory		-7,118	-1,343
<b>Changes in net working capital</b>		<b>-5,346</b>	<b>33,066</b>
Interest paid		-54,583	-54,715
Interest received		582	1,953
Income taxes paid		-12,077	-36,766
<b>Cash flows from operating activities</b>		<b>125,425</b>	<b>153,909</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of investment property	16	-48,699	-46,603
Acquisition of property, plant and equipment	19	-3,228	-20,879
Proceeds from disposal of investment property and PPE		12,110	37,090
Acquisition of subsidiaries, net of cash acquired	7	-20,378	-39,689
Proceeds from disposal of subsidiaries, net of cash disposed	7	--	398,159
Development of investment property		-323,770	-348,922
<b>Cash flows used in investing activities</b>		<b>-383,965</b>	<b>-20,844</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings	24	-1,508,800	-273,782
Proceeds from interest-bearing loans and borrowings	24	2,042,082	357,466
Loan and borrowings granted to related companies		-225,000	-13,428
Loan and borrowings received from related companies		--	11,518
Transaction costs related to loans and borrowings	14	-31,705	-2,385
Paid dividends	23	--	-195,606
Payment of lease liabilities		-500	-590
<b>Cash flows from/used in financing activities</b>		<b>276,077</b>	<b>-116,807</b>
Cash and cash equivalents at 1 January		46,284	25,485
Net increase in cash and cash equivalents		17,537	16,258
Cash and cash equivalents reclassified from asset held for sale		--	4,541
<b>Cash and cash equivalents at 31 December</b>	<b>22</b>	<b>63,821</b>	<b>46,284</b>

The difference of the loans and borrowings granted to related companies compared to the balance sheet movement relate to a non-cash settlement of EUR 681 million.

The notes on pages 12-59 form an integral part of this combined financial statements.

# Notes to the combined financial information

## 1. General information

The CTP Group (hereinafter referred to as “CTP” or “Group”) is a Dutch-based real estate developer developing and leasing a portfolio of properties in Central and Eastern Europe (CEE). CTP comprises of the following sub-groups (hereinafter referred to as “the Sub-groups”):

- (a) CTP B.V. domiciled in the Netherlands (hereinafter referred to as “the Sub-group CTP BV”),
- (b) CTP Invest, spol. s r.o. domiciled in the Czech Republic (hereinafter referred to as “the Sub-group CTP Invest”) including CTP CEE Properties, spol. s r.o. (CTP CEE Sub-group) and its subsidiaries.

The Sub-groups do not constitute a legal group; however, as of 31 December 2019 the Sub-groups were under the common control of their sole shareholder (hereinafter referred to as “the Sole Shareholder”):

**Multivest B.V. (the Netherlands).**

During 2019, upon fulfilment of all conditions precedent, Multivest B.V. acquired the shares held by Finspel B.V. in the CTP Group in order to consolidate ownership within the CTP Group.

Therefore, CTP has prepared these combined financial statements that is a combination of the Sub-groups’ separate consolidated financial statements. The financial statements have been compiled for illustrative purposes, to provide information about the combined operations of the Sub-groups as at and for the year ending 31 December 2019.

For the structure of CTP as at 31 December 2019 see note 30 and Appendix 1.

**Sub-group CTP BV**

**Principal activities:**

The principal operation of the Sub-group CTP BV is the lease of investment property in the Czech Republic, Slovakia, Hungary, Romania, Poland and Serbia. The Sub-group CTP BV leases property to its tenants under operating leases. As at 31 December 2019, the investment property portfolio is held directly by the Sub-group CTP BV.

**Registered office:**

The operating headquarters of CTP B.V., being the holding company of the Sub-group CTP BV, is located at Groeneweg 11, 4197 HD Buurmalsen, The Netherlands.

**RSIN number: 860528091**

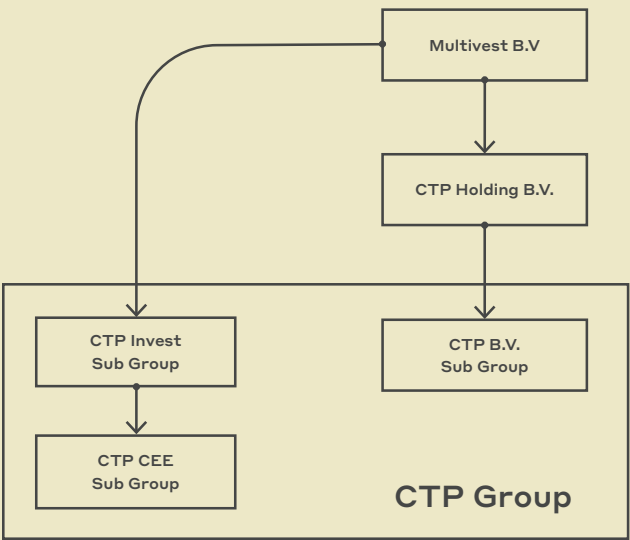
**Registration number: 76518233**

CTP B.V. was incorporated on 21 October 2019, for an unlimited period of time.

**The sole shareholder as at 31 December 2019 is CTP Holding B.V.**

**Management as at 31 December 2019:**

Directors: CTP Management B.V.



Sub-group CTP Invest

The principal activity of the Sub-group CTP Invest is the development of investment property.

CTP Invest, spol. s r.o. is a company domiciled in the Czech Republic. The registered office is located at Humpolec, Central Trade Park D1 1571, 396 01.

Registration number: 261 66 453

CTP Invest, spol. s r.o. was incorporated on 3 April 2000, for an unlimited period of time.

Shareholders as at 31 December 2019 and 31 December 2018 were:

Shareholder	Share in registered capital 31 December 2019	Share in registered capital 31 December 2018
Multinvest B.V.	100,0%	50,0%
Finspel B.V.	-	50,0%
	100,0%	100,0%

Management as at 31 December 2019:

Director: Remon L. Vos

Director: Richard J. Wilkinson

Sub-group CTP CEE

Principal activities:

The principal operation of the Sub-group CTP CEE is the lease of investment property in the Czech Republic, Slovakia, Hungary, Romania, Poland and Serbia. The Sub-group CTP CEE leases property to its tenants under operating leases. As at 31 December 2019, the investment property portfolio is held directly by the Sub-group CTP CEE.

The operating headquarter of CTP CEE Properties, spol. s r.o., being the holding company of the Sub-group CTP CEE, is located at Humpolec, Central Trade Park D1 1571, 396 01.

Registration number: 087 58 093

CTP CEE Properties, spol. s r.o.. was incorporated on 12 December 2019, for an unlimited period of time, by transfer of the seat of entity CTP Property Lux S.á.r.l. from Luxembourg to the Czech Republic.

CTP CEE Properties, spol. s r.o. was fully owned by related party CTP Holding B.V. (former CTP Property B.V., not included in the combined financial statements) till 31 December 2019. CTP CEE Properties, spol. s r.o. was purchased by CTP Invest, spol. s r.o. on 31 December 2019. The combined financial statements for the year ended 31 December 2019 are prepared based on the assumption that CTP CEE Properties, spol. s r.o. and all its subsidiaries are fully owned by CTP Invest. spol. s r.o. from 1 January 2018.

The sole shareholder as at 31 December 2019 is the company CTP Invest, spol. s r.o.

Management as at 31 December 2019:

Director: Remon L. Vos

Director: Richard J. Wilkinson

These combined financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019.

## 2. Going concern

CTP's properties are let to a wide range of tenants and there is no significant focus on any one particular group or company. CTP closely monitors the financial stability of its tenants and believes that its rental projections for the coming 12 months are realistic in the light of the current economic climate.

CTP expects to settle its current liabilities as at 31 December 2019 during the year 2020 as follows:

In EUR thousand	2019
Current liabilities as at 31 December 2019	435,254
Current assets excluding cash and cash equivalents as at 31 December 2019	122,058
Funds required in 2020 to cover the short-term liquidity need	313,196
Available cash as at 31 December 2019	63,821
Expected net rental income available for repayment current Interest-bearing loans and borrowings to be received in 2020	170,526
Interest-bearing loans and borrowings from financial institutions to be renegotiated to a long-term basis	77,569
Short-term payables to be renegotiated to a long-term basis	60,005
Expected drawdowns of loans and borrowings from financial institutions under existing loan facilities	258,397
Recurring overdraft	3,055
<b>Expected funds to be received in 2020 to cover the short-term liquidity need</b>	<b>633,373</b>

Based on the cash-flow projections prepared for the year 2020, other actual development up to the date of approval of these consolidated financial statements and results of management assessment as described above, the directors and management of the Group believe that it is appropriate to prepare the combined financial statements on a going concern basis as at 31 December 2019 and no material uncertainty exists with respect to going concern of the Group as at 31 December 2019.

The Group has secured bank loans that contain loan covenants. Under the agreements, the covenants are monitored on a regular basis to ensure compliance with these agreements.

## 3. Basis of combination

The combined financial statements are prepared by aggregating the separate consolidated financial statements of the Sub-groups. The Sub-groups that did not constitute a legal group at the date of the balance sheet were combined in one set of financial statements by adding together their assets, liabilities, equity accounts as well as income and expenses.

The following adaptations were carried out to the aggregation of the separate consolidated financial statements in order to establish the consolidated financial statements of the Group:

1. Necessary reclassifications were carried out.
2. Inter-group transactions and any unrealised results from inter-group transactions were eliminated.
3. Impairment of eliminated inter-group receivables was adjusted.

## 4. Basis of preparation of consolidated financial statements of the Sub-groups

The combined financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). As this is the first set of combined financial statements of CTP B.V. and CTP Invest, spol. s r.o. IFRS 1 applies and therefore a transition of previous GAAP is not applicable. As a result the financial position, financial performance and cash flows are not affected.

The combined financial statements were authorised for issue by the Board of Directors on 11 September 2020.

a) CTP has considered the following new and amended standards in 2019

For the preparation of the separate consolidated financial statements of the Sub-groups, the following new or amended standards and interpretations were considered for the first time for the financial year beginning 1 January 2019. The nature and the effect of these changes are disclosed below.

• IFRS 16 Leases

This new standard has brought significant change in accounting policies for lease contracts for lessees. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17.

• As a lessee

The Group leases several assets including land, property and offices. The Group previously classified all leases as operating leases under IAS 17. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for some of these leases.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested the right-of-use assets for impairment on the date of transition and has concluded that there is no indication that right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application,
- did not recognise right-of-use assets and liabilities for leases of low value,
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- used hindsight when determining the lease term.

• As a lessor

The Group primarily leases out its investment property. The Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to IFRS 16 for such leases.

The Group adopted IFRS 16 in the annual period beginning 1 January 2019 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application. The comparative information is not restated and will continue to be reported under the accounting standards in effect for that period. The disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Adoption of IFRS 16 has led to recognising of new right-of-use asset in amount of EUR 6,196 thousand and related additional lease liabilities of EUR 6,196 thousand as at 1 January 2019.

The following table summarises the impact on Group’s opening balances as at 1 January 2019:

Balance sheet - Adjustment	1 January 2019
<b>ASSETS</b>	<b>6 196</b>
Right-of-use assets - Investment Property	5 492
Right-of-use assets - Property, plant and equipment	704
Deferred tax assets	--
<b>EQUITY</b>	<b>--</b>
Retained earnings	--
<b>LIABILITIES</b>	<b>6 196</b>
Lease liabilities	6 196

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019, which reflects weighted average interest rates on bank loans provided to the Group. The weighted average rate applied differs from 1.33% to 1.94% depending on type of leased asset, location and other factors considered.

• IFRIC 23 uncertainty over income tax treatment

IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. An entity should follow the approach that better predicts the resolution of the uncertainty.

The Group concluded that it is probable that similar to prior periods a particular uncertain tax treatment will be accepted by the tax authorities instead of common consideration of several tax treatments.

## **b) Standards issued but not yet effective**

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing the separate consolidated financial statements of the Sub-groups.

The following amended standards and interpretations are not expected to have significant impact on the Sub-group's separate consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards - the amendment reflect the changes in Framework's principles, which have implications for how and when assets and liabilities are recognised and derecognised in the Sub-group's separate consolidated financial statements.
- Definition of a Business (Amendment to IFRS 3) - the amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business
- Definition of Material (Amendments to IAS 1 and IAS 8) - the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

## **c) Functional and presentation currency**

The presentation currency of the Group remains unchanged, being Euro (EUR), because the owners base their economic decisions on information expressed in this currency. All financial statements presented in EUR has been rounded to the nearest thousand.

The Group performed an analysis at the entity level based on primary, secondary and other indicators and concluded the following:

- Group entities with the primary objective to ensure investing and development activities in specific countries, so-called Invest companies, have the functional currency its local currencies as it is local currency:
  - whose competitive forces and regulations mainly determine the sales prices of its goods and services rendered to other companies operating in the same country,
  - that primarily influences labour, material and other costs of providing goods and services,
  - in which receipts from operating activities are usually retained.
- other Group's entities with the objective of the stable and sustainable operation of industrial parks or dormant entities with the potential of future development of industrial parks have the functional currency EUR as:
  - sales prices of services rendered to the tenants are in EUR,
  - funds from financing activities are generated in EUR and
  - activities of these companies are conducted as an extension of the reporting entity rather than with a significant degree of autonomy.

In the sub-group CTP Invest there are the following Invest companies:

- CTP Invest, spol. s r.o. with the functional currency CZK,
- CTP Invest Poland Sp. z o.o. with the functional currency PLN,
- CTP Invest d.o.o. Beograd-Novi Beograd with the functional currency RSD,
- CTP Management Hungary Kft. with the functional currency HUF,
- CTP Invest Bucharest SRL with the functional currency RON,
- CTP Invest SK, spol. s r.o. with the functional currency EUR.

All other companies in the Group use EUR as their functional currency.

## **d) Basis of measurement**

The separate consolidated financial statements of the Sub-groups are prepared on a historical cost basis, apart from investment property, investment property under development, part of property plant and equipment (solar plants) and financial derivatives, which are stated at fair value.

## **e) Use of estimates and judgments**

The preparation of the combined financial statements requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that the management believes to be reasonable under the circumstances, the results of which form the basis of judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, information about significant areas of estimates uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial information are described in note 5b) Investment property and note 5c) Investment property under development.

#### **f) Measurement of fair values**

A number of the Sub-groups' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Sub-group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Sub-group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### **g) Combined financial statements**

As the combined financial statements has been prepared by only aggregating the separate consolidated financial statements of the Sub-groups all the above statements apply to the combined financial statements as well.

## **5. Significant accounting policies**

The accounting policies set out below have been consistently applied to all periods presented in this combined financial statements and have been applied consistently by CTP entities except when otherwise indicated.

The Sub-groups apply the same accounting policies when preparing their separate consolidated financial statements and consequently no adjustments due to aligning different accounting policies were necessary during the combination.

#### **a) Basis of consolidation**

##### **a) Subsidiaries**

Subsidiaries are entities controlled by the Sub-groups. Control exists when the Sub-group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the potential voting rights that are exercisable or convertible, are taken into account. The financial statements of subsidiaries are included in this consolidated financial statements from the date that control commences until the date that control ceases with the exemption of the sub-group CTP CEE, as is described under point 1. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Sub-groups.

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination under IFRS 3, when an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill and deferred tax is recognised.

##### **b) Acquisition of business from companies under common control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The assets and liabilities acquired under common control are recognized at the carrying amounts recognized previously in the financial statements of the entities acquired. Any difference between consideration paid and the net book value of assets and liabilities acquired is recognized directly in the equity. In the absence of more specific guidance, the Sub-groups consistently applied the book value method to account for all common control transactions.

#### **c) Business combinations**

Business combinations, excluding those commenced between parties under common control, are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net amount of the identifiable assets acquired and liabilities stated at fair value.

Goodwill is tested for impairment if events or changes in circumstances indicate that it might be impaired, but at least annually, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

When the excess is negative (bargain purchase), it is recognised immediately in the consolidated statement of comprehensive income.

#### **d) Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

#### **e) Changes in the ownership interests in existing subsidiaries**

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries

#### **f) Asset acquisition**

Asset acquisitions is an acquisition of an asset or a group of assets (and liabilities) that does not constitute a business. The Sub-groups identify and recognise the individual identifiable assets acquired and liabilities assumed and allocate the cost of the group to the individual identifiable assets and liabilities based on their relative fair values at the date of the acquisition.

#### **g) Transactions eliminated on combination**

Intra-group balances and any gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the separate consolidated financial statements of the Sub-groups.

### **b) Investment property**

Investment properties are those which are held to earn rental income, for capital appreciation, or for both. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. An external, independent valuator having appropriately recognised professional qualifications and recent experience in the location and category of property being valued, values the portfolio of investment property at least annually.

The independent valuation report was obtained as at 31 December 2019 and was incorporated into the separate IFRS consolidated financial statements of the Sub-groups. The fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value.

### **Buildings and land**

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties, and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

In view of the nature of the properties and the bases of valuation, the valuator adopted the Income Approach based on the discounted cash flow technique for a 10-year period. The cash flow assumes a 10-year holding period with the exit value calculated on the 11th year income. The cash flow is based on the rents receivable under existing lease agreements until their expiry date and the expected rental value for the period remaining in the 10-year period, as applicable. The valuator has based his opinion of the Estimated Rental Value (ERV) on this.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting the lease commitments or likely to be in occupation after letting vacant accommodation and the market’s general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices, and where appropriate counter notices, have been served validly and within the appropriate time.

The assumptions used by the independent valuator for the year ended 31 December were the following:

Yield	2019	2018
Initial yield	4.25% - 8.79%	5.50% - 7.00%
Exit yield		
Industrial premises	5.50% - 9.50%	5.75% - 9.50%
Office properties	6.00% - 9.00%	6.00% - 8.50%
Retail	7.50%	7.50%
On-going Vacancy	0.00% - 2.00%	0.00% - 5.00%
ERV per sqm		
Industrial premises	2.75 - 9.50 EUR	3.55 - 6.00 EUR
Office properties	3.90 - 9.50 EUR	8.00 - 13.50 EUR
Retail	7.30 EUR	7.85 EUR

Any gain or loss arising from a change in fair value is recognised in the statement of profit and loss.

The land on which the buildings are being constructed and qualifying as investment property upon construction completion is classified as investment property and hence recorded at fair value.

Land bank

The land bank comprises the plots of land in CTP’s ownership on which development projects are to be carried out. The land bank has been valued by a registered independent valuator with an appropriately recognised professional qualification and with an up-to-date knowledge and understanding of the location and category of the property.

The valuator used the Sales Comparison Approach for the valuation of the land bank. This valuation method is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property market. Using this approach a value indication by comparing the subject property to prices of similar properties is produced.

The sale prices of the properties that are judged to be most comparable tend to indicate a range in which the value indication for the subject property will fall. The valuator estimated the degree of similarity or difference between the subject property and the comparable sales by considering various elements of comparison. Percentage adjustments were then applied to the sale prices of the comparable values because the prices of these properties are known, while the value of the subject property is not.

The assumptions of the independent valuator for the year ended 31 December were based on analysis of comparable evidence and adopted the following average market values per square meter:

	2019	2018
Czech Republic	54 EUR	61 EUR
Slovak Republic	43 EUR	39 EUR
Hungary	28 EUR	29 EUR
Serbia	28 EUR	36 EUR
Romania	25 EUR	27 EUR
Poland	25 EUR	24 EUR

c) Investment property under development

Property that is being constructed or developed for future use as investment property, is classified as investment property under development. Investment property under development is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. When construction or development is completed, property is reclassified and subsequently accounted for as investment property.

The independent valuation report was obtained as at 31 December 2019. The value of investment property under development was determined by external, independent property valutors, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurement for all of the investment properties under development has been categorised as a Level 3 fair value.

The valuator used the Residual Value Approach for the valuation of the investment property under development. In order to assess the fair value of the sites, the valuator undertook a development appraisal to assess the potential value (Gross Development Value) of the fully completed and leased development as currently proposed, and deducted hard costs, soft costs, financing costs and a developer’s profit to reflect the required level of return to a developer and the risk of under-taking the development.

In assessing the Gross Development Value, the valuator adopted a market approach by estimating the market rental values for the accommodation to be developed and the appropriate capitalisation rate which a potential investor would require, to arrive at the Fair Value of the completed and leased building.

The assumptions used by the independent valuator for the year ended 31 December were the following:

	2019	2018
Capitalisation rates	5.25% - 9.00%	5.50% - 9.00%
On-going Vacancy	0.00% - 2.00%	0.00% - 5.00%
ERV per sqm		
Industrial premises	3.50 – 6.00 EUR	3.55 – 6.00 EUR
Office properties	13.75 EUR	13.25 EUR
Soft costs	8.00% - 10.00%	8.00% - 10.00%
Finance costs	4.00% - 8.00%	4.00% - 8.00%
Profit allowance	20.00% - 25.00%	15.00% - 25.00%

d) Property, plant and equipment

(i) Revaluation model

Solar plants that are completed and generating income are classified under Property, plant and equipment at revalued amounts, being the fair value at the reporting date. Any gain or loss arising on re-measurement of solar plants is treated as a revaluation, with any gain recorded as part of other comprehensive income except to the extent that it reverses a previous impairment on the same property, in which case it is recorded in profit or loss. A loss is an expense in profit or loss to the extent at which it is higher than the previously recognised revaluation surplus.

An external, independent valuator having appropriately recognised professional qualifications and recent experience in the location and category of the solar plant being valued, values the portfolio of solar plants at least annually.

In view of the nature of the solar plants and the bases of valuation, the valuator adopted the Income Approach based on the discounted cash flow technique for a 20-year period. The cash flow is based on the income receivable under the license provided by the government.

Depreciation of the solar plants is recognised into profit or loss on a straight-line basis over the estimated useful life of 20 years.

For the calculation of the market value of solar energy power panels the discount rate of 9% was used.

(ii) Cost model

All other buildings, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (note 5h). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate, where relevant, of the costs of dismantling and removing building items and restoring the building site at which they are located and an appropriate proportion of production overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Where parts of an item of Property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The Sub-groups recognise in the carrying amount of an item of Property, plant and equipment, the cost of replacing part of such an item when that cost is incurred and it is probable that the future economic benefits embodied with the item will flow to the Sub-group and the cost of the item can be measured reliably. The carrying amount of the replace item is derecognised. All other costs are recognised in the statement of comprehensive income as incurred.

Depreciation is recognised into profit or loss on a straight-line basis over the estimated useful life of the equipment. The estimated useful life for equipment varies between 3-8 years and for property and plant between 10-20 years.

(iii) Reclassification to Investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. A loss is an expense in profit or loss to the extent at which it is higher than the previously recognised revaluation surplus.

e) Contract assets and contract liabilities

Contract assets represent the cost of development extras, specific fit-outs, which are paid upfront by tenants but are not capable of being distinct from leased premises. These capitalised development extras costs are depreciated evenly over the leasing period.

Contract liabilities, presented within trade and other payables, primarily relate to the upfront consideration received from tenants for construction of development extras, specific fit-outs, for which revenue is recognised over time, over the leasing period.

## f) Leases

As this is the first set of combined financial statements IFRS 16 is applied using the full retrospective approach.

At inception of a contract, the Sub-groups assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### • As a lessee

At commencement or on modification of a contract that contains a lease component, the Sub-groups allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Sub-groups has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Sub-groups recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of lease term, unless the lease transfers ownership of the underlying asset to the Subgroup by the end of the lease term or the cost of the right-of-use asset reflects that the Subgroup will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Subgroup's incremental borrowing rate.

The Sub-groups determine its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of an asset leased.

Lease payments included in the measurement of the lease liability comprise of following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price under a purchase option that the Sub-groups are reasonably certain to exercise;
- lease payments in an optional renewal period if the Sub-groups are reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Sub-groups are reasonably certain not to terminate early.

Subsequently, the lease liability is measured at amortised cost using effective interest method. It is remeasured when there is change in any of above-mentioned lease liability components. In such case the corresponding adjustment is made to the carrying amount of the right-of-use asset or is posted in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Sub-groups present right-of-use assets that do not meet the definition of investment property in the property, plant and equipment and lease liabilities in trade and other payables in the statement of financial position.

The Sub-groups have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### • As a lessor

At inception or on modification of a contract that contains a lease component, the Sub-groups allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Sub-groups act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Sub-groups make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Sub-groups consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Sub-groups recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of rental income.

Property held under finance leases and leased out under operating leases was classified as investment property and stated at fair value as described in note 5b).

## **g) Financial instruments**

### **(i) Financial assets**

#### **Initial recognition and measurement**

The financial assets are classified at initial recognition at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The Group measures financial assets at amortised cost if both of the conditions are met:

- the financial asset is held within a business model with the objective to hold it in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial asset is classified and measured at fair value through other comprehensive income if it meets both of the following conditions:

- the financial asset is held within a business model with the objective of both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be classified and measured at amortised cost or at fair value through other comprehensive income, to be classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Subsequent measurement**

For purpose of subsequent measurement, the Group's financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)

This category is most relevant to the Group and it includes trade receivables and loans provided that are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

- Financial assets at fair value through profit and loss

This category includes derivatives. Financial assets are classified as held for trading if they are acquired for the purposes of selling or repurchasing in the near future.

Financial assets at fair value through profit or loss are carried out in the statement of financial position at fair value with net changes in fair value being recognised in the statement of profit or loss.

### **(ii) Non-derivative financial assets**

The Sub-groups initially recognise loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Sub-group becomes a party to the contractual provisions of the instrument.

The Sub-groups derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Sub-group is recognised as a separate asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Sub-groups have a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Loans provided**

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Loans provided are subsequently measured at their amortised cost using the effective interest method, less any impairment losses. The Sub-groups classify as a current portion any part of long-term loans that is due within one year from the reporting date.

### **Trade and other receivables**

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Receivables are subsequently measured at their amortised cost using the effective interest method, less any impairment losses.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank accounts and call deposits that are repayable on demand and form an integral part of the Sub-group's cash management are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.

The Sub-groups treat cash deposited as a security in accordance with the bank loan covenants as cash and cash equivalents for cash flow purposes.

The cash flow statement of the Group is prepared based on indirect method from the statement of financial position and statement of comprehensive income.

## **(iii) Financial liabilities**

Financial liabilities are classified as measured at their amortised cost or FVTPL (fair value through profit or loss). A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designed as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## **(iv) Non-derivative financial liabilities**

The Sub-groups initially recognise debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date at which the Sub-group becomes party to the contractual provisions of the instrument. The Sub-groups derecognise a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at their amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Sub-groups have a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Sub-groups classify as a current portion any part of long-term loans that are due within one year from the reporting date.

## **(v) Derivative financial instruments**

A derivative is a financial instrument or other contract that fulfils the following conditions:

- a) its value changes in response to a change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
- b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- c) it is settled at a future date.

Derivative financial instruments are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss.

Fair values are obtained from quoted market prices or discounted cash flow models, as appropriate. The derivatives are carried as current (those that are expected to be settled in less than 12 months) or non-current assets when their fair value is positive, and as current (those that are expected to be settled in less than 12 months) or non-current liabilities when their fair value is negative.

The principal types of derivative instruments used by the Sub-groups are interest rate swaps.

Swaps are agreements between the Sub-groups and other parties to exchange future cash flows based upon agreed notional amounts.

Under interest rate swaps, the Sub-groups agree with other parties to exchange, at a specific interval, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional amount.

## h) Inventories

Inventories represents mainly works in progress, which relates to the cost of development extras and specific fit outs for tenants.

## i) Impairment

### (i) Non-financial assets

The carrying amounts of the Sub-group's assets, other than investment property, investment property under development and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In respect of goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in profit or loss. An impairment loss in respect of Property, plant and equipment measured at fair value is reversed through profit and loss to the extent that it reverses an impairment loss on the same asset that was previously recognised in profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

### (ii) Financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is credit-impaired.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Sub-groups on terms that the Sub-groups would not consider otherwise, indications that a debtor will enter bankruptcy, the disappearance of an active market for a security and observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

The Sub-groups consider evidence of impairment for financial assets at both specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. The Sub-groups use for the recognition and measurement of impairment losses the "expected credit loss" model (ECLs). The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- provided loans and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition;
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to the lifetime ECLs.

At each reporting date, the Sub-groups assess whether financial assets carried at amortised cost and debt securities at FVOCI (fair value through other comprehensive income) are credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Sub-groups first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Sub-groups determine that no objective evidence of credit impairment exists for individually assessed financial assets, whether significant or not, it includes the assets in a group of financial assets with similar risk characteristics and collectively assesses them for credit impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

A significant increase in credit risk (SICR) represents a significant increase in the risk of default in respect of a financial assets as at the reporting date compared with the risk as at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Sub-groups consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Sub-group's historical experience and informed credit assessment and including forward-looking information.

The Sub-groups consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the trade or other receivable is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Sub-groups are exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Sub-groups expect to receive). ECLs are discounted at the effective interest rate of the financial asset. In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Sub-groups use their experience and judgement to estimate the amount of any credit impairment loss.

All impairment losses in respect of financial assets are recognised in profit or loss and are only reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of amortisation, if no impairment loss had been recognised.

The write-off policy of the Sub-groups require that the outstanding amount of a loan shall be written off if there is any instalment overdue for 730 or more days. However, the loan shall remain in the Company's statement of financial position even after 730 days of non-payment if it is probable that the loan will be sold in the near future, or significant recoveries are expected. In such case, the loan outstanding amount shall be derecognised at the moment of its sale or later, as soon as no significant recoveries are expected.

## **j) Reversals of impairment**

An impairment loss of non-financial assets is reversed if there has been an indication that the loss has decreased or no longer exists and a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment losses been recognised.

Reversal of an impairment loss for goodwill is prohibited.

## **k) Equity**

### **Combined share capital**

Combined share capital represents the amount of capital registered in the Commercial Register of the combined activities and is classified as equity. External costs directly attributable to the issuance of share capital, other than upon a business combination, are shown as a deduction from the proceeds, net of tax, in equity. Share capital issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

### **Translation reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements from the functional to the presentation currency (refer to note 4d).

### **Combined reserves**

Combined reserves include Other capital funds, which represent contribution outside the registered capital and are created based on the decision of Board of Directors of the combined activities.

### **Revaluation reserve**

Revaluation reserve comprises the revaluation of solar plants, which are classified under property, plant and equipment at revalued amounts, being the fair value at the reporting date (refer to note 5d).

### **Combined retained earnings**

Combined retained earnings arise from the accumulation of profits and losses of the combined activities and are subject of dividend distribution after approval of the Board of directors.

## **l) Provisions**

A provision is recognised in the statement of financial position when the Sub-groups have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **m) Rental income and service charge income**

Rental income from leases is recognised as income in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Park management income (service charge) is integral, but separately identifiable, part of rental contracts. The Group has identified that park management services are distinct from rentals and are therefore accounted separately. The service charge is priced and contracted based on market prices relevant for the region of operation. The service charge income is recognised evenly over time of the service rendered as the customer simultaneously receives and consumes the benefits from the provided service.

Service and management charges are included in net rental income gross of the related costs. The Group determined that it does control the services before they are transferred to tenants and therefore that the Group acts rather as a principal in these arrangements.

#### **n) Income from development activities**

Revenues from customer specific fit-outs of rented facilities (development extras) are presented separately in statement of comprehensive income. Income from development activities includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. It is recognised on a straight-line basis per duration of respective rental contract.

Development expenses are capitalised and amortised to profit and loss based on related development contract.

#### **o) Revenues from sale of properties**

Revenue from sale of properties is recognised when control has passed to the buyer at the amount at which the Sub-groups expect to be entitled, the recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably, i.e. on the date on which the application is submitted to the Land Registry for the transfer of legal ownership title. Revenue is measured net of returns, trade discounts and volume rebates. When appropriate, revenue from such sales are deferred until the property is completed and the properties are ready for sale, including the necessary regulatory permissions.

#### **p) Hotel revenues**

Revenues from hotel operations represents room rental and sale of food and beverages. Hotel revenues are recognised in profit and loss at the moment, when customer obtains control over the services provided.

#### **q) Expenses**

##### **(i) Service expenses and property operating expenses**

Service expenses for service contracts entered into and property operating expenses are expensed as incurred.

##### **(ii) Finance income / finance expenses**

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at fair value through profit or loss (other than investment property and investment property under development);
- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value loss on contingent consideration classified as financial liability;
- impairment losses recognised on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of net gains previously recognised in Other Comprehensive Income.

Interest income or expense is recognised using the effective interest method.

## r) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the first day of the accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes of one entity relate to the same fiscal authority.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax was calculated using the tax rates valid for the periods in which the tax asset or liability is expected to be utilised.

The corporate income tax rate for the period ended 31 December 2019 and 31 December 2018 was:

Country	2019	2018
Austria	25.00%	25.00%
Czech Republic	19.00%	19.00%
Germany	29.48%	29.48%
Hungary	9.00%	9.00%
Luxembourg	26.00%	26.00%
Netherlands	25.00%	25.00%
Poland	19.00%	19.00%
Romania	16.00%	16.00%
Serbia	15.00%	15.00%
Slovakia	21.00%	21.00%
Ukraine	18.00%	18.00%

Deferred tax is not recognised from temporary differences on the initial recognition of assets and/or liabilities in transaction which is not a business combination under IFRS 3 (asset deal).

## s) Foreign currency transaction

### Foreign currency transactions

Transactions in foreign currencies are converted to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are converted into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-controlling interest (NCI).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## t) Segment reporting

The Group has applied the criteria of IFRS 8, 'Operating Segments' to determine the number and type of operating segments. According to this standard an operating segment is component carrying out business operations whose operating income is evaluated regularly by the Group's highest executive decision maker and about which separate financial information is available. The Group's Operating segments were determined in connection with the nature of the business and how the operations are managed by the Group's operating decisionmaker. The Group reports four operating segments based on geographical segmentation: Czech Republic, Romania, Hungary and Other. Segment results that are reported to the Board of Directors include items directly attributable to a segment.

The operating segments are determined based on the Group's management and internal reporting structure. As required by IFRS 8, the Group provides information on the business activities in which, the Group engages including split of revenue and investment property.

## 6. Segment reporting

The principal operation of the Group is the lease of investment property in the Czech Republic, Slovakia, Hungary, Romania, Poland and Serbia and development in these countries. The Group manages its activities based on geographical segmentation as the substance of the business activities is the same in all regions, where the Group operates.

The Group's principal activities are performed in the following main business geographical segments: Czech Republic, Romania, Hungary and Other.

Results of the segments as at 31 December 2019 is as follows:

In thousand of EUR	Czech Republic	Romania	Hungary	Other	Eliminations in consolidation	Total
Investment property	3,388,338	695,729	281,300	429,365		4,794,732
Investment property under development	243,901	78,190	60,167	58,469		440,727
Interest-bearing loans and borrowings from financial institutions	-1,983,335	-376,211	-135,016	-200,623		-2,695,185
Net rental Income	164,654	36,416	17,930	20,790		239,790
Net valuation result on IP	259,841	66,848	48,525	33,141		408,355
Interest expense	-38,689	-19,229	-8,144	-6,018	17,667	-54,413
Profit/loss before tax	313,204	85,292	55,323	52,404		506,223

Results of the segments as at 31 December 2018 is as follows:

In thousand of EUR	Czech Republic	Romania	Hungary	Other	Eliminations in consolidation	Total
Investment property	2,999,629	575,940	231,305	287,175		4,094,049
Investment property under development	196,031	52,947	18,519	47,860		315,357
Interest-bearing loans and borrowings from financial institutions	-1,590,221	-298,684	-103,875	-138,562		-2,131,342
Net rental Income	170,029	33,310	7,307	21,505		232,151
Net valuation result on IP	153,382	40,410	20,498	23,728		238,018
Interest expense	-39,494	-11,192	-4,663	-6,213	6,635	-54,927
Profit/loss before tax	280,466	61,537	22,537	59,335		423,875

## 7. Changes in the Group

In 2019, the Group has acquired the below mentioned subsidiaries:

Subsidiary	Acquisition date
Development OVA West a.s.	30 April 2019
CTP Invest XXX, spol. s r.o.	18 June 2019
CTP Bucharest A1 SRL	30 June 2019
CTP Borská Pole, spol. s r.o.	3 September 2019
CTP Lambda doo Beograd	31 December 2019

with the effect on the financial statement of the Group as follows:

In EUR thousand	Acquisitions 2019
Investment property	54,548
Investment property under development	427
Cash and cash equivalents	301
Trade and other receivables	1,008
<b>Total assets</b>	<b>56,284</b>
Trade and other liabilities	-4,414
Interest bearing loans	-31,191
<b>Total liabilities</b>	<b>-35,605</b>
Net assets acquired	20,679
Consideration paid	20,679
<b>Net cash outflow</b>	<b>20,378</b>

The acquisition was recognised as a property asset acquisition as acquired companies does not represent a business as defined by IFRS 3.

In 2018 the Group sold several SPV's of Portfolio A, owning investment properties in several parks in Bohemia, Czech Republic (refer to note 12). The effect of the sale of these SPV' s on the financial statements was as follows:

In EUR thousand	Portfolio A
Investment property	326,480
Investment property under development	53,475
Trade receivables	16,421
<b>Total assets</b>	<b>396,376</b>
Liabilities	-3,999
Deferred tax liability	-32,735
<b>Total liabilities</b>	<b>-36,734</b>
<b>Net assets sold</b>	<b>359,642</b>
Proceeds from sale of subsidiaries	391,974
<b>Gain on sale of subsidiaries</b>	<b>32,332</b>

In 2018, the Group has acquired CTPark Ten Kft. with net asset value as at date of acquisition of EUR 217 thousand for the consideration paid of EUR 23 thousand.

## 8. Gross rental income and service charge income

In EUR thousand	2019	2018
Industrial	216,404	203,441
Office	26,202	26,674
Retail	1,016	786
Other	14,364	11,059
<b>Total rental income</b>	<b>257,986</b>	<b>241,960</b>
<b>Service charge income</b>	<b>22,379</b>	<b>19,990</b>
<b>Total gross rental income and service charge income</b>	<b>280,365</b>	<b>261,950</b>

CTP leases out its investment property under operating leases. The operating leases are generally for terms of 5 - 15 years.

Service charge income represents fixed contractual income receivable from tenants for maintenance, cleaning, security, garbage management and usage of infrastructure.

The revenues were generated in the following countries where CTP operates:

In EUR thousand	2019	2018
Czech Republic	185,892	188,259
Romania	45,703	38,618
Hungary	24,307	12,224
Slovakia	20,237	18,614
Poland	1,786	2,497
Germany	1,476	1,542
Serbia	793	26
Austria	171	170
<b>Total gross rental income</b>	<b>280,365</b>	<b>261,950</b>

## 9. Property operating expenses

In EUR thousand	2019	2018
Maintenance and repairs	-23,159	-15,940
Park management expenses	-9,706	-7,590
Real estate tax	-5,448	-4,310
Insurance	-1,681	-1,112
Other	-581	-847
<b>Total property operating expenses</b>	<b>-40,575</b>	<b>-29,799</b>

The park management expenses represent expenses for utilities, park maintenance, cleaning, security and garbage management provided by external suppliers. These expenses are covered by the park management fees charged to the tenants.

## 10. Net operating income from hotel operations

In EUR thousand	2019	2018
Hotel operating revenue	17,312	16,805
Hotel operating expenses	-11,546	-10,681
<b>Net operating income from hotel operations</b>	<b>5,766</b>	<b>6,124</b>

Income from hotel operations is represented by sales revenues from operating three hotels in the Czech Republic.

Revenues from hotel operations are represented by very short-term contracts with customers. The hospitality services are invoiced nearly the same time as the respective service is provided.

## 11. Net income from development activities

In EUR thousand	2019	2018
Income from development activities	12,519	9,358
Expenses connected with development activities	-10,304	-7,891
<b>Net income from development activities</b>	<b>2,215</b>	<b>1,467</b>

Net income from development activities represents income from construction services provided by CTP to third party companies, straight-lined over the lease period.

## 12. Other income

In EUR thousand	2019	2018
Gains from sale of assets	5,842	45,357
Income from sale of electricity	3,254	3,185
Other income	1	1,151
<b>Total other income</b>	<b>9,097</b>	<b>49,693</b>

Gains from the sale of assets in 2019 consist of the sale of industrial property and land to external partners.

Gains from the sale of assets in 2018 particularly consists of gain from the sale of Portfolio A SPVs of EUR 32,332 thousand; gain from sale of a local distribution network in the amount of EUR 7,595 thousand; and gain from sale of buildings in Romania and Hungary in amount of EUR 4,808 thousand.

Gain from sale of Portfolio A includes a sale of 8 subsidiaries in the value of EUR 359,642 thousand. The selling price amounted to EUR 391,974 thousand.

In 2018, other income consists mainly of insurance indemnification and contractual penalties.

## 13. Other expenses (including administrative expenses)

In EUR thousand		2019	2018
Wages and salaries		-13,200	-11,335
Social security contributions		-2,811	-2,546
Other personnel expenses		-1,160	-967
Energy and material consumption		-1,446	-2,338
Legal, tax and audit		-3,289	-5,599
Fee for real estate consultants and brokers		-2,288	-2,464
Taxes and charges		-1,254	-2,035
Advertising and promotion expenses		-2,177	-1,881
Rent		-1,502	-2,086
Other		-5,202	-8,440
<b>Total other expenses</b>		<b>-34,329</b>	<b>-39,691</b>

Energy and material consumption include also cost for equipment and furniture, which due to its nature can be directly expensed to the profit and loss account. Other expenses include costs for insurance costs, gifts, donations, impairment on receivables etc.

The average number of equivalent employees working full-time in 2019 was 370 (2018 – 324 employees).

## 14. Net finance costs

In EUR thousand		2019	2018
Interest income		582	1,953
Interest expense		-54,413	-54,927
Other financial expenses		-18,552	-8,405
Other financial gains/losses		-44,809	1,361
<b>Net finance costs</b>		<b>-117,192</b>	<b>-60,018</b>

Interest expenses consist of interest from loans and borrowings and further from paid interest on financial derivatives. Other financial expenses comprise primarily of standard bank fees and arrangement fees for making available new loan facilities and other financial expenses. In 2019 the financial expenses also include prepayment fee in the amount of EUR 8,569 thousand for premature loan repayments enabling the syndicate refinancing of the Czech industrial Portfolio.

Other financial gains/losses comprise the change of the market value of the derivatives and foreign currency differences. Due to the premature termination of the derivatives related to the refinancing of the Czech industrial Portfolio an amount of EUR 31,705 thousand has been paid in June 2019.

## 15. Income tax expense

In EUR thousand		2019	2018
Current tax		-17,810	-12,630
Deferred tax		-91,688	-48,362
<b>Total income tax expense in income statement</b>		<b>-109,498</b>	<b>-60,992</b>

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. The income tax rate is valid for 2019 and is as well valid for the future periods when the Group expects to utilise the tax impacts from previous years.

## 16. Investment property

In EUR thousand	2019	2018
<b>BUILDINGS AND LAND</b>	<b>4,499,496</b>	<b>3,816,966</b>
industrial	3,828,858	3,236,725
office	554,332	458,995
hotels	108,012	103,892
retail	4,200	12,690
other	4,094	4,664
<b>LAND BANK</b>	<b>295,236</b>	<b>277,082</b>
<b>Total</b>	<b>4,794,732</b>	<b>4,094,048</b>

In EUR thousand	Owned buildings and land	Land Bank	Leased Assets	Total Investment Property
<b>BALANCE AT 1 JANUARY 2018</b>	<b>3,542,869</b>	<b>243,841</b>	<b>--</b>	<b>3,786,710</b>
Recognition of right-of-use asset on initial application of IFRS 16	--	--	5,492	5,492
Transfer from/to investment property under development	96,721	-9,491	--	87,230
Transfer from/to owned buildings and land	3,963	-3,963	--	0
Acquisitions	19,602	--	--	19,602
Additions / Disposals	202,869	35,686	--	238,555
Disposals of subsidiaries	-321,054	-5,426	--	-326,480
Transfer from asset held for sale	60,990	--	--	60,990
Valuation gains	247,468	36,540	--	284,008
Valuation losses	-41,954	-20,105	--	-62,059
<b>BALANCE AT 31 DECEMBER 2018</b>	<b>3,811,474</b>	<b>277,082</b>	<b>5,492</b>	<b>4,094,048</b>
<b>BALANCE AT 1 JANUARY 2019</b>	<b>3,811,474</b>	<b>277,082</b>	<b>5,492</b>	<b>4,094,048</b>
Transfer from/to investment property under development	100,038	22,384	--	122,422
Transfer from/to owned buildings and land	5,927	-5,927	--	0
Acquisitions	99,939	3,156	--	103,095
Additions / Disposals	207,705	705	--	208,410
Valuation gains	291,506	9,975	--	301,481
Valuation losses	-22,585	-12,139	--	-34,724
<b>BALANCE AT 31 DECEMBER 2019</b>	<b>4,494,004</b>	<b>295,236</b>	<b>5,492</b>	<b>4,794,732</b>

Owned buildings and land represent assets in CTP's legal ownership.

The land bank comprises the plots of land in CTP's ownership, on which development projects are to be carried out.

Investment property comprises a number of commercial properties that are leased to third parties.

All owned buildings and land are subject to bank collateral (refer to note 34). The most significant investment property additions in 2019 relate to completed construction of office facility in Brno, industrial properties in Žatec, Cerhovice, Mladá Boleslav and Plzeň in the Czech Republic and in Kragujevac in Serbia.

In 2018 the most significant investment property additions related to completed construction of industrial properties in Bucharest in Romania, in Tatabanya in Hungary, in Prague East - Nupaky and the office facility in Brno in the Czech Republic. Disposal of investment property in 2019 relate to sale of industrial property and land to external partners.

Disposal of investment property in 2018 consists mainly of the sale of industrial properties in Portfolio A SPVs in total value of EUR 326,480 thousand (refer to note 12. Other income and note 7 Changes in the Group.)

Acquisitions of investment property include property asset acquisitions described in note 7, and acquisitions of operating property from third parties.

### Fair value hierarchy

The fair value measurement for investment property has been categorised as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the year.

### Management's adjustments made in respect of valuations appraisals

The management of CTP did not make any adjustments to valuations appraisals and the carrying amounts of properties fully correspond to their fair values determined by independent valuers as at 31 December 2019.

The investment property is located in the following countries where CTP operates:

In EUR thousand	2019	2018
Czech Republic	3,388,338	2,999,629
Romania	695,729	575,940
Slovakia	314,620	217,802
Hungary	281,300	231,305
Poland	46,320	35,528
Serbia	43,562	11,108
Germany	15,862	16,192
Slovenia	4,588	2,131
Austria	2,780	2,780
Ukraine	1,633	1,633
<b>Total</b>	<b>4,794,732</b>	<b>4,094,048</b>

#### Sensitivity analysis on changes in assumptions of investment property valuation

CTP performed a sensitivity analysis on changes in investment property valuation except for land bank investment property as it is valued by comparable method. The table below presents the sensitivity of profit and loss before tax as at 31 December 2019 and 31 December 2018 due to changes in assumptions:

Completed investment properties as at 31 December 2019 in EUR thousand					
	Current average yield	Current market value	Increased yield by 25bp	FMV based upon increased yield	Effect of increase in yield by 25bp
Increase of 25bp in reversionary yield	6.97%	4,494,004	7.22%	4,338,300	-155,704
	Current rental income including ERV from vacant space	Decrease rental income by 500bp	FMV based upon decreased rental income	Effect of decrease in rental income by 500bp	Effect of increase in rental income by 500bp
Decrease of 500bp in estimated rental income	313,036	297,384	4,269,304	-224,700	224,700

Completed investment properties as at 31 December 2018 in EUR thousand					
	Current average yield	Current market value	Increased yield by 25bp	FMV based upon increased yield	Effect of increase in yield by 25bp
Increase of 25bp in reversionary yield	7.04%	3,811,474	7.29%	3,680,772	-130,702
	Current rental income	Decrease rental income by 500bp	FMV based upon decreased rental income	Effect of decrease in rental income by 500bp	Effect of increase in rental income by 500bp
Decrease of 500bp in estimated rental income	268,344	254,927	3,620,900	-190,574	190,574

## 17. Investment property under development

In EUR thousand	2019	2018
Balance at 1 January	315,357	310,089
Additions/disposals	105,613	127,050
Divestments	--	-53,475
Transfer from/to Investment property	-122,422	-87,230
Valuation gains	145,079	30,345
Valuation losses	-3,480	-14,277
Acquisition of subsidiaries	580	2,855
<b>Balance at 31 December</b>	<b>440,727</b>	<b>315,357</b>

The investment property under development comprises pipeline projects in several stages of completion and of land with planning permits in place which is still to be constructed but where pre-agreements with future tenants are available. The management estimates that all of the pipeline projects to be built will be completed in the coming two years.

Investment property under development is transferred to Investment property after final building approval (occupancy permit) has been obtained by the Group.

The investment property under development is located in the following countries where CTP operates:

In EUR thousand	2019	2018
Czech Republic	243,901	196,031
Romania	78,190	52,947
Hungary	60,167	18,519
Slovakia	48,107	43,610
Serbia	8,162	8
Poland	2,200	4,242
Total	440,727	315,357

**Fair value hierarchy**

The fair value measurement for investment property under development has been categorised as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the year.

**Sensitivity analysis on changes in assumptions of investment property under development valuation**

CTP performed a sensitivity analysis on changes in investment property under development valuation. The table below presents the sensitivity of profit and loss before tax as at 31 December 2019 and 31 December 2018:

INVESTMENT PROPERTIES UNDER DEVELOPMENT AS AT 31 DECEMBER 2019 IN EUR THOUSAND					
	Current average yield	Current market value at completion	Increased yield by 25bp	FMV based upon increased yield	Effect of increase in yield by 25bp
Increase of 25bp in reversionary yield	6.50%	709,770	6.75%	683,474	-26,296
		Current rental income (including ERV from vacant space)	Decrease rental income by 500bp	FMV based upon decreased rental income	Effect of decrease in rental income by 500bp
Decrease of 500bp in estimated rental income		46,120	43,814	674,281	-35,489
		Current rental income (including ERV from vacant space)	Increase rental income by 500bp	FMV based upon increased rental income	Effect of increase in rental income by 500bp
Increase of 500bp in estimated rental income		46,120	48,426	745,021	35,489

INVESTMENT PROPERTIES UNDER DEVELOPMENT AS AT 31 DECEMBER 2018 IN EUR THOUSAND					
	Current average yield	Current market value at completion	Increased yield by 25bp	FMV based upon increased yield	Effect of increase in yield by 25bp
Increase of 25bp in reversionary yield	6.13%	495,775	6.38%	476,334	-19,441
		Current rental income (including ERV from vacant space)	Decrease rental income by 500bp	FMV based upon decreased rental income	Effect of decrease in rental income by 500bp
Decrease of 500bp in estimated rental income		30,368	28,849	470,986	-24,789
		Current rental income (including ERV from vacant space)	Increase rental income by 500bp	FMV based upon increased rental income	Effect of increase in rental income by 500bp
Increase of 500bp in estimated rental income		30,368	31,886	520,168	24,789

An increase of developers’ profit by 2% in valuers’ assumptions will increase the developers profit and as a consequence will decrease the valuation gain by EUR 6,094 thousand (2018 – EUR 3,624 thousand).

## 18. Net valuation result on investment property

Reconciliation of valuation gains/losses recognised in statement of comprehensive income:

In EUR thousand	2019	2018
<b>Valuation gains</b>	<b>446,560</b>	<b>314,353</b>
out of which: Investment Property	301,481	284,008
Investment Property under development	145,079	30,345
<b>Valuation losses</b>	<b>-38,204</b>	<b>-76,336</b>
out of which: Investment Property	-34,724	-62,059
Investment Property under development	-3,480	-14,277
<b>Net valuation gains (- losses) on investment property</b>	<b>408,356</b>	<b>238,017</b>

## 19. Property, plant and equipment

In EUR thousand	Leased Property	Plant	Equipment	2019	2018
Balance at 1 January	704	20,079	33,437	54,220	33,858
Acquisitions	--	--	--	--	1,050
Additions	--	--	3,228	3,228	21,201
Disposals	--	--	-2,363	-2,363	-84
Valuation gain/loss on solar plants	--	-64	--	-64	2,063
Depreciation	-324	-1,183	-6,493	-8,000	-3,868
<b>Balance at 31 December</b>	<b>380</b>	<b>18,832</b>	<b>27,809</b>	<b>47,021</b>	<b>54,220</b>

Under Plant are presented the solar plants installed on the roofs of several buildings. The value of EUR 18,832 thousand (2018 – EUR 20,079 thousand) represents the fair value of the solar panels based upon the independent valuation report.

Under Equipment in the amount of EUR 27,809 thousand (2018 – EUR 33,437 thousand) is real estate infrastructure (roads, greenery, energy transformers etc.) including related equipment, and means of transport are presented.

Property, plant and equipment newly includes also right-of-use assets of EUR 380 thousand (2018 – EUR 704 thousand) related to leased properties that do not meet the definition of investment property (refer to note 27). The most significant addition in 2019 was the purchase of means of transport.

## 20. Contract assets

The contract assets in amount of EUR 32,343 thousand (2018 – EUR 33,730 thousand) represent capitalised cost of development extras and specific fit-outs.

## 21. Trade receivables and other assets

In EUR thousand	2019	2018
Trade receivables	39,616	31,338
Other assets	48,246	24,588
Tax receivables	25,255	23,863
<b>Total trade and other receivables</b>	<b>113,117</b>	<b>79,789</b>

Trade receivables consist primarily of receivables from rent and rent related income.

Other assets consist primarily of estimated receivables of EUR 4,519 thousand (2018 – EUR 319 thousand), advance payments and accrued income of EUR 9,460 thousand (2018 – EUR 12,140 thousand) and prepayments of EUR 34,267 thousand (2018 – EUR 12,129 thousand).

Short-term receivables overdue more than 6 months total EUR 4,208 thousand (2018 – EUR 3,654 thousand).

Total allowances to bad debts are EUR 4,114 thousand (2018 – EUR 3,718 thousand).

Trade and other receivables can be analysed as follows:

31 DECEMBER 2019	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	WEIGHTED AVERAGE LOSS RATE	CREDIT-IMPAIRED
Current (not past due)	27,637	-159	0.58%	27,478
1-30 days past due	6,389	-87	1.36%	6,302
31-60 days past due	2,034	-61	3.00%	1,973
61-90 days past due	929	-109	11.73%	820
91-183 days past due	784	-75	9.57%	709
184-365 days past due	1,177	-414	35.17%	763
Paid in more than 365 past due	3,031	-1,460	48.17%	1,571
<b>Total</b>	<b>41,981</b>	<b>-2,365</b>	<b>--</b>	<b>39,616</b>

31 DECEMBER 2018	GROSS CARRYING AMOUNT	LOSS ALLOWANCE	WEIGHTED AVERAGE LOSS RATE	CREDIT-IMPAIRED
Current (not past due)	15,718	-285	1.81%	15,433
1-30 days past due	4,887	-54	1.10%	4,833
31-60 days past due	1,636	-137	8.37%	1,499
61-90 days past due	6,425	-426	6.63%	5,999
91-183 days past due	1,592	-123	7.73%	1,469
184-365 days past due	576	-125	21.70%	451
Paid in more than 365 past due	3,078	-1,424	46.26%	1,654
<b>Total</b>	<b>33,912</b>	<b>-2,574</b>	<b>--</b>	<b>31,338</b>

## 22. Cash and cash equivalents

Cash and cash equivalents of EUR 63,821 thousand (2018 – EUR 46,284 thousand) consist of petty cash, cash at bank balances and cash in transit.

Restricted cash amounts to EUR 11,359 thousand and is presented under non-current trade and other receivables (2018 – EUR 23,234 thousand).

## 23. Equity

### CTP B.V.

#### Share capital

The issued capital of EUR 100 was fully paid.

#### Other capital funds

Addition to other capital funds of EUR 828,682 thousand represents contribution of parent company for the Group restructuring purposes.

### CTP Invest, spol. s r.o.

#### Share capital

The issue of EUR 74,019 thousand (2018 – EUR 74,019 thousand) was fully paid.

#### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements from the functional to the presentation currency (refer to note 4c).

#### Other capital funds

Decrease of other capital funds amounting to EUR 138,921 thousand represents a distribution to CTP Holding B.V. in relation to the restructuring of the Group made in the form of loan repayment.

#### Profit distribution

In 2018, the Group has paid dividends of EUR 1,140,386 thousand.

## 24. Interest-bearing loans and borrowings from financial institutions

In EUR thousand	2019	2018
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings from financial institutions	2,507,777	1,978,281
Balance at 31 December	2,507,777	1,978,281

In EUR thousand	2019	2018
<b>CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings from financial institutions	187,409	153,061
Balance at 31 December	187,409	153,061

Residual maturity of loans and borrowings from financial institutions as at 31 December 2019 is as follows:

# **BALANCE AS AT 31 DECEMBER 2019**

In EUR thousand	Due within			Due in follow. years	Total
	1 year	2 years	3-5 years		
<b>Erste Group</b>	<b>19,052</b>	<b>16,045</b>	<b>49,006</b>	<b>311,975</b>	<b>396,078</b>
Erste Group Bank AG	10,406	6,166	18,766	120,632	155,970
Česká spořitelna, a.s.	5,572	6,500	19,500	148,578	180,150
ERSTE Bank Hungary Zrt	1,798	2,072	6,548	30,491	40,909
Banca Comerciala Romana S.A.	1,276	1,307	4,192	12,274	19,049
<b>Raiffeisen International Group</b>	<b>69,435</b>	<b>39,603</b>	<b>225,672</b>	<b>2,818</b>	<b>337,527</b>
Raiffeisen Bank International AG	4,303	5,312	70,321	0	79,936
Raiffeisenbank, a.s.	9,169	6,126	124,054	0	139,349
Tatra banka, a.s.	53,174	18,816	0	0	71,989
RAIFFEISEN BANK S.A.	1,490	8,047	6,040	2,818	18,395
RAIFFEISEN BANK ZRT.	1,299	1,302	25,257	0	27,858
<b>UniCredit Bank Czech Republic and Slovakia, a.s.</b>	<b>40,533</b>	<b>44,435</b>	<b>78,266</b>	<b>217,461</b>	<b>380,695</b>
UniCredit Bank Czech Republic and Slovakia, a.s.	40,533	44,435	78,266	217,461	380,695
UniCredit Bank Hungary ZRT.	0	0	0	0	0
<b>KBC Group</b>	<b>9,078</b>	<b>10,498</b>	<b>41,042</b>	<b>222,868</b>	<b>283,486</b>
Československa obchodní banka, a.s.	9,078	10,498	41,042	222,868	283,486
Československa obchodná banka, a.s.	0	0	0	0	0
KERESKEDELMI ÉS HITELBANK ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG	0	0	0	0	0
<b>Société Générale Group</b>	<b>13,728</b>	<b>46,129</b>	<b>43,625</b>	<b>292,778</b>	<b>396,260</b>
Komerční banka, a.s.	8,386	39,983	24,405	180,049	252,823
BRD-Groupe Société Générale S.A.	4,101	4,885	14,655	100,355	123,996
SG Equipment Finance Czech Republic s.r.o.	987	1,007	3,805	8,552	14,352
Societe Generale Banka Srbija AD	254	254	761	3,822	5,090
Landesbank Hessen - Thüringen Girozentrale	0	0	0	0	0
<b>HYPO NOE AG</b>	<b>634</b>	<b>634</b>	<b>19,858</b>	<b>0</b>	<b>21,125</b>
<b>Raiffeisenlandesbank Niederösterreich-Wien AG</b>	<b>3,664</b>	<b>4,274</b>	<b>12,823</b>	<b>97,704</b>	<b>118,465</b>
Allianz Lebensversicherungs-Aktiengesellschaft + Allianz Private Krankenversicherungs-Aktiengesellschaft	0	0	0	0	0
Deutsche Pfandbriefbank AG	2,786	3,250	9,750	74,289	90,075
ING Bank N.V.	5,338	5,338	54,642	82,125	147,443
European Bank for Reconstruction and Development	1,557	1,557	29,548	0	32,663
Banca Transilvania SA	2,045	2,045	8,276	28,886	41,251
Všeobecná úverová banka, a.s.	0	0	0	0	0
<b>MONETA Money Bank, a.s.</b>	<b>4,329</b>	<b>4,329</b>	<b>8,658</b>	<b>0</b>	<b>17,316</b>
<b>Alpha Bank SA</b>	<b>1,759</b>	<b>1,886</b>	<b>13,301</b>	<b>18,485</b>	<b>35,431</b>
<b>Oberbank AG</b>	<b>2,118</b>	<b>2,363</b>	<b>13,147</b>	<b>40,953</b>	<b>58,581</b>
Oberbank AG pobočka Slovenská republika	171	173	538	3,808	4,690
Oberbank AG pobočka Česká republika	1,947	2,189	12,609	37,145	53,891
<b>Bancpost SA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Bank Polska Kasa Opieki S.A.	579	594	1,879	8,723	11,775
Banka Creditas a.s.	0	9,600	0	0	9,600
OTP Bank Nyrt.	1,724	1,939	6,175	22,182	32,020
Bank of China (Hungary) Close Ltd.	5,572	6,500	19,500	148,578	180,150
European Commercial Mortgages S.à.r.l.	1,398	1,398	4,193	35,314	42,303
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	1,725	1,724	5,173	43,576	52,198
DONAU Versicherung AG Vienna Insurance Group	355	355	1,065	8,969	10,744
<b>Subtotal</b>	<b>187,409</b>	<b>204,495</b>	<b>645,599</b>	<b>1,657,683</b>	<b>2,695,186</b>

Residual maturity of loans and borrowings from financial institutions as at 31 December 2018 is as follows:

# **BALANCE AS AT 31 DECEMBER 2018**

In EUR thousand	Due within			Due in follow. years	Total
	1 year	2 years	3-5 years		
<b>Erste Group</b>	<b>14,166</b>	<b>15,060</b>	<b>196,521</b>	<b>45,611</b>	<b>271,358</b>
Erste Group Bank AG	0	0	0	0	0
Česká spořitelna, a.s.	9,943	10,778	183,297	0	204,018
ERSTE Bank Hungary Zrt	0	0	0	0	0
Banca Comerciala Romana S.A.	4,223	4,282	13,224	45,611	67,340
<b>Raiffeisen International Group</b>	<b>35,556</b>	<b>48,440</b>	<b>245,085</b>	<b>28,193</b>	<b>357,274</b>
Raiffeisen Bank International AG	4,030	2,847	48,563	0	55,440
Raiffeisenbank, a.s.	19,193	9,780	150,883	28,193	208,049
Tatra banka, a.s.	10,477	34,068	16,935	0	61,480
RAIFFEISEN BANK S.A.	446	446	6,095	0	6,987
RAIFFEISEN BANK ZRT.	1,410	1,299	22,609	0	25,318
<b>UniCredit Bank Czech Republic and Slovakia, a.s.</b>	<b>15,922</b>	<b>44,361</b>	<b>107,570</b>	<b>137,868</b>	<b>305,721</b>
UniCredit Bank Czech Republic and Slovakia, a.s.	15,922	44,361	107,570	137,868	305,721
UniCredit Bank Hungary ZRT.	0	0	0	0	0
<b>KBC Group</b>	<b>10,109</b>	<b>10,808</b>	<b>96,583</b>	<b>176,702</b>	<b>294,202</b>
Československa obchodní banka, a.s.	7,221	7,971	87,699	137,162	240,053
Československa obchodná banka, a.s.	413	413	1,240	7,020	9,086
KERESKEDELMI ÉS HITELBANK ZÁRTKÖRŰEN MŰKÖDŐ RÉSZ-VÉNYTÁRSASÁG	2,475	2,424	7,644	32,520	45,063
<b>Société Générale Group</b>	<b>32,960</b>	<b>6,982</b>	<b>120,759</b>	<b>23,953</b>	<b>184,654</b>
Komerční banka, a.s.	31,574	5,573	116,390	8,840	162,377
BRD-Groupe Société Générale S.A.	0	0	0	0	0
SG Equipment Finance Czech Republic s.r.o.	1,132	1,155	3,608	11,038	16,933
Societe Generale Banka Srbija AD	254	254	761	4,075	5,344
<b>Landesbank Hessen - Thuringen Girozentrale</b>	<b>5,617</b>	<b>5,617</b>	<b>16,850</b>	<b>113,685</b>	<b>141,769</b>
<b>HYPO NOE AG</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Raiffeisenlandesbank Niederösterreich-Wien AG</b>	<b>4,297</b>	<b>4,377</b>	<b>75,753</b>	<b>0</b>	<b>84,427</b>
<b>Allianz Lebensversicherungs-Aktiengesellschaft + Allianz Private Krankenversicherungs-Aktiengesellschaft</b>	<b>4,000</b>	<b>4,000</b>	<b>12,000</b>	<b>76,000</b>	<b>96,000</b>
<b>Deutsche Pfandbriefbank AG</b>	<b>3,237</b>	<b>3,237</b>	<b>9,710</b>	<b>70,845</b>	<b>87,029</b>
<b>ING Bank N.V.</b>	<b>4,488</b>	<b>4,488</b>	<b>54,180</b>	<b>45,601</b>	<b>108,757</b>
<b>European Bank for Reconstruction and Development</b>	<b>4,086</b>	<b>3,363</b>	<b>35,631</b>	<b>18,940</b>	<b>62,020</b>
<b>Banca Transilvania SA</b>	<b>2,589</b>	<b>1,597</b>	<b>5,918</b>	<b>23,104</b>	<b>33,208</b>
<b>PPF banka, a.s.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Všeobecná úverová banka, a.s.</b>	<b>770</b>	<b>793</b>	<b>2,525</b>	<b>8,625</b>	<b>12,713</b>
<b>MONETA Money Bank, a.s.</b>	<b>10,868</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,868</b>
<b>Alpha Bank SA</b>	<b>660</b>	<b>660</b>	<b>1,980</b>	<b>8,442</b>	<b>11,742</b>
<b>Oberbank AG</b>	<b>1,098</b>	<b>1,118</b>	<b>8,909</b>	<b>4,196</b>	<b>15,321</b>
Oberbank AG pobočka Slovenská republika	0	0	0	0	0
Oberbank AG pobočka Česká republika	1,098	1,118	8,909	4,196	15,321
<b>Bancpost SA</b>	<b>448</b>	<b>448</b>	<b>1,344</b>	<b>8,548</b>	<b>10,788</b>
<b>Bank Polska Kasa Opieki S.A.</b>	<b>671</b>	<b>600</b>	<b>1,886</b>	<b>6,839</b>	<b>9,996</b>
<b>Banka Creditas a.s.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTP Bank Nyrt.</b>	<b>1,519</b>	<b>1,723</b>	<b>5,993</b>	<b>24,260</b>	<b>33,495</b>
<b>Garanti Bank</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Subtotal</b>	<b>153,061</b>	<b>157,672</b>	<b>999,197</b>	<b>821,412</b>	<b>2,131,342</b>

Interest rates for loans and borrowings are based on EURIBOR and PRIBOR, plus margins that vary from 1.55% to 3.40%. Some of the Group's borrowings have, among others, loan-to-value and debt service coverage ratio covenants. As at 31 December 2019 there were no breach of covenant conditions. Bank loans are secured by pledges of shares, real estate, receivables and cash at bank accounts.

The share pledges related to interest bearing loans are described in detail in note 34.

In 2019, the group secured the refinancing of the complete Czech Industrial portfolio by a syndicate loan facility for a total committed amount of EUR 1,888,500 thousand and another up to EUR 50,000 thousand uncommitted loan facility. The mandated lead arrangers are Este Bank group (Erste Bank group AG and Česká spořitelna a.s.) together with UniCredit Group (UniCredit S.p.A. and UniCredit Bank Czech Republic and Slovakia a.s.) and Société Générale Group (Société Générale S.A. and Komerční banka, a.s.).

Reconciliation of movements of liabilities to cash flows arising from financing activities

Interest bearing loans from financial institutions		
In EUR thousand	2019	2018
Balance as at 1 January	2,131,342	2,024,644
CHANGES FROM FINANCING CASH FLOWS		
Drawing of loans and borrowings	2,042,082	357,466
Repayment of the loans and borrowings	-1,508,800	-273,782
Acquisition through business combination	31,191	--
Disposal through sale of subsidiaries	--	23,014
Other adjustment	-629	--
Interest expense	45,444	48,301
Interest paid	-45,444	-48,301
Balance at 31 December	2,695,186	2,131,342

## 25. Contract liabilities

The contract liabilities represent capitalised revenues from extras development and development of specific fit-outs and relate to application of new IFRS 15.

In EUR thousand	2019	2018
Non-current contract liabilities	34,200	35,918
Current contract liabilities	7,630	7,244
Balance at 31 December	41,830	43,162

In 2019, the Group has recognised revenue of EUR 6,500 thousand (2018 – EUR 5,916 thousand) that was included in the contract liabilities as at 31 December 2018.

## 26. Trade and other payables

NON-CURRENT			CURRENT		
In EUR thousand	2019	2018	In EUR thousand	2019	2018
Non-current trade payables and other liabilities	16,322	11,646	Trade payables and other liabilities	168,024	144,538
Liabilities from operating leases	5,350	5,776	Liabilities from operating leases	426	420
Balance at 31 December	21,672	17,422	Corporate income tax liabilities	6,648	3,292
			Balance at 31 December	175,098	148,250

Trade payables and other liabilities consist primarily of liabilities for constructions works and liabilities related to acquisition of land.

## 27. Leases

### Leases as lessee

The Group leases various types of assets: offices, parking places, plots of land, other small assets. For short-term leases and leases of low-value items the Group has elected not to recognise right-of-use assets and related lease liabilities.

The leasing period of the offices differs significantly from one to seventeen years. Some leases provide for additional rent payments that are based on changes in local price indices and option to terminate the contract within less than twelve months.

Parking places are leased for period of several months up to indefinite period however with the option to terminate the leasing within several days up to 3 months.

Majority of plots of land are leased for indefinite period to operate the Group premises.

Information about leases for which the Group is a lessee is presented below.

**Right-of-use assets** related to leased assets that do not meet the definition of investment property are presented as property, plant and equipment (refer to note 19).

In EUR thousand	Property, plant and equipment	Investment property	Total
Balance at 1 January 2019	704	5,492	6,196
Additions	--	--	--
Disposals	--	--	--
Depreciation	-324	--	-324
Balance at 31 December 2019	380	5,492	5,872

### Amounts recognised in profit or loss

In EUR thousand	2019
Interest on lease liabilities	80
Expenses relating to short-term leases	91
Expenses relating to leases of low-value assets	10
Balance at 31 December 2019	181

### Amounts recognised in statement of cash flows

In EUR thousand	2019
Total cash outflows for leases	500

The remaining performance obligations as at 31 December 2019 are as follows:

In EUR thousand	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Lease payments	500	286	209	195	195	4,391	5,776

### Leases as lessor

The Group leases out its own investment property. All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Group during 2019 was EUR 257,986 thousand (2018 – EUR 241,960 thousand).

The following table set out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

In EUR thousand	< 1 year	2-5 years	> 5 years	Total
Lease payments	302,108	1,111,486	1,220,013	2,633,607

## 28. Financial derivatives

In EUR thousand	2019	2018
Receivables	740	1,449
Payables	-15,951	-16,173
<b>Total</b>	<b>-15,211</b>	<b>-14,724</b>

Accrued interest on derivatives	-174	--
<b>Total derivatives</b>	<b>-15,385</b>	<b>-14,724</b>

All financial derivatives were stated at fair value as at 31 December 2019 and categorised to Level 3 in the fair value hierarchy. For fair value determination, a market comparison technique was used.

As at 31 December 2019 CTP held the following financial instruments:

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2019 (in EUR thousand)
Interest rate swaps	2020 - 2026	3M Euribor	from -0.241% to -0.140%	EUR	112,320 EUR	420
Foreign exchange swaps	2020	N/A	N/A	EUR	25,000 EUR	320
<b>Total receivables from derivatives</b>						<b>740</b>

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2019 (in EUR thousand)
Interest rate swaps	2020 - 2027	3M Euribor	from -0.34% to 0.8%	EUR	2,045,280 EUR	-15,722
Interest rate swap	2020 - 2023	N/A	0.636%	EUR	10,904 EUR	-229
<b>Total liabilities from derivatives</b>						<b>-15,951</b>

As at 31 December 2018 CTP held the following financial instruments:

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2018 (in EUR thousand)
Interest rate swaps	2019 - 2023	1M Euribor / 3M Euribor	from -0.37% to 0 %	EUR	101,625EUR	228
Interest rate swaps	2022 - 2024	3M Pribor	from 0.68% to 1.3%	CZK	955,638 CZK	1,093
Foreign exchange swaps	2019	N/A	N/A	EUR	59,970 EUR	128
CAP	2019 - 2020	3M Euribor	from 1.5% to 4%	EUR	23,562 EUR	--
<b>Total receivables from derivatives</b>						<b>1,449</b>

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2018 (in EUR thousand)
Interest rate swaps	2019 - 2027	1M Euribor / 3M Euribor	from -0.252% to 0,8 %	EUR	1,020,617 EUR	-15,931
Interest rate swap	2024	3M Pribor	1.000%	CZK	106,631 CZK	-165
Foreign exchange swap	2019	n/a	n/a	EUR	10,000 EUR	-70
Cross currency interest rate swap	2019	0.00%	n/a	EUR/CHF	2,496 EUR/ 2 822 CHF	-7
<b>Total liabilities from derivatives</b>						<b>-16,173</b>

## 29. Deferred tax liability

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The recognised deferred tax assets and liabilities are attributable to the following:

In EUR thousand	2019			2018		
	Assets	Liability	Net	Assets	Liability	Net
<b>TEMPORARY DIFFERENCES</b>						
Investment property	23,878	-2,622,192	-2,598,314	23,335	-2,233,912	-2,210,577
Tax losses	8,862	7,915	16,777	8,352	5,398	13,750
Property, plant and equipment	13,875	3,888	17,763	13,836	3,929	17,764
Other (receivables, hedge accounting etc.)	1,830	--	1,830	2,418	--	2,419
Total temporary differences	<b>48,445</b>	<b>-2,610,389</b>	<b>2,561,944</b>	<b>47,941</b>	<b>-2,224,585</b>	<b>-2,176,644</b>
Average tax rate (majority of deferred tax arises in the Czech Republic)	18.82%			17.87%		
Deferred tax liability	9,119	-491,356	-482,237	8,568	-397,577	-389,009
<b>Change of deferred tax in period ended 31 December</b>	<b>-93,229</b>			<b>-14,833</b>		
Deferred tax recorded in statement of comprehensive income	-91,688			-48,362		
Deferred tax related to disposals	--			32,735		
Deferred tax recorded in translation reserve	-1,541			845		
Deferred tax from asset held for sale	--			-1,773		
Deferred tax from new IFRS implementation	--			1,722		

### Reconciliation of effective income tax

In EUR thousand	2019		2018	
	Tax base	Tax	Tax base	Tax
Profit / Loss before income tax	505,703	95,189	423,875	75,755
Average tax rate	18.8%		17.9%	
Tax non-deductible expenses	64,741	12,186	73,417	13,121
Tax exempt income	-976	-184	-145,478	-26,000
Other items	12,251	2,306	-10,540	-1,884
<b>Tax base</b>	<b>581,719</b>	<b>109,498</b>	<b>341,274</b>	<b>60,992</b>

## 30. Subsidiaries

The Company had the following investments in subsidiaries as at 31 December 2019 and 31 December 2018 respectively:

SUBSIDIARIES	COUNTRY	Ownership		NOTE
		2019	2018	
CTP Immobilienverwaltung GmbH	Austria	100%	100%	
CTPark Beta EOOD	Bulgaria	100%	0%	1/
CTP Invest EOOD (formerly CTPark Alpha, EOOD)	Bulgaria	100%	100%	
CTPark Delta EOOD	Bulgaria	100%	0%	1/
CTPark Gamma EOOD	Bulgaria	100%	0%	1/
CTP Beta, spol. s r.o. (formerly CTP Property Czech, S. a r.l.)	Czech Republic	100%	100%	
Bohemia Pilz s.r.o.	Czech Republic	100%	100%	
COPOK s.r.o.	Czech Republic	100%	100%	
CTFinance s.r.o.	Czech Republic	100%	100%	
CTP Alpha, spol. s.r.o. (formerly CTP Property XXII, spol. s.r.o.)	Czech Republic	100%	100%	
CTP Bohemia South, spol. s.r.o. (formerly CTP Property XI, spol. s.r.o.)	Czech Republic	100%	100%	
CTP Borská Pole, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Brno I, spol. s.r.o.	Czech Republic	100%	100%	
CTP Brno II, spol. s.r.o.	Czech Republic	100%	100%	
CTP Brno III, spol. s.r.o.	Czech Republic	100%	100%	
CTP Brno IV, spol. s.r.o.	Czech Republic	100%	100%	
CTP Brno V, spol. s.r.o.	Czech Republic	100%	100%	
CTP CEE Properties, spol. s.r.o. (formerly CTP Property Lux S.á.r.l.)	Czech Republic	100%	100%	
CTP CEE Sub Holding, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Divišov I, spol. s.r.o.	Czech Republic	100%	100%	
CTP Finance, a.s.	Czech Republic	100%	100%	
CTP Hotel operations Prague, spol. s.r.o. (formerly Hotel Operations EUROPORT s.r.o.)	Czech Republic	100%	100%	
CTP Hotel Pilsen, spol. s.r.o. (formerly 2P , s.r.o.)	Czech Republic	100%	100%	
CTP Hotel Prague, a.s. (formerly Europort Airport Center a.s.)	Czech Republic	100%	100%	
CTP Industrial Property CZ, spol. s.r.o.	Czech Republic	100%	100%	
CTP Infrastructure, a.s.	Czech Republic	100%	100%	
CTP Invest 1, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest III, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest IV, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest IX, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest VII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest X, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XIII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XIV, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XIX, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XV, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XVI, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XVII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XVIII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XX, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XXI, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XXII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XXIII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Invest XXIV, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Invest XXV, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Invest XXVI, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Invest XXVII, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Invest XXVIII, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Invest XXX, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Karviná, spol. s.r.o.	Czech Republic	100%	100%	
CTP Louny, spol. s.r.o.	Czech Republic	100%	100%	

Ownership				
SUBSIDIARIES	COUNTRY	2019	2018	NOTE
CTP Moravia South, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Omega, spol. s.r.o.	Czech Republic	100%	100%	
CTP Pohořelice I, spol. s.r.o.	Czech Republic	100%	100%	
CTP Portfolio Finance CZ, spol. s.r.o.	Czech Republic	100%	100%	
CTP Products I, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property Bulgaria, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Property Czech, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property II, a.s.	Czech Republic	100%	100%	
CTP Property III, a.s., v likvidaci	Czech Republic	100%	100%	
CTP Property IV s.r.o.	Czech Republic	100%	100%	
CTP Property IX, a.s.	Czech Republic	100%	100%	
CTP Property Romania, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Property Serbia, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP Property V, a.s.	Czech Republic	100%	100%	
CTP Property XIV, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XIX, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XVI, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XVIII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XX, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXI, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXIII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXIX, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXVI, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXVII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXVIII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXX, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXXI, spol. s.r.o.	Czech Republic	100%	100%	
CTP Property XXXII, spol. s.r.o.	Czech Republic	100%	100%	
CTP Solar I, a.s. (formerly CTP Property, a.s.)	Czech Republic	100%	100%	
CTP Solar II, a.s. (formerly CTP Property VIII, a.s.)	Czech Republic	100%	100%	
CTP Solar III, spol. s.r.o. (formerly CTP Invest VIII, spol. s.r.o.)	Czech Republic	100%	100%	
CTP Solar, a.s.	Czech Republic	100%	100%	
CTP Vlněna Business Park, spol. s.r.o. (formerly CTP Property XVII, spol. s.r.o.)	Czech Republic	100%	100%	
CTP Vysočina, spol. s.r.o.	Czech Republic	100%	0%	1/
CTP, spol. s.r.o.	Czech Republic	100%	100%	
CTPark Bor, spol. s.r.o.	Czech Republic	100%	100%	
CTPark Brno Campus s.r.o.	Czech Republic	100%	100%	
CTPark Brno I, spol. s.r.o.	Czech Republic	100%	0%	1/
CTPark Brno II, spol. s.r.o. (formerly CTP Property X, spol. s.r.o.)	Czech Republic	100%	100%	
CTPark Brno III, spol. s.r.o. (formerly Bor Logistics, spol. s.r.o.)	Czech Republic	100%	100%	
CTPark Brno Retail, spol. s.r.o.(formerly Brno Retail, spol. s.r.o.)	Czech Republic	100%	100%	
CTPark České Budějovice, a.s. (formerly Kaufpark a.s.)	Czech Republic	100%	100%	
CTPark Mladá Boleslav II, spol. s.r.o.	Czech Republic	100%	100%	
CTPark Mladá Boleslav, spol. s.r.o.	Czech Republic	100%	0%	1/
CTPark Ostrava, spol. s.r.o.	Czech Republic	100%	0%	1/
CTPark Prague Airport. spol. s.r.o.	Czech Republic	100%	100%	
CTPark Prague East, spol. s.r.o.	Czech Republic	100%	100%	
CTPark Prague North II, spol. s.r.o.	Czech Republic	100%	100%	
CTPark Prague North III, a.s. (formerly DUNSTAR a.s.)	Czech Republic	100%	100%	
CTPark Prague West, spol. s.r.o. (formerly CTP Invest XI, spol. s.r.o.)	Czech Republic	100%	100%	
CTPark Stříbro, spol. s.r.o. (formerly Waystone CZ s.r.o.)	Czech Republic	100%	100%	
CTPersonnel Bor, spol. s.r.o.	Czech Republic	100%	100%	

Ownership				
SUBSIDIARIES	COUNTRY	2019	2018	NOTE
CTZone Ostrava, a.s.	Czech Republic	100%	100%	
Development OVA West, a.s.	Czech Republic	100%	0%	1/
EP Kadan s.r.o.	Czech Republic	100%	100%	
EP Karvina s.r.o.	Czech Republic	100%	100%	
Hotel Operations Brno, spol. s.r.o.	Czech Republic	100%	100%	
Hotel Operations Plzeň s.r.o.	Czech Republic	100%	100%	
KOMERČNÍ ZÓNA NUPAKY, s.r.o.	Czech Republic	100%	100%	
LORNOKA REAL ESTATE, s.r.o.	Czech Republic	100%	100%	
Multidisplay s.r.o.	Czech Republic	100%	100%	
Spielberk Business Park II, spol. s.r.o. (formerly CTP INVEST V, spol. s.r.o.)	Czech Republic	100%	100%	
Spielberk Business Park, spol. s.r.o. (formerly Spielberk Office Center, spol. s.r.o.)	Czech Republic	100%	100%	
CTP Germany GmbH	Germany	100%	100%	
CTP Germany II GmbH (formerly Jade Dienst GmbH)	Germany	100%	100%	
DN Beteiligungs GmbH	Germany	100%	100%	
Jade-Shipping Betriebs GmbH & Co. KG	Germany	100%	100%	
Jade-Shipping I GmbH	Germany	100%	100%	
TGM GmbH	Germany	100%	100%	
CTP Invest Hungary Kft.	Hungary	100%	100%	
CTP Management Hungary Kft.	Hungary	100%	100%	
CTPark Alpha Kft.	Hungary	100%	100%	
CTPark Arrabona Kft.	Hungary	100%	100%	
CTPark Beta Kft.	Hungary	100%	100%	
CTPark Biatorbágy Kft.	Hungary	100%	100%	
CTPark Delta Kft.	Hungary	100%	100%	
CTPark Eight Kft.	Hungary	100%	100%	
CTPark Eleven Kft.	Hungary	100%	0%	1/
CTPark Gamma Kft.	Hungary	100%	100%	
CTPark Nine Kft.	Hungary	100%	100%	
CTPark Seven Kft.	Hungary	100%	100%	
CTPark Ten Kft.	Hungary	100%	100%	
CTPark Twelve Kft.	Hungary	100%	0%	1/
Mavo Lux S.à r.l.	Luxembourg	100%	100%	
CTP Alpha S.R.L.	Moldova	100%	100%	
CTP Invest S.R.L.	Moldova	100%	100%	
Multifin B.V.	Netherlands	100%	100%	
CTP Property B.V (formerly CTP Invest B.V.)	Netherlands	100%	100%	
BPROJECT 1 Sp. z o.o.	Poland	100%	0%	1/
CTP Alpha Poland Sp. Z.o.o.	Poland	100%	100%	
CTP Beta poland Sp. z o.o.	Poland	100%	0%	1/
CTP Delta Poland Sp. Z o. o.	Poland	100%	0%	1/
CTP Gamma Poland Sp. Z o. o.	Poland	100%	0%	1/
CTP Invest Poland Sp. z o.o.	Poland	100%	100%	
CTPark Iłowa Sp. z o.o.	Poland	100%	100%	
GreenPark Resi I Sp. z o.o.	Poland	100%	100%	
GreenPark Resi II Sp. z o.o.	Poland	100%	100%	
CTP CONTRACTORS SRL	Romania	100%	100%	
CENTURA PROPERTY HOLDINGS S.A.	Romania	100%	100%	
CTP INVEST BUCHAREST SRL	Romania	100%	100%	
CTPARK ALPHA SRL	Romania	100%	100%	
CTPARK BETA SRL	Romania	100%	100%	
CTPark Bucharest A1 SRL	Romania	100%	0%	1/
CTPARK BUCHAREST SRL	Romania	100%	100%	

Ownership

SUBSIDIARIES	COUNTRY	2019	2018	NOTE
CTPARK BUCHAREST WEST I SRL	Romania	100%	100%	
CTPARK DELTA SRL	Romania	100%	100%	
CTPARK EPSILON SRL	Romania	100%	100%	
CTPARK ETA SRL	Romania	100%	100%	
CTPARK GAMMA SRL	Romania	100%	100%	
CTPARK IOTA SRL	Romania	100%	100%	
CTPARK KAPPA SRL	Romania	100%	100%	
CTPARK KM23 NORTH SRL	Romania	100%	100%	
CTPARK KM23 SOUTH SRL	Romania	100%	100%	
CTPARK KM23 WEST SRL	Romania	100%	100%	
CTPARK LAMBDA SRL	Romania	100%	100%	
CTPARK MIU SRL	Romania	100%	100%	
CTPARK OMEGA SRL	Romania	100%	100%	
CTPARK OMICRON SRL	Romania	100%	100%	
CTPARK PHI SRL	Romania	100%	100%	
CTPARK PSI SRL	Romania	100%	100%	
CTPARK RHO SRL	Romania	100%	100%	
CTPARK SIGMA SRL	Romania	100%	100%	
CTPARK TAU SRL	Romania	100%	100%	
CTPARK THETA SRL	Romania	100%	100%	
CTPARK ZETA SRL	Romania	100%	100%	
DEVA LOGISTIC CENTER S.A.	Romania	100%	100%	
H.E.E. (MERCURY) PROPRIETATI SRL	Romania	100%	100%	
Universal Management SRL	Romania	75%	75%	
CTP Epsilon doo Beograd-Novi Beograd	Serbia	100%	0%	1/
CTP Alpha doo Beograd-Novi Beograd	Serbia	100%	100%	
CTP Beta doo Beograd-Novi Beograd	Serbia	100%	100%	
CTP Delta doo Beograd-Novi Beograd	Serbia	100%	100%	
CTP Gamma doo Beograd-Novi Beograd	Serbia	100%	100%	
CTP Invest doo Beograd-Novi Beograd	Serbia	100%	100%	
CTP Iota doo Beograd-Novi Beograd	Serbia	100%	0%	1/
CTP Kappa doo Beograd-Novi Beograd	Serbia	100%	0%	1/
CTP Zeta doo Beograd-Novi Beograd	Serbia	100%	0%	1/
Expo Site doo Beograd	Serbia	100%	0%	1/
ABL Slovakia s.r.o.	Slovakia	100%	0%	1/
AHT Slovakia, s.r.o.	Slovakia	100%	0%	1/
AZQ Slovakia s.r.o.	Slovakia	100%	0%	1/
CTP Alpha SK, spol. s.r.o.	Slovakia	100%	90%	2/
CTP Beta SK, spol. s.r.o.	Slovakia	100%	90%	2/
CTP Invest SK, spol. s.r.o.	Slovakia	90%	90%	
CTP Land SK, spol. s.r.o.	Slovakia	100%	0%	1/
CTP Slovakia, s.r.o.	Slovakia	100%	100%	
CTPark Bratislava, spol. s.r.o.	Slovakia	100%	100%	
CTPark Košice, spol. s.r.o.	Slovakia	100%	100%	
CTPark Nitra, s.r.o.	Slovakia	100%	100%	
CTPark Nove Mesto, spol. s.r.o.	Slovakia	100%	100%	
CTPark Žilina, spol. s.r.o.	Slovakia	100%	100%	
Nitra Park II, s.r.o.	Slovakia	100%	100%	
CTP Ljubljana, d.o.o.	Slovenia	100%	100%	
CTPark Alpha, d.o.o.	Slovenia	100%	100%	
CTPark Lviv LLC	Ukraine	100%	100%	
CTPark Ukraine LLC	Ukraine	100%	100%	
IQ Lviv LLC	Ukraine	100%	100%	

1/ Newly acquired or newly established subsidiaries in 2019

2/ Minority ownership bought from CTP Holding B.V.

Newly acquired or established subsidiaries create part of the Group since date of their acquisition or incorporation.

## 31. Related parties

CTP has a related party relationship with its directors and executive officers and other companies whose equity holders is Multinvest B.V. This entity is the ultimate parent of CTP.

In 2019 and 2018 CTP had the following revenues and expenses with related parties:

In EUR thousand	2019		2018	
	Revenues	Expenses	Revenues	Expenses
Multinvest B.V. - interest	--	-2,478	--	-1,948
CTP Holding B.V.	--	-928	--	-27
CTP Energy TR, a.s.	70	--	--	-3
Finspel B.V. - interest (part of group until 28.06.2019)	--	--	628	--
MaVo Lux S.a.r.L.	10	--	8	--
CTP Solar, a.s.	--	-4	--	-4
<b>Total</b>	<b>80</b>	<b>-3,410</b>	<b>636</b>	<b>-1,982</b>

As at 31 December 2019 and 2018, CTP has the following current receivables and loans to and current liabilities and loans from related parties:

In EUR thousand	2019		2018	
	Receivables	Payables	Receivables	Payables
CTP Holding B.V.	13	-60,005	90	-131
Mavo Lux S.a r.l.	25	--	--	--
Multifin B.V. (in group from 31.12.2019)	--	--	199	--
Multinvest B.V.	104	--	--	--
Other	1	--	7	-36
<b>Total</b>	<b>143</b>	<b>-60,005</b>	<b>296</b>	<b>-167</b>

As at 31 December 2019 and 2018, CTP has the following non-current receivables and loans provided to and non-current liabilities and loans received from related parties:

In EUR thousand	2019		2018	
	Receivables	Payables	Receivables	Payables
CTP Energy TR, a.s.	--	--	--	-74
CTP Germany II GmbH	7,037	--	--	--
CTP Holding B.V.	46,938	-31	6,657	-928,815
CTP Solar, a.s.	2	-78	4	-104
Jade-Shipping I GmbH	279	--	--	--
Mavo Lux S.a.r.l.	--	--	345	--
Multifin B.V.	--	--	8,461	--
Mutinvest B.V.	--	-40,972	--	-38,190
Other	1	--	--	-16
<b>Total</b>	<b>54,257</b>	<b>-41,081</b>	<b>15,467</b>	<b>-967,199</b>

Other non-current non-trade receivables from and non-trade liabilities to related parties are interest bearing and bear interest in a range of 2.3% - 5% depending on the maturity, collateralisation, subordination, country risk and other specifics.

Executive management

The average number of executives and remuneration paid for the period ended 31 December 2019 and 31 December 2018 were as follows:

	2019	2018
Number of employees	18	18
Personnel expenses (in EUR thousand)	3,242	2,930

Personnel expenses of executive management include only short-term employee benefits.

32. Risk policies

Exposure to various risks arises in the normal course of CTP’s business. These risks include credit risk, capital risk, operational risk, market risk including foreign currency risk, interest rate and liquidity risk.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to CTP. The management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed for all customers requiring credit over a certain amount. CTP usually does not require collateral from its tenants. For most tenants, a parent company guarantee or a solvent tenant group company guarantee is in place.

Investments can be made only in liquid securities and only with counterparties that have a credit rating equal to or better than CTP. Given their high credit ratings, the management does not expect any counterparty to fail to meet its obligations.

As at the reporting date there were no significant concentrations of credit risk towards third parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. CTP has bank accounts with prestigious banking institutions, where no risk is expected. CTP monitors regularly the financial position of the related parties and the related credit risk.

Credit risk concentration:

In EUR thousand	2019	2018
Amounts due from banks	75,180	69,518
Amounts due from financial derivatives	740	1,449
Amounts due from related parties	54,400	15,763
Amounts due from third parties	94,453	63,326
Amounts due from tax institutions	18,664	16,463
Total	243,437	166,519

CTP discloses significant amounts of receivables towards related parties. Receivables towards related parties are partly covered by the liabilities to related parties and assets held by the related parties. If the related parties breach the repayment of CTP receivables and CTP is not able to set off receivables against liabilities, CTP will be exposed to significant credit risk. CTP does not expect breach of repayment.

Capital risk

CTP’s policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. CTP manages its capital to ensure that entities in CTP will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. CTP’s overall strategy remains unchanged compared to 2018.

CTP as property investor is mainly influenced by the fact that it leverages its project financing by using bank debts. There is no real seasonality impact on its financial position but rather the volatility of financial markets that might positively or negatively influence CTP’s financial position.

The capital structure of CTP consists of a debt, which includes the borrowings disclosed in note 24.

### Net gearing ratio:

The gearing ratio calculated below compares debt to equity, where debt is defined as the sum of long-term and short-term interest-bearing loans and borrowings from financial institutions and equity including all capital and reserves of the Group, including non-controlling interests.

In EUR thousand	2019	2018
Debt	2,695,186	2,131,342
Equity	2,035,163	953,079
Gearing ratio	132%	224%

The loan to value (value is the fair value of the properties) ratio of CTP properties (calculated as a share of interest-bearing loans from financial institutions and lease payables on investment property, investment property under construction and plant and equipment) is approximately 51 % at 31 December 2019 (2018 – 48 %) which is seen as appropriate within the financial markets where CTP is operates. As properties are leased for a long-term period and CTP has agreed with its financial institutions, CTP expects to fulfill financial covenants in the future.

### Operational risk

Operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss from external events. CTP assesses these risks on a regular basis and undertakes measures aimed at systematic detection and minimisations of these risks. During 2019, operational risk management activities concentrated on improving the management information systems containing information about individual projects and related legal documentation.

With respect to areas with an identified significant risk, CTP operates a set of key risk indicators that serve as an early-warning system and as a measurement of operational risks taken.

### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect CTP's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return.

### Foreign currency risk

Currency risk is managed mainly by making, when possible, investments in the same currency as the financing sources utilised. The currency risk during the period of repayment of liabilities to third parties is usually offset by generating revenues denominated in the same underlying currency. CTP pays for construction of buildings in local currency and therefore has foreign currency risk during the construction period. CTP uses derivative financial instruments (FX forwards) to hedge against the exposure to foreign currency risk arising on forecast transactions.

As at 31 December 2019 CTP analyzed the impact of the foreign exchange rate variances on its assets and liabilities and on its statement of comprehensive income. The impact is not considered to be significant as a majority of financial instruments is denominated in EUR.

Foreign currency exchange risk is limited and arises from recognised monetary assets and liabilities. Below we disclose the currency risk based on the functional currency (EUR) of the operating subsidiaries of the Sub-groups.

In EUR thousand	CZK	RON	PLN	HUF	2019 Total
Trade and other receivables	18,797	24,036	1,605	5,958	50,396
Cash and cash equivalents	6,129	9,423	1,542	1,801	18,895
<b>Total financial assets</b>	<b>24,926</b>	<b>33,459</b>	<b>3,147</b>	<b>7,759</b>	<b>69,291</b>
Interest-bearing loans and borrowings incl. loans from related parties	-17,316	-2,030	--	--	-19,346
Trade and other payables	-109,192	-15,952	-326	-4,368	-129,838
<b>Total financial liabilities</b>	<b>-126,508</b>	<b>-17,982</b>	<b>-326</b>	<b>-4,368</b>	<b>-149,184</b>
<b>Net position</b>	<b>-101,582</b>	<b>15,477</b>	<b>2,821</b>	<b>3,391</b>	<b>-79,893</b>

In EUR thousand	CZK	RON	PLN	HUF	2018 Total
Loans provided to related parties	768	--	--	--	768
Trade and other receivables	34,220	54,768	7,453	6,575	103,016
Cash and cash equivalents	8,301	8,458	1,410	1,225	19,394
<b>Total financial assets</b>	<b>43,289</b>	<b>63,226</b>	<b>8,863</b>	<b>7,800</b>	<b>123,178</b>
Interest-bearing loans and borrowings incl. loans from related parties	-69,503	-2,211	-85	--	-71,799
Trade and other payables	-91,173	-68,590	-1,294	-875	-161,932
<b>Total financial liabilities</b>	<b>-160,676</b>	<b>-70,801</b>	<b>-1,379</b>	<b>-875</b>	<b>-233,731</b>
<b>Net position</b>	<b>-117,387</b>	<b>-7,575</b>	<b>7,484</b>	<b>6,925</b>	<b>-110,553</b>

### Sensitivity analysis

A strengthening / weakening of EUR, as indicated below, against other currencies at the reporting date would have increased / decreased the equity by the amounts shown in the following table. This analysis is based on foreign currency exchange rate variances that the Sub-groups considered to be reasonably likely at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

In EUR thousand	2019	2018
Net position on financial assets and liabilities denominated in EUR	-79,893	-110,553
<b>EFFECT ON PROFIT OR LOSS AND ON EQUITY OF:</b>		
CZK strengthening by 5%	-5,079	-5,869
CZK weakening by 5%	5,079	5,869
RON strengthening by 5%	774	-379
RON weakening by 5%	-774	379

### Interest rate risk

The interest rate risk arises mainly from the floating interest rates applicable to debt financing. Bank loans usually have flexible interest rates based on EURIBOR or PRIBOR rates for the reference period from 1 months to 6 months increased by a fixed margin. In 2019 and 2018, CTP entered into transactions with the financial institutions to hedge the interest rate risk (refer to note 28). CTP mitigated the interest rate risk by holding interest rate swaps, interest rate caps and interest rate collars.

The interest rate profile of the Sub-group's interest-bearing financial instruments as reported to the management of the Group is as follows.

Fixed-rate instruments	2019	2018
Receivables from related parties	54,400	15,763
Loans from related parties	-101,470	-967,366
Notional amount of hedge	-2,168,504	-1,393,730
Variable- rate instruments	2019	2018
Non hedged part of bank loans	-526,682	-737,612

## Sensitivity analysis

A reasonably possible change of 0.25% in the interest rates at the reporting date would have increased (decreased) profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

2019 INTEREST RATE SENSITIVITY ANALYSIS						
In EUR thousand	Bank loans	Notional amount hedged	% hedge	Loans with variable interest	Effect on result in case of interest rate increase by 25bp	Effect on result in case of interest rate decrease by 25bp
Interest-bearing loans and borrowings	2,695,186	2,168,504	80.5%	526,682	-1,317	1,317
<b>Total</b>	<b>2,695,186</b>	<b>2,168,504</b>	<b>80.5%</b>	<b>526,682</b>	<b>-1,317</b>	<b>1,317</b>

2018 INTEREST RATE SENSITIVITY ANALYSIS						
In EUR thousand	Bank loans	Notional amount hedged	% hedge	Loans with variable interest	Effect on result in case of interest rate increase by 25bp	Effect on result in case of interest rate decrease by 25bp
Interest-bearing loans and borrowings	2,131,342	1,393,730	65.4%	737,612	-1,844	1,844
<b>Total</b>	<b>2,131,342</b>	<b>1,393,730</b>	<b>65.4%</b>	<b>737,612</b>	<b>-1,844</b>	<b>1,844</b>

## Liquidity risk

Liquidity risk is the risk that CTP will not be able to meet its financial obligations as they fall due. With respect to the nature of its business and its assets, CTP is naturally exposed to a certain amount of liquidity risk. CTP manages liquidity risk by constantly monitoring forecast and actual cash flow, financing its investment property portfolio by long-term financing, and refinancing where appropriate, and uses rent income to settle short-term liabilities.

The table below shows liabilities at 31 December 2019 and 31 December 2018 by their remaining contractual maturity. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

2019 CONTRACTUAL CASH FLOWS					
In EUR thousand	Until 3 months	3 - 12 Months	Between 1 -5 years	Over 5 years	Total
Interest-bearing loans and borrowings	24,206	165,565	912,632	1,810,093	2,912,496
Loans to related parties	--	61,431	49,276	--	110,707
Derivative financial liabilities	881	2,629	10,465	2,310	16,285
Lease liabilities	125	378	1,142	4,487	6,132
Trade and other payables	157,843	10,958	21,805	--	190,606
<b>Total</b>	<b>183,055</b>	<b>240,961</b>	<b>995,320</b>	<b>1,816,890</b>	<b>3,236,226</b>

2018 CONTRACTUAL CASH FLOWS					
In EUR thousand	Until 3 months	3 - 12 Months	Between 1 -5 years	Over 5 years	Total
Interest-bearing loans and borrowings	25,905	129,101	1,245,254	899,857	2,300,117
Loans to related parties	168	--	980,913	--	981,081
Derivative financial liabilities	919	2,783	11,771	854	16,327
Trade and other payables	133,655	9,778	22,233	--	165,666
<b>Total</b>	<b>160,647</b>	<b>139,833</b>	<b>2,260,171</b>	<b>900,711</b>	<b>3,463,191</b>

## Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained, as appropriate, from quoted market prices, discounted cash flow projections and other valuation models. To estimate the fair value of individual classes of financial instruments, the following methods and assumptions are used:

### Cash and cash equivalents, short-term investments

The book value of cash and other short-term investments approximates their fair value, as these financial instruments have a relatively short maturity.

### Receivables and payables

The book value of short-term receivables and payables approximates their fair value, as these financial instruments have a short maturity.

### Short-term loans

The book value approximates their fair value, as these instruments have a floating interest rate and a short maturity.

### Long-term loans

The book value of long-term loans and other liabilities with different interest rates approximates their fair values.

### Derivatives

The fair value of derivatives is based on their market value.

### Investment property

Investment property is stated at fair value based upon a discounted cash flow calculation for a 10-year period. The cash flow assumes a 10-year holding period with the exit value calculated on the 11th year income (refer to note 5b).

### Investment property under development

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (refer to note 5c).

## 33. Contingent liabilities

### Issued guarantees

Under Guarantee agreements concluded following the sale of a portfolio of companies forming CTPark Plzeň, CTPark Teplice I & II and CTPark Prague North I, CTP Invest, spol. s r.o. and CTP CEE Properties, spol. s r.o. provided specific guarantees to the buyer of the entities being the companies established by Deka Immobilien Investment GmbH and WestInvest Gesellschaft für Investmentfonds mbH.

The specific guarantees include (i) Rental Guarantee (Vacant Premises, Rent Shortfall, Outstanding Tenant Incentives) (ii) Tenant Guarantees (Default, Break Options, Non-Solicitation) and (iii) Technical Guarantee (for the quality of the buildings). The duration of the guarantees is until November 15, 2028, unless they terminate earlier pursuant to the agreement.

### Contracted work

As at 31 December 2019, the Group has contracted work with external suppliers related to realisation of construction project, which is not performed at the year end of EUR 150,788 thousand (2018 – EUR 125,181 thousand).

## 34. Pledges

Shares, receivables, future receivables and other assets in some of the subsidiaries are pledged in favor of the financing institutions for securing the bank loans received by them. As at the date of these financial statements the assets in the following companies are pledged:

COMPANY	PLEDGE IN FAVOUR OF
Bohemia Pilz s.r.o.	Deutsche Pfandbriefbank AG
CENTURA PROPERTY HOLDINGS S.A.	Banca Transilvania SA
COPOK s.r.o.	Deutsche Pfandbriefbank AG
CTFinance s.r.o.	Deutsche Pfandbriefbank AG
CTP Alpha doo Beograd-Noví Beograd	OTP Bank Srbja AD Beograd
CTP Alpha Poland Sp. Z.o.o.	Bank Polska Kasa Opieki S.A.
CTP Alpha SK, spol. s.r.o.	Tatra banka, a.s.
CTP Alpha, spol. s.r.o. (formerly CTP Property XXII, spol. s.r.o.)	Deutsche Pfandbriefbank AG
CTP Beta SK, spol. s.r.o.	Oberbank AG pobočka Slovenská republika
CTP Bohemia South, spol. s.r.o. (formerly CTP Property XI, spol. s.r.o.)	Deutsche Pfandbriefbank AG
CTP Borská Pole, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Brno I, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Brno II, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Brno III, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Brno IV, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Brno V, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Divišov I, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Hotel operations Prague, spol. s.r.o. (formerly Hotel Operations EUROPORT s.r.o.)	Komerční banka, a.s.
CTP Hotel Pilsen, spol. s.r.o. (formerly 2P , s.r.o.)	Komerční banka, a.s.
CTP Hotel Prague, a.s. (formerly Europort Airport Center a.s.)	Komerční banka, a.s.
CTP Industrial Property CZ, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Invest IX, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Invest VII, spol. s.r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Invest X, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Invest XVI, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Invest XVII, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Invest XX, spol. s.r.o.	Banka Creditas a.s.
CTP Invest XXX, spol. s.r.o.	Oberbank AG pobočka Česká republika
CTP Karviná, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Louny, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Pohořelice I, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Products I, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Property II, a.s.	Deutsche Pfandbriefbank AG
CTP Property IV s.r.o.	Deutsche Pfandbriefbank AG
CTP Property IX, a.s.	Deutsche Pfandbriefbank AG
CTP Property V, a.s.	Deutsche Pfandbriefbank AG
CTP Property XIV, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Property XIX, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Property XVI, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Property XVIII, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Property XX, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Property XXI, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Property XXX, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTP Slovakia, s.r.o.	Tatra banka, a.s.
CTP Solar I, a.s. (formerly CTP Property, a.s.)	Deutsche Pfandbriefbank AG
CTP Solar II, a.s. (formerly CTP Property VIII, a.s.)	Deutsche Pfandbriefbank AG
CTP Solar III, spol. s.r.o. (formerly CTP Invest VIII, spol. s.r.o.)	Deutsche Pfandbriefbank AG

COMPANY	PLEDGE IN FAVOUR OF
CTP Vlněna Business Park, spol. s.r.o. (formerly CTP Property XVII, spol. s.r.o.)	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTPark Alpha Kft.	OTP Bank Nyrt.
CTPARK ALPHA SRL	RAIFFEISEN BANK S.A.
CTPark Arrabona Kft.	OTP Bank Nyrt.
CTPark Beta Kft.	RAIFFEISEN BANK ZRT.
CTPARK BETA SRL	Banca Comerciala Romana SA
CTPark Biatorbágy Kft.	ERSTE Bank Hungary Zrt
CTPark Bor, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTPark Bratislava, spol. s.r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTPark Brno Campus s.r.o.	Deutsche Pfandbriefbank AG
CTPark Brno II, spol. s.r.o. (formerly CTP Property X, spol. s.r.o.)	Deutsche Pfandbriefbank AG
CTPark Bucharest A1 SRL	Alpha Bank SA
CTPARK BUCHAREST SRL	ING Bank N.V.
CTPARK BUCHAREST WEST I SRL	BRD-Groupe Société Générale S.A. (together with KB)
CTPark Delta Kft.	ERSTE Bank Hungary Zrt
CTPARK DELTA SRL	Banca Comerciala Romana SA
CTPARK ETA SRL	Raiffeisen Bank International AG
CTPark Gamma Kft.	RAIFFEISEN BANK ZRT.
CTPARK GAMMA SRL	ING Bank N.V.
CTPARK KAPPA SRL	Alpha Bank SA
CTPark Košice, spol. s.r.o.	Erste Group Bank AG
CTPARK LAMBDA SRL	Banca Transilvania SA
CTPark Mladá Boleslav II, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTPark Nine Kft.	ERSTE Bank Hungary Zrt
CTPark Nitra, s.r.o.	Československa obchodná banka, a.s.
CTPark Nove Mesto, spol. s.r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTPARK OMEGA SRL	Banca Transilvania SA
CTPARK PHI SRL	Raiffeisen Bank International AG
CTPark Prague Airport, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTPark Prague East, spol. s.r.o.	Deutsche Pfandbriefbank AG
CTPark Prague North III, a.s. (formerly DUNSTAR a.s.)	MONETA Money Bank, a.s.
CTPark Prague West, spol. s.r.o. (formerly CTP Invest XI, spol. s.r.o.)	Deutsche Pfandbriefbank AG
CTPARK SIGMA SRL	Banca Transilvania SA
CTPark Ten Kft.	ERSTE Bank Hungary Zrt (50%)
DEVA LOGISTIC CENTER S.A.	Banca Comerciala Romana SA
EP Kadan s.r.o.	Deutsche Pfandbriefbank AG
EP Karvina s.r.o.	Deutsche Pfandbriefbank AG
H.E.E. (MERCURY) PROPRIETATI SRL	Banca Transilvania SA
Hotel Operations Brno, spol. s.r.o.	Raiffeisenbank, a.s.
Hotel Operations Plzeň s.r.o.	Komerční banka, a.s.
KOMERČNÍ ZÓNA NUPAKY, s.r.o.	Deutsche Pfandbriefbank AG
LORNOKA REAL ESTATE, s.r.o.	Deutsche Pfandbriefbank AG
Nitra Park II, s.r.o.	Tatra banka, a.s.
Spielberg Business Park, spol. s.r.o. (formerly Spielberk Office Center, spol. s.r.o.)	Raiffeisenbank, a.s.
Spielberk Business Park II, spol. s.r.o. (formerly CTP INVEST V, spol. s.r.o.)	Raiffeisenbank, a.s.

Deutsche Pfandbriefbank AG holds the collateral on behalf of the lenders under the syndicated loan agreement financing the Czech Industrial Portfolio.

## 35. Subsequent events

### Mergers

CTP initiated in 2019 a legal restructuring mainly of the companies which are part of the Czech Industrial Portfolio with the aim to simplify the company structure and decrease the administrative burden. The legal restructuring constitutes of several mergers, demergers and spin-offs of over 40 SPVs, all effective from 1 January 2020. As a consequence of the legal restructuring:

#### Following companies ceased to exist as per 1 January 2020:

CTFinance s. r. o.	CTP Property XVIII, spol. s r.o.
CTP Property XX, spol. s r.o.	CTP Property XXI, spol. s r.o.
COPOK s.r.o.	CTP Invest X, spol. s r.o.
CTP Property XVI, spol. s r.o.	CTP Invest XVII, spol. s r.o.
CTPark Bor, spol. s r.o.	CTP Louny, spol. s r.o.
CTP Brno I, spol. s r.o.	CTP Property IX, a.s.
CTP Brno II, spol. s r.o.	CTP Property XXX, spol. s r.o.
CTP Brno III, spol. s r.o.	EP Kadan s.r.o.
CTP Brno IV, spol. s r.o.	CTP Prague East, spol. s r.o.
CTP Brno V, spol. s r.o.	KOMERČNÍ ZÓNA NUPAKY, s.r.o.
CTP Brno Campus s.r.o.	CTP Divišov I, spol. s r.o.
CTP Property II, a.s.	CTP Property IV s.r.o.
CTP Property V, a.s.	LORNOKA REAL ESTATE, s.r.o.
CTP Property XIV, spol. s r.o.	CTP Karviná, spol. s r.o.
CTP Invest XVI, spol. s r.o.	CTP Property XIX, spol. s r.o.
CTP Invest IX, spol. s r.o.	EP Karvina s.r.o.
CTP Pohořelice I, spol. s r.o.	CTP Products I, spol. s r.o.
CTPark Mladá Boleslav II, spol. s r.o.	Bohemia Pilz s.r.o.
CTP, spol. s r.o.	

#### All assets and liabilities of the dissolved companies were transferred to the respective successor company, being one of the following companies:

CTPark Modřice, spol. s r.o.	CTP Bohemia North, spol. s r.o.
CTP Vysočina, spol. s r.o.	CTPark Prague East, spol. s r.o.
CTPark Bor, spol. s r.o.	CTP Moravia North, spol. s r.o.
CTPark Brno I, spol. s r.o.	CTPark České Velenice, spol. s r.o.
CTPark Ostrava, spol. s r.o.	CTPark Lysá nad Labem, spol. s r.o.
CTP Moravia South, spol. s r.o.	CTP Barrandov, spol. s r.o.
CTPark Hranice, spol. s r.o.	CTP Pilsen Region, spol. s r.o.
CTP Ponávka Business Park, spol. s r.o.	CTP Domeq Brno, spol. s r.o.
CTPark Mladá Boleslav, spol. s r.o.	CTP Property XXII, spol. s r.o.
CTP Bohemia West, spol. s r.o.	

#### Following companies were newly established as of 1 January 2020:

CTPark Modřice, spol. s r.o.	CTPark České Velenice, spol. s r.o.
CTPark Bor, spol. s r.o.	CTPark Lysá nad Labem, spol. s r.o.
CTP Bohemia North, spol. s r.o.	CTP Barrandov, spol. s r.o.
CTP Bohemia West, spol. s r.o.	CTP Pilsen Region, spol. s r.o.
CTPark Prague East, spol. s r.o.	CTP Ponávka Business Park, spol. s r.o.
CTP Moravia North, spol. s r.o.	CTPark Hranice, spol. s r.o.
	CTP Domeq Brno, spol. s r.o.

**Following companies were renamed as of 1 January 2020:**

CTP Property X, spol. s r.o. into CTPark Brno II, spol. s r.o.  
CTP Property XXII, spol. s r.o. into CTP Alpha, spol. s r.o.  
CTP Property, a.s. into CTP Solar I, a.s.  
CTP Property VIII, a.s. into CTP Solar II, a.s.  
CTP Invest VIII, spol. s r.o. into CTP Solar III, spol. s r.o.

**In 2020 the Group further established the following new subsidiaries:**

Subsidiary	Country
CTPark GmbH	Austria
CTP Baltic Holding B.V.	The Netherlands
CTP Zeta Poland Sp. z o.o	Poland
CTP Epsilon Poland Sp. z o.o.	Poland

**In 2020, the Group wound-up the below subsidiaries:**

Subsidiary	Country
CTP Energy TR a.s.	Czech Republic
CTP Property III, a.s.	Czech Republic

In 2020, the Group also acquired existing property in Romania for EUR 25,350 thousand.

## Covid-19

Covid-19 has led to a significant disruption in the lives of many people and companies. CTP is of course also impacted by this, although we believe that the impact on CTP will be limited.

Associated with the Covid-19 virus, we have considered possible events and conditions for the purpose of identifying whether these events and conditions affect, or may affect the future performance of the company. In making this assessment, we have considered for (i) the period up to 12 months after the end of the reporting period, as well as for (ii) the period up to 12 months after the date of this report, the following criteria:

- Changes in demand of the company's products / services
- Signals of deterioration of credit risk and payment behavior of debtors
- Disruptions in the (inter-) national supply chains
- Signals of change in payment terms required by creditors
- Disruptions in the company's core processes (construction/ property management / offices / work force etc.)
- Issues with providers of financing / loan covenants / credit facilities

We expect Covid-19 to have negative but also positive effects for CTP where we believe that the positive ones will prevail for CTP in the mid-term. Some of our tenants may face liquidity issues and may ask for delay of rent payments but CTP's business is a very diversified portfolio in respect of locations and tenants with over 1.000 leases. This provides us no dependence on any individual tenant and gives great resilience.

From a liquidity perspective our financing is mostly on a very long-term basis. The current feedback from our banks is that they will honour their existing financing commitments for our current development pipeline.

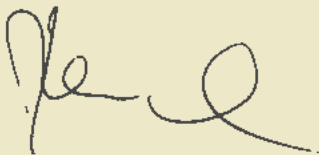
It is too early to anticipate what will happen with property valuations, but we expect that interest rates will stay at very low levels for an even more extended period, which will continue to support the current property valuations.

The management is convinced that the current uncertainties related to the Covid-19 virus do not impact the presented financial statements as per 31 December 2019 particularly also in regard of the going concern assumption covering the 12 months after the date of this report.

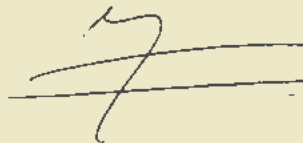
CTP is not aware of any other events that have occurred since the statement of financial position date that would have a material impact on this financial statements as at 31 December 2019.

11 September 2020

Remon L. Vos

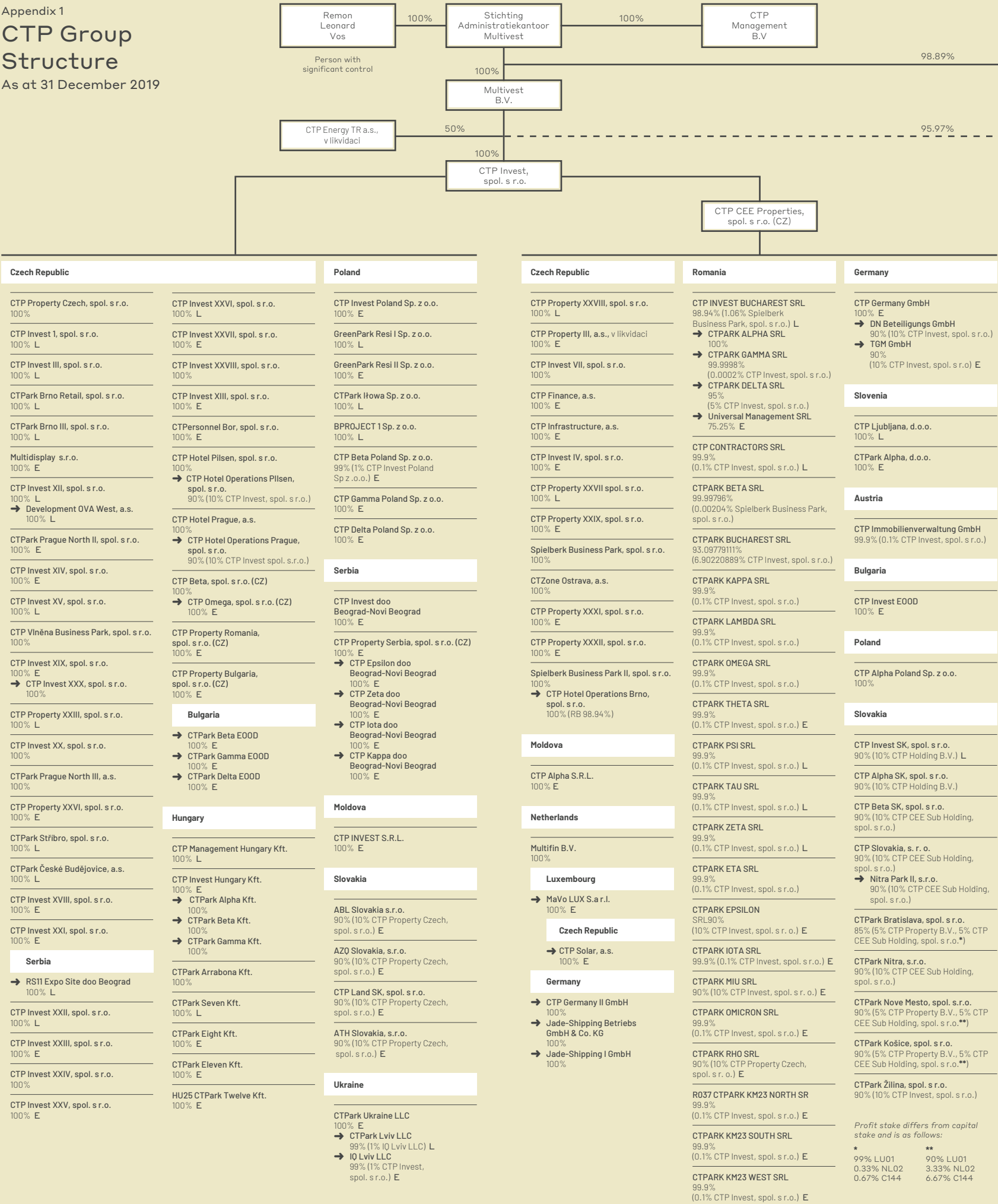


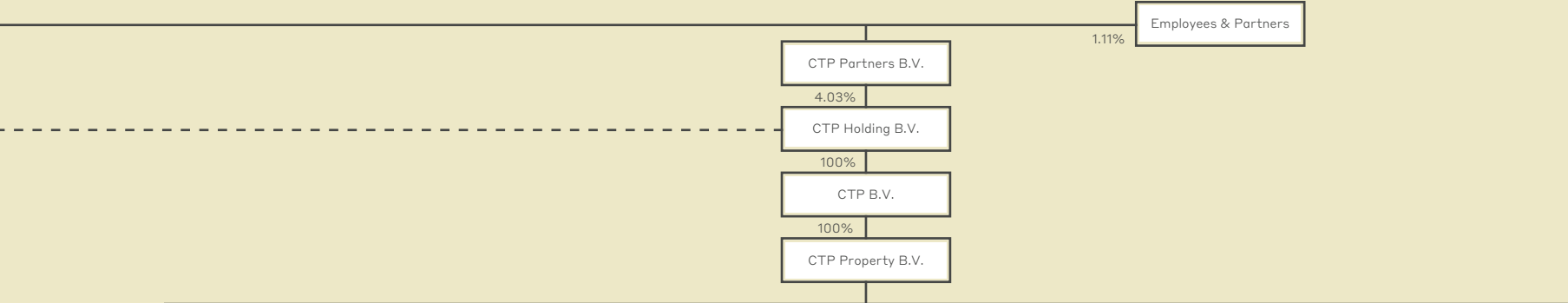
Jan - Evert Post



# CTP Group Structure

As at 31 December 2019





Czech Republic	Hungary	Serbia	Romania
<div>CTP CEE Sub Holding, spol. s r.o. 100% E</div> <div>CTP Portfolio Finance CZ, spol. s r.o. 100% E</div> <div>→ CTP Industrial Property CZ, spol. s r.o. 100%, Synd</div>	<div>CTPark Ten Kft. 100%</div> <div>CTPark Nine Kft. 100%</div> <div>CTPark Delta Kft. 100%</div> <div>CTPark Biatorbágy Kft. 100%</div>	<div>CTP Alpha doo Beograd-Novi Beograd 100%</div> <div>CTP Beta doo Beograd-Novi Beograd 100% L</div> <div>CTP Gamma doo Beograd-Novi Beograd 100% L</div> <div>CTP Delta doo Beograd-Novi Beograd 100% L</div>	<div>CTPARK BUCHAREST WEST I SRL 85.714286% (14.285714% CTP CEE Sub Holding, spol. s r.o.)</div> <div>DEVA LOGISTIC CENTER S.A. 89.91009% (10.08991% CTP CEE Sub Holding, spol. s r.o.)</div> <div>H.E.E. (MERCURY) PROPRIETATI SRL 89.999994% (10.000006% CTP CEE Sub Holding, spol. s r.o.)</div> <div>CENTURA PROPERTY HOLDINGS S.A. 90% (10% CTP CEE Sub Holding, spol. s r.o.)</div> <div>CTPARK PHI SRL 90% (10% CTP CEE Sub Holding, spol. s r.o.)</div> <div>CTPARK SIGMA SRL 90% (10% CTP CEE Sub Holding, spol. s r.o.)</div> <div>CTPark Bucharest A1 SRL 90% (10% CTP CEE Sub Holding, spol. s r.o.)</div>

Industrial Portfolio		
CTP Products I, spol. s r.o. 100%	CTPark Mladá Boleslav, spol. s r.o. 100% E	CTP Property XXX, spol. s r.o. 100%
COPOK s.r.o. 100%	CTPark Prague Airport, spol. s r.o. 100%	CTP Louny, spol. s r.o. 100%,
CTP Property XVI, spol. s r.o. 100%	CTP Solar I, a.s. 100%	CTP Brno II, spol. s r.o. 100%
Bohemia Pilz s.r.o. 100%	CTP Property II, a.s. 100%	CTP Brno III, spol. s r.o.1 00%
CTP Invest X, spol. s r.o. 100%	CTP Property IV s.r.o. 100%	CTP Brno IV, spol. s r.o. 100%
CTPark Prague West, spol. s r.o. 100%	CTP Property V, a.s. 100%	CTP Brno V, spol. s r.o. 100%
CTP Invest XVI, spol. s r.o. 100%	CTP Property IX, a.s. 100% C	CTP Divišov I, spol. s r.o. 100%
LORNOKA REAL ESTATE, s.r.o. 100%	CTPark Brno II, spol. s r.o. 100%	CTP Brno I, spol. s r.o. 100%
CTP Property XIX, spol. s r.o. 100%	CTP Bohemia South, spol. s r.o. 100%	CTP Pohořelice I, spol. s r.o. 100%
CTP Property XX, spol. s r.o. 100%	CTP Property XIV, spol. s r.o. 100%,	CTPark Brno Campus s.r.o. 100%
CTP Karviná, spol. s r.o. 100%	CTFinance s.r.o. 100%	CTPark Prague East, spol. s r.o. 100%
CTP Invest XVII, spol. s r.o. 100%	CTP Property XVIII, spol. s r.o. 100%	KOMERČNÍ ZÓNA NUPAKY, s.r.o. 100%
CTP Borská Pole, spol. s r.o.. 100%	CTP Invest IX, spol. s r.o. 100%	CTPark ladá Boleslav II, spol. s r.o. 100%
CTP Vysočina, spol. s r.o. 100% E	CTP, spol. s r.o. 100%	EP Karvina s.r.o. 100%
CTPark Brno I, spol. s r.o. 100% E	CTP Property XXI, spol. s r.o. 100%	EP Kadan s.r.o. 100%
CTPark Ostrava, spol. s r.o. 100% E	CTP Alpha, spol. s r.o. 100%	CTP Solar II, a.s. 100%
CTP Moravia South, spol. s r.o. 100% E	CTPark Bor, spol. s r.o. 100%	CTP Solar III, spol. s r.o. 100%

