

**REPORT OF THE SUPERVISORY BOARD OF
CPD S.A.
COMPRISING:**

- 1. REPORT OF THE SUPERVISORY BOARD ON ITS ACTIVITY IN THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2021**
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WARSAW, 27 MAY 2022

1. REPORT OF THE SUPERVISORY BOARD ON ITS ACTIVITY IN THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2021

Pursuant to § 12.2 and § 12.17(ii) of the Rules of the Supervisory Board of CPD S.A. and in accordance with Rule II.11 of The Warsaw Stock Exchange Rules in 2017 listed companies, the Supervisory Board hereby presents the report on activities of the Supervisory Board in 2021.

I COMPOSITION OF THE SUPERVISORY BOARD IN 2021

As of 31 December 2021, the CPD SA Supervisory Board consisted of the following persons:

1. Mr Andrew Pegge - Chairman of the Supervisory Board,
2. Mr Wiesław Oleś – Secretary of the Supervisory Board,
3. Mr Mirosław Gronicki – Member of the Supervisory Board,
4. Ms Hanna Karwat - Ratajczak – Member of the Supervisory Board,
5. Mr Krzysztof Laskowski – Member of the Supervisory Board.

In 2021, the composition of Supervisory Board of CPD S.A. has changed in following manner:

- 22 September 2021, the Company received a resignation from the Supervisory Board Member. Ms Gabriela Gryger resigned from the function without giving any reason.
- 18 October 2021, Ms Hanna Karwat - Ratajczak was appointed as a member of the Supervisory Board.
- 18 October 2021, Mr Krzysztof Laskowski was appointed as a Member of the Supervisory Board.
- 31 October 2021, the Company received a resignation from the Supervisory Board Member. Mr Alfonso Kalinauskas resigned from the function without giving any reason.
- 1 November 2021, the Company received a resignation from the Supervisory Board Vice-Chairman. Mr Michael Haxby resigned from the function without giving any reason.

Mr Mirosław Gronicki, Ms Hanna Karwat - Ratajczak and Mr Krzysztof Laskowski are Independent Members of the Supervisory Board who meet the conditions for independence and who are qualified in accounting and financial auditing.

AUDIT COMMITTEE

As at the balance sheet date, the Audit Committee consists of following members:

1. Mr Mirosław Gronicki - Chairman of the Audit Committee (independent member),
2. Mr Krzysztof Laskowski - Audit Committee Member (independent member),
3. Mr Andrew Pegge - Audit Committee Member.

In 2021, the composition of Audit Committee of CPD S.A. has changed in following manner:

- 31 October 2021, the Company received the resignation of the Audit Committee Member. Mr Alfonso Kalinauskas resigned from the function without giving any reason.
- 24 November 2021, Mr Krzysztof Laskowski was appointed as a Member of the Audit Committee.
- 24 November 2021, Mr Mirosław Gronicki was elected Chairman of the Audit Committee.

The composition of Audit Committee meets the requirements set out in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws of 2017 item 1089, as amended), according to which the Audit Committee should be included at least three members, of which at least one should have knowledge and skills in accounting or auditing, at least one member

of the Audit Committee should have knowledge and skills in the industry in which the issuer operates and the majority of committee members, including the chairman independence criteria.

The Audit Committee is obliged to cooperate with the Company's auditors and control their independence, including in connection with the Act on Certified Auditors.

II ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board fulfilled its obligations and maintained regular supervision over activities of the Company. The Supervisory Board performed its duties arising out of provisions of the law, By-Laws of CPD S.A. and Rules of the Supervisory Board of CPD S.A.

➤ MEETINGS OF THE SUPERVISORY BOARD

In 2021 the Company's Supervisory Board held meetings on the following dates:

- 11 March 2021
- 28 April 2021
- 24 September 2021
- 24 November 2021

In 2021 the Company's Supervisory Board covered the following topics:

- giving opinions on draft resolutions for the Ordinary and Extraordinary General Meetings of CPD S.A.;
- assessing the standalone and consolidated financial statements of CPD S.A. for the financial year from 1 January to 31 December 2020;
- assessing the Management Board's report on the activity conducted by CPD S.A. and its group in the 2020 financial year;
- analysis of 2021 and 2022 annual budget and reviewing external valuations CPD Capital Group's portfolio;
- examination of the system of compensation and bonuses paid to the Company's Management Board and its employees;
- approving remuneration of individual members of the Management Board of CPD S.A., including for work performed in other positions than as a member of the Management Board of CPD S.A. in the CPD Group;
- amendments to the By-laws of the Management Board and the By-laws of the General Meeting of the Company;
- examination of the Company's strategy; verification procedures reporting tax schemes (MDR) in the Group CPD;
- examination of the system of internal control, audit as well as Company's investor reporting and strategy communication;
- debating the macroeconomic, commercial real estate and residential market trends in Poland and their impact on the CPD SA's Warsaw office portfolio and the Ursus project;
- inquiring into the tax and financing compliance as well as risk factors affecting the Company's position.

The Supervisory Board adopted nineteen resolutions, with most of the resolutions adopted at its meetings. It also adopted six resolutions in circulation mode.

➤ CHANGES IN THE COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

Management Board of CPD S.A. consists of following members:

Mr Colin Kingsnorth – President of the Board

Ms Elżbieta Wiczowska – Member of the Board,

Ms Iwona Makarewicz - Member of the Board,

Mr John Purcell - Member of the Board,

In comparison to the status at the end of 2020, the composition of the Management Board of CPD S.A. has not changed.

III SELF-EVALUATION OF THE SUPERVISORY BOARD

The Supervisory Board is of the opinion that it did its utmost to obtain all the essential information from the Management Board and the employees to be able to fulfil its obligations. At the same time, the Supervisory Board is mindful of the fact that the Company has a small number of employees and associates with the bulk of the shareholders represented directly in the Management Board and the Supervisory Board.

Because of its limited size, the Company's system of internal control and internal audit encounters natural limitations. The articles of association award extensive flexibility to the Management Board members, while conferring limited powers to the Supervisory Board.

Supervisory Board believes that in 2021 it acted in line with the applicable provisions of law and the requirements to be met by public companies.

In 2021, the Supervisory Board held duly convened meetings. The agendas prepared by the Supervisory Board Chairman included the issues the Supervisory Board should manage having in mind legal regulations and the Company's articles of association.

In addition, the Supervisory Board Chairman remained in constant contact with the Management Board to follow matters related to the Company's ongoing operations.

In reviewing the Company's standing, the Supervisory Board tracked the Company's financial and business performance, market context.

IV EVALUATION OF THE COMPANY'S SITUATION

In 2021, the Company generated a positive net financial result. However, due to the inability to fully cover all losses from previous years, the Company was unable to pay out dividends. Nevertheless, in 2021 the Company generated significant cash inflows which it used to distribute excess cash to shareholders.

The Company's asset base is gradually dwindling as assets are converted into cash, which is then distributed to shareholders through share buybacks executed at fair value.

In the opinion of the Supervisory Board, based on the opinion expressed by the independent auditor the standalone and consolidated financial statements of the Company reflect the books, documents and the actual state of affairs and present a fair and true view of all information essential for evaluation of the material and financial situation of the Company as at 31 December 2021, as well as the financial result for the financial year from 1 January 2021 to 31 December 2021.

V INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The Management Board of the Company is responsible for the internal control system in the Company and its effectiveness in the process of preparing the financial statements and periodic reports prepared and published in accordance with the principles of Regulation of 29 March 2018 on current and periodic information provided by issuers of securities.

In addition, in accordance with the principles of corporate governance adopted by the Management Board and approved by the General Meeting, the Audit Committee operates in the Company.

The purpose of having an effective internal control system regarding financial reporting is to ensure the adequacy and accuracy of the financial information contained in the financial statements and periodic reports.

Over the course of 2021 the Company continued to work on refining its internal control system and risk management system. In the opinion of the Supervisory Board, the internal control system is

undergoing further improvement. This is partly caused by the Company's limited size and the fact that the key shareholders are the key decision makers sitting on the Management Board. In the opinion of the Supervisory Board, the processes and procedures are in line with governance principles, but the company's corporate documents could benefit by having them reflect to a greater extent the rigorous approach taken to corporate governance. The internal auditor remains in contact with the Supervisory Board.

The Management Board is very well familiar with the risk management system and the Supervisory Board has done a review of the risk management system and explored the evolution of these risks as market dynamics have proven to be buoyant.

The process of financial reporting has been properly defined through division of responsibilities and work organisation in the process of financial reporting. Moreover, the Management Board regularly reviews the results of the Company with the use of the financial reporting applied.

The Company applies the principle of an independent review of the financial statements published, as required by provisions of the law. The published interim and annual financial statements, financial reports and financial data which are the basis for this reporting are subject to a review (in the case of interim statements) and an audit (in the case of annual statements) by the Company's auditor, respectively.

As part of further actions aimed at reducing the Company's exposures to market risk, the Company will assess the potential and development projects and control the ongoing development projects based on the investment models and decision-making procedures implemented in the Company. To reduce the risks associated with development projects and tenancy agreements, the Company receives from subcontractors and tenants guarantees or insurance policies covering the most common risks associated with project implementation or policies to cover the rent from tenancy.

The risk management procedure is regularly updated by the Management Board with input from key managers and external advisors.

In the opinion of the Supervisory Board, the Management Board has properly identified the risks related to the activities of the Company, monitored them on an ongoing basis and effectively managed such risks.

VI ASSESSMENT OF THE FULFILMENT OF DISCLOSURES BY THE COMPANY IN RESPECT TO COMPLYING WITH CORPORATE GOVERNANCE PRINCIPLES.

In 2021 CPD S.A. complied with the "Best Practices of Companies Listed on the Warsaw Stock Exchange" in force at the Warsaw Stock Exchange except for the rules which the Management Board of CPD SA designated in its current report of 30 July 2021.

The Company discharges its disclosure obligations related to corporate governance principles as defined in the Stock Exchange Regulation and provisions related to current and periodical information disclosed by issuers of securities.

Pertaining to § 70 item 1 point 9) of the Regulation of 29 March 2018 on the current and periodic information published by issuers of securities and on the conditions for regarding information required by the law of a non-member state as equivalent, in the consolidated and standalone annual reports, CPD S.A. publishes a statement on compliance with corporate governance principles.

VII ASSESSMENT OF THE JUSTIFICATION FOR THE COMPANY'S SPONSORING, CHARITY, AND OTHER SIMILAR ACTIVITIES.

The Supervisory Board hereby gives a positive opinion on the justification for the company's sponsoring, charity, and other similar activities in 2021.

CPD Group perceives its activities in the field of development projects in the broader context of creating a modern, multidimensional urban space, providing new quality of life for residents and users of implemented investments. The Group expresses its responsibility for the environment

through the support for various social and cultural initiatives, directly or indirectly related to its investment business.

For the last few years CPD Group has been leasing a building to the Arsus Centre for a symbolic amount of PLN 100 per month, which allows the centre to allocate more funds for its statutory activities. The Arsus Centre, operating since 1992, is located at 14 Traktorzystów street on a site belonging currently to CPD Group. It includes a fully equipped cinema with five hundred seats, a room with a stage and 120 seats, an Arsus basement for alternative activities (concerts, theatre plays, performance), a modern art gallery "Ad-Hoc", as well as club rooms to conduct artistic amateur activities.

In relation to our key development project on former ZPC Ursus industrial land and being aware of our role in such a comprehensive task as revitalisation of this area, CPD Group has for several years been undertaking initiatives exceeding the scope of typical real estate development and construction.

In 2022, the CPD Group will continue leasing of the building of the Arsus Centre for a symbolic lease rate of PLN 100 per month and, if financial resources are available, will continue the prosocial initiatives taken, convinced that they will bring tangible results to both direct beneficiaries and communities, in which they will be implemented.

By continuing its long-term commitment to conscious social responsibility in 2020, the Company prolonged the obligation to donate to the city of an area of 1.7 ha intended for educational investments till the end of 2025 free of charge. As part of the agreement with the City of Warsaw, the city's authorities committed to build an educational complex for children and young people aged 3-19 in the above area.

In addition, in 2021, the Company is revitalized a public park of 3 280 m² located in the immediate vicinity of the ongoing housing investment. It complements the offer of recreational areas offering public areas available to residents of the newly created urban area within the Ursus district.

2. EVALUATION OF THE FINANCIAL STATEMENTS OF THE COMPANY AND OF THE CAPITAL GROUP FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2021

Pursuant to Article 382 § 3 of the Code of Commercial Companies and § 11 (2) (4) of the By-Laws of the Company, the Supervisory Board evaluated:

- I the standalone financial statements of CPD S.A. for the year ended on 31 December 2021 and prepared in accordance with the International Financial Reporting Standards, comprising:
- a) statement of financial position for the period from 1 January 2021 to 31 December 2021 with total assets and total liabilities and equity of PLN 144 505 thousand (in words: one hundred forty-four million five hundred five thousand zlotys);
 - b) statement of comprehensive income for the period from 1 January 2021 to 31 December 2021 with a net profit of PLN 99 037 thousand (in words: ninety-nine million and thirty-seven thousand zlotys);
 - c) statement of changes in equity for the period from 1 January 2021 to 31 December 2021, with the decrease of equity by PLN 72 540 thousand (in words: seventy-two million five hundred and fourth zlotys);
 - d) cash flow statement for the period from 1 January 2021 to 31 December 2021 with decrease of PLN 48 855 thousand (in words: forty-eight million eight hundred and fifty-five thousand zlotys);
- II The consolidated financial statements of the CPD Group for the year ended on 31 December 2021 and prepared in accordance with the International Financial Reporting Standards, comprising:
- a) consolidated statement of financial position for the period from 1 January 2021 to 31 December 2021 with total assets and total liabilities and equity of PLN 275 322 thousand (in words: two hundred and seventy-five million, three hundred and twenty-two thousand zlotys);
 - b) consolidated statement of comprehensive income for the period from 1 January 2021 to 31 December 2021 with a net profit of PLN 31 173 thousand (in words: thirty-one million one hundred and seventy-three thousand zlotys);
 - c) consolidated statement of changes in equity for the period from 1 January 2021 to 31 December 2021, with the increase of equity by PLN 140 385 thousand (in words: one hundred and fourth million three hundred and eighty-five thousand zlotys);
 - d) consolidated cash flow statement for the period from 1 January 2021 to 31 December 2021 with increase of PLN 88 373 thousand (in words: eighty-eight million three hundred and seventy-three thousand zlotys).

The financial statements of the Company and the consolidated financial statements of CPD Group for the financial year 2021 were audited under the contract concluded between CPD S.A. and Grant Thornton Polska sp. z o.o. sp. k. with its registered office in Poznań, at 88 E Abpa Antoniego Baraniaka Street, 61-131 Poznań entered on the list of entities authorised to audit the financial statements kept by the National Council of Statutory Auditors under no. 4055. The contract was concluded based on the Supervisory Board resolution of 15 September 2020.

When evaluating the financial statements, the Supervisory Board based its opinion on the opinion of the statutory auditor, Grant Thornton Polska sp. z o.o. sp. k., and supplementary reports to that opinion. The Supervisory Board also sourced information from the Audit Committee and from the Management Board of the Company.

In the opinion of the Supervisory Board, the financial statements of the Company are consistent with the books, documents and the actual state of affairs and present a fair and true view of all the information essential for evaluation of the material and financial situation of the Company as at 31

December 2021, as well as the financial result for the financial year from 1 January 2021 to 31 December 2021.

The Supervisory Board assessed the following statements and reports submitted by the Management Board and Audit Committee:

- The standalone financial statements of the Company for the fiscal year ended on 31 December 2021,
- The report of the Management Board on the activities of CPD S.A. in 2021,
- The consolidated financial statements of the CPD Group for the year ended on 31 December 2021,
- The report of the Management Board on the activities of the CPD Group for the year ended on 31 December 2021,

and concluded, sharing the opinion of the statutory auditor, that the information contained in the aforementioned documents is consistent with the books, documents and the actual situation.

In the assessment of the Supervisory Board:

- a) The standalone financial statements of the Company for the year ended on 31 December 2021:
 - present a fair and true view of all information essential for evaluation of the material and financial situation of CPD S.A. as of 31 December 2021, as well as its financial result for the fiscal year from 1 January 2021 to 31 December 2021,
 - were prepared, in all major aspects, in the correct manner, namely in accordance with the accounting principles (policy) arising out of the International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission, and in the scope not regulated by such Standards, in accordance with the requirements of the Accounting Act and secondary legislation thereto as well as on the basis of properly kept accounting books,
 - comply with provisions of the law and provisions of the By-Laws of the Company which affect the content of the financial statements.
- b) The consolidated financial statements of the CPD Group for the year ended on 31 December 2021:
 - present a fair and true view of all the information essential for the evaluation of the material and financial situation of CPD S.A. as of 31 December 2021, as well as its financial result for the fiscal year from 1 January 2021 to 31 December 2021,
 - were prepared, in all major aspects, in the correct manner, namely in accordance with the accounting principles (policy) of the parent entity arising out of the International Accounting Standards and the International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission, and in the scope not regulated by such Standards, in accordance with the requirements of the Accounting Act and secondary legislation thereto as well as on the basis of properly kept accounting books,
 - comply with provisions of the law applicable to the CPD Group which affect the content of the consolidated financial statements.

3. EVALUATION OF THE REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF THE COMPANY AND OF THE CAPITAL GROUP FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2021

Pursuant to Article 382 § 3 of the Code of Commercial Companies and § 11 (2) (5) of the By-Laws of the Company, the Supervisory Board evaluated the following reports submitted by the Management Board:

- The report of the Management Board on the activities of CPD S.A. in 2021;
- The report of the Management Board on the activities of the CPD Group in 2021

and concluded, sharing the opinion of the statutory auditor, that the information contained in the aforementioned documents is consistent with the books, documents and the actual situation.

The Supervisory Board found that Management Board's report on activities of CPD S.A. in 2021 was complete as defined by Article 49 (2) of the Accounting Act and the Regulation of the Minister of Finance of 28th of March 2018 on current and periodical reporting by issuers of securities and on the conditions under which the legally required information originating in a non-member state can be deemed equivalent thereof.

The information contained in the report of the Management Board on the activities of the Company and sourced from the audited financial statements matches such financial statements.

4. REVIEW OF CONCLUSIONS OF THE MANAGEMENT BOARD ON ALLOCATION OF THE PROFIT

The financial statements for the financial year ended on 31 December 2021, as prepared by the Company and audited by the independent statutory auditor, demonstrate the net profit of PLN 99 037 thousand (in words: ninety-nine million and thirty seven thousand zlotys).

The Management Board of the Company presented a motion regarding the allocation of profit for the fiscal year 2021 for coverage of losses from previous years.

Having read the financial statements of the Company and the report of the Management Board on the activities of the Company, the Supervisory Board recommends that the Ordinary General Meeting of Shareholders of the Company should adopt a resolution on allocation of the net profit in 2021, as requested by the Board.

5. MOTIONS TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF CPD S.A.

The Supervisory Board moves for the Ordinary General Meeting of CPD S.A. to do the following:

- 1) Approve the standalone financial statements of the Company for the year ended on 31 December 2021;
- 2) Approve the report of the Management Board on the activities of the Company in 2021;
- 3) Approve the consolidated financial statements of the CPD Group for the year ended on 31 December 2021;
- 4) Approve the report of the Management Board on the activities of the CPD Group for the year ended on 31 December 2021;
- 5) Approve the motion of the Management Board on allocation of the profit in 2021;
- 6) Approve the Report of the Supervisory Board on its activity in the year ended 31 December 2021.