

QUARTERLY REPORT FOR III QUARTER OF 2020



CPD S.A.QUARTERLY REPORT FOR 3rd QUARTER 2020

CPD S.A.**QUARTERLY REPORT FOR 3rd QUARTER OF 2020****TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the 3 Q 2020 report of CPD S.A. published on 26 November 2020.

In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland. The accompanying translated financial statements have not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than in Poland, but certain terminology current in Anglo-Saxon countries has been adapted to the extent practicable.

In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

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I. OPERATING REPORT**1. INFORMATION OF CPD CAPITAL GROUP**

CPD Group started its activities in Poland in 1999 from the foundation of Celtic Asset Management Sp. z o.o. In subsequent years, 1999-2005, the activities of the company focused on building and managing a real estate portfolio for external institutions in Poland, Czech Republic, Lithuania, Romania, Hungary and Germany. In 2005 Celtic Asset Management Sp. z o.o started development activity in cooperation with several funds managed by Laxey Partners. In 2007 the consolidation of the group under the name Celtic Property Developments SA (BVI) was performed and in 2008 the listing of the company Celtic Property Developments SA (BVI) began on a deregulated market (Freiverkehr) in Frankfurt. In the period from 2005 to 2010 the Company's main market of activity was Poland. At the same time, the Group conducted and managed projects in Montenegro, Hungary, Italy, Belgium, the United Kingdom, the Netherlands, Germany and Spain. International experience and practical knowledge of experts and managers of CPD Group contributed to creation of a strong and stable Capital Group, which debuted on the Warsaw Stock Exchange on 23 December 2010. 17th of September 2014 the Company changed its name from Celtic Property Developments S.A. to CPD S.A.

Today, CPD S.A., is the holding company controlling a group of 28 subsidiaries and two jointly controlled companies, carrying on activities in the office and residential segments. The Group's current plans focus on continuation of residential development, mainly through the implementation of its leading project in the Warsaw district of Ursus, as well as the monetization of its land bank in the same district.

2. CAPITAL GROUP'S STRUCTURE

As of the day of publication hereof, the CPD Group (hereinafter referred to as "the Group", "CPD Group", "the Capital Group") was composed of the parent company – CPD S.A. (hereinafter referred to as "the Company") and 28 subsidiaries and two jointly controlled companies, with one of the companies being in liquidation. The Group's development activities are conducted via investment companies, direct subsidiaries of Challenge Eighteen sp. z o.o. and Lakia Enterprises Ltd (Cyprus). The parent company - CPD S.A. - coordinates and supervises the activities of particular subsidiaries and at the same time is the centre for making decisions on the development strategy. CPD S.A. performs actions aiming at optimising the operating costs of the Capital Group, designs the Group's investment and marketing policies and serves as the coordinator of this activity.

In the reporting period, the following changes took place in the structure of the CPD Group:

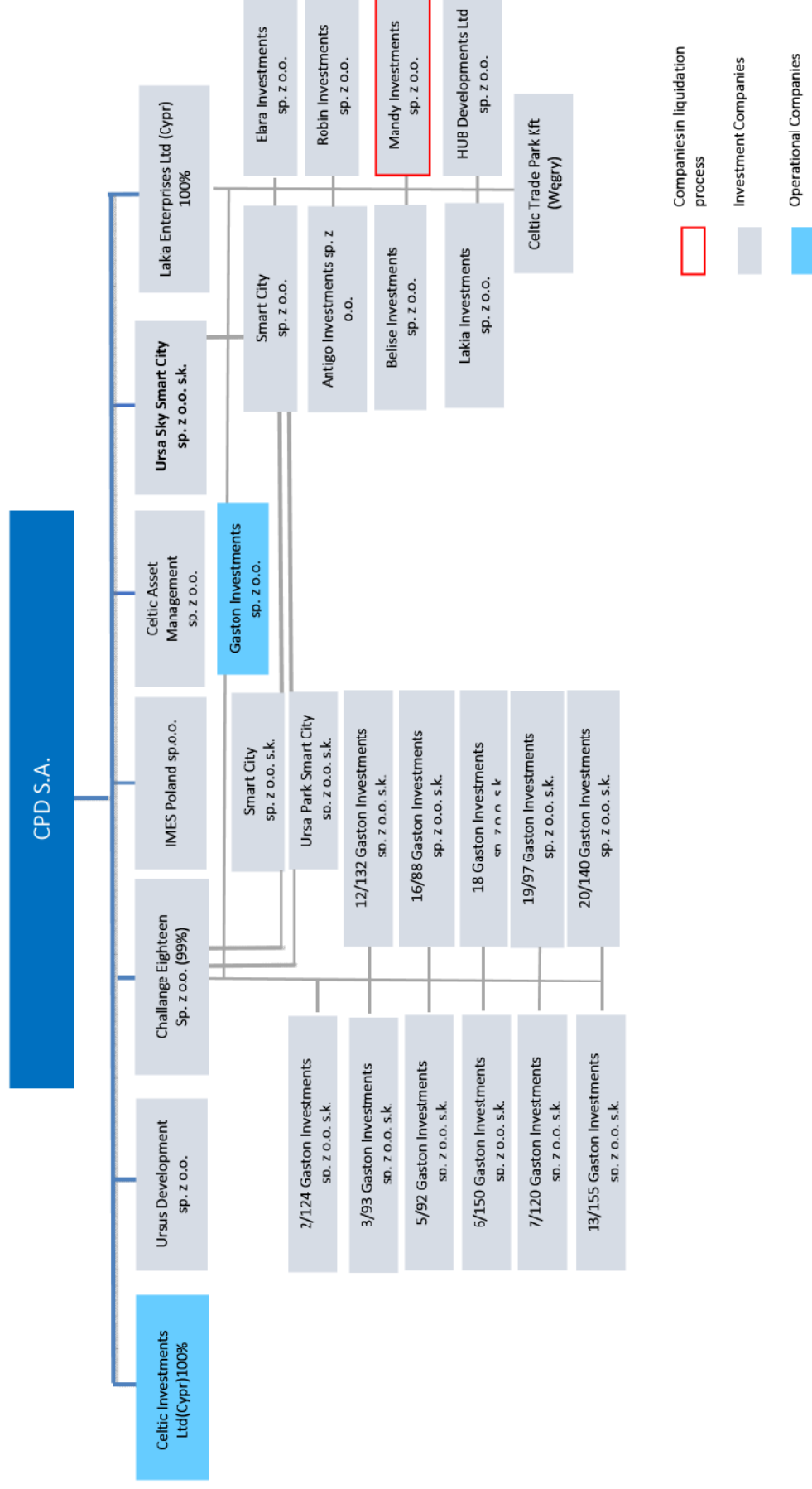
- On 25 June 2020 Ursus Development spółka z ograniczoną odpowiedzialnością was established;
- On 15 June 2020 Ursa Sky Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa was established.

All the Group companies are consolidated with the full method, except for three Group companies - Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa and Ursa Park Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa, which are consolidated with the equity method in accordance with the requirements of the International Financial Reporting Standards.

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CPD Group's structure as on 30 September 2020.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	3 months period	
	From 01.07.2020	From 01.07.2019
	to 30.09.2020	to 30.09.2019
	(PLN thous.)	(PLN thous.)
Revenue	4 548	34 719
Cost of sales	-560	-2 782
Gross profit	3 988	31 937
Administrative expenses - property related	-2 728	-3 214
Other administrative expenses	-2 190	-913
Selling and marketing costs	-26	-41
Gain (loss) on disposal of investment properties	92	0
Other income	89	12
Gain (loss) on revaluation of investment properties	2 031	2 427
Gain (loss) on revaluation of assets held for sale	-86	781
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	3 643	5 986
Impairment of receivables	-24	-34
Profit from operations	4 789	36 941
Finance income	75	-842
Finance costs	-2 173	-2 554
Profit before tax	2 691	33 545
Income tax	-38	-4 970
Profit for the period	2 653	28 575

Description of financial results for the period of 3 months from 1 July 2020 to 30 September 2020

In the third quarter of 2020 the net profit of CPD SA amounted to PLN 2.65 mln. The operational profit at PLN 4.79 mln was higher than the sales profit at PLN 3.99 mln.

Among the factors that exerted positive impact on the Group's performance in the three months from July to September 2020 compared with the same period in 2019, the main one was the decrease of financial costs by PLN 0.4 mln and of real property maintenance costs by PLN 0.5 mln.

The main factors that exerted negative impact on net results in the third quarter of 2020 compared with the same period in 2019 was the decrease of sales costs at PLN 27.9 mln, which resulted mainly from recognition in the third quarter of 2019 of income from provision of services accompanying the sale of rights to land properties situated in Warsaw in Ursus District at PLN 29 mln and lack of analogous income in the third quarter of 2020.

Other unfavourable factors were the decrease of the share in joint undertakings by PLN 2.3 million and the increase of other administrative costs by PLN 1.3 mln.

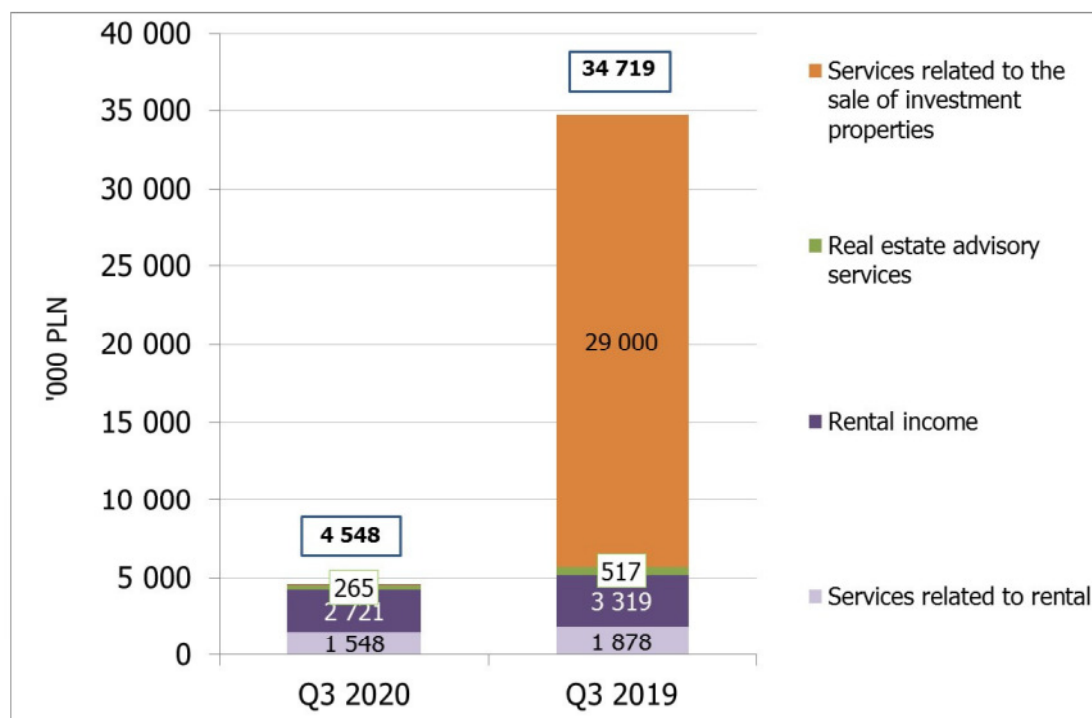
The table below displays selected items of the consolidated statement on total income translated into Euro. The items pertaining to 2020 were calculated with NBP rate (arithmetical average from three days: 31 July 2020, 31 August 2020 and 30 September 2020, i.e. 4.4436). The items pertaining to 2019 were calculated with NBP rate (arithmetical average from three days: 31 July 2019, 31 August 2019 and 30 September 2019, i.e. 4.3497).

	3 months period		Change (%)
	From 01.07.2020 to 30.09.2020	From 01.07.2019 to 30.09.2019	
	(EUR thous.)	(EUR thous.)	
Revenue	1 023	7 982	-87,2%
Cost of sales	-126	-640	-80,3%
Gross profit	897	7 342	-87,8%
Administrative expenses - property related	-614	-739	-16,9%
Other administrative expenses	-493	-210	134,8%
Selling and marketing costs	-6	-9	-37,9%
Gain (loss) on disposal of investment properties	21	0	
Other income	20	3	626,0%
Gain (loss) on revaluation of investment properties	457	558	-18,1%
Gain (loss) on revaluation of assets held for sale	-19	180	
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	820	1 376	-40,4%
Impairment of receivables	-5	-8	-30,9%
Profit from operations	1 078	8 493	-87,3%
Finance income	17	-194	
Finance costs	-489	-587	-16,7%
Profit before tax	606	7 712	-92,1%

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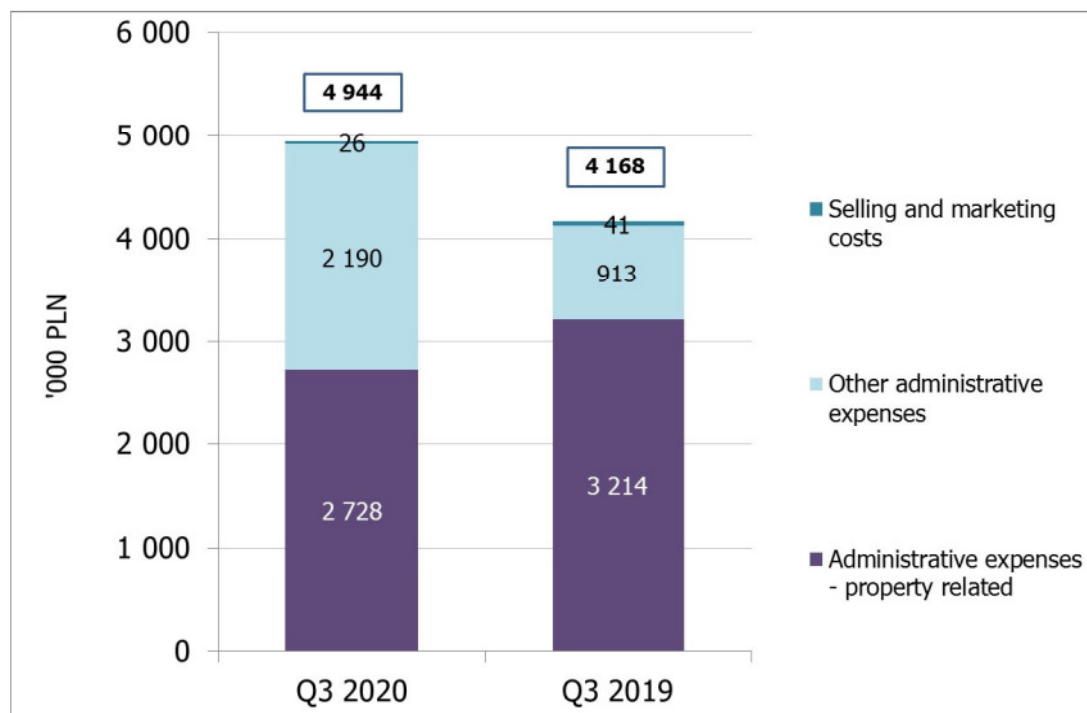
Income tax	-9	-1 143	-99,3%
Profit for the period	597	6 569	-90,9%

The scheme below displays the structure of sales income in the 3rd quarters of 2020 and 2019.



The sales declined substantially, as in the third quarter of 2019 the Group received income from provision of services accompanying the sale of rights to real properties situated in Warsaw in Ursus District and there was no analogous income in the third quarter of 2020.

The scheme below displays the structure of operational costs in the 3rd quarters of 2020 and 2019.



The value of operational costs increased compared with the third quarter of 2019 mainly because of the increase of costs of advising services.

Selected items of the consolidated statement of comprehensive income

	9 months period		Change (%)
	From 01.01.2020 to 30.09.2020 (PLN thous.)	From 01.01.2019 to 30.09.2019 (PLN thous.)	
Revenue	14 152	44 687	-68,3%
Cost of sales	-2 824	-4 148	-31,9%
Sales profit	11 328	40 539	-72,1%
Administrative expenses - property related	-8 760	-8 250	6,2%
Other administrative expenses	-4 756	-4 408	7,9%
Selling and marketing costs	-151	-157	-3,8%
Gain (loss) on disposal of investment properties	166	0	
Other income	1 136	2 350	-51,7%
Gain (loss) on revaluation of investment properties	8 729	-177	
Gain (loss) on revaluation of assets held for sale	-116	26 615	
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	7 952	16 897	-52,9%

Impairment of receivables	44	-227	
Profit from operations	15 572	73 182	-78,7%
Finance income	623	606	2,8%
Finance costs	-15 017	-4 680	220,9%
Profit/loss before tax	1 178	69 108	-98,3%
Income tax	-10 461	-2 299	355,0%
Profit/loss for the period	-9 283	66 809	

Description of financial results for the period of 9 months from 1 January 2020 to 30 September 2020

The operational profit accumulated in the period of 9 months 2020 reached PLN 15.57 mln. With consideration of income, financial costs and the income tax, this 9-month period ended with the net loss at PLN 9.28, while the sales profit amounted to PLN 11.33 mln. This profit decreased by 72% compared with the analogous period in 2019.

Among the factors that exerted positive impact on the Group's performance in the first 9 months of 2020 compared with the analogous period in 2019, the main one was the positive outcome of evaluation of investment real properties at PLN 8.73.

The positive outcome of evaluation of investment real properties resulted mainly from weakening of the Polish currency. In the end of September 2020 the rate EUR/PLN amounted to 4.5268 and in the end of 2019 only PLN 4.2585.

The main factors that exerted negative impact on the Group's performance in the period from January to September 2020 compared with the analogous period in 2019 were the income tax at PLN 10.46 mln, the increase of financial costs at PLN 10.34 mln, the decrease of the share in joint undertakings at PLN 8.95 mln and the profit on sale at PLN 29.21.

The increase of income tax reflected payment of the corporate income tax for 2012 at PLN 9.1 mln by the subsidiary company Challenge Eighteen Sp. z o.o. in May 2020. More information on this matter is provided in section 12 of this document. The increase of financial costs resulted mainly from payment of late interest on the corporate income tax at PLN 6.5 mln and negative FX rates at PLN 5.8 mln that resulted from weakening of the Polish currency in the period in question.

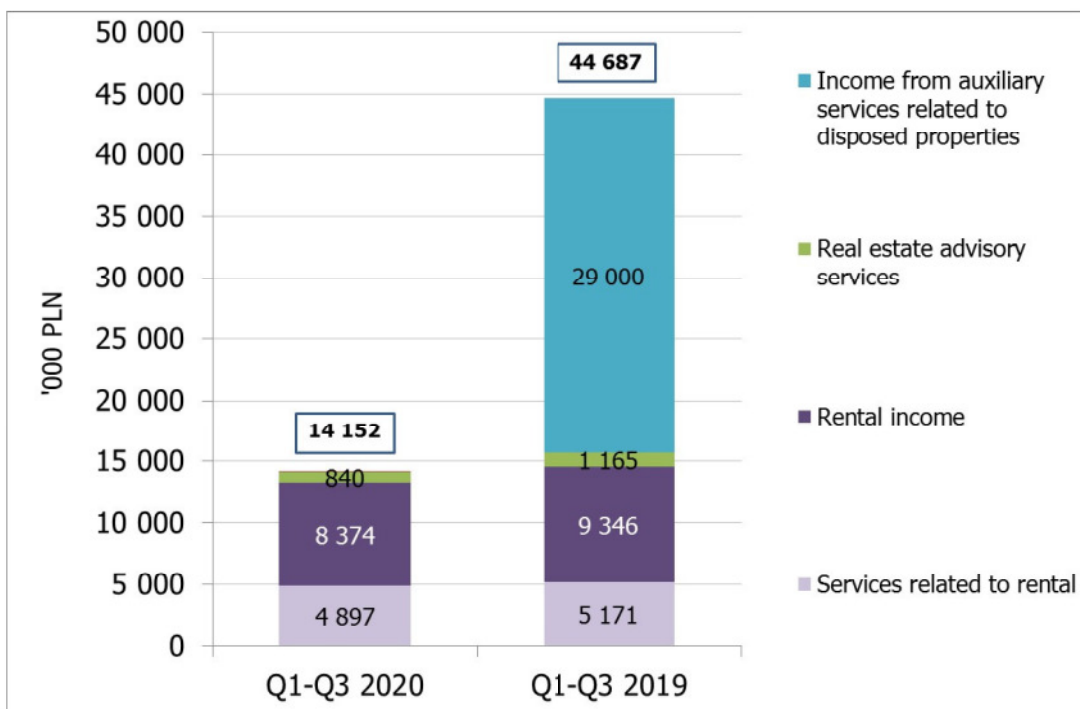
The table below displays selected items of the consolidated statement on total income translated into Euro. The items were calculated with the rate equal to arithmetical average of the rates published by NBP as effective in the end on each month of the financial period, i.e. from 1 January 2020 to 30 September 2020 – 4.4420 PLN/EUR (from 1 January 2019 to 30 September 2019 – 4.3086 PLN/EUR).

	9 months period		Change (%)
	From 01.01.2020 to 30.09.2020	From 01.01.2019 to 30.09.2019	
	(EUR thous.)	(EUR thous.)	
Revenue	3 186	10 372	-69,3%
Cost of sales	-636	-963	-34,0%

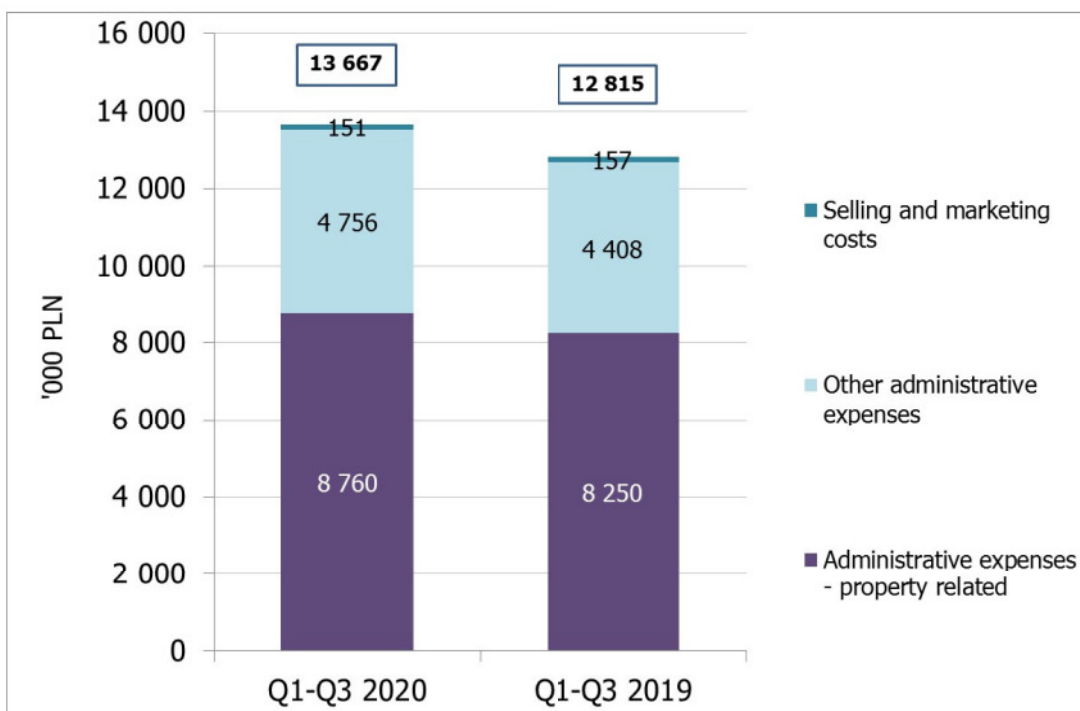
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Sales profit	2 550	9 409	-72,9%
Administrative expenses - property related	-1 972	-1 915	3,0%
Other administrative expenses	-1 071	-1 023	4,7%
Selling and marketing costs	-34	-36	-6,7%
Gain (loss) on disposal of investment properties	37	0	
Other income	256	545	-53,1%
Gain (loss) on revaluation of investment properties	1 965	-41	
Gain (loss) on revaluation of assets held for sale	-26	6 177	
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	1 790	3 922	-54,4%
Impairment of receivables	10	-53	
Profit from operations	3 506	16 985	-79,4%
Finance income	140	141	-0,3%
Finance costs	-3 381	-1 086	211,2%
Profit/loss before tax	265	16 040	-98,3%
Income tax	-2 355	-534	341,4%
Profit/loss for the period	-2 090	15 506	

The scheme below displays the structure of sales income in the period of the first 9 months of 2020 and 2019.



The scheme below displays the structure of operational costs in the period from January to September 2020 and 2019.



The value of operational costs increased by 6.6% compared with the analogous period of 2019 mainly because of the increase of costs of advising services and employment.

Selected items of the consolidated statement of financial position

	As at:		Change (%)
	30.09.2020 (PLN thous.)	31.12.2019 (PLN thous.)	
TOTAL ASSETS	430 398	526 585	-18,3%
Non-current assets, including:	192 476	132 856	44,9%
<i>Investment properties</i>	<i>158 340</i>	<i>100 214</i>	<i>58,0%</i>
<i>Investments in joint ventures accounted for using the equity method</i>	<i>33 628</i>	<i>32 015</i>	<i>5,0%</i>
Current assets, including:	237 922	393 729	-39,6%
<i>Assets held for sale</i>	<i>85 250</i>	<i>242 705</i>	<i>-64,9%</i>
<i>Inventory</i>	<i>3 486</i>	<i>3 594</i>	<i>-3,0%</i>
<i>Trade and other receivables</i>	<i>5 944</i>	<i>8 395</i>	<i>-29,2%</i>
<i>Cash and cash equivalents</i>	<i>143 242</i>	<i>139 035</i>	<i>3,0%</i>
TOTAL EQUITY AND LIABILITIES	430 398	526 585	-18,3%
Equity, including:	259 463	343 858	-24,5%
<i>Share capital</i>	<i>2 637</i>	<i>2 637</i>	<i>0,0%</i>
<i>Reserve capital</i>	<i>987</i>	<i>987</i>	<i>0,0%</i>
<i>Own shares for redemption</i>	<i>-117 396</i>	<i>-43 010</i>	<i>173,0%</i>
<i>Fair value of capital element at inception date</i>	<i>-27 909</i>	<i>-27 909</i>	<i>0,0%</i>
<i>Translation reserve</i>	<i>-6 257</i>	<i>-5 531</i>	<i>13,1%</i>
<i>Retained earnings</i>	<i>407 401</i>	<i>416 684</i>	<i>-2,2%</i>
Total liabilities, including:	170 935	182 727	-6,5%
<i>Non-current liabilities</i>	<i>26 331</i>	<i>82 909</i>	<i>-68,2%</i>
<i>Current liabilities</i>	<i>144 604</i>	<i>99 818</i>	<i>44,9%</i>

In the end of September 2020 the value of total assets of the Group decreased by 18.3% compared with the end of 2019 because of a significant decrease of its working assets.

The decrease of working assets (by 39.6%) was caused i.a. by two repurchases of own stocks for redemption at total PLN 74.4 mln, transfer of two office properties of total booking value PLN 49.6 mln from working assets to fixed assets in the third quarter of 2020 and payment of corporate income tax with late interest at total PLN 15.6 mln (more information on this matter is provided in section 12 of this document).

The value of investment real properties increased by 58% because of transfer in the third quarter of 2020 of two office properties that were earlier presented as intended for sale to investment properties and because of negative FX rates resulting from significant weakening of the Polish currency against Euro.

In the end of September 2020 the value of equity amounted to PLN 259 mln, which constituted 60.3% of the Group's total assets, while the liabilities constituted 39.7% of the total assets. These rates changed compared with the end of 2019 (respectively 65.3% and 34.7%).

In the period of the first 9 months of 2020 the total value of all liabilities decreased by 6.5% (PLN 11.8 mln) compared with 31 December 2019, i.a. because of the decrease of the balance of liabilities for the received down payments at PLN 5.6 mln and the decrease of the lease liabilities at PLN 8.7 mln as a result of the sale of real properties situated in Warsaw in Ursus district from January to September 2020.

The table below displays selected items of the consolidated statement on the financial situation translated into Euro. The items pertaining to 30 September 2020 were calculated with the NBP rate of 30 September 2020, i.e. 4.5268. The items pertaining to 31 December 2019 were calculated with the NBP rate of 31 December 2019, i.e. 4.2585.

	As at:		Change (%)
	30.09.2020 (EUR thous.)	31.12.2019 (EUR thous.)	
TOTAL ASSETS	95 078	123 655	-23,1%
Non-current assets, including:	42 519	31 198	36,3%
<i>Investment properties</i>	34 978	23 533	48,6%
<i>Investments in joint ventures accounted for using the equity method</i>	7 429	7 518	-1,2%
Current assets, including:	52 559	92 457	-43,2%
<i>Assets held for sale</i>	18 832	56 993	-67,0%
<i>Inventory</i>	770	844	-8,8%
<i>Trade and other receivables</i>	1 313	1 971	-33,4%
<i>Cash and cash equivalents</i>	31 643	32 649	-3,1%
TOTAL EQUITY AND LIABILITIES	95 078	123 655	-23,1%
Equity, including:	57 317	80 746	-29,0%
<i>Share capital</i>	583	619	-5,9%
<i>Reserve capital</i>	218	232	-5,9%
<i>Own shares for redemption</i>	-25 934	-10 100	156,8%
<i>Fair value of capital element at inception date</i>	-6 165	-6 554	-5,9%
<i>Translation reserve</i>	-1 382	-1 299	6,4%
<i>Retained earnings</i>	89 998	97 848	-8,0%
Total liabilities, including:	37 761	42 909	-12,0%
<i>Non-current liabilities</i>	5 817	19 469	-70,1%
<i>Current liabilities</i>	31 944	23 440	36,3%

The table below displays shares of particular categories of liabilities in the balance-sheet sum.

	30.09.2020	31.12.2019
Liabilities to total assets	39,7%	34,7%
Non-current liabilities to total assets	6,1%	15,7%
Borrowings including leases	1,2%	12,0%
Deferred income tax liabilities	4,3%	3,3%
Trade and other payables	0,6%	0,4%
Current liabilities to total assets	33,6%	19,0%
Borrowings including leases	23,5%	0,9%
Trade and other payables	8,6%	8,3%
Payables linked to assets held for sale	1,4%	9,8%

The structure of liabilities changed significantly in the first 9 months of 2020. The share of long-term debt in the balance-sheet sum decreased from 15.7% in the end of December 2019 to 6.1% in the end of September 2020. The share of short-term debt increased from 19% on 31 December 2019 to 33.6% in the end of September 2020.

In the end of September 2020 long-term liabilities constituted only 15% of all the liabilities. In the end of 2019 that share was 45%.

The above changes resulted mainly from the fact that in the third quarter of 2020 Santander banking loan balance was fully classified as short-term liability.

4. IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY IN THE REPORTING PERIOD

• CONCLUSION OF SALE AGREEMENTS BY SUBSIDIARIES OF THE COMPANY

On 28 January 2020 the Issuer's subsidiaries concluded agreements for the sale of the right of perpetual usufruct of real estate, i.e.:

1. 6/150 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plots no. 161/2 and 150/3, no. 2-09-09, located in Warsaw, Ursus district, to Aurec Capital Development Poland sp. z o.o. with its registered office in Warsaw. The total sale price for these two plots was set at 19.3 million zł.
2. 7/120 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plots No. 120/6, 120/13, 120/7, 120/8 and 120/12, District No. 2-09-09, located in Warsaw, Ursus district, to Aurec Capital Development Poland

sp. z o.o. with its registered office in Warsaw. The total net sale price for these five plots was set at approx. 19 million zł.

3. 18 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plots No. 160 and 120/9 District No. 2-09-09, located in Warsaw, Ursus district, to Agra Development sp. z o.o. with its registered office in Warsaw. The net sale price for these two plots was set at 151 thousand zł.
4. 19/97 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plot no. 97, district number 2-09-09, located in Warsaw, Ursus district, to Agra Development sp. z o.o. with its registered office in Warsaw. The net sale price for this plot was set at approximately 8.3 million zł.
5. 20/140 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, plot No. 140, District No. 2-09-09, located in Warsaw, Ursus district, to Agra Development sp. z o.o. with its registered office in Warsaw. The sale price for this plot was set at approx. 3.8 million zł.

Other provisions of Agreements concluded by the Selling Companies do not diverge from the standards commonly used for this type of agreements.

• ESTABLISHMENT OF SECURITY

On 29 January 2020 the Issuer's subsidiaries granted collateral to secure claims for repayment of advances paid by UDI Ursus II sp. z o.o. with its registered office in Warsaw, in connection with preliminary sale agreements for a total amount of PLN 79,698,412, leading to the sale of the right to land located in Warsaw in the Ursus district.

This collateral includes the following:

- a contractual mortgage up to the amount of PLN 9,197,046.68 established by 12/132 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of an undeveloped plot of land no. 132/2 located in Warsaw, described in the land and mortgage register no. WA5M / 00477860/2 kept by the District Court for Warsaw-Mokotów in Warsaw, XIII Land and Mortgage Register Division,
- a contractual mortgage up to the amount of PLN 833 397.58 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of an undeveloped plot of land no. 158/2 located in Warsaw, described in the land and mortgage register no. WA5M / 00477864/0 kept by the District Court for Warsaw-Mokotów in Warsaw, XIII Land and Mortgage Register Division,
- a contractual mortgage up to the amount of PLN 3,107,072.74 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of developed land plot no. 155/2 located in Warsaw, described in the land and mortgage register no. WA5M / 00477861/9 kept by the District Court for Warsaw-Mokotów in Warsaw, 13th Land and Mortgage Register Division,
- a contractual mortgage up to the amount of PLN 1,466,711.90 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of developed land plot no. 147 located in Warsaw, described in the land and mortgage register no. WA1M / 00338198/6 kept by the District Court for Warsaw-Mokotów in Warsaw, 13th Land and Mortgage Register Division,

- a contractual mortgage up to the amount of PLN 1,334,453.50 established by 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. on perpetual usufruct of an undeveloped plot of land no. 134 located in Warsaw, described in the land and mortgage register No. WA1M / 00233102/1 kept by the District Court for Warsaw-Mokotów in Warsaw, 13th Land and Mortgage Register Division.

- **INFORMATION ON THE INVITATION TO SUBMIT OFFERS TO SELL SHARES IN CPD S.A.**

On 3 March 2020 the Management Board of the Company invited the Company's shareholders to submit Offers to Sell Shares on the terms specified in the Invitation to Submit Sale Offers.

The full text of the Invitation to Submit Sale Offers has been published on the website of CPD S.A.

- **INFORMATION ON ACCEPTANCE OF OFFERS TO SELL SHARES**

Pursuant to the Invitation to Submit Offers to Sell Shares of the Company announced on 3 March 2020, by which the Company proposed to acquire up to 5,393,950 ordinary bearer shares under ISIN code PLCELPD00013, in the period for receipt of the Offers to Sell Shares from 13 to 20 March 2020, 3 valid offers amounting to a total of 614 385 shares of the Company were submitted.

On 24 March 2020, the Company decided to accept all the valid offers to sell Shares.

- **BUYBACK OF TREASURY STOCK FOR REDEMPTION**

On 26 March 2020, as a result of the Invitation to Submit Proposals for Sales of Shares of the Company announced by the Company on 3 March 2020, purchased through the brokerage house Pekao Investment Banking S.A. with its registered seat in Warsaw, CPD S.A. acquired 614,385 of the Company's shares (own shares).

The shares were bought back pursuant to Resolution No. 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 28 February 2019 to acquire Company shares for the purpose of redemption, amended by Resolution no 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 2 March 2020 on the amendment of resolution no 3 adopted by the Extraordinary General Meeting held on 28 February 2019 to acquire Company shares for the purpose of redemption, pursuant to art. 362 § 1 point 5) of the Code of Commercial Companies.

The buyback price per share was 5,00 zł.

All the reacquired shares are ordinary shares with a nominal value of 0.10 zł each. CPD S.A.'s treasury shares (614,385 shares) represent 2.33% of the Company's share capital and 614,385 votes at the General Meeting of the Company (2.33% of the total number of votes at the General Meeting of the Company), although under applicable regulations the Company is not allowed to exercise the voting rights attached to treasury stock.

Prior to this buyback of 614,385 treasury shares, the Company already held another 3,305,886 treasury shares representing 12.54 % of the Company's share capital and 3,305,886 votes at the General Meeting of the Company (12.54 % of the total number of votes at the General Meeting of the Company).

Therefore, on 31 March 2020 the Company held a total of 3,920,271 treasury shares representing a total of 14.87% of the share capital of the Company, although under applicable regulations the Company is not allowed to exercise the voting rights attached to its own shares.

• **APPOINTMENT OF THE MANAGEMENT BOARD FOR THE NEXT TERM**

On 24 April 2020, the Supervisory Board decided that the Company's Management Board would consist of four members and appointed the following persons to serve on the Management Board in its fourth joint term of office:

1. Mr. Colin Kingsnorth,
2. Ms. Elżbieta Wiczowska,
3. Ms. Iwona Ewa Makarewicz,
4. Mr. John Purcell.

Moreover, the Supervisory Board appointed Colin Kingsnorth to continue serving in his capacity as the President of the Management Board.

This resolution entered into force on the date when the Annual General Meeting approving the Company's financial statements for 2019 was held.

• **INFORMATION ON THE INVITATION TO SUBMIT OFFERS TO SELL SHARES IN CPD S.A.**

On 2 June 2020 the Management Board of the Company invited the Company's shareholders to submit Offers to Sell Shares on the terms specified in the Invitation to Submit Sale Offers.

The full text of the Invitation to Submit Sale Offers has been published on the website of CPD S.A.

• **INFORMATION ON ACCEPTANCE OF OFFERS TO SELL SHARES**

Pursuant to the Invitation to Submit Offers to Sell Shares of the Company announced on 2 June 2020, by which the Company proposed to buy back up to 4,779,565 ordinary bearer shares under ISIN code PLCELPD00013, in the period for receipt of Offers to Sell Shares from 8 to 22 June 2020, 60 valid offers amounting to a total of 19,224,181 shares of the Company were submitted.

On 24 June 2020, the Company decided to accept all the valid offers to sell the Shares.

• **BUYBACK OF TREASURY SHARES FOR REDEMPTION**

On 25 June 2020, as a result of the Invitation to Submit Offers to Sell Shares of the Company announced by the Company on 2 June 2020, acquired through a brokerage house Pekao Investment Banking S.A. with its registered seat in Warsaw, CPD SA bought back 4,779,565 shares in the Company (treasury shares).

The shares were bought back pursuant to Resolution no. 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 28 February 2019 to buy back the Company's shares for the purpose of redemption, which has been amended twice, i.e. in Resolution no. 3 adopted by the Extraordinary General Meeting of CPD S.A. held on 2 March 2020 and Resolution no. 18 adopted by the Ordinary General Meeting of CPD S.A. held on 27 May 2020 pursuant to art. 362 § 1 point 5) Code of Commercial Companies.

The buyback price per share was 14.92 zł.

All the buyback shares are ordinary shares with a nominal value of 0.10 zł each. CPD S.A.'s treasury shares (numbering 4,779,565 shares) represent 18.12% of the Company's share capital and represent 4,779,565 votes at the General Meeting of the Company (18.12% of the votes at the General Meeting of the Company).

Prior to the above mentioned buyback of 4,779,565 treasury shares, the Company already held 3,920,271 treasury shares representing 14.87% of the Company's share capital and representing 3,920,271 votes at the General Meeting of the Company (14.87% of the votes at the General Meeting of the Company).

In connection with the above, the Company holds a total of 8,699,836 treasury shares, representing jointly 32.99% of the share capital of the Company, except that in accordance with applicable regulations, the Company is not allowed to exercise the voting rights attached to the treasury shares.

• CONCLUSION OF SALE AGREEMENT BY THE SUBSIDIARY OF THE COMPANY

29 July 2020 the Issuer's subsidiary ie. 5/92 Gaston Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw, concluded agreement for the sale of the right of perpetual usufruct of real property, covering a plots no. 92/2, 92/4 and 92/5, geodetic district no. 2-09-09, located in Warsaw, Ursus district, for UDI Tau spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw. The Agreement was concluded as the implementation of preliminary agreement. The sale price was set at PLN 50.3 million net.

• CONCLUSION OF GENERAL CONSTRUCTION AGREEMENT

2 September 2020 subsidiary of the Issuer i.e. Ursa Sky Smart City spolka z ograniczona odpowiedzialnoscia sp. k. as the Ordering Party, concluded a general construction contract with Unibep S.A. in the role of the Contractor. The contract is carried out in the general contracting system under the project called Ursa Sky, located on the land surveying plot No. 113/8, between the streets: Silnikowa, Herbu Oksza and Quo Vadis in Warsaw.

The investment is a joint construction project which is the implementation of a complex of multi-family buildings with services and accompanying infrastructure, i.e. a housing estate including the construction of 2 residential buildings with an underground garage and land development.

The works are performed in two stages. The 8-storey buildings under construction will include a total of 384 apartments, 12 commercial premises and 376 parking spaces.

The commencement date of the 1st stage has happened 3rd quarter of 2020 and the completion for is planned as of the 4th quarter of 2021. The commencement date of the 2nd stage is planned for the 1st quarter of 2021 and the completion for the 3rd quarter of 2022.

The net remuneration for the 1st stage is PLN 47,3 mln net. The remuneration for the implementation of the second stage was set at PLN 46,9 mln net.

In the event of withdrawal from the Agreement due to the fault of the Ordering Party, the Agreement provides Contractor possibility of charging a contractual penalty in the amount of 10% of the net remuneration for the performance of a given stage. The reservation of contractual penalties does not deprive the Contractor of the possibility to claim damages in excess of the value of the contractual penalty on general terms.

In the event of withdrawal from the Agreement due to the Contractor's fault, the Agreement provides Ordering Party possibility of charging a contractual penalty in the amount of 10% of the net remuneration for the performance of a given stage. The reservation of contractual penalties does not deprive the Ordering Party of the possibility to claim damages in excess of the value of the contractual penalty on general terms.

5. IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY AFTER THE REPORTING PERIOD

• DECISION IN TAX PROCEEDINGS AGAINST A SUBSIDIARY

On 6 November 2020, the Head of the Małopolska Customs and Tax Office in Kraków overruled the decision of the first instance authority in its entirety and discontinued the proceedings in the case determining the amount of debt due to unpaid flat-rate corporate income tax on interest paid to East Europe Property Financing AB with its registered office in the territory of Sweden in May 2012. in the amount of PLN 9,112,648 and adjudicating on the tax liability of Challenge Eighteen Sp. z o.o. as a payer of the flat-rate corporate income tax for the above-specified amount of the non-collected flat-rate corporate income tax.

The decision is justified by the statute of limitations on the tax liability specified in the decision of the first instance authority issued on 18 June 2020, which took place on 4 July 2020.

The decision is final.

Therefore, the subsidiary Challenge Eighteen Sp. z o.o. in the near future, it should receive a tax and interest refund in the amount of PLN 15,626,069 that consists of the main amount of PLN 9,112,648 and interest in the amount of PLN 6,513,421.

6. FACTORS AND EVENTS OF AN UNUSUAL NATURE HAVING AN IMPORTANT INFLUENCE ON THE FINANCIAL STATEMENT

In the Management Board's opinion, in the III Quarter of 2020 there was an unusual event – epidemic Covid -19 but it did not affected significantly the Group's results in the reporting period.

The property development business is characterized by a long production cycle, which means that the effects of negative events are felt in the long term. Revenues from the sale of apartments, service premises and parking spaces for the first nine months of 2020 amounted to PLN 6 million and were generated by purchase transactions from approx. 1 year earlier with payment dates spread over instalments. Because of that the events of II and III quarter of 2020 will be visible in the income statement of subsequent periods.

As a result of restrictions imposed by individual countries in terms of movement and business activities, the sale of two office buildings was prolonged, therefore the management board decided to reclassify the above-mentioned buildings and present them in the consolidated statement of financial position under investment properties. As a consequence of the reclassification, the book value of

investment properties rose by 49.6 M PLN whereas the book value of assets held for sale dropped by 49.6 M PLN. The book value of total assets didn't change as a result of the reclassification.

Due to the global epidemic, the company assumes that its effects may affect the business of development companies in the following areas:

- the level and dynamics of sales of flats, in particular in the event of a decrease in demand for flats and a potential tightening of mortgage lending criteria by banks or other disruptions on the housing or banking market,
- decrease in revenues from office space rents,
- demand for office rent and investment demand for office buildings,
- timeliness of implementation of projects by companies from the CPD capital group and its related entities, i.e. resulting from the pace of issuing administrative decisions leading to obtaining building permits and admission of ready facilities for use,
- process of extracting and transferring ownership of premises to buyers and selling real estate,
- availability and terms of new financing if banks and other lenders are severely affected by protracted economic downturn,
- level and deadline for meeting contractors' financial obligations
- obtaining administrative decisions
- fluctuations in the value of assets as a result of changes in the PLN exchange rate against foreign currencies, especially EUR.

CPD S.A. and its subsidiaries have taken intensive measures to adapt their activities to the existing conditions, while maintaining common recommendations given by sanitary services and WHO guidelines.

Considering the progress of construction works on projects carried out this year and the level of sales on these projects, the Management Board of CPD S.A. expects the completion of construction projects in accordance with the schedule and as of the date of publication of the report not observe resignation from already signed development contracts.

The Company's Management Board regularly monitors and analyses the situation of the CPD capital group in connection with the spread of the SARS-CoV-2 virus and undertakes multiple actions to minimize the impact of the negative effects exerted by the epidemic on the CPD group's activities.

7. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT

During the reporting period the Group did not make any significant acquisitions or disposals of property, plant or equipment.

8. TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS

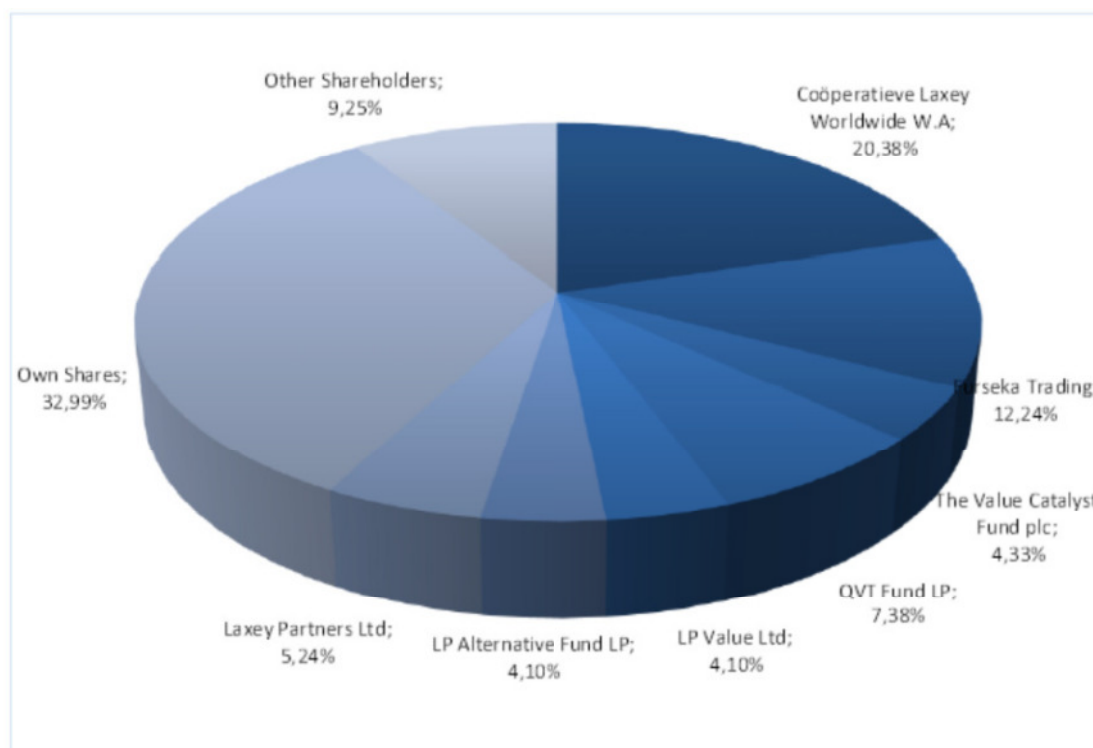
During the reporting period, the Company did not conclude any transactions with related parties on terms other than the market.

9. THE MANAGEMENT BOARD'S POSITION ON PREVIOUSLY PUBLISHED FINANCIAL FORECASTS

Neither the CPD Group nor its parent company – CPD S.A. – has published any forecasts of financial results.

10. SHAREHOLDERS ENTITLED TO AT LEAST 5% OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS

According to the Company's information in reporting period, shareholders who own, either directly or indirectly through subsidiaries, at least 5 % of the total votes at the General Meeting of Shareholders (number of shares on the basis of notices provided by shareholders pursuant to art. 69 of the Act on Public Offering or the information contained in the prospectus).



CPD S.A.
QUARTERLY REPORT FOR 3rd QUARTER 2020

Shareholder	Number of held shares	Type of shares	Number of held votes	Shareholding structure by held votes	Shareholding structure by held shares
Coöperatieve Laxey Worldwide W.A	5 373 309	bearer shares	5 373 309	30.41 %	20.38 %
Furseka Trading	3 229 069	bearer shares	3 229 069	18.27 %	12.24 %
The Value Catalyst Fund plc	1 142 604	bearer shares	1 142 604	6.47 %	4.33 %
QVT Fund LP	1 945 031	bearer shares	1 945 031	11.01 %	7.38 %
LP Value Ltd	1 081 505	bearer shares	1 081 505	6.12 %	4.10 %
LP Alternative Fund LP	1 080 708	bearer shares	1 080 708	6.12 %	4.10 %
Laxey Partners Ltd	1 380 765	bearer shares	1 380 765	7.81 %	5.24 %
Other	2 438 304	bearer shares	2 438 304	13.80 %	9.25 %
Own shares	8 699 836	bearer shares	0 %	0 %	32.99 %

The above shareholding structure has been presented in relation to the total number of shares, amounting to 26 371 131 shares and covering series AA shares which constitute 100% of votes at the General Meeting of the Company.

11. COMPANY SHARES HELD BY MANAGING AND SUPERVISING PARTIES

The table below presents the Company's shares held by Management Board members as at the date of this report according to the Company's information:

Name	Function	No. of owned shares	Nominal value of shares (PLN)	% of total no. of shares	% of total no. of votes
Elżbieta Wiczowska	Member	28 700	2 807	0.11%	0.11%
Iwona Makarewicz	Member	4 734	473	0.01%	0.01%
Colin Kingsnorth	President	0	0	0	0
John Purcell	Member	0	0	0	0
RAZEM		33 434	3 280	0,12%	0,12%

* To calculate the above, the total number of shares of 26 371 131 and the total number of votes of 17 671 295 were used

The Company does not hold any other information regarding the fact of holding shares in the Company by other persons being members of the management or supervisory bodies.

12. IMPORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

- On 6 February 2019, a custom and fiscal inspection was initiated against Celtic Investments Limited with its registered office in Cyprus belonging to the Group. The scope of this inspection

includes the accuracy of the declared taxable income and the correctness of calculating and paying corporate income tax for 2016 by Blaise Investments sp. z o.o., which as a result of a cross-border merger ended on 31 December 2017 was taken over by Celtic Investments Limited. On 29 June 2020 Celtic Investments Limited received a decision to transform the customs and tax control into tax proceedings.

- CPD SA has informed investors about an ongoing tax issue carried out against Challenge Eighteen sp.z o.o. ie the Issuer's subsidiary. CPD does not agree that the case has merit and is taking all action available to it to refute this tax claim (and late payment penalty interest).

The Head of the Tax Office in Warsaw took security over Challenge Eighteen sp. z o.o. bank account as part of their procedure. This action was successfully appealed and the security has now been lifted.

The value of the hypothetical tax liability, in accordance with the security decision can be estimated at PLN 9,112,648.00 together with the amount of late payment interest due in the amount of PLN 6,525,405.00.

On 6 November 2020, the Head of the Małopolska Customs and Tax Office in Kraków overruled the decision of the first instance authority in its entirety and discontinued the proceedings in the case determining the amount of debt due to unpaid flat-rate corporate income tax on interest paid to East Europe Property Financing AB with its registered office in the territory of Sweden in May 2012. in the amount of PLN 9,112,648 and adjudicating on the tax liability of Challenge Eighteen Sp. z o.o. as a payer of the flat-rate corporate income tax for the above-specified amount of the non-collected flat-rate corporate income tax.

Therefore, the subsidiary Challenge Eighteen Sp. z o.o. in the near future, it should receive a tax and interest refund in the amount of PLN 15,626,069 that consists of the main amount of PLN 9,112,648 and interest in the amount of PLN 6,513,421.

13. LOAN GUARANTEES

As of 30 September 2020 CPD SA guaranteed to Santander Bank Polska SA payable and due amounts that are required (or may be required) to cover debt service or any other payments due to be paid to Bank Santander by its subsidiary doing business as Belise Investments sp. z o.o. based on a payment request up to a maximum of EUR 20,666,000.

On 30 September 2020 the balance of the secured loan was EUR 14,430,000.

The guarantee period ends on the day on which Bank Santander considers that the secured claims have been irrevocably, unconditionally and fully repaid and satisfied, but in any case not later 12 August 2022.

The remuneration of CPD SA for the guarantee granted is EUR 200,000 per year.

14. THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

At 30 September 2020, the composition of the Management Board of the Company was as follows:

- Mr. Colin Kingsnorth – President of the Management Board
- Mr. John Purcell – Member of the Management Board
- Mrs. Elżbieta Wiczowska – Member of the Management Board
- Mrs. Iwona Makarewicz - Member of the Management Board

At 30 September 2020, the composition of the Supervisory Board of the Company was as follows:

- Mr. Andrew Pegge – President of Supervisory Board
- Mr. Michael Haxby – Vice President of Supervisory Board
- Mr. Wiesław Oleś – Secretary of Supervisory Board
- Mr. Mirosław Gronicki - Supervisory Board Member
- Ms. Gabriela Gryger - Supervisory Board Member
- Mr. Alfonso Kalinauskas - Supervisory Board Member

At 30 September 2020, the composition of the Audit Committee of the Company was as follows:

- Mr. Alfonso Kalinauskas - Chairman of the Audit Committee
- Mr. Mirosław Gronicki - Member of the Audit Committee
- Mr. Andrew Pegge - Member of the Audit Committee.

15. OTHER IMPORTANT INFORMATION

Nothing other than the information provided above.

16. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

The most important factors which will affect the results of the following quarters are as follows:

- The situation on the financial markets which may affect the valuation of properties in the Group's portfolio.
- Start and conducting construction works in the subsequent phase of the Smart City Ursus project;
- Commercialization of the IRIS project;
- The economic trend in the housing market, on which the Company operates,
- The state of global financial markets and their impact on the Polish economy and the national banking system,
- Availability of mortgages, and in particular their attractiveness to potential customers,
- Timely, compliant with schedules, completion of the following phase of the Smart City Ursus project,

- The availability of external financing (loans, bonds) for real estate development entities,
- Changes in the legal and tax regulations that may influence the market demand for products offered by the Company in an uncontrollable manner;
- Maintaining a stable political situation and creating a positive economic climate by the government and local authorities,
- The economic situation affecting regular income from the rental of office space,
- Selling, general and administrative expenses,
- Quarterly revaluation at fair value of the Group's properties and receivables,
- Fluctuation in prices of construction work observed on the development market,
- Risk related to the COVID-19 epidemic in the world,
- The willingness of buyers to purchase office assets and the ability to sell.

CPD S.A.

QUARTERLY REPORT FOR 3rd QUARTER 2020

**II. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2020
ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CPD
S.A.**

CPD S.A.

Condensed interim consolidated financial statements

for the period of 9 months ended 30 September 2020

and the condensed financial statements of CPD S.A.

for the period of 9 months ended 30 September 2020

prepared in accordance with the International Financial Reporting Standards
approved by the European Union concerning the interim reporting

(unaudited financial data)



CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

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Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

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CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the period			
		01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
		<i>(unaudited)</i>			
Revenues	13	4 548	34 719	14 152	44 687
Cost of sales	14	(560)	(2 782)	(2 824)	(4 148)
PROFIT ON SALES		3 988	31 937	11 328	40 539
Administrative costs property related	15	(2 728)	(3 214)	(8 760)	(8 250)
Administrative expenses-other	16	(2 190)	(913)	(4 756)	(4 408)
Selling and marketing expenses		(26)	(41)	(151)	(157)
Net (loss)/gain from sale of investment property		92	0	166	0
Other income	17	89	12	1 136	2 350
Net (loss)/ gain from fair value adjustments on investment properties	4	2 031	2 427	8 729	(177)
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method		3 643	5 986	7 952	16 897
Receivables valuation allowances		(24)	(34)	44	(227)
Valuation of assets held for sale		(86)	781	(116)	26 615
OPERATING RESULT		4 789	36 941	15 572	73 182
Financial income	18	75	(842)	623	606
Financial costs	18	(2 173)	(2 554)	(15 017)	(4 680)
PROFIT (LOSS) BEFORE INCOME TAX		2 691	33 545	1 178	69 108
Income tax	19	(38)	(4 970)	(10 461)	(2 299)
PROFIT (LOSS) FOR THE PERIOD		2 653	28 575	(9 283)	66 809
Currency translation adjustment		(726)	(153)	(726)	(193)
TOTAL COMPREHENSIVE INCOME		1 927	28 422	(10 009)	66 616
Profit (Loss) attributable to:					
Equity holders of the Group		2 653	28 575	(9 283)	66 809
Minority interest		0	0	0	0
TOTAL COMPREHENSIVE INCOME					
Equity holders of the Group, including:		1 927	28 422	(10 009)	66 616
- continued activities		1 927	28 422	(10 009)	66 616
- discontinued activities		0	0	0	0
BASIC EARNINGS PER SHARE	23	0,15	1,23	(0,44)	2,47
DILUTED EARNINGS PER SHARE	23	0,15	1,23	(0,44)	2,47

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

The notes are an integral part of these condensed interim consolidated financial statements



CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	30.09.2020 (unaudited)	31.12.2019
ASSETS			
Non-current assets			
Investment properties	4	158 340	100 214
Property, plant and equipment		245	364
Investments in joint ventures accounted for using the equity method	8	33 628	32 015
Long-term receivables		263	263
Non-current assets		192 476	132 856
Current assets			
Inventories	6	3 486	3 594
Trade receivables and other receivables	5	5 944	8 395
- receivables and loans		4 232	4 036
- prepayments		1 712	4 359
Cash and cash equivalents	7	143 242	139 035
Current assets excluding assets held for sales		152 672	151 024
Assets held for sales	27	85 250	242 705
Current assets		237 922	393 729
Total assets		430 398	526 585

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position - continuation

	Note	30.09.2020 (unaudited)	31.12.2019
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	2 637	2 637
Own shares for redemption		(117 396)	(43 010)
Reserve capital		987	987
Embedded element at inception date		(27 909)	(27 909)
Translation reserve		(6 257)	(5 531)
Retained earnings		407 401	416 684
Total equity		259 463	343 858
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	2 513	2 283
Borrowings, including financial leasing	11	5 367	63 181
Deferred tax liabilities	12	18 451	17 445
Non-current liabilities		26 331	82 909
Current liabilities			
Trade payables and other liabilities	10	37 226	43 626
Borrowings, including financial leasing	11	101 293	4 573
Current liabilities excluding liabilities held for sale		138 519	48 199
Liabilities classified as held for sale	27	6 085	51 619
Current liabilities		144 604	99 818
Total liabilities		170 935	182 727
Total Equity and liabilities		430 398	526 585

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

The notes are an integral part of these condensed interim consolidated financial statements

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020
(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Share capital	Embedded element at inception date	Own shares for redemption	Translation reserve	Accumulated profit (loss) Reserve capital	Retained earnings	Total equity
Balance as at 01.01.2019	3 935	(27 909)	(160 110)	(5 520)	987	515 496	326 879
Transactions with owners							
Shares acquisition for redemption	0	0	(43 010)	0	0	0	(43 010)
Share capital reduction	(1 298)	0	160 110	0	0	(158 812)	0
	(1 298)	0	117 100	0	0	(158 812)	(43 010)
Comprehensive income							
Currency translation adjustment	0	0	0	(193)	0	0	(193)
Profit (loss) for the period	0	0	0	0	0	66 809	66 809
	0	0	0	(193)	0	66 809	66 616
Balance as at 30.09.2019 /unaudited	2 637	(27 909)	(43 010)	(5 713)	987	423 493	350 485
Balance as at 01.01.2020	2 637	(27 909)	(43 010)	(5 531)	987	416 684	343 858
Transactions with owners							
Shares acquisition for redemption	0	0	(74 386)	0	0	0	(74 386)
Share capital reduction	0	0	0	0	0	0	0
	0	0	(74 386)	0	0	0	(74 386)
Comprehensive income							
Currency translation adjustment	0	0	0	(726)	0	0	(726)
Profit (loss) for the period	0	0	0	0	0	(9 283)	(9 283)
	0	0	0	(726)	0	(9 283)	(10 009)
Balance as at 30.09.2020 /unaudited	2 637	(27 909)	(117 396)	(6 257)	987	407 401	259 463

The Group does not have the minority shareholders. All the equity is attributable to the shareholders of the parent company.

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczowska
Board Member

Iwona Makarewicz
Board Member

The notes are an integral part of these condensed interim consolidated financial statements

Condensed consolidated statement of cash flows

	Nota	For the 9 month period ended	
		2020-09-30 (unaudited)	2019-09-30 (unaudited)
Cash flow from operating activities			
Cash generated from operations	20	(7 277)	(4 550)
Interest paid		(1 549)	(1 648)
Income tax paid		(9 455)	(2 731)
Net cash generated from operating activities		(18 281)	(8 929)
Cash flows from investing activities			
Capital expenditure on investments property		(20)	(1 972)
Capital expenditure on assets held for sale		(101)	(3 727)
Purchase of property, plant and equipment		0	(91)
Joint ventures contributions		(36 912)	0
Interest received		438	362
Proceeds from the sale of investment property		93 895	0
Proceeds from joint ventures contribution withdrawal		43 251	19 529
Net cash used in investing activities		100 551	14 101
Cash flows from financing activities			
Own shares acquisition		(74 386)	(43 010)
Repayment of borrowings		(3 677)	(3 941)
Net cash used in financing activities		(78 063)	(46 951)
Net (decrease)/increase in cash and cash equivalents		4 207	(41 779)
Cash and cash equivalents at beginning of the year		139 035	102 405
Cash and cash equivalents at the end of the period	7	143 242	60 626

Colin Kingsnorth
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Board Member

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Iwona Makarewicz
Board Member

The notes are an integral part of these condensed interim consolidated financial statements

Notes to the interim condensed consolidated financial statements

1 General information

CPD S.A. ("Company", "CPD") with its registered office in Warsaw (02-677), Cybertyki 7B str., was established on the basis of statute on 23 February 2007 (as Celtic Development Corporation S.A., then on 22 February 2008 the Company changed its name to Poen S.A.). On 23 March 2007 District Court in Cracow, XI Business Department of the National Court Register entered the Company into the Register of Businesses with the KRS number 0000277147. The Company's shares are quoted on the Warsaw Stock Exchange.

On September 2, 2010 the General Shareholder's Meeting adopted a resolution changing the Company's name from Poen S.A. to Celtic Property Developments S.A.

On May 29, 2014 the Extraordinary General Shareholder's Meeting adopted a resolution changing the Company's name from Celtic Property Developments S.A. to CPD S.A. The change of name was registered in the National Court Register on September 17, 2014.

The currency of the presentation of these consolidated financial statements is Polish Zloty.

Information about the Capital Group

As at balance sheet date CPD Group comprised CPD S.A. as a parent entity, 27 subsidiaries and 3 under common control.

2 The accounting principles

The accounting principles in these interim consolidated financial statements are consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2019, except for the application of the following new or revised standards and interpretations applicable for annual periods beginning on or after 1 January 2020.

The interim consolidated financial statements as at 30 September 2020 have been prepared under going concern assumption in the foreseeable future.

2.1 Basis of preparation

These interim condensed consolidated financial statements of the CPD group were prepared in accordance with international accounting standard approved by the EU-IAS 34 Interim financial reporting and in accordance with all applicable the application of IFRS adopted by the European Union.

The following new standards, interpretations and amendments came into force in 2020 and description of the impact of applying the amendments:

Amendments to IFRS 3 Business Combinations – the definition of a business.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - definition of materiality.

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform.

Amendments to IFRS 16 Covid-19-Related Rent Concessions.

Amendments to reference to the IFRS Conceptual Framework.

New standards and interpretations that have been published, and, have not yet entered into force

The Group has not early adopted of the following standards, amendments to existing standards and interpretations have not been adopted by the European Union or are not applicable on 1 January 2020:

IFRS 17 Insurance Contracts, issued by the International Accounting Standards Board on 18 May 2017, is effective for annual periods beginning on or after 1 January 2021. The standard is to replace the current insurance regulations (IFRS 4).

Notes to the interim condensed consolidated financial statements

2.1 Basis of preparation - cont.

Amendment to **IAS 1 Classification of Liabilities as Current or Non-current** - issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2023.

Amendments to **IAS 16 Proceeds before Intended Use** - issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022.

Amendments to **IAS 37 Cost of Fulfilling a Contract** - issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022.

Amendments to **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform** - issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021.

Set of amendments **Annual Improvements 2018–2020** - issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022.

The abovementioned standards and their amendments do not relate to the activities of the Group or relate only remotely. As a result their adoption will not affect the consolidated financial statements of the Group significantly.

2.2 Changes in Group structure

In June 2020 the Group established 100% subsidiaries: Ursus Development Sp. z o.o. and Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp. k. Effective 22 September 2020 Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp. k. is treated as entity under common control.

3 Significant changes in major accounting estimates and judgments

During preparation of these condensed consolidated financial statements the Board has made an assessment of the significant estimates and judgments, which have an impact on the accounting principles applied and the amounts recognised in the financial statements for a period of 9 months ended 30 September 2020.

Major estimates and judgments are based on past experience and other factors including anticipation of future events that seem reasonable in a given case. Resulting accounting estimates, by definition, bear inherent risk.

Major estimates and judgments adopted for the purpose of preparation of these condensed consolidated financial statements are consistent with the those applied in the annual consolidated financial statements for the period ended 31 December 2019.

Estimates and assumptions involving significant risk of a major adjustment of the carrying value of assets and liabilities during the following financial year being required are discussed below.

Determination of the fair value of investment properties

The fair value of investment properties recognized in the balance sheet is calculated based on pricing established for annual financial statements by Savills Sp. z o.o. - third party experts - as per Practice Statements of the Royal Institution of Chartered Surveyors' (RICS) Appraisal and Valuation Standards (the 'Red Book') published in June 2017 and valid as of 1 July 2017. Pricing fees are not related to the value of the real properties or the outcome of pricing. Bearing in mind the market environment, the Management Board reviewed and confirmed experts' assumptions underlying the valuation models applied for the last annual financial statements being valid as at the end of the period covered by these condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements**3 Significant changes in accounting estimates - cont.**

When last annual expert valuation is not available, by the time of obtaining the valuation, the management may determine fair value of such investment property for interim periods based on other estimation techniques, including acquisition cost, available sales price or internal models.

CPD Group distinguishes the following classes of assets included in its real property portfolio:

- (i) non-developed land
- (ii) investment properties generating significant rent income (office buildings in Warsaw);

The Group valued individual real investment properties using the following methods:

The Group has real estate valued annually at fair value as at the balance sheet date. Results of the valuations imply decisions on impairment write-offs of the properties valued at cost or update of the valuation of the fair value properties.

Fair value changes of investment properties are recognized in the profit and loss under 'Net result from fair value adjustments on investment property' header, while changes in the impairment allowances are recognised within "Costs of goods sold".

Non-developed lands were valued using the comparative method (comparison in pairs). The comparative method determines the value of a real estate assuming that such value is equal to prices obtained for similar properties traded in the market. The value of real properties is adjusted according to their differentiating features and stated taking into account volatility of prices in time. The comparative method is used, if prices of real properties similar to the property valued are known. The price per square meter is the variable affecting the valuation result the most.

The income approach (investment method) was applied to properties generating income. The income approach defines the value of a real property based on the assumption that the buyer will pay the price depending on the anticipated income to be earned on the same real property provided that such price will not exceed that of another property featuring the same profitability and risk that it could buy.

Assuming rental or lease market rates can be defined market value of the real property generating rent income is determined based on direct capitalization, as the quotient of a stable yearly income flow obtainable from the real property valued and the capitalization rate.

Net future operating income were estimated separately for each investment class property based on rental agreements existing as at the balance sheet date, contracted income and the expected cost of operation of the properties. Useful areas underlying the calculations are based on construction documents in force. As most rentals concluded by the Group are expressed in EUR, the investment class properties were valued in EUR and values were then translated into PLN using the NBP average rate as at the balance sheet date.

Capitalisation rates were estimated by third party experts separately for each major investment class property taking into account situation and type of the property. The capitalization rates are determined at least annually by third party property experts and the net operating income is based on rentals in force.

The land designated for public purposes has been valued at nil.

During the period, the methods of valuation of investment properties did not change.

During the period, there were no changes in the levels of valuation of investment properties.

Investment properties transferred to assets held for sale are valued at expected sales price reduced by sales costs.

Notes to the interim condensed consolidated financial statements**3 Significant changes in accounting estimates - cont.****Accounting treatment of joint ventures**

On 10 September 2014, an investment agreement was signed by CPD S.A. and its subsidiaries (Smart City Spółka z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd), of the one part, and entities not associated with the Group, i.e. Unidevelopment S.A. and Unibep S.A., of the other part. The agreement stipulates a joint venture consisting in the construction of a complex of multiple residential units with services and related infrastructure at a property belonging to Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.

As at the balance sheet date the project was completed.

On 22 February 2017 next investment agreement was signed by CPD S.A. and its subsidiaries (Challenge Eighteen Sp. z o.o., 4/113 Gaston Investments z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd), of the one part, and entities not associated with the Group, i.e. Unidevelopment S.A. and Unibep S.A., of the other part. The agreement stipulates a joint venture created for construction of a complex of multiple residential units with services and related infrastructure at a property belonging to 4/113 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Subsequently the scope of the investment agreement has been extended on the whole property of Ursa Park Smart City spółka z ograniczoną odpowiedzialnością Sp.k. on 26 October 2018. The investment agreement assumes construction of three joint ventures: Ursa Park, Ursa Home and Ursa Sky, each consisting of two stages.

The first one - Ursa Park - has been completed in 2019 and comprised of 385 flats. Ursa Home is under construction now and consists of 341 flats (153 in the first stage and 188 flats in the second one). As at the balance sheet date sales of 322 flats were contracted (147 in the first stage and 175 in the second stage). The flats are to be handed to the buyers during 2021.

Based on amendment of 22 September 2020 to the investment agreement Unidevelopment joined as a shareholder of Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp. k., who acquired from Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp. k land and initial outlays related to construction of Ursa Sky. Since that moment the investment is accounted for as joint venture.

Following requirements of IFRS 10, the joint ventures and accounted for based on property rights to the joint ventures' net assets. The Group's property rights to the net assets of the joint ventures calculations are based on the binding investment agreements.

Further details of the valuation of the joint ventures were presented in Note 8.

Determination of fair value of derivatives

In February 2016 Belise Investments Sp. z o.o., the Group subsidiary, concluded interest rate swap (IRS) contract. The contract is settled in monthly periods based on EURIBOR 1M.

IRS transaction is valued by Santander bank (prior name BZ WBK) at fair value. The result of the valuation is recognised as financial costs and revenues, in the statement of comprehensive income.

Balance sheet valuation of shares in subsidiaries and loans granted to subsidiaries (related to the standalone financial statements)

As at the balance sheet date, the Company analysed the impairment indicators regarding shares in subsidiaries by comparing the book value of shares and their recoverable amount. The recoverable amount is established by the higher of the two amounts: the fair value of assets less the costs of sale or the value in use. In the Company's opinion the value in use is similar to the fair value as at the balance sheet date. In consequence, the analysis of impairment of shares' value was based on the fair value.

Notes to the interim condensed consolidated financial statements**3 Significant changes in major accounting estimates and judgments - cont.**

In case of investment in Challenge Eighteen Sp. z o.o., IMES Poland Sp. z o.o., Ursus Development Sp. z o.o., Ursa Sky Smart City Sp. z o.o. SK and Lakia Enterprises Ltd, their fair value was estimated based on net assets of these companies, constituting an approximate value of future cash flows available for shareholders related to the shares held by them. The value of these cash flows was estimated, among others, based on either book value (not lower than fair value) or based on fair value of properties owned by subsidiaries.

With respect to shares in Celtic Investments Ltd, the operating activity of which was suspended as at the balance sheet date and which did not have any significant assets, the fair value of these assets was estimated based on the net assets of this company.

Based on the analysis performed no impairment indicators were identified with respect to shares in Challenge Eighteen Sp. z o.o., Ursus Development Sp. z o.o., Ursa Park Smart City Sp. z o.o. SK and IMES Poland Sp. z o.o. With respect to shares in Lakia Enterprises Ltd and Celtic Investments Ltd which are written down in full no indicators of impairment reversal were observed.

At the same time, as at the balance sheet date, the Company analysed the possibility of recovering receivables from loans granted to its subsidiaries. The Company impairs the value of loans granted to its subsidiaries if the value of their net assets was negative as at 30 September 2020. In the Company's opinion, due to the negative value of net assets of these subsidiaries, there is a substantial risk that these companies will not be able to repay the loans in full.

Tax settlements/deferred tax and activation of tax losses

Resulting from the fact that the companies subject to consolidation reside in various fiscal jurisdictions, which complicates transactions between them and results in ambiguities in the interpretation of the provisions of law, tax settlements, including the determination of the right or obligation to include as well as the way of including separate transactions in the tax bill of individual Group entities, require extremely thorough consideration. In complicated cases, the decision of the Management Board is based on opinions of specialist tax advisers.

Income tax for interim periods is calculated using the tax rate reflecting the total foreseeable annual profit or loss. The difference between the income tax expenses and the tax rate of 19% results primarily from unrecognized deferred income tax assets due to tax losses and the surplus of positive temporary differences over negative temporary differences in the subsidiaries in which recognizing deferred income tax assets for the full financial year is not planned. As at each balance sheet date, the Management Board analyses the possibility of recovering tax losses based on business plans of individual companies forming part of the Group and tax forecasts for these entities, and based on this, decisions on recognition of tax losses for previous years are made.

3.1 Managing financial risk***Financial risk factors***

CPD Group is exposed to the following financial risks in connection with its business activity: market risk (including the risk of changes in exchange rates, risk of the change of goodwill or cash flows in consequence of a change of interest rates), credit risk and liquidity risk.

Risk of changes in interest rates

The Group's exposure to the risk caused by changes in interest rates relates primarily to the fact that the cash flows are subject to change as a result of changes in market interest rates. The Group partly finances its operations and investment of foreign capital with interest-bearing variable rate. In connection with the current debt level, the Group is exposed to the risk of changes in interest rates in terms of the obligations arising from the issue of debt securities and credit on the nature of the supported products.

Notes to the interim condensed consolidated financial statements

3.1 Managing financial risk - cont.

Within the Group, only Bolisc Investments hedges the risk of fluctuations in cash flows resulting from debt incurred based on the reference rate EURIBOR with IRS transaction.

Other financial risks CPD Group have been presented in the consolidated financial statements for the year ended 31 December 2019.

Liquidity risk

As at the balance sheet date current assets, including cash, are comparable to the end of 2019, however short term liabilities increased due to bank loans. The details of the current borrowings were presented the consolidated financial statements for the year ended 31 December 2019.

COVID - 19 pandemic

In the period covered by these condensed interim consolidated financial statements, resulting from outburst of COVID-19 pandemic, the Management observed growing general market uncertainty. By the end of the reporting period the general economy deterioration has not been reflected in the Group's business results. In particular it has not impacted Group's subsidiaries ability to continue as a going concern nor any significant accounting judgements and estimates of the management.

Nevertheless the management monitors increased level of general market risk and considers its impact on future operating activities as well as accounting data.

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

4 Investment properties

	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
At the beginning of the reporting period	100 214	218 311
Capital expenditure	20	1 972
Transfer of investment property to assets held for sale	0	(128 976)
Capitalised financial liabilities related to assets transferred to held for sale	0	(10 735)
Transfer from assets held for sale	49 637	0
Transfer of capitalised financial liabilities from assets held for sale	1 832	0
Disposals	0	(442)
Net (loss)/ gain from fair value adjustments on investment properties	6 638	21 616
Change in capitalised financial liabilities	(1)	(6)
Other reclassifications	0	(1 526)
At the end of the reporting period	158 340	100 214

The increase of value of investment properties during three quarters of 2020 results mainly from transfer of Aquarius and Solar properties from assets held for sale.

Gain from fair value adjustments results from the recalculation of the value of the investment properties with current balance sheet exchange rate, while underlying foreign currency valuations remain unchanged.

Direct operating costs for investment properties:

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
- rent income bearing	1 321	1 574	3 931	3 854
- other	62	1 599	175	2 028
	1 383	3 173	4 106	5 882

5 Trade receivables and other receivables

	30.09.2020	31.12.2019
Trade receivables	850	1 304
Receivables from the state budget	3 238	2 572
Receivables from related parties	93	160
Prepaid expenses and accrued revenue	1 712	4 359
Other receivables	51	0
Short-term receivables	5 944	8 395
Long-term receivables	263	263
Total receivables	6 207	8 658

Prepaid expenses and accrued revenue relate mainly to time settlement of annual property tax and perpetual usufruct as well as revenue allocation due to rent free periods in office property rent agreements.

Notes to the interim condensed consolidated financial statements**6 Inventories**

	30.09.2020	31.12.2019
At the beginning of the reporting period	3 594	2 915
Impairment loss	0	590
Recognition of capitalised financial liabilities	0	187
Exchange differences	(108)	(98)
At the end of the reporting period	3 486	3 594

7 Cash and cash equivalents

	30.09.2020	31.12.2019
Cash at bank and on hand	137 509	50 515
Restricted cash	3 694	3 370
Short-term bank deposits	2 039	85 150
	143 242	139 035

Restricted cash relates to the funds transferred as a result of the implementation of the credit agreement with mBank Hipoteczny, VAT accounts within split payment mechanism as well as cash blocked on the accounts owned by the subsidiaries participating in cross-border merger.

Cash and cash equivalents for the purposes of the cash flow statement include cash accounts and in hand and short-term bank deposits.

8 Joint ventures

The below table summarizes the carrying amounts of the Group major investments in joint ventures:

	30.09.2020	31.12.2019
a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	151	0
b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	0	32 015
c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	33 477	0
	33 628	32 015

a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30.09.2020	31.12.2019
Opening balance as at 1 January	0	1 620
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	151	780
Joint venture profit distribution	0	(2 400)
Closing balance	151	0

b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30.09.2020	31.12.2019
Opening balance as at 1 January	32 015	35 581
Group's share in joint venture contributions	0	2 000
Withdrawal of the joint venture contribution	(29 468)	(6 014)
Group's share in declared joint venture contributions	(16 438)	0
Group's share in profit distributions	(546)	(8 601)
Change in Group's property rights to the joint venture	6 967	0
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	6 153	9 049
Other adjustments	1 317	0
Closing balance	1 317	0

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

8 Joint ventures - cont.

c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30.09.2020	31.12.2019
Opening balance as at 1 January	0	0
Group's share in joint venture contributions	24 034	0
Group's share in declared joint venture contributions	9 441	0
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	2	0
Closing balance	33 477	0

Condensed financial information of individually material joint ventures of the Group as at 30 September 2020 and for the period from 01 January 2020 to 30 September 2020 is presented in the below table:

a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30.09.2020	31.12.2019
<i>Financial information coming from statement of financial position</i>		
Total non-current assets	8	9
Fixed assets	8	9
Total current assets, including:	371	743
Inventory	69	223
Trade receivables and other receivables	127	270
Cash and cash equivalents	175	250
Total assets	379	752
Total current liabilities, including:	78	780
Trade payables and other liabilities	78	780
Total liabilities	78	780
Net assets	301	(28)
% held by the Group	50%	50%
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	151	0

Financial information from statement of comprehensive income

	01-01-2020- 30.09.2020	01-01-2019- 30.09.2019
Revenue	732	2 198
Result from continued operations	1 408	763

b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30.09.2020	31.12.2019
<i>Financial information coming from statement of financial position</i>		
Total non-current assets	29	117
Fixed assets	29	117
Total current assets, including:	138 108	101 932
Inventory	100 915	66 562
Trade receivables and other receivables	5 135	28 516
Cash and cash equivalents	32 058	6 854
Total assets	138 137	102 049
Trade payables and other liabilities	140 300	38 019
Total liabilities	140 300	38 019
Net assets	(163)	64 030

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

8 Joint ventures - cont.

% held by the Group	61%	50%
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	0	32 015

Financial information from statement of comprehensive income

	01-01-2020- 30.09.2020	01-01-2019- 30.09.2019
Revenue	35 641	74 774
Interest income	7	1
Interest cost	(2)	(1)
Result from continued operations	10 107	18 098

c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

Financial information coming from statement of financial position

	30.09.2020	31.12.2019
Total non-current assets	141	0
Fixed assets	141	0
Total current assets, including:	56 226	0
Inventory	33 727	0
Trade receivables and other receivables	22 394	0
Cash and cash equivalents	105	0
Total assets	56 367	0
Long-term payables	53	0
Trade payables and other liabilities	4 899	0
Total liabilities	4 952	0
Net assets	51 415	0

% held by the Group	65%	0%
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	33 477	0

Financial information from statement of comprehensive income

	01-01-2020- 30.09.2020	01-01-2019- 2019-01-01
Revenue	4	0
Interest income	0	0
Interest cost	0	0
Result from continued operations	4	0

9 Share capital

	Number of shares (thousands)		Value of shares	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Ordinary shares series AA	26 371	26 371	2 637	2 637
Total	26 371	26 371	2 637	2 637

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

9 Share capital - cont.

As of the date of these condensed consolidated financial statements share capital amounts to PLN 2.637 thousand. The shares issued are not privileged. Each of the issued shares has a nominal value of PLN 0,10 and has been fully paid.

On 28 February 2019 General Shareholders' Meeting entitled CPD SA Management Board to acquire 8.700.000 own shares for redemption until 31 January 2021.

On 22 March 2019, 26 March 2020 and 25 June 2020 CPD SA bought respectively 3.305.886, 614.385 and 4.779.565 own shares.

As a consequence the Company has 8.699.836 own shares at the balance sheet date. The shares represent 32,99% of CPD SA share capital. However based on the relevant regulations the Company is prevented from executing voting rights from own shares.

On 20 August 2020 General Shareholders Meeting resolved on remission of the redeemed shares and consequently reduction of the share capital down to PLN 1.767 thousand. The share capital reduction has not been registered by the Commercial court until the moment of preparation of these interim condensed consolidated financial statements.

10 Trade payables and other liabilities

Non-current liabilities

	30.09.2020	31.12.2019
Tenant deposits	2 513	2 283

Current liabilities

	30.09.2020	31.12.2019
Trade payables	1 910	1 094
Output VAT and other tax payables	23 007	24 997
Deposits of tenants	578	545
Received prepayments	6 480	12 070
Accrued expense	4 945	4 739
Other liabilities	276	181
	37 226	43 626

Accrued expenses relate mainly to provisions for potential tax risks.

Received prepayments result from the preliminary agreements to sell plot owned by 12/132 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k. and 13/155 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k. and Ursus Development Sp. z o.o.

11 Borrowings, including leasing

Non-current

	30.09.2020	31.12.2019
Bank loans	0	59 494
IRS derivative	0	151
Leasing liabilities	5 367	3 536
	5 367	63 181

Current

Bank loans	101 000	4 246
IRS derivative	293	327
	101 293	4 573

Total borrowings

	106 660	67 754
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CPD S.A.

Notes to the interim condensed consolidated financial statements**11 Borrowings, including leasing - cont.**

As of 30 September 2020 bank loans consist of the payables of PLN 65 309 thousand to Santander Bank Polska SA and of PLN 35 691 thousand to mBank Hipoteczny SA.

In February 2016 Belise Investments entered into a swap transaction rate (IRS), in order to hedge the streams of interest payments, for an amount corresponding to 80% of the loan.

The value of hedging derivative (IRS) as at the balance sheet date was estimated at PLN 293 thousand.

Resulting from the classification of Aquarius and Solar as assets held for sale, the related bank loan payables of Robin Investments Sp. z o.o. and Lakia Investments Sp. z o.o. were presented as liabilities held for sale until the second quarter of 2020. As a consequence of the presentation of the estates as investment properties, the payables are included as bank loan liabilities.

During 2017 Lakia Investments reported non-compliance with one of credit facility covenants, which entitles the bank to request repayment of the whole outstanding loan amounts of both Lakia Investments Sp. z o.o. and Robin Investments Sp. z o.o. Until the moment of preparation of these interim condensed consolidated financial statements the bank has not issued such a request. These loans are being serviced in full on a timely basis.

Leasing liabilities relate to the right to perpetual usufruct and are recognised due to the increase in the fair value of investment property for accounting purposes.

12 Deferred income taxes

	30.09.2020	31.12.2019
Deferred tax assets before offset	1 642	10 277
Offset against deferred tax liability	(1 642)	(10 277)
Deferred tax assets	0	0
Deferred income tax liabilities before offset	20 093	27 722
Offset against deferred tax asset	(1 642)	(10 277)
Deferred income tax liabilities after offset	18 451	17 445

13 Revenue by nature

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Rent income	2 721	3 319	8 374	9 346
Sales of inventories	0	0	0	0
Income from auxiliary services related to disposed properties	0	0	0	29 000
Real estate advisory services	265	517	840	1 165
Rent related services	1 548	1 878	4 897	5 171
Accounting services	14	5	41	5
	4 548	5 719	14 152	44 687

Rent revenues are earned by office properties in Warsaw: Aquarius (Polczyńska St.), Solar and Iris (both Cybertyki St.).

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

14 Cost of sales

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Cost of inventories sold	59	5	59	10
The cost of services rendered	501	2 777	2 765	4 138
	560	2 782	2 824	4 148

The costs of the services performed comprised mainly of the costs of maintenance of the leased office buildings and other services recharged to the tenants.

15 Administrative costs property related

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Personnel costs	1 083	1 203	3 372	1 921
Property maintenance	1 202	1 110	3 862	3 420
Property taxes	214	336	660	1 008
Perpetual usufruct	191	510	746	1 710
Depreciation of fixed assets and intangible assets	38	55	120	191
	2 728	3 214	8 760	8 250

16 Administrative expenses-other

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Advisory services	1 627	189	3 257	1 876
Legal services	223	146	496	492
Audit fees	42	64	143	112
Taxes	(77)	26	41	73
Office maintenance	269	241	532	609
Other services	59	211	167	457
Cost related for non-deductible VAT	47	36	120	144
Liquidation of investment property and assets held for sale elements	0	0	0	645
	2 190	913	4 756	4 408

17 Other income

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Provision released	0	0	364	2 230
Other	89	12	772	120
	89	12	1 136	2 350

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

18 Financial income and expenses

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Interest expense:				
- Bank loans	(504)	(544)	(1 537)	(1 690)
- Interest from tax payables	0	0	(6 634)	0
- Interest from leases	(97)	(58)	(223)	(586)
- Other interest expense	(282)	(213)	(719)	(665)
- Interest on loans from related parties	0	0	0	0
Net exchange differences	(1 266)	(1 625)	(5 836)	(1 625)
Revaluation of derivatives (IRS)	0	(98)	0	(98)
Amortised cost valuation	(24)	0	(68)	0
Financial costs	(2 173)	(2 554)	(15 017)	(4 680)
Interest income:				
- Bank interest	20	114	438	362
Amortised cost valuation	0	30	0	176
Revaluation of derivatives (IRS)	55	0	185	0
Net exchange differences	0	(986)	0	0
Other financial income	0	0	0	68
Financial income	75	(842)	623	606

19 Income tax

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Current income tax	39	3 552	337	3 818
Prior years current income tax adjustments	0	0	9 118	0
Deferred taxes	(1)	1 418	1 006	(1 519)
	38	4 970	10 461	2 299

20 Cash generated from operations

	For the 9 month period ended	
	2020-09-30	2019-09-30
Profit (loss) before tax	1 178	69 108
Adjustments for:		
- depreciation of tangible fixed assets	119	192
- currency translation adjustments	(618)	(137)
- gains (losses) on revaluation to fair value of investment property	(6 638)	177
- gains (losses) on sale of investment properties	(166)	0
- result on revaluation of assets held for sale	(1 982)	(27 079)
- share in the profit or loss of the joint venture	(7 952)	(16 897)
- interest expenses	1 542	1 640
- interest income	(438)	(365)
- exchange differences	5 640	1 747
- result on IRS revaluation	185	97
- other adjustments	(18)	464
Changes in working capital		
- changes in receivables	2 451	1 890
- change in trade and other liabilities	(580)	(35 387)

CPD S.A.

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(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

21 Related party transactions

CPD S.A. does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor. CPD Group also includes transactions with key management personnel and other related parties, controlled by key staff of the Group.

These interim condensed consolidated financial statements include the following balances resulting from transactions with related parties:

(a) Transactions with key management personnel

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
The cost of the salaries of members of the Board of Directors	828	66	1 736	198
The cost of the salaries of the members of the Supervisory Board	138	138	414	414
The cost of services rendered by the members of the Board of Directors	1 124	388	2 280	2 509
			2020-09-30	2019-09-30
Total receivables			19	19
Total payables			1 099	901

(b) Transactions with the other related parties

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Revenues				
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	8	58	25	87
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	190	179	568	493
Costs				
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz	69	0	101	1
Laxey Partners (UK) Ltd	0	0	0	45
			2020-09-30	31.12.2019
Payables				
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz			0	18
Receivables				
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			5	2
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			88	99

22 Payment of dividends

During the reporting period CPD did not pay nor declare any dividends.

CPD S.A.

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(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

23 Earnings per share

	01-07-2020- 2020-09-30	01-07-2019- 2019-09-30	01-01-2020- 2020-09-30	01-01-2019- 2019-09-30
Profit (loss) attributable to shareholders of the company	2 653	28 575	(9 283)	66 809
Ordinary shares (in thousands)	17 671	23 318	20 932	27 001
Earnings per share in PLN	0,15	1,23	(0,44)	2,47
Diluted profit /(loss) attributable to shareholders of the company	2 653	28 575	(9 283)	66 809
Ordinary shares (in thousands)	17 671	23 318	20 932	27 001
Diluted earnings per share in PLN	0,15	1,23	(0,44)	2,47
	2020-09-30		31.12.2019	
	after share capital reduction	actual	after share capital reduction	actual
Net assets at book value	259 463	259 463	343 858	343 858
Number of ordinary shares (in thousands)	17 671	26 371	23 065	26 371
Net assets per share	14,68	9,84	14,91	13,04

24 Contingent liabilities

As at the balance sheet date there were no significant changes in contingent liabilities as compared to 31 December 2019.

25 Segment reporting

In accordance with IFRS 8, the Group CPD is and it shall be considered by the Board of Directors as a single operating segment.

Therefore, both revenue and profit segment are equal revenue and profits of the group mentioned in the report of the CPD total revenue.

26 Seasons of activity and unusual events

The activity of the Group of the CPD is not seasonal nor cyclical.

In the period covered by these condensed interim consolidated financial statements, resulting from outburst of COVID-19 pandemic, the Management observed growing general market uncertainty. By the end of the reporting period the general economy deterioration has not been reflected in the Group's business results. In particular it has not impacted Group's subsidiaries ability to continue as a going concern nor any significant accounting judgements and estimates of the management.

Nevertheless the management monitors increased level of general market risk and considers its impact on future operating activities as well as accounting data.

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

27 Assets and liabilities held for sale

The Group determined the following assets and liabilities included in the disposal group classified as held for sale:

	30.09.2020	31.12.2019
Assets		
Investment properties	79 165	226 038
Capitalised leasing liabilities	6 085	16 667
	85 250	242 705
Liabilities		
Borrowings, including leasing	6 085	51 619
Net assets of the group held for sale	79 165	191 086

28 Events after the end of the reporting period

On 6 November 2020, the Head of the Małopolska Customs and Tax Office in Kraków overruled the decision of the first instance authority in its entirety and discontinued the proceedings regarding determination of the amount of debt due to unpaid withholding corporate income tax on interest paid to East Europe Property Financing AB with its registered office in the territory of Sweden in May 2012. in the amount of PLN 9 112 thousand and adjudicating on the tax liability of Challenge Eighteen Sp. z o.o. as a payer of the withholding corporate income tax for the above-specified amount of the non-collected withholding corporate income tax.

Therefore, the subsidiary Challenge Eighteen Sp. z o.o. in the near future, should receive a tax and interest refund in the amount of PLN 15 626 thousand that consists of the main amount of PLN 9 112 thousand and interest in the amount of PLN 6 513 thousand.

Except of the above, there were no reportable significant post balance sheet events.

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

29 Interim financial information of the parent

These interim condensed financial statements of CPD S.A. were prepared in accordance with International Accounting Standard approved by the European Union - IAS 34 Interim financial reporting and in accordance with all applicable IFRS adopted by the European Union.

The accounting principles applied in these interim condensed financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2019, except for the application of the new or revised standards and interpretations applicable for annual periods beginning on 1 January 2020. The Company's Management Board analysed new or revised standard and concluded there is no material impact on the Company's accounting policies and financial statements. Other information required by IAS 34 is presented in note 2.1 to the consolidated condensed financial statements of CPD Group.

29.1 Condensed statement of comprehensive income

	Note	1/1/2020 - 30/9/2020 (unaudited)	1/7/2019 - 30/9/2019 (unaudited)	1/7/2020- 30/9/2020 (unaudited, unreviewed)	1/7/2019- 30/9/2019 (unaudited, unreviewed)
Revenues		114	0	38	0
Administrative costs	29.11	(3 559)	(2 416)	(1 112)	(1 414)
Marketing costs		(12)	(10)	(12)	(7)
Fair value adjustment on loans granted	29.12	16 460	6 432	9 432	1 952
Other operating income		54	0	54	0
Other operating costs		(79)	(60)	0	0
OPERATING RESULT		12 978	3 946	8 400	531
Financial income	29.12	61 017	23 051	60 339	22 531
Financial costs	29.12	(341)	(299)	(134)	(96)
PROFIT (LOSS) BEFORE INCOME TAX		73 654	26 698	68 605	22 966
Income tax		154	39	191	2
PROFIT (LOSS) FOR THE PERIOD		73 808	26 737	68 796	22 968
OTHER COMPREHENSIVE INCOME		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		73 808	26 737	68 796	22 968
BASIC EARNINGS PER SHARE (IN PLN)	29.10	3,53	1,11	3,89	1,00
DILUTED EARNINGS PER SHARE (IN PLN)	29.10	3,53	1,11	3,89	1,00

Colin Kingsnorth
Chairman of the Board

Elzbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2020

(All amounts in PLN thousands unless otherwise stated)

29.2 Condensed statement of financial position

	Note	30/9/2020 (unaudited)	31/12/2019
ASSETS			
Non-current assets			
Long-term receivables	29.6	92 709	110 799
Shares in subsidiaries and joint-ventures	29.5	41 951	25 484
Total non-current assets		134 660	136 283
Current assets			
Trade receivables and other receivables, including:	29.7	35 534	1 696
- receivables and loans		35 519	1 688
- prepayments		15	8
Cash and cash equivalents		17 235	30 234
Total current assets		52 769	31 930
Total assets		187 429	168 213
EQUITY			
Share capital	29.8	2 637	2 637
Treasury shares	29.8	(117 395)	(43 010)
Share premium		677 034	677 034
Embedded element at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(395 853)	(469 661)
Total equity		139 501	140 078
LIABILITIES			
Non-current liabilities			
Borrowings	29.9	11 455	11 657
Deferred tax liabilities		10 748	10 902
Total non-current liabilities		22 203	22 559
Current liabilities			
Borrowings	29.9	25 492	5 373
Trade payables and other payables		233	203
Total current liabilities		25 725	5 576
Total equity and liabilities		187 429	168 213

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Board Member

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Board Member

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Board Member

29.3 Condensed statement of changes in equity

	Note	Share capital	Treasury shares	Share premium	Embedded element at inception date	Other reserves	Retained earnings	Total
As of 1/1/2019		3 935	(160 110)	835 846	(27 909)	987	(495 756)	156 993
Treasury shares redemption	29.8	(1 298)	160 110	(158 812)	0	0	0	0
Treasury shares acquisition		0	(43 010)	0	0	0	0	(43 010)
		(1 298)	117 100	(158 812)	0	0	0	(43 010)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	26 737	26 737
		0	0	0	0	0	26 737	26 737
As of 30/09/2019/unaudited		2 637	(43 010)	677 034	(27 909)	987	(469 019)	140 720
As of 1/1/2019		3 935	(160 110)	835 846	(27 909)	987	(495 756)	156 993
Treasury shares redemption	29.8	(1 298)	160 110	(158 812)	0	0	0	0
Treasury shares acquisition		0	(43 010)	0	0	0	0	(43 010)
		(1 298)	117 100	(158 812)	0	0	0	(43 010)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	26 095	26 095
		0	0	0	0	0	26 095	26 095
As of 31/12/2019		2 637	(43 010)	677 034	(27 909)	987	(469 661)	140 078
As of 1/1/2020		2 637	(43 010)	677 034	(27 909)	987	(469 661)	140 078
Treasury shares acquisition	29.8	0	(74 385)	0	0	0	0	(74 385)
		0	(74 385)	0	0	0	0	(74 385)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	73 808	73 808
		0	0	0	0	0	73 808	73 808
As of 30/09/2020/unaudited		2 637	(117 395)	677 034	(27 909)	987	(395 853)	139 501

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Board Member

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Board Member

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Board Member

29.4 Condensed statement of cash flows

	Note	1/1/2020 - 30/9/2020 (unaudited)	1/7/2019 - 30/9/2019 (unaudited)	1/7/2020- 30/9/2020 (unaudited, unreviewed)	1/7/2019- 30/9/2019 (unaudited, unreviewed)
Cash flow from operating activities					
Cash generated from operations	29.13	57 617	21 414	59 686	21 868
Net cash from operating activities		57 617	21 414	59 686	21 868
Cash flows from investing activities					
Investment in subsidiaries and joint-ventures	29.5	(36 916)	0	(36 916)	0
Loans granted		(15 203)	(2 410)	(15 003)	(540)
Loan repayments received		33 616	11 687	8 078	730
Interest received		2 696	27	1 346	4
Net cash from investing activities		(15 807)	9 304	(42 495)	194
Cash flows from financing activities					
Treasury shares acquisition	29.8	(74 385)	(43 010)	0	0
Loans received	29.9	20 441	0	0	0
Loans repaid	29.9	(797)	(1 333)	(129)	(335)
Interest repaid	29.9	(68)	0	(8)	0
Net cash from financing activities		(54 809)	(44 343)	(137)	(335)
Net (decrease)/increase in cash and cash equivalents		(12 999)	(13 625)	17 054	21 727
Cash and cash equivalents at beginning of the period		30 234	35 952	181	600
Cash and cash equivalents at the end of the period		17 235	22 327	17 235	22 327

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Board Member

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Board Member

Notes to the interim condensed financial statements**29.5 Shares in subsidiaries and joint-ventures**

			30/9/2020	31/12/2019
Name	Country	Share		
Celtic Investments	Cyprus	100%	48 000	48 000
Impairment			(48 000)	(48 000)
Lakia Enterprises	Cyprus	100%	105 000	105 000
Impairment			(105 000)	(105 000)
Celtic Asset Management (*)	Poland	100%	0	0
Challange Eighteen	Poland	100%	5 032	5 032
Imes Poland (**)	Poland	100%	3	23 769
Impairment			0	(3 317)
Ursa Sky Smart City	Poland	49%	36 911	0
Ursus Development	Poland	100%	5	0
			41 951	25 484

(*) The value of shares in Celtic Asset Management amounts to PLN 1.

(**) The value of shares in Imes Poland amounts to PLN 2,5 thousand.

On 25 June 2020 CPD S.A. (as seller) and its subsidiary Imes Poland sp. z o.o. (as buyer) concluded an agreement for the sale of Imes Poland shares for the purpose of their redemption. The contract was concluded as the implementation of the resolution of the Extraordinary General Meeting of Imes Poland dated 15 May 2020, pursuant to which a decision was made to redeem 39,687 out of 39,692 Imes Poland's shares simultaneously reducing the amount of the share capital of Imes Poland from PLN 39,692 thousand to the amount of PLN 5 thousand. The sales price agreed by the parties amounted to PLN 20,370,146.49. After the transaction, CPD S.A. owns 0.01% of shares in Imes Poland and the remaining shares are held by Imes Poland as treasury shares, however, according to the applicable regulations, Imes Poland is not entitled to exercise voting rights from its treasury shares, and therefore CPD S.A. holds 100% of votes at the General Meeting of Imes Poland.

On 16 June 2020, a partnership Ursa Sky Smart City was registered in the National Court Register, in which CPD S.A. is a limited partner. The increase in investments results from capital paid in to this joint venture.

On 7 August 2020, a subsidiary Ursus Development was registered in the National Court Register, in which CPD S.A. is a sole shareholder. The increase in investments results from capital paid in to this entity.

29.6 Long-term receivables

	30/9/2020	31/12/2019
Long-term loans with related parties, including:		
- loans	129 597	162 609
- fair value adjustment	(36 888)	(51 811)
	92 709	110 799
Long-term loans to other parties, including:		
- loans	6	6
- fair value adjustment	(6)	(6)
	0	0

Notes to the interim condensed financial statements**29.6 Long-term receivables - continued****Details of the loans granted to related parties 30.09.2020**

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
12/132 Gaston Investments	PLN	2013	4 543	3M WIBOR	1,55%	on demand
13/155 Gaston Investments	PLN	2012	5 138	3M WIBOR	1,55%	on demand
18 Gaston Investments	PLN	2012	261	3M WIBOR	1,55%	on demand
Belise Investments	PLN	2012	13 639	3M WIBOR	1,55%	on demand
Belise Investments	PLN	2014	3 534	3M WIBOR	1,55%	on demand
Celtic Asset Management	PLN	2015	425	3M WIBOR	1,55%	on demand
Challange Eighteen	PLN	2012	28 579	3M WIBOR	1,55%	on demand
Challange Eighteen	PLN	2013	6 046	3M WIBOR	1,55%	on demand
Elara Investments	PLN	2012	1 271	3M WIBOR	1,55%	on demand
Gaston Investments	PLN	2013	227	3M WIBOR	1,55%	on demand
HUB Developments	PLN	2012	1 423	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2012	4 690	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2014	7 394	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2015	15 537	3M WIBOR	1,55%	on demand
			92 709			

In accordance with the intention of the Board the loans will be repaid over a period of from 3 to 5 years. The maximum value of the credit risk associated with the loans is equal to their carrying amount. Loans are not secured.

29.7 Trade receivables and other receivables

	30/9/2020	31/12/2019
Trade receivables from related parties	0	0
Short-term loans with related parties, including:	14 154	713
- loans	38 654	24 589
- fair value adjustment	(24 500)	(23 875)
VAT receivables	0	0
Other tax receivables	0	0
Other receivables from related parties	21 323	854
Other receivables from other parties	42	120
Prepayments	15	8
Short-term receivables	35 534	1 696

Details of the loans granted to related parties 30.09.2020

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Ursus Development	PLN	2020	14 154	3M WIBOR	2,00%	2021-09-29

Notes to the interim condensed financial statements**29.8 Share capital**

	The number of shares (in thousands), including treasury shares		Value of shares	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
Ordinary shares	26 371	26 371	2 637	2 637

As of 31 December 2018 the share capital amounted to PLN 3 935 thousand. During first quarter of 2019 12 982 892 treasury shares were redeemed (entitling to same number of voting rights, shares code: ISIN PLCELPD00013). The redemption was the result of the resolution of the Extraordinary General Meeting of the Company dated 14 September 2018. Share capital as at 31 December 2019, as at 30 June 2020 and as at the date of these financial statements amounts to PLN 2 637 thousand.

The Management Board of CPD S.A., acting on the basis of Resolution No. 1/III/2020 of the Management Board of the Company dated 2 March 2020 on the buy-back of the Company's shares, in connection with the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 28 February 2019 on acquisition of the shares of the Company for the purpose of redemption, amended by the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 2 March 2020, invited the Company's shareholders to submit proposals for the sales of shares in accordance with the terms and conditions specified in the Invitation to Submit Proposals for Sales of Shares.

On 26 March 2020, the Company, as a result of the announced Invitation to Submit Proposals for Sales of Shares of the Company, purchased through a brokerage house Pekao Investment Banking S.A., 614,385 shares of the Company (treasury shares). The purchase price per share amounted to PLN 5.00. All the purchased shares are ordinary shares with a nominal value of PLN 0.10 each. The purchased treasury shares of CPD S.A. (number of the 614,385 shares) represent 2.33% of the Company's share capital and represent 614,385 votes at the General Meeting of the Company (2.33% of voting rights at the General Meeting of the Company). Prior to the above mentioned purchase of 614,385 shares, the Company already owned other than those indicated above, number of 3,305,886 treasury shares representing 12,54 % of the Company's share capital and representing 3,305,886 votes at the General Meeting of the Company (12,54 % of voting rights at the General Meeting of the Company).

The Management Board of CPD S.A., acting on the basis of Resolution No. 1/VI/2020 of the Management Board of the Company dated 1 June 2020 on the buy-back of the Company's shares, in connection with the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 28 February 2019 on acquisition of the shares of the Company for the purpose of redemption, amended twice by the Resolution No. 3 of the Extraordinary General Meeting of CPD S.A. dated 2 March 2020 and Resolution No. 18 of the Ordinary General Meeting of CPD S.A. dated 27 May 2020, invited the Company's shareholders to submit proposals for the sales of shares in accordance with the terms and conditions specified in the Invitation to Submit Proposals for Sales of Shares.

On 25 June 2020, the Company, as a result of the announced Invitation to Submit Proposals for Sales of Shares of the Company, purchased through a brokerage house Pekao Investment Banking S.A. and Bank Polska Kasa Opieki S.A., Biuro Maklerskie, 4,779,565 shares of the Company (treasury shares). The purchase price per share amounted to PLN 14.92. All the purchased shares are ordinary shares with a nominal value of PLN 0.10 each. The purchased treasury shares of CPD S.A. (number of the 4,779,565 shares) represent 18.12% of the Company's share capital and represent 4,779,565 votes at the General Meeting of the Company (18.12% of voting rights at the General Meeting of the Company). Prior to the above mentioned purchase of 4,779,565 shares, the Company already owned other than those indicated above, number of 3,920,271 treasury shares representing 14.87% of the Company's share capital and representing 3,920,271 votes at the General Meeting of the Company (14.87% of voting rights at the General Meeting of the Company). After the acquisition, the Company jointly holds 8,699,836 treasury shares, representing jointly 32.99% of the share capital of the Company, except that in accordance with applicable regulations, the Company is not allowed to exercise the voting rights attached to treasury shares.

All shares issued by the Company are ordinary shares. The Company's Articles of Association do not grant special rights to the Company's shares, including preference for voting rights or appointing members of the Company's governing bodies. The Company's shareholders do not hold any shares granting special control rights.

Notes to the interim condensed financial statements**29.9 Borrowings**

	30/9/2020	31/12/2019
Bank borrowings	0	0
Loans from related parties	36 947	17 030
- long-term	11 455	11 657
- short-term	25 492	5 373
	36 947	17 030

Loan payables as of 30 September 2020 and 31 December 2019 relate to a loan from a subsidiary Lakia Enterprises (interest rate on the loan is 3M WIBOR + margin 0.50%), loan from a subsidiary Lakia Investments (interest rate on the loan is 3M WIBOR + margin 1.55%) and loan from the subsidiary Robin Investments (interest rate on the loan is 3M WIBOR + margin 1.55%). As at 30 September 2020 loan balances are as follows: Lakia Enterprises: PLN 9 664 thousand (capital: PLN 7 094 thousand, interest: PLN 2 570 thousand), during the period PLN 379 thousand of principal and PLN 9 thousand of interest was repaid and new loan amounting to PLN 71 thousand was granted; Lakia Investments: PLN 4 984 thousand (capital: PLN 4 251 thousand, interest: PLN 733 thousand), during the period PLN 418 thousand of principal and PLN 58 thousand of interest was repaid; Robin Investments: PLN 1 791 thousand (capital: PLN 1 600 thousand, interest PLN 191 thousand).

Additionally, during the second quarter of 2020, the Company received a loan from IMES Poland Sp. z o.o. for the amount of PLN 20 370 thousand (interest rate on the loan is 3M WIBOR + 1.55% margin). The loan balance as at 30 September 2020 includes accrued interest in the amount of PLN 138 thousand.

Loans from related parties will be repaid in the period from 1 to 3 years.

The loans are not secured.

29.10 Earnings (loss) per share

	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019	1/7/2020- 30/9/2020	1/7/2019- 30/9/2019
Profit attributable to the shareholders	73 808	26 737	68 796	22 968
Weighted average number of ordinary shares (in '000)	20 932	24 034	17 671	23 065
Earnings per share (in PLN)	3,53	1,11	3,89	1,00
Diluted profit attributable to shareholders	73 808	26 737	68 796	22 968
Weighted average number of ordinary shares (in '000)	20 932	24 034	17 671	23 065
Diluted earnings per share (in PLN)	3,53	1,11	3,89	1,00

29.11 Administrative costs

	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019	1/7/2020- 30/9/2020	1/7/2019- 30/9/2019
Advisory services	281	215	96	66
Salaries	2 827	1 555	931	1 041
Auditor's remuneration	125	104	43	64
Costs of non-deductible VAT	96	121	39	34
Other services	230	421	3	209
	3 559	2 416	1 112	1 414

Notes to the interim condensed financial statements**29.12 Financial income and expenses and fair value adjustment on loans granted**

	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019	1/7/2020- 30/9/2020	1/7/2019- 30/9/2019
Fair value adjustment on loans granted	16 460	6 432	9 432	1 952

Since 1 January 2018, the Company applies IFRS 9 "Financial Instruments" for the purpose of loans granted presentation and valuation. As a result of the application of the standard the method of valuation of loans granted changed. The Company used to recognize loans granted under amortized cost method, while since 1 January 2018 loans are measured at fair value through profit and loss. The company presents the cumulative effect of interest income on loans granted and the effect of revaluation in one line of the statement of comprehensive income as a fair value adjustment on loans granted. More information on the application of IFRS 9 for the first time is presented in the Company's annual report for the year ended 31 December 2018.

	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019	1/7/2020- 30/9/2020	1/7/2019- 30/9/2019
Interest income:				
- Bank interest	68	85	2	19
Dividends received	60 287	22 427	60 287	22 427
Other financial income	446	493	0	0
Net exchange differences	216	46	50	85
Financial income	61 017	23 051	60 339	22 531

On 1 August 2019, the Extraordinary Shareholders Meeting of Challenge Eighteen Sp. z o.o., a subsidiary of CPD S.A., declared a dividend in the amount of PLN 22,427,328.69, and on 17 September 2020, a dividend in the amount of PLN 60,286,549.22.

Interest costs:				
- Interest from related parties	341	299	134	96
Net exchange differences	0	0	0	0
Other financial costs	0	0	0	0
Financial costs	341	299	134	96

29.13 Cash flow from operating activities

	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019	1/7/2020- 30/9/2020	1/7/2019- 30/9/2019
Profit/loss before tax	73 654	26 698	68 605	22 966
Adjustments for:				
- interest costs	341	299	134	96
- fair value adjustment on loans granted	(16 460)	(6 432)	(9 432)	(1 952)
- loss on sale of shares in subsidiaries	79	0	0	0
Changes in working capital:				
- changes in trade receivables and other	(27)	(15)	452	(10)
- change in trade liabilities and other	30	864	(73)	768
	57 617	21 414	59 686	21 868

Notes to the interim condensed financial statements**29.14 Related party transactions**

CPD SA does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor.

The CPD also makes transactions with key management staff, subsidiaries and other affiliated entities, controlled by key staff of the CPD Group.

These financial statements contain the following balances resulting from transactions with related parties:

a) Transactions with key management personnel	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019	1/7/2020- 30/9/2020	1/7/2019- 30/9/2019
Remuneration of members of the Supervisory Board	414	414	138	138
Remuneration of members of the Board of Directors	1 718	1 071	574	951

b) Transactions with subsidiaries

	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019
Revenues		
<i>2/124 Gaston Investments</i>	0	107
<i>3/93 Gaston Investments</i>	0	98
<i>Ursa Park Smart City</i>	0	68
<i>5/92 Gaston Investments</i>	121	180
<i>6/150 Gaston Investments</i>	8	49
<i>7/120 Gaston Investments</i>	8	53
<i>12/132 Gaston Investments</i>	91	106
<i>13/155 Gaston Investments</i>	104	122
<i>16/88 Gaston Investments</i>	15	19
<i>18 Gaston Investments</i>	22	29
<i>19/97 Gaston Investments</i>	7	21
<i>20/140 Gaston Investments</i>	6	26
<i>Antigo Investments</i>	44	56
<i>Belise Investments</i>	252	742
<i>Celtic Asset Management</i>	21	26
<i>Celtic Investments Ltd</i>	6	6
<i>Challenge Eighteen</i>	385	736
<i>Elara Investments</i>	62	76
<i>Gaston Investments</i>	213	150
<i>Hub Developments</i>	48	61
<i>Lakia Enterprises Ltd</i>	511	641
<i>Lakia Investments</i>	18	0
<i>Mandy Investments</i>	328	401
<i>Ursus Development</i>	2	0

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**29.14 Related party transactions - continued**

	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019
Costs		
<i>Lakia Enterprises Ltd</i>	84	127
<i>Lakia Investments</i>	87	125
<i>Robin Investments</i>	31	39
<i>Imes Poland</i>	138	8
<i>Imes Poland - loss on sale of shares</i>	79	0
<i>Gaston Investments</i>	2	0
Liabilities	30/9/2020	31/12/2019
<i>Lakia Enterprises Ltd</i>	9 664	9 897
<i>Lakia Investments</i>	4 984	5 373
<i>Robin Investments</i>	1 791	1 760
<i>Imes Poland</i>	20 508	0
<i>Gaston Investments</i>	4	2
Receivables	30/9/2020	31/12/2019
<i>5/92 Gaston Investments</i>	0	6 505
<i>6/150 Gaston Investments</i>	0	2 134
<i>7/120 Gaston Investments</i>	0	2 192
<i>12/132 Gaston Investments</i>	4 543	4 199
<i>13/155 Gaston Investments</i>	5 138	5 134
<i>18 Gaston Investments</i>	261	0
<i>19/97 Gaston Investments</i>	0	871
<i>20/140 Gaston Investments</i>	0	1 064
<i>Belise Investments</i>	18 078	16 122
<i>Celtic Asset Management</i>	425	713
<i>Challenge Eighteen</i>	34 625	45 430
<i>Elara Investments</i>	1 271	1 235
<i>Gaston Investments</i>	270	0
<i>Hub Developments</i>	1 423	1 415
<i>Lakia Enterprises Ltd</i>	27 620	25 350
<i>Lakia Investments</i>	5	2
<i>Imes Poland</i>	20 370	0
c) Transactions with other related parties		
Costs	1/1/2020 - 30/9/2020	1/7/2019 - 30/9/2019
<i>Kancelaria Radców Prawnych Oleś&Rodzyńkiewicz sp. komandytowa</i>	101	3

29.15 Events after the balance sheet date

There were no significant post balance sheet events.