



# QUARTERLY REPORT FOR I QUARTER OF 2021



**CPD S.A.**QUARTERLY REPORT FOR 1<sup>st</sup> QUARTER 2021

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**CPD S.A.****QUARTERLY REPORT FOR 1<sup>st</sup> QUARTER 2021****TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the 1Q 2021 report of CPD S.A. published on 27 May 2021.

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. 17<sup>th</sup> of September 2014 the Company changed its name from Celtic Property Developments S.A. to CPD S.A.

As of the day of publication hereof CPD S.A. is the holding company controlling a group of 28 subsidiaries and two jointly controlled entities, carrying out activities in the office and residential segments, mostly in Poland. In I quarter of 2021 the Group's activities were focused on continuation of residential development, mainly through the implementation of its leading project in the Warsaw district of Ursus, and monetization of the land bank located in the Ursus district.

In April 2021 CPD sold the final residential plots of land it held in Ursus. It plans to finish its final residential construction project in Ursus in 2022 enabling it to return the proceeds to its shareholders. It is currently working on converting one of its office assets into a residential project.

## **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 a dominant entity – CPD S.A. (hereinafter referred to as "the Company") and 28 subsidiaries and two jointly controlled entities. Development activities of the Group are conducted via investment companies, direct subsidiaries of Challenge Eighteen sp. z o.o. and Lakia Enterprises Ltd (Cyprus). The dominant entity - 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.

During the reporting period, CPD Group structure was changed in the following manner:

- 31 March 2021 Challenge Eighteen sp. z o.o. acquired all the rights and obligations of a limited partner in Smart City sp. z o.o. sp. k.,

After the balance sheet date, the following changes took place in the structure of the Company:

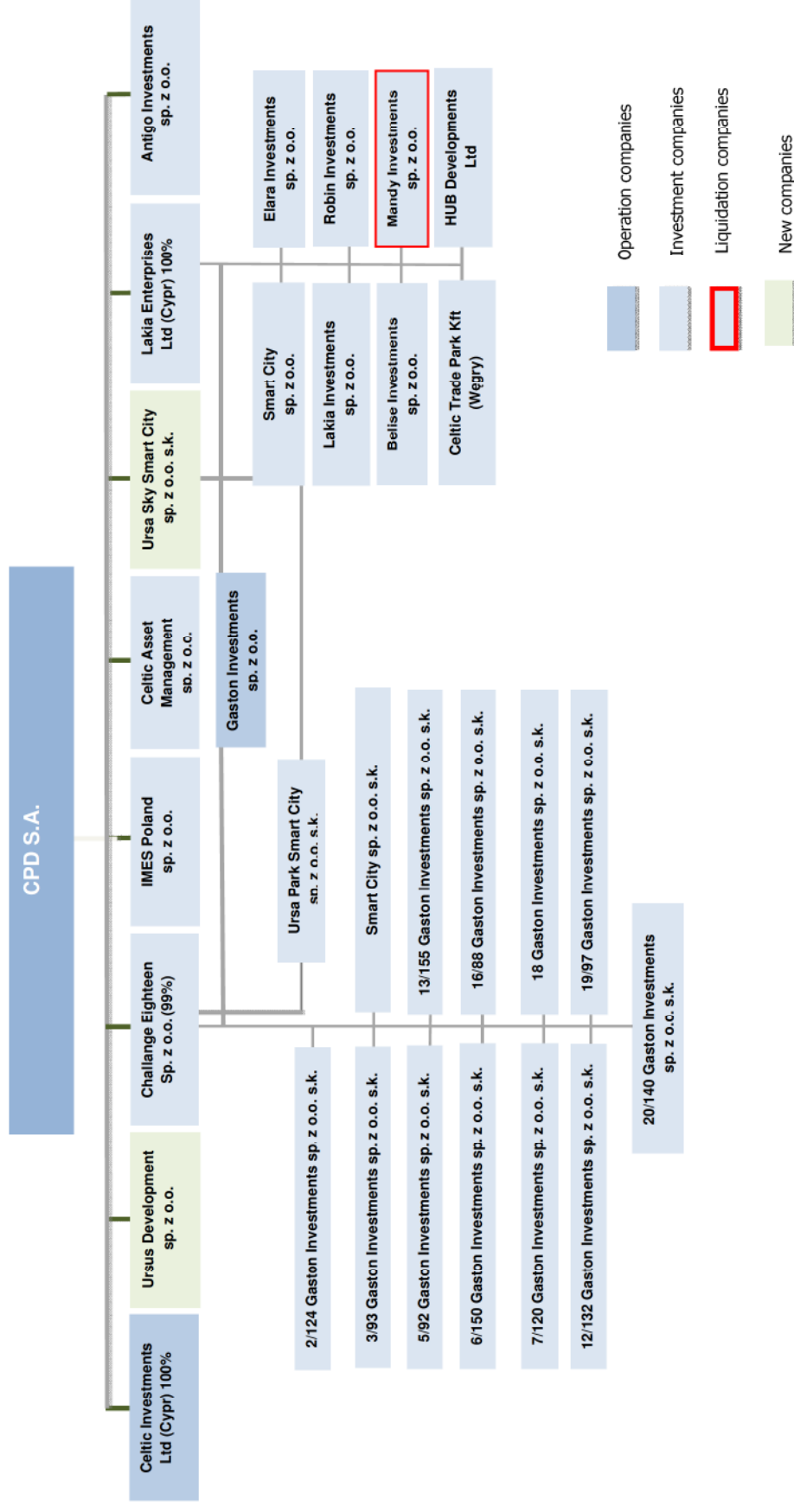
- 1 April 2021 liquidation proceedings were started in IMES Poland sp. z o.o.,
- 28 April 2021 Lakia Enterprises Ltd sold and CPD SA bought 100% shares of the company Antigo Investments sp. z o.o.

As of the day of publication hereof all the Group companies are consolidated by the full method, except for two Group companies – Ursa Sky Smart City sp. z o.o. sp. k. and Ursa Park Smart City sp. z o.o. sp. k., which are consolidated with the equity method in accordance with the requirements of the International Financial Reporting Standards.

# CPD S.A.

QUARTERLY REPORT FOR 1<sup>ST</sup> QUARTER 2021

CPD Group's structure as on 31 March 2021.



### 3. SELECTED FINANCIAL DATA

#### Selected items of the consolidated statement of comprehensive income

	3 months period		Change (%)
	From 01.01.2021 to 31.03.2021 (PLN thous.)	From 01.01.2020 to 31.03.2020 (PLN thous.)	
Revenue	4 826	4 903	-1,6%
Cost of sales	-478	-1 154	-58,6%
<b>Sales profit</b>	<b>4 348</b>	<b>3 749</b>	<b>16,0%</b>
Administrative expenses - property related	-3 104	-3 077	0,9%
Other administrative expenses	-1 057	-1 646	-35,8%
Selling and marketing costs	-6	-37	-83,8%
Gain (loss) on disposal of investment properties	79	74	6,8%
Other income	2 685	517	419,3%
Gain (loss) on revaluation of investment properties	1 293	6 552	-80,3%
Gain (loss) on revaluation of assets held for sale	293	1 506	-80,5%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	18 646	46	40434,8%
Impairment of receivables	-4	105	
<b>Profit from operations</b>	<b>23 173</b>	<b>7 789</b>	<b>197,5%</b>
Finance income	191	327	-41,6%
Finance costs	-1 702	-7 326	-76,8%
<b>Profit/loss before tax</b>	<b>21 662</b>	<b>790</b>	<b>2642,0%</b>
Income tax	-547	-1 241	-55,9%
<b>Profit/loss for the period</b>	<b>21 115</b>	<b>-451</b>	

In the first quarter of 2021 CPD SA Group generated a profit before tax of PLN 21.66 M. It increased by PLN 20.87 M in comparison with the analogous period of 2020. The net result improved by PLN 21.57 M.

There were three main factors that had a positive impact on CPD Group's financial results in the first quarter of 2021 in comparison with the first quarter of 2020. First of all, the post-tax share of the profit of the joint-venture amounted to PLN 18.65 M and was higher by PLN 18.6 M. What is more, financial costs dropped by PLN 5.62 M. Finally, other income rose by PLN 2.17 M.

The post-tax share of the profit of the joint-venture resulted from the fact that the joint-venture SPV handed over a substantial part of Ursa Home apartments to clients in Q1 2021. Financial costs declined due to much lower unfavourable foreign exchange differences in Q1 2021. The rise in other income stemmed from the fact that the Group received in Q1 2021 a penalty from one tenant as a result of terminating a lease agreement.

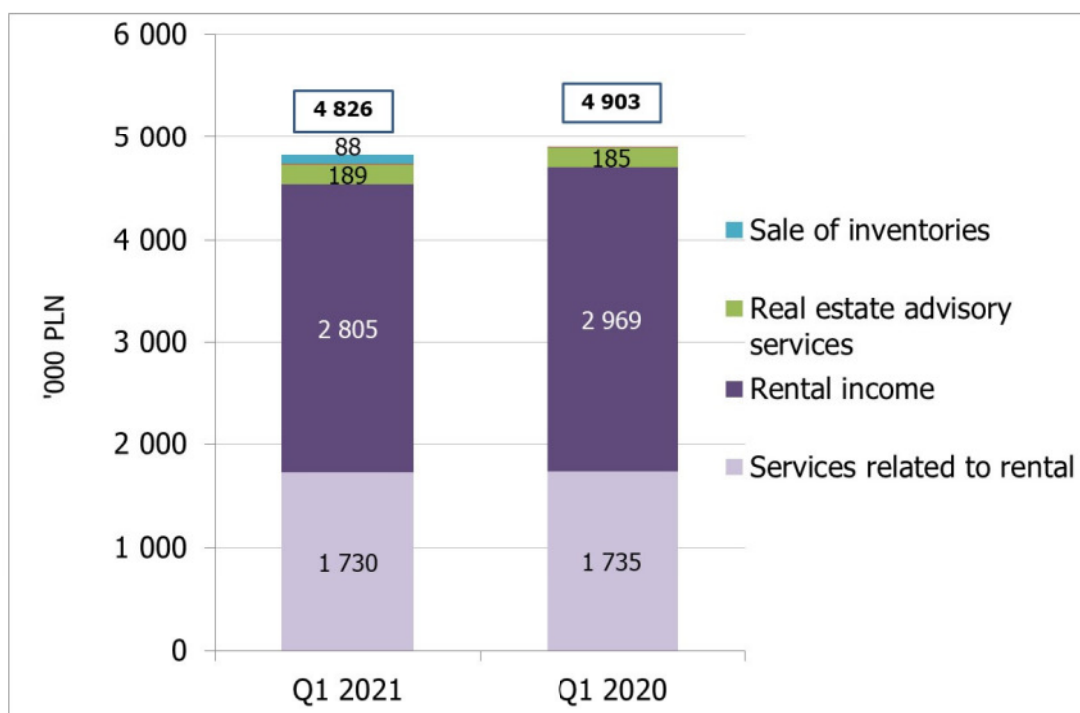
On the other hand, a much lower gain from fair value adjustments on investment properties was the main factor that had a negative impact on CPD Group's financial results in the first quarter of 2021 in comparison with the first quarter of 2020. The lower gain was a consequence of smaller fluctuations in EUR/PLN exchange rate in the first quarter of 2021 in comparison with Q1 2020.

The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for the first quarter of 2021 assumed an average quarterly fx rate published by the National Bank of Poland, i.e. 4.5493. The figures for the first quarter of 2020 assumed an average quarterly fx rate published by the National Bank of Poland, i.e. 4.3226.

	3 months period		Change (%)
	From 01.01.2021 to 31.03.2021	From 01.01.2020 to 31.03.2020	
	(EUR thous.)	(EUR thous.)	
Revenue	1 061	1 134	-6,5%
Cost of sales	-105	-267	-60,6%
<b>Sales profit</b>	<b>956</b>	<b>867</b>	<b>10,2%</b>
Administrative expenses - property related	-682	-712	-4,1%
Other administrative expenses	-232	-381	-39,0%
Selling and marketing costs	-1	-9	-84,6%
Gain (loss) on disposal of investment properties	17	17	1,4%
Other income	590	120	393,5%
Gain (loss) on revaluation of investment properties	284	1 516	-81,2%
Gain (loss) on revaluation of assets held for sale	64	348	-81,5%
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	4 099	11	38414,9%
Impairment of receivables	-1	24	
<b>Profit from operations</b>	<b>5 094</b>	<b>1 802</b>	<b>182,7%</b>
Finance income	42	76	-44,5%
Finance costs	-374	-1 695	-77,9%
<b>Profit/loss before tax</b>	<b>4 762</b>	<b>183</b>	<b>2505,4%</b>
Income tax	-120	-287	-58,1%
<b>Profit/loss for the period</b>	<b>4 641</b>	<b>-104</b>	

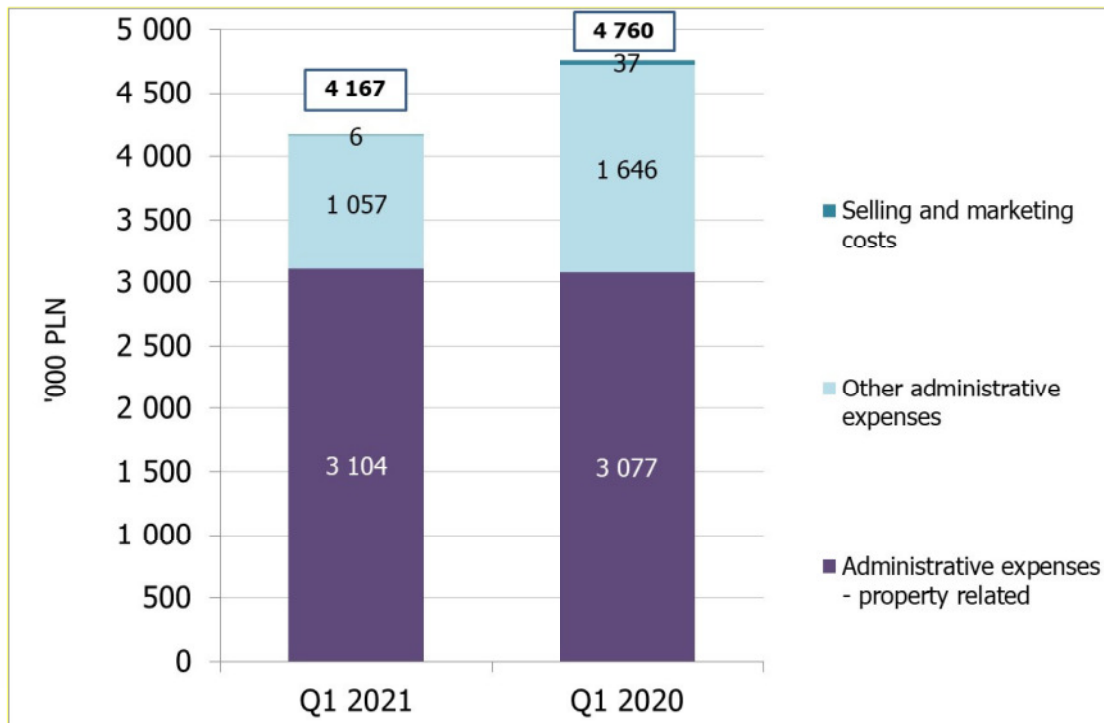
The following chart shows the structure of revenue in the first quarter of 2021 and 2020.





Revenue went down slightly in comparison with the first quarter of 2020 as a result of lower rental income.

The following chart shows the structure of operating costs in the first quarter of 2021 and 2020.



The value of operating costs decreased as a result of, among other factors, lower advisory costs.

### Selected items of the consolidated statement of financial position

	As at:		Change (%)
	31.03.2021 (PLN thous.)	31.12.2020 (PLN thous.)	
<b>TOTAL ASSETS</b>	<b>463 534</b>	<b>472 346</b>	<b>-1,9%</b>
<b>Non-current assets, including:</b>	<b>198 964</b>	<b>193 314</b>	<b>2,9%</b>
<i>Investment properties</i>	169 374	165 618	2,3%
<i>Investments in joint ventures accounted for using the equity method</i>	28 836	27 221	5,9%
<b>Current assets, including:</b>	<b>264 570</b>	<b>279 032</b>	<b>-5,2%</b>
<i>Assets held for sale</i>	70 478	85 250	-17,3%
<i>Inventory</i>	3 549	3 601	-1,4%
<i>Trade and other receivables</i>	5 179	20 035	-74,2%
<i>Cash and cash equivalents</i>	185 364	170 146	8,9%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>463 534</b>	<b>472 346</b>	<b>-1,9%</b>
<b>Equity, including:</b>	<b>306 088</b>	<b>285 048</b>	<b>7,4%</b>
<i>Share capital</i>	2 637	2 637	0,0%
<i>Reserve capital</i>	987	987	0,0%
<i>Own shares for redemption</i>	-117 396	-117 396	0,0%
<i>Fair value of capital element at inception date</i>	-27 909	-27 909	0,0%
<i>Translation reserve</i>	-6 337	-6 262	1,2%
<i>Retained earnings</i>	454 106	432 991	4,9%
<b>Total liabilities, including:</b>	<b>157 446</b>	<b>187 298</b>	<b>-15,9%</b>
<i>Non-current liabilities</i>	30 761	27 626	11,3%
<i>Current liabilities</i>	126 685	159 672	-20,7%

At the end of March 2021 the value of assets was 1,9% lower compared to December 2020.

The value of investment properties was 2.3% higher because the Polish currency weakened considerably in the first quarter of 2021.

The value of current assets went down by 5.2% as a consequence of, among other things, a settlement of VAT and other tax liabilities in the amount of PLN 8.38 M.

At the end of March 2021 the value of equity amounted to PLN 306 M, which accounted for 66% of total assets. Total liabilities accounted for 34% of total assets. These ratios changed considerably in comparison with December 2020, when they amounted to 60.3% and 39.7% respectively.

The value of liabilities fell by 15.9% (PLN 29.85 M) in the first quarter of 2021 as a consequence of, among other things, a drop in the balance of VAT and other tax liabilities in the amount of PLN 8.38 M and a decrease in the balance of accruals and deferred income in the amount of PLN 17.42 M.

The following table shows the selected items of the consolidated statement of financial position translated into euro. The figures for 31 March 2021 assumed an fx rate published by the National Bank of Poland as at March 31, 2021, i.e. 4.6603. The figures for 31 December 2020 assumed an fx rate published by the National Bank of Poland as at 31 December 2020, i.e. 4.6148.

	As at:		Change (%)
	31.03.2021 (EUR thous.)	31.12.2020 (EUR thous.)	
<b>TOTAL ASSETS</b>	<b>99 464</b>	<b>102 355</b>	<b>-2,8%</b>
<b>Non-current assets, including:</b>	<b>42 693</b>	<b>41 890</b>	<b>1,9%</b>
<i>Investment properties</i>	<i>36 344</i>	<i>35 888</i>	<i>1,3%</i>
<i>Investments in joint ventures accounted for using the equity method</i>	<i>6 188</i>	<i>5 899</i>	<i>4,9%</i>
<b>Current assets, including:</b>	<b>56 771</b>	<b>60 465</b>	<b>-6,1%</b>
<i>Assets held for sale</i>	<i>15 123</i>	<i>18 473</i>	<i>-18,1%</i>
<i>Inventory</i>	<i>762</i>	<i>780</i>	<i>-2,4%</i>
<i>Trade and other receivables</i>	<i>1 111</i>	<i>4 341</i>	<i>-74,4%</i>
<i>Cash and cash equivalents</i>	<i>39 775</i>	<i>36 870</i>	<i>7,9%</i>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>99 464</b>	<b>102 355</b>	<b>-2,8%</b>
<b>Equity, including:</b>	<b>65 680</b>	<b>61 768</b>	<b>6,3%</b>
<i>Share capital</i>	<i>566</i>	<i>571</i>	<i>-1,0%</i>
<i>Reserve capital</i>	<i>212</i>	<i>214</i>	<i>-1,0%</i>
<i>Own shares for redemption</i>	<i>-25 191</i>	<i>-25 439</i>	<i>-1,0%</i>
<i>Fair value of capital element at inception date</i>	<i>-5 989</i>	<i>-6 048</i>	<i>-1,0%</i>
<i>Translation reserve</i>	<i>-1 360</i>	<i>-1 357</i>	<i>0,2%</i>
<i>Retained earnings</i>	<i>97 441</i>	<i>93 827</i>	<i>3,9%</i>
<b>Total liabilities, including:</b>	<b>33 785</b>	<b>40 586</b>	<b>-16,8%</b>
<i>Non-current liabilities</i>	<i>6 601</i>	<i>5 986</i>	<i>10,3%</i>
<i>Current liabilities</i>	<i>27 184</i>	<i>34 600</i>	<i>-21,4%</i>

The following table shows the structure of liabilities as at March 2021 and December 2020.

	31.03.2021	31.12.2020
<b>Liabilities to total assets</b>	<b>34,0%</b>	<b>39,7%</b>
<b>Non-current liabilities to total assets</b>	<b>6,6%</b>	<b>5,8%</b>
Borrowings including leases	1,7%	1,2%
Deferred income tax liabilities	4,3%	4,1%
Trade and other payables	0,6%	0,6%
<b>Current liabilities to total assets</b>	<b>27,3%</b>	<b>33,8%</b>
Borrowings including leases	21,9%	21,6%
Trade and other payables	4,8%	11,0%
Payables linked to assets held for sale	0,7%	1,3%

The structure of liabilities improved in the first quarter of 2021. The share of non-current liabilities in total assets went up from 5.8% as at 31 December 2020 to 6.6% as at March 31, 2021. The share of current liabilities in total assets decreased from 33.8% to 27.3%.

At the end of March 2021 non-current liabilities accounted for 20% of total liabilities, whereas at the end of December 2020 the ratio amounted to 15%.

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

##### **• CONCLUSION OF SALES AGREEMENTS BY THE ISSUER'S SUBSIDIARY**

On 4 March 2021, the Issuer's subsidiary Ursus Development sp. z o.o. (hereinafter the "Seller") concluded final agreements for the sale of the right of perpetual usufruct of real estate consisting of developed plots of land no:

- 155/2, located in Warsaw, described in the land and mortgage register no. WA5M/00477861/9, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,
- 147, located in Warsaw, described in the land and mortgage register no. WA1M/00338198/6, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,

rev. no. ev. 2-09-09, located in Warsaw in the Ursus District, near Gierdziejewskiego i Posag 7 Panien Streets for the company UDI Ursus II sp. z o.o. (hereinafter the "Buyer") with a total value of PLN 14,9 million gross. The contracts were concluded in the performance of preliminary sales contracts.

On that date, the Seller also concluded a conditional agreement (subject to the municipality's failure to exercise the pre-emption right) for the sale of the right of perpetual usufruct of real estate consisting of developed plots of land no:

- 132/2, located in Warsaw, described in the land and mortgage registers no. WA5M/00477860/2, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,
- 158/2, located in Warsaw, described in the land and mortgage register no. WA5M/00477864/0, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,
- 134, located in Warsaw, described in the land and mortgage register no. WA1M/00233102/1, kept by the District Court for Warszawa-Mokotów in Warsaw, XIII Land Registry Division,

rev. no. ev. 2-09-09, located in Warsaw in the Ursus District, near Gierdziejewskiego and Posag 7 Panien Streets for the Buyer, with a total value of PLN 83,1 million gross. The contract was concluded in the performance of the preliminary sale contract.

The total price of the transaction was PLN 98 million gross.

In accordance with the provisions of the Local Development Plan, the properties are predominantly intended for multi-family residential areas with services.

##### **• TERMINATION OF INVESTMENT AGREEMENT BY THE ISSUER AND THE ISSUER'S SUBSIDIARIES**

On 31 March 2021, the Issuer and the Issuer's subsidiaries, i.e. Challenge Eighteen sp. z o.o., Lakia Enterprises Ltd based in Nicosia (Cyprus) and Smart City spółka z ograniczoną odpowiedzialnością sp.k. by mutual consent terminated an investment agreement concluded on 10 September 2014 with Unidevelopment S.A. and Unibep S.A. for the joint venture of a development investment in Warsaw, Ursus district under the name "Smart City" ("Investment Agreement"). In connection with termination of the Investment Agreement, the Issuer's subsidiary (Challenge Eighteen sp. z o.o.) acquired all the rights and obligations of a limited partner in Smart City spółka z ograniczoną odpowiedzialnością sp.k. from Unidevelopment S.A.



At the same time, the Issuer informs that an investment agreement concerning neighboring real estates, concluded with the participation of the Issuer and the Issuer's subsidiaries is in force and is being implemented.

Termination of the Investment Agreement took place due to its performance by the parties, i.e. the completion of the development project.

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

Did not occur.

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

In the Management Board's opinion, in I quarter 2021 an unusual event occurred - the COVID-19 pandemic, but this did not have a significant impact on the Group's results for Q1 2021.

Real estate development is characterized by a long production cycle, therefore the effects of negative events are felt in the long term. The revenues from the sale of apartments, commercial premises and parking spaces for Q1 2021 amounted to PLN 61.9 million and were generated by transactions from about a year ago with the payment term spread over instalments. Therefore, the events that took place in 2020 and 2021 will be visible in the income statement for subsequent years. However, it should be noted that the construction industry, including the development of apartments in multi-year buildings, did not record any declines in sales or a slowdown in the growth dynamics observed in previous years.

Due to the global pandemic, the company assumes that its effects may affect the activities of property 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 the 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 exchange rate of PLN in relation to foreign currencies, especially EUR.

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

It should be emphasized that the pace of construction works carried out in the CPD Group in Q1 2021 did not slow down. The sales of projects in the CPD Group did not slow down and as at the publication date of the report, 98% of residential and commercial premises were sold.

The commenced next stage of Ursa Sky is being implemented in accordance with the assumed schedule. Taking into account the advancement of construction works and the level of sales of this project, the Management Board of CPD S.A. expects to complete the construction projects in accordance with the schedule and as at the date of publication of the report, has not noticed the resignation from the already signed development contracts.

The Management Board of the Company monitors and analyses the situation of the CPD capital group on an ongoing basis in connection with the spread of the SARS-CoV-2 virus and takes a number of measures to minimize the impact of the negative effects of the pandemic on the activities of the CPD group.

## **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**

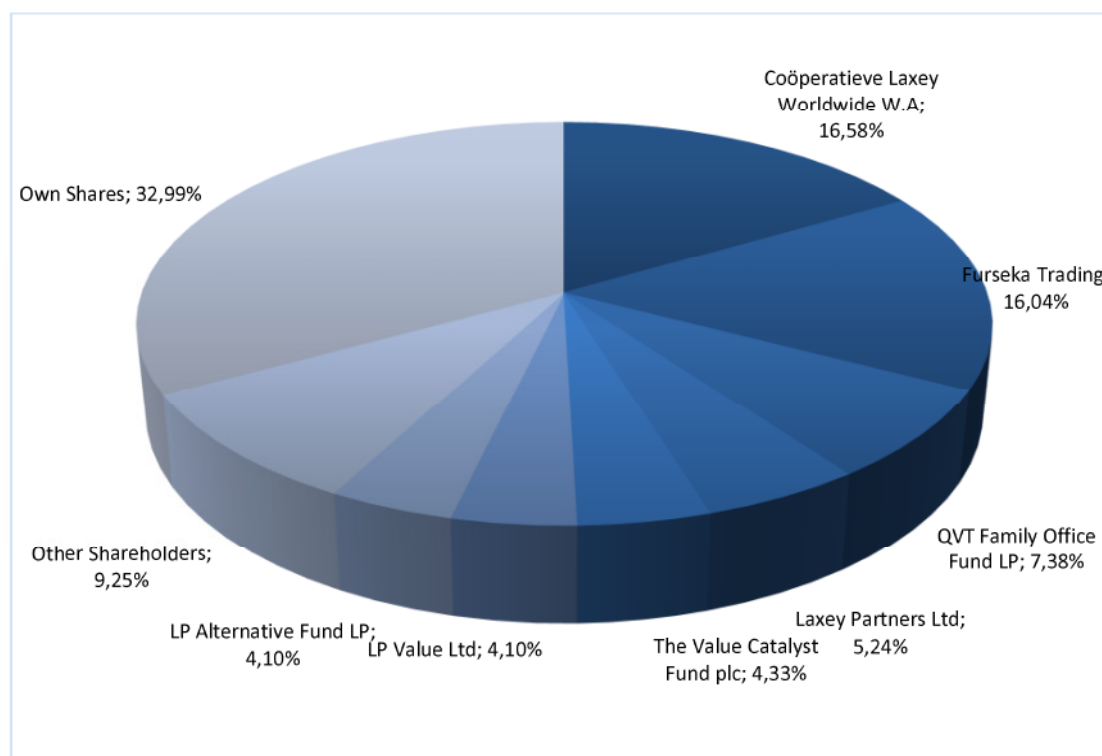
During the reporting period, the Company did not conclude any transactions with related parties on terms other than the market.

## **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).



Shareholder	Number of held shares	Type of shares	Number of held votes	Shareholding structure by held votes	Shareholding structure by held shares
<b>Coöperatieve Laxey Worldwide W.A.</b>	4 373 309	bearer shares	4 373 309	24.75 %	16.60 %
<b>Furseka Trading</b>	4 229 069	bearer shares	4 229 069	23.93 %	16.00 %
<b>QVT Family Office Fund LP</b>	1 945 031	bearer shares	1 945 031	11.01 %	7.38 %
<b>Laxey Partners Ltd</b>	1 380 765	bearer shares	1 380 765	7.81 %	5.24 %
<b>The Value Catalyst Fund plc</b>	1 142 604	bearer shares	1 142 604	6.47 %	4.33 %
<b>LP Value Ltd</b>	1 081 505	bearer shares	1 081 505	6.12 %	4.10 %
<b>LP Alternative Fund LP</b>	1 080 708	bearer shares	1 080 708	6.12 %	4.10 %
<b>Other Shareholders</b>	2 438 304	bearer shares	2 438 304	13.80 %	9.25 %
<b>Own Shares</b>	8 699 836	bearer shares	0 %	0 %	32.99 %

(1) Shareholders' share in the total number of votes was calculated taking into account the fact that CPD S.A. as the owner of treasury shares, cannot exercise their voting rights at the General Meeting.

The company aims to carry out further buybacks when possible.

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 as of 31 March 2020.

In relation to the status presented in the consolidated annual report for 2020, published on 29 April 2021, the following changes occurred in the ownership structure of significant blocks of shares in the Company as at the balance sheet date:

- On 25 February 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Furseka Trading and Investments Limited on the acquisition of 1,000,000 shares of CPD SA.
- On 25 February 2021, the Company received a notification pursuant to Art. 69 of the Act on public offering and conditions for introducing financial instruments to an organized trading system and on public companies of 29 July 2005 (Journal of Laws No. 184, item 1539, as amended) from Cooperatieve Laxey Worldwide on the sale of 1,000 000 shares of CPD SA.

## **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
Elzbieta Wiczowska	Member	37 060	3706	0.13%	0.13%
Iwona Makarewicz	Member	4 734	473	0.01%	0.01%
Colin Kingsnorth	President	0	0	0	0
John Purcell	Member	0	0	0	0
<b>RAZEM</b>		<b>41 794</b>	<b>4 179</b>	<b>0,14%</b>	<b>0,14%</b>

Compared to the state presented in the consolidated annual report for 2020, published on 29 April 2021, no changes have occurred in the statement of shares held by managing and supervising persons in the reporting period as of 31 March 2021.

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.IMORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS**

On 6 February 2019, a customs and tax inspection was initiated against Celtic Investments Limited with its registered office in Cyprus, part of the Group. The scope of the audit covers the accuracy of the declared tax bases and the correctness of calculating and paying the corporate income tax for 2016 by Blaise Investments sp. z o.o., which was acquired by Celtic Investments Limited as a result of a cross-border merger completed on 31 December 2017. On 29 June 2020, Celtic Investments Limited received a decision to transform the customs and tax control into tax proceedings.

## **13. LOAN GUARANTEES**

As of 31 March 2021 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 31 March 2021 the balance of the secured loan was EUR 14,060,000. 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 31 March 2021, 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 31 March 2021, 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 31 March 2021, 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,
- Higher prices of construction work observed on the development market,
- Risk related to the outbreak of the COVID-19 pandemic in the world.

**CPD S.A.**QUARTERLY REPORT FOR 1<sup>st</sup> QUARTER 2021

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**II. INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENT FOR THE PERIOD OF 3 MONTHS ENDED 31  
MARCH 2021 ALONG WITH CONDENSED FINANCIAL  
STATEMENTS OF CPD S.A.**

CPD S.A.

**Condensed interim consolidated financial statements**  
for the period of 3 months ended 31 March 2021

and the condensed interim financial statements of CPD S.A.  
for the period of 3 months ended 31 March 2021

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

(unaudited financial data)

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**Condensed consolidated statement of comprehensive income**

	Note	For the 3 month period ended	
		31/03/2021 (unaudited)	31/03/2020 (unaudited)
Revenues	13	4 826	4 903
Cost of sales	14	( 478)	(1 154)
<b>PROFIT ON SALES</b>		<b>4 348</b>	<b>3 749</b>
Administrative costs property related	15	(3 104)	(3 077)
Administrative expenses-other	16	(1 057)	(1 646)
Selling and marketing expenses		( 6)	( 37)
Loss on investment property disposal		79	74
Other income	17	2 685	517
Net gain/(loss) from fair value adjustments on investment properties	4		
		1 293	6 552
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	8	18 646	46
Receivables valuation allowances		( 4)	105
Net gain/(loss) from value adjustments on assets held for sale		293	1 506
<b>OPERATING RESULT</b>		<b>23 173</b>	<b>7 789</b>
Financial income	18	191	327
Financial costs	18	(1 702)	(7 326)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>21 662</b>	<b>790</b>
Income tax		( 547)	(1 241)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>21 115</b>	<b>( 451)</b>
Currency translation adjustment		( 75)	( 720)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>21 040</b>	<b>(1 171)</b>
<b>Profit attributable to:</b>			
Equity holders of the Group		<b>21 115</b>	<b>( 451)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Group		<b>21 040</b>	<b>(1 171)</b>
Total comprehensive income for the period attributable to owners of the Group arises from:			
Continuing operations		21 040	(1 171)
Discontinued operations		0	0
<b>BASIC EARNINGS PER SHARE (PLN)</b>	23	<b>1,19</b>	<b>(0,02)</b>
<b>DILUTED EARNINGS PER SHARE (PLN)</b>		<b>1,19</b>	<b>(0,02)</b>

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 financial position**

	Note	31/03/2021 (unaudited)	31/12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	169 374	165 618
Property, plant and equipment		193	212
Investments in joint ventures accounted for using the equity method	8	28 836	27 221
Long-term receivables		561	263
<b>Non-current assets</b>		<b>198 964</b>	<b>193 314</b>
<b>Current assets</b>			
Inventories	6	3 549	3 601
Trade receivables and other receivables, including:	5	5 179	20 035
- <i>receivables and loans</i>		2 754	18 995
- <i>prepayments</i>		2 425	1 040
Cash and cash equivalents	7	185 364	170 146
<b>Current assets excluding assets held for sale</b>		<b>194 092</b>	<b>193 782</b>
Assets held for sale	27	70 478	85 250
<b>Current assets</b>		<b>264 570</b>	<b>279 032</b>
<b>Total assets</b>		<b>463 534</b>	<b>472 346</b>

**Condensed consolidated statement of financial position - cont.**

	Note	31/03/2021 (unaudited)	31/12/2020
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent company</b>			
Share capital	9	2 637	2 637
Own shares for redemption		(117 396)	(117 396)
Other reserves		987	987
Embedded element at inception date	11	(27 909)	(27 909)
Translation reserve		(6 337)	(6 262)
Retained earnings/(accumulated losses)		454 106	432 991
<b>Total equity</b>		<b>306 088</b>	<b>285 048</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables		2 989	2 820
Borrowings, including leasing	11	7 915	5 454
Deferred income tax liabilities	12	19 857	19 352
<b>Non-current liabilities</b>		<b>30 761</b>	<b>27 626</b>
<b>Current liabilities</b>			
Trade and other payables		22 222	51 740
Borrowings, including leasing	11	101 410	101 847
<b>Current liabilities</b>		<b>123 632</b>	<b>153 587</b>
Liabilities directly associated with assets held for sale		3 053	6 085
<b>Total liabilities</b>		<b>157 446</b>	<b>187 298</b>
<b>Total Equity and liabilities</b>		<b>463 534</b>	<b>472 346</b>

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 3 months ended 31 March 2021

(All amounts in PLN thousands unless otherwise stated )

**Condensed consolidated statement of changes in equity**

	Share capital CPD S.A.	Embedded element at inception date	Own shares for redemption	Translation reserve	Reserve capital	Retained earnings	Total
<b>Balance as at 01/01/2020</b>	<b>2 637</b>	<b>(27 909)</b>	<b>(43 010)</b>	<b>(5 531)</b>	<b>987</b>	<b>416 684</b>	<b>343 858</b>
<b>Transactions with owners</b>							
Own shares acquired for redemption	0	0	(3 074)	0	0	0	(3 074)
Comprehensive income							
Currency translation adjustment	0	0	0	(720)	0	0	(720)
Profit (loss) for the period	0	0	0	0	0	(451)	(451)
<b>Balance as at 31/03/2020 /unaudited</b>	<b>2 637</b>	<b>(27 909)</b>	<b>(46 084)</b>	<b>(6 251)</b>	<b>987</b>	<b>416 233</b>	<b>339 613</b>
<b>Balance as at 01/01/2020</b>	<b>2 637</b>	<b>(27 909)</b>	<b>(43 010)</b>	<b>(5 531)</b>	<b>987</b>	<b>416 684</b>	<b>343 858</b>
<b>Transactions with owners</b>							
Own shares acquired for redemption	0	0	(74 386)	0	0	0	(74 386)
Comprehensive income							
Currency translation adjustment	0	0	0	(731)	0	0	(731)
Profit (loss) for the period	0	0	0	0	0	16 307	16 307
<b>Balance as at 31/12/2020</b>	<b>2 637</b>	<b>(27 909)</b>	<b>(117 396)</b>	<b>(6 262)</b>	<b>987</b>	<b>432 991</b>	<b>285 048</b>
<b>Balance as at 01/01/2021</b>	<b>2 637</b>	<b>(27 909)</b>	<b>(117 396)</b>	<b>(6 262)</b>	<b>987</b>	<b>432 991</b>	<b>285 048</b>
Comprehensive income							
Currency translation adjustment	0	0	0	(75)	0	0	(75)
Profit (loss) for the period	0	0	0	0	0	21 115	21 115
<b>Balance as at 31/03/2021 /unaudited</b>	<b>2 637</b>	<b>(27 909)</b>	<b>(117 396)</b>	<b>(6 337)</b>	<b>987</b>	<b>454 106</b>	<b>306 088</b>

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

Colin Kingsnorth <i>Chairman of the Board</i>	Elzbieta Donata Wiczowska <i>Board Member</i>	Iwona Makarewicz <i>Board Member</i>	John Purcell <i>Board Member</i>
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The notes are an integral part of these condensed interim consolidated financial statements

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2021

(All amounts in PLN thousands unless otherwise stated )

**Condensed consolidated statement of cash flows**

Note	For the 3 month period ended	
	31/03/2021 (unaudited)	31/03/2020 (unaudited)
<b>Cash flow from operating activities</b>		
Cash generated from operations	20 4 728	( 342)
Interest paid	( 476)	( 514)
<b>Net cash generated from investing activities</b>	<b>4 252</b>	<b>( 856)</b>
<b>Cash flows from investing activities</b>		
Expenses for assets held for sale	( 5)	( 34)
Purchase of property, plant and equipment	( 11)	0
Cash in acquired subsidiary	143	0
Proceeds from disposal of investment properties	12 134	43 622
<b>Net cash used in investing activities</b>	<b>12 261</b>	<b>43 588</b>
<b>Cash flows from financing activities</b>		
Acquisition of own shares	0	(3 074)
Repayments of borrowings	(1 295)	(1 223)
<b>Net cash used in financing activities</b>	<b>(1 295)</b>	<b>(4 297)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>15 218</b>	<b>38 435</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>170 146</b>	<b>139 035</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7 185 364</b>	<b>177 470</b>

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

### 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 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, 28 subsidiaries and 2 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 2020, except for the application of the following new or revised standards and interpretations applicable for annual periods beginning on or after 1 January 2021.

The interim consolidated financial statements as at 31 March 2021 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 which came into force in 2021 and description of the impact of applying the amendments:**

Amendments to **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform.**

##### **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 2023. The standard is to replace the current insurance regulations (IFRS 4).

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.



**Notes to the interim condensed consolidated financial statements****2.1 Basis of preparation - cont.**

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 **IAS 8 Definition of Accounting Estimates** - issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023.

Amendments to **IAS 1 Presentation of Financial Statements** - issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023.

Amendments to **IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction** - issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023.

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**

On 31 March 2021 the part of the investment agreement related to Smart City project was dissolved, as a consequence of completion of the project. As a result Smart City Spółka z ograniczoną odpowiedzialnością Sp. z o.o. returned to be 100% subsidiary.

**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 3 months ended 31 March 2021.

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 2020.

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 class real properties recognized in the balance sheet is calculated based on pricing established annually by third party experts base on Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards 2020 Incorporating the IVSC International Valuation Standards (the "RICS Red Book") . Valuation fees are not related to the value of the real properties or the valuation results. 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.

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),
- (iii) property with an office building in Warsaw under consideration to convert into residential property.



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

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 property where conversion for residential purposes is considered was valued based on income approach and residual method.

The residual method determines the property value by deducting costs to completion and expected developer's profit from estimated market value of the completed investment. The market value of the completed investment as well as construction costs and developers profit are estimated by the surveyor based on average market values for similar properties.

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

In the first quarter of 2021, the Group recorded profit on the revaluation of investment properties to their fair values, which amounted to PLN 1 293 thousand.

**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.

On 31 March 2021 the part of the investment agreement related to Smart City project was dissolved, as a consequence of completion of the project. As a result Smart City Spółka z ograniczoną odpowiedzialnością Sp. z o.o. returned to be 100% subsidiary.

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 336 flats were contracted (148 in the first stage and all flats in the second stage). The flats are to be handed to the buyers during 2021.

Based on annex dated 22 September 2020 Unidevelopment joined Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością Sp. k., who bought land and cumulated project outlays related to Ursa Sky from Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp. k. Since that moment the company is accounted for as joint venture. The construction process commenced before the end of 2020 and sales contracts were concluded for 146 flats by the end of the first quarter. Ursa Sky is to consist of 183 and 201 flats respectively in the first and second stage.

Following requirements of IFRS 10, the joint ventures are 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.

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

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., Ursa Park Smart City Sp. z o.o. SK and IMES Poland Sp. z o.o. With respect to shares in Lakia Enterprises Ltd, Ursus Development Sp. z o.o. 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 31 March 2021. 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.

**Notes to the interim condensed consolidated financial statements****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.

Within the Group, only Belise 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 2020.

**Liquidity risk**

Increase in cash balance as compared to 31 December 2020 results mainly from disposals of investment properties presented as assets held for sale. The details of the current borrowings were presented the consolidated financial statements for the year ended 31 December 2020.



**Notes to the interim condensed consolidated financial statements****4 Investment properties**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/12/2020
<b>At the beginning of the reporting period</b>	<b>165 618</b>	<b>100 214</b>
Capitalized financial liability concerning the property transferred from the joint venture	2 465	0
Capital expenditure	0	20
Change in the balance of capitalized financial liability concerning the properties transferred from assets held for sale	0	1 832
Change in Balance of Capitalised Liability (RPU)	( 2)	85
Transfer from assets held for sale	0	47 546
Net gain/(loss) from fair value adjustments on investment properties	1 293	15 921
<b>At the end of the reporting period</b>	<b>169 374</b>	<b>165 618</b>
<b>Direct operating costs for investment properties:</b>		
	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
- generating rental incomes	1 464	1 396
- other	44	15
	<b>1 508</b>	<b>1 411</b>

**5 Trade receivables and other receivables**

	31/03/2021	31/12/2020
Trade receivables	1 938	102
Receivables from the state	661	18 586
Receivables from related parties	92	307
Prepaid expenses	2 425	1 040
Other receivables	63	0
<b>Short-term receivables</b>	<b>5 179</b>	<b>20 035</b>
Long-term receivables	561	263
<b>Total receivables</b>	<b>5 740</b>	<b>20 298</b>

**6 Inventories**

	31/03/2021	31/12/2020
<b>At the beginning of the reporting period</b>	<b>3 601</b>	<b>3 594</b>
Disposal	( 92)	0
Revaluation of Inventory	0	64
Foreign exchange gains/ (losses)	40	( 57)
<b>At the end of the reporting period</b>	<b>3 549</b>	<b>3 601</b>

**7 Cash and cash equivalents**

	31/03/2021	31/12/2020
Cash at bank and on hand	180 909	166 045
Restricted cash	3 800	3 765
Short term bank deposits	655	336
	<b>185 364</b>	<b>170 146</b>

**Notes to the interim condensed consolidated financial statements****7 Cash and cash equivalents - cont.**

Restricted cash means the funds deposited as a result of the implementation of the credit agreements with Santander Bank and mBank Hipoteczny and cash on split payment VAT accounts.

**8 Joint ventures**

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

	31/03/2021	31/12/2020
a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	0	85
b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	2 027	0
c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	26 809	27 136
	<b>28 836</b>	<b>27 221</b>

On 31 March 2021 the part of the investment agreement related to Smart City project was dissolved, as a consequence of completion of the project. As a result Smart City Spółka z ograniczoną odpowiedzialnością Sp. z o.o. returned to be 100% subsidiary.

	31/03/2021	31/12/2020
a) <u>Smart City Spółka z ograniczoną odpowiedzialnością sp.k.</u>		
<b>Opening balance as at 1 January</b>	<b>85</b>	<b>0</b>
Group's share of the net profit or loss of the joint ventures presented in theses interim condensed consolidated financial statements	( 29)	85
Other adjustments	( 56)	0
<b>Closing balance</b>	<b>0</b>	<b>85</b>

	31/03/2021	31/12/2020
b) <u>Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.</u>		
<b>Opening balance as at 1 January</b>	<b>0</b>	<b>32 015</b>
Group's share in contributions to the joint venture	0	0
Group's share in withdrawals of the contributions to the joint venture	0	(33 474)
Group's share in joint venture's profit distributions	0	(17 844)
Amendment of the property rights to the joint venture's net assets	0	6 967
Group's share of the net profit or loss of the joint ventures presented in these interim consolidated financial statements	18 947	20 078
Other adjustments	(16 920)	8 696
<b>Closing balance</b>	<b>2 027</b>	<b>0</b>

	31/03/2021	31/12/2020
c) <u>Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.</u>		
<b>Opening balance as at 1 January</b>	<b>27 136</b>	<b>0</b>
Group's share in contributions to the joint venture	0	27 387
Group's share in withdrawals of the contributions to the joint venture	0	(4 247)
Group's share in future contributions to the joint venture	0	6 088
Amendment of the property rights to the joint venture's net assets	0	(1 841)
Group's share of the net profit or loss of the joint ventures presented in these interim consolidated financial statements	( 327)	( 251)
<b>Closing balance</b>	<b>26 809</b>	<b>27 136</b>



**Notes to the interim condensed consolidated financial statements****8 Joint ventures - cont.**

Condensed financial information of individually material joint ventures of the Group is presented in the below table:

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

	31/03/2021	31/12/2020
<i>Financial information coming from statement of financial position</i>		
<b>Total non-current assets, including</b>	<b>0</b>	<b>7</b>
<i>Fixed assets</i>	0	7
<b>Total current assets, including:</b>	<b>0</b>	<b>229</b>
<i>Trade receivables and other receivables</i>	0	82
<i>Cash and cash equivalents</i>	0	147
<b>Total assets</b>	<b>0</b>	<b>236</b>
<b>Total current liabilities, including:</b>	<b>0</b>	<b>66</b>
<i>Trade payables and other liabilities</i>	0	66
<b>Total liabilities</b>	<b>0</b>	<b>66</b>
<b>Net assets</b>	<b>0</b>	<b>170</b>
<b>% held by the Group</b>	<b>50%</b>	<b>50%</b>
<b>Carrying amount of investment in joint venture presented in the interim</b>	<b>0</b>	<b>83</b>

*Financial information from statement of comprehensive income*

	31/03/2021	31/12/2020
Revenue	0	732
Result from continued operations	( 58)	266

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

	31/03/2021	31/12/2020
<b>Total current assets, including:</b>	<b>8 952</b>	<b>56 690</b>
<i>Inventory</i>	2 280	43 622
<i>Trade receivables and other receivables</i>	1 552	1 100
<i>Cash and cash equivalents</i>	5 120	11 968
 Trade payables and other liabilities	 4 898	 73 609
<b>Net assets</b>	<b>4 054</b>	<b>(16 919)</b>
<b>% held by the Group</b>	<b>50%</b>	<b>50%</b>
<b>Carrying amount of investment in joint venture presented in the consolidated financial statements</b>	<b>2 027</b>	<b>0</b>

*Financial information from statement of comprehensive income*

	31/03/2021	31/12/2020
Revenue	62 948	131 609
Interest income	0	7
Interest cost	1	15
Result from continued operations	20 974	37 957

**Notes to the interim condensed consolidated financial statements****8 Joint ventures - cont.**c) Ursa Sky Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	31/03/2021	31/12/2020
<b>Total non-current assets, including</b>	<b>127</b>	<b>141</b>
<i>Intangible assets</i>	127	141
Investment property	0	0
<b>Total current assets, including:</b>	<b>93 039</b>	<b>62 614</b>
<i>Inventory</i>	68 704	49 329
<i>Trade receivables and other receivables</i>	9 061	10 508
<i>Cash and cash equivalents</i>	15 274	2 777
Non-current liabilities	41	53
Trade payables and other liabilities	49 555	18 601
<b>Total liabilities</b>	<b>49 596</b>	<b>18 654</b>
<b>Net assets</b>	<b>43 570</b>	<b>44 101</b>
<b>% held by the Group</b>	<b>62%</b>	<b>62%</b>
<b>Carrying amount of investment in joint venture presented in the consolidated financial statements</b>	<b>26 809</b>	<b>27 136</b>

Financial information from statement of comprehensive income

	31/03/2021	31/12/2020
Revenue	12	10
Interest cost	2	0
Result from continued operations	( 532)	( 408)

**9 Share capital**

	Number of shares		Par value of shares	
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Ordinary shares (in thousands)	26 371	26 371	2 637	2 637

As at the moment of preparation of these condensed interim financial statements share capital amounts to PLN 2.637 thousand.

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.

**10 Trade and other payables****Non-current liabilities**

	31/03/2021	31/12/2020
Deposits of tenants	2 989	2 820

**Notes to the interim condensed consolidated financial statements****10 Trade and other payables - cont.****Current liabilities**

	31/03/2021	31/12/2020
Trade payables	496	2 282
Output VAT and other tax liabilities	13 879	22 261
Deposits of tenants	335	301
Other liabilities	165	322
Advanced sales payments	4 670	6 480
Accruals and deferred income	2 677	20 094
	<b>22 222</b>	<b>51 740</b>

The main item of short term liabilities relates to VAT and income tax payables.

The decrease in accruals and deferred income results mainly from reversal of provisions for potential losses of the joint venture as well as partial expiry previously accrued tax risks.

**11 Borrowings, including lease**

	31/03/2021	31/12/2020
<b>Non-current</b>		
Lease liabilities	7 915	5 454
	<b>7 915</b>	<b>5 454</b>
<b>Current</b>		
Bank loans	101 302	101 639
Derivatives (IRS)	108	208
	<b>101 410</b>	<b>101 847</b>
<b>Total borrowings</b>	<b>109 325</b>	<b>107 301</b>

As of the balance sheet date bank loans consist of the payables of PLN 65.591 thousand to Santander Bank Polska SA and of PLN 35.711 thousand to mBank Hipoteczny SA.

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

The value of hedging derivatives - the IRS as at the balance sheet date was estimated at PLN 108 thousand.

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.

Lease liabilities relate to the right to perpetual usufruct and are recognized due to the increase in the fair value of investment property for accounting purposes (note 4).

**Notes to the interim condensed consolidated financial statements****12 Deferred income taxes**

	31/03/2021	31/12/2020
<b>Deferred tax assets before offset</b>	<b>15 156</b>	<b>10 597</b>
Offset against deferred tax liability	(15 156)	(10 597)
<b>Deferred tax assets</b>	<b>0</b>	<b>0</b>
<b>Deferred income tax liabilities before offset</b>	<b>35 013</b>	<b>29 949</b>
Offset against deferred tax asset	(15 156)	(10 597)
<b>Deferred income tax liabilities after offset</b>	<b>19 857</b>	<b>19 352</b>

**13 Revenue by nature**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Rent income	2 805	2 969
Sales of inventories	88	0
Real estate advisory services	189	185
Services relating to rental	1 730	1 735
Accounting services	14	14
	<b>4 826</b>	<b>4 903</b>

Rental income is earned by office properties in Warsaw: Aquarius (Połczyńska St.), Solar and Iris (both Cybernetyki St.).

**14 Cost of sales**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Cost of inventories sold	92	0
Cost of services provided	386	1 154
	<b>478</b>	<b>1 154</b>

**15 Administrative costs property related**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Employee expenses	1 098	1 128
Property maintenance	1 499	1 405
Real estate tax	219	223
Perpetual usufruct	258	278
Depreciation and amortization	30	43
	<b>3 104</b>	<b>3 077</b>

**Notes to the interim condensed consolidated financial statements****16 Administrative expenses-other**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Advisory services	244	1 315
Legal fees	244	63
Audit fees	13	89
Transportation	0	6
Taxes	21	6
Office maintenance	105	108
Other services	385	40
Costs of not deductible VAT	45	19
	<b>1 057</b>	<b>1 646</b>

**17 Other income**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Provisions reversal	273	513
Received penalties and compensations	1 854	0
Other income	558	4
	<b>2 685</b>	<b>517</b>

**18 Financial income and expenses**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Interest expense:		
- Bank loans	( 480)	( 520)
- Leasing interest	( 3)	( 63)
- Other interest	( 228)	( 315)
- Other	( 46)	( 23)
Revaluation of derivatives (IRS)	0	0
Valuation of amortized cost	( 40)	( 6)
Net exchange differences	( 905)	(6 399)
<b>Financial costs</b>	<b>(1 702)</b>	<b>(7 326)</b>
Interest income:		
- Bank interest	1	288
Revaluation of derivatives (IRS)	100	39
Other financial income	90	0
<b>Financial income</b>	<b>191</b>	<b>327</b>

**19 Income tax**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Current income tax	41	149
Deferred taxes	506	1 092
	<b>547</b>	<b>1 241</b>

**Notes to the interim condensed consolidated financial statements****20 Cash flow from operating activities**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Profit/loss before tax	21 662	790
Adjustments for:		
- depreciation of tangible fixed assets	30	43
- foreign exchange differences	953	6 718
- (gains) losses on revaluation to fair value of investment property	(1 293)	(6 552)
venture	(18 646)	( 46)
- gain/(loss) from value adjustments on assets held for sale	( 293)	(1 506)
- currency translation adjustments	( 115)	( 673)
- interest costs	480	520
- loss on investment property disposal	( 96)	( 186)
- loss on derivatives valuation	( 100)	( 39)
- other adjustments	( 43)	( 141)
Changes in working capital		
- changes in receivables	14 701	293
- changes in inventories	92	0
- change in trade liabilities and other	(12 604)	437
	<b>4 728</b>	<b>( 342)</b>

**21 Related party transactions**

CPD S.A. does not have a direct parent nor ultimate controlling entity. Coöperatieve Laxey Worldwide W.A. is a significant 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:

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
<b>(a) Transactions with key management personnel</b>		
Remuneration of the Management Board members	447	572
Salaries and services provided by the Management Board members	0	255
Remuneration of the Supervisory Board members	138	138
<b>(b) Transactions with the other related parties</b>		
<u>Revenues</u>		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	8	8
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	98	189
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	99	0
	<b>31/03/2021</b>	<b>31/12/2020</b>
<b>Total liabilities</b>		
Kancelaria Radców Prawnych Oleś i Rodzynekiewicz	0	16
<b>Total receivables</b>		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	0	7
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	32	56
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	41	244



**Notes to the interim condensed consolidated financial statements****22 Payment of dividends**

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

**23 Earnings per share**

	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020
Profit attributable to the shareholders of the parent company	21 115	( 451)
Weighted average number of ordinary shares (in '000)	17 671	23 025
Earnings per share	1,19	(0,02)
Diluted profit attributable to the shareholders of the parent compar	21 115	( 451)
Weighted average number of ordinary shares (in '000)	17 671	23 025
Diluted earnings per share	1,19	(0,02)

	31/03/2021		31/12/2020	
	after share capital reduction	actual	after share capital reduction	actual
Net assets at book value	306 088	306 088	285 048	285 048
Number of ordinary shares (in '000)	17 671	26 371	17 671	26 371
Net assets per share	17,32	11,61	16,13	10,81

**24 Contingent liabilities**

On 28 December 2019 subsidiaries 12/132 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 13/155 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. concluded preliminary property disposal agreement for their properties in Ursus. They were partially disposed by the Group during the first quarter, while remaining part was sold after the balance sheet date.

As at the balance sheet date the above properties are presented as assets held for sale.

**25 Segment reporting**

In accordance with a definition in IFRS 8, the CPD Group represents one operating segment and is recognized by the Management Board as such.

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 or cyclical. There were no untypical events in the first quarter of 2020.

**Notes to the interim condensed consolidated financial statements****27 Assets and liabilities held for sale**

As at 31 March 2021 properties and leasing creditors of Ursus Development Sp. z o.o. were presented as held for sale.

**Assets held for sale**

	31/03/2021	31/03/2020
Investment property	67 425	79 165
Capitalised leasing liabilities from perpetual usufruct	3 053	6 085
	<b>70 478</b>	<b>85 250</b>

**Liabilities classified as held for sale**

Borrowings, including leasing	3 053	6 085
-------------------------------	-------	-------

**Net assets**

<b>67 425</b>	<b>79 165</b>
---------------	---------------

In the reporting period the subsidiary Ursus Development Sp. z o.o. concluded final sales agreement for the perpetual usufructs rights of part of its plots, resulting in a drop of net asset held for sale as compared to the end of 2020.

**28 Events after the end of the reporting period**

On 12 April 2021 the subsidiary Ursus Development Sp. z o.o. concluded final sales agreement for the perpetual usufructs rights of remaining part of its plots located in Warsaw.

There were no other significant post balance sheet events.

These condensed interim consolidated financial statements were prepared and approved by the CPD SA Management Board on 27 May 2021 and signed by:

\_\_\_\_\_  
Colin Kingsnorth  
*Chairman of the Board*

\_\_\_\_\_  
Iwona Makarewicz  
*Board Member*

\_\_\_\_\_  
John Purcell  
*Board Member*

\_\_\_\_\_  
Elzbieta Donata Wiczowska  
*Board Member*

**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.

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	1/1/2021 - 31/3/2021 (unaudited)	1/1/2020 - 31/3/2020 (unaudited)
Revenues		39	38
Administrative costs	29.11	( 914)	(1 007)
Fair value adjustment on loans granted	29.12	3 732	2 339
<b>OPERATING RESULT</b>		<b>2 857</b>	<b>1 370</b>
Financial income	29.12	39	292
Financial costs	29.12	( 124)	( 91)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>2 772</b>	<b>1 571</b>
Income tax		( 92)	( 16)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>2 680</b>	<b>1 555</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2 680</b>	<b>1 555</b>
 <b>BASIC EARNINGS PER SHARE (IN PLN)</b>	 29.10	 0,15	 0,07
<b>DILUTED EARNINGS PER SHARE (IN PLN)</b>	29.10	0,15	0,07

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Chairman of the Board

John Purcell  
Board Member

Elżbieta Donata Wiczowska  
Board Member

Iwona Makarewicz  
Board Member

## 29.2 Condensed statement of financial position

	Note	31/3/2021 (unaudited)	31/12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Long-term receivables	29.6	85 388	84 301
Shares in subsidiaries	29.5	35 043	35 043
<b>Total non-current assets</b>		<b>120 431</b>	<b>119 344</b>
<b>Current assets</b>			
Trade receivables and other receivables, including:	29.7	83 072	115 789
- receivables and loans		83 010	115 786
- prepayments		62	3
Cash and cash equivalents		49 260	15 529
<b>Total current assets</b>		<b>132 332</b>	<b>131 318</b>
<b>Total assets</b>		<b>252 763</b>	<b>250 662</b>
<b>EQUITY</b>			
Share capital	29.8	2 637	2 637
Treasury shares		(117 395)	(117 395)
Share premium		677 034	677 034
Embedded element at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(329 866)	(332 546)
<b>Total equity</b>		<b>205 488</b>	<b>202 808</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	29.9	9 684	32 073
Deferred tax liabilities		10 721	10 629
<b>Total non-current liabilities</b>		<b>20 405</b>	<b>42 702</b>
<b>Current liabilities</b>			
Borrowings	29.9	26 644	4 903
Trade payables and other payables		226	249
<b>Total current liabilities</b>		<b>26 870</b>	<b>5 152</b>
<b>Total equity and liabilities</b>		<b>252 763</b>	<b>250 662</b>

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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 1/1/2020		2 637	( 43 010)	677 034	( 27 909)	987	( 469 661)	140 078
Treasury shares acquisition		0	(3 074)	0	0	0	0	(3 074)
		0	(3 074)	0	0	0	0	(3 074)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	1 555	1 555
		0	0	0	0	0	1 555	1 555
As of 31/03/2020/unaudited		2 637	( 46 084)	677 034	( 27 909)	987	( 468 106)	138 559
As of 1/1/2020		2 637	( 43 010)	677 034	( 27 909)	987	( 469 661)	140 078
Treasury shares acquisition		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	137 115	137 115
		0	0	0	0	0	137 115	137 115
As of 31/12/2020		2 637	( 117 395)	677 034	( 27 909)	987	( 332 546)	202 808
As of 1/1/2021		2 637	( 117 395)	677 034	( 27 909)	987	( 332 546)	202 808
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	2 680	2 680
		0	0	0	0	0	2 680	2 680
As of 31/03/2021/unaudited		2 637	( 117 395)	677 034	( 27 909)	987	( 329 866)	205 488

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## 29.4 Condensed statement of cash flows

	Note	1/1/2021 - 31/3/2021 (unaudited)	1/1/2020 - 31/3/2020 (unaudited)
<b>Cash flow from operating activities</b>			
Cash generated from operations	29.13	( 896)	( 872)
<b>Net cash generated from investing activities</b>		<b>( 896)</b>	<b>( 872)</b>
<b>Cash flows from investing activities</b>			
Loans granted		( 53)	( 192)
Loan repayments received		35 240	5 612
Interest received		211	1 083
<b>Net cash used in investing activities</b>		<b>35 398</b>	<b>6 503</b>
<b>Cash flows from financing activities</b>			
Treasury shares acquisition		0	(3 074)
Loans received		0	71
Loans repaid		( 771)	( 332)
Interest repaid		0	( 19)
<b>Net cash used in financing activities</b>		<b>( 771)</b>	<b>( 3 354)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>33 731</b>	<b>2 277</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>15 529</b>	<b>30 234</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>49 260</b>	<b>32 511</b>

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Board Member

(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed financial statements****29.5 Shares in subsidiaries**

			31/3/2021	31/12/2020
<b>Name</b>	<b>Country</b>	<b>Share</b>		
Celtic Investments Ltd	Cyprus	100%	48 000	48 000
Impairment			(48 000)	(48 000)
Lakia Enterprises Ltd	Cyprus	100%	105 000	105 000
Impairment			(105 000)	(105 000)
Celtic Asset Management (*)	Poland	100%	0	0
Challenge Eighteen sp. z o.o.	Poland	100%	5 032	5 032
Imes Poland sp. z o.o.	Poland	100%	3	3
Impairment	Poland	100%	0	0
Ursa Sky Smart City	Poland	49%	30 008	30 008
Ursus Development	Poland	100%	5	5
Impairment			(5)	(5)
			<b>35 043</b>	<b>35 043</b>

(\*) The value of shares in Celtic Asset Management is 1 PLN.

**29.6 Long-term receivables**

	31/3/2021	31/12/2020
Long-term loans with related parties, including:		
- loans	119 452	119 168
- fair value adjustment	(34 064)	(34 867)
	<b>85 388</b>	<b>84 301</b>
Long-term loans to other parties, including:		
- loans	6	6
- fair value adjustment	(6)	(6)
	<b>0</b>	<b>0</b>

**Details of the loans granted to related parties 31.03.2021**

Related party	Currency of the loan	Date of agreement	Fair value of granted loans	Interest Rate	Margin	Maturity
Belise Investments	PLN	2012	14 168	3M WIBOR	1,55%	on demand
Belise Investments	PLN	2014	3 671	3M WIBOR	1,55%	on demand
Celtic Asset Management	PLN	2015	535	3M WIBOR	1,55%	on demand
Challenge Eighteen	PLN	2012	29 706	3M WIBOR	1,55%	on demand
Challenge Eighteen	PLN	2013	6 283	3M WIBOR	1,55%	on demand
Elara Investments	PLN	2012	1 547	3M WIBOR	1,55%	on demand
HUB Developments	PLN	2012	1 701	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2012	4 691	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2014	7 443	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	2015	15 644	3M WIBOR	1,55%	on demand
			<b>85 388</b>			

In accordance with the intention of the Board the loans will be repaid over a period of 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.



(All amounts in PLN thousands unless otherwise stated)

**Notes to the interim condensed financial statements****29.7 Trade receivables and other receivables**

	31/3/2021	31/12/2020
Short-term loans with related parties, including:	61 641	94 395
- loans	87 386	122 227
- fair value adjustment	(25 745)	(27 832)
Other receivables from related parties	21 347	21 343
Other receivables from other parties	22	48
Prepayments	62	3
<b>Short-term receivables</b>	<b>83 072</b>	<b>115 789</b>

**29.8 Share capital**

	The number of shares (in thousands), including treasury shares		Value of shares	
	31/3/2021	31/12/2020	31/3/2021	31/12/2020
Ordinary shares (in thousands)	26 371	26 371	2 637	2 637

Share capital as at 31 December 2020, as at 31 March 2021 and as at the date of these financial statements amounts to PLN 2 637 thousand.

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.

(All amounts in PLN thousands unless otherwise stated)

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

	31/3/2021	31/12/2020
Bank borrowings	0	0
Loans from related parties	36 328	36 976
- long-term	9 684	32 073
- short-term	26 644	4 903
	<b>36 328</b>	<b>36 976</b>

Loan payables as of 31 March 2020 and 31 March 2021 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%), loan from the subsidiary Robin Investments (interest rate on the loan is 3M WIBOR + margin 1.55%) and loan from the subsidiary IMES Poland (interest rate on the loan is 3M WIBOR + margin 1.55%). As at 31 March 2021 loan balances are as follows: Lakia Enterprises: PLN 9 685 thousand (capital: PLN 7 089 thousand, interest: PLN 2 596 thousand), during the period PLN 2 thousand of principal was repaid; Lakia Investments: PLN 4 149 thousand (capital: PLN 3 396 thousand, interest: PLN 753 thousand), during the period PLN 770 thousand of principal was repaid; Robin Investments: PLN 1 806 thousand (capital: PLN 1 600 thousand, interest: PLN 206 thousand), IMES Poland: PLN 20 689 thousand (capital: PLN 20 370 thousand, interest: PLN 319 thousand).

Loans received from Lakia Investments, Robin Investments and IMES Poland were classified as short-term loans.

The loans are not secured.

**29.10 Earnings (loss) per share**

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Profit attributable to the shareholders	2 680	1 555
Weighted average number of ordinary shares (in '000)	17 671	23 025
Earnings per share (in PLN)	0,15	0,07
Diluted profit attributable to shareholders	2 680	1 555
Weighted average number of ordinary shares (in '000)	17 671	23 025
Diluted earnings per share (in PLN)	0,15	0,07

**29.11 Administrative costs**

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Advisory services	14	49
Salaries	828	941
Costs of non deductible VAT	12	17
Other services	60	0
	<b>914</b>	<b>1 007</b>

(All amounts in PLN thousands unless otherwise stated)

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

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Fair value adjustment on loans granted	3 732	2 339

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.

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Interest income:		
- Bank interest	0	58
Other financial income	0	0
Net exchange differences	39	234
<b>Financial income</b>	<b>39</b>	<b>292</b>
Interest costs:		
- Interest from related parties	124	91
Net exchange differences	0	0
Other financial costs	0	0
<b>Financial costs</b>	<b>124</b>	<b>91</b>

**29.13 Cash flow from operating activities**

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Profit/loss before tax	2 772	1 571
Adjustments for:		
- interest costs	124	91
- fair value adjustment on loans granted	(3 732)	(2 339)
Changes in working capital:		
- changes in trade receivables and other	( 37)	( 93)
- change in trade liabilities and other	( 23)	( 102)
	<b>( 896)</b>	<b>( 872)</b>

**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**

	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
Remuneration of members of the Supervisory Board	138	138
Remuneration of members of the Board of Directors	441	566

**b) Transactions with subsidiaries**

Revenues	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
<i>5/92 Gaston Investments</i>	0	60
<i>6/150 Gaston Investments</i>	0	8
<i>7/120 Gaston Investments</i>	0	8
<i>12/132 Gaston Investments</i>	0	38
<i>13/155 Gaston Investments</i>	0	44
<i>16/88 Gaston Investments</i>	4	6
<i>18 Gaston Investments</i>	4	10
<i>19/97 Gaston Investments</i>	0	7
<i>20/140 Gaston Investments</i>	0	6
<i>Antigo Investments</i>	10	19
<i>Belize Investments</i>	56	105
<i>Celtic Asset Management</i>	5	9
<i>Celtic Investments Ltd</i>	1	2
<i>Challenge Eighteen</i>	34	218
<i>Elara Investments</i>	14	26
<i>Gaston Investments</i>	59	81
<i>Hub Developments</i>	11	20
<i>Lakia Enterprises Ltd</i>	114	213
<i>Lakia Investments</i>	6	6
<i>Mandy Investments</i>	74	137
<i>Ursus Development</i>	484	0

(All amounts in PLN thousands unless otherwise stated)

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

Costs	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
<i>Lakia Enterprises Ltd</i>	12	41
<i>Lakia Investments</i>	16	38
<i>Robin Investments</i>	7	13
<i>Imes Poland</i>	88	0
<i>Gaston Investments</i>	2	1
Liabilities	31/3/2021	31/12/2020
<i>Lakia Enterprises Ltd</i>	9 685	9 674
<i>Lakia Investments</i>	4 149	4 903
<i>Robin Investments</i>	1 806	1 799
<i>Imes Poland</i>	20 689	20 601
<i>Gaston Investments</i>	2	2
Receivables	31/3/2021	31/12/2020
<i>Bellse Investments</i>	18 770	18 430
<i>Celtic Asset Management</i>	535	535
<i>Challange Eighteen</i>	35 989	35 310
<i>Elara Investments</i>	1 547	1 547
<i>Gaston Investments</i>	42	42
<i>Hub Developments</i>	1 701	1 701
<i>Lakia Enterprises Ltd</i>	27 778	27 701
<i>Lakia Investments</i>	2	7
<i>Ursus Development</i>	61 641	94 395
<i>Imes Poland</i>	20 370	20 370

**c) Transactions with other related party**

Costs	1/1/2021 - 31/3/2021	1/1/2020 - 31/3/2020
<i>Kancelaria Radców Prawnych Oleś&amp;Rodzynekiewicz sp. komandytowa</i>	13	0

**29.15 Events after the balance sheet date**

On 29 April 2021, the Company acquired, from a related entity Lakia Enterprises Ltd, 100% of shares in another entity from the CPD Capital Group, Antigo Investments sp.z o.o. for the price of PLN 2 thousand. On the same day, share capital of Antigo Investments sp.z o.o. was increased for a cash contribution made by CPD S.A. amounting to PLN 16 612 thousand.