

CTP N.V.

Unaudited condensed consolidated interim financial statements

for the three-month period ended 31 March 2021

CTP N.V.
Van Deventerlaan 31
3528 AG Utrecht
The Netherlands

Contents

Condensed consolidated interim statement of profit and loss and other comprehensive income	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial statements	7
1. General information	7
2. Basis of preparation of consolidated financial statements	8
3. Significant accounting policies	12
4. Segment reporting	30
5. Changes in the Group Structure	34
6. Gross rental income	35
7. Property operating expenses	35
8. Interest expense	35
9. Other financial expenses	36
10. Other financial gains/(losses)	36
11. Income tax expense	36
12. Investment property	37
13. Investment property under development	38
14. Equity	39
15. Earnings per share	40
16. Interest-bearing loans and borrowings from financial institutions	41
17. Bonds issued	43
18. Derivative financial instruments	44
19. Deferred tax liability	45
20. Related parties	46
21. Risk policies	47
22. Contingent liabilities	53
23. Subsequent events	54

Condensed consolidated interim statement of profit and loss and other comprehensive income

For the three-month period ended

In EUR thousand	Note	31 March 2021		31 March 2020	
		Revenues	Attributable external expenses	Revenues	Attributable external expenses
Rental income	6	77,833		68,382	
Service charge income	6	7,402		5,046	
Property operating expenses			-7,148		-7,614
Net rental income			78,087		66,814
Hotel operating revenue		830		2,542	
Hotel operating expenses			-1,166		-2,298
Net operating income from hotel operations			-336		244
Income from development activities		17,519		21,629	
Expenses from development activities			-12,826		-11,556
Net income from development activities			4,693		10,073
Total revenues		103,584		98,599	
Total attributable external expenses			-21,140		-21,468
			82,444		77,131
Net valuation result on investment property			67,101		28,680
Other income			1,769		951
Amortization and depreciation			-2,564		-2,635
Employee benefits			-5,693		-4,293
Impairment of financial assets			240		-39
Other expenses			-5,080		-6,786
Net other income/expenses			-11,328		-12,802
Profit/loss before finance costs			138,217		93,009
Interest income			475		278
Interest expense	7		-18,875		-16,468
Other financial expenses	8		-8,020		-973
Other financial gains/losses	9		9,325		-1,928
Net finance costs			-17,095		-19,091
Profit/loss before income tax			121,122		73,918
Income tax expense	10		-22,636		-16,153
Profit for the period			98,486		57,765
Other comprehensive income					
Items that will never be reclassified to profit and loss					
Revaluation of PPE net of tax			964		11,662
Items that are or may be reclassified to profit and loss					
Foreign currency translation differences net of tax			-409		14,458
Total other comprehensive income			555		26,120
Total comprehensive income for the year			99,041		83,885
Profit attributable to:					
Non-controlling interests			---		944
Equity holders of the Company			98,486		56,821
Total comprehensive income attributable to:					
Non-controlling interests			---		944
Equity holders of the Company			99,041		82,941
Earnings per share					
Basic earnings per share			0.29		0.17
Diluted earnings per share			0.29		0.17

The notes on pages 7 to 54 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

<i>In EUR thousand</i>	<i>Note</i>	31 March 2021	31 December 2020
Assets			
Investment property	11	5,514,164	5,386,230
Investment property under development	12	470,832	387,347
Property, plant and equipment		99,235	98,884
Intangible assets		2,239	2,418
Trade and other receivables		14,534	11,796
Derivative financial instruments	17	97	--
Financial investments		591	521
Long-term receivables from related parties	19	53,839	42,046
Deferred tax assets	18	12,666	14,422
Total non-current assets		6,168,197	5,943,664
Trade and other receivables		82,952	67,941
Short-term receivables from related parties	19	13	45
Derivative financial instruments	17	23	--
Contract assets		8,251	12,878
Current income tax receivable		3,059	2,692
Cash and cash equivalents		1,148,003	419,141
Total current assets		1,242,301	502,697
Total assets		7,410,498	6,446,361
Issued capital	13	63,523	53,760
Translation reserve	13	14,049	14,458
Share premium	13	2,667,971	1,858,460
Retained earnings	13	423,320	324,862
Revaluation reserve	13	12,626	11,662
Total equity attributable to owners of the Company		3,181,489	2,263,202
Non-controlling interest		--	1,031
Total equity		3,181,489	2,264,233
Liabilities			
Interest-bearing loans and borrowings from financial institutions	15	1,805,015	2,191,999
Bonds issued	16	1,543,325	1,041,971
Trade and other payables		34,489	23,385
Long-term payables to related parties	19	118	34,544
Derivative financial instruments	17	17,880	27,196
Deferred tax liabilities	18	519,155	504,779
Total non-current liabilities		3,919,982	3,823,874
Interest-bearing loans and borrowings from financial institutions	15	119,104	160,288
Trade and other payables		162,772	169,006
Short-term payables to related parties	19	--	2,627
Derivative financial instruments	17	4,389	6,870
Current income tax payables		22,762	19,463
Total current liabilities		309,027	358,254
Total liabilities		4,229,009	4,182,128
Total equity and liabilities		7,410,498	6,446,361

The notes on pages 7 to 54 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

Over the period

1.1.2021 - 31.3.2021	Note	Issued capital	Translation reserve	Share premium	Revaluation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2021		53,760	14,458	1,858,460	11,662	324,862	2,263,202	1,031	2,264,233
Comprehensive income for the period									
Profit for period	13	--	--	--	--	98,486	98,486	--	98,486
Other comprehensive income									
Revaluation of Plant and equipment		--	--	--	964	--	964	--	964
Foreign currency translation differences	13	--	-409	--	--	--	-409	--	-409
Comprehensive income for the period		--	-409	--	964	98,486	99,041	--	99,041
Other movements									
Increase of shares without change of control	13	--	--	--	--	-28	-28	-1,031	-1,059
Share issuance	13	9,763	--	809,511	--	--	819,274	--	819,274
Total other movements		9,763	--	809,511	--	-28	819,246	-1,031	818,215
Balance at 31 March 2021		63,523	14,049	2,667,971	12,626	423,320	3,181,489	--	3,181,489

1.1.2020 - 31.3.2020	Note	Issued capital	Translation reserve	Share premium	Revaluation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2020		--	5,985	828,682	19,009	1,188,547	2,042,223	625	2,042,848
Comprehensive income for the period									
Profit for period	13	--	--	--	--	56,821	56,821	944	57,765
Other comprehensive income									
Revaluation of Plant and equipment		--	--	--	189	--	189	--	189
Foreign currency translation differences	13	--	-985	--	--	--	-985	--	-985
Comprehensive income for the period		--	-985	--	189	56,821	56,025	944	56,969
Other movements									
Distribution of share premium	13	--	--	-17,224	--	--	-17,224	--	-17,224
Share issuance and formation of CTP B.V.	13	--	--	1,022,065	--	-1,022,065	0	--	--
Total other movements		--	--	1,004,841	0	-1,022,065	-17,224	--	-17,224
Balance at 31 March 2020		--	5,000	1,893,523	19,198	223,303	2,081,024	1,569	2,082,593

The notes on pages 7 to 54 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows**Over the period**

<i>In EUR thousand</i>	<i>Note</i>	31 March 2021	31 March 2020
Operating activities			
Net result for the year		98,486	56,821
Adjustments for:			
Net valuation result on investment property		-67,101	-28,680
Amortisation and depreciation		2,564	2,635
Net interest expense	7	18,400	16,190
Change in fair value of derivatives and associated closeout costs		-9,509	18,946
Other changes		-1,621	1,473
Change in foreign currency rates		584	-17,309
Income from non-controlling interest		--	944
Income tax expense	10	22,636	16,153
		64,439	67,173
Decrease/(increase) in trade and other receivables		2,041	-2,513
Increase/(decrease) in trade and other payables		-25,035	-1,551
Decrease/(increase) in contract assets		4,627	150
		-18,368	-3,914
Interest paid	7	-15,027	-16,949
Interest received		223	--
Income taxes paid		-3,750	-2,433
Cash flows from operating activities		27,517	43,875
Investment activities			
Acquisition of investment property	11	-36,314	--
Acquisition of property, plant and equipment		-16,405	--
Acquisition of subsidiaries, net of cash acquired		-15,011	-7,791
Loans and borrowings provided to related parties		-15,000	--
Proceeds from loans and borrowings provided to related parties		3,542	--
Development of investment property	12	-87,974	-63,913
Cash flows used in investing activities		-167,162	-71,704
Financing activities			
Bonds issued	16	496,915	--
Repayment of interest-bearing loans and borrowings	15	-492,316	-75,601
Proceeds from interest-bearing loans and borrowings	15	64,388	113,563
Repayment of loans/liabilities to related companies	19	-35,969	--
Transaction costs related to loans and borrowings/bonds	16	-3,871	-1,376
Proceeds from the issue of share capital	13	854,238	--
Transaction costs related to issue of new shares	13	-13,208	--
Distribution of funds to shareholder	13	--	-12,500
Change in non-controlling interest		-1,031	--
Payment of lease liabilities		-287	-125
Cash flows from/used in financing activities		868,859	23,962
Cash and cash equivalents at 1 January		419,141	63,821
Net increase in cash and cash equivalents		729,215	-3,866
<i>Change in foreign currency rates</i>		-353	-3,569
Cash and cash equivalents at 31 March		1,148,003	56,386

The notes on pages 7 to 54 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. General information

Company:

CTP N.V. (the “Company”) is a Dutch based real estate developer developing and leasing a portfolio of properties in Central and Eastern Europe (CEE).

Reporting entity:

These condensed consolidated interim financial statements comprise the Company and its subsidiaries (collectively referred to as the “Group” or “CTP Group” or “CTP” and individually “Group companies”).

These financial statements cover the three-month period of the year 2021, which ended at the balance sheet date of 31 March 2021.

Principal activities:

CTP is a full-service commercial real estate developer managing and delivering custom-built, high-tech business parks throughout Central and Eastern Europe.

Registered office:

The operating headquarter of CTP N.V., is located at Van Deventerlaan 31, 3528 AG Utrecht, The Netherlands.

RSIN number: 860528091

Registration number: 76518233

CTP N.V. was incorporated on 21 October 2019, for an unlimited period of time. In March 2021, as the Company has emitted its shares on Amsterdam stock exchanges, the Company has changed its legal form from B.V. to N.V.

Owners of the Company as at 31 March 2021:

Shareholder	Number of shares	Share in registered capital	Share in voting rights
CTP Holding B.V.	336 000 000	84,6%	84,6%
Individual shareholders	61 017 000	15,4%	15,4%
	397 017 000	100,0%	100,0%

Ultimate parent of the Group is the company Multivest B.V. (the Netherlands).

Management as at 31 March 2021:

Directors: Remon L. Vos
Richard J. Wilkinson

2. Basis of preparation of consolidated financial statements

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.

The consolidated financial statements were authorised for issue by the Board of Directors on 11 May 2021.

b) Common control transactions

In 2020, CTP N.V. entered into several transactions under common control, which 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.

CTP started 2020 by completing its consolidation plan to include all activities undertaken by CTP Invest spol s.r.o. and CTP Property B.V., which process had commenced in 2019. The plan was needed to streamline the organizational structure (following the ownership consolidation per June 2019) enabling CTP to present itself to the international capital markets as one consolidated Group with both the real estate investment and real estate development activities.

To enable this the following significant transactions took place:

- Acquisition of CTP Property B.V. and its subsidiaries on 31 October 2019, for EUR 951,803 thousand. Acquisition price was settled by equity via share premium.
- Acquisition of CTP Invest, spol. s r.o. and its subsidiaries on 27 January 2020, for EUR 920,485 thousand. Acquisition price was settled by equity via share premium.

Both entities represent a legal Group, had already financial statements on the basis of EU-IFRS and are aligned with the accounting policies of CTP N.V. and were under the common control of their ultimate shareholder Multinvest B.V. which is also the ultimate shareholder of CTP N.V. for all period presented. As mentioned in the previous paragraph CTP N.V. decided to represent its comparatives as if the transaction had occurred before the start of the earliest period presented. The impact on equity as per 1 January 2018 is that all reserves such as the translation reserve, revaluation reserve and retained earnings (including existing share capital and share premium) have been included from both entities at that moment. Intercompany transactions between both entities have been eliminated. In the movement schedule of equity the line "share issuance and formation of CTP N.V." reflects the movements to arrive at the share capital and share premium of CTP N.V.

In the movement schedule of equity the line "share issuance and formation of CTP N.V." reflects the issuance of the new shares of CTP N.V. and movement between retained earnings and share premium to reflect the acquisition of CTP Property and CTP Invest through share premium as indicated above.

All transactions have been settled through equity, no cash has been paid.

c) CTP has considered the following new and amended standards in 2021

For the preparation of the consolidated financial statements of the Group, the following new or amended standards and interpretations were considered for the first time for the financial year beginning 1 January 2021. The nature and the effect of these changes are disclosed below.

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

- *Interest rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*- the amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- *COVID-19- Related rent concessions (Amendment to IFRS 16)* – the amendment to IFRS 16 Leases was issued to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

d) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing the consolidated financial statements of the Group.

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

- *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)* - the amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied.
- *Property, Plant and Equipment: Proceeds before Intended use (Amendment to IAS 16)* – under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

e) Functional and presentation currency

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

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

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

In the CTP Group there are the following development companies:

- CTP Invest, spol. s r.o. with functional currency Czech koruna (CZK),
- CTP Invest Poland Sp. z o.o. with functional currency Polish zloty (PLN),
- CTP Invest d.o.o. Beograd-Novı Beograd with functional currency Serbian dinar (RSD),
- CTP Management Hungary Kft. with functional currency Hungarian forint (HUF),
- CTP Invest Bucharest SRL with functional currency Romanian leu (RON),
- CTP Invest SK, spol. s r.o. with functional currency EURO (EUR).

All other companies in the Group have EUR as functional currency.

f) Basis of measurement

The consolidated financial statements of the Group are prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date:

- derivative financial instruments are measured at fair value;
- investment property is measured at fair value;
- solar plants within property, plant and equipment are measured at fair value; and
- hotels within property, plant and equipment are measured at fair value.

g) Use of estimates and judgments

The preparation of the consolidated 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 ongoing basis. Revisions to accounting estimates are recognized 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 recognized in the financial statements are described in Note:

- 4b) Investment property
- 4c) Investment property under development
- 4d) Property, plant and equipment
- 4i) Impairment

h) Measurement of fair values

A number of the 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 Group uses market observable data as far as possible. Fair values are categorized 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 categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

a) Basis of consolidation

a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the 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 these consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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 to 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 Group consistently applied the book value method to account for all common control transactions.

In this respect, the assets and liabilities of the entities, as well as their income and expenses, for the period in which the common control transaction has occurred and for the comparative period disclosed are included in the financial statements of the Group as if the common control transaction took place at the beginning of the comparative period.

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 recognized immediately in the consolidated statement of comprehensive income.

d) Non-controlling interest

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

e) 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.

f) 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

g) Asset acquisition

Asset acquisitions is an acquisition of an asset or a group of assets (and liabilities) that does not constitute a business. The Group 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.

h) 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 consolidated financial statements of the Group.

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 recognized in profit or loss. An external, independent valuator having appropriately recognized 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 2020 and was incorporated into the IFRS consolidated financial statements of the Group. 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 categorized as a Level 3 fair value.

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 2020. Value of investment property under development was determined by external, independent property valutors, having appropriate recognized 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.

Borrowing cost are not capitalized to the value of Investment property under development, as almost all development projects are finished within 12 months.

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

d) Property, plant and equipment

(i) Revaluation model

Solar plants which are completed and generating income and hotels which represents minor part of property portfolio of the Group, are classified under Property, plant and equipment at

revaluated amounts, being the fair value at the reporting date. Any gain or loss arising on re-measurement of the solar plants and hotels 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 previously recognized revaluation surplus.

An external, independent valuator having appropriately recognized professional qualifications and recent experience in the location and category of the solar plant and hotel being valued, values the portfolio of solar plants and hotels 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 recognized 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.

In view of the nature of the hotels and the bases of valuation, the valuator adopted the discounted cash flow method. Under this method the projected adjusted net operating income for the hotel over 10 years are discounted back to present day using an appropriate discount rate. The value of the hotel derived from the capitalized earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate. Capitalisation rates used in hotel valuation is in range from 6,75% to 7,25%.

Depreciation of the hotels is recognized into profit or loss on a straight-line basis over the estimated useful life of 40 years.

(ii) *Cost model*

All other buildings, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (Note 4i). 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 Group recognize 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 Group and the cost of the item can be measured reliably. The carrying amount of the replace item is derecognised. All other costs are recognized in the statement of comprehensive income as incurred.

Depreciation is recognized 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 recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized 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 previously recognized revaluation surplus.

e) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

f) Leases

At inception of a contract, the Group 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 Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes 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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group's incremental borrowing rate.

The Group determines 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 Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Subsequently, the lease liability is measured at amortized 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 Group presents 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 Groups has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes 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 Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes 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 4b).

g) Financial instruments

- (i) *Financial assets*

Initial recognition and measurement

The financial assets are classified at initial recognition at amortized 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 and the financial asset is not designated at fair value through profit and loss:

- 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.

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 credit 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 Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises 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 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 Group 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 amortised cost using the effective interest method, less any impairment losses.

The Group 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 and Receivables due from related parties 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 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.

The Group treats 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 amortised cost or fair value through profit and loss. A financial liability is classified as at fair value through profit and loss if it is classified as held-for trading, it is a derivative or it is designed as such on initial recognition. Financial liabilities at fair value through profit and loss 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 Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes party to the contractual provisions of the instrument. The Group derecognizes 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized 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 Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

(v) *Derivative financial instruments*

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

- a) its value changes in response to 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 recognized at fair value; attributable transaction costs are recognized 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 Group are interest rate swaps. Swaps are agreements between the Group and other parties to exchange future cashflows based upon agreed notional amounts.

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

h) Contract assets

Contract assets represents work in progress, which relates to the cost of development extras and specific fit outs for the tenants.

Contract assets are stated at the lower of cost and net realisable value (being the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale). Where the net realisable value is below cost, contract assets are written down to the lower value, and the impairment loss is recorded in the income statement. Costs of contract assets include the purchase price and related costs of acquisition (transport, customs duties and insurance).

i) Impairment

(i) Non-financial assets

The carrying amounts of the 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 recognized 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 recognized in profit or loss. An impairment loss in respect of a 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 recognized in profit and loss.

Impairment losses recognized 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 Group on terms that the Group 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 Group considers 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 Group uses 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 Group assess whether financial assets carried at amortised cost 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 Group 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 Group determines that no objective evidence of credit impairment exists for an 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 Group considers 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 Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers 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 Group is 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 Group expects 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 Group uses 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 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 Group requires 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 a near future, or significant recoveries are expected. In such case, the loan outstanding amount shall be derecognised at the moment of the sale or later as soon as no significant recoveries are expected.

The Group allocates to each financial assets exposure to a credit risk stage based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement.

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 recognized. Reversal of an impairment loss for goodwill is prohibited.

k) Equity

Issued capital

Issued capital represents the amount of capital registered in the Shareholders Register 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.

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 3d).

Reserves

Consolidated reserves include Other capital funds, which represent contribution outside the registered capital and are created based on decision of Board of directors of the consolidated activities.

Revaluation reserve

Revaluation reserve comprise revaluation of solar plants and hotels, which are classified under property, plant and equipment at revaluated amounts, being the fair value at the reporting date (refer to Note 4d).

Retained earnings

Consolidated retained earnings arises from accumulation of profits and losses of the consolidated activities and are subject of dividend distribution after approval of the Board of directors.

l) Earnings per share

Earnings per share is an important financial indicator, which measures the profitability of the Group.

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Group by the weighted average number of shares of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of shares that would be issued if all dilutive potential ordinary shares were converted into ordinary shares.

The denominator in the calculation of basic EPS for each period presented is the number of shares as at 31 March 2021. The resulting EPS data is pro forma rather than historical but is comparable over the years/period presented.

m) Provisions

A provision is recognized in the statement of financial position when the Group has 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.

n) Rental income and service charge income

Rental income from leases is recognized as income in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognized 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 the park management services is 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 recognized 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.

o) 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. Income from development activities are recognised at point in time.

p) Revenues from sale of properties

Revenue from sale of properties is recognised when the control has passed to the buyer at the amount to which the Group expects to be entitled, 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 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.

q) 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.

r) Expenses

(i) Attributable external expenses

Attributable external expenses consists of property operating expenses (including service expenses), hotel operating expenses and expenses from development activities.

(ii) Property operating expenses

Property operating expenses (including service expenses) are expensed as incurred.

(iii) 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 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.

s) Income tax

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

Current tax

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

Deferred tax

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 realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

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

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

The corporate income tax rates for 2021 and 2020 were as follows:

<i>Country</i>	2021	2020
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%
Bulgaria	10,00%	10,00%
Slovenia	19,00%	19,00%

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).

Deferred tax assets and liabilities are offset only if certain criteria are met.

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

t) Foreign currency transaction

Foreign currency transactions

Transactions in foreign currencies are translated 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 translated into the functional currency at the exchange rate of local national banks at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated 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.

u) 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 results of the Group are reviewed by CEO regularly on weekly basis by analysis of KPI on geographical segments, where the Group operates.

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 operating segments based on geographical segmentation: Czech Republic, Romania,

Hungary, Slovakia and Other. Hotel segment operated in the Czech Republic is presented separately. 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.

4. Segment reporting

The principal operation of the Group is the lease of investment property in Central and Eastern Europe (CEE) 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 operating segments: Czech Republic, Romania, Hungary, Slovakia, Other geographical segments and Hotel Segment.

The Group operates 3 hotels under the Courtyard by Marriott brand in the Czech Republic (Prague Airport, Pilsen and Brno) under management agreements with third party, which are presented under separate Hotel Segment.

Reportable segment	Operations
Czech Republic	Industrial property, offices, retail , other
Romania	Industrial property
Hungary	Industrial property
Slovakia	Industrial property
Other segments	Other segments which do not meet criteria for segment reporting recognition
Hotel segment	Operation of 3 hotels in the Czech Republic

Results of the segments for 3-month period ended 31 March 2021 is as follows:

In EUR thousand	Czech Republic	Hungary	Romania	Slovakia	Other	Hotel segment	Total Segments	Intersegment eliminations	Total
Rental income	49,393	6,090	14,233	5,838	2,279	—	77,833	—	77,833
Service charge income	3,831	789	2,036	624	122	—	7,402	—	7,402
Property operating expenses	-2,934	-1,363	-1,493	-998	-260	-100	-7,148	—	-7,148
Net rental income	50,290	5,516	14,776	5,464	2,141	-100	78,087	—	78,087
Hotel operating revenue	—	—	—	—	—	830	830	—	830
Hotel operating expenses	—	—	—	—	—	-1,166	-1,166	—	-1,166
Net operating income from hotel operations	—	—	—	—	—	-336	-336	—	-336
Income from development activities	11,597	—	—	—	5,922	—	17,519	—	17,519
Expenses from development activities	-8,105	—	—	—	-4,721	—	-12,826	—	-12,826
Net income from development activities	3,492	—	—	—	1,201	—	4,693	—	4,693
Total revenues	64,821	6,879	16,269	6,462	8,323	830	103,584	—	103,584
Total attributable external expenses	-11,039	-1,363	-1,493	-998	-4,981	-1,266	-21,140	—	-21,140
Net valuation result on investment property	23,696	29,943	10,715	2,515	-168	—	67,101	—	67,101
Other income	1,991	22	168	91	95	—	2,367	-598	1,769
Amortization and depreciation	-1,968	-34	-84	-18	-51	-409	-2,564	—	-2,564
Employee benefits	-3,119	-671	-1,031	-383	-489	—	-5,693	—	-5,693
Impairment of financial assets	269	—	—	-29	—	—	240	—	240
Other expenses	-2,743	-1,102	-854	-213	-767	1	-5,678	598	-5,080
Net other income/expenses	-5,570	-1,785	-1,801	-552	-1,212	-408	-11,328	—	-11,328
Net profit/loss before finance costs	71,908	33,674	23,690	7,827	1,962	-844	138,217	—	138,217
Interest income	—	—	—	—	8,825	—	8,825	-8,350	475
Interest expense	-10,217	-1,628	-6,648	-1,441	-7,211	-80	-27,225	8,350	-18,875
Other financial expenses	-925	-2,251	-3,894	-3	-941	-6	-8,020	—	-8,020
Other financial gains/losses	9,064	-624	733	-1	131	22	9,325	—	9,325
Net finance costs	-2,078	-4,503	-9,809	-1,445	804	-64	-17,095	—	-17,095
Profit/loss before income tax	69,830	29,171	13,881	6,382	2,766	-908	121,122	—	121,122
Income tax expense	-14,382	-2,350	-3,056	-1,638	-1,029	-181	-22,636	—	-22,636
Profit for the period	55,448	26,821	10,825	4,744	1,737	-1,089	98,486	—	98,486
Profit attributable to:									
Non-controlling Interests	—	—	—	—	—	—	—	—	—
Equity holders of the Company	55,448	26,821	10,825	4,744	1,737	-1,089	98,486	—	98,486

Results of the segments for 3-month period ended 31 March 2020 is as follows:

In EUR thousand	Czech Republic	Hungary	Romania	Slovakia	Other	Hotel segment	Total Segments	Intersegment eliminations	Total
Rental income	45,105	5,033	11,264	5,368	1,612	–	68,382	–	68,382
Service charge income	3,357	692	1,364	595	38	–	6,046	–	6,046
Property operating expenses	-2,785	-1,913	-1,727	-947	-120	-121	-7,614	–	-7,614
Net rental income	45,676	3,812	10,901	5,016	1,530	-121	66,814	–	66,814
Hotel operating revenue	–	–	–	–	–	2,542	2,542	–	2,542
Hotel operating expenses	–	–	–	–	–	-2,298	-2,298	–	-2,298
Net operating income from hotel operations	–	–	–	–	–	244	244	–	244
Income from development activities	21,629	–	–	–	–	–	21,629	–	21,629
Expenses from development activities	-11,556	–	–	–	–	–	-11,556	–	-11,556
Net income from development activities	10,073	–	–	–	–	–	10,073	–	10,073
Total revenues	70,091	5,725	12,628	5,963	1,650	2,542	98,599	–	98,599
Total attributable external expenses	-14,342	-1,913	-1,727	-947	-120	-1,419	-21,468	–	-21,468
Net valuation result on investment property	9,878	4,464	11,786	3,197	-445	–	28,680	–	28,680
Other income	1,234	99	250	17	15	1	1,615	-665	951
Amortization and depreciation	-1,328	-29	-69	-14	-25	-1,170	-2,635	–	-2,635
Employee benefits	-2,661	-556	-646	-247	-183	–	-4,293	–	-4,293
Impairment of financial assets	-39	–	–	–	–	–	-39	–	-39
Other expenses	-4,100	-870	-927	-946	-571	-37	-7,451	665	-6,786
Net other income/expenses	-6,894	-1,356	-1,392	-1,190	-764	-1,206	-12,802	–	-12,802
Net profit/loss before finance costs	58,333	6,900	21,295	7,023	321	-1,083	93,009	–	93,009
Interest income	2,162	4	3	–	205	76	2,450	-2,172	278
Interest expense	-11,541	-1,789	-3,531	-1,336	-165	-277	-18,640	2,172	-16,468
Other financial expenses	1,810	-2,306	-409	-25	-7	-36	-973	–	-973
Other financial gains/losses	-4,973	-1,542	3,835	-181	1,145	-212	-1,928	–	-1,928
Net finance costs	-12,542	-5,633	-102	-1,542	1,177	-449	-19,091	–	-19,091
Profit/loss before income tax	45,991	1,267	21,193	5,481	1,490	-1,532	79,918	–	79,918
Income tax expense	-10,741	-141	-4,111	-1,151	-300	291	-16,153	–	-16,153
Profit for the period	35,250	1,146	17,082	4,330	1,190	-1,241	63,765	–	63,765
Profit attributable to:									
Non-controlling interests	-944	–	–	–	–	–	-944	–	-944
Equity holders of the Company	34,306	1,146	17,082	4,330	1,190	-1,241	62,821	–	62,821

Assets and liabilities by segments as at 31 March 2021 are as follows:

<i>In EUR thousand</i>	Czech Republic	Hungary	Romania	Slovakia	Other	Hotel Segment	Total Segments	Intersegment eliminations	Total
Assets									
Investment property	3,611,927	371,587	951,760	396,306	182,584	--	5,514,164	--	5,514,164
Investment property under development	224,787	123,531	66,432	29,989	26,093	--	470,832	--	470,832
Property, plant and equipment	37,966	343	638	177	631	59,480	99,235	--	99,235
Intangible assets	2,193	--	1	--	41	4	2,239	--	2,239
Trade and other receivables	13,309	1,214	--	6	5	--	14,534	--	14,534
Financial derivatives	97	--	--	--	--	--	97	--	97
Financial investments	380	--	--	--	211	--	591	--	591
Receivables from related parties	4,382	--	--	--	1,599,619	--	1,604,001	-1,550,162	53,839
Deferred tax assets	10,339	14	1,613	--	23	677	12,666	--	12,666
Total non-current assets	3,905,380	496,689	1,020,444	426,478	1,809,207	60,161	7,718,359	-1,550,162	6,168,197
Trade and other receivables	34,899	12,375	18,800	9,509	6,594	775	82,952	--	82,952
Short-term receivables due from related parties	36,678	--	--	1,695	5,293	78	43,744	-43,731	13
Financial derivatives	23	--	--	--	--	--	23	--	23
Contract assets	6,696	--	--	--	1,535	20	8,251	--	8,251
Current income tax receivable	550	129	1,480	222	465	213	3,059	--	3,059
Cash and cash equivalents	40,662	20,093	13,274	6,639	1,054,856	2,479	1,148,003	--	1,148,003
Total current assets	119,508	32,597	33,554	18,065	1,078,743	3,565	1,286,032	-43,731	1,242,301
Total assets	4,024,888	529,286	1,053,998	444,543	2,887,950	63,726	9,004,391	-1,593,893	7,410,498
Total equity	1,571,592	243,087	319,831	118,936	893,174	34,869	3,181,489	--	3,181,489
Liabilities									
Interest-bearing loans and borrowings from financial institutions	1,364,165	60,307	--	--	380,543	--	1,805,015	--	1,805,015
Bond issued	--	--	--	--	1,543,325	--	1,543,325	--	1,543,325
Trade and other payables	21,328	4,812	4,867	1,477	-1,233	3,238	34,489	--	34,489
Long-term payables to related parties	467,600	188,748	651,325	222,045	15	20,547	1,550,280	-1,550,162	118
Financial derivatives	17,559	321	--	--	--	--	17,880	--	17,880
Deferred tax liabilities	414,163	21,088	48,041	28,806	4,767	2,290	519,155	--	519,155
Total non-current liabilities	2,284,815	275,276	704,233	252,328	1,927,417	26,075	5,470,144	-1,550,162	3,919,962
Interest-bearing loans and borrowings from financial institutions	43,271	2,819	--	62,976	10,038	--	119,104	--	119,104
Trade and other payables	103,647	6,081	24,646	7,623	19,253	1,322	162,772	--	162,772
Short-term payables to related parties	--	1,761	5,237	2,336	33,082	1,315	43,731	-43,731	--
Financial derivatives	4,298	91	--	--	--	--	4,389	--	4,389
Current income tax payables	17,265	171	51	144	4,986	145	22,762	--	22,762
Total current liabilities	168,481	10,923	29,934	73,279	67,359	2,782	352,758	-43,731	309,027
Total liabilities	2,453,296	286,199	734,167	325,607	1,994,776	28,857	5,822,902	-1,593,893	4,229,009
Total equity and liabilities	4,024,888	529,286	1,053,998	444,543	2,887,950	63,726	9,004,391	-1,593,893	7,410,498

Assets and liabilities by segments as at 31 December 2020 are as follows:

<i>In EUR thousand</i>	Czech Republic	Hungary	Romania	Slovakia	Other	Hotel Segment	Total Segments	Intersegment eliminations	Total
Assets									
Investment property	3,543,874	371,820	943,630	362,940	163,966	--	5,386,230	--	5,386,230
Investment property under development	246,246	68,579	32,199	24,180	16,143	--	387,347	--	387,347
Property, plant and equipment	37,658	300	683	188	563	59,492	98,884	--	98,884
Intangible assets	2,371	--	--	--	47	--	2,418	--	2,418
Trade and other receivables	2,140	5,141	3,765	10	740	--	11,796	--	11,796
Financial derivatives	--	--	--	--	--	--	--	--	--
Financial investments	326	--	--	--	195	--	521	--	521
Receivables from related parties	8,078	--	--	--	1,003,283	--	1,011,361	-969,315	42,046
Deferred tax assets	11,732	13	1,901	--	25	751	14,422	--	14,422
Total non-current assets	3,852,425	445,853	982,178	387,318	1,184,962	60,243	6,912,979	-969,315	5,943,664
Trade and other receivables	29,484	8,261	19,613	2,690	7,193	700	67,941	--	67,941
Short-term receivables due from related parties	46,686	--	--	1,914	4,612	49	53,261	-53,216	45
Financial derivatives	--	--	--	--	--	--	--	--	--
Contract assets	11,543	--	--	--	1,313	22	12,878	--	12,878
Current income tax receivable	412	105	1,470	181	401	123	2,692	--	2,692
Cash and cash equivalents	26,379	15,864	12,234	5,010	356,551	3,103	419,141	--	419,141
Total current assets	114,504	24,230	33,317	9,795	370,070	3,997	555,913	-53,216	502,697
Total assets	3,966,929	470,083	1,015,495	397,113	1,555,032	64,240	7,468,892	-1,022,531	6,446,361
Total equity	1,517,530	216,215	309,403	114,193	71,979	34,913	2,264,233	--	2,264,233
Liabilities									
Interest-bearing loans and borrowings from financial institutions	1,435,317	129,246	242,430	--	385,006	--	2,191,999	--	2,191,999
Bond issued	--	--	--	--	1,041,971	--	1,041,971	--	1,041,971
Trade and other payables	12,467	2,527	1,754	1,476	1,922	3,239	23,385	--	23,385
Long-term payables to related parties	369,808	84,112	345,267	186,083	-1,196	19,785	1,003,859	-969,315	34,544
Financial derivatives	25,408	902	886	--	--	--	27,196	--	27,196
Deferred tax liabilities	406,129	18,730	45,434	27,255	4,801	2,430	504,779	--	504,779
Total non-current liabilities	2,249,129	235,517	635,771	214,814	1,432,504	25,454	4,793,189	-969,315	3,823,874
Interest-bearing loans and borrowings from financial institutions	45,383	6,321	37,446	58,678	12,460	--	160,288	--	160,288
Trade and other payables	132,156	9,975	26,008	8,166	-9,084	1,785	169,006	--	169,006
Short-term payables to related parties	2,627	1,591	5,384	1,066	43,178	1,997	55,843	-53,216	2,627
Financial derivatives	5,945	227	698	--	--	--	6,870	--	6,870
Current income tax payables	14,159	237	785	196	3,995	91	19,463	--	19,463
Total current liabilities	200,270	18,351	70,321	68,106	50,549	3,873	411,470	-53,216	358,254
Total liabilities	2,449,399	253,868	706,092	282,920	1,483,053	29,327	5,204,659	-1,022,531	4,182,128
Total equity and liabilities	3,966,929	470,083	1,015,495	397,113	1,555,032	64,240	7,468,892	-1,022,531	6,446,361

5. Changes in the Group Structure

In three-month period ended 31 March 2021, the Group has acquired the below mentioned subsidiaries:

<i>Subsidiary</i>	<i>Acquisition date</i>
CTP Property Alpha d.o.o. Beograd-Novi Beograd	3 March 2021

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

<i>In EUR thousand</i>	<i>Acquisitions 2021</i>
Investment property	20,031
Cash and cash equivalents	11
Trade and other receivables	1
Total assets	20,043
Trade and other liabilities from related parties	-15,021
Trade and other liabilities	-21
Total liabilities	-15,042
Net assets acquired	5,001
Consideration paid	5,000
Net cash outflow	4,989

In 2020, the Group has acquired the below mentioned subsidiaries:

<i>Subsidiary</i>	<i>Acquisition date</i>
CTPARK BUCHAREST UPSILON SRL	16 March 2020
Valkenburg s.r.o.	2 September 2020
LogMaxx Beta doo Beograd	23 December 2020

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

<i>In EUR thousand</i>	<i>Acquisitions 2020</i>
Investment property	47,141
Investment property under development	--
Cash and cash equivalents	761
Trade and other receivables	2,613
Total assets	50,515
Trade and other liabilities	-3,771
Interest bearing loans	-18,867
Total liabilities	-22,638
Net assets acquired	27,877
Consideration paid	27,877
Net cash outflow	27,116

The acquisitions were recognized as a property asset acquisition as acquired companies does not represent a business as defined by IFRS 3.

During the year 2020, the subsidiaries CTPark Lviv LLC, CTPark Ukraine LLC and IQ Lviv LLC were disposed outside of the Group.

6. Gross rental income

<i>In EUR thousand</i>	31 March 2021	31 March 2020
Industrial	65,942	57,222
Office	7,875	7,739
Retail	199	226
Other	3,817	3,195
Total rental income	77,833	68,382
Service charge income	7,402	6,046
Total gross rental income and service charge income	85,235	74,428

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

Other gross rental income represents termination fees, rental income from rent of parking slots, garages, yards, porches and cloakrooms.

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:

<i>In EUR thousand</i>	31 March 2021	31 March 2020
Czech Republic	53,224	48,462
Romania	16,269	12,628
Hungary	6,879	5,725
Slovakia	6,462	5,963
Serbia	1,562	681
Poland	461	542
Germany	167	384
Bulgaria	170	--
Austria	43	43
Netherlands	--	--
Total gross rental income	85,235	74,428

7. Property operating expenses

<i>In EUR thousand</i>	31 March 2021	31 March 2020
Maintenance and repairs	-1,816	-2,638
Park Management expenses	-2,753	-2,316
Real estate tax	-1,817	-2,094
Insurance	-611	-494
Other	-151	-72
Total property operating expenses	-7,148	-7,614

8. Interest expense

<i>In EUR thousand</i>	31 March 2021	31 March 2020
Bank interest expense	-9,089	-12,586
Interest expense from liabilities due from related parties	-753	-659
Interest expense from financial derivative instruments	-1,858	-2,091
Arrangement fees	-2,015	-1,132
Interest expense from bonds issued	-5,160	--
Interest expense	-18,875	-16,468

In 2021, Arrangement fees includes one off release of arrangement fee related to repaid bank loans of EUR 1,206 thousand.

9. Other financial expenses

<i>in EUR thousand</i>	31 March 2021	31 March 2020
Bank fees	-214	-783
Financing fees	-7,543	-171
Other financial expenses	-263	-19
Other financial expenses	-8,020	-973

In 2021, the financing fees include prepayment fee of EUR 6,147 thousand for premature loan repayments.

10. Other financial gains/(losses)

<i>in EUR thousand</i>	31 March 2021	31 March 2020
Change in FMV of derivatives and associated close out costs	9,509	-18,946
Foreign exchange gains/(losses)	-215	17,008
Other financial gains/ (losses)	31	10
Other financial gains/(losses)	9,325	-1,928

In 2021, there is significant change in fair market values of derivatives, due to repayment of bank loans and termination of related derivatives.

11. Income tax expense

<i>In EUR thousand</i>	31 March 2021	31 March 2020
Current tax income/(expense) relation to		
Current year	-6,313	-6,727
Prior period	-398	--
Total	-6,711	-6,727
Deferred tax expense		
Deferred tax expense	-15,925	-9,426
Total	-15,925	-9,426
Total income tax expense in statement of profit and loss and other comprehensive income	-22,636	-16,153

The Group 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 2021 and is as well valid for the future periods when the Group expects to utilize the tax impacts from previous years.

12. Investment property

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Buildings and land	5,160,160	5,060,285
<i>industrial</i>	4,483,792	4,462,367
<i>office</i>	622,387	550,937
<i>retail and other</i>	53,981	46,981
Landbank	354,004	325,945
Total	5,514,164	5,386,230

<i>In EUR thousand</i>	Owned buildings and land	Landbank	Leased Assets	Total Investment Property
Balance at 1 January 2020	4,424,143	295,198	2,017	4,721,358
Transfer from/to investment property under development	239,920	14,173	--	254,093
Transfer from/to owned buildings and land	6,971	-6,971	--	--
Acquisitions	97,424	5,823	--	103,247
Additions / Disposals	242,036	7,673	--	249,709
Net valuation result	47,774	10,049	--	57,823
Balance at 31 December 2020	5,058,268	325,945	2,017	5,386,230
Balance at 1 January 2021	5,058,268	325,945	2,017	5,386,230
Transfer from/to investment property under development	53,283	-19,251	--	34,032
Transfer from/to owned buildings and land	--	--	--	--
Acquisitions	27,568	27,956	--	55,524
Additions / Disposals	10,545	14,133	--	24,678
Net valuation result	8,479	5,221	--	13,700
Balance at 31 March 2021	5,158,143	354,004	2,017	5,514,164

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

The landbank comprises the plots of land in CTP's ownership, which are available for development of new projects.

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

Part of owned buildings and land are subject to bank collateral.

Acquisitions represents asset deal under acquisition of subsidiaries (refer to Note 5) and acquisitions of properties under asset deal agreements.

The most significant investment property additions in 2021 relate to completed construction of industrial properties in Trnava and Nitra in Slovakia, office premises in Brno and in Bucharest in Romania. In 2021, the CTP Group acquired also land bank and warehouse premises in Serbia and Slovakia.

Disposal of investment property in 2020 relate to sale of properties in Germany and Ukraine to external partners.

Fair value hierarchy

The fair value measurement for investment property has been categorized 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.

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

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Czech Republic	3,611,926	3,543,874
Romania	951,760	943,630
Slovakia	396,306	362,940
Hungary	371,587	371,820
Poland	45,390	45,390
Serbia	105,690	87,071
Germany	6,353	6,353
Slovenia	5,970	5,970
Austria	2,700	2,700
Bulgaria	16,482	16,482
Ukraine	--	--
Total	5,514,164	5,386,230

13. Investment property under development

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Balance at 1 January	387,347	440,727
Additions/disposals	63,294	98,375
Acquisitions	821	7,999
Transfer from/to Investment property	-34,031	-254,093
Net valuation result	53,401	94,339
Acquisition of subsidiaries	--	--
Balance at 31 March / 31 December	470,832	387,347

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 will be completed in the coming 12 months.

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:

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Czech Republic	224,787	246,245
Romania	66,432	32,199
Hungary	123,531	68,579
Slovakia	29,989	24,180
Serbia	23,532	14,055
Bulgaria	1,443	1,194
Poland	938	895
Austria	180	--
Total	470,832	387,347

Fair value hierarchy

The fair value measurement for investment property under development has been categorized 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.

14. EquityInitial Public Offering (IPO)

On 29 March 2021, CTP N.V. was listed on the Euronext/Amsterdam stock exchange. The objective of the IPO was met and we gained access to a deep source of capital that will be deployed by the Group to accelerate its growth. New capital contributes to realizing its long-term strategy of building and maintaining a dominant position in all of the markets it is operating in.

As a priority, the envisaged offering is to be of a primary nature, aimed to strengthen CTP's capital base and providing funds to be deployed in its regular activities to fund developments and acquisitions in logistics and industrial properties, additions to its landbank and general corporate purposes.

Issued capital

As at 1 January 2020, the issued capital consisted of 100 ordinary shares with nominal value of share of EUR 0.01.

In April 2020, the Company issued share capital amounted to EUR 200 thousand divided into 20 000 000 shares with nominal value of EUR 0.01. Increase of share capital by EUR 200 thousand was paid in cash as capital contribution. Nominal value of share was increased to EUR 0.16 per share and share capital increased to EUR 3,200 thousand.

In December 2020, an additional 316 000 000 shares were issued, with the nominal value of EUR 0.16 per share.

As at 29 March 2021, an additional 61 017 000 shares were issued, with nominal value of EUR 0.16 per share.

As at 31 March 2021, the issued capital comprised of the following:

Type of shares	No. of shares	Nominal value of share	Issued capital in EUR
Ordinary shares	397 017 000	EUR 0.16	63 522 720

As at date of issuance of new shares, on 29 March 2021, the Company has emitted its shares on Amsterdam's stock exchange.

Share premium

As at 31 December 2020, share premium consisted of contribution of parent Company for the acquisition of CTP Invest, spol. s r.o. and CTP Property B.V. including its subsidiaries of EUR 1,858,460 thousand.

In 2021, after emission of shares on Amsterdam's stock exchange, there is an increase of EUR 809,511 thousand, which comprise of EUR 844,475 thousand of cash acquired and capitalised IPO costs of EUR 34,964 thousand.

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.

15. Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

In EUR thousand	1.1.2021 - 31.3.2021			1.1.2020 - 31.3.2020		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
Profit/(loss) attributable to Equity holders of the Company	98,486	--	98,486	56,821	--	56,821
Dividends on non-redeemable preference shares	--	--	--	--	--	--
Profit/(loss) attributable to ordinary shareholders	98,486	0	98,486	56,821	0	56,821

	1.1.2021 - 31.3.2021			1.1.2020 - 31.3.2020		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
Issued ordinary shares at 1 January	336,000,000	--	336,000,000	100	--	100
Effect of shares issued related to a business combination	--	--	0	--	--	--
Effect of shares issued in 2021 / 2020	2,033,900	--	2,033,900	--	--	--
Weighted-average number of ordinary shares at 31 March	338,033,900	0	338,033,900	100	0	100

The denominator in the calculation of basic EPS for each period presented is weighted average number of shares as at 31 March 2021. The resulting EPS data is pro forma rather than historical but is comparable over the years/period presented.

Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	1.1.2021 - 31.3.2021			1.1.2020 - 31.3.2020		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
<i>In EUR thousand</i>						
Profit (loss) attributable to Equity holders of the Company (basic)	98,486	–	98,486	56,821	–	56,821
Interest expense on convertible notes, net of tax	–	–	–	–	–	–
Profit/(loss) attributable to ordinary shareholders	98,486	0	98,486	56,821	0	56,821

	1.1.2021 - 31.3.2021			1.1.2020 - 31.3.2020		
	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
Weighted-average number of ordinary shares (basic)	338,033,900	–	338,033,900	100	–	100
Effect of conversion of convertible notes	–	–	–	–	–	–
Effect of share options on issue	–	–	–	–	–	–
Weighted-average number of ordinary shares (diluted) at 31 March	338,033,900	0	338,033,900	100	0	100

16. Interest-bearing loans and borrowings from financial institutions

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Non-current liabilities		
Interest-bearing loans and borrowings from financial institutions	1,816,640	2,203,279
Accrued arrangement fees	-11,625	-11,280
Balance at 31 March / December	1,805,015	2,191,999

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Current liabilities		
Interest-bearing loans and borrowings from financial institutions	121,517	162,616
Accrued arrangement fees	-2,413	-2,328
Balance at 31 March / December	119,104	160,288

Residual maturity of loans and borrowings from financial institutions as at 31 March 2021 and 31 December 2020 is as follows:

<i>In EUR thousand</i>	Balance as at 31 March 2021				
	Due within			Due in follow. years	Total
	1 year	2 years	3-5 years		
Interest-bearing loans and borrowings from financial institutions	121,517	60,433	228,375	1,527,832	1,938,157

<i>In EUR thousand</i>	Balance as at 31 December 2020				
	Due within			Due in follow. years	Total
	1 year	2 years	3-5 years		
Interest-bearing loans and borrowings from financial institutions	162,616	140,996	455,963	1,606,320	2,365,895

Interest rates for loans and borrowings are based on EURIBOR, plus margins that vary from 1.01% to 2.90%, except for the bank loans provided by Aareal Bank A.G. of EUR 390,580 thousand with fixed interest rate of 1,90%.

All of the Group's interest-bearing loans and borrowings from financial institutions have, among others, loan-to-value and debt service coverage ratio covenants. As at 31 March 2021 and 31 December 2020 there were no breach of covenant conditions. Bank loans are secured by pledges of shares, real estate, receivables and cash at bank accounts.

In 2020, part of industrial portfolio of the Group was refinanced by bank loan with nominal value as at 31 December 2020 of EUR 395,525 thousand provided by Aareal Bank AG.

Bank loans of EUR 449,107 thousand (2020 – EUR 555,463 thousand) were repaid in 2021 and 2020 from bonds issued in October and November 2020 and in February 2021.

In December 2020 the Company entered into a EUR 100,000 thousand revolving credit facility for a three-year period. The Company does not expect a drawdown either partial or for the full amount under this facility in 2021.

Reconciliation of movements of assets, liabilities and equity to cash flows arising from financing activities

In EUR thousand	Bank loans	Related party loans	Bonds	Lease liabilities	IRS - assets	IRS - liabilities	Issued capital	Share premium	Retained earnings	Total
Balance as at 1 January 2021	2 352 287	37 172	1 041 971	5 235	0	34 066	53 760	1 858 460	324 862	5 707 813
Changes from financing cash flows										
Proceeds from Bonds	--	--	496 915	--	--	--	--	--	--	496 915
Proceeds from loans and borrowings	64 388	--	--	--	--	--	--	--	--	64 388
Transaction costs related to loans and borrowings	--	--	-1 248	--	-2 623	--	--	--	--	-3 871
Repayment of the loans and borrowings	-492 316	-35 968	--	--	--	--	--	--	--	-528 285
Proceeds from the issue of share capital	--	--	--	--	--	--	9 763	831 267	--	841 031
Payment of lease liabilities	--	--	--	-287	--	--	--	--	--	-287
Total changes in financing cash flow	-427 928	-35 968	495 667	-287	-2 623	--	9 763	831 267	--	869 890
Change in fair value	--	--	--	--	2 287	-11 796	--	--	--	-9 509
Other adjustment	207	-332	582	1 526	217	55	--	-21 756	-28	-19 529
Profit for the period	--	--	--	--	--	--	--	--	98 486	98 486
Non cash set off of Related party loans	--	--	--	--	--	--	--	--	--	0
Interest expense	11 260	651	5 105	--	--	1 858	--	--	--	18 875
Interest paid	-11 707	-1 405	--	--	--	-1 915	--	--	--	-15 027
Other liability related changes	-240	-1 086	5 687	1 526	217	-1	0	-21 756	98 458	82 805
Balance at 31 March 2021	1 924 119	118	1 543 325	6 474	-120	22 269	63 523	2 667 971	423 320	6 650 999

In EUR thousand	Bank loans	Related party loans	Bonds	Lease liabilities	IRS - assets	IRS - liabilities	Issued capital	Share premium	Retained earnings	Total
Balance as at 1 January 2020	2,677,813	101,086	--	5,776	-740	16,125	--	828,682	1,188,597	4,817,339
Changes from financing cash flows										
Proceeds from Bonds	--	--	1,041,395	--	--	--	--	--	--	1,041,395
Proceeds from loans and borrowings	743,657	--	--	--	--	--	--	--	--	743,657
Transaction costs related to loans and borrowings	--	--	-2,832	--	--	-18,817	--	--	--	-21,649
Repayment of the loans and borrowings	-1,088,814	-20,625	--	--	--	--	--	--	--	-1,109,439
Proceeds from the issue of share capital	--	--	--	--	--	--	200	--	--	200
Repayment of share premium	--	--	--	--	--	--	--	-12,500	--	-12,500
Payment of lease liabilities	--	--	--	-541	--	--	--	--	--	-541
Total changes in financing cash flow	-345,157	-20,625	1,038,563	-541	--	-18,817	200	-12,500	--	641,123
Acquisition through business combination	18,867	--	--	--	--	--	--	--	--	18,867
Changes arising from acquisitions and disposal of subsidiaries business	18,867	--	--	--	--	--	--	--	--	18,867
Change in fair value	--	--	--	--	--	40,272	--	--	--	40,272
Other adjustment	-8,070	--	-274	--	740	-3,514	--	-19,417	-598	-31,133
Share issuance and formation of CTP B.V.	--	--	--	--	--	--	53,560	1,061,695	-1,115,255	--
Profit for the period	--	--	--	--	--	--	--	--	252,118	252,118
Non cash set off of Related party loans	--	-37,035	--	--	--	--	--	--	--	-37,035
Interest expense	54,321	2,276	3,682	--	--	8,255	--	--	--	68,534
Interest paid	-45,487	-8,530	--	--	--	-8,255	--	--	--	-62,272
Other liability related changes	764	-43,289	3,408	--	740	-3,514	53,560	1,042,278	-863,735	190,212
Balance at 31 December 2020	2,352,287	37,172	1,041,971	5,235	--	34,066	53,760	1,858,460	324,862	5,707,813

17. Bonds issued

On 18 February 2021, the Company CTP N.V. issued EUR 500 million unsecured bonds in nominal value of EUR 100 each. The bonds are issued as subordinated, with fix interest rate

0.750% per annum ("p.a.") and bonds are due on 18 February 2027. The ISIN of the bonds is XS2303052695. There are no covenants related to the bonds.

On 1 October 2020, the Company CTP N.V. issued EUR 650 million unsecured bonds in nominal value of EUR 100 each. The bonds are issued as subordinated, with fix interest rate 2.125% per annum ("p.a.") and bonds are due on 1 October 2025. The ISIN of the bonds is XS2238342484. There are no covenants related to the bonds.

On 27 November 2020, the Company CTP N.V. issued additional EUR 400 million unsecured bonds in nominal value of EUR 100 each. The bonds are issued as subordinated, with fix interest rate 0.625% p.a. and bonds are due on 27 November 2023. The ISIN of the bonds is XS2264194205. There are no covenants related to the bonds.

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Non-current liabilities		
Bonds issued - nominal value	1,550,000	1,050,000
Interest expense liability	8,185	3,682
Discount applied	-11,346	-8,605
Amortisation of applied discount	658	345
Bond issuance costs	-4,590	-3,602
Amortisation of bond issuance costs	418	151
Balance at 31 December	1,543,325	1,041,971

18. Derivative financial instruments

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Fair value of derivatives - asset	120	--
Fair value of derivatives - liability	-22,269	-33,952
Total	-22,149	-33,952
Accrued interest on derivatives	--	-114
Total derivatives	-22,149	-34,066

All financial derivatives were stated at fair value as at 31 March 2021 and 31 December 2020 respectively and classified to Level 2 in the fair value hierarchy. For fair value determination, a market comparison technique was used.

As at 31 March 2021 CTP held the following financial instruments:

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2021 (in EUR thousand)
Interest rate swaps	2026	3M Euribor	from -0.357% to -0.341%	EUR	25,615 EUR	120
Total receivables from derivatives						120

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2021 (in EUR thousand)
Interest rate swaps	2025 - 2026	3M Euribor	from -0.346% to 0.005%	EUR	1,374,495 EUR	-22,149
Foreign exchange swaps	2021	N/A	N/A	CZK/EUR	10,000 EUR / 258,600 CZK	-120
Total liabilities from derivatives						-22,269

As at 31 December 2020 CTP held the following financial instruments:

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2020 (in EUR thousand)
Interest rate swaps	2021 - 2026	from 3M Euribor to 6M Euribor	from -0.44% to 0.446%	EUR	1,648,904 EUR	-33,900
Foreign exchange swaps	2021	N/A	N/A	CZK/EUR	10,000 EUR	-52
Total liabilities from derivatives						-33,952

19. 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.

Deferred tax assets and liabilities

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

<i>In EUR thousand</i>	31 March 2021			31 December 2020		
	Assets	Liability	Net	Assets	Liability	Net
Investment property	2,062	-512,391	-510,329	2,841	-502,970	-500,129
Tax losses	8,462	--	8,462	10,321	--	10,321
Property, plant and equipment	1,338	--	1,338	--	-2,189	-2,189
Other (receivables, hedge accounting etc.)	7,294	-13,254	-5,960	1,640	--	1,640
Tax asset/(liabilities)	19,156	-525,645	-506,489	14,802	-505,159	-490,357
Set-off of tax	-6,490	6,490	--	-380	380	--
Net tax assets/ (liabilities)	12,666	-519,155	-506,489	14,422	-504,779	-490,357

Movement in Deferred tax during the Year recognized in profit and loss, in equity and in OCI

<i>In EUR thousand</i>	Balance as at 1 January 2021	Change in temporary differences	Change through business combination	Deferred tax recognised in OCI	Effect of changes in FX rates	Balance as at 31 March 2021
Investment property	-500,129	-11,003	--	--	803	-510,329
Tax losses	10,321	-1,866	--	--	7	8,462
Property, plant and equipment	-2,189	3,300	--	226	1	1,338
Other (receivables, hedge accounting etc.)	1,640	-6,356	--	--	-1,244	-5,960
Total	-490,357	-15,925	--	226	-433	-506,489

<i>In EUR thousand</i>	Balance as at 1 January 2020	Change in temporary differences	Change through business combination	Deferred tax recognised in OCI	Effect of changes in FX rates	Balance as at 31 December 2020
Investment property	-490,526	-14,234	612	--	4,019	-500,129
Tax losses	3,158	7,194	--	--	-31	10,320
Property, plant and equipment	2,984	-6,867	--	1,723	-29	-2,189
Other (receivables, hedge accounting etc.)	344	1,304	--	--	-8	1,640
Total	-484,040	-12,603	612	1,723	3,951	-490,357

20. Related parties

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

In three-month period ended 31 March 2021 and 2020 respectively, CTP had the following interest income and interest expense with related parties:

<i>In EUR thousand</i>	31 March 2021		31 March 2020	
	Revenues	Expenses	Revenues	Expenses
Multivest B.V. - interest	--	-383	--	-504
CTP Germany II GmbH	57	--	51	--
CTP Germany III GmbH	9	--	9	--
CTP Holding B.V.	413	--	45	-128
CTP Solar, a.s.	--	--	--	-1
Total	479	-383	105	-633

As at 31 March 2021 and 31 December 2020, CTP has the following short-term receivables/payables from/to related parties:

<i>In EUR thousand</i>	31 March 2021		31 December 2020	
	Receivables	Payables	Receivables	Payables
CTP Holding B.V.	13	--	13	-2,627
CTP I, spol. s r.o.	--	--	30	--
CTP Property Poland I Sp. Z o. o.	--	--	--	--
CTP Solar, a.s.	--	--	2	--
Multivest B.V.	--	--	--	--
Total	13	--	45	-2,627

As at 31 March 2021 and 31 December 2020, CTP has the following long-term receivables/payables from/to related parties:

<i>In EUR thousand</i>	31 March 2021		31 December 2020	
	Receivables	Payables	Receivables	Payables
CTP Germany II GmbH	7,982	--	7,924	--
CTP Germany III GmbH	322	--	314	--
CTP Germany IV GmbH	--	-15	--	-15
CTP Holding B.V.	45,483	-3	33,804	-3
CTP I, spol. s r.o.	52	--	--	--
CTP Solar, a.s.	--	-100	4	-163
Multivest B.V.	--	--	--	-34,363
Total	53,839	-118	42,046	-34,544

Other non-current non-trade receivables from and non-trade liabilities to related parties are interest bearing and bear an arm's length interest in a range of 2.3% - 4% depending on the maturity, collateralization, subordination, country risk and other specifics.

21. 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 ongoing 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 of the 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.

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.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Impairment to cash and cash equivalent	-	--
Impairment to trade receivables	3,002	3,257
Impairment to receivables to related parties	-	--
Total	3,002	3,257

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

<i>In EUR thousand</i>	2021
Balance as at 1 January 2021	3,257
Amounts written off	-
Amounts derecognised due to discontinued operations	-
Net remeasurement of loss allowance	-255
Balance as at 31 March 2021	3,002

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 maximizing the return to shareholders through the optimization of the debt and equity balance. CTP's overall strategy remains unchanged compared to 2020.

CTP as property investor is mainly influenced by the fact that it leverages its project financing by using bank debts or bonds. 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 16 and bonds disclosed in Note 17.

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.

Net gearing ratio:

Gearing ratio calculated below compares debt to equity where a debt is defined to be the sum of long-term and short-term liabilities and equity includes all capital and reserves of the Group excluding non-controlling interests.

<i>In EUR thousand</i>	31 March 2021	31 December 2020
Debt	4,229,009	4,182,128
Equity	3,181,489	2,263,202
Gearing ratio	133%	185%

The Net 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 bonds issued adjusted for cash and cash equivalents available as per 31 March 2021 and 31 December 2020 on investment property, investment property under construction and plant and equipment) is approximately 38% at 31 March 2021 compared to 51% as at 31 December 2020. Decrease is primarily driven by the increase of cash balance as a result of bonds issuance.

As the properties are leased for a long period and CTP agreed with its financial institutions long-term financing, 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 minimizations of these risks. The 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 optimizing the return.

Foreign currency risk

Currency risk is managed mainly by making, when possible, investments in the same currency as the financing sources utilized. 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 March 2021 CTP analyzed the impact of the foreign exchange rate variances on its assets and liabilities and on its statement of comprehensive income. The impact would not be significant as a majority of financial instruments is denominated in EUR.

Interest rate risk

The interest rate risk arises mainly from the floating interest rates applicable to debt financing. Some of the bank loans have flexible interest rates based on EURIBOR rates for the reference period of 3 months increased by a fixed margin. In 2021 and 2020, CTP entered into transactions with the financial institutions to hedge the interest rate risk (refer to Note 18). CTP mitigated the interest rate risk by holding interest rate swaps in 2021 and 2020.

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 to use the rent income to settle the short-term liabilities.

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. Bank loans with fixed interest rates were concluded in September 2020, and therefore their fair value approximates the book value.

Bond

The fair value of bond issued as at 31 March 2021 is of EUR 404,768 thousand for the bonds with maturity on 27 November 2023, EUR 690,586 thousand for bonds with maturity on 1 October 2025 and EUR 495,285 thousand for the bonds with maturity on 18 February 2027.

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 3).

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 3).

Global health pandemic (COVID-19) assessment

Overall, whilst we will of course be adversely affected by the disruption to normal life caused by COVID-19 related measures, we believe that CTP is well placed to withstand these with limited impact on our financial position.

Although the impact of the COVID-19 is incorporated in the figures as at and for the period ended 31 March 2021, COVID-19 can impact CTP in the period after 31 March 2021. However, based on the current assessment 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:

- (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.

We assessed the following risks:

- Changes in demand of the company's products / services; CTP experienced an ongoing demand for new developments and take up of leases for its space.
- Signals of deterioration of credit risk and payment behavior of debtors; whilst at the beginning of the COVID pandemic there was a lot of uncertainty as regards the predictability of the rental collection, CTP experienced no material hick-ups in its rental collection. More specifically, the collection rate of 98% in 2020 was maintained in Q1 2021.
- Disruptions in the (inter-) national supply chains; instead we recorded an increase in demand for space as a result of this trend.
- Signals of change in payment terms required by creditors; as stated above, after an initial period of unpredictability in this respect, during which time a limited number of tenants contacted CTP for rental freeze (which were declined by us), the payment discipline of our tenants kept its normal pattern.
- Disruptions in the company's core processes (construction/ property management / offices / work force etc.); apart from some initial minor delays in construction activities due to workers staying at home due to the pandemic, our construction was resumed to normal pace quickly. In hindsight and when reviewing its full effect, no material disruptions were recorded.
- Issues with providers of financing / loan covenants / credit facilities; as a result of our bond financings, some EUR 700 mln in bank loans were repaid in the 4th Quarter of 2020 and EUR 449mln were repaid in the 1st Quarter of 2021. Although this does only has a positive impact on meeting bank conditions, CTP wishes to maintain its solid bank relationships by making sure that core relationship banks can benefit through offering fee-based banking services to the Group.

We expect COVID-19 to have negative but also positive effects (such as an increase demand for our premises in suitable e-commerce locations due to move from classic retailers to e-commerce). Furthermore, we expect that manufacturing locations will be located closer to the consumption end of the European supply chains due to the trend of diversification of manufacturing locations, which will lead to an increase of the demand for new space. Therefore, on balance we believe that for CTP positive effects will prevail in the mid-term. During 2020 CTP experienced no liquidity issues with tenants. Initial payments delays that were recorded directly after outbreak of COVID-19 were solved in a few weeks, confirming CTP's business profile being resilient as it benefits from a very diversified portfolio (in terms of both geographical locations and tenants). CTP has no dependence on any single individual tenant or location in isolation.

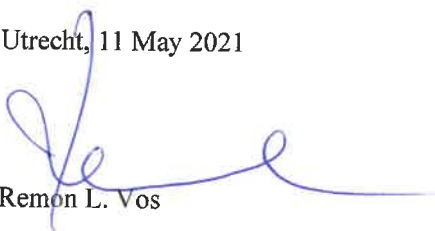
In October and November 2020 and February 2021, the Group successfully issued senior unsecured bonds in the amount of EUR 1,550 million, providing another indicator of CTP's sound financial position and trust of investors. When current low bond interest pertain CTP will continue issuing bonds and replace the existing bank financing.

23.Subsequent events

On 14 April 2021 the shareholder used the so-called “green shoe” option and sold 6,692,723 of shares offered in the IPO, so following the execution of green shoe option the shareholders owns 82.9% of the shares in the company.

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 these financial statements as at 31 March 2021.

Utrecht, 11 May 2021



Remon L. Vos



Richard J. Wilkinson

The valuator of the industrial portfolio did not include a material valuation uncertainty statement in the valuations as per 31 March 2021, which confirms that the appraiser has sufficient market evidence and the estimation uncertainty is comparable to the period before the outbreak of COVID-19. For the hotel portfolio the appraiser did include a material valuation uncertainty statement as the leisure and travel industry has been affected by the outbreak of COVID-19. The value of the hotel portfolio comprises 0.9% of the total assets of the Company. We expect that interest rates will stay at very low levels for an even more extended period, which will continue to support the demand and thus 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 March 2021.

22. Contingent liabilities

Issued guarantees

Under Guarantee agreements concluded following the sale of a portfolio A, 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 15 November 2028, unless they terminate earlier pursuant to the agreement.

During 2020 Raiffeisenbank a.s. issued a bank guarantee on behalf of the Group in favor of BOHEMIA SHELF CO 2018 S.R.O. in the amount of EUR 2,543 thousand. The bank guarantee relates to the warranty under the General Agreement for the delivery of a turn-key project in Stříbro, Czech Republic and terminates on 3 June 2022.

Contracted work

As at 31 March 2021, the Group has contracted work with external suppliers related to realization of construction project, which is not performed at the year-end of EUR 187,326 thousand (as at 31 December 2020 EUR 172,595 thousand).