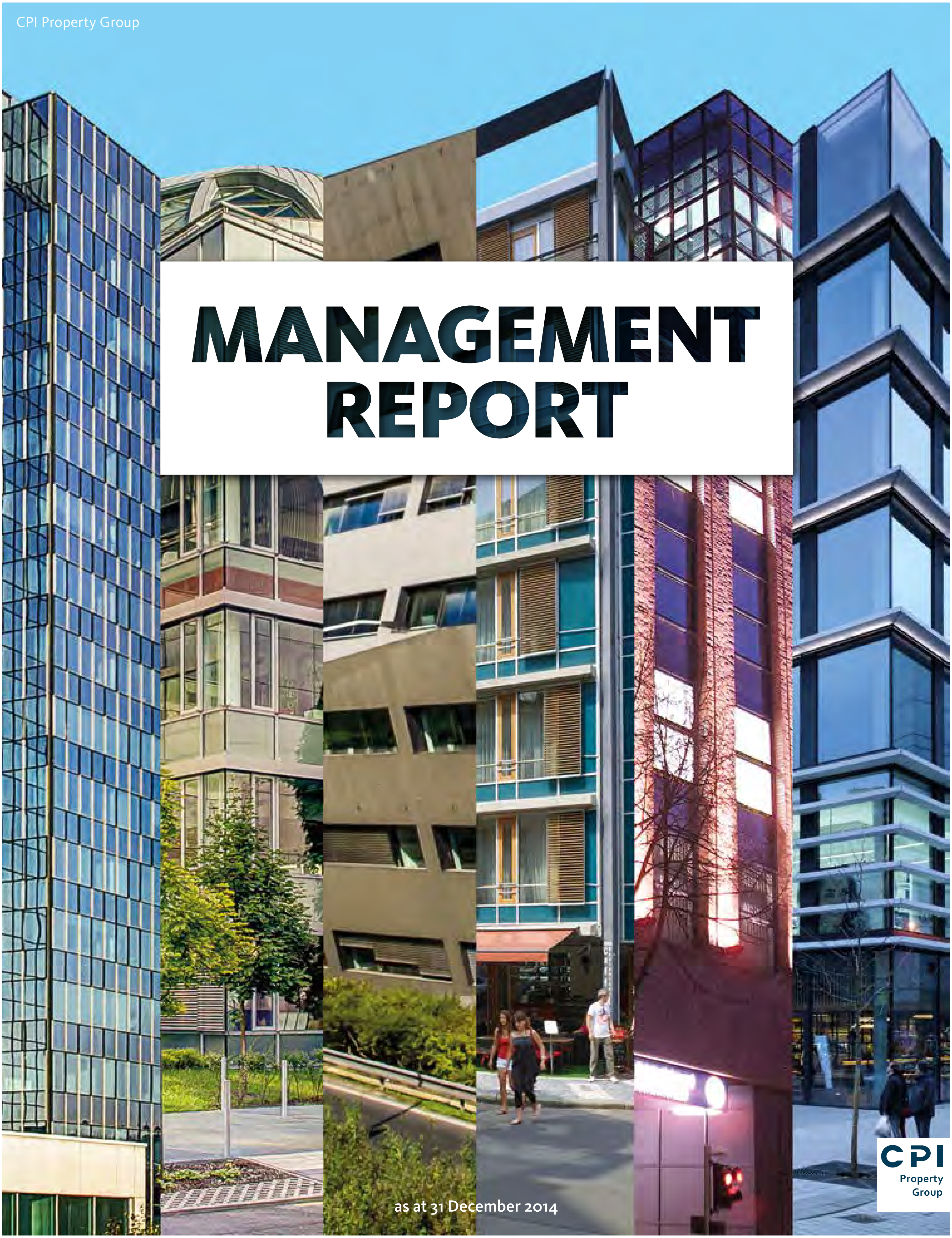
CPI Property Group

MANAGEMENT REPORT



as at 31 December 2014

KEY FIGURES

All data presented in this Management report as at 31 December 2014 and also comparable data as at 31 December 2013 were compiled under assumption that CPI PROPERTY GROUP and Czech Property Investments, a.s. were combined as of 1 January 2013. Other acquisitions are reported since the acquisition date.

Data presented as if CPI Property Group and CPI were combined as of

1 January 2013

Performance		31-Dec-14	31-Dec-13	Change in %
Gross rental income	MEUR	203	173	18%
Occupancy in % *	%	89%	87%	-
Net rental income	MEUR	187	151	24%
Total revenues	MEUR	269	188	44%
Operating result	MEUR	257	157	64%
Funds from operations (FFO)	MEUR	82	65	26%
Profit before tax	MEUR	188	123	53%
Net interest expense	MEUR	66	53	24%
Net profit for the period	MEUR	135	107	26%

* Excluding hotels

Assets		31-Dec-14	31-Dec-13	Change in %
Total assets	MEUR	4,219	3,819	10%
Property Portfolio	MEUR	3,553	3,203	11%
Gross lettable area *	sqm	2,907,000	2,870,000	1%
Total number of properties **	No	335	315	6%
Total number of residential units	No	12,536	12,602	-1%
Total number of hotel beds	No	9,987	8,129	23%
EPRA NAV	MEUR	1,940	1,493	30%
EPRA NAV per share	EUR	0.587	0.531	11%

* Excluding hotels
** Excluding residential properties

Financing structure		31-Dec-14	31-Dec-13	Change in %
Total equity	MEUR	1,559	1,200	30%
Equity ratio	%	37%	31%	-
Net debt	MEUR	1,978	1,971	0%
Loan to value ratio in % (Net LTV)	%	55.7%	61.5%	-

CPI Property Group
Management Report – December 2014

CPI
Property
Group

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CPI Property Group
Business Centre Quadrio, Prague

YEAR 2014

€4.2 billion
total balance sheet

€1.9 billion
EPRA NAV

Czech Property Investments, a.s. and CPI PROPERTY GROUP became one group

In June 2014 Czech Property Investments, a.s. ("CPI") and CPI PROPERTY GROUP (at that time ORCO Germany S.A., hereinafter also as the "Company" and together with its subsidiaries as the "Group") joined into one group. This transaction put together a valuable property portfolio, and also more than 20 years of successful investment experience in CEE markets and has created a very strong European real estate player with an EPRA NAV of EUR 1.9 billion and a total balance sheet of EUR 4.2 billion. A property portfolio of the new Group has enlarged across all real estate sectors from the CEE region to Germany and the rest of Western Europe. Mr. Vítek, who has become the majority shareholder of the Company, is fully committed to support the long term investment strategy of the Group.

We changed the name

Considering wide experience in the real estate market and long-term ambition to expand CPI brand out of the boundaries of the CEE region and considering the strong corporate identity of CPI the Company elected to change its name from GSG GROUP to CPI PROPERTY GROUP.

New Management team

Change in our Board of directors and management

On 10 March 2014 the General Meeting of shareholders removed the following directors: Jean-François Ott, Brad Taylor, Nicolas Tommasini and Aleš Vobruba and the following directors have been appointed: Edward Hughes, Martin Němeček, Jean-François Ott, Tomáš Salajka, Nicolas Tommasini and Radovan Vítek. Edward Hughes was appointed Chairman of the Board of Directors.

On 18 March 2014, the new Board of Directors decided to implement changes in the management by terminating the executive contracts of Jean-François Ott, Nicolas Tommasini and Brad Taylor, and agreeing to comply with their termination packages. The Board has appointed Martin Němeček as CEO and Managing Director, Edward Hughes as Chairman of the Board, and Tomáš Salajka as Deputy CEO and Secretary of the Board of Directors. Mr. Ott and Mr. Tommasini resigned from the Board as of 27 March 2014.

On 28 May 2014 the following directors were appointed during the General Meeting: Ian Cash, Philippe Magistretti, and Oliver Schlink. Ian Cash resigned from the Board as of 14 August 2014.

In July 2014, the Board of Directors implement further changes in the management of the Group, notably integrating top managers of CPI and the Company into one management team, with the effective date as of 1 August 2014. Martin Němeček remains in the position of CEO. Tomáš Salajka previously Deputy CEO became Director of Asset Management and Sales. Mr. Zdeněk Havelka has been appointed Executive Director.

Mamaison

Creation of major CEE hotel group

Our new investments and portfolio news

Acquisition of Mamaison hospitality business

On 24 April 2014 the Company acquired a 50% share in Hospitality Invest S.a.r.l. ("HI") at a price of EUR 8.5 million representing a 10% discount to the acquired net asset value as of 31 December 2013. The transaction was a direct step of the Company into a joint-venture hospitality business within the CEE region with the continuing 50% joint-venture partner being ORCO PROPERTY GROUP ("OPG").

On 19 December 2014 the Company acquired 88% shares in entities holding the remaining 50% shares in HI from OPG. The transaction comprised of transfer of shares as well as of intercompany loans at current fair value (NAV). The overall transaction price amounted to EUR 13.3 million.

As such, the Company directly and indirectly holds 94% of HI as of 31 December 2014. The acquired portfolio represents a unique collection of 12 well-established luxury boutique hotels and all-suite residence hotels under Mamaison brand, mostly located in prime central locations of the CEE capitals and Moscow.

November 2014

Acquisition of farmland

Entering new agriculture business

On 2 October 2014 the Company contracted an acquisition of 100% shares of Spojené farmy ("Farmy") for a transaction price of EUR 43.5 million. The seller of Farmy was a larger group of private individuals. The transaction was completed on 1 November 2014, following the approval by the anti-monopoly authority.

Farmy is one of the largest owners of farmland and producer of high-quality organic food in the Czech Republic, which operates almost 20,000 hectares of land. It produces high-quality organic beef, chicken and lamb with various certifications (kosher, halal and bio) and supplies international retail chains, restaurants, hotels and independent retailers in the EU. The expansion into agricultural business was an important move for the Group, as farmland is seen as one of the safest investments in real estate and with a high potential for growth in value, in particular in the Czech Republic.

€ 65 million

portfolio acquired in CEE

Other major investments in Central Europe

During 2014, the Group closed via CPI the acquisition of EUR 65 million additional property portfolio financed by EUR 64 million interest bearing liabilities:

- Acquisition of a Hungarian company that owns 29,600 sqm of prime office premises in Budapest.
- Acquisition of 8,000 sqm of land designated for retail development located 30 kilometres from Prague.
- Acquisition of 4 supermarkets with a total lettable area about 5,300 sqm in the north of the Czech Republic.
- Acquisition of 3,800 sqm of office premises in a refurbished building located in the prime downtown area of Bratislava, Slovakia.

Berlin

portfolio extension – 14,000 sqm of office premises

Our further extensions in Western Europe

Berlin portfolio extension

With the increasing occupancy of existing Berlin portfolio the Group acquired two properties which in total provide 14,000 sqm of office premises, located in Voltastrasse and Kreuzberg. This new properties fit well to the existing Berlin portfolio. The total investment before refurbishment amounted to EUR 12 million. The acquisition has been partially financed through a bank loan of EUR 8 million.

Residential project in Italy

The Group acquired luxury residential development project in Sardinia, Italy. The project for development of luxury villas is located on a 30,000 sqm plot near Porto Cervo, one of the prime resorts of Sardinia and the whole Mediterranean. The acquisition price was EUR 5.6 million, with further investments at the level of EUR 10 million. The project is in line with the Group's expanded strategy, which includes an entry to the Italian market, and follows on the previous very successful luxury residential development Palais Maeterlinck, located near Nice, France.

QUADRIO

Winner of the prestigious awards

We are Developer of the Year 2014 in the Czech Republic

On 31 October 2014 the Group opened its prime commercial property in the Czech Republic – QUADRIO. This unique mixed-use complex is located in the historical centre of Prague, directly above the metro station and offers 16,400 sqm of modern A-class office space; 8,500 sqm of retail premises; 13 exclusive apartments and an underground car parking for 250 cars. Total capital investment amounts to EUR 115 million. Retail premises have been opened to the public upon the grand opening and are almost fully leased. Office tenants will start moving into the premises during the first half of 2015. Out of 13 apartments, only one is remaining for sale at the date of this report. Thanks to its excellent location and its technical quality and efficiency, as well as to its panoramic views and own parking space, QUADRIO has no competition in central Prague. This project fits perfectly into the Group's portfolio and was awarded by several prestigious prizes, including the Developer of the year in the Czech Republic.

CPI Property Group
Business Centre Quadrio, Prague

MESSAGE FROM CEO

Dear Shareholders, Business Partners and Colleagues,

Looking back at the beginning of 2014 and then at its end, we can see two different companies. There is no exaggeration in saying that the Group has made some tremendous positive achievements and completed major acquisitions in 2014. The success of last year motivates us very strongly to grow further in the current year.

One significant achievement deserves to be placed on the top of the list. In June 2014, the Company joined with Czech Property Investments, a.s. ("CPI"), a private real estate company with an asset portfolio in CEE countries. This combination has created a major player on the European real estate market with a balance sheet exceeding EUR 4.2 billion and real estate investment exceeding EUR 3.5 billion.

As a result, the Company has expanded into the Czech Republic, Poland, Slovakia and Hungary where the real estate market has materially improved in recent years and still provides higher returns. In all these countries, the Group operates on a full-service basis and has a team of experienced professionals which we consider to be one of our key strengths. The team was reinforced after the Company implemented changes in the top management structure in March 2014 and now consists of both the Company's former top management as well as CPI's top management. I am proud to say we have an excellent team which is fully dedicated to outperform the market.

The Company has another advantage from its competitors in having the majority shareholder who is fully committed in supporting the Group and taking part in the development of its strategy. Following the consolidation, the Company renamed itself to CPI PROPERTY GROUP to position itself on the market and utilize the already well-known CPI brand.

In April 2014, the Company acquired a 50% stake in the Mamaison Hotel portfolio and in December 2014 it acquired a further 44%. Combined with the CPI hotel portfolio, the Company now owns 29 hotels in the CEE region and has seen improved development in the hotel business in 2014.

In autumn 2014, the Company made an acquisition of major farm land in the Czech Republic. We entered the new segment where we see a major potential for capital appreciation as well as stable income from operating the land. The land prices in the Czech Republic still lag behind those in neighbouring countries and far behind those in Western Europe.

The above acquisitions were in line with a new investment strategy designed in spring 2014 which defined strategy principles in order to broaden the Group's investment targets and diversify its portfolio. We were able to successfully implement the strategy thanks to receiving EUR 82 million in new equity received through capital increased to a number of shareholders. We are grateful for such support from shareholders which helped the Company to start a new chapter of its expansion.

CPIPG was particularly successful in the asset management of its existing portfolio. I would like to mention the re-negotiation of Česká pojišťovna's (member of Generali Group) leases for 32,000 sqm. across the Czech Republic, which was the largest tenancy transaction in the local market. We focus on maximising occupancy in our buildings, which continues to remain at around 90 per cent throughout all sectors and regions, with Hungary being the only market still facing higher vacancy levels, but is now seeing positive trends.

Our strategy in development is focused on build-to-hold in commercial properties, refurbishment of existing buildings and the exploitation of land bank for residential development. On aggregate, we invested approximately EUR 200 million in development in 2014 and have 34 projects in the pipeline with potential investments of over EUR 400 million for the coming years. We are proud to have completed our flagship Quadrio project in Prague city centre in autumn 2014. The multi-functional complex offers A-class offices, luxury apartments and a shopping gallery. We seek to achieve LEED silver for its environment friendly construction and operation.

When you look at our 2014 financial statements, you will see the best-ever results in our history. They were achieved both through successful acquisitions as well as daily work in asset management. No doubt we were also helped by the improved macro-economic environment and returned trust in the real estate sector evidenced by the volume of investments at pre-crises levels.

From the key financial indicators, I would like to highlight the EPRA NAV at almost EUR 2 billion and Net LTV at 55 per cent which both show how viable and stable the Company is. The indicators were improved through a debt-to-equity swap made by our major shareholder at the end of 2014. His confidence in capital value of the Company is a great support for us and I am also very pleased to see that the Company shares are now trading above the EPRA NAV per share of EUR 0.587. Let me also remind the readers that P&L indicators are influenced by the fact that significant parts of the Group were acquired during 2014, leading to their consolidation only for part of the full year. To show the full future capacity and operational performance of the Group, they should be concluded on pro-forma full year basis.

For 2015, we have made a couple of challenging plans. We see major optimism in the capital markets and our main goal is to utilize the falling cost of funds.

Firstly, we plan to refinance some of our existing bank financing under better terms. In Q1 2015 we have already managed to refinance three shopping centres in the Czech Republic to the amount of EUR 118 million. Furthermore, we agreed with a syndicate of banks to provide further financing on our Berlin portfolio to the amount of EUR 55 million. Secondly, we feel that the Company has not yet fully taken advantage of the international capital markets compared to what it can do given its size and capital strength. We will thoroughly exploit potentials to issue corporate bonds in Czech crown in the local market, where CPI has a strong reputation and successful history, as well as euro denominated bonds on the European market.

Furthermore, we see opportunities in expanding our business further through the acquisition of properties as well as shares in real estate companies. We closely monitor the markets in Germany, Southern Europe as well as in the Czech Republic and Poland.

Overall, we expect 2015 again to be a busy year for us and we hope to deliver good news to all of you throughout the year. I would like to express gratitude to our shareholders, business partner and our employees for the confidence in our Company and the support we receive.

Luxembourg, 31 March 2015

Martin Němeček
Chief Executive Officer & Managing Director


CPI Property Group
View form Buddha-Bar Hotel Prague
CPI
Property
Group

GROUP OVERVIEW

CPI PROPERTY GROUP (the "Company" and together with its subsidiaries the "Group") is a Luxembourg based société anonyme, founded in 2004 as ORCO Germany S.A. Since its foundation it has been operating in Germany and concentrated mainly on commercial property, project development and asset management especially in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the Group is the largest lessor of commercial property in the Berlin area. The Group has focused on investment properties, realizes development potentials and offers full-service asset management for third parties.

The Group

operates in 15 countries around the Europe

In June 2014 a new majority shareholder Radovan Vítek contributed 100% of the shares of his fully controlled Central European real estate activities located within Czech Property Investments, a.s. ("CPI") to the Company in exchange of 2,466,902,565 newly issued Company shares. CPI is a real estate group concentrating on long-term investments and the lease of real estate, mainly in the Central and Eastern European region. It has been operating on the real estate market since the end of 1990s. The group is active across all real estate segments in the Czech Republic, Slovakia, Hungary, Poland and Romania.

After the combination with CPI, the Group has expanded into number of CEE countries and significantly extended its current Berlin portfolio. As at 31 December 2014 the Group includes 291 companies in 15 countries around the Europe as indicated in the table below:

	Number of Companies
Country	31-Dec-14
Czech Republic:	167
Germany:	17
Hungary:	32
Slovakia:	17
Poland:	13
Romania:	9
Other	36
CPI PROPERTY GROUP in total	291

The Company shares registered under ISIN code LU0251710041) are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

Change of the name

The Extraordinary General Meeting held on 13 May 2014 resolved to change the Company's name from ORCO Germany S.A. to GSG GROUP. The Extraordinary General Meeting held on 28 August 2014 resolved to change the Company's name from GSG GROUP to CPI PROPERTY GROUP.

Share capital and Shareholders structure

On 5 March 2014 the Company issued 76,600,000 new ordinary shares for a total subscription price of EUR 36,002 million to Stationway Properties Limited. The issue price was of EUR 0.47 per share. On 30 April 2014, the Company issued 31,914,894 new shares for a total subscription price of EUR 15 million to Alchemy Special Opportunities Fund II L.P., Guernsey, and 750,000 new shares for a total subscription price of EUR 352,500 to Société Générale, Paris. The issue price was of EUR 0.47 per share.

2,466,902,565

of new shares issued at combination with CPI

On 31 May 2014, the Company and Radovan Vítek (sole shareholder of CPI) signed Heads of Terms related to the subscription of 2,466,902,565 new ordinary shares of the Company by Mr. Vítek, at the subscription price of EUR 0.47 per share or EUR 1,159 million in aggregate. This transaction was approved by the Board of Directors on 27 May 2014 and was subject to various conditions and regulatory approvals. The new shares were issued under the authorized share capital of the Company against the contribution of ordinary shares of CPI in four tranches as follows:

- 576,673,203 new shares were issued against the contribution of 1,807,872 CPI shares, valued at EUR 271 million on 16 June 2014;
- 701,297,979 new shares were issued against the contribution of 2,198,571 CPI, valued at EUR 330 million on 17 June 2014;
- 550,694,915 new shares were issued against the contribution of 1,726,430 CPI shares, valued at EUR 259 million on 17 June 2014;
- 638,236,468 new shares were issued against the contribution of 2,000,873 CPI shares, valued at EUR 300 million on 17 June 2014.

On 22 September 2014 the Board of Directors resolved to implement a reserved capital increase and raise up to EUR 31 million pursuant to the authorization granted to it by its shareholders during the General Meeting of 28 August 2014. The Board of Directors agreed to issue 65,957,446 new ordinary shares having a par value of EUR 0.10 each, at a subscription price of EUR 0.47 per new share, for a global cash contribution of EUR 31 million to OPG. The Company issued these shares to OPG on 25 September 2014.

December 2014
the Company issued of

316,986,950

new ordinary shares

On 18 December 2014 the Company issued of 316,986,950 new ordinary shares in debt-to-equity contribution. The new shares having a par value of EUR 0.10 and a subscription price EUR 0.47 each. The new shares were subscribed by WHISLOW EQUITIES LTD, an entity owned by Radovan Vítek. The aggregate subscription price of EUR 149 million was paid by a transfer of bonds and receivables of the Company's subsidiary CPI FINANCE NETHERLANDS B.V. valued at EUR 149 million. The Company further capitalized these bonds and receivables into its subsidiary CPI thereby substantially improving consolidated balance sheet of the entire Group.

The new shares issued in 2014 were not listed upon their issue, but the Company will seek to list them on the Frankfurt Stock Exchange as soon as reasonably practicable, subject to legal and regulatory requirements.

The share capital of the Company increased to

€ 330 million

Following all these capital increases implemented during 2014, the share capital of the Company increased from EUR 34 million represented by 344,656,445 shares to EUR 330 million represented by 3,303,768,300 shares. As such, the total number of shares comprising the total number of voting rights attached thereto was 3,303,768,300 as at 31 December 2014.

Based on the latest shareholders' declarations received as at 31 December 2014, the following table sets out information regarding the ownership of the Company's shares.

Shareholder	Number of shares	Share held
Radovan Vítek and entities controlled by Mr. Vítek	3,044,030,691	92.14%
ORCO PROPERTY GROUP and entities controlled by OPG	159,132,897	4.82%
Others	100,604,712	3.04%
Total	3,303,768,300	100%

€ 82 million

cash received in new equity

Share buy-back programme

The General Meeting of 28 August 2014 approved the terms and conditions of the buy-back programme of the Company, enabling the redemption of Company's own shares. The General Meeting authorised the Board of Directors to repurchase, in one or several steps, a maximum number of 750,000,000 Company shares from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent (EUR 0.01) and five euro (EUR 5), for a period of five (5) years from 28 August 2014.

The Company and CPI business combination

Capital increases

On 29 November 2013, the Board of Directors of the Company resolved to raise up to EUR 100 million pursuant to the authorization granted to it by its shareholders during the General Meeting of 26 April 2012. On 3 March 2014, the Board of Directors further resolved to increase its capital raising goal from EUR 100 million to EUR 126 million. Between December 2013 and April 2014 the Company raised EUR 105.3 million in three capital increases subscribed for in cash by some large shareholders of OPG or their respective affiliates, namely Alchemy Special Opportunities Fund II LP, Société Générale, Stationway Properties Limited, an entity affiliated with Jean-Francois Ott and Tandis, a.s., an entity affiliated with Radovan Vítek. The subscription price was EUR 0.47 per share in each case.

Acquisition of control over the Company and mandatory takeover offer

On 12 June 2014 Mr. Vítek (through his 100% owned entity Materali, a.s.) purchased the Company shares from Gamala and third parties (Aspley Ventures, Kamoro, and Stationway Properties Limited). As a result of these purchases Mr. Vítek increased his shareholding in the Company from 25.30% to 71.29%.

On 24 July 2014 Materali, a.s. notified the Company about publication of a mandatory public takeover offer (the „Mandatory Offer“) to the shareholders of the Company. The Mandatory Offer concerns the acquisition of the Company shares at the price of EUR 0.53 per share. The acceptance period for the Mandatory Offer was from 24 July 2014 to 21 August 2014. At the time of the publication of the Mandatory Offer Mr. Vítek directly or indirectly held 94.02% of the shares and voting rights in the Company. According to website of Materali, a.s. (www.materali.cz) the Mandatory Offer was accepted for a total of 35,447,176 Company shares (approximately 1.21% of the share capital) as of the end of the acceptance period of 21 August 2014, at 24:00hrs.

Contribution of CPI to CPI PROPERTY GROUP

Mr. Vítek proposed to the Board of Directors to join within the Company his fully controlled Central European real estate activities located within CPI. After approval by the Board of Directors, Mr. Vítek contributed 100% of the shares of CPI to the Company in exchange of 2,466,902,565 newly issued Company shares on 16 and 17 June 2014. Immediately following this capital increase the shareholding interest of Mr. Vítek in the Company increased to 94.02%.

Accounting treatment of the combination

This transaction was considered and consequently treated and accounted for as a "reverse acquisition" in the Consolidated Financial Statements as at 31 December 2014. Under the "reverse acquisition" rules CPI is treated as the acquirer and the Company is an acquiree. The Consolidated Financial Statements are issued under the name of the Company as a legal parent but described in the notes as a continuation of the financial statements of CPI.

Consequently, the consolidated financial information provided for the year ended 31 December 2014 reflects 12 months of business activities of CPI and 6 months of business activities of the Company. The consolidated financial information provided for the comparative year ended 31 December 2013 reflects 12 months of business activities of CPI only. The comparative balances represent the consolidated position of CPI as at 31 December 2013.

Main factor considered by the Board of Directors when applying the pronouncements and guidance of IFRS was a structure of shareholders before and after transaction. The original sole shareholder of the CPI has become the most significant shareholder of combined entity, owning 92.14% of the issued share capital as at 31 December 2014. Consequently, the Board of Directors considers the reverse acquisition method as the most appropriate method for this transaction.

In order to disclose the financial information which would not be affected by the above described one off transaction all data presented in this Management Report as at 31 December 2014 and also comparable data as at 31 December 2013 were compiled under assumption that the Company and CPI were combined as of 1 January 2013. We believe that this disclosure in the Management report will better describe potential of the regular operations of the Group.

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Disclosed data might include rounding difference which resulted from data processing of rounded amounts and percentage rates.


GSG
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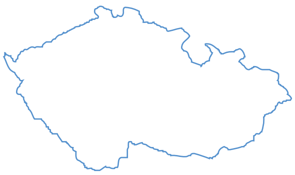
ECONOMIC DEVELOPMENT IN THE CORE COUNTRIES OF THE GROUP



Czech Republic

The following macroeconomics data and description were published by the Czech Statistical Office (unless otherwise stated).

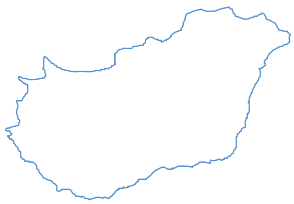
The gross domestic product adjusted for price, seasonal, and calendar effects increased in 2014 by 2.0% year-on-year. The economy of the Czech Republic benefited from increasing of both foreign and domestic demand as well as from a very low comparison base, Q1 2013 was indeed the weakest for the last four years in terms of economic performance. The final consumption expenditure increased in total by 1.7%, year-on-year. The total gross capital formation increased by 3.7%, year-on-year. Increased investments were directed to transport equipment, machinery equipment, and buildings and structures except for dwellings. Quarter-on-quarter, the fixed capital formation increased by 1.2%.

The consumer price level in December 2014 was 0.5%. This development came particularly from prices in 'food and non-alcoholic beverages' and from slowed increase in transport services, recreation and culture. The increase in the average consumer price index over the twelve months to December 2014 compared to the average consumer price index over the previous twelve months, stood at 0.4% in December 2014.

The general unemployment rate according to the International Labour organization (ILO) definition in the age group 15-64 years attained 5.9% in December 2014 and decreased by 0.9 p. p. year-on-year. The number of unemployed persons reached 306.8 thousand decreasing by 45.8 thousand persons, year-on-year.

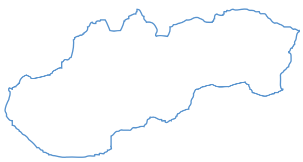
Germany

Latest calculations by the Statistische Bundesamt show that gross domestic product for 2014 as a whole rose by 1.5% in comparison to 2013 and therefore reached a far higher value than either of the two preceding years. The driving force was domestic demand, which contributed almost three-quarters of growth, whilst the trade balance was limited to 26%. Exports rose by 3.7%, but at the same time imports grew by 3.3%. For the eighth year in a row, the number of persons in employment rose, reaching a new peak at 42.7 million. According to provisional figures the number of unemployed fell by 77,000 to 2.1 million. Forecasts for 2015 differ considerably. While the last estimate by the Bundesbank (December 2014) showed a plus of 1.0% for GDP, Oxford Economics expects a rise of 1.8%. Given that the euro is weaker in comparison to previous years, exports should increase, and low inflation and higher real wages are good starting points for brisk consumption.



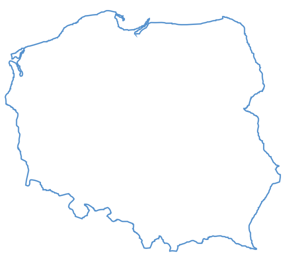
Hungary

In 2014, on the back of increasing performance of agriculture, manufacturing and construction, the seasonally adjusted year-on-year quarterly GDP growth was above 3% during the first three quarters of the year, which means that the country's economy expanded at its fastest pace in the last 8 years. Although the official statistics are not published yet, based on the latest forecast, a 3.2% annual growth is predicted for 2014. The rebounding economy is also having a positive impact on the labour market: Hungary's unemployment rate between October and December was 7.1%, which is a substantial improvement compared to the corresponding period of last year.



Slovakia

Slovakia's economic performance in 2014 was more balanced when compared to previous years, as domestic demand rose at a significant pace. This led to significant economic improvement with estimated GDP growth at 2.4%. Stronger economic growth was however slowed down by limitations of the automotive industry and by EU sanctions levied on Russia. Retail sales, new car registrations and consumer sentiment initiated an upward trend for private consumption, which is boosted by lower unemployment levels, growth in nominal wages by 5% and inflation close to 0%. Slovakia is forecasted to outperform the EU with 2.7% GDP growth in 2015 and 3.4% in 2016. The unemployment rate in December 2014 was 12.6%.

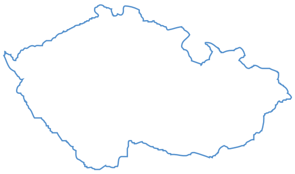


Poland

The Polish economy remains resilient despite recent tensions between Russian and Ukraine as well as deflation which is still on the rise. GDP growth in 2014 was 3.3% year-on-year. Moreover, 2015 paints a positive picture for the Polish economy which will be driven by strong domestic demand and industrial production. The unemployment rate in 2014 was in a downward trend, reaching 11.5% in December 2014 and was lowest since 2011. The retail sales in Poland were 2.7% higher in 2014 than in 2013. Spending power in the Warsaw agglomeration is 10,339 € per capita per annum, which stands 68% higher than the national average.

CPI Property Group
Česká Pojišťovna Headquarters II.

THE PROPERTY MARKETS IN THE CORE COUNTRIES OF THE GROUP



Czech Republic

The following data and description for real estate market in the Czech Republic are based on a report published by JLL and TACOMA (unless otherwise stated).

Retail Market

Over the course of 2014, approximately 99,000 sqm of shopping centres and retail parks was opened. This represents approximately 49% decrease to 2013 supply. In 2014, the largest portion of retail space was delivered to Ústecký region (41%), Prague (23%) and Moravia-Silesia region (15%). As of Q4, there was approximately 73,000 sqm of retail space under construction, predominantly in shopping centres and factory outlets. Out of this number, approximately 46,800 sqm is scheduled for opening throughout 2015. The highest shopping centre density of almost 1,500 sqm per 1,000 inhabitants is currently in Liberec, followed by Teplice. The Czech Republic remains an active market with the majority of the retail demand concentrated on Prague. Rents on the prime high streets of Prague remained stable at around EUR 180 /sqm /month. Prime shopping center rents in Prague for a unit of 100 sqm remained at a level of EUR 100 / sqm /month.

Prague office market

Almost 149,000 sqm of office space was completed throughout 2014 which represents the strongest annual supply since 2009 and approximately 90% increase in comparison to last year's volume. Currently about 213,000 sqm is under construction. Out of this number, approximately 181,500 sqm is scheduled for completion during 2015. The cumulative gross take-up for 2014 reached 332,820 sqm which represents a 12% year-on-year increase and it is the highest ever take-up in the history of Prague's modern office market. In 2014, the share of renegotiations remained significantly below the level from 2013, reaching 39.5%. Overall net take-up in 2014 reached 201,294 sqm which is the fourth highest result since 2005. The vacancy rate has significantly increased to 15.26%, mainly due to speculative supply. A vacancy rate increase is expected to continue in H1 2015 with possible stabilization starting during H2 2015. The prime office rent remained stable at EUR 18.50-19.50 /sqm /month in city centre.

Residential Market

In Q4 2014 Real estate price index announced by Hypoteční banka (HB INDEX) confirmed a slight increase in prices of residential real estate which already started at the beginning of 2014. The prices of family houses increased in 2014 by 0.4 p.p. and reached HB INDEX 105.8. That is the highest level since the beginning of 2010. The land prices increased by 1.0 p.p., followed by an increase in flats by 1.2 p.p. The average market price of land and the flats reached HB INDEX 119.4 and 97.4, retrospectively in Q4 2014.

HB Index is regularly presented by Hypoteční banka, a.s. and is based on realistic estimates of market prices of real estates. INDEX HB itself is calculated for the entire Czech Republic, and for the three types of real estates: flats, houses and land. For Basic 100.0 were selected real estate prices as of 1 January 2008.

In December 2014, the interest rates of mortgage loans under the aggregate index of Fincentrum (Hypoindex) fell again to record 2.37%.

Hotel Market

The number of overnight stays in collective accommodation establishments in Q3 2014 amounted to 15.8 million, i.e. by 0.8% less than in the same period of the previous year. The number of nights spent by domestic visitors decreased by 2.8%, but the number of foreigners increased by 1.7%. Overall, by 2.0% more guests arrived during the Q3 2014, of which the number of foreign guests increased by 4.2% and the number of domestic guests remained unchanged. While in Q3 2013 the average length of stay was 4.0 days, this year it is only 3.9 days. The largest group of foreign guests was traditionally from Germany, followed by Russia and United States of America. 5 out of 14 regions of the Czech Republic showed an increase in the number of guests (the largest increase was in South Moravian Region, Karlovy Vary and Prague).

Industrial Market

The total modern A-class industrial stock in the Czech Republic was 4.9 million sqm at the end of Q4 2014. For the entire year, 2014 new supply amounted to a post crisis record level of 356,000 sqm. This reflects a 31% increase on 2013 levels and is 37% above the 5-year average. For full year 2014, gross take-up amounted to 1,295,800 sqm, a new record in the history of the Czech market. It beat last year's record by 11%. Net take-up reached 827,500 sqm and surpassed last year's results by more than 34%. The vacancy rate in the Czech Republic rose by 26 bps year-on-year and reached a level of 8.2%. Prime headline rents in Prague remained stable at EUR 3.80-4.25 /sqm / month. Prime rents in the Brno region are also stable at EUR 3.90-4.25 /sqm /month.

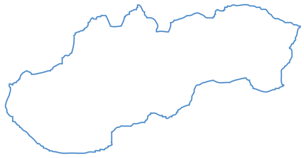
Germany

The following data and description for real estate market in Germany are based on a report published by CBRE (unless otherwise stated).

Berlin office market

Total stock of office space is around 17.85 million sqm at the end of 2014. A total of 444,000 sqm of new office space are expected in 2015. The City-East and Central Station submarkets are those with most of the construction activity. The Berlin office market ended 2014 with a take-up of 608,800 sqm exceeding the previous year's level by 30%. The vacancy rate fell from 8.8% to 8.0% over the course of the year. The most significant decreases in vacancy were registered in the City-West and City-East submarkets. The prime rent is further stabilizing in the core locations at EUR 22.50 / sqm /month. The average rent rose by 6% compared to 2013, reaching EUR 13.44 /sqm /month at the end of 2014.

Slovakia



The following data and description for real estate market in Slovakia are based on a report published by JLL (unless otherwise stated).

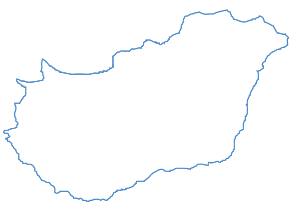
Retail Market

The retail market in Slovakia is currently extremely saturated and thus has very low potential for further development. 2014 showcased a higher volume of new retail supply in comparison to 2013 and the retail stock in Slovakia comprises of approximately 1.54 million sqm, with shopping centres accounting for 77.91% and retail parks for 17.45%. The retail stock density in Bratislava is 1,300 sqm per 1,000 inhabitants. Prime high street rents in Bratislava are at a level of EUR 20 and 45 /sqm / month. Prime shopping centre rents in Bratislava range between EUR 50 and 85 /sqm / month. The consumer spending growth is forecast to average 2.6% in 2015 and no large-scale retail developments are predicted in the near future in Bratislava.

Industry and Logistic Market

A total A class industrial stock in Slovakia equalled almost 1.3 million sqm at the end of 2014. The annual supply reached almost 80,000 sqm in 2014. Overall take-up in 2014 totalled 333,000 sqm, which marks a 40% increase compared to 2013. Almost 60% of the space delivered in 2014 was pre-leased and 80% of the space currently under construction (34,000 sqm) is already secured by a tenant. The vacancy rate as of Q4 2014 stands at 7.7%. Prime headline rents in the Greater Bratislava area are at EUR 3.80-4.80 /sqm /month and in Eastern Slovakia, prime headline rents are at EUR 3.60-3.90 /sqm /month. Continued strong competition is expected in 2015 as far as new and existing tenants are concerned, mainly in the Bratislava region. The main factors will remain to be headline rents, rent free periods and a focus on the reduction of service charges.

Hungary



The following data and description for real estate market in Hungary are based on a report published by JLL and CUSHMAN&WAKEFIELD (unless otherwise stated).

Budapest office market

Almost 18,800 sqm were delivered to the office market over Q4 2014. The total office stock stands at 3.24 million sqm as at end of 2014. The annual gross take-up totalled 465,600 sqm, which is an all-time high in the history of the Budapest office market and 17% stronger than in 2013. The volume of net take-up reached 251,605 sqm, which is the highest volume since 2009. In total, almost 700 transactions were signed in 2014, with an average deal size of 664 sqm. The vacancy rate declined by a massive 220 bps year-on-year, dropping to 16.2%. The improvement was due to a combination of factors: a strong annual net absorption of nearly 125,000 sqm and the limited volume of completions. Prime rent stands at EUR 20 /sqm /month. This level is only achievable in a few, selected prime properties in the Central Business District for the best office units within the building. Average asking rents did not change significantly on the previous quarter; they remained in the range of EUR 11-14 /sqm /month for A class offices with generous incentive packages.

Budapest retail market

The total shopping center stock of Budapest remained unchanged as no new completions were delivered in 2014 and stands at 771,500 sqm in 25 assets. Shopping centre density amounts to 443 sqm per 1,000 inhabitants. Following the drag of retail sales growth between July and September, growth regained momentum in Q4 peaking at 5.6%. For the whole year, a 5.2% growth was recorded and a similar strong growth at around 5% is forecasted for the year 2015. Typical shopping centre rents range between EUR 20 and 65 /sqm /month in Budapest while downtown high street rents at Váci utca are around EUR 80 to 100 /sqm /month and EUR 40 to 80 /sqm /month on Andrássy Avenue.

Budapest industrial market

At the end of 2014, the modern industrial stock in Budapest was expanded by 7,500 sqm after delivered a new built-to-suit warehouse. Therefore, the size of the industrial stock increased to 1.85 million sqm. Over 2014, the completion volume totalled only 18,600 sqm. The annual gross take-up reached a record high with 386,625 sqm, out of which net take-up comprised 221,775 sqm. The later volume represents a more than 36% growth on 2013 and the highest annual net take-up in the history of the Budapest industrial market. In 2014, 104 leases were signed in total with an average deal size of 3,720 sqm. In 2014, the vacancy rate finally started to decline and managed to improve steadily over the year. By Q4 2014, it reached 15.7%, reflecting a robust 555 bps decline year-on-year. The rapidly improving market environment is expected to affect rental terms and conditions. The effective rents will eventually start rising in modern logistics parks. On the other hand, the positive environment will not relate to secondary warehouses.

Budapest hotel market

Budapest remains the most popular city of the country and has attracted 45% of the total visitors in 2013. Since a sharp tourism fall in 2009, substantial growth has been recorded in the capital. The number of tourist arrivals has been gradually growing and the city has registered a year on year increase of 5.9% in 2013. Similar trend is observed with overnight stays, which reached 7.3 million the same year. The international demand is extremely dominant, with around 90% of foreigner staying at hotels versus 10% of Hungarians. According to STR global, the overall performance of hotels in Budapest shows a positive trend when comparing 2013 and 2012. The market has been continuously improving with growth in RevPar in both 2011 (+9.22%) and 2012 (+8.59%). Further improvement is observed in 2013 with a RevPar year on year increase of 3.9% through growth in ADR (+0.5%) and mainly occupancy (+3.5%).

Poland

The following data and description for real estate market in Poland are based on a report published by DTZ and JLL (unless otherwise stated).

Warsaw office market

Total modern office stock in Warsaw reached almost 4.4 million sqm at the end of 2014, a growth of 277,000 sqm on the 2013 level. A number of new office deliveries with low occupancy ratio rescheduled for the beginning of 2015. Construction activity in Warsaw remains substantial with 760,000 sqm under active construction (including 56,000 sqm under refurbishment) of which 19% is secured with pre-lets. The expected delivery for 2015 is approx. 320,000 sqm. The total gross take-up reached approx. 612,000 sqm in 2014, only 21,000 sqm below the record-breaking volume in 2013. The public sector had a 13% share in the total take-up volume in 2014, becoming one of the key demand drivers. The vacancy rate in Warsaw decreased slightly to 13.3% over Q4 2014, however the ongoing upwards trend is expected in 2015. Prime headline rents currently range between EUR 22-24 /sqm /month in central locations.

Retail Market in Poland

The total supply of modern retail stock in Poland reached 12.7 million sqm as at end of 2014. New supply in 2014 exceeded 466,000 sqm of GLA and was delivered in 28 new projects and 8 extensions of existing schemes. Although shopping centres are still dominating retail format of newly delivered schemes, retail parks are gaining on importance. Over 24% of new supply was delivered as retail parks. Cities below 100,000 inhabitants have the highest share in new supply, which amounted to 45% of the total. Between January and November 2014, the retail sales in constant prices amounted to 4.2% year-on-year. Prime shopping centre rents peaked at EUR 90-100 / sqm /month for top retail assets in Warsaw and oscillate between EUR 43-55 /sqm / month in other major agglomerations.

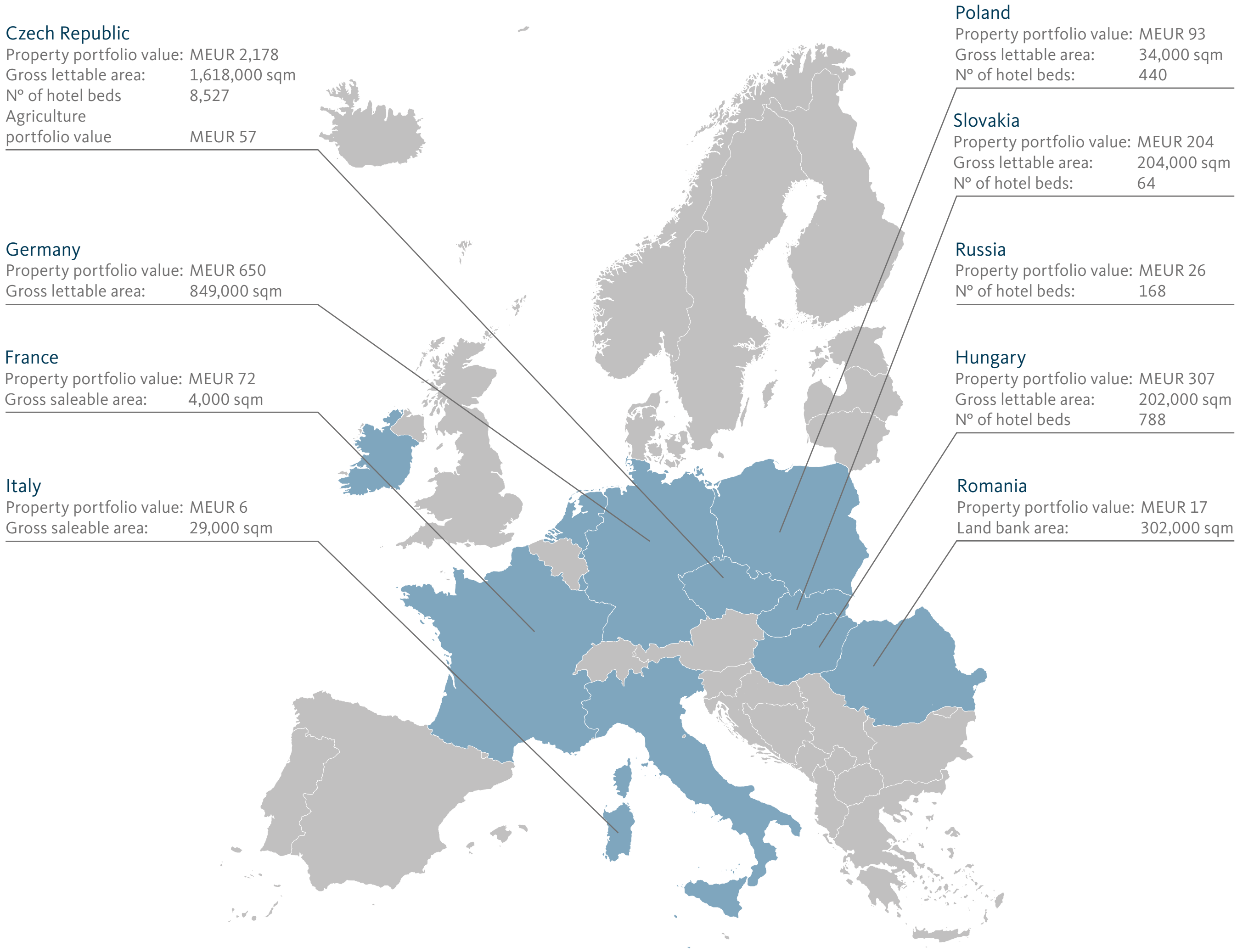
CPI Property Group
GSG Berlin Gustav-Meyer-Alle.

PROPERTY PORTFOLIO REPORT

The Group is a leading real estate group concentrating on long-term investments and the lease of real estate, mainly in the Central European region and Germany. As a result of combination with CPI in June 2014, the Group portfolio now includes number of properties in a variety of segments. The Group activities are focused on rental income generating properties such as retail, office, hotels, residential, industry and logistics or operating own hotels. Additionally, the Group develops office and retail assets for future rental and some residential development for future sale.

At the year end, the Group extended its portfolio of hotels operated either by the Group or by external operator by acquisition of 12 well-established luxury boutique hotels and all-suite residence hotels under Mamaison brand.

Moreover, the Group has completed the acquisition of agricultural portfolio. After this transaction the Group's portfolio has grown by about 11,000 hectares of own agricultural land bank and entire portfolio of production farms and equipment and livestock production. In addition to own agriculture land bank, the Group also operate 9,000 hectares of hired land.



The property portfolio of the Group is reported on the balance sheet under the following positions:

- Investment property
- Property, plant and equipment
- Inventories

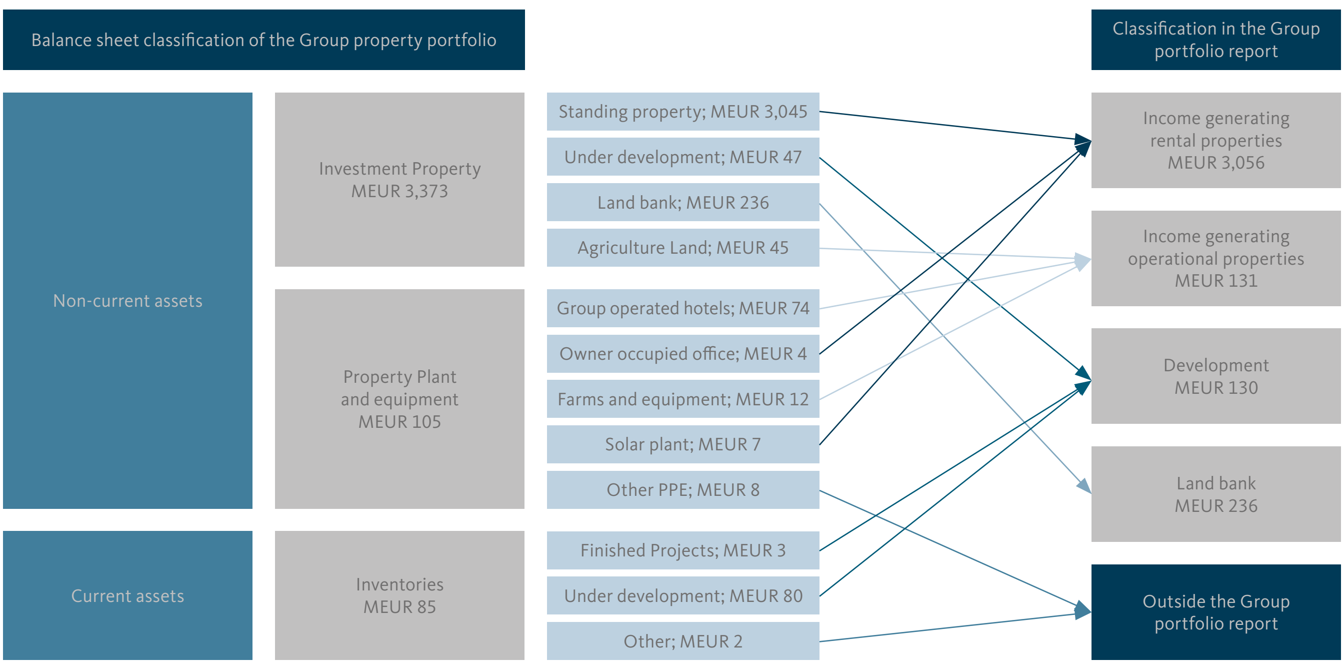
“Investment property” consists of rental properties, investment property under development, land bank and agriculture land bank. Investment property under development represents development projects currently in progress, which will be reclassified by the Group as rental properties after completion. Land bank represents properties held for development and/or capital appreciation and agriculture land bank.

“Property, plant and equipment” include owner occupied properties comprising hotels operated by the Group, production farms and equipment used in the agriculture business and offices rented out to the Group entities.

“Inventories” comprise properties that are under development or have been finished and are intended for a future sale in the ordinary course of business.

The property portfolio report covers all properties held by the Group, independent of the balance sheet classification. These properties are reported as income generating properties (generating rental income or income from operations), development projects (investment property projects under development and inventories) or land bank.

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 31 December 2014 with the presentation in our portfolio report:



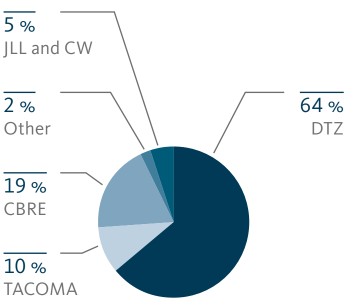
Property valuation

The consolidated financial statements of the Group as of 31 December 2014 were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the Investment properties owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

The property portfolio valuation as at 31 December 2014 is based on reports issued by:

- DTZ. DTZ is a global leader in property services. The organization has more than 28,000 employees, operating in more than 260 offices in 502 countries and offers a complete range of tailored services on any scale, across multiple service lines and geographies. In the Czech Republic provides occupiers and investors on a local, regional and international scale with industry leading, end to end property solutions. DTZ in the Czech Republic has over 80 employees operating across 2 offices;
- CBRE GmbH. (further “CBRE”). CBRE is the leading, full-service real estate services company. CBRE has more than 44,000 people in 349 locations in 42 countries and serve the local, regional and global real estate needs of their clients;
- RSM TACOMA a.s. (further “TACOMA”). TACOMA is part of the seventh largest network of professional firms RSM International. RSM International operates in 112 countries, has over nearly 730 offices and 37,000 professionals. TACOMA provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll;
- Jones Lang LaSalle (further “JLL”). JLL is a financial and professional services firm specializing in real estate services and investment management. JLL has more than 40,000 people in 1,000 locations in 70 countries and serve the local, regional and global real estate needs of their clients;
- Cushman & Wakefield (further “C&W”). C&W is a one of the leading commercial real estate services company, providing a full range of services to real estate occupiers, developers and investors on a local and international basis. C&W has about 250 offices in 60 countries, employing more than 16,000 professionals.
- other valuators.

Portfolio by valuator



The following table shows the carrying value of the Group's property portfolio as of 31 December 2014 and 31 December 2013 after the combination of the two groups:

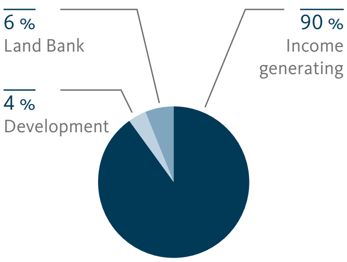
PROPERTY PORTFOLIO 2014	No of properties *	No of residential units	No of hotel beds	Income generating	Development	Land Bank	Carrying value	Carrying value	Outstanding financing
				MEUR	MEUR	MEUR	MEUR	%	MEUR
Czech Republic	244	12,533	8,527	1,959	55	163	2,178	61%	958
Slovakia	19	0	64	205	0	0	204	6%	104
Germany	44	0	0	644	0	6	650	18%	290
Hungary	19	0	788	259	0	47	307	9%	182
Poland	6	0	440	91	0	3	93	3%	52
Russia	1	0	168	26	0	0	26	1%	0
Romania	0	0	0	0	0	17	17	0%	0
Italy	1	0	0	0	6	0	6	0%	0
France	1	3	0	3	69	0	72	2%	37
THE GROUP	335	12,536	9,987	3,187	130	236	3,553	100%	1,623

*excluding Residential properties

PROPERTY PORTFOLIO 2013	No of properties *	No of residential units	No of hotel beds	Income generating	Development	Land Bank	Carrying value	Carrying value	Outstanding financing
				MEUR	MEUR	MEUR	MEUR	%	MEUR
Czech Republic	233	12,602	7,661	1,713	94	210	2,017	63%	922
Slovakia	17	0	0	196	0	0	196	6%	104
Germany	46	0	0	530	3	5	538	17%	288
Hungary	15	0	468	222	0	49	271	8%	146
Poland	3	0	0	70	0	4	74	2%	45
Romania	0	0	0	0	0	20	20	1%	0
France	1	0	0	0	87	0	87	3%	58
THE GROUP	315	12,602	8,129	2,731	184	288	3,203	100%	1,563

*excluding Residential properties

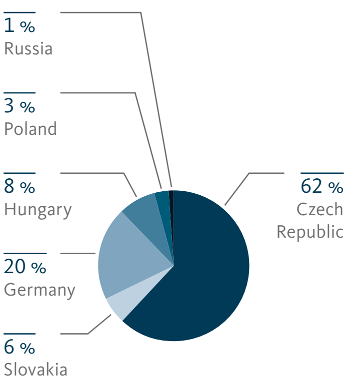
Property portfolio



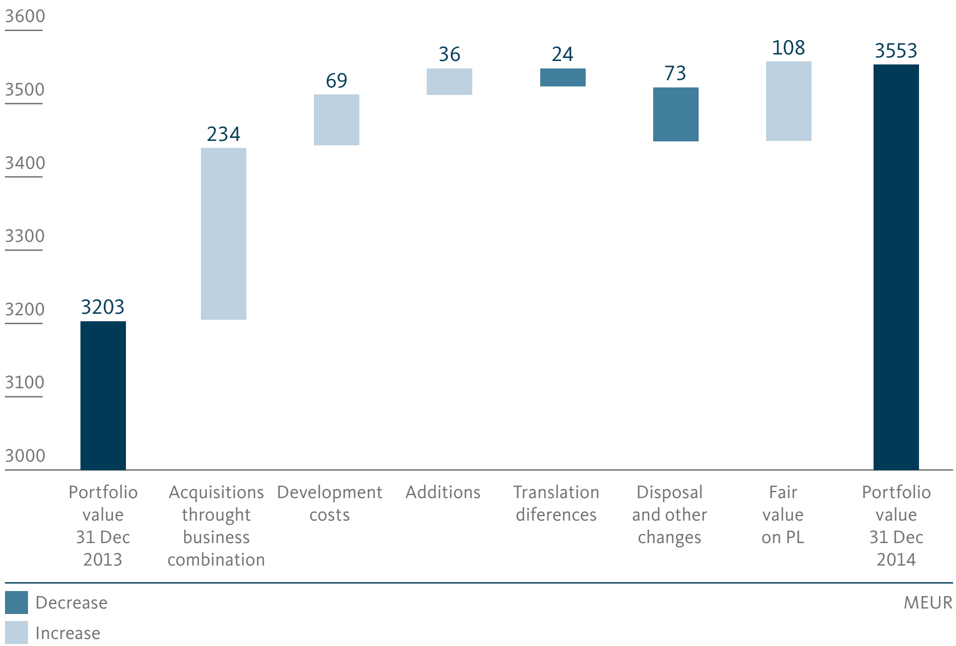
The Group property value total EUR 3,553 million as of 31 December 2014 (31 Dec 2013: EUR 3,203 million). As showed in the chart below, 90% of the Group property portfolio value is made of income generating assets of which EUR 3,056 million (96%) are income generating rental properties and EUR 131 million (4%) are income generating operational properties. The majority of the income generating assets are located in the Czech Republic with 62% of the total value, followed by Germany with 20%, Hungary with 8% and Slovakia with 6%.

At the end of 2013 a ratio of income generating rental to income generating operational was 99.3% to 0.7% respectively. The significant move in the ratio resulted from acquisition of hospitality group and agriculture business which represents a major part of income generating operational segment.

Income generating by country



Property portfolio



The main reasons for increase in the portfolio value in 2014 were as follows:

- acquisition of Hospitality Invest group of EUR 100 million;
- acquisition of agriculture business of EUR 57 million;
- acquisition of new office premises in Hungary for EUR 50 million;
- investment in the construction of multifunctional complex QUADRIO of EUR 35 million and finalisation of residential property Palais Maeterlinck of EUR 14 million;
- acquisition of AQUA Carré in Berlin for EUR 12 million;
- acquisition of new office premises in Slovakia for EUR 9 million;
- new property acquired mainly in retail and residential in total of EUR 14 million;
- valuation gain of EUR 108 million.

The increase was compensated by the following major sales:

- sale of land bank in total value of EUR 17 million;
- sale of four finished apartments from residential property Palais Maeterlinck of EUR 33 million.

INCOME GENERATING

Income generating rental properties

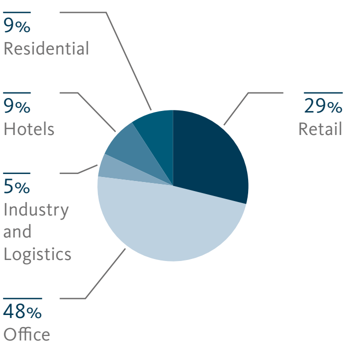
INCOME GENERATING RENTAL PROPERTIES 2014	No of properties ***	Carrying value MEUR	Carrying value %	Gross lettable area th. sqm	Occupancy ** %	Pro forma rental income 2014* MEUR	Rent per sqm EUR	WAULT	Outstanding financing MEUR
Office	86	1,481	48%	1,250	82.5%	93	7.9	3.5	761
Retail	189	892	29%	633	94.3%	66	9.2	5.0	451
Residential	0	277	9%	761	82.5%	18	1.9	-	112
Hotels	23	267	9%	196	100.0%	14	7.0	12.7	119
Industry and Logistics	17	139	5%	263	95.5%	12	4.2	2.8	66
THE GROUP	315	3,056	100%	3,103	88.7%	203	6.0	4.9	1,509

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013
** the Group occupancy rate do not include hotels
*** excluding residential properties

INCOME GENERATING RENTAL PROPERTIES 2013	No of properties ***	Carrying value MEUR	Carrying value %	Gross lettable area th. sqm	Occupancy ** %	Pro forma rental income 2013 MEUR	Rent per sqm EUR	WAULT	Outstanding financing MEUR
Office	86	1,252	47%	1,275	81.4%	77	6.6	4.1	727
Retail	183	818	30%	611	90.4%	58	8.9	7.3	443
Residential	0	281	10%	772	81.8%	19	1.8	-	109
Hotels	16	223	8%	129	100.0%	8	1.4	14.0	70
Industry and Logistics	16	138	5%	212	92.5%	10	4.9	3.9	70
THE GROUP	301	2,712	100%	2,999	86.5%	173	4.3	5.7	1,419

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013
**the Group occupancy rate do not include hotels
***excluding residential properties

Income generating rental properties by type of asset



Income generating rental portfolio with a carrying value of EUR 3,056 million (31 Dec 2013 € 2,712 million) represents the major part of the Group's property portfolio. The Group is renting out a great variety of assets but is primarily focusing on office and retail that together contribute 78% of the property portfolio carrying value and 1.9 million sqm of lettable area. There has not been significant changes in the portfolio compared to 31 December 2013 where these two portfolios together contributed 76% of the portfolio value and 1.9 million sqm of lettable area).

The portfolio is financed by bank loans, project bonds and finance lease in total of 1,509 (31 Dec 2013: 1,419).

Income generating operational properties

Income generating operational properties currently include Hospitality and Agriculture portfolio. Hospitality represents hotels operated by the Group. The portfolio has grown from EUR 19 million to EUR 74 million due to the purchase of Mamaison hospitality business in December 2014. The Group acquired a unique collection of well-established luxury boutique hotels and all-suite residence hotels operated under Mamaison brand, located in CEE capitals.

On 1 November 2014 the agriculture business become a part of income generating operational segment. Portfolio include agriculture land bank and farms and equipment used form agriculture production in total value of EUR 57 million.

INCOME GENERATING OPERATIONAL PROPERTIES 2014	No of properties	Carrying value	Carrying value	Number of beds	Pro forma hotel revenues 2014*	Pro forma net hotel income 2014*	Average occupancy	Average daily rate	Outstanding financing
		(MEUR)	(%)		(MEUR)	(MEUR)	(%)	EUR	MEUR
Hospitality	6	74	100%	1,370	4	1	70.0%	74.8	44
THE GROUP	6	74	100%	1,370	4	1	70.0%	74.8	44

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

INCOME GENERATING OPERATIONAL PROPERTIES 2014	Total Area	Carrying value	Property value	Income from subsidies	Revenue from production	Net income from agriculture	Outstanding financing
	th.sqm	(MEUR)	(%)	MEUR	MEUR	MEUR	MEUR
Agriculture	111,401	57	100%	1	1	-1	4
THE GROUP	111,401	57	100%	1	1	-1	4

INCOME GENERATING OPERATIONAL PROPERTIES 2013	No of properties	Carrying value	Carrying value	Number of beds	Pro forma hotel revenues 2013	Pro forma net hotel income 2013	Average occupancy	Average daily rate	Outstanding financing
		MEUR	%		MEUR	MEUR	%	EUR	MEUR
Hungary	1	19	100%	468	2	1	66.3%	52.6	17
THE GROUP	1	19	100%	468	2	1	66,3%	52,6	17

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

OFFICE

Key Figures – December 2014

82.5 % Occupancy	86 Number of properties
93 MEUR Pro forma rental income 2014 *	1,481 MEUR Carrying value
1,250 thousand sqm Gross lettable area	3.3 % FFO ratio on Property portfolio

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

Office portfolio represents an important and constantly growing segment of investment activities of the Group. The Group owns buildings in the capital cities of Germany, Czech Republic, Hungary and Poland as well as in regional cities of the Czech Republic.

OFFICE 2014	No of properties	Carrying value MEUR	Carrying value %	Gross lettable area th. sqm	Occupancy %	Pro forma rental income 2014* MEUR	Rent per sqm EUR	WAULT	Outstanding financing MEUR
Germany	43	643	43%	797	81.8%	42	5.4	2.0	290
Czech Republic	32	604	41%	287	89.9%	35	12.0	5.9	328
Hungary	8	176	12%	136	71.4%	12	11.6	3.2	111
Poland	2	49	3%	26	80.0%	4	16.7	2.9	29
Slovakia	1	9	1%	4	61.3%	0,1	11.7	1.1	3
THE GROUP	86	1,481	100%	1,250	82.5%	93	7.9	3.5	761

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

OFFICE 2013	No of properties	Carrying value MEUR	Carrying value %	Gross lettable area th. sqm	Occupancy %	Pro forma rental income 2013 MEUR	Rent per sqm EUR	WAULT	Outstanding financing MEUR
Germany	45	530	42%	868	80.2%	41	5.0	2.0	288
Czech Republic	32	528	42%	273	91.9%	30	8.8	4.6	328
Hungary	7	144	12%	108	65.0%	5	12	2.8	79
Poland	2	50	4%	26	78.4%	1	18.6	2.5	32
THE GROUP	86	1,252	100%	1,275	81.4%	77	6.6	4.1	727

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

In the first half of 2014, the Group acquired administrative building Arena Corner in Budapest, an A class building complex providing 29,000 sqm of office and minor retail spaces on 8th floors in 3 office towers with direct connections to each other. The complex is situated in the sport and business hub of the city and is well connected to public transportation. Annual rental income is EUR 3 million.

Another significant extension of the portfolio relates to the purchase of the AQUA Carré complex in Berlin-Kreuzberg. The building was constructed between 1883 and 1889 and has a total floor area of 12,500 sqm divided into units ranging in size from 10 to 900 sqm. The acquisition not only marks a milestone in the almost 50 year history of growth of GSG in Berlin, but also a consolidation of its portfolio over nearly two decades. Until 1997, the AQUA Carré complex was the site of a metal foundry and lamp making factory owned by F. Butzke & Co. However, since 2000, it has evolved into a popular location for Berlin's creative industries, with a permanently strong demand for rental space. The total investment before refurbishment amounted to EUR 12 million and the acquisition has been partially financed through bank loan of EUR 8.0 million.

QUADRIO

- prime commercial property Czech Republic

In October 2014 the Group finished development of its prime commercial property in the Czech Republic – QUADRIO. This unique mixed-use complex is located in the historical centre of Prague, directly above the metro station and offers 16,400 sqm of modern A-class office space. Office premises are currently undergoing the interior modifications according to the requirements of future tenants and the office tenants will start moving into the premises in the coming months. The first lease agreement was signed with the Hungarian gas and oil group MOL. In general, tenants will receive especially high comfort, modern design and above-standard quality of services accompanied with an attractive location of the building. In addition, the roof of the top eighth floor carries a spacious terrace with a fantastic view of all of Prague. The tenants will appreciate not only remarkable efficiency of the offices and the high technical standard of the building, but also low operating costs. The compound consists of six buildings, which, viewed from above, form the shape of a four leaf clover. A unique ground plan with an above-standard proportion of glass facade allows maximum efficiency of the working space without so-called dead and unused spots and together with the latest technologies enables premises to be designed both as separated offices and open space. It also have a major influence on the operating costs of the building. QUADRIO succeeded in many competitions: Awards for the best office project and environmentally friendly building took home from the CIJ Awards, as well as the prestigious prize Developer of the Year 2014. QUADRIO succeeded in the competition Best of Realty in the category of best offices. Annual rental income of office premises is expected at EUR 3 million.

In October 2014 the Group acquired Office Center Poštová s.r.o. ("OCP"), which owns 3,800 sqm of office premises in a refurbished building located in the prime downtown area of Bratislava, Slovakia. The acquisition follows the completion of insolvency restructuring procedure of OCP. As part of its restructuring, OCP obtained a favourable bank financing of EUR 3.5 million. Annual rental income is EUR 0.3 million.

In addition to extension of the portfolio, the Group has entered 86 new long-term leases and extended a number of current rental contracts in the Czech Republic and Poland. Among new tenants belong companies such as DHL Express, GMC Software Technology and Allianz. Current contract were extended with tenants such as Burda, Credit One and University of Warsaw. A re-negotiation of 32,000 sqm rented to Česká pojišťovna (member of Generali Group) across the Czech Republic was the largest tenancy transaction in the local market.

In June 2014, the Group successfully re-entered the lease contract with Vodafone Hungary for 13,800 sqm. Vodafone extended its current lease in Arena Corner to 8,200 sqm and, in addition to this, leased another 5,600 sqm. As a result Arena Corner is now 95% let, leaving only about 1,300 sqm vacant on the ground floor areas.

The commercial space specialist GSG Berlin leased 59,000 sqm of commercial space in 2014. 63% of the letting volume was rented by new and 37% by existing tenants. At the same time, the average rent rose by 4.0% to 5.5 €/sqm, whereby the occupancy rate remained stable compared to the previous year. On the other hand 32,000 sqm of office premises were sold out of the Group in 2014.

These transactions have positive impact on the occupancy in Hungary, Germany and Poland out of which Hungarian portfolio occupancy shows the remarkable increase from 65% to 71.4%. Reflecting a slight decrease in occupancy in Czech Republic, the average occupancy of office portfolio increased form 81.4% to 82.5%.

Office portfolio was financed by long-term bank loans of EUR 761 million as of 31 December 2014 (31 Dec 2013: EUR 727 million).

RETAIL

Key Figures – December 2014

94.3	%	189	
Occupancy		Number of properties	
66	MEUR	892	MEUR
Pro forma rental income 2014 *		Carrying value	
633 thousand	sqm	5.1	%
Gross lettable area		FFO ratio on Property portfolio	

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

Retail is a very stable category of income generating assets which is flexible to adapt to market conditions and economic changes without substantial losses. The Group focuses on mid-sized shopping areas such as retail parks and supermarkets with long-term contracts generating long-lasting income and experiencing a relatively high occupancy rate. The Group currently owns and manages retail spaces in the Czech Republic, Slovakia, Hungary and Poland.

RETAIL 2014	No of properties	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2014*	Rent per sqm	WAULT	Outstanding financing
		MEUR	%	th. sqm	%	MEUR	EUR		MEUR
Czech Republic	168	727	81%	504	94.2%	52	9.2	4.9	354
Slovakia	16	112	13%	82	99.9%	9	9.4	6.9	56
Hungary	4	34	4%	39	83.3%	3	6.7	1.9	28
Poland	1	19	2%	8	96.4%	2	15.9	2.5	13
THE GROUP	189	892	100%	633	94.3%	66	9.2	5.0	451

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

RETAIL 2013	No of properties	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2013	Rent per sqm	WAULT	Outstanding loans
		MEUR	%	th. sqm	%	MEUR	EUR		MEUR
Czech Republic	162	647	79%	482	89.8%	48	8.8	6.7	338
Slovakia	16	112	14%	82	99.9%	9	9.3	11.5	60
Hungary	4	39	5%	39	75.8%	1	6.9	2.4	32
Poland	1	20	2%	8	100.0%	0.3	17.0	2.3	13
THE GROUP	183	818	100%	611	90.4%	58	8.9	7.3	443

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

In the first half of 2014, the Group acquired four new supermarkets in the Czech Republic with total lettable area of 5,338 sqm.

QUADRIO, the unique mixed-use complex, welcomed its first visitors on 31 October 2014. QUADRIO located at a prestigious address with excellent public transport and walking distance, enriched the Prague city centre with a shopping gallery with 66 shops on four floors and provide in total of 8,500 sqm of retail premises which were almost fully leased upon the grand opening. Among major tenants belong Billa, Kogo, and well-known brands such as Sephora, Dermacol, Euronics, Neoluxor, dm drogerie, Kara, Promod, Calzedonia, Sparkys and HM Studio. Annual rental income of this newly opened property will be EUR 1.7 million.

In November 2014 the Group opened its 25th retail park within its Czech portfolio. CPI Retail Park Čáslav is located about 90 kilometres east from Prague and offers 2,600 sqm of lettable area, which was fully occupied upon the grand opening.

Retail portfolio provides about 633 thousand sqm of lettable area which can be further divided as follows:

- Retail warehouse which comprise supermarkets, hypermarkets, hobby markets and retail parks of about 390 thousand sqm of lettable area;
- Shopping centres and galleries of about 162 thousand sqm of lettable area;
- So-called special properties (separate units and establishments, usually B class) which provide about 81 thousand sqm of lettable area.

Existing lease contracts were renewed at almost all shopping centres owned by the Group which resulted to increase in average portfolio occupancy to 94.3% (2013: 90.4%).

External financing total EUR 451 million (31 Dec 2013: EUR 443 million), out of which EUR 51 million represents project bonds (31 Dec 2013: EUR 10 million) with maturity within 5 years and long-term leasing of EUR 12 million.

RESIDENTIAL

Key Figures – December 2014

82.5	%	12.536	
Occupancy		Number of residential units	
18	MEUR	277	MEUR
Pro forma rental income 2014 *		Carrying value	
761 thousand	sqm	1.9	%
Gross lettable area		FFO ratio on Real estate portfolio	

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

The Group is an important player in the Czech Republic residential housing market holding the position of the second largest provider of the rental housing. The existing housing stock of the Group includes 12,563 rental flats in 15 cities of the Czech Republic concentrated mainly in the North Moravia, North Bohemia and Middle Bohemia regions. Rental housing portfolio is managed under the brand CPI BYTY, a.s.

RESIDENTIAL 2014	No of residential units	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2014*	Rent per sqm	Churn rate	Outstanding financing
		MEUR	%	th. sqm	%	MEUR	EUR	%	MEUR
Czech Republic - Prague	569	45	16%	34	96.8%	2	5.3	10.37%	0
Czech Republic - other	11,964	229	83%	727	81.8%	16	2.4	11.93%	108
France	3	3	1%	0.17	100.0%	0.04	24.6	0.00%	4
THE GROUP	12,536	277	100%	761	82.5%	18	1.9	11.9%	112

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

RESIDENTIAL 2013	No of residential units	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2013	Rent per sqm	Churn rate	Outstanding financing
		MEUR	%	th. sqm	%	MEUR	EUR	%	MEUR
Czech Republic - Prague	636	52	19%	43	97.2%	3	4.8	12.40%	0
Czech Republic - other	11,966	226	80%	727	81.0%	16	2.1	13.52%	109
Hungary	0	3	1%	2	0.0%	0	0.0	0.00%	0
THE GROUP	12,602	281	100%	772	81.8%	19	1.8	13.5%	109

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

In the second half of 2014 three residential apartments in the total value of EUR 3 million located in Cannes, France were acquired. Apartments are financed by long term loan of EUR 4 million.

€ 7
million
were spent on reconstruction of roofs and sewers connections

As for the prior years, the Group is implementing a long term and thorough refurbishment plan of the Czech portfolio. Total annual expenditures of EUR 7 million, were spent on reconstruction of roofs and sewers connections, and reconstruction of flats that are intended for new lease and on regular maintenance.

In addition to ongoing refurbishment plan, the Group continues to create Client's centres in each location, which provides rent-related advisory services to the tenants. The personal approach through the Client's centres and continuous refurbishment of the apartments contribute positively to the long-term and stable relationship with the tenants and form the basis for a firm rental income.

Czech portfolio is financed by project bonds of EUR 108 million as at 31 December 2014 (31 Dec 2013: EUR 109 million) which are due in the period of 2017 – 2021.

HOTELS

Key Figures – December 2014

23	267 MEUR
Number of properties	Carrying value
14 MEUR	8.617
Pro forma rental income 2014 *	Number of beds

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

The Group is one of the largest Czech owner and developer of hotels. As a result of acquisition of Hospitality Invest in December 2014 hotel portfolio has grown up and currently includes 23 hotels located in capitals and main cities of Czech Republic, Hungary and Poland.

The diverse portfolio includes lodging houses for long-term accommodation and hotels in the two to five stars category. The flagship of the Group is a network of four-stars Clarion hotels aimed at the corporate and congress clientele.

In December 2014 the Group acquired a unique collection of 12 well-established luxury boutique hotels and all-suite residence hotels operated under Mamaison brand. As at 31 December, 7 hotels are operated by the external operator and generate a rental income to the Group. Hotels are located in Prague, Ostrava, Warsaw, and Budapest.

HOTELS 2014	No of properties	Carrying value	Carrying value	Gross lettable area	Number of beds	Pro forma rental income 2014*	Rent per sqm	WAULT	Outstanding financing
		MEUR	%	th. sqm		MEUR	EUR		MEUR
Czech Republic	19	245	92%	179	8,205	14	7.0	13.0	107
Hungary	3	16	6%	13	320	0	7.4	7.4	12
Poland	1	6	2%	4	92	0	7.8	11.0	0
THE GROUP	23	267	100%	196	8,617	14	7.0	12.7	119

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 20134

As Mamaison portfolio was acquired in December, no rental income is disclosed in 2014 information above. However, if the portfolio was acquired in 1 January 2014 a rental income would total EUR 2.

HOTELS 2013	No of properties	Carrying value	Carrying value	Gross lettable area	Number of beds	Pro forma rental income 2013	Rent per sqm	WAULT	Outstanding financing
		MEUR	%	th. sqm		MEUR	EUR		MEUR
Czech Republic	16	223	100%	129	7,661	8	1.4	14	70
THE GROUP	16	223	100%	129	7,661	8	1.4	14	70

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

Among the major hotels of newly acquired Mamaison portfolio belongs:

Mamaison Hotel Riverside Prague. Uniquely located and boasting award-winning Art Nouveau-style design, which provides ideal accommodation for both leisure and business travellers in the trendy district of Prague. The hotel enjoys close connections to the city's business districts, the airport and its main cultural attractions. With elegant accommodation in 80 rooms, views and top facilities, the art hotel offers fantastic rates for city stays in stylish and historic surroundings.

Imperial Hotel Ostrava is one of the best-known hotels in the Ostrava city in Northern Silesia which has been offering above-standard services to guests continuously since it was opened in 1904. The combination of over a century of tradition and modern hotel trends makes this renowned hotel the perfect place for business meetings and also for pleasant relaxation following a demanding day. The hotel offers 162 comfortable and modern rooms, and an extensive conference centre for 490 guests.

Mamaison Hotel Andrassy Budapest. One of the most exclusive Budapest boutique hotels is conveniently close to the city's business, governmental and tourist districts. Uniquely designed in Bauhaus style, it offers superior accommodation in 68 rooms and genuine service.

The existing hotels show that the Group cutting-edge facilities, in conjunction with an experienced and quality operator, are easily able to compete in this segment within CEE region. Building the Clarion brand and reconstruction of regional hotels into modern multipurpose hotels has resulted into positive feedback from hotels' visitors and has increased the hotels occupancy. In December 2014, the Group completed renovation of Clarion hotel in Northern Bohemia which offers an extended modern restaurant and large congress facility.

Hotel portfolio is financed by bank loans of EUR 119 million as of 31 December 2014 (31 Dec 2013: EUR 70 million), out of which EUR 35 million represents loans acquired with new Mamaison hotels.

INDUSTRY AND LOGISTICS

Key Figures – December 2014

95.5	%	17	
Occupancy		Number of properties	
12	MEUR	139	MEUR
Pro forma rental income 2014 *		Carrying value	
263 thousand	sqm	6.1	%
Gross lettable area		FFO ratio on Property portfolio	

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

Logistics is the most recent class of assets in which CPI started to invest and in which the Group will continue to expand. The portfolio grew thanks to a Logistics Park acquired in Hungary in the first half of 2013. The Group currently owns about 263,000 sqm of rental space and manages 17 objects used for light industrial production, including the Autologistics Park Lozorno in Slovakia, the Continental Logistics Park in the Czech Republic, commercial premises in Berlin as well as the Airport City Logistics Park in Hungary.

INDUSTRY AND LOGISTICS 2014	No of properties	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2014*	Rent per sqm	WAULT	Outstanding financing
		MEUR	%	th. sqm	%	MEUR	EUR		MEUR
Slovakia	1	84	61%	119	98.0%	6	4.6	2.7	40
Czech Republic	12	38	27%	65	88.9%	3	4.7	3.7	19
Hungary	3	16	12%	27	92.1%	2	5.1	3.2	7
Germany	1	1	0%	52	100.0%	1	2.5	0.5	0
THE GROUP	17	139	100%	263	95.5%	12	4.2	2.8	66

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

INDUSTRY AND LOGISTICS 2013	No of properties	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2013	Rent per sqm	WAULT	Outstanding financing
		MEUR	%	th. sqm	%	MEUR	EUR		MEUR
Slovakia	1	84	61%	118	93.7%	6	4.9	3.5	44
Czech Republic	12	36	26%	67	89.3%	3	4.8	4.7	20
Hungary	3	18	13%	27	95.3%	1	5.3	3.5	6
THE GROUP	16	138	100%	212	92.5%	10	4.9	3.9	70

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

The Group succeeded to extend the lease contracts with several tenants in Airport City Logistics Park and the Autologistics Park Lozorno. The portfolio keeps relatively high occupancy at 95.5% which is by 3 p.p. higher than the 92.5% achieved in December 2013.

Portfolio is financed by bank loans and leasing of EUR 58 million and EUR 8 million, respectively as of 31 December 2014, (31 Dec 2013: EUR 62 million and EUR 8 million, respectively).

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HOSPITALITY

Key Figures – December 2014

6	74 MEUR
Number of properties	Carrying value
70.0 %	1.370
Average occupancy	Number of beds

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

The portfolio includes hotels operated by the Group. Within the portfolio of Mamaison hotels acquired in December, 5 hotels in total of MEUR 57 million are still operated by the Group as at 31 December 2014.

The Group also operated the Courtyard by Marriott Budapest City Center hotel, acquired in June 2013. It is located at the heart of Budapest, only a few minutes away from the Rudas Thermal Bath, Buda Castle and Erzsébet Bridge. The hotel which is among the newest hospitality offerings of the Hungarian capital, having opened in 2010, has 235 bedrooms and is a part of the Europeum Shopping Centre.

HOSPITALITY 2014	No of properties	Carrying value	Carrying value	Number of beds	Pro forma hotel revenues 2014*	Pro forma net hotel income 2014*	Average occupancy	Average daily rate	Outstanding financing
		MEUR	%		MEUR	MEUR	%	EUR	MEUR
Hungary	1	17	23%	468	4	1	71.8%	52.6	18
Poland	2	17	22%	348	0	0	57.0%	77.0	10
Czech Republic	1	14	19%	322	0	0	70.0%	61.0	11
Russia	1	26	36%	168	0	0	70.0%	202.0	0
Slovakia	1	0.1	0%	64	0	0	90.0%	56.0	5
THE GROUP	6	74	100%	1,370	4	1	70.0%	74.8	44

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

Acquisition of Mamaison portfolio was finalized in December 2014, no hotel revenues and income from the hotel operation is disclosed in 2014. However, if the Mamaison portfolio was acquired in 1 January 2014 its annual hotel revenues and annual net hotel income would total EUR 13 million and loss of EUR 1 million, respectively.

HOSPITALITY 2013	No of properties	Carrying value	Carrying value	Number of beds	Pro forma hotel revenues 2013	Pro forma net hotel income 2013	Average occupancy	Average daily rate	Outstanding financing
		MEUR	%		MEUR	MEUR	%	EUR	MEUR
Hungary	1	19	100%	468	2	1	66.3%	52.6	17
THE GROUP	1	19	100%	468	2	1	66.3%	52.6	17

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

The most attractive hotels within newly acquired Mamaison portfolio includes:

Spa Hotel Pokrovka Residence Moscow, located in historic downtown is offering some of the most spacious accommodation in the Russian capital. The boutique hotel has 84 bedrooms and is a combination of modern design and warmth, unique amongst the luxury hotels in Moscow.

Marriott Courtyard Hotel Prague, is one of few Prague hotels located in the trendy Vinohrady area close to Prague city centre. Perfect for business travel or a relaxing Prague weekend, the Hotel offers 161 rooms and 4 meeting rooms with 325 square meters of conference space.

Mamaison Hotel Le Regina Hotel Warsaw, a boutique hotel expertly blending historic charm with chic and modern interior design and offers excellent facilities, comfortable surroundings and top-class accommodation in 61 rooms. Set within the historic Mokrowski Palace, the hotel is not far away from the central train station and airport.

Hospitality portfolio is financed by bank loans of EUR 44 million as of 31 December 2014, out of which EUR 26 million represents loans acquired with new Mamaison hotels.

AGRICULTURE

Key Figures – December 2014

111 million	sqm	57	MEUR
Total area		Carrying value	
-1	MEUR	2	MEUR
Net income from agriculture		Revenue from agriculture	

The agriculture portfolio was acquired through acquisition of Spojené Farmy group ("Farmy") which is one of the largest owners of farmland and producer of high-quality organic food in the Czech Republic. The portfolio includes above 11,000 hectares of land in total value of EUR 45 million and production farms and equipment used for agriculture production of EUR 12 million. In addition to own portfolio, Farmy operates 9,000 hectares of land hired outside the Group. Farmy produces high-quality organic beef, chicken and lamb with various certifications (kosher, halal and bio) and supplies international retail chains, restaurants, hotels and independent retailers under the brand of BIO FARMA. The expansion into agricultural business was an important move for the Group, as farmland is seen as one of the safest investments in real estate and with a high potential for growth in value. Additional investments in the expansion of Farmy are pre-contracted in the following two years with the approximate value of EUR 20 million and secured by the Company's corporate guarantee.

Agriculture	Total Area th. sqm	Carrying value MEUR	Property value (%)	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture MEUR	Outstanding financing MEUR
Czech Republic	111,401	57	100%	1	1	-1	4
CPI PROPERTY GROUP	111,401	57	100%	1	1	-1	4

The agriculture business receive state subsidies, which are provided by State Agricultural Intervention Fund in order to support agriculture from European Union funds. Subsidies are received on the annual basis and total EUR 8 million p.a. Acquisition of Farmy was finalized in November 2014, therefore only 2 months revenues and net income are disclosed in 2014. Annual revenue from agriculture, including subsidies is EUR 15 million, net income is EUR 5 million.

CPI Property Group
Meteor Centre Office Park , Prague

DEVELOPMENT

Key Figures – December 2014

38 thousand sqm	47 MEUR
Potential gross leasable area	Development for rental
38 thousand sqm	83 MEUR
Potential gross saleable area	Development for sale

The Group views development as a mean of increasing the value of land or other assets by new construction. These assets will remain in the Group's portfolio as a yielding property or are planned for future sale.

DEVELOPMENT 2014	No of properties	Potential GLA th. sqm	Potential GSA th. sqm	Development for rental MEUR	Development for sale MEUR	Development for rental %	Development for sale %	Remaining development costs MEUR
Czech Republic	12	38	5	47	8	100%	10%	24
France	1	0	4	0	69	0%	83%	1
Italy	1	0	29	0	6	0%	7%	10
THE GROUP	14	38	38	47	83	100%	100%	35

Development projects are financed from external financing sources as well as through internal financing as summarised in the overview below:

DEVELOPMENT FINANCING 2014	Bank loans MEUR	Other external financing MEUR	Internal financing MEUR	Total MEUR
Czech Republic	25	0	16	41
France	33	0	39	72
THE GROUP	58	0	55	115

DEVELOPMENT 2013	No of properties	Potential GLA th. sqm	Potential GSA th. sqm	Development for rental MEUR	Development for sale MEUR	Development for rental %	Development for sale %	Remaining development costs MEUR
Czech Republic	11	114	77	85	9	100%	9%	77
France	1	0	6	0	87	0%	88%	17
Germany	1	0	2	0	3	0%	3%	2
THE GROUP	13	114	85	85	99	100%	100%	96

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

DEVELOPMENT FINANCING 2013	Bank loans MEUR	Other external financing MEUR	Internal financing MEUR	Total MEUR
Czech Republic	15	1	55	71
France	58	0	48	106
THE GROUP	73	1	103	177

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

The biggest focus is on the completion of current development projects which mainly include reconstruction of the residential complex Palais Maeterlinck in France, reconstruction of unique historical building in Prague and new project in Italy.

QUADRIO multifunctional business complex, located in the centre of Prague, represented the largest development project of the Group. The business complex includes a four floor shopping mall at total lettable area of 8,500 sqm; A class office lettable space of 16,400 sqm and 13 residential units. The shopping mall and office premises were finished in October 2013 and became a part of retail and office portfolio. The outstanding development of EUR 5.4 million represents the residential units which are intended for sale to outside clients. The apartments ranging from small up to large and luxurious and selling prices range from 100 to 150 thousand CZK per sqm. Considering the pre-sale agreements at the end of December 2014, there is only 1 apartment available for sale.

Palais Maeterlinck represents the first foreign development project of the Group. This former home of Belgian poet Maurice Maeterlinck is located on the Cote d'Azur which is one of the most popular locations on the French Riviera. The total area comprised about 6,000 sqm of residential area and 3 hectares of land. Reconstruction enabled the creation of luxurious apartments, which are intended for sale. The project was substantially finished in 2014 and four apartments were sold to the clients before the year end. Outstanding apartments which are subject to the interior customisation to each client's specifications should be finished by spring 2015.

In 2013, the Group started a unique development project for the future use of historically valuable building in the centre of Prague (Živnobanka). Once refurbished, the building will be opened to the public and will offer to Prague several exhibition spaces for a total area of 3,500 sqm that will be one of the largest exhibition dedicated to glass and utility design. The concept will also include a café and a restaurant, thematic programs for families, and also boutiques, showrooms and offices. The public areas will be complemented by retail spaces with glass, light and design and a wide variety of events and educational programs. Development finalization is planned at the end of 2016.

In autumn 2014 the Group acquired luxury residential development project in Sardinia, Italy. The project Case Bianche will offer 15 detached luxury villas each with private access and swimming pool in a dominant panoramic position. The project is situated in the meditteranean scrub on an area of more than 30.000 sqm near Porto Cervo, one of the prime resorts of Sardinia and the whole Mediterranean. The project contains plots with building permits and all rights connected to the land. The villas to be constructed are planned to be sold to outside clients. The acquisition price was EUR 5.6 million, with further investments at the level of EUR 10 million. The Group will seek project bank financing to cover a part of the costs.

The development project Meteor Centre Office Park – building C, located in Prague, will offer above 5,000 sqm of office and commercial space and an enjoyable terrace. The Meteor project is of great interest, mainly due to its excellent location, excellent technical quality and modern design. Completion is scheduled in spring 2015.


CPI Property Group
CPI Park, Žďárek
CPI
Property
Group

LAND BANK

Key Figures – December 2014

18 million	sqm	236	MEUR
Total area		Carrying value	

LAND BANK 2014	Total area	Area with zoning	Area without zoning	Carrying value	Carrying value	Outstanding financing
	th. sqm	th. sqm	th. sqm	MEUR	%	MEUR
Czech Republic	17,418	1,113	16,305	163	69%	2
Hungary	186	186	0	47	20%	6
Romania	302	268	34	17	7%	0
Germany	20	20	0	6	3%	0
Poland	25	0	25	3	1%	0
THE GROUP	17,951	1,587	16,364	236	100%	8

LAND BANK 2013	Total area	Area with zoning	Area without zoning	Carrying value	Carrying value	Outstanding financing
	th. sqm	th. sqm	th. sqm	MEUR	%	MEUR
Czech Republic	17,414	995	16,419	210	73%	42
Hungary	164	164	0	49	17%	12
Romania	302	268	34	20	7%	0
Germany	20	20	0	5	2%	0
Poland	115	90	25	4	1%	0
THE GROUP	18,015	1,537	16,478	288	100%	54

as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013

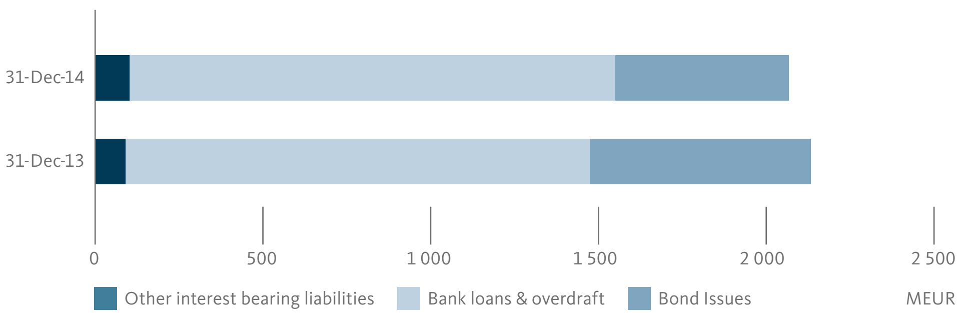
Land bank is comprised of extensive portfolio of land plots throughout the Czech Republic and Slovakia, as well as in Hungary, Poland, Romania and Germany. Plots are often in attractive locations, either separate or adjacent to existing commercial buildings or in the city centre and their value continues to increase with the growth of surrounding infrastructure. Out of the total plots area, approximately 8% are with zoning which is comparable to December 2013.

CPI Property Group
Business Center 99. 1-2, Hungary

FINANCING

The external financing total EUR 2,086 million as at 31 December 2014 (31 Dec 2013: EUR 2,133 million) of which financial debts represents EUR 1,546 million (31 Dec 2013: EUR 1,483 million) and issued bonds represents EUR 540 million (31 Dec 2013: MEUR 650). Net interest expenses total EUR 66 million (2013: EUR 53 million). The structure of external financing did not change significantly compared to 31 December 2013 as bank loans and bonds represent 96% of the Group's financing (31 Dec 2013: 96%).

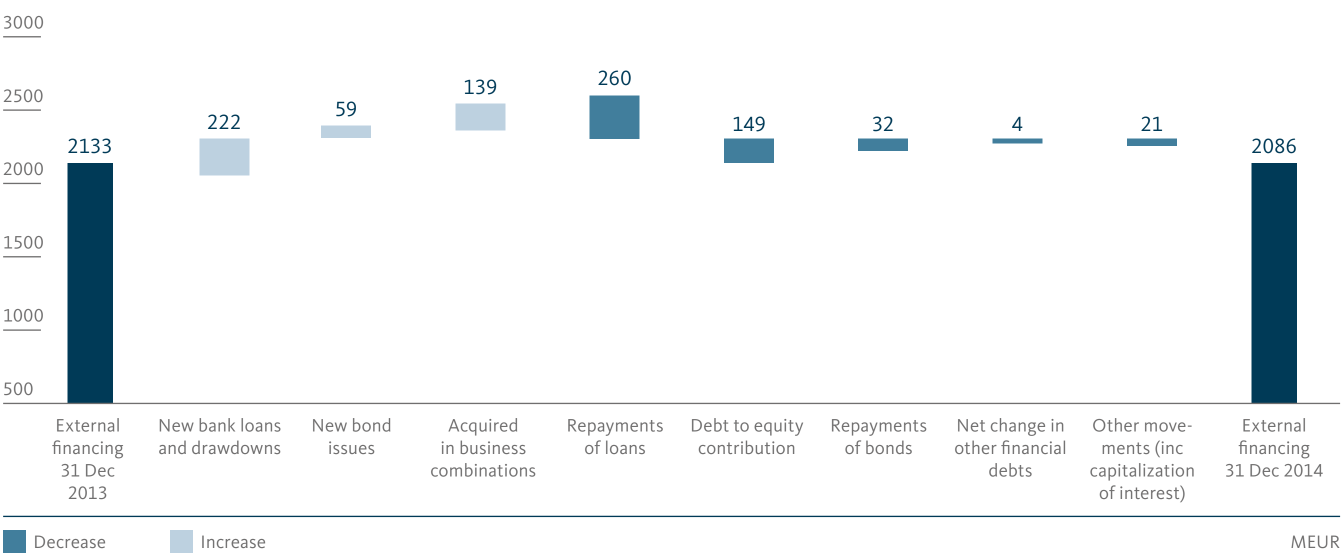
Structure of external financing



Other interest bearing liabilities include other than bank financing, leasing and bills of exchange in total of EUR 90 million (31 Dec 2013: EUR 78 million).

Similar to the previous years, the Group succeed to refinance a number of bank loans and leasing, especially those financing the retail portfolio. Almost all refinanced loans are due within 5 years. In addition to refinancing, new loans of MEUR 62 million were drawn to finance development needs and future investments.

Changes in external financing



Total volume of new financing reach EUR 420 million in 2014, of which EUR 139 million represents financing acquired with new portfolio. New drawings were fully compensated by repayments of EUR 292 million. Moreover, bonds and other financial debts in total value of EUR 149 million decreased as a result of debt to equity contribution.

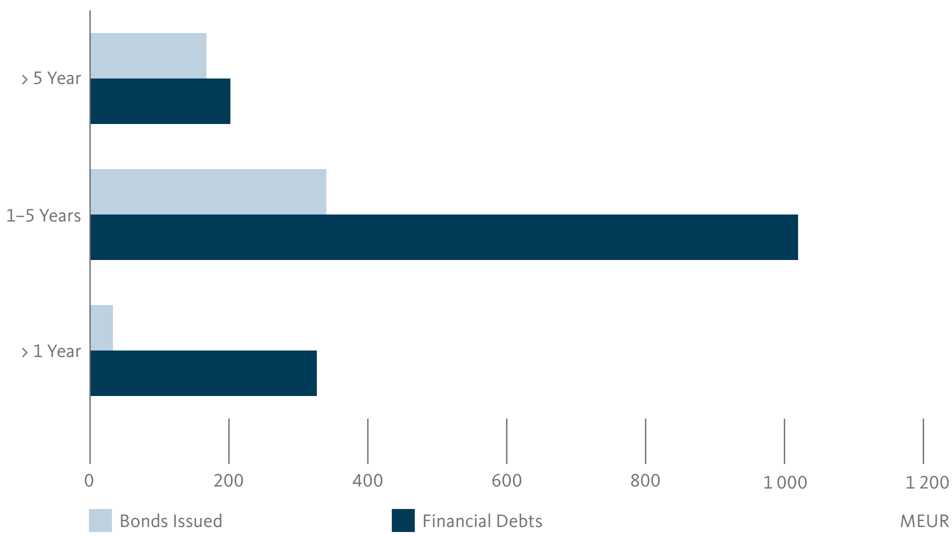
The Group financing strategy focus on establishing the most effective structure of sources of external financing alongside successful management of the property portfolio. Loan to value ratio of 55.7% improved as at 31 December 2014 (31 Dec 2013: 61.5%) as showed in the table below:

Net Debt		31-Dec-2014	Pro forma 31-Dec-13
Financial debts (non-current)	MEUR	1,220	1,262
Financial debts (current)	MEUR	326	221
Bonds issued (non-current)	MEUR	507	629
Bonds issued (current)	MEUR	33	21
Cash and cash equivalents	MEUR	-108	-161
Net debt	MEUR	1,978	1,972
Property Portfolio	MEUR	3,553	3,203
Loan to value ratio in %	%	**55.7%**	**61.5%**

Most of the proceeds raised with the capital increases in 2014 have been used in the investments and financing of new projects. New investments financed from capital, together with the debt to equity contribution of EUR 149 million were the major drivers which improved the loan to value ratio.

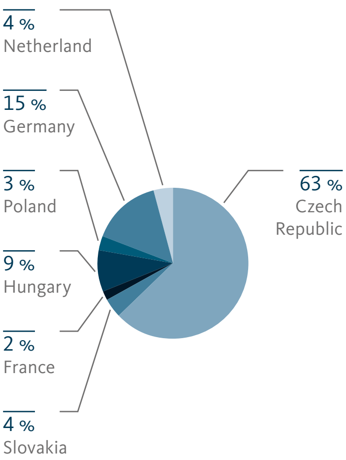
The maturity profile of the Group's external financing, as at 31 December 2014 is showed in the chart below:

Maturity profile of external financing



82% of the outstanding balance of external financing is due within 5 years. This is substantially driven by the maturity of financial debts of which 87% is payable within 5 years. Similarly 69% of the bonds will mature within 5 years.

Outstanding bank loans and bonds by location



The Group benefits from long-term business relationships with a number of banks in the Czech Republic, Germany, France, Hungary and other CEE countries. With this diversification, the Group is not dependent on the actions of individual lenders and has access to a wide variety of financing sources.

Netherland financing share of 4% represents bonds issued by the financing group entity based in Netherland. Out of the 63% share of Czech Republic, 36% represent bonds financing which include project and corporate bonds of EUR 451 million.

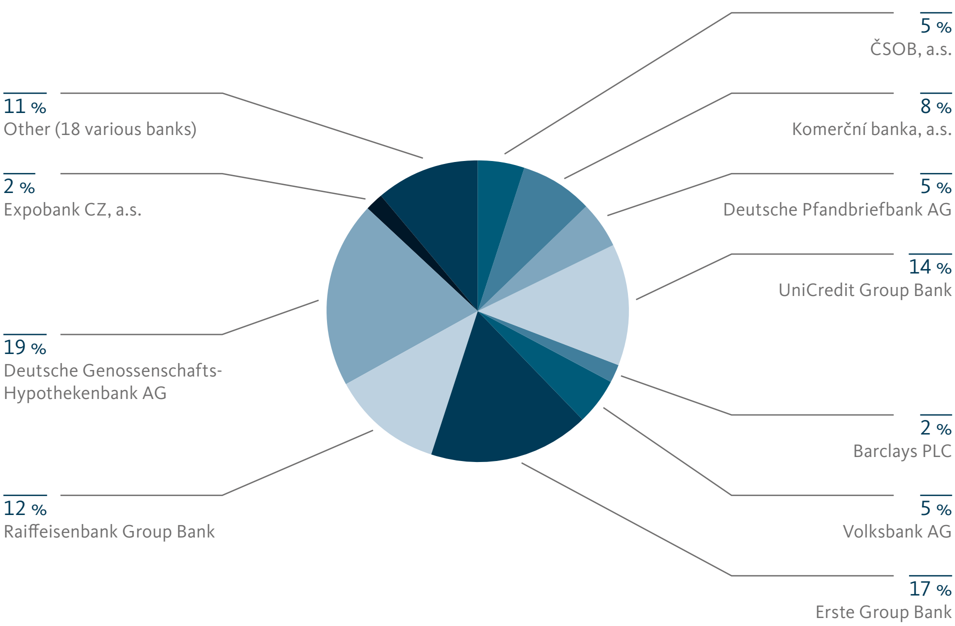
Bank loans

Significant part of the interest-bearing liabilities represents bank loans. Bank loans balance, including bank overdrafts total EUR 1,456 million as at 31 December 2014 and compared to pro forma 31 December 2013 increased by EUR 52 million. The main reason of increase were as follows

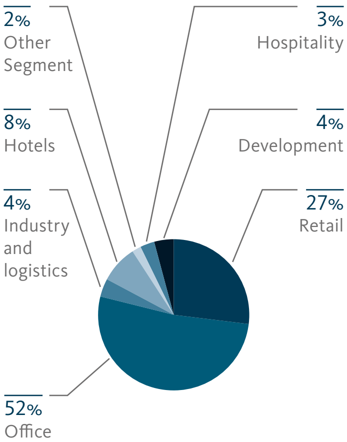
- loans acquired with new portfolio in total value EUR 104 million;
- new loans drawn in 2014 of EUR 222 million;
- loans repaid in 2014 of EUR 260 million.

A ratio of loans drawn in Czech crowns against loans drawn in Euro is 29:71 as at 31 December 2014 (31 Dec 2013: 37:63), change in the currency ratio structure resulted from acquisition of hospitality and hotels loans which are denominated in Euro. EUR 1,096 million which represents 75% of outstanding bank loan balance is drawn from 6 financing bank groups; in total the Group cooperate with 27 banks.

Bank loans by bank groups



Bank loans
by segments



The Group focuses on the secured financing; therefore majority of bank loans is drawn by the companies within the Group, which held the respective real estate property. Unsecured financing is limited to bank overdrafts mainly in the Group's service entities.

Interest rate fluctuation could have significant impact on the Group's profit. The Group has therefore entered into interest rate swap contracts to hedge against an interest rate fluctuation. Total notional amount of derivatives total EUR 793 million (31 Dec 2013: EUR 677 million). The fair value of the derivatives open position is negative of EUR 21 million (31 Dec 2013: EUR 8 million), an increase resulted from new interest rate swaps concluded in 2014.

Within the outstanding bank loans balance, 57% bears variable interest but is hedged by derivatives, 38% bears variable interest and 5% bears a fixed interest. Bank loans bears an interest of EUR 45 million in 2014 (2013: EUR 42 million). Effective costs of financing are 3.14% (2013: 3.75%).

Bonds

Bonds represents significant additional source of the Group's financing. Bond balance total EUR 540 million as at 31 December 2014 (31 Dec 2013: EUR 650 million) and comprise of project bonds of EUR 163 million (31 Dec 2013: EUR 120 million) and corporate bonds of EUR 377 million (31 Dec 2013: EUR 530 million).

In 2014 the Group issued following new bonds denominated in Czech crowns:

- project bonds in total nominal value of EUR 41 million with a maturity in April 2019, bearing a fixed interest of 5 % p.a. Bonds were used to refinance the retail portfolio and to finance other project of the Group.
- project bonds in total nominal value of EUR 18 million with a maturity in May 2019, bearing a fixed interest of 4.8 % p.a. Bonds were used for refinancing the residential portfolio in Czech Republic.

Moreover, Czech crown bonds in total nominal value of EUR 2.9 million with a maturity in December 2022 were acquired as a part of Agriculture portfolio. On the other hand, the bonds of EUR 8 million which were owned by the Group at 31 December 2013 were sold to the external holders. Interest of EUR 8 million was accrued as at 31 December 2014.

Bonds bears an interest in of EUR 39 million in 2014 (2013: EUR 31 million). Effective costs of financing are 5.80% (2013: 5.81%).

More than half of the bonds outstanding balance (EUR 307 million; 57%) provide unsecured financing mainly at CPI level, while remaining part represents bonds which are secured by mortgage. Unsecured bonds are generally used as source of financing for current and future investment activities.

The significant volume of issued bonds (43% of the nominal balance) is held by other companies within the Group which provide certain level of flexibility of financing the investment activities. The volume of bonds held by other Group's companies increased as a result of debt to equity swap in total of EUR 135 million.

A ratio of bonds issued in Czech crowns against bonds issued in Euro is 79:21 as at 31 December 2014 (31 Dec 2013: 76:23).

Bonds with outstanding balance of EUR 313 million; (58%) were registered for trading on the Prague Stock Exchange. Certain bonds are subject of covenants, which were all met as at 31 December 2014.

Financial leases and other loans

The Group used finance lease as other option of financing its property portfolio mainly in retail segment. Finance lease liability balance total EUR 20 million (31 Dec 2013: EUR 35 million). Decrease in balance by 43% primarily reflect acquisition of leasing company (lessors) in 2014. Financial leasing bears a variable interest in of EUR 1 million in 2014 (2013: EUR 2 million). Effective costs of financing are 2.73% (2013: 5.81%).

Other loans total EUR 36 million as at 31 December 2014 (31 Dec 2013: EUR 23 million). Other loans bears a fixed interest in of EUR 5 million in 2014 (2013: EUR 7 million) and effective costs of financing varied from 2.73% to 5.39% (2013: from 2.78% to 7.24%).

CPI Property Group
Palais Maeterlinck, Nice

CPI
Property
Group

RESULTS AND NET ASSETS

Pro forma income statements

Pro forma income statement represents the Group's income and expenses as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2013.

Pro forma income statement for the periods ended 31 December 2014 and 31 December 2013 is as follows:

	Pro forma	Pro forma
MEUR	31-Dec-14	31-Dec-13
Gross rental revenue	**203**	**173**
Net service revenue	14	11
Property operating expenses	-30	-33
Net rental income	**187**	**151**
Development sales	46	2
Cost of goods sold	-44	-2
Net development income	**2**	**0**
Hotel revenue	4	2
Cost of goods sold	0	0
Hotel operating expenses	-3	-1
Net hotel income	**1**	**1**
Revenues from other business operations (activities)	2	0
Cost of goods sold	-1	0
Related operating revenues	-2	0
Net income from other business operations (activities)	**-1**	**0**
Total revenues	**269**	**188**
Total direct business operating expenses	**-80**	**-36**
Net business income	**189**	**152**
Net valuation gain or loss on investment property	108	28
Net gain or loss on disposal of investment property	-2	-2
Net gain or loss on disposal of subsidiaries	4	0
Amortization, depreciation and impairments	-5	-3
Other operating income	4	9
Administrative expenses	-32	-22
Other operating expenses	-9	-5
Operating result	**257**	**157**
Interest income	23	30
Interest expense	-89	-83
Other net financial result	-3	19
Net finance income / (costs)	**-69**	**-34**
Profit / (Loss) before income tax	**188**	**123**
Income tax expense	-53	-16
Net profit / (Loss) for the period	**135**	**107**

Net rental income

Net rental income grew significantly by 24% to EUR 187 million in 2014 (2013: EUR 151 million). The positive development in net rental income was driven mainly by significant increase in gross rental income. This substantial increase is generally attributable to acquisitions performed by the Group over the last 12 months that were not contributing to the revenues in 2013, of which EUR 28 million resulted from acquisition performed in the second half of 2013 and EUR 3 million is attributable to 2014 acquisitions. Property operating expenses were positively influenced by year-on-year decline in repairs and maintenance costs of EUR 4 million related mainly to residential portfolio.

Net development income

Net development income resulted from sale of residential apartments mainly in France (sales proceeds of EUR 35 million and a profit of EUR 2 million).

Net business income

The net business income strongly improved from EUR 152 million to EUR 189 million which corresponds with the improved result from rental activities.

Net valuation gain on investment property

Net valuation gain of EUR 108 million resulted from revaluation of the property portfolio. Significant valuation gain was realized on Czech office and retail portfolio in total of EUR 53 million which was mostly influenced by finished development of multifunctional complex Quadrio. Berlin portfolio value increased by EUR 95 million which was driven by the improved assumptions (mainly on ERV and yields) retained by the independent expert on the rental Berlin market. On the other hand, significant valuation losses were realized on Land bank, Office and Retail portfolio in Hungary (EUR 31 million), Romania (EUR 3 million), Slovakia (EUR 2 million) and Poland (EUR 2 million).

Amortization, depreciation and impairments

Amortization, depreciation and impairments in 2014 represent mainly depreciation of EUR 3 million.

Administrative expenses

Administrative expenses increased by 45% to EUR 32 million in 2014 (2013: EUR 22 million). The exceptional management termination costs of EUR 3 million, of which EUR 2 million paid in kind, was the main contributor to that increase. The Group expects major savings related to on-going management benefits in the future. After elimination of this one-off impact the increase in administrative expenses corresponds mainly to the integration of the Ablon activities in Hungary and ongoing expanding of the Group.

Net finance income / costs

Total net finance result dropped in 2014 from net loss of EUR 34 million in 2013 to net loss of EUR 69 million in 2014. An increase in interest expenses of EUR 6 million reflecting mainly additional costs of financing in respect of the Group's property portfolio extension was further followed by a decrease in interest income of EUR 7 million, reflecting repayment of provided loans in 2013.

The other net financial results also significantly decreased to a loss of EUR 3 million in 2014 compared to profit of EUR 19 million in 2013. In 2014 the Group recognized EUR 17 million gain on acquisition and further resale of discounted receivables as follows: a gain of EUR 9 million was realized on receivables acquired from two bank creditors of Suncani Hvar and subsequently sold for a price equalled to the nominal value; and a profit of EUR 8 million was recognized on acquisition and resale of discounted bank loans in the Czech Republic. The profit on receivables transactions was partially offset by loss on the revaluation of derivatives of EUR 7 million, loss on sale of bonds of EUR 2 million and expenses on financial advisory services of EUR 3 million. In 2013, net finance profit was significantly driven by non-recurring profit of EUR 14 million resulting from purchase of receivables with discount and subsequent collection of the nominal amount. Gain on revaluation of derivatives of EUR 8 million also had favourable impact on 2013 net finance result.

Income tax expense

Taxes increased along with the fair value increase of property portfolio.

Funds from operations (FFO)

Over 2014 the Group generated EUR 82 million Funds from operations (FFO), as follows:

Funds from operations (FFO)		Pro forma 31-Dec-14	Pro forma 31-Dec-13
Net profit for the period	**MEUR**	**135**	**107**
Deferred income tax	MEUR	44	14
Net valuation gain or loss on investment property	MEUR	-108	-28
Net valuation gain or loss on revaluation of derivatives	MEUR	7	-7
Net gain or loss on disposal of assets	MEUR	-2	2
Amortization, depreciation and impairments	MEUR	5	3
Other non-recurring items	MEUR	1	-26
Funds from operations (FFO)	**MEUR**	**82**	**65**

Income statement – as reported

The reverse acquisition has been elected by the Group as the most appropriate method to reflect the combination of CPI and the Company under IFRS. The income statement present in the consolidated financial statements reflect 12 months of business activities of CPI and 6 months of business activities of the Company. The comparative information disclose 12 months of business activities of CPI only.

Reported income statement for the year 2014 is as follows:

MEUR	Reported 31-Dec-14	Reported 31-Dec-13
Gross rental revenue	**182**	**132**
Net service revenue	10	6
Property operating expenses	-26	-26
Net rental income	**166**	**112**
Development sales	46	2
Cost of goods sold	-44	-2
Net development income	**2**	**0**
Hotel revenue	4	2
Hotel operating expenses	-3	-1
Net hotel income	**1**	**1**
Revenues from other business operations (activities)	2	0
Cost of goods sold	-1	0
Related operating revenues	-2	0
Net income from other business operations (activities)	**-1**	**0**
Total revenues	**244**	**142**
Total direct business operating expenses	**-76**	**-29**
Net business income	**168**	**113**
Net valuation gain or loss on investment property	13	4
Net gain or loss on disposal of investment property	-2	-2
Net gain on disposal of subsidiaries	4	0
Amortization, depreciation and impairments	-5	-2
Other operating income	85	9
Administrative expenses	-26	-15
Other operating expenses	-6	-2
Operating result	231	105
Interest income	22	27
Interest expense	-84	-70
Other net financial result	-12	25
Net finance income / (costs)	**-74**	**-18**
Profit / (Loss) before income tax	**157**	**87**
Income tax expense	-20	-10
Net profit / (Loss) for the period	**137**	**77**

Gross rental revenue increased by 38% mainly due to Group's expansion in 2013 and 2014 including the effect of reverse acquisition of EUR 22 million with the Company in June 2014. Increased income from rental business was the main driver of increase in net business income.

Net valuation gain of EUR 13 million resulted mainly from valuation gain of EUR 53 million realised on Czech office and retail portfolio offset with valuation losses of EUR 38 million realized on Land bank, Office and Retail portfolio in the other CEE countries.

Other operating income represents gain on bargain purchase of EUR 82 million resulted from combination of the Company with CPI.

Administrative expenses increased by 73% to EUR 26 million. The increase in personnel expenses of EUR 3 million, and increased advisory services by EUR 6 million which are in line with ongoing Group's expansion, were the main contributors to that increase.

An increase in interest expenses related to bank financing and bonds and reflects additional costs of extended financing in line with the growing Group's property portfolio.

Balance sheet

Balance sheet as at 31 December 2014 corresponds to annual consolidated financial statements.

Pro forma balance sheet as at 31 December 2013 represent the Group's financial position as if CPI and the Company were combined as of 1 January 2013.

MEUR	31-Dec-14	Pro forma 31-Dec-13
NON-CURRENT ASSETS		
Intangible assets and goodwill	73	52
Investment property	3,373	3,083
Property, plant and equipment	105	28
Biological assets	2	0
Other non-current assets	86	170
Total non-current assets	3,639	3,333
CURRENT ASSETS		
Inventories	85	98
Biological assets	4	0
Trade receivables	47	52
Cash and cash equivalents	108	161
Other current assets	336	175
Total current assets	580	486
TOTAL ASSETS	**4,219**	**3,819**
EQUITY		
Equity attributable to owners of the Company	1,552	1,197
Non controlling interests	7	3
Total equity	1,559	1,200
NON-CURRENT LIABILITIES		
Bonds issued	507	629
Financial debts	1,220	1,262
Deferred tax liabilities	385	331
Other non-current liabilities	57	35
Total non-current liabilities	2,169	2,257
CURRENT LIABILITIES		
Bonds issued	33	21
Financial debts	326	221
Trade payables	32	33
Other current liabilities	100	87
Total current liabilities	491	362
TOTAL EQUITY AND LIABILITIES	**4,219**	**3,819**

Total assets and total liabilities

Total assets increased by EUR 400 million (11%) to EUR 4,219 million as at 31 December 2014. The increase is primarily connected with increase in property portfolio which rose by EUR 350 million. Decrease of other non-current assets of EUR 84 million and increase in other current assets of EUR 161 million resulted mainly from changed disclosure of loans provided to related parties which are now due within one year.

Non- current and current liabilities total EUR 2,660 million as at 31 December 2014 which compared to EUR 2,619 million as at 31 December 2013 represents only slight increase by 1.6%.

Equity (Net assets value)

Net assets value – NAV (total equity including non-controlling interest) total EUR 1,559 million as at 31 December 2014 and compared to 31 December 2013 rose by 30%. Alongside the result for the period, the change was also driven by capital increases of EUR 231 million.

Net Asset Value		31-Dec-14
Equity per the financial statements (NAV)	**MEUR**	**1,552**
Effect of exercise of options, convertibles and other equity interests	MEUR	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	MEUR	1,552
Revaluation of trading property and PPE	MEUR	32
Fair value of financial instruments	MEUR	21
Deferred tax	MEUR	378
Goodwill	MEUR	-43
EPRA NAV	**MEUR**	**1,940**

OUTLOOK

The real estate market is regaining its confidence and is attractive again for a number of investors. Nevertheless, we should not be overly optimistic, because long-term stability and growth is still to be created. More so than previously, the European market depends on the monetary policy of the European Central Bank and central banks of individual countries. The policy of low interest rates and quantitative easing seems to have had an important impact on the continued reduction of both yields as well as the costs of funds. The Group will closely monitor the data and trends from the market and will take advantage from potential opportunities.

In the coming years, the Group plans to grow further through acquisitions. However, we will be selective in acquiring projects and to look for added value and long-term sustainability as we have a long investment horizon. We will also seek new sources of financing on both the international and domestic capital markets as well as through project bank financing. Within our existing portfolio we see the potential for growth, particularly through the increase in occupancy. Development remains important, although it is not the main area of our business. We will continue to develop commercial properties to hold, where there is no opportunity to acquire a comparable product and utilize our land bank for residential development.

CPI Property Group
“Živnostenská” Bank, Prague

CORPORATE GOVERNANCE

Principles

Good corporate governance improves transparency and the quality of reporting, enables effective management control, safeguards shareholder interests and serves as an important tool to build corporate culture. The Company is dedicated to acting in the best interests of its shareholders and stakeholders.

The Company is committed to continually and progressively implement industry best practices with respect to corporate governance and has been adjusting and improving its internal practices in order to meet evolving standards. The Company aims to communicate regularly with its shareholders and stakeholders regarding corporate governance and to provide regular updates on its website.

The Company follows the Ten Principles and their Recommendations of the Luxembourg Stock Exchange as a reference for its Corporate Governance Rules.

Description of internal controls relative to financial information processing.

The Company has organized the management of internal control by defining control environment, identifying the main risks to which it is exposed together with the level of control of these risks, and strengthening the reliability of the financial reporting and communication process.

There is a limited and defined scope of power of attorneys granted.

A senior internal auditor from CPI team has been involved since the CPI contribution with the aim to strengthen the internal audit process of the Group.

For the annual closure, the Company's executive management members indicate any transactions they have carried out with the Company as “Related parties”.

The Audit Committee and the Remuneration and Related Party Transaction Committee have a specific duties in terms of internal control.

Management

On 18 March 2014, the new Board of Directors decided to implement changes in the management structure by terminating the executive contracts of Jean-François Ott, Nicolas Tommasini and Brad Taylor, and agreeing to comply with their termination packages. The Board has appointed Martin Němeček as CEO and Managing Director, Edward Hughes as Chairman of the Board, and Tomáš Salajka as Deputy CEO and Secretary of the Board of Directors.

In July 2014, the Board of Directors decided to implement further changes in the management structure of the Group, notably integrating top managers of CPI and the Company into one management team, with the effective date as of 1 August 2014. Mr. Martin Němeček remains in the position of CEO. Mr. Tomáš Salajka previously Deputy CEO became Director of Asset Management and Sales. Mr. Zdeněk Havelka has been appointed Executive Director.

In November 2014 the Company and Mr. Yves Désiront announced that they mutually agreed to terminate their collaboration. Mr. Désiront's position of Group CFO was terminated with immediate effect. The role of the CFO was taken over by Mr. Pavel Mechura.

The members of the management as of 31 December 2014 are:

Martin Němeček
CEO

Mr. Martin Němeček, CEO, was appointed in March 2014. Martin has recently led the integration of CPI and CPI PROPERTY GROUP. Before joining CPI PROPERTY GROUP, Martin was the Deputy CEO of CPI, where he was responsible for the real estate acquisitions and had managed transactions with total values over EUR 1.5 billion, including the foreign expansions. Martin also oversaw the bank project financing and legal affairs of CPI. From 2001 to 2011, he worked for Salans (today Dentons), Linklaters and Kinstellar law firms. He graduated from the Faculty of Law of the Charles University in Prague and from the University of Economics, Prague.

Zdeněk Havelka
Executive Director

Mr. Zdeněk Havelka, Executive Director, was appointed in June 2014. Before joining CPI PROPERTY GROUP, Zdeněk led CPI as CEO. He joined the CPI in 2002 as a senior accountant. Later, he was appointed CFO. In 2005, he was appointed CEO and his direct subordinates were directors of departments of internal audit, development, asset management, acquisitions, property management and operations. He attended the milestones the most important for the growth of CPI that has already expanded beyond the Czech Republic borders. Zdeněk is a graduate of the Faculty of Agriculture, University of South Bohemia in České Budějovice.

Tomáš Salajka
Director of Asset Management & Sales and Member of the Board
Mr. Tomáš Salajka, Director of Asset Management & Sales, was appointed in June 2014. Before joining CPI Property Group, Tomas was at a position of CEO of Orco Property Group and also was working over the last 10 years for GE Real Estate Germany/CEE where his latest position was the Head of Asset Management & Sales CEE and before that for CSOB in the Restructuring Department. He studied foreign trade at University of Economics in Prague.

Pavel Semrád
Director of Asset Management CZ and SK
Mr. Pavel Semrád, Director of Asset Management CZ and SK, was appointed in June 2014. Before joining CPI PROPERTY GROUP, Pavel was working for CPI as the Director of Asset Management. He strengthened the CPI in 2002 as a project manager, in 2005, he was appointed the Director of the Development Department, and subsequently he took up his post as the Property Management Director. Pavel graduated from the Faculty of Finance and Accounting, University of Economics in Prague.

Pavel Měchura
CFO
Mr. Pavel Měchura, CFO, was appointed in June 2014. Before joining CPI PROPERTY GROUP, Pavel was working almost 4 years for CPI, at first as the IFRS specialist, two years later, he became manager of IFRS and analysis. In May 2014 he was appointed CFO and was responsible for the entire real estate accounting groups of CPI. Pavel gained many years of experience at KPMG where he was responsible for leading audit engagements of large companies, mainly from the automotive, real estate and petrochemical industries. Pavel graduated from the Faculty of Economics, Technical University of Liberec.

Pavel Menšík
Director of Investments
Mr. Pavel Menšík was appointed Director of Investments in March 2014. Pavel has a 10 years' experience within ORCO PROPERTY GROUP where he recently was the Senior Manager in Transactions and Finance, overseeing bank financing and transactions of sales and purchase of assets in real estate business. Between 2004 - 2009, he worked in ORCO as the Head of Group Project Finance, responsible for project finance, asset and share transactions, cash management and treasury. Before that, from 2002 to 2004, he was the Corporate Relationships Manager in ČSOB Bank (KBC Group). Pavel holds master's degree in foreign trade and finance at University of Economics in Prague, and has had a foreign internship experience from that time at First Republic Bank, San Francisco, US.

Igor Klajmon
Director of Development
Mr. Igor Klajmon, Director of Development, was appointed in June 2014. Before joining CPI PROPERTY GROUP, Igor was working as the Director of Development for CPI. His most significant projects include the QUADRIO, a multifunctional complex in the centre of Prague, and the Palais Maeterlinck, a luxury residential housing project in the French resort of Nice. He has many years of experience in working on large commercial and residential projects in Central Europe, United Kingdom and Brazil. Igor is a graduate of the Technical University in Brno, then he studied at the Mackenzie University in Sao Paolo (Brazil), and at the London Business School (UK).

Martin Stibor
Director of Property Management
Mr. Martin Stibor, Director of Property Management, was appointed in June 2014. Previously he has been working for the CPI, being responsible for technical, administrative and operating management of all properties of the CPI portfolio. He has gained valuable experience during his mission in the top management at the EMCM. Martin graduated from the Technical University in Brno.

Štěpán Rázga
Chief Operations Officer
Mr. Štěpán Rázga, Chief Operations Officer, was appointed in June 2014. Before joining the CPI PROPERTY GROUP, Štěpán was working for CPI, at first as the financial analyst, and later he held the position of a divisional manager. In 2013, he was appointed the Chief Operating Officer. In past, he worked as a financial manager, and subsequently in the controlling of the Czech-Slovak investment group. He graduated from the University of Economics in Prague, Faculty of Business Administration.

Board of Directors

The Company is administered and supervised by the Board of Directors. The Board of Directors represents the collective shareholders and acts in the best interests of the Company. The Board of Directors meetings are held as often as deemed necessary or appropriate at the request of the Chairman. All members, and in particular the independent and non-executive members, are guided by the interests of the Company and its business, such interests including but not limited to the interests of the Company's shareholders and employees.

The members of the Board of Directors are elected by the general meeting of shareholders for a period not exceeding six years. They are eligible for re-election and May be removed at any time, by a resolution adopted by a simple majority of votes of the general meeting of shareholders. The Directors May be either natural persons or legal entities. In the event of a vacancy on the Board of Directors, the remaining members May co-opt a new member. The Board of Directors has the following tasks and competencies, without such list being exhaustive:

- Setting the objectives and management policies of the Company;
- Preparing the annual operating and financing plans;
- Managing the Company's business affairs and performing all the acts and operations relating to the corporate purpose that do not fall within the duties attributed to other bodies of the Company;
- Representing the Company in or out of court;
- Acquiring, selling real estate;
- Incorporating companies;
- Adopting resolutions regarding issuance of bonds;
- New shares May be issued pursuant to the authorised share capital.

As at 31 December 2014, the Board of Directors consisted of the following members:

- Edward Hughes, Chairman of the Board
- Philippe Magistretti
- Martin Němeček
- Tomáš Salajka
- Oliver Schlink
- Radovan Vítek

The Board of Directors is comprised of 3 executive members representing the management of the Company: Martin Němeček, CEO; Tomáš Salajka, Director of Asset Management & Sales, and Oliver Schlink, CFO of GSG Berlin; 2 independent, non-executive members: Philippe Magistretti and Edward Hughes; and 1 non-executive member representing shareholders: Radovan Vítek.

During the General Meeting of shareholders of the Company held on 10 March 2014 the following directors were removed: Jean-François Ott, Brad Taylor, Nicolas Tommasini and Aleš Vobruba and the following directors have been appointed: Edward Hughes, Martin Němeček, Jean-François Ott, Tomáš Salajka, Nicolas Tommasini and Radovan Vítek. Edward Hughes was appointed Chairman of the Board of Directors. Mr. Ott and Mr. Tommasini resigned from the Board as of 27 March 2014.

During the General Meeting of shareholders of the Company held on 28 May 2014 the following directors have been appointed: Ian Cash, Philippe Magistretti, and Oliver Schlink. Ian Cash resigned from the Board as of 14 August 2014.

CPI Property Group
“Živnostenská” Bank, Prague


CPI Property Group
Offices In Vladislavova Street, Prague

OTHER REPORTING REQUIREMENTS

Subsequent events

Please refer to Note 11 of the Consolidated Financial Statements as at 31 December 2014.

Financial risks exposure

For detail description of the principal risks and uncertainties, please refer to Note 7 Financial Risk Management of the Consolidated Financial Statements as at 31 December 2014.

Required information

In reference to the information required by paragraphs (a) to (k) of Article 11(1) of the Law of 19 May 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, the Board of Directors states the following elements:

(a) The structure of the capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents:

The share capital of the Company is represented by 3,303,768,300 ordinary shares of one class. 230,056,445 Company shares (app. 7% of the total number of shares) registered under ISIN code LU LU0251710041 are admitted to trading on the regulated market of the Frankfurt Stock Exchange in the General Standard segment. The remaining 3,073,711,855 Company shares (app. 93% of the total number of shares) are currently not listed and not tradeable on a regulated market.

(b) Any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC:

There are no restrictions on the transfer of Company's securities.
230,056,445 Company shares (app. 7% of the total number of shares) registered under ISIN code LU0251710041 are admitted to trading on the regulated market of the Frankfurt Stock Exchange in the General Standard segment. The remaining 3,073,711,855 Company shares (app. 93% of the total number of shares) are currently not listed and not tradeable on a regulated market.

(c) Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC:

Based on the latest shareholders' declarations received as at 31 December 2014, the following table sets out information regarding the ownership of the Company's shares.

Shareholder	Number of shares	Share held
Radovan Vítek and entities controlled by Mr. Vítek	3,044,030,691	92.14%
ORCO PROPERTY GROUP and entities controlled by OPG	159,132,897	4.82%
Others	100,604,712	3.04%
Total	3,303,768,300	100%

(d) The holders of any securities with special control rights and a description of those rights:

None of the Company's principal shareholders has voting rights different from any other holders of the Company's shares. The Company respect the rights of its shareholders and ensure they receive equitable treatment. The Company has established a policy of active communication with the shareholders.

(e) The system of control of any employee share scheme where the control rights are not exercised directly by the employees:

The Company has no employee share scheme.

(f) Any restrictions on voting rights, such as limitation on the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities:

There are no restriction on voting rights.

(g) Any agreements between shareholders which are known to the company and May result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC:

In relationship to mandatory public takeover offer (the „Mandatory Offer") to the shareholders of the Company by Materali, a.s., and according to the related offer document, Materali, a.s. and Deutsche Bank AG entered into non-tender agreements with each of ORCO PROPERTY GROUP, Brillant 1419. GmbH & Co. Verwaltungs KG and Linkskaters Limited (the "Major Shareholders") under which the Major Shareholders have undertaken not to tender a total of 137,464,693 Company shares held by the Major Shareholders into the Mandatory Offer or to exercise their right to tender. Furthermore, in July 2014, Materali, a.s. and Deutsche Bank AG entered into security blockage agreements with each of the Major Shareholders and their depositary banks (except for Brillant 1419. GmbH & Co. Verwaltungs KG and its depositary bank) in order to ensure that the depositary banks do not, without the Materali, a.s.' and Deutsche Bank AG's consent (i) transfer the Major Shareholder's Company shares to any other securities or sub-securities account, (ii) deliver the Majority Shareholder's Company shares to the Major Shareholders or to any third party, (iii) execute any sales orders regarding the Majority Shareholder's Company shares or (iv) assist, carry out or otherwise support the transfer or other disposition of any of the Major Shareholder's Company shares.

To the knowledge of the Company, the above agreements expired over time and there are no shareholder or other agreements entered into by and between shareholders that are in effect as of the date of this report with similar effects.

(h) The rules governing the appointment and replacement of board members and the amendment of the articles of association:

The Company is managed by Board of Directors appointed as a collegiate body by the general meeting of shareholders. The Board of Directors shall be composed of the number of members determined by the general meeting of the shareholders, and shall amount to at least three members. The Directors are elected by the general meeting of shareholders for a period of maximum six years. The directors are eligible for re-election and May be removed with or without cause at any time by decision of the general meeting of shareholders by simple majority vote. In the event of a vacancy in the Board of Directors, the remaining members May co-opt a new member. The articles of association May be modified by an extraordinary general meeting of the shareholders, deliberating with a quorum of at least half of the corporate capital and deciding by a vote of at least a two-thirds majority of the votes cast.

(i) The powers of board members, and in particular the power to issue or buy back shares:

Please refer to the paragraph Board of Directors on page 77 of this Management report

The General Meeting of the shareholders of the Company held on 28 August 2014 authorised the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 750,000,000 Company shares from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent (EUR 0.01-) and five euro (EUR 5.-), for a period of five (5) years from the date of the General Meeting.

The Extraordinary General Meeting of the shareholders of the Company held on 28 August 2014 also resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of four hundred million euro (EUR 400,000,000.00) for a period of five (5) years from the date of the General Meeting. Following capital increases implemented under this authorised share capital since 28 August 2014, the Board of Directors is authorised to issue up to 3,617,055,604 new Company shares under this authorization within the period of 5 years since 28 August 2014, in addition to the 3,303,768,300 currently outstanding shares of the Company.

(j) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements:

Not applicable as of 31 December 2014.

(k) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid:

Not applicable as of 31 December 2014.

Directors' compensation

Please refer to Note 10 of the Consolidated Financial Statements as at 31 December 2014.

Other information

The Group does not have any activities in research and development.

The Company does not have any branch.

CPI Property Group
GSG Berlin econopark Pankstrasse 1


CPI
Property
Group

CPI PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014

All the figures in this report are presented in thousands of Euros, except if explicitly indicated otherwise.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The accompanying notes form an integral part of these consolidated financial statements.

	Note	31 December 2014	31 December 2013
Gross rental revenue	5.1	181,988	131,964
Service revenue	5.1	6,144	4,273
Net service charge income	5.2	4,341	1,819
Property operating expenses	5.3	(26,226)	(25,507)
Net rental income		**166,247**	**112,549**
Development sales	5.4	46,626	1,891
Cost of goods sold	5.4	(43,293)	(1,706)
Development operating expenses	5.4	(946)	--
Net development income		**2,387**	**185**
Hotel revenue	5.5	4,408	2,098
Hotel operating expenses	5.5	(3,658)	(1,443)
Net hotel income		**750**	**655**
Revenue from other business operations	5.6	1,901	--
Cost of goods sold	5.6	(776)	--
Related operating expenses	5.6	(2,252)	--
Net income from other business operations		**(1,127)**	**--**
Total revenues		245,408	142,045
Total direct business operating expenses		(77,151)	(28,656)
Net business income		**168,257**	**113,389**
Net valuation gain or loss	5.7	13,263	3,839
Net gain or loss on the disposal of investment property	5.8	(1,721)	(1,952)
Net gain or loss on disposal of subsidiaries and investees	5.9, 5.10	3,568	--
Amortization, depreciation and impairments	5.11	(5,126)	(1,611)
Other operating income	5.12	85,260	9,143
Administrative expenses	5.13	(26,095)	(15,058)
Other operating expenses	5.14	(5,572)	(2,361)
Operating result		**231,834**	**105,389**
Interest income	5.15	21,512	27,258
Interest expense	5.16	(83,581)	(70,086)
Other net financial result	5.17	(12,341)	25,146
Net finance costs		**(74,410)**	**(17,682)**
Profit before income tax		**157,424**	**87,707**
Income tax expense	5.18	(19,989)	(10,363)
Net profit from continuing operations		**137,435**	**77,344**
Items that may or are reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		(6,271)	(68,191)
Effective portion of changes in fair value of cash flow hedges		(5,580)	(16,380)
Income tax on other comprehensive expense		1,027	3,067
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations		(1,817)	--
Other comprehensive income for the period, net of tax		(12,641)	(81,504)
Total comprehensive income for the period		**124,794**	**(4,160)**
Profit attributable to:			
Non controlling interests		**(81)**	**(21)**
Owners of the Company		**137,516**	**77,365**
Profit for the period		**137,435**	**77,344**
Total comprehensive income attributable to:			
Non controlling interests		**(118)**	**(310)**
Owners of the Company		**124,912**	**(3,850)**
Total comprehensive income for the period		**124,794**	**(4,160)**
Earnings per share	6.12		
Basic earnings in EUR per share		**0.05**	**0.03**
Diluted earnings in EUR per share		**0.05**	**0.03**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The accompanying notes form an integral part of these consolidated financial statements.

	Note	31 December 2014	31 December 2013
NON-CURRENT ASSETS			
Intangible assets and goodwill	6.1	72,504	2,516
Investment property	6.2	3,373,050	2,551,084
Property, plant and equipment	6.3	104,567	24,129
Biological Assets	6.4	2,007	--
Available-for-sale financial assets	6.5	2,011	1,804
Financial assets at fair value through profit or loss		473	--
Loans provided	6.6	17,528	141,414
Trade and other receivables	6.7	46,318	711
Deferred tax asset	5.18	20,990	2,458
Total non-current assets		**3,639,448**	**2,724,116**
CURRENT ASSETS			
Inventories	6.8	84,674	95,422
Biological Assets	6.4	4,002	--
Current income tax receivables		5,145	854
Trade receivables	6.7	47,394	38,599
Derivative instruments		12	--
Loans provided	6.6	275,804	56,430
Cash and cash equivalents	6.9	108,172	109,605
Other financial current assets	6.10	6,134	66,099
Other non-financial current assets	6.11	48,641	30,387
Total current assets		**579,978**	**397,394**
TOTAL ASSETS		**4,219,426**	**3,121,510**
EQUITY			
Equity attributable to owners of the Company	6.12	1,552,026	936,149
Non-controlling interests		6,782	2,852
Total equity		**1,558,808**	**939,001**
NON-CURRENT LIABILITIES			
Bonds issued	6.13	506,641	629,080
Financial debts	6.14	1,220,343	1,013,642
Derivative instruments	6.15	13,957	5,698
Deferred tax liabilities	5.18	385,393	225,898
Provisions	6.16	16,630	--
Other non-current liabilities	6.17	25,918	13,337
Total non-current liabilities		**2,168,882**	**1,887,655**
CURRENT LIABILITIES			
Bonds issued	6.13	32,867	21,098
Financial debts	6.14	325,987	185,997
Trade payables	6.18	31,628	31,658
Advance payments	6.19	44,453	31,623
Derivative instruments	6.15	7,064	1,254
Other financial current liabilities	6.20	30,926	20,474
Other non-financial current liabilities	6.21	18,811	2,751
Total current liabilities		**491,736**	**294,854**
TOTAL EQUITY AND LIABILITIES		**4,219,426**	**3,121,510**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The accompanying notes form an integral part of these consolidated financial statements.

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other reserves*	Retained earnings	Equity attributable to owners of the Company	Non controlling interests	Total equity
Balance at 1 January 2014 (restated)**	1	34,466	277,006	(67,824)	5,845	(20,540)	199,583	507,613	936,149	2,852	939,001
Comprehensive income:											
Profit /(loss) for the period		--	--	--	--	--	--	137,516	137,516	(81)	137,435
Total comprehensive income		--	--	(6,234)	--	--	(1,817)	--	(8,051)	(37)	(8,088)
Net changes in fair value of cash flow FX hedges		--	--	--	--	(656)	--	--	(656)	--	(656)
Related income tax on other comprehensive expense		--	--	--	--	125	--	--	125	--	125
Net changes in fair value of cash flow IRS hedges		--	--	--	--	(4,924)	--	--	(4,924)	--	(4,924)
Related income tax on other comprehensive expense		--	--	--	--	902	--	--	902	--	902
Total comprehensive income / (expense)		--	--	(6,234)	--	(4,553)	(1,817)	--	(12,604)	(37)	(12,641)
Total comprehensive income for the period		--	--	(6,234)	--	(4,553)	(1,817)	137,516	124,912	(118)	124,794
Contributions by and distributions to owners of the Company											
Capital increase prior to reverse acquisition		10,926	40,428	--	--	--	--	(51,355)	--	--	--
Reverse acquisition	1	246,690	912,754	--	--	--	--	(1,159,444)	--	--	--
Owner´s contribution		38,294	141,689	--	--	--	--	--	179,984	--	179,984
Total contributions by and distributions to owners of the Company		**295,911**	**1,094,871**	--	--	--	--	**(1,210,799)**	**179,984**	--	**179,984**
Changes in ownership interests in subsidiaries											
Reverse acquisition		--	--	--	--	--	--	310,972	310,972	(193)	310,779
Acquisition of subsidiary with non-controlling interests		--	--	--	--	--	--	--	--	4,207	4,207
Other changes in non-controlling interests		--	--	--	--	--	--	9	9	34	43
Total changes in ownership interests in subsidiaries		--	--	--	--	--	--	310,981	310,981	4,048	315,029
Total transactions with owners of the Company		**295,911**	**1,094,871**	**--**	**--**	**--**	--	**(899,817)**	**490,965**	**4,048**	**495,013**
Balance at 31 December 2014		**330,377**	**1,371,877**	**(74,058)**	**5,845**	**(25,093)**	**197,766**	**(254,688)**	**1,552,026**	**6,782**	**1,558,808**

* **Other Reserves** are created from accumulated profits and losses and other equity operations, such as scope variations, variation of detention, or revaluation of assets. These reserves may be subject to the distribution of dividends. This item also includes measurements of post-employment defined benefit obligation.

** Restatement relates to reverse acquisition.For more details refer to Note 1 of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

The accompanying notes form an integral part of these consolidated financial statements.

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other reserves*	Retained earnings	Equity attributable to owners of the Company	Non controlling interests	Total equity
Balance at 1 January 2013 (reported)		**246,102**	**25,949**	**78**	**4,096**	**(7,227)**	**92,608**	**471,014**	**832,619**	**3,527**	**836,146**
Reverse acquisition restatement	1	**(225,899)**	**191,501**	**--**	**--**	**--**	**--**	**34,398**	**--**	**--**	**--**
Restated as at 1 January 2013 (restated)		**20,203**	**217,450**	**78**	**4,096**	**(7,227)**	**92,608**	**505,412**	**832,619**	**3,527**	**836,146**
Comprehensive income:											
Profit /(loss) for the period		**--**	**--**	**--**	**--**	**--**	**--**	**77,365**	**77,365**	**(21)**	**77,344**
Total comprehensive income		--	--	(67,902)	--	--	--	--	(67,902)	(289)	(68,191)
Net changes in fair value of cash flow FX hedges		--	--	--	--	(18,499)	--	--	(18,499)	--	(18,499)
Related income tax on other comprehensive expense		--	--	--	--	3,515	--	--	3,515	--	3,515
Net changes in fair value of cash flow IRS hedges		--	--	--	--	2,119	--	--	2,119	--	2,119
Related income tax on other comprehensive expense		--	--	--	--	(448)	--	--	(448)	--	(448)
Total comprehensive income / (expense)		**--**	**--**	**(67,902)**	**--**	**(13,313)**	**--**	**--**	(81,215)	**(289)**	(81,504)
Total comprehensive income for the period		**--**	**--**	**(67,902)**	**--**	**(13,313)**	**--**	**77,365**	(3,850)	**(310)**	(4,160)
Contributions by and distributions to owners of the Company											
Owner´s contribution		--	--	--	--	--	106,975	--	106,975	--	106,975
Capital increase by legal acquirer		14,263	59,556	--	--	--	--	(73,819)	--	--	--
Total contributions by and distributions to owners of the Company		**14,263**	**59,556**	**--**	**--**	**--**	**106,975**	**(73,819)**	**106,975**	**--**	**106,975**
Changes in ownership interests in subsidiaries											
Acquisition of subsidiary with non-controlling interests		--	--	--	--	--	--	--	--	(271)	(271)
Other changes in non-controlling interests		--	--	--	--	--	--	404	404	(94)	310
Total changes in ownership interests in subsidiaries		14,263	59,556	--	--	--	--	404	404	(365)	39
Total transactions with owners of the Company		**14,263**	**59,556**	**--**	**--**	**--**	**106,975**	**(73,415)**	**107,380**	**(365)**	**107,015**
Other movements											
Transfer to Legal reserve fund		--	--	--	1,749	--	--	(1,749)	--	--	--
Total other movements		--	--	--	**1,749**	**--**	**--**	**(1,749)**	--	--	--
Balance at 31 December 2013		**34,466**	**277,006**	**(67,824)**	**5,845**	**(20,540)**	**199,583**	**507,613**	**936,149**	**2,852**	**939,001**

* **Other Reserves** are created from accumulated profits and losses and other equity operations, such as scope variations, variation of detention, or revaluation of assets. These reserves may be subject to the distribution of dividends. This item also includes measurements of post-employment defined benefit obligation.

CONSOLIDATED CASH FLOW STATEMENT

The accompanying notes form an integral part of these consolidated financial statements.

	Note	31 December 2014	31 December 2013
PROFIT BEFORE INCOME TAX		**157,424**	**87,707**
Adjusted by:			
Net valuation gain on investment property	5.7	(13,263)	(3,839)
Gain on the disposal of investment property	5.8	1,721	1,952
Depreciation / amortisation of tangible and intangible assets	5.11	2,523	1,555
Impairment of assets / Reversal of impairment of assets	5.11	2,603	56
Gain on the disposal of property, plant and equipment		(95)	(24)
Gain on the disposal of subsidiaries	5.9	(5,772)	--
Loss on the disposal of equity-accounted investees	5.10	2,204	--
Net finance costs	5.15, 5.16	64,788	17,682
Gain on bargain purchase	3.2	(81,635)	(5,783)
Exchange rate differences		(10,164)	(34,415)
Profit before changes in working capital and provisions		**120,334**	**64,891**
(Increase) Decrease in inventories		16,600	(26,517)
Decrease in trade receivables		65,208	10,136
Increase (Decrease) in trade payables		(29,531)	27,439
Increase (Decrease) in other liabilities		274	(58)
Income tax paid		(4,995)	3,517
NET CASH FROM OPERATING ACTIVITIES		**167,890**	**79,410**
Acquisition of subsidiaries, net of cash acquired	3.2	(8,335)	(56,576)
Acquisition of non-controlling interest	3.3	44	(59)
Capital expenditure and acquisition of investment property		(20,552)	--
Capital expenditure on own investment property	6.2	--	(13,649)
Expenditure on investment property under development		(36,329)	(15,026)
Proceeds from sale of investment property	5.8	7,152	6,949
Proceeds from sale of property, plant and equipment		3,067	35
Proceeds from disposals of subsidiaries, net of cash disposed		19,994	--
Proceeds from sale of equity-accounted investees		5,813	--
Acquisition of property, plant and equipment		(8,527)	(571)
Acquisition of intangible assets		(1,057)	(463)
Acquisition of other investments		--	(1,452)
Loans (provided) / repaid	6.6	(93,791)	32,688
Interest received		1,056	14,435
NET CASH USED IN INVESTING ACTIVITIES		**(131,465)**	**(33,688)**
Proceeds from issue of share capital		31,000	--
Proceeds from bond issued	6.13	38,266	257,450
Interest paid		(61,527)	(63,841)
Repayments of borrowings		(48,325)	(267,887)
Drawings / (repayments) of finance lease liabilities		3,530	(2,106)
NET CASH USED IN FINANCING ACTIVITIES		**(37,056)**	**(76,385)**
NET DECREASE IN CASH		**(631)**	**(30,664)**
Cash and cash equivalents at the beginning of the year		109,605	149,753
Effect of movements is exchange rates on cash held		(802)	(9,484)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**108,172**	**109,605**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

CPI PROPERTY GROUP (formerly named ORCO Germany S.A. and GSG GROUP respectively, hereinafter also the ”Company” or “CPI PG”, and together with its subsidiaries as the “Group”) is a real estate group founded in 2004. Since its foundation it has been operating in Germany and concentrates on commercial property, project development and asset management. The Group focuses on investment properties, realizes development potentials and offers full-service asset management for third parties.

CPI PROPERTY GROUP is the parent company of the Group. The Company is a Luxembourg based *Société Anonyme*, whose shares registred under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment. Some shares of the Company are not listed yet, but the Company will seek to list them on the regulated market of the Frankfurt Stock Exchange in the General Standard segment as soon as practicable, subject to regulatory dealys.

The registered office of the Company is located at 40, rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg.

Description of the ownership structure

As at December 31, 2014, CPI PROPERTY GROUP is indirectly 92.14% owned by Radovan Vítek through its investment vehicles Lavagna, a.s.; Zacari, a.s.; Rivaroli, a.s.; Mondello, a.s.; Materali, a.s. and Whislow Equities Ltd.
For the list of shareholders as at 31 December 2014 please refer to 6.12

Change in the ownership

On 3 March 2014, the Board of Directors of the Company resolved to increase its capital raising goal from EUR 100 million to EUR 126 million. Between December 2013 and April 2014 the Company raised EUR 105.3 million in three capital increases subscribed for in cash by some large shareholders of ORCO PROPERTY GROUP (“OPG”) or their respective affiliates, namely Alchemy Special Opportunities Fund II LP, Société Générale, Stationway Properties Limited, an entity affiliated with Jean-Francois Ott and Tandis, a.s., an entity affiliated with Radovan Vítek.

On 12 June 2014 Mr. Vítek (through his 100% owned entity Materali, a.s.) purchased the Company shares from third parties (Aspley Ventures, Kamoro and Stationway Properties Limited). As a result of these purchases Mr. Vítek increased his shareholding in the Company from 25.30 % to 71.29 % and gained control over the Company.

Consequently Mr. Vítek proposed to the Board of Directors to combine the Company with his fully controlled Central European real estate activities owned through Czech Property Investments, a. s. (“CPI”). After the approval by the Board of Directors, Mr. Vítek contributed 100% of CPI shares to the Company in exchange for 2,466,902,565 newly issued Company shares on 16 and 17 June 2014. Following this capital increase the shareholding interest of Mr. Vítek in the Company increased to 94.02 %.

As a result of the combination of CPI and former GSG, the Group considerably extended its property portfolio and became one of the key player in CEE region.

Reverse acquisition

Considering the pronouncements and guidance in IFRS, the increase of shareholding of Mr. Vítek in the Company from 25.30% to 71.29%, was determined, consequently treated and accounted for as a reverse acquisition for the purpose of the these consolidated financial statement. Subsequent contribution of the CPI shares in exchange for Company's shares and increase of share of Mr. Vítek from 71,29% to 94,02% was treated as transaction with non-controlling interest holders.

CPI is treated as the acquirer of the Company in the reverse acquistion. The identifiable assets and liabilities of the acquiree (the Company) are measured at fair value as of acquisition date of 12 June 2014. Substantial part of acquired business relates to GSG mixed real estate portfolio in Berlin. With the acquisition of the GSG portfolio, the Group became one of the principal providers of office and commercial space in Berlin with almost 837 000 sqm of rental space in 42 locations. The core properties of the portfolio are situated in the central districts of Berlin. The Group provides services which surpass the classical concept of tenant support. Service offerings are fully flexible and scalable for tenants: premises are available in almost any size and the leasing periods are flexible. The consolidated financial statements prepared following a “reverse acquisition” are issued under the name of the legal parent (CPI PG) but described in the notes as a continuation of the financial statements of Czech Property Investment, a.s. Acquisition is in the notes further referred as "GSG acquistion".

The accounting treatment for reverse acquisition reflects the commercial substance of the transaction based on which acquirer was identified. Main factors considered were:

- Relative voting rights where Mr. Vítek (sole owner of CPI) become majority shareholder in combined entity;
- Ability of the shareholder of CPI to appoint or remove members of governing body of the combined entity;
- Relative size of combined entities prior the business combination, where CPI was significantly larger in terms of assets, NAV and revenue than GSG;
- Composition of senior management of combined entity is domintated by senior management of the CPI.

Therefore, the consolidated financial information of CPI PG provided for the year ended 31 December 2014 reflects 12 months of CPI operations while operations of CPI PG are consolidated for period from the acquisition date (12 June 2014) to 31 December 2014. Consequently the consolidated financial information for the comparative year ended 31 December 2013 reflects 12 months of activities of CPI only. The comparative financial information (31 December 2013) corresponds to consolidated financial information of CPI.

Although the reverse acquisition became effective on 12 June 2014 the financial statements have been prepared using the consolidated financial information of CPI PG as of 30 June 2014. The difference between these dates is not deemed to be material.

If the acquisition had occurred on 1 January 2014 with all other variables held constant, the Group gross rental revenue for 2014 would have been EUR 203 million and net profit from continuing operations would have been EUR 217 million.

The fair value of the former CPI PG's identifiable assets and liabilities at the date of reverse acquisition was as follows:

	GSG GROUP
Intangible assets and goodwill	49,880
Investment property	640,076
Property, plant and equipment	8,355
Available-for-sale financial assets	167
Financial assets at fair value through profit or loss	26,696
Loans provided	47,223
Trade and other receivables	21,710
Deferred tax asset	(3)
Total non-current assets	**794,104**
Inventories	3,920
Current income tax receivables	4,265
Trade receivables	12,353
Derivative instruments	13
Cash and cash equivalents	39,382
Other financial current assets	15,897
Other non-financial current assets	18,563
Total current assets	**94,393**
Identifiable acquired assets	**888,497**
Bonds issued	(43)
Financial debts	(255,023)
Derivative instruments	4
Deferred tax liabilities	(137,290)
Provisions	(14,987)
Other non-current liabilities	7
Total non-current liabilities	**(407,332)**
Financial debts	(34,885)
Trade payables	(2,231)
Advance payments	(17,017)
Derivative instruments	(4,584)
Other financial current liabilities	(15,954)
Other non-financial current liabilities	(15,838)
Total current liabilities	**(90,509)**
Identifiable acquired liabilities	**(497,841)**
Net ident. Assets of subsidiary acquired	**390,656**
Non-controlling interest	**(193)**
71.29 per cent share acquired	**278,636**
Consideration paid	**197,001**
Total consideration	
Bargain purchase	**(81,635)**
Cash and cash equivalents acquired	39,382
Cash outflow	**(39,382)**
POST-acquisition loss	(2,504)

For informational purposes, the Company has provided Supplemental Combined Consolidated Financial Statements as a part of its Management Report, intended to show the historical financial results of CPI and former GSG on a combined basis.
These combined financial results do not reflect anticipated operating synergies.

Change of the name

The General Meeting of shareholders of the Company held on 13 May 2014 resolved to change the Company's name from ORCO GERMANY S.A. to GSG GROUP. Subsequently the Extraordinary General Meeting of shareholders of the Company held on 28 August 2014 resolved to change the Company's name from GSG GROUP to CPI PROPERTY GROUP.

Change in the Board of Directors and the management

Board of Directors

Board of Directors as at 31 December 2014

Chairman

Edward Hughes

CEO & Managing Director

Martin Němeček

Deputy CEO & Secretary of the Board of Directors

Tomáš Salajka

Members

Philippe Magistretti

Oliver Schlink

Radovan Vítek

Board of Directors as at 31 December 2013

Members

Jean-François Ott

Brad Taylor

Nicolas Tommasini

Aleš Vobruba

Change in the Board of Directors

During the General Meeting of shareholders of the Company held on 10 March 2014 the following directors were removed: Jean-François Ott, Brad Taylor, Nicolas Tommasini and Aleš Vobruba and the following directors have been appointed: Edward Hughes, Martin Němeček, Jean-François Ott, Tomáš Salajka, Nicolas Tommasini and Radovan Vítek.

On 18 March 2014, the new Board of Directors decided to implement further changes in the management structure by terminating the executive contracts of Jean-François Ott, Nicolas Tommasini and Brad Taylor, and agreeing to comply with their termination packages. The Board has appointed Martin Němeček as CEO and Managing Director, Edward Hughes as Chairman of the Board, and Tomáš Salajka as Deputy CEO and Secretary of the Board of Directors.

Mr. Ott and Mr. Tommasini resigned from the Board as of 27 March 2014. During the General Meeting of shareholders of the Company held on 28 May 2014 the following directors have been appointed: Ian Cash, Philippe Magistretti and Oliver Schlink. Ian Cash resigned from the Board as of 14 August 2014.

The management

The management team of the Company is comprised of the following members: Martin Němeček, CEO; Zdeněk Havelka, Executive Director; Tomáš Salajka, Director of Asset Management & Sales; Pavel Semrád, Deputy Director of Asset Management & Sales; Pavel Měchura, CFO; Pavel Menšík, Director of Investments; Igor Klajmon, Director of Development; Martin Stibor, Head of Property Management; Štěpán Rázga, Chief Operations Officer and Martin Matula, General Counsel.

Employees

The Group has 797 employees as at 31 December 2014 (2013 – 464 employees). The significant employee's growth reflects the Group's expansion and extension of its investment property portfolio.
All of the above included employees were engaged in the core business activities of the Group.

2 Basis of preparation and significant accounting policies

2.1 Basic of preparation of consolidated financial statements

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements were authorized for issue by the Board of Directors on 31 March 2015.

(b) New standards

For the preparation of these consolidated financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2014 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS or not-for-profit and public sector entities since they are not relevant to the Group).
The nature and the impact of each new standard/amendment are described below:

- Amendments to IFRS 10, Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities. These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. This amendment has no impact to the Group, since the Group does not qualify as investment entity under IFRS 10.
- The Group has early adopted IFRIC 21 'Levies'. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when should a liability be recognised. The Group is not currently subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the interim financial statements for the period ended 30 June 2014. The Group did not have expect IFRIC 21 to have a significant effect on the results for the financial year ending 31 December 2014.
- IAS 32, Financial Instruments: Presentation – Amendments to IAS 32. These amendments to IAS 32 do not have any impact to the Group, they clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.
- IAS 39, Financial Instruments: Recognition and Measurement – Amendments to IAS 39. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.
- IAS 36, Impairment of Assets – Amendments to IAS 36. The amendment introduced disclosure requirements regarding the recoverable amount of impaired assets in case that amount is based on fair value less costs of disposal. IAS 36 require to disclose the recoverable amounts of assets or cash-generating units, for which an impairment loss has been recognised or reversed during the period in the interim financial statements. These amendments have no impact on the Group.
- IAS 41 Agriculture – this standard was newly adopted by the Group as a consequence of acquisition of Mercuda a.s. in 2014 and its enter into the agriculture business.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

The following new standards, new interpretations and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been early adopted by the Group:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement. It is very likely to affect the Group's accounting treatment of financial instruments. The Group is yet to assess IFRS 9's full impact.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, subject to EU adoption. The Group is assessing the impact of IFRS 15.

  The Group has estimated the impact of the implementation of the other new standards and amendments not early adopted as non-significant.

  The Group refers to the endorsement status of the new IFRS standards and amendments to standards and interpretations as they are published by the European Union (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

(c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position, which are measured as indicate below at each reporting date:

- investment property is measured at fair values;
- biological assets are measured at net realisable value;
- derivative financial instruments are measured at fair value;
- non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- contingent consideration assumed in a business combinations is measured at fair value.

(d) Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro (EUR) has been rounded to the nearest thousand (TEUR), except when otherwise indicated. The functional currencies of other entities within the Group are listed in note 2.2.(b).

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience, internal calculations and various other facts that the management believes to be reasonable under the circumstances. The actual result might differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2.2(c) – Classification of investment property
- Note 2.2(e) – Lease classification
- Note 2.2(o) – Commission revenue: determination of whether the Group acts as an agent in the transaction rather than as the principal
- Note 2.2(a) – Contingent consideration

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 2.3 – Valuation of investment property
- Note 2.3(vi) – Valuation of biological assets
- Note 5.18 – Recognition of deferred tax assets - future utilization of carry forward tax losses
- Note 7 – Financial risk management
- Note 2.2(k) - Impairment test – key assumptions underlying recoverable amounts, including the recoverability of development costs

2.2 Significant accounting policies

Except for the changes described above in note 2.1 (b) New standards, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction cost, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within the equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The interest of non-controlling shareholders at the date of the business combination is generally recorded at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, which are generally at fair value, unless the Group´s management has any other indicators about the non-controlling interest fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Reverse acquisition

A reverse acquisition is a transaction in which the legal acquirer - the entity that issues shares - is identified as the acquiree for accounting purposes and legal acquiree becomes the acquirer for accounting purposes. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The following accounting treatment and terminology is applied in respect of the reverse acquisition:

- As at the date of the reverse acquisition, the assets and liabilities of the legal subsidiary are recognized and measured in the Group consolidated financial statements at the pre-combination carrying amounts, without reinstatement to fair value; the assets and liabilities of the legal parent are recognized and remeasured in fair value.
- The retained earnings and other equity balances recognized in the Group consolidated financial statements reflect the retained earnings and other equity balances of legal subsidiary immediately before the business combination, and the results of the year from 1 January to the date of the reverse acquisition are those of legal subsidiary. However, the equity structure appearing in the Group consolidated financial statements reflects the equity structure of the legal parent, including the effects of the reverse acquisition.
- Comparative information presented in consolidated financial statements and notes are of the legal subsidiary (accounting acquirer) with exception of legal capital. Legal capital (shares capital and shares premium) is retrospectively adjusted in comparative information to represent the legal capital of legal parent (accounting acquiree).

(iii) Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the period presented. The assets and liabilities acquired are recognised at the carrying amounts (book values) recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain / loss arising is recognised directly in equity.

(iv) Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(v) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Equity accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.
Interests in associates and joint venture are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The cost of the investment includes transaction cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence is obtained until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Functional currencies

Functional currencies of the companies in the Group are the currency of the primary economic environment in which the entity operates and majority of its transactions are carried in this currency.

Summary of countries and functional currencies:

Country	Functional currency
Czech Republic	CZK
Slovak Republic	EUR
Germany	EUR
Italy	EUR
Luxembourg	EUR
Malta	EUR
France	EUR
British Virgin Islands	EUR
Poland	PLN
Hungary	HUF or EUR
Romania	RON
Netherlands	EUR
Ireland	EUR
Cyprus	EUR
Russia	RUB

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in the other comprehensive income.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euros at the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation of foreign operations are recognised in other comprehensive income, and presented in foreign currency translation reserve (Translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of gain or loss on the disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Cash flows of foreign operations are translated to Euros at exchange rates approximating the foreign exchange rates at the dates of the transactions.

The following exchange rates were used during translations:

Date	**Closing exchange rate EUR/CZK**	**Average exchange rate EUR/CZK for the 12-month period**
31 December 2014	0.036	0.036
31 December 2013	0.036	0.039
31 December 2012	0.040	0.040
1 January 2012	0.039	N/A

Date	**Closing exchange rate EUR/PLN**	**Average exchange rate EUR/PLN for the 12-month period**
31 December 2014	0.234	0.239
31 December 2013	0.241	0.238
31 December 2012	0.246	0.239
1 January 2012	0.221	N/A

Date	Closing exchange rate EUR/100 HUF	Average exchange rate EUR/100 HUF for the 12-month period
31 December 2014	0.317	0.324
31 December 2013	0.337	0.337
31 December 2012	0.342	0.346
1 January 2012	0.315	N/A

Date	Closing exchange rate EUR/RON	Average exchange rate EUR/RON for the 12-month period
31 December 2014	0.223	0.225
31 December 2013	0.224	0.226
31 December 2012	0.225	0.224
1 January 2012	0.229	N/A

Date	Closing exchange rate EUR/100 RUB	Average exchange rate EUR/100 RUB for the 12-month period
31 December 2014	1.382	1.992
31 December 2013	2.208	2.366
31 December 2012	2.484	2.506
1 January 2012	2.373	N/A

(c) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An external independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at the year end of 2014 and 2013 respectively.

A property interest held under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. The initial cost of a property interest held under an operating lease and classified as an investment property is recognised as prescribed for a property held under a finance lease, i.e., the asset is recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability. Subsequently, a property interest held under an operating lease and classified as an investment property is carried at fair value. Lease payments are accounted for as described in accounting policy 2.2 (p).

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(d) Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development and measured at fair value until construction or development is completed. Any gain or loss arising on the measurement is recognised in profit or loss.

The Group capitalises external borrowing costs on qualifying investment properties under development.

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are accounted for as described in accounting policy 2.2(p).

Property held under finance lease that meets the criteria of investment property is classified as such and is measured at fair value as described in accounting policy 2.2(c).

Owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see accounting policy 2.2(k)).

Leases other than finance leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's consolidated statement of financial position. Property held under operating leases that meets the definition of investment property is classified as investment property on a property-by-property basis. Investment property held under an operating lease is recognised in the Group's consolidated statement of financial position at its fair value. Lease payments are accounted for as described in accounting policy 2.2(p).

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 2.2(k)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, capitalised borrowing costs and an appropriate proportion of production overheads.

Where components of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in profit or loss to the extent that it reverses the previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

Assets	2014	2013
Property	30 – 50 years	30 – 50 years
Equipment	5 - 10 years	5 - 10 years
Motor vehicles	5 years	5 years
Fittings	3 - 5 years	3 - 5 years
Computers	3 years	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Depreciation

Following methods of property valuation were used with respect of its segment classification. For breakdown of assumption used by valuators refer to note 7.5.3. For the valuation of hotels operated by the Group, Discounted Cash Flow method has been used. For the valuation of own occupied buildings Income capitalization method has been used.

(g) Intangible assets

(i) Goodwill

Business combinations are accounted for by applying the acquisition method. Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 2.2(a).

Subsequently, goodwill is measured at cost less accumulated impairment l;osses. Goodwill is allocated to cash-generating units (assets) and is not amortised but is tested annually for impairment (see accounting policy 2.2(k)).

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation (see below) and accumulated impairment losses (see accounting policy 2.2(k)).

(iii) Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Trademarks

Acquired trademarks are shown at historical cost. When they have indefinite useful life, trademarks are tested annually for impairment or whenever there is an indication of impairment. They are carried at cost less accumulated impairment losses.

(v) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Assets	2014	2013
Software	3-8 years	3-8 years
Other intangible assets	3-5 years	3-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Trading property - inventories

Trading property - inventories is measured at the lower of cost and net realisable value.
Cost includes expenditure that is directly attributable to the acquisition of the trading property - inventories. The cost of self-constructed trading property - inventories includes the cost of material and direct labour, any other costs directly attributable to bringing the trading property - inventories to a condition for their intended use and capitalised borrowing costs. Deemed costs of trading property – inventories reclassified from existing investment property is the fair value of such property.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

(i) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. The Group recognises a biological asset or agriculture produce only when the entity controls the asset as a result of past events, it is probable that future economic benefits will flow to the entity, and the fair value or cost of the asset can be measured reliably. Biological assets within the scope of IAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured.

The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are included in profit or loss.
All costs related to biological assets that are measured at fair value are recognised as expenses when incurred, other than costs to purchase biological assets.

(j) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial assets comprise investments in equity and debt securities, loans provided, trade and other receivables, and cash and cash equivalents.

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

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

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

Loans provided

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, provided loans are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(k)).

Finance charges, including premiums receivable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The recoverable amount of the Group's provided loans is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate calculated at initial recognition of these financial assets).
The Group classifies as current any part of long-term loans that is due within one year from the reporting date.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(j)).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term cash commitments. Bank accounts and call deposits that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.
The Company treats cash deposited as a security in accordance with bank loan covenants as cash and cash equivalents for cash flow purposes.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(k)).

Held-to-maturity financial assets comprise bonds.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction cost.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see accounting policy 2.2(k)), are recognised in other comprehensive income and presented in fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets which are investments in an equity instrument that does not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate are carried at cost.

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans and borrowings, bonds issued, bank overdrafts, and trade and other payables.

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including financial liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the contractual cash flows of the financial liability.

Financial debts and bonds are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, financial debts and bonds are measured at amortised cost using the effective interest method.

The Group uses bank overdrafts for financing their short term liabilities.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which it arises.

The Group classifies as a current portion any part of long-term loans or bonds that is due within one year from the date of the consolidated statement of financial position.

Transaction costs

Bonds payable are initially recognized at the amount of the proceeds from issued bonds, net of transaction costs. Bond transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and shares options, other than upon a business combination, are recognised as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate and foreign currency risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Cash flow hedges

The effective portion of changes in the fair value of derivative hedging instruments designated as a cash flow hedge are recognised in OCI and accumulated in equity. To the extent that the hedge is ineffective, changes in the fair value of the derivative are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the anticipated transaction takes place.

Other non-trading derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(k) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (provided loans, trade and other receivables, held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against provided loans, trade and other receivables or held-to-maturity financial assets. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non - financial assets

The carrying amounts of the Group's non-financial assets, other than investment property (see accounting policy 2.2(c)), inventories, and deferred tax assets (see accounting policy 2.2(r)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into cash generating units (CGU's) -the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Post-employment obligations

The Group has entered into defined benefit plans defined as an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the net defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of the net defined liability which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return of plan assets (excluding interest) and the effect of the asset ceiling (if any), are charged or credited to other comprehensive income in the period in which they arise. Net interest expense and other expenses related to the defined benefit plans are recognized in the statement of comprehensive income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

The valuation of the pension obligation is performed by an independent actuary. For its subsidiaries, the Group offers benefits plans managed by the State. The Group has the obligation to pay the contributions defined in the plan regulation. They are recorded in the consolidated financial statements in payroll charges.

(n) Guaranties provided

In the normal course of business, the Group entities may enter into credit related commitments which are accounted for in accounts outside of the consolidated statement of financial position. These commitments primarily include financial guarantees. Provisions are made for estimated losses on these commitments. In estimating the losses, the Group refers to the historical data regarding risk parameters (credit conversion factors, probability of default and loss-given default).

(o) Revenue

(i) Rental revenue

Rental revenue from investment property is recognised as revenue on a straight-line basis over the term of the operating lease. Lease incentives granted are recognised as an integral part of the total rental revenue, over the term of the lease.
The term of the lease is the non-cancellable period of the lease. Any further term for which the tenant has the option to continue the lease is not considered.

(ii) Service charges and expenses recoverable from tenants

Service charges and expenses recoverable from tenants are presented net in the consolidated statement of comprehensive income and disclosed separately in the notes to the consolidated financial statements. They are recorded based on issued invoices and accruals.

(iii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iv) Commissions

When the Group acts in the capacity of an agent rather than as a principal in the transaction, the revenue recognized is the net amount of commission made by the Group.

(v) Government grants

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(vi) Sale of investment property and trading property, investment in subsidiaries and equity-accounted investees

Revenue from the sale of investment property, trading property, investments in subsidiaries and equity-accounted investees is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, usually on the date on which the application is submitted to the Land Registry for transfer of legal ownership title. The property has to be completed and the apartments are ready for sale, including the necessary regulatory permissions.

(vi) Utilities

In respect of utilities (energy, water, etc.) consumed by tenants the Company acts as an agent to its tenants. The Company performs payments to utilities providers on behalf of tenants, receives advances paid by tenants and issues final settlements to tenants based on actual utilities consumption. Amounts received from tenants and paid to utilities providers are recognised as payables and receivables respectively until final settlement and do not gross up revenues and expenses.

(vii) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(p) Expenses

(i) Service costs and property operating expenses

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

(ii) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Where the property interest held under an operating lease is classified as an investment property, the property interest is accounted for as if it was a finance lease and the fair value model is used for the asset recognised.

(iii) Finance lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(q) Interest income, Interest expense and Other net financial result

Interest income comprises interest income on funds invested, such as bank interest, interest on provided loans, interest on bonds purchased and interest on non-current receivables.
Interest costs comprise interest expense on loans and borrowings, on finance leases, on bonds issued and interest charges related to finance leases.

Other net financial result comprises dividend income, gains on disposal of available-for-sale financial assets, gains on derivative instruments that are recognised in profit or loss and reclassifications of amounts (losses) previously recognised in other comprehensive income, bank charges, losses on disposal of available-for-sale financial assets, losses on derivative instruments that are recognised in profit or loss and reclassifications of amounts (gains) previously recognised in other comprehensive income and foreign currency gains and losses that are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

(r) Income tax

Income tax expense comprises current and deferred tax. Current and deferred income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(t) Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Each segment within the group is periodically evaluated during the regular meetings of established task forces and results of such evaluations are reported during the Board of Directors meetings. Segment results that are reported to the Board of Directors, which is the chief operating decision maker, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.
Segment capital expenditure is the total expenditure incurred during the period to acquire property, plant and equipment, investment property, intangible assets other than goodwill and trading property.

Segment information is presented in respect of the Group's operating and geographical segments. The Group's primary format for segment reporting is based on operating segments. The operating segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

(u) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

A person or a close member of that person's family is related to a reporting entity if that person:

(I) has control or joint control over the reporting entity;
(II) has significant influence over the reporting entity; or
(III) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:

(I) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(II) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(III) Both entities are joint ventures of the same third party.
(IV) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(V) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(VI) The entity is controlled or jointly controlled by a person identified in (a).
(VII) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.3 Determination of fair value

Investment property

Investment properties are stated at fair value as at 31 December 2014 based on external valuations performed by professionally qualified valuers. The Group's property portfolio in Czech and Slovak Republic is valued mainly by DTZ Czech Republic, a.s. and RSA TACOMA, a.s. Valuations of selected properties in Czech Republic, particularly land (land bank) and hotels, was performed by RSA TACOMA, a.s. or other external valuation companies. Property portfolio in Hungary, Poland and Romania is valued by Jones Lang LaSalle International or DTZ Czech Republic, a.s. The valuation for Germany portfolio as at 31 December 2014 was prepared by CBRE GmbH.

The results of independent valuations were further reviewed by the Group's valuation committee and included in the final management estimates of the fair value. Those estimates considered the results of current and prior external valuations, information from similar selling and purchase transactions, impact of deferred tax liability on specific valuations, and current market conditions.

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

Given the fact the real estate market in Central Eastern Europe is considered small and transactions with real estate portfolio of the size similar to the Group one are very rare. Global volatility of the financial system was reflected also in residential and commercial real estate markets when already low number of transactions in the sector further decreased after 2008. Therefore, in arriving at the estimates of market values of investment property as at 31 December 2013 and 31 December 2014, the reliance placed on comparable historical transactions was limited. Due to the need to use the market knowledge and professional judgements of the valuers in greater extent, there was higher degree of uncertainty than which would exist in a more developed and active markets.

Following methods of investment property valuation were used with respect of its segment classification.
For breakdown of assumption used by valuators refer to note 7.5.3.

(i) Residential

Residential properties have been valued primarily using Discounted Cash Flow (DCF) method of valuation. The discounted cash flow calculation is a valuation of rental income considering non-recoverable costs, e.g. repairs and maintenance, property management fee, insurance, expenses standing for doubtful debtors, marketing expenses and other factors like overall condition of the property and applying a discount rate reflecting the current income risk and value for money. After ten years a determining residual value (exit scenario) is calculated. Sales comparison valuation technique has been used for the valuation of residential portfolio in France.

(ii) Retail, Office, Industry and Logistics

Retail, office, logistics and industry properties have been valued using predominantly income capitalization and discounted cash flow valuation technique. Income capitalization method is based on the capitalization of the net annual income the property generates or is potentially able to generate. On lease expiry future income flows have been capitalized into perpetuity at the estimated rental value, taking into account expiry voids and rent free periods. The net income is the total rental income reduced by the costs the landlord cannot cover from the tenants. The capitalisation yield (equivalent yield) is determined by the market transactions achieved at the sale of the property or similar properties in the market between the willing buyer and the willing seller in the arm´s length transaction. A yield reflects the risks inherent in the net cash flows applicable to the net annual rentals to arrive at the property valuation. Sales comparison valuation technique has been used for the valuation of Industry and logistics portfolio in Germany.

(iii) Land and vacant buildings

Land and vacant buildings have been valued using the direct comparison method to arrive at the value of the property in its existing state. Comparison of other similarly located and zoned plots of land/buildings that are currently on the market in the similar location was performed. This valuation method is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property market. Using this approach a value indication by comparing the subject property to prices of similar properties is produced.

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

(iv) Hotels

Hotel properties have been valued using either the direct comparison method of valuation wthe price per bedroom was calculated and compared, or using the discounted cash flow method, or through the income capitalization method. In case of the direct comparison method, the valuer estimated the degree of similarity or difference between the subject property and the comparable sales by considering various elements of comparison.

For sensitivity analysis on changes in assumptions of investment property valuation refer to note 7.5

(v) Investment property under development / developments

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

In assessing the Gross Development Value, the value adopted a market approach by estimating the market rental values for the accommodation being developed, and the appropriate capitalisation rate which a potential investor would require, to arrive at the Market Value of the completed and leased building. The Gross Development Value for the hotel properties under development have been estimated using the direct comparison method.

(vi) Agriculture

Investment properties, acquired through the acquisition of Mercuda, have been valued using the direct comparison method of valuation.

Biological assets

Biological assets are stated at fair value less cost to sell as at 31 December 2014 based on internal valuations performed by the Group.

Valuation of livestock are measured at fair value. The livestock has been divided into categories according the species and age, e.g. vealer 0-6 month, heifer 6-24 month, chicken etc. Each category has been valued using the sales price per kilogram for specific category of livestock and the average weight (in kg) per head of cattle. The average weight represents the best estimate of Group's management.

The sales prices are derived from the average of actual sales price on different markets as the Group sales its products on several European markets.

3 The Group Structure

Control of the Group
CPI Property Group is the Group’s ultimate parent.

As at 31 December 2014 the Group is formed by parent company and 290 subsidiaries controlled by the parent company and no associate (at 31 December 2013 - 216 subsidiaries, 1 associate). For list of subsidiaries refer to Appendix I.

3.1 Changes in the Group in 2014

During 2014, the Group has acquired the following entities:

Entity	Change	Share in %	Date of acquisition/foundation
Arena Corner Ingatlanfejleszto Kft.	acquisition	100,00%	11 April 2014
CPI IMMO, S.a.r.l	founded	100,00%	27 March 2014
CPI Poland Sp. Z o.o.	acquisition	100,00%	7 February 2014
CPI Retail MB s.r.o.	acquisition	100,00%	31 March 2014
CPI Retail Portfolio VIII s.r.o.	acquisition	100,00%	11 April 2014
Čáslav Investments, a.s.	acquisition	100,00%	2 May 2014
ENDURANCE ASSET, S.á r.l	acquisition	100,00%	30 September 2014
Endurance Hospitality Asset S.á r.l.	acquisition	88,00%	19 December 2014
Endurance Hospitality Finance S.á r.l.	acquisition	88,00%	19 December 2014
Mercuda, a.s.	acquisition	100,00%	31 October 2014
GSG GROUP S.A.	reverse acquisition	100,00%	12 June 2014
Parco delle Case Bianche SRL	founded	100,00%	12 December 2014
Pelhřimov Property Development, a.s. (1)	acquisition	100,00%	2 April 2014
Platnéřská 10 s.r.o.	acquisition	100,00%	31 December 2014

(1) Pelhřimov Property Development was included in Group´s consolidated financial statements as at 31 December 2013 due to the assumption of the Group´s management, that the Group has full control over the entity as the Board of Directors and Supervisory Board of the above mentioned entity are comprised of members of Group´s management. However, the Group acquired legally 100% share in Pelhřimov Property Development, a.s. on 2 April 2014.

The following entities were disposed of in 2014:

Entity	Change	Share in %	Date of disposal
MQM Czech, s.r.o.	disposal	100.00%	30 October 2014
Polygon BC s.r.o.	disposal	100.00%	30 October 2014
K.B.P. BUSINESS PARK sp. Zoo	disposal	50.00%	27 August 2014

3.2 Acquisition of subsidiaries in 2014

For the description of the acquisition of GSG refer to note 1.

Acquisition of Hospitality Group (Endurance Hospitality Assets S.à r.l., Endurance Hospitality Finance S.à r.l., Hospitality Invest S.à r.l.)

In April 2014, the Group acquired a 50% share in Hospitality Invest S.à r.l. together with profit participating loan (further PPL) provided to Hospitality Invest by the former shareholder at a total price of EUR 8.5 million. After the acquisition, the Group agreed to invest further EUR 10.5 million into the PPL in exchange for a modified cash waterfall between the Group and ORCO PROPERTY GROUP S.A. (hereinafter "OPG") . The proceeds were further used for a partial repayment of the current bank financing. As a result, the Group and OPG jointly achieved the extension of the bank financing of EUR 62.0 million for one year.

In December 2014, the Group increased its stakes in Hospitality Invest through the acquisition of 88 % shares in Endurance Hospitality Asset S.à r.l. and Endurance Hospitality Finance S.à r.l., entities holding the remaining 50% shares in Hospitality Invest and remaining part of PPL loan from OPG. As such, the Group directly and indirectly holds 94 % of Hospitality Invest as of 31 December 2014. The transaction price for shares and receivables was EUR 13.3 million.

The Hospitality Invest portfolio represents a unique collection of well-established luxury boutique hotels and all-suite residence hotels under Mamaison brand, mostly located in prime central locations of the CEE capitals.

If the acquisition had occurred on 1 January 2014 with all other variables held constant, the Group gross rental revenue for 2014 would have been EUR 183.4 million and net profit from continuing operations would have been EUR 121.7 million.

The table below summarizes the total assets and liabilities at fair value of the Hospitality Group as at 19 December 2014.

	Hospitality Group
Intangible assets and goodwill	461
Investment property	42,680
Property, plant and equipment	57,535
Loans provided	183
Deferred tax asset	4,521
Total non-current assets	**105,380**
Inventories	228
Current income tax receivables	16
Trade receivables	1,084
Loans provided	31
Cash and cash equivalents	1,479
Other financial current assets	49
Other non-financial current assets	323
Total current assets	**3,210**
Identifiable acquired assets	**108,590**
Financial debts	(36,782)
Deferred tax liabilities	(8,011)
Provisions	(5)
Total non-current liabilities	**(44,798)**
Financial debts	(62,793)
Trade payables	(2,410)
Advance payments	(151)
Other financial current liabilities	(2,441)
Other non-financial current liabilities	(592)
Total current liabilities	**(68,387)**
Identifiable acquired liabilities	**(113,185)**
Net ident. Assets of subsidiary acquired	**(4,595)**
Non-controlling interest	**4,207**
Consideration paid	--
Goodwill	**8,802**
Cash and cash equivalents acquired	1,479
Cash (inflow)	**(1,479)**
POST-acquisition profit / (loss)	--

Acquisition of Mercuda a.s. ("Spojené Farmy")

On 1 November 2014, the Group acquired 100% share in Mercuda a.s.

In October 2014 Mercuda a.s. acquired 100% stake (50 % directly and remaining stake through its subsidiary) in Spojené farmy a.s., one of the largest owners of farmland and producers of high-quality organic food in Czech Republic. Spojene Farmy operates almost 20,000 hectares of land and has additional investments in the Czech Republic, Germany, Poland and Slovakia. It was founded in 1992 and it units 22 companies such as primary production farms and a number of related service, retail and processing organization. All companies acquired by the Group are domiciled in Czech Republic. For the breakdown of acquired entities refer to 3.1.

Mercuda a.s. has paid EUR 43.5 million to acquire Spojené farmy a.s. The transaction was structured as an acquisition of shares. The seller was a larger group of private individuals. Additional investments in the expansion of Spojené farmy a.s. are pre-contracted in the following two years with the approximate value of EUR 20 million and secured by the Company's corporate guarantee.

The acquisition of Mercuda a.s. by the Group followed final approval of the transaction by anti-monopoly authority on 31 October 2014.

If the acquisition had occurred on 1 January 2014 with all other variables held constant, the Group revenue from other business operations for 2014 would have been EUR 14.6 million and net profit from continuing operations would have been EUR 144.2 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Mercuda a.s.
Intangible assets and goodwill	3,674
Investment property	44,827
Property, plant and equipment	12,031
Biological Assets	2,024
Available-for-sale financial assets	50
Loans provided	642
Trade and other receivables	137
Deferred tax asset	517
Total non-current assets	**63,903**
Inventories	1,632
Biological Assets	3,975
Current income tax receivables	200
Trade receivables	521
Cash and cash equivalents	3,038
Other financial current assets	466
Other non-financial current assets	8,384
Total current assets	**18,215**
Identifiable acquired assets	**82,118**
Bonds issued	(2,881)
Financial debts	(15,153)
Derivative instruments	(1,997)
Deferred tax liabilities	(5,864)
Other non-current liabilities	(13,743)
Total non-current liabilities	**(39,638)**
Trade payables	(635)
Advance payments	(6)
Other financial current liabilities	(10,994)
Total current liabilities	**(11,635)**
Identifiable acquired liabilities	**(51,273)**
Net ident. Assets of subsidiary acquired	**30,845**
Consideration paid	37,331
Goodwill	**6,486**
Cash and cash equivalents acquired	3,038
Cash outflow	**34,293**
POST-acquisition (loss)	(1,717)

Arena Corner Ingatlanfejleszto Kft.

On 11 April 2014 the Group acquired 100% share in Arena Corner Ingatlanfejleszto Kft. The acquisition primarily includes administrative building Arena Corner in Budapest comprised of mainly office spaces on 8 floors in 3 office towers with direct connections to each other, with large efficient spaces ideal for operation of shared service centres.

If the acquisition had occurred on 1 January 2014 with all other variables held constant, the Group gross rental revenue for 2014 would have been EUR 182.8 million and net profit from continuing operations would have been EUR 136.9 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Arena Corner Ingatlanfejleszto Kft.
Investment property	50,353
Loans provided	512
Total non-current assets	**50,865**
Current income tax receivables	5
Trade receivables	206
Loans provided	2,481
Cash and cash equivalents	3,181
Other non-financial current assets	72
Total current assets	**5,945**
Identifiable acquired assets	**56,810**
Deferred tax liabilities	(4,686)
Other non-current liabilities	(93)
Total non-current liabilities	**(4,779)**
Financial debts	(33,664)
Trade payables	(333)
Other non-financial current liabilities	(334)
Total current liabilities	**(34,331)**
Identifiable acquired liabilities	**(39,110)**
Net ident. Assets of subsidiary acquired	**17,700**
Consideration paid	17,700
Goodwill / (bargain purchase)	--
Cash and cash equivalents acquired	3,181
Cash outflow	**14,519**
POST-acquisition profit	2,013

Endurance Asset S.à r.l.

On 1 October 2014, the Group acquired 100% share in Endurance Asset S.a r.l. This company, domiciled in Luxembourg, was acquired with its four, fully owned subsidiaries.

Due to the acquisition, the Group acquired Poštová Office Center, refurbished office building located in the prime downtown area of Bratislava, Slovakia. The acquisition follows the completion of insolvency restructuring procedure of the holding entity of this building. As part of its restructuring, Poštová Office Center obtained a favorable bank financing amounting to EUR 3.5 million.

If the acquisition had occurred on 1 January 2014 with all other variables held constant, the Group gross rental revenue for 2014 would have been EUR 182.3 million and net profit from continuing operations would have been EUR 131 million.

The fair value of the identifiable assets and liabilities at the date of acquisition was as follows:

	Endurance Asset, S.a r.l.
Investment property	8,705
Deferred tax asset	17,887
Total non-current assets	**26,592**
Trade receivables	89
Cash and cash equivalents	290
Other non-financial current assets	88
Total current assets	**467**
Identifiable acquired assets	**27,059**
Financial debts	(12,059)
Other non-current liabilities	(119)
Total non-current liabilities	**(12,178)**
Financial debts	(472)
Trade payables	(150)
Other non-financial current liabilities	(16)
Total current liabilities	**(638)**
Identifiable acquired liabilities	**(12,816)**
Net ident. Assets of subsidiary acquired	**14,243**
Consideration paid	14,243
Goodwill / (bargain purchase)	**--**
Cash and cash equivalents acquired	290
Cash outflow	**13,953**
POST-acquisition loss	(23)

Other acquisitions in 2014

	CPI Retail MB s.r.o.	CPI Retail Portfolio VIII s.r.o.	Čáslav Investments, a.s.	CPI Poland Sp. Z o.o.	Platnéřská 10 s.r.o.	TOTAL
Investment property	--	5,058	874	--	278	6,210
Loans provided	--	--	85	--	--	85
Trade and other receivables	12,088	61	--	--	7	12,156
Deferred tax asset	9	52	--	--	--	61
Total non-current assets	**12,097**	**5,171**	**959**	**--**	**285**	**18,512**
Current income tax receivables	--	44	--	--	--	44
Cash and cash equivalents	3	31	19	2	--	54
Other financial current assets	892	--	--	--	--	892
Other non-financial current assets	16	--	149	--	--	165
Total current assets	**910**	**75**	**168**	**2**	**--**	**1,155**
Identifiable acquired assets	**13,007**	**5,245**	**1,127**	**2**	**285**	**19,666**
Financial debts	--	(2,694)	(1,024)	--	(469)	(4,187)
Deferred tax liabilities	--	--	--	--	(2)	(2)
Total non-current liabilities	**--**	**(2,694)**	**(1,024)**	**--**	**(471)**	**(4,188)**
Trade payables	--	(7)	--	--	--	(7)
Other financial current liabilities	(11,935)	(2,422)	--	--	--	(14,357)
Other non-financial current liabilities	(602)	(48)	(25)	--	(1)	(676)
Total current liabilities	**(12,538)**	**(2,477)**	**(25)**	**--**	**(1)**	**(15,040)**
Identifiable acquired liabilities	**(12,538)**	**(5,171)**	**(1,048)**	**--**	**(472)**	**(19,229)**
Net ident. Assets of subsidiary acquired	**470**	**74**	**79**	**2**	**(187)**	**438**
Consideration paid	1,136	74	79	2	577	1,868
Goodwill / (bargain purchase)	**667**	**(0)**	**(0)**	**--**	**764**	**1,431**
Cash and cash equivalents acquired	3	31	19	2	--	54
Cash outflow	**1,134**	**43**	**60**	**--**	**577**	**1,814**
POST-acquisition profit / (loss)	402	59	(13)	(55)	--	392

The following table summarizes the effect of all acquisitions made by the Group in 2014:

	ORCO GERMANY S.A.	Hospitality Invest S.a.r.l.	Mercuda a.s.	Arena Corner Ingatlanfejleszto Kft.	Endurance Asset, S.a r.l.	CPI Retail MB s.r.o.	CPI Retail Portfolio VIII s.r.o.	Čáslav Investments, a.s.	CPI Poland Sp. Z o.o.	Platnéřská 10 s.r.o.	TOTAL
Intangible assets and goodwill	49,880	461	3,674	--	--	--	--	--	--	--	**54,015**
Investment property	640,076	42,680	44,827	50,353	8,705	--	5,058	874	--	278	**792,851**
Property, plant and equipment	8,355	57,535	12,031	--	--	--	--	--	--	--	**77,921**
Biological Assets	--	--	2,024	--	--	--	--	--	--	--	**2,024**
Available-for-sale financial assets	167	--	50	--	--	--	--	--	--	--	**217**
Financial assets at fair value through profit or loss	26,696	--	--	--	--	--	--	--	--	--	**26,696**
Loans provided	47,223	183	642	512		--	--	85	--	--	**48,645**
Trade and other receivables	21,710	--	137	--	--	12,088	61	--	--	7	**34,003**
Deferred tax asset	(3)	4,521	517	--	17,887	9	52	--	--	--	**22,983**
Total non-current assets	**794,104**	**105,380**	**63,903**	**50,865**	**26,592**	**12,097**	**5,171**	**959**	**--**	**285**	**1,059,356**
Inventories	3,920	228	1,632	--	--	--	--	--	--	--	**5,780**
Biological Assets	--	--	3,975	--	--	--	--	--	--	--	**3,975**
Current income tax receivables	4,265	16	200	5	--	--	44	--	--	--	**4,530**
Trade receivables	12,353	1,084	521	206	89	--	--	--	--	--	**14,253**
Derivative instruments	13	--	--	--	--	--	--	--	--	--	**13**
Loans provided	--	31	--	2,481	--	--	--	--	--	--	**2,512**
Cash and cash equivalents	39,382	1,479	3,038	3,181	290	3	31	19	2	--	**47,424**
Other financial current assets	15,897	49	466	--	--	892	--	--	--	--	**17,304**
Other non-financial current assets	18,563	323	8,384	72	88	16	--	149	--	--	**27,595**
Total current assets	**94,393**	**3,210**	**18,215**	**5,945**	**467**	**910**	**75**	**168**	**2**	**--**	**123,385**
Identifiable acquired assets	**888,497**	**108,590**	**82,118**	**56,810**	**27,059**	**13,007**	**5,245**	**1,127**	**2**	**285**	**1,182,740**
Bonds issued	(43)	--	(2,881)	--	--	--	--	--	--	--	(2,924)
Financial debts	(255,023)	(36,782)	(15,153)	--	(12,059)	--	(2,694)	(1,024)	--	(469)	(323,204)
Derivative instruments	4	--	(1,997)	--	--	--	--	--	--	--	(1,993)
Deferred tax liabilities	(137,290)	(8,011)	(5,864)	(4,686)	--	--	--	--	--	(2)	(155,853)
Provisions	(14,987)	(5)	--	--	--	--	--	--	--	--	(14,992)
Other non-current liabilities	7	--	(13,743)	(93)	(119)	--	--	--	--	--	(13,948)
Total non-current liabilities	**(407,332)**	**(44,798)**	**(39,638)**	**(4,779)**	**(12, 178)**	**--**	**(2,694)**	**(1,024)**	**--**	**(471)**	**(512,914)**
Financial debts	(34,885)	(62,793)	--	(33,664)	(472)	--	--	--	--	--	(131,814)
Trade payables	(2,231)	(2,410)	(635)	(333)	(150)	--	(7)	--	--	--	(5,766)
Advance payments	(17,017)	(151)	(6)	--	--	--	--	--	--	--	(17,174)
Derivative instruments	(4,584)	--	--	--	--	--	--	--	--	--	(4,584)
Other financial current liabilities	(15,954)	(2,441)	(10,994)	--	--	(11,935)	(2,422)	--	--	--	(43,746)
Other non-financial current liabilities	(15,838)	(592)	--	(334)	(16)	(602)	(48)	(25)	--	(1)	(17,456)
Total current liabilities	**(90,509)**	**(68,387)**	**(11,635)**	**(34,331)**	**(638)**	**(12,538)**	**(2,477)**	**(25)**	**--**	**(1)**	**(220,540)**
Identifiable acquired liabilities	**(497,841)**	**(113,185)**	**(51,273)**	**(39,110)**	**(12,816)**	**(12,538)**	**(5,171)**	**(1,048)**	**--**	**(472)**	**(733,454)**
Net ident. Assets of subsidiary acquired	**390,656**	**(4,595)**	**30,845**	**17,700**	**14,243**	**470**	**74**	**79**	**2**	**(187)**	**449,287**
Non-controlling interest	**(193)**	**4,207**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**4,014**
Share acquried in %	**71.29%**	**94.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	
Share acquired	**278,636**	**8,802**	**30,845**	**17,700**	**14,243**	**470**	**74**	**79**	**2**	**(187)**	**350,664**
Consideration paid	**197,001**	--	37,331	17,700*	14,243	1,136	74	79	2	577	268,143
Goodwill / (bargain purchase)	**(81,635)**	**8,802**	**6,486**	**--**	**--**	**667**	**(0)**	**(0)**	**--**	**764**	**(66,444)**
Cash and cash equivalents acquired	39,382	1,479	3,038	3,181	290	3	31	19	2	--	47,424
Cash outflow/(inflow)	**(39,382)**	**(1,479)**	**34,293**	**14,519**	**13,953**	**1,134**	**43**	**60**	**--**	**577**	23,718
POST-acquisition profit / (loss)	(2,504)	--	(1,717)	2,013	(23)	402	59	(13)	(55)	--	(1,839)

*EUR 15,4 million paid in advance in 2013

3.3 Acquisition of non-controlling interest in 2014

BAYTON Gama, a.s.

In 2014, the Group acquired 0,04 % interest of the voting shares BAYTON Gama, a.s.
A cash consideration of EUR 0.5 thousand was paid to the non-controlling shareholders. Carrying value of the additional interest acquired was EUR 9.95 thousand. The difference of EUR 9.45 thousand between the consideration paid and the carrying value of the interest acquired has been recognised to retained earnings within equity.

3.4 Disposal of subsidiaries in 2014

The Company decided to sell two development projects, since they fall out of its strategy. The Group disposed a brownfield project located at Kolbenova street in Prague 9 (Polygon BC, s.r.o.) of approximately 5.6 hectares, and a land developable for residential project located in Ritka (MQM Czech, s.r.o.), south-west of Prague of approximately 39.5 hectares. The aggregate transaction price of EUR 20 million was paid at the closing.
For the breakdown of assets and liabilities sold refer to note 5.9.

3.5 Changes in the Group in 2013

Entity	Change	Share acquired in %	Date of acquisition/foundation
ACGATE Kft.	founded	100,00%	24 October 2013
Arkáda Prostějov, s.r.o.	acquisition	100,00%	30 September 2013
Baudry Alfa, a.s.	founded	100,00%	30 January 2013
Besnet Centrum, a.s.	acquisition	100,00%	30 September 2013
Budaörs Business Park Kft.	acquisition	100,00%	26 November 2013
Codiazella Ltd	founded	100,00%	30 August 2013
CPI BB Centrum, a.s.	acquisition	100,00%	30 September 2013
CPI CYPRUS LIMITED	acquisition	100,00%	1 January 2013
CPI Epsilon, a.s.	founded	100,00%	18 June 2013
CPI FINANCE (BVI) LIMITED	acquisition	100,00%	21 May 2013
CPI Lambda, a.s.	founded	100,00%	18 June 2013
CPI North, s.r.o.	founded	100,00%	21 June 2013
CPI Retails 4B, s.r.o.	acquisition	100,00%	31 October 2013
CPI Retails EIGHT, s.r.o.	acquisition	100,00%	31 October 2013
CPI Retails SEVEN, s.r.o.	acquisition	100,00%	31 October 2013
CPI Retails SIX. s.r.o.	acquisition	100,00%	30 October 2013
CPI South, s.r.o.	founded	100,00%	18 June 2013
CURITIBA, a.s. (1)	acquisition	100,00%	31 December 2013
EMH North, s.r.o.	acquisition	100,00%	16 September 2013
EMH South, s.r.o.	acquisition	100,00%	16 September 2013
EMH West, s.r.o.	acquisition	100,00%	16 September 2013
GADWALL, Sp. z o.o.	acquisition	100,00%	31 October 2013
HUNGATE 2013 Kft.	founded	100,00%	24 October 2013
Liongate, a.s.	acquisition	100,00%	3 September 2013
Luxembourg Plaza, a.s.	acquisition	100,00%	30 September 2013
OC Spektrum, s.r.o.	acquisition	100,00%	30 September 2013
ORCO APARTMENTS, Sp. z o.o.	acquisition	100,00%	31 October 2013
Pelhřimov Property Development, a.s.	control acquisition	0,00%	1 September 2013
Quadrio Residence, s.r.o.	founded	100,00%	9 July 2013
SASHKA LIMITED (2)	acquisition	100,00%	30 June 2013
Statenice Property Development, a.s.	acquisition	100,00%	15 May 2013
Třinec Investments, s.r.o.	acquisition	100,00%	1 January 2013
VERETIX a.s. (3)	acquisition	100,00%	31 December 2013
WARSAW WEST GATE, SP. z o.o.	acquisition	100,00%	31 December 2013
WWG2013 Sp. z o.o.	founded	100,00%	5 November 2013
ZLATICO LIMITED	founded	100,00%	16 January 2013

(1) including subsidiaries BAYTON Alfa, a.s., BAYTON Delta, a.s. and LD Praha, a.s.

(2) including entities CPI Group, a.s., ABLON Group Limited, ABLON Bucharest Real Estates Development S.R.L, ABLON Kft., ABLON s.r.o., ABLON sp. z o.o., Airport City Kft., Airport City s.r.o., ALAMONDO LIMITED, Avacero Ltd., AVIDANO LIMITED, B.C.P. Kft., BREGOVA LIMITED, Bright Site Kft., CD Property s.r.o., Century City Kft., CPI Meteor Centre, s.r.o., CPI Palmovka Office, s.r.o., DERISA LIMITED, DH Est-Europe Real Estate SRL, DORESTO LIMITED, Duna Office Center Kft., ES Bucharest Development S.R.L., ES Bucharest Properties S.R.L., ES Hospitality S.R.L., First Chance Kft., First Site Kft., GARET Investment Sp. z.o.o., GLOBAL CENTER Kft., GLOBAL DEVELOPMENT Kft., GLOBAL ESTATES Kft., Global Immo Kft., GLOBAL INVESTMENT Kft., GLOBAL MANAGEMENT Kft., GLOBAL PROPERTIES Kft., GOMENDO LIMITED, GORANDA LIMITED, HD Investment s.r.o., Hotel Rosslyn Kft., ICL 1 Budapest Kft., Insite Kft., ISTAFIA LIMITED, JONVERO LIMITED, K.B.P. BUSINESS PARK sp. z. o.o, Leriegos Kft., LERIEGOS LIMITED, LN Est-Europe Development SRL, MESARGOSA LIMITED, MH Bucharest Properties S.R.L, MQM Czech, s.r.o., New Field Kft., New Sites Kft., OSMANIA LIMITED, Polygon BC s.r.o., PRINGIPO LIMITED, RSL Est-Europe Properties SRL, RSL Real Estate Development S.R.L., SHAHEDA LIMITED, STRIPMALL Management Kft., Szolgáltatóház Kft., TUNELIA LIMITED and Volanti Ltd., SPH Properties Sp. z o.o.

(3) including subsidiary Best Properties South, a.s.

Acquisition of non-controlling interest

BAYTON Gama, a.s.

In 2013, the Group acquired 0,0092 % interest of the voting shares BAYTON Gama, a.s.
A cash consideration of EUR 1,531 was paid to the non-controlling shareholders. Carrying value of the additional interest acquired was EUR 10,902. The difference of EUR 9,371 between the consideration paid and the carrying value of the interest acquired has been recognized to retained earnings within equity.

CPI Park Žďárek, a.s.

In June 2013, the Group increased its share capital by issuance of new shares in CPI Park Žďárek, a.s. New shares subscribed by 3rd party represented 1,513% non-controlling interest. Difference between total purchase price paid by new minority shareholder of EUR 0.36 million and carrying value of interest sold of EUR 0.32 million resulted in positive movement in parent's equity of EUR 41,387.
Subsequently in July the Group acquired 1,497% non-controlling share for EUR 5,780. The difference between total purchase price paid of EUR 5,780 and carrying value of interest acquired of EUR 0.32 million resulted in positive movement in parent's equity of EUR 0.31 million.

ABLON Group

Acquisition of non-controlling interest of EUR -0.28 million relates to ABLON Group acquisition in June 2013. In August cash consideration of EUR 51,360 was paid to the non-controlling shareholders for remaining share of 0,14%. Carrying value of the interest acquired was EUR 0.09 million. The difference of EUR 39,807 between the consideration paid and the carrying value of the interest acquired has been recognized to retained earnings within equity.

4 Segment reporting

For all asset types, discrete financial information is provided to the Board of Directors, which is the chief operating decision maker, on an individual entity (subsidiary) basis. The information provided are revenues (consisting of sale of goods, rental activities, services and net service charge income), net gain/loss from fair value adjustment on investment property, cost of goods sold, impairments, amortization and other operating result which altogether form the operating result.

The individual entities are aggregated into reportable segments with similar economic characteristics for the purposes of consolidated reporting.

As a result of the reverse acquisition of former GSG (see note 1), the management of the Group decided to modify the structure of reportable operating segments in order to reflect new asset types acquired and due to the extended geographical structure of the Group.

Income generating rental properties

Within the segment "Income generating rental properties" the Group is considered to have six types of assets as at 31 December 2014, as follows:

- Retail – acquires, develops and leases shopping malls
- Office – acquires, develops and leases offices
- Logistics – acquires, develops and leases warehouses and factories
- Residential – rents residential property
- Hotels – acquires, develops and leases hotels to operators
- Other – primarily includes intergroup service and financing entities

Income generating operational properties

The segment includes properties which primarily generate income from other than rental activities. As at 31 December 2014 the segment includes two types of assets:

- Hospitality – operates hotel premises as hotel operator
- Agriculture – operates farmland and produces the high-quality organic food

Development

Covers all real estate assets under construction or designated for future development in order to be sold to a third party or to be transferred to the Income generating rental properties operating segment.

Land bank

Acquires and retains lands for further Group's utilization. The segment also includes building which are intended for future redevelopment and do not generate any rental income.

2014

Consolidated profit or loss As at 31 December 2014	Income generating – rental properties						Income generating – operational properties		Land bank	Development	Total consolidated
	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality			
Gross rental revenue	71,436	65,741	18,071	11,950	13,944	149	--	--	600	97	181,988
Service revenue	1,288	161	4	1	14	4,641	25	--	2	8	6,144
Net service charge income	2,754	213	(14)	(18)	(42)	1,511	--	--	(82)	19	4,341
Property operating expenses	(8,566)	(3,050)	(9,553)	(326)	(1,157)	(3,476)	--	--	(263)	165	(26,226)
Net rental income	**66,912**	**63,065**	**8,508**	**11,607**	**12,759**	**2,825**	**25**	**--**	**257**	**289**	**166,247**
Development sales	(1,235)	(695)	5,668	--	--	--	--	--	1,462	41,426	46,626
Cost of goods sold	--	--	(2,962)	--	--	--	--	--	(1,922)	(38,409)	(43,293)
Development operating expenses	(154)	(87)	(155)	--	--	--	--	--	(17)	(533)	(946)
Net development income	**(1,389)**	**(782)**	**2,551**	**--**	**--**	**--**	**--**	**--**	**(477)**	**2,484**	**2,387**
Hotel revenue	--	--	--	--	--	--	--	4,408	--	--	4,408
Hotel operating expenses	--	--	--	--	--	--	--	(3,658)	--	--	(3,658)
Net hotel income	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**750**	**--**	**--**	**750**
Revenue from other business operations	(496)	--	--	--	--	--	2,397	--	--	--	1,901
Cost of goods sold	6	--	--	--	--	--	(782)	--	--	--	(776)
Related operating expenses	--	--	--	--	--	--	(2,252)	--	--	--	(2,252)
Net income from other business operations	**(490)**	**--**	**--**	**--**	**--**	**--**	**(637)**	**--**	**--**	**--**	**(1,127)**
Total revenues	73,747	65,420	23,729	11,933	13,916	6,301	2,422	4,408	1,982	41,550	245,408
Total direct business operating expenses	(8,714)	(3,137)	(12,670)	(326)	(1,157)	(3,476)	(3,034)	(3,658)	(2,202)	(38,777)	(77,151)
Net business income	**65,033**	**62,283**	**11,059**	**11,607**	**12,759**	**2,825**	**(612)**	**750**	**(220)**	**2,773**	**168,257**
Net valuation gain or loss on investment property	(3,648)	26,755	1,477	(273)	(2,734)	--	224	--	(10,972)	2,434	13,263
Net gain or loss on the disposal of investment property	(60)	(235)	(305)	5	--	--	(29)	--	(1,097)	--	(1,721)
Net gain or loss on disposal of subsidiaries	--	(6,492)	--	--	--	(15,474)	--	--	25,534	--	3,568
Amortization, depreciation and impairments	(606)	(850)	(1,139)	91	1,101	(3,526)	(221)	(1,010)	847	187	(5,126)
Other operating income	80,681	5,455	115	20	61	(1,525)	672	--	(228)	9	85,260
Administrative expenses	(5,453)	(1,863)	(469)	(189)	(306)	(17,190)	(44)	--	(352)	(229)	(26,095)
Other operating expenses	(2,781)	(755)	244	(29)	(48)	(94)	(71)	--	(187)	(1,851)	(5,572)
Operating Results	**133,166**	**84,298**	**10,982**	**11,232**	**10,833**	**(34,984)**	**(81)**	**(260)**	**13,325**	**3,323**	**231,834**
Interest income	3,233	1,117	1	7	521	16,624	5	1	2	1	21,512
Interest expense	(15,755)	(15,015)	(5,762)	(3,242)	(3,308)	(40,428)	(478)	(297)	(473)	1,177	(83,581)
Other net financial result	(18,229)	(2,517)	445	141	(278)	9,180	33	(663)	(439)	(14)	(12,341)
Net finance income / (costs)	**(30,751)**	**(16,415)**	**(5,316)**	**(3,094)**	**(3,065)**	**(14,624)**	**(440)**	**(959)**	**(910)**	**1,164**	**(74,410)**
Profit / (Loss) before income tax	**102,415**	**67,883**	**5,666**	**8,138**	**7,768**	**(49,608)**	**(521)**	**(1,219)**	**12,415**	**4,487**	**157,424**
Income tax expense	(7,600)	(10,871)	(738)	(1,287)	(867)	(67)	(701)	212	1,874	56	(19,989)
Net profit / (Loss) from continuing operations	**94,815**	**57,012**	**4,928**	**6,851**	**6,901**	**(49,675)**	**(1,222)**	**(1,007)**	**14,289**	**4,543**	**137,435**

2013

Consolidated profit or loss	Income generating – rental properties						Income generating – operational properties	Land bank	Development	Total consolidated
As at 31 December 2013	**Office**	**Retail**	**Residential**	**Industry and Logistics**	**Hotels**	**Other**	**Hospitality**			
Gross rental revenue	35,575	58,124	18,648	10,435	7,938	200	--	1,041	3	131,964
Service revenue	15	30	3	3	6	4,213	--	2	1	4,273
Net service charge income	337	883	(201)	46	16	845	--	(107)	--	1,819
Property operating expenses	(1,311)	(1,905)	(17,311)	(276)	(1,117)	(3,050)	--	(506)	(31)	(25,507)
Net rental income	**34,616**	**57,132**	**1,139**	**10,208**	**6,843**	**2,208**	**--**	**430**	**(27)**	**112,549**
Development sales	--	--	1,887	--	--	--	--	4	--	1,891
Cost of goods sold	--	--	(1,702)	--	--	--	--	(4)	--	(1,706)
Net development income	**--**	**--**	**185**	**--**	**--**	**--**	**--**	**--**	**--**	**185**
Hotel revenue	--	--	--	--	--	--	2,098	--	--	2,098
Hotel operating expenses	--	--	--	--	--	--	(1,443)	--	--	(1,443)
Net hotel income	**--**	**--**	**--**	**--**	**--**	**--**	**655**	**--**	**--**	**655**
Total revenues	35,927	59,037	20,337	10,484	7,960	5,258	2,098	940	4	142,045
Total direct business operating expenses	(1,311)	(1,905)	(19,013)	(276)	(1,117)	(3,050)	(1,443)	(510)	(31)	(28,656)
Net business income	**34,616**	**57,132**	**1,324**	**10,208**	**6,843**	**2,208**	**655**	**430**	**(27)**	**113,389**
Net valuation gain or loss on investment property	(4,825)	10,491	13,415	1,868	(11,635)	--	--	(9,499)	4,024	3,839
Net gain or loss on the disposal of investment property	4,098	(57)	(2,070)	(7)	(4,067)	102	--	49	--	(1,952)
Amortization, depreciation and impairments	(128)	(766)	511	(84)	(195)	1,590	(535)	(1,868)	(136)	(1,611)
Other operating income	267	1,606	(5,220)	58	133	1,087	--	3,349	7,863	9,143
Administrative expenses	(580)	(1,325)	(394)	(77)	(286)	(11,396)	--	(209)	(791)	(15,058)
Other operating expenses	(235)	(268)	(610)	(1)	(55)	(602)	--	2	(592)	(2,361)
Operating Results	**33,213**	**66,813**	**6,956**	**11,965**	**(9,262)**	**(7,011)**	**120**	**(7,746)**	**10,341**	**105,389**
Interest income	125	(217)	1	29	82	26,943	4	255	36	27,258
Interest expense	(8,679)	(14,355)	(5,373)	(3,316)	(1,628)	(34,499)	(133)	(1,394)	(709)	(70,086)
Other net financial result	1,244	6,486	(310)	1,188	3,328	7,083	(57)	4,235	1,949	25,146
Net finance income / (costs)	**(7,310)**	**(8,086)**	**(5,682)**	**(2,099)**	**1,782**	**(473)**	**(186)**	**3,096**	**1,276**	**(17,682)**
Profit / (Loss) before income tax	**25,903**	**58,727**	**1,274**	**9,866**	**(7,480)**	**(7,484)**	**(66)**	**(4,650)**	**11,617**	**87,707**
Income tax expense	(892)	(8,938)	(548)	(652)	941	(1,704)	(39)	710	759	(10,363)
Net profit / (Loss) from continuing operations	**25,011**	**49,789**	**726**	**9,214**	**(6,539)**	**(9,188)**	**(105)**	**(3,940)**	**12,376**	**77,344**

2014

Consolidated statement of financial position	Income generating - rental properties						Income generating - operational properties		Land bank	Development	Total consolidated
31 December 2014	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality			
Gross assets value	**1,484,000**	**892,511**	**277,169**	**138,608**	**267,004**	**3,523**	**58,312**	**74,606**	**236,368**	**130,190**	**3,562,291**
Investment Property	1,470,346	891,921	277,146	138,608	266,683	--	44,897	--	236,362	47,087	3,373,050
Property, plant and equipment	13,654	590	23	--	305	3,523	12,001	74,410	6	55	104,567
Inventories	--	--	--	--	16	--	1,414	196	--	83,048	84,674
Biological assets	--	--	--	--	--	--	6,009	--	--	--	6,009
Other assets non-current	105,464	6,651	--	--	247	33,420	11,538	374	2,021	108	159,823
Other assets current	58,527	15,826	13,215	1,573	6,179	276,487	6,047	376	1,509	3,392	383,131
Cash and cash equivalents	33,930	30,984	4,925	3,749	4,973	7,460	3,356	1,621	2,237	14,937	108,172
Total Assets	**1,681,921**	**945,972**	**295,309**	**143,930**	**278,403**	**320,890**	**85,262**	**76,977**	**242,135**	**148,627**	**4,219,426**
Other payables non-current	231,910	87,394	42,341	19,086	16,741	1,499	19,563	1,179	17,438	4,746	441,897
Finance debts non-current	679,266	337,500	3,506	55,013	61,061	20,780	5,343	19,092	2,987	35,795	1,220,343
Bonds issued non-current	43	50,046	95,630	--	--	358,037	2,885	--	--	--	506,641
Other payables current	64,190	16,973	15,933	2,293	6,804	15,652	2,045	1,699	3,368	3,926	132,883
Finance debts current	80,173	67,042	100	9,785	62,928	38,422	11,938	24,440	8,800	22,359	325,987
Bonds issued current	--	475	13,275	--	--	18,865	252	--	--	--	32,867
Total Liabilities	**1,055,582**	**559,430**	**170,785**	**86,177**	**147,534**	**453,255**	**42,026**	**46,410**	**32,593**	**66,826**	**2,660,618**

2013

Consolidated Statement of financial position	Income generating - rental properties						Income generating - operational properties	Land bank	Development	Total consolidated
31 December 2013	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Hospitality			
Gross assets value	**722,631**	**817,788**	**281,393**	**137,530**	**223,539**	**3,399**	**19,392**	**283,719**	**181,244**	**2,670,635**
Investment Property	721,993	817,755	281,358	137,530	223,261	--	--	283,529	85,659	2,551,084
Property, plant and equipment	639	32	35	--	279	3,399	19,392	190	164	24,129
Inventories	--	--	--	--	--	--	--	--	95,422	95,422
Other assets non-current	1,866	2,008	--	--	23,204	121,809	--	--	15	148,902
Other assets current	35,204	12,882	14,263	740	9,110	116,542	170	1,700	1,756	192,367
Cash and cash equivalents	26,544	26,992	4,491	5,004	4,764	6,663	451	3,111	31,585	109,605
Total Assets	**786,245**	**859,669**	**300,147**	**143,274**	**260,617**	**248,414**	**20,014**	**288,531**	**214,600**	**3,121,510**
Other payables non-current	59,881	75,305	43,856	18,653	15,765	1,991	233	18,961	10,288	244,933
Finance debts non-current	403,845	362,892	16	67,088	55,007	21,278	16,696	27,458	59,361	1,013,642
Bonds issued non-current	--	9,970	106,975	--	--	512,135	--	--	--	629,080
Other payables current	18,179	16,521	16,658	1,782	13,876	10,773	273	1,122	8,574	87,759
Finance debts current	39,992	51,861	587	8,615	30,435	33,969	69	4,982	15,487	185,997
Bonds issued current	--	104	3,476	--	--	17,518	--	--	--	21,098
Total Liabilities	**521,898**	**516,652**	**171,568**	**96,138**	**115,084**	**597,664**	**17,271**	**52,524**	**93,710**	**2,182,509**

2014

Consolidated profit or loss 31 December 2014	Czech Republic	Slovak Republic	Germany*	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Russia	Italy	Total consolidated
Gross rental revenue	122,458	15,656	21,951	16,378	5,503	--	--	42	--	--	--	--	--	--	--	181,988
Service revenue	4,849	12	1,219	11	49	--	--	4	--	--	--	--	--	--	--	6,144
Net service charge income	1,618	25	2,295	495	(101)	--	--	10	--	--	--	--	--	--	--	4,341
Property operating expenses	(17,816)	(609)	(4,750)	(1,265)	(320)	(16)	--	(285)	--	--	--	--	(1,030)	--	(135)	(26,226)
Net rental income	**111,109**	**15,084**	**20,715**	**15,619**	**5,131**	**(16)**	**--**	**(229)**	**--**	**--**	**--**	**--**	**(1,030)**	**--**	**(135)**	**166,247**
Development sales	5,200	--	6,626	--	--	--	--	34,800	--	--	--	--	--	--	--	46,626
Cost of goods sold	(4,879)	--	(5,898)	(5)	--	--	--	(32,511)	--	--	--	--	--	--	--	(43,293)
Development operating expenses	(900)	--	(46)	--	--	--	--	--	--	--	--	--	--	--	--	(946)
Net development income	**(579)**	**--**	**682**	**(5)**	**--**	**--**	**--**	**2,289**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**2,387**
Hotel revenue	--	--	--	4,408	--	--	--	--	--	--	--	--	--	--	--	4,408
Hotel operating expenses	--	--	--	(3,658)	--	--	--	--	--	--	--	--	--	--	--	(3,658)
Net hotel income	**--**	**--**	**--**	**750**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**750**
Revenue from other business operations	2,397	--	(496)	--	--	--	--	--	--	--	--	--	--	--	--	1,901
Cost of goods sold	(782)	--	6	--	--	--	--	--	--	--	--	--	--	--	--	(776)
Related operating expenses	(2,252)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(2,252)
Net income from other business operations	**(637)**	**--**	**(490)**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**(1,127)**
Total revenues	136,522	15,693	31,595	21,292	5,451	--	--	34,856	--	--	--	--	--	--	--	245,408
Total direct business operating expenses	(26,629)	(609)	(10,688)	(4,928)	(320)	(16)	--	(32,796)	--	--	--	--	(1,030)	--	(135)	(77,151)
Net business income	**109,893**	**15,084**	**20,907**	**16,364**	**5,131**	**(16)**	**--**	**2,060**	**--**	**--**	**--**	**--**	**(1,030)**	**--**	**(135)**	**168,257**
Net valuation gain or loss on investment property	52,943	(1,772)	(2,281)	(31,092)	(1,759)	(2,776)	--	--	--	--	--	--	--	--	--	13,263
Net gain or loss on the disposal of investment property	(1,721)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(1,721)
Net gain or loss on disposal of subsidiaries	25,534	--	--	--	6	--	--	--	--	(21,958)	--	(14)	--	--	--	3,568
Amortization, depreciation and impairments	(3,236)	(54)	(183)	(1,070)	(9)	(3)	--	--	--	(175)	--	--	(396)	--	--	(5,126)
Other operating income	3,059	48	198	1,923	121	--	--	--	--	(198)	--	(1,527)	81,636	--	--	85,260
Administrative expenses	(16,803)	(175)	(2,388)	(3,155)	(713)	(77)	(198)	(117)	(33)	(138)	(8)	(2,212)	(78)	--	--	(26,095)
Other operating expenses	(1,246)	(13)	(1,862)	109	(368)	(6)	--	(1,616)	--	(4)	--	(475)	(87)	--	(4)	(5,572)
Operating Results	**168,423**	**13,118**	**14,391**	**(16,921)**	**2,409**	**(2,878)**	**(198)**	**327**	**(33)**	**(22,473)**	**(8)**	**(4,228)**	**80,045**	**--**	**(139)**	**231,834**
Interest income	15,250	2	1,757	32	--	--	1,945	--	--	1,077	--	--	1,449	--	--	21,512
Interest expense	(59,551)	(3,689)	(5,392)	(3,333)	(1,340)	(6)	(12,553)	2,283	--	--	--	--	--	--	--	(83,581)
Other net financial result	(6,011)	(257)	(3,784)	(1,824)	(2,600)	(2)	157	(18)	(1)	(9)	9,485	49	(7,527)	--	--	(12,341)
Net finance income / (costs)	**(50,312)**	**(3,944)**	**(7,419)**	**(5,125)**	**(3,940)**	**(8)**	**(10,451)**	**2,265**	**(1)**	**1,068**	**9,485**	**49**	**(6,078)**	**--**	**--**	**(74,410)**
Profit / (Loss) before income tax	**118,111**	**9,174**	**6,972**	**(22,046)**	**(1,531)**	**(2,886)**	**(10,649)**	**2,592**	**(34)**	**(21,405)**	**9,477**	**(4,179)**	**73,967**	**--**	**(139)**	**157,424**
Income tax expense	(18,273)	(1,257)	(3,841)	3,386	(309)	--	--	305	--	--	--	--	--	--	--	(19,989)
Net profit / (Loss) from continuing operations	**99,838**	**7,917**	**3,131**	**(18,660)**	**(1,840)**	**(2,886)**	**(10,649)**	**2,897**	**(34)**	**(21,405)**	**9,477**	**(4,179)**	**73,967**	**--**	**(139)**	**137,435**

** disclosed information for the period from July to December 2014 only*

2013

Consolidated profit or loss 31 December 2013	Czech Republic	Slovak Republic	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Total consolidated
Gross rental revenue	108,346	15,502	7,303	813	--	--	--	--	--	--	--	131,964
Service revenue	4,158	3	--	112	--	--	--	--	--	--	--	4,273
Net service charge income	1,565	58	244	(47)	--	--	--	--	--	--	(1)	1,819
Property operating expenses	(23,537)	(739)	(1,184)	(16)	(10)	--	(19)	--	--	--	(2)	(25,507)
Net rental income	**90,532**	**14,824**	**6,363**	**862**	**(10)**	**--**	**(19)**	**--**	**--**	**--**	**(3)**	**112,549**
Development sales	1,887	--	4	--	--	--	--	--	--	--	--	1,891
Cost of goods sold	(1,702)	--	(4)	--	--	--	--	--	--	--	--	(1,706)
Net development income	**185**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**185**
Hotel revenue	--	--	2,098	--	--	--	--	--	--	--	--	2,098
Hotel operating expenses	--	--	(1,443)	--	--	--	--	--	--	--	--	(1,443)
Net hotel income	**--**	**--**	**655**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**655**
Total revenues	115,956	15,563	9,649	878	--	--	--	--	--	--	(1)	142,045
Total direct business operating expenses	(25,239)	(739)	(2,631)	(16)	(10)	--	(19)	--	--	--	(2)	(28,656)
Net business income	**90,717**	**14,824**	**7,018**	**862**	**(10)**	**--**	**(19)**	**--**	**--**	**--**	**(3)**	**113,389**
Net valuation gain or loss on investment property	3,054	809	(24)	--	--	--	--	--	--	--	--	3,839
Net gain or loss on the disposal of investment property	(1,952)	--	--	--	--	--	--	--	--	--	--	(1,952)
Net gain or loss on disposal of subsidiaries	--	--	--	(38)	--	--	--	--	--	38	--	--
Amortization, depreciation and impairments	(661)	(348)	(596)	(5)	(1)	--	--	--	--	--	--	(1,611)
Other operating income	5,715	426	277	--	--	--	--	--	--	--	2,725	9,143
Administrative expenses	(13,181)	(172)	(172)	(168)	(52)	(177)	(624)	(58)	(62)	(9)	(383)	(15,058)
Other operating expenses	(1,864)	(78)	117	(7)	--	--	(520)	--	(4)	--	(5)	(2,361)
Operating Results	**81,816**	**15,461**	**6,632**	**644**	**(63)**	**(177)**	**(1,163)**	**(58)**	**(66)**	**29**	**2,334**	**105,389**
Interest income	20,039	57	34	--	--	6,153	--	--	502	473	--	27,258
Interest expense	(50,170)	(3,974)	(1,424)	(522)	--	(13,642)	--	--	(353)	--	--	(70,086)
Other net financial result	11,261	5,316	1,421	(309)	(118)	303	(45)	--	808	6,505	3	25,146
Net finance income / (costs)	**(18,870)**	**1,399**	**31**	**(831)**	**(118)**	**(7,186)**	**(45)**	**--**	**957**	**6,978**	**3**	**(17,682)**
Profit / (Loss) before income tax	**62,958**	**16,860**	**6,651**	**(187)**	**(181)**	**(7,363)**	**(1,208)**	**(58)**	**891**	**7,007**	**2,337**	**87,707**
Income tax expense	(8,902)	(2,260)	(124)	(22)	--	339	618	--	(12)	--	--	(10,363)
Net profit / (Loss) from continuing operations	**54,056**	**14,600**	**6,527**	**(209)**	**(181)**	**(7,024)**	**(590)**	**(58)**	**879**	**7,007**	**2,337**	**77,344**

2014

Consolidated statement of financial position 31 December 2014	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Russia	Italy	Total consolidated
Gross assets value	**2,184,463**	**204,409**	**651,921**	**307,158**	**93,200**	**17,196**	**--**	**71,902**	**--**	**--**	**--**	**11**	**26,324**	**90**	**5,616**	**3,562,291**
Investment Property	2,143,165	204,271	639,489	288,782	76,652	17,190	--	3,500	--	--	--	--	--	--	--	3,373,050
Property, plant and equipment	31,509	134	11,937	18,180	16,472	6	--	--	--	--	--	--	26,324	5	--	104,567
Inventories	9,789	4	495	196	76	--	--	68,402	--	--	--	11	--	85	5,616	84,674
Biological assets	6,009	--	--	--	--	--	--	--	--	--	--	--	--	--	--	6,009
Other assets non-current	29,473	237	75,653	52	22	--	--	--	--	5,136	2,139	--	47,108	--	3	159,823
Other assets current	313,810	3,014	32,786	2,226	1,015	32	4,731	3,119	--	9,408	2,119	1	9,389	162	1,319	383,131
Cash and cash equivalents	64,766	4,660	10,175	7,301	5,940	10	14	13,546	19	1	2	321	1,306	72	39	108,172
Total Assets	**2,598,521**	**212,320**	**770,535**	**316,737**	**100,177**	**17,238**	**4,745**	**88,567**	**19**	**14,545**	**4,260**	**333**	**84,127**	**324**	**6,977**	**4,219,426**
Other payables non-current	224,094	27,467	155,636	24,822	5,722	12	--	3,012	--	--	--	--	1,130	1	--	441,897
Finance debts non-current	677,954	93,574	281,471	97,894	27,660	--	--	36,757	--	--	--	--	5,033	--	--	1,220,343
Bonds issued non-current	417,148	--	--	--	--	--	89,450	--	--	--	--	--	43	--	--	506,641
Other payables current	74,533	1,392	41,449	7,489	2,476	(11)	781	2,707	19	62	6	35	1,636	280	29	132,883
Finance debts current	194,229	7,683	9,779	84,863	29,016	391	--	14	--	--	--	--	12	--	--	325,987
Bonds issued current	32,670	--	--	--	--	--	197	--	--	--	--	--	--	--	--	32,867
Total Liabilities	**1,620,628**	**130,116**	**488,335**	**215,068**	**64,874**	**392**	**90,428**	**42,490**	**19**	**62**	**6**	**35**	**7,854**	**281**	**29**	**2,660,618**

2013

Consolidated statement of financial position 31 December 2013	Czech Republic	Slovak Republic	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Total consolidated
Gross assets value	**2,021,892**	**196,381**	**276,180**	**69,536**	**19,958**	**--**	**86,677**	**--**	**--**	**--**	**11**	**2,670,635**
Investment Property	2,009,272	196,369	255,967	69,526	19,950	--	--	--	--	--	--	2,551,084
Property, plant and equipment	3,963	10	20,142	6	8	--	--	--	--	--	--	24,129
Inventories	8,657	2	71	4	--	--	86,677	--	--	--	11	95,422
Other assets non-current	99,351	--	53	1,695	--	35,324	1	--	12,477	--	--	148,901
Other assets current	156,661	868	17,960	6,234	31	3,174	1,013	--	1	6,425	1	192,369
Cash and cash equivalents	60,595	4,920	4,560	7,416	33	857	31,172	24	4	--	24	109,605
Total Assets	**2,338,500**	**202,169**	**298,753**	**84,881**	**20,022**	**39,355**	**118,863**	**24**	**12,482**	**6,425**	**36**	**3,121,510**
Other payables non-current	184,624	26,500	23,238	6,833	24	--	3,715	--	--	--	--	244,934
Finance debts non-current	682,209	97,270	131,088	34,671	--	10,081	58,294	--	29	--	--	1,013,642
Bonds issued non-current	432,216	--	--	--	--	196,864	--	--	--	--	--	629,080
Other payables current	76,092	1,303	5,673	817	5	886	2,650	37	110	139	46	87,758
Finance debts current	152,287	6,415	15,539	10,090	385	1,281	--	--	--	--	--	185,997
Bonds issued current	7,913	--	--	--	--	13,185	--	--	--	--	--	21,098
Total Liabilities	**1,535,341**	**131,488**	**175,538**	**52,411**	**414**	**222,297**	**64,659**	**37**	**139**	**139**	**46**	**2,182,509**

5 Consolidated statement of comprehensive income

5.1 Gross rental revenues

	31 December 2014	31 December 2013
Gross rental revenue (1)	181,988	131,964
Service revenue (2)	6,144	4,273
Total gross rental revenues	**188,132**	**136,237**

(1) Significant increase in rental revenue is generally attributable to Group's expansion in 2014 and mainly reflects the effect of the acquisition of GSG in June 2014 (effect EUR 22.0 million).
The 2014 rental revenue includes full 12 months of ABLON Group revenues (acquired in second half of 2013) and 12 months of ENDURANCE companies (acquired in September 2013), leading to net effect of EUR 21.2 million increase in rental revenue in 2014.
The increase in revenue in 2014 also reflects acquisitions of Arena Corner Ingatlanfejleszto Kft. with contribution of EUR 2.2 million (from May 2014 to December 2014).

Rental revenue is derived from a large number of tenants and no single tenant or group of tenants contribute more than 10% to the Group's rental revenue.

(2) Increase in service income follows expansion of Group´s rental activities. It includes mainly facility management provided to third parties. Another part of the service income represent advisory and accounting services, which relate to services provided to non-consolidated entities. These services derive directly from rental activities performed by the Group so they are disclosed as a part of service income.
Due to the reverse acquisition of GSG (note 1), service revenue increased by EUR 1.2 million.

5.2 Net service charge income

	31 December 2014	31 December 2013
Service charge income	26,970	13,490
Service charge expenses	(23,447)	(12,508)
Total	**3,523**	**982**
Revenues from sales of energy	3,691	3,701
Cost of sales - energy	(2,873)	(2,864)
Total	**818**	**837**
Total net service charge income	**4,341**	**1,819**

Significant increase in volume of service charge income and expenses reflects increase in rental activity. The increase was mainly driven by acquisition of GSG (effect EUR 2.3 million on net service charges).
The second favourable impact represents the acquisition of ABLON Group as the ABLON's entities are entitled to recharge service expenses with profit margin to tenants. Related profit represents EUR 0.6 million for 12 months of 2014 (6 months of 2013 as former ABLON group was acquired in June 2013 – EUR 0.3 million).
Profit from sale of energies (the Group has license for the purchase and its further distribution) remains stable and also contributed to total positive result from service recharges.

5.3 Property operating expenses

	31 December 2014	31 December 2013
Building maintenance (1)	(10,767)	(14,660)
Utility services	(5,481)	(4,113)
Personnel expenses	(5,702)	(4,009)
Real estate tax	(1,522)	(820)
Facility management	(818)	(235)
Insurance	(689)	(489)
Letting fee, other fees paid to real estate agents	(521)	(281)
Other property related expenses	(349)	(900)
IT Services and maintenance	(249)	--
Leases and rents	(128)	--
Total net property operating expenses	**(26,226)**	**(25,507)**

Property operating expenses include mainly building maintenance, personnel expenses, utilities supplies, facility management and other general overhead expenses related to properties which cannot be charged to current tenants based on existing rental contracts concluded. They also include Group's expenses related to vacant premises.

(1) Decline in building maintenance is primarily caused by significant investment to residential portfolio in prior period.

5.3.1 Utility services

	31 December 2014	31 December 2013
Energy consumption	(3,227)	(2,697)
Material consumption	(800)	(517)
Waste management	(450)	(328)
Security services	(668)	(477)
Cleaning services	(336)	(94)
Total utility services	**(5,481)**	**(4,113)**

5.3.2 Personnel expenses

	31 December 2014	31 December 2013
Personnel operating expenses		
Wages and salaries	(4,489)	(2,930)
Social and health security contributions	(1,248)	(956)
Other social expenses	35	(123)
Total personnel operating expenses	**(5,702)**	**(4,009)**
Personnel administrative expenses		
Wages and salaries	(6,481)	(4,538)
Social and health security contributions	(1,881)	(1,323)
Other social expenses	45	(97)
Total personnel administrative expenses	**(8,317)**	**(5,958)**
Personnel expenses - hotel operations		
Wages and salaries	(878)	(335)
Social and health security contributions	(277)	(100)
Other social expenses	(95)	--
Total personnel expenses - hotel operations	**(1,250)**	**(435)**
Personnel expenses - other business activities		
Wages and salaries	(262)	--
Social and health security contributions	(99)	--
Total personnel expenses - other business activities	**(361)**	**--**
Total personnel expenses	**(15,630)**	**(10,402)**

The acquisition of GSG caused increase in personnel expenses by EUR 2.7 million in 2014.

5.4 Net development income

	31 December 2014	31 December 2013
Development sales (1)	46,626	1,891
Cost of goods sold (1)	(43,293)	(1,706)
Development operating expenses (2)	(946)	--
Net development income	**2,387**	**185**

(1) Net development income represents primarily sale of apartments from the residential portfolio of CPI FRANCE (Palais Maeterlinck project). The proceeds from sales were EUR 34.6 million with the profit of EUR 2.3 million in 2014.
Significant sales were also realized by completed flats in Naunynstrasse (GSG Asset GmbH & Co. Verwaltungs KG) in the amount of EUR 6.6 million with net profit of EUR 0.7 million in 2014.

(2) Development operating expenses cover all property operating expenses occurred on the development in 2014 (utility services, real estate agents services, maintenance etc.).

5.5 Net hotel income

	31 December 2014	31 December 2013
Hotel revenue	4,408	2,098
Personnel expenses	(1,250)	(435)
Other hotel expenses	(2,408)	(1,008)
Total net hotel income	**750**	**655**

5.6 Net income from other business operations

	31 December 2014	31 December 2013
Revenue from other business operations	1,901	--
Cost of goods sold	(776)	--
Personnel expenses	(361)	--
Related operating expenses	(1,891)	--
Net income from other business operations	**(1,127)**	**--**

Net income from other business operations relates primarily to revenues from agriculture activities for the period November – December 2014. The Group entered into agriculture business through the acquisition of Mercuda a.s. which operates farmland and producers of high-quality organic food on 1 November 2014 (refer to note 3.2).

5.7 Net valuation gain/(loss)

	31 December 2014	31 December 2013
Valuation gains		
Agriculture	224	--
Hotels	343	665
Industry and logistics	2,115	2,345
Land bank	554	159
Office	44,633	10,400
Residential	1,477	13,415
Retail	37,529	16,828
Total valuation gains	**86,876**	**43,812**
Valuation losses		
Hotels	(3,078)	(12,299)
Industry and logistics	(2,388)	(477)
Land bank	(11,527)	(9,658)
Office	(48,281)	(15,225)
Retail	(10,775)	(6,336)
Total valuation losses	**(76,047)**	**(43,997)**
Net valuation gain / (loss)	**10,829**	**(185)**
Development – valuation gains	2,436	4,161
Development – valuation loss	(2)	(137)
Total valuation gains and losses on investment property under development	**2,434**	**4,024**
Net valuation gain / (loss)	**13,263**	**3,839**

Significant increase in valuation gain on investment property relates primarily to office and retail segment. It is mostly influenced by multifunctional complex QUADRIO which was finished in October 2014. QUADRIO project cover both office and retail segment as it has a shopping gallery and office premises.
Significant valuation losses in Land bank, Office and Retail segments are recognized mainly due to significant valuation losses realized in Hungary (total loss of EUR 30.9 million), Romania (total loss of EUR 2.8 million), Slovakia (total loss of EUR 1.7 million) and Poland (total loss of EUR 1.7 million).
For the assumptions used for the preparation of appraisals by professional valuators refer to note 7.5.3.

5.8 Net gain or loss on the disposal of investment property

	31 December 2014	31 December 2013
Proceeds from disposal of investment property	8,485	7,294
Carrying value of investment property disposed of and related cost	(10,206)	(9,246)
Total loss on the disposal of investment property	**(1,721)**	**(1,952)**

Disposals of investment property in 2014 represent primarily sale of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. in total carrying value of EUR 4.3 million and sale of retail units of CPI Reality, a.s. in carrying value of EUR 2.9 million. Losses in 2014 and 2013 are mainly due to Group’s strategy regarding the residential portfolio optimization, above all in Prague – Letňany. Flats with commitment to pay future contribution to Residents Associations were sold in 2014 and 2013. There is no indication that current loss suffered would have adverse impact on fair value of remaining part of entire residential portfolio as these sales related only to specific locations.
Other investment property sales represent sales of land in Velké Mezihoří in amount of EUR 1.6 million (VM Property Development, a.s.).

5.9 Net gain or loss on the disposal of subsidiaries in 2014

	MQM Czech, s.r.o.	Polygon BC, s.r.o.	Total
Investment property	3,559	11,684	15,243
Trading property - inventories	3	--	3
Trade and other receivables	--	4	4
Cash and cash equivalents	2	4	6
Identifiable assets	**3,564**	**11,692**	**15,256**
Other non-current liabilities	--	8	8
Deferred tax liability	--	1,020	1,020
Identifiable liabilities	**--**	**1,028**	**1,028**
Net identifiable assets total	**3,564**	**10,664**	**14,228**
Ownership interest sold	100%	100%	--
Net identifiable assets sold	3,564	10,664	14,228
Total carrying value of subsidiaries sold and related cost to sell	**3,564**	**10,664**	**14,228**
Sales price	3,334	16,667	20,000
Net gain / (loss) on the disposal of subsidiary	**(230)**	**6,003**	**5,772**

Both subsidiaries were sold in November 2014.

5.10 Loss on the disposal of equity-accounted investees in 2014

	K.B.P. BUSINESS PARK Sp. z o.o.
Ownership interest	50%
Net identifiable assets sold (including provided loan)	8,017
Related cost to sell	--
Total carrying value of equity-accounted investees and cost to sell	**8,017**
Sales price	5,813
Gain/Loss on the disposal of equity-accounted investees	**(2,204)**

In connection with acquisition of ABLON Group, the Group acquired 50% share in one associate (K.B.P. BUSINESS PARK Sp. z o.o.). Share in this associate (consolidated by equity method) was fully provided for as the associate's equity is negative and the carrying value of the investment was EUR 0 as at 31 December 2013. The share of K.B.P. BUSINESS PARK sp. Z.o.o (KBP) was sold in August 2014 for EUR 5.8 million. The shareholder loan in KBP in nominal value of EUR 8 million was sold together with the investment in the entity.

5.11 Amortization, depreciation and impairments

	31 December 2014	31 December 2013
Depreciation and amortization - rental	(1 279)	(1 020)
Depreciation and amortization – hotel (1)	(1 010)	(535)
Depreciation and amortization - other business operations	(234)	--
Total impairment of assets	(2 603)	(56)
Total depreciation, amortization and impairment	**(5,126)**	**(1,611)**

(1) Depreciation charge on hotel segment relates solely to Duna Office Center in Hungary acquired in June 2013. Current depreciation charge includes full year depreciation while prior year balance represents 6 months of depreciation charges.

5.11.1 Impairment of assets / Reversal of impairment of assets

	31 December 2014	31 December 2013
Impairment of property, plant and equipment	(54)	--
Impairment of goodwill	(1,431)	(575)
Impairment of trading property	131	(142)
Impairment of other receivables	(78)	81
Impairment of trade receivables total	(916)	(244)
Impairment of provided loans total	(255)	824
Total impairment of assets / reversal of impairment of assets	**(2,603)**	**(56)**

5.12 Other operating income

	31 December 2014	31 December 2013
Gain on bargain purchase relating to acquisition of GSG (Note 1)	81,635	5,783
Income from penalties	657	1,626
Income from compensation of rental revenues	406	399
Income from lands acquired based on court decision (1)	844	339
Insurance claims	214	228
Other	1,409	745
Income from sale of PPE	95	23
Total other operating income	**85,260**	**9,143**

(1) In 2014 the Group won litigation claims regarding ownership of land in total amount of EUR 0.8 million (2013: EUR 0.3 million).

5.13 Administrative expenses

	31 December 2014	31 December 2013
Personnel expenses (1)	(8,317)	(5,958)
Lease and rental expenses	(1,656)	(1,955)
Audit, tax and advisory services (2) (3)	(7,209)	(1,854)
Legal services	(1,949)	(1,689)
Advertising expenses	(1,740)	(1,597)
Telecommunication, internet and software related expenses	(318)	(300)
Material consumption	(689)	(340)
Representation expenses	(871)	(664)
Repairs and maintenance	(455)	(96)
Other insurance expenses	(204)	(136)
Energy consumption	(30)	(26)
Other administrative expenses	(2,657)	(443)
Total administrative expenses	**(26,095)**	**(15,058)**

The increase in administrative expenses reflects Group’s substantial growth affected mainly by acquisitions carried out in the second half of 2013 and in 2014.

(1) Personnel expenses significantly increased in 2014 accordingly to the increase in number of employees from 464 to 797.

(2) Increase in Audit, tax and advisory services is in line with ongoing Group´s expansion and extended requirements for financial and other advisory services. Audit, tax and advisory expenses also include the cost of services provided by the Group´s auditor of EUR 0.93 million (EUR 0.51 million in 2013), of which:
- Fees related to audit services amount to EUR 0.89 million (EUR 0.43 million in 2013).
- Fees for other assurance and advisory services provided by the Group´s auditor total EUR 0.15 million (EUR 0.08 million in 2013).

(3) Fees paid to investment property valuators represent EUR 0.4 million in 2014 (EUR 0.2 million in 2013).

5.14 Other operating expenses

	31 December 2014	31 December 2013
Penalties	(274)	(407)
Tax non-deductible VAT expenses	(443)	(625)
Taxes and fees	(1,741)	(833)
Loss on assignment of receivables	(56)	(84)
Gifts	(542)	--
Change in provisions	(274)	58
Other	(2,242)	(470)
Total other operating expenses	**(5,572)**	**(2,361)**

5.15 Interest income

	31 December 2014	31 December 2013
Bank interest income	754	154
Interest income on bonds	302	92
Interest income on loans and receivables (1)	20,456	27,012
Total finance income	**21,512**	**27,258**

(1) Significant decrease in interest income on loans and receivable reflects mainly repayments of provided loans and finance restructuring process in 2014 (refer to note 6.7). The effect was partially set off by amortization of effective interest totalling EUR 1.5 million calculated on net present value of trade receivable on project Leipziger Platz in Berlin.

5.16 Interest expense

	31 December 2014	31 December 2013
Interest expense related to bank and non-bank loans (1)	(43,877)	(36,218)
Interest expense on bonds issued (2)	(38,876)	(31,309)
Interest expense related to finance leases	(576)	(1,726)
Interest expense on other non-current liabilities	(252)	(833)
Total finance cost	**(83,581)**	**(70,086)**

(1) An increase in interest expenses related to bank and non-bank loans reflects mainly additional costs of financing in respect of Group's real estate portfolio expansion.

(2) Substantial increase in interest on bonds relates mainly to new bonds issued by the Group in 2014 and in second half of 2013 (refer to note 6.13).

5.17 Other net financial results

	31 December 2014	31 December 2013
Change in fair value and realized result on derivative instruments (1)	(3,192)	3,794
Other net financial results (2)	139	21,698
Net foreign exchange gain	--	3,549
Net foreign exchange loss	(6,169)	--
Bank charges	(3,119)	(3,895)
Total other net financial results	**(12,341)**	**25,146**

(1) Change in the fair value of derivative instruments essentially arise from the fair value losses and gains on derivatives as follows:

- losses on derivatives of EUR 2.4 million related to CPI portfolio;
- losses on derivatives of EUR 0.8 million related to GSG portfolio.

(2) Other net financial income in 2013 represents net income from purchase of receivables resulting from purchase of receivables at discount and subsequent receipt of the cash settlement. These transactions were carried out by the Group in connection with the acquisition of ABLON Group and ENDURANCE companies respectively (note 3.5). In respect of ABLON Group acquisition, the Group purchased bank loans in nominal value app. EUR 31.1 million from bank that provided the loan facilities to ABLON Group and subsequently received the cash settlement from the debtor. The difference between the carrying value of acquired bank loans and received settlement was recognized as other net financial result.

5.18 Income tax expense

Tax recognized in profit or loss

	31 December 2014	31 December 2013
Current income tax expense		
Current year	(6,179)	(2,509)
Adjustment for prior years	(1,108)	116
Total	**(7,287)**	**(2,393)**
Deferred income tax expense		
Origination and reversal of temporary differences	(10,559)	(7,788)
Changes in income tax rate	350	1,114
Recognition (derecognition) of tax losses	--	(1,296)
Other effects	(2,493)	--
Total	**(12,702)**	**(7,970)**
Income tax from continuing operations recognised in profit and loss	**(19,989)**	**(10,363)**
Total income tax recognised in profit or loss	**(19,989)**	**(10,363)**

The Company´s effective tax rate in respect of continuing operations for 2014 was 12.71% (11.82% for 2013).

Reconciliation of effective tax rate

	31 December 2014	31 December 2013
Profit for the period	137,436	77,344
Total income tax recognised in profit or loss	(19,839)	(10,363)
Profit excluding income tax	**157,275**	**87,707**
Current income tax rate	29.22%	19.00%
Income tax expense using the domestic corporate income tax rate	(45,956)	(16,664)
Effect of tax rates in foreign jurisdictions	3,038	28
Changes in income tax rate	181	1,114
Non-deductible expense	(3,872)	(1,904)
Tax exempt income	35,103	6,269
Income tax adjustment for prior years	(822)	115
Effect of foreign exchange rates fluctuation	(309)	1,658
Change in unrecognized deferred tax asset	(7,821)	1,416
Change in the permanent tax differences	671	(2,395)
Other effects	(203)	(1)
Tax expense	**(19,989)**	**(10,363)**

The main tax rules imposed on the Group companies are as follows:

Luxembourg

The corporate income tax rate of 22.47% includes a 7% employment fund contribution. Additionally, a municipal business tax is levied. The rate for the city of Luxembourg is 6.75%. Since the Group´s ultimate parent headquarters in the city of Luxembourg, the effective tax reconciliation is based on the tax rate of 29.22 % in 2014. Tax losses do not expire, so they can be carried forward for undefined time period.

Czech Republic

The corporate income tax rate is 19% (2013: 19%). Tax losses can be carried forward for five years. Losses may not be carried forward on a substantial (approximately 25%) change in the ownership of a company unless certain conditions are met.

Germany

The corporate income tax rate is 29.58%. The overall income tax rate for corporations includes corporate income tax at a rate of 15%, solidarity surcharge at a rate of 0.825% (5.5% of the corporate income tax), and local trade tax.

Slovakia

The corporate income tax rate is 22% (2013: 23%).

Hungary

Effective from 1 July 2010, the corporate income tax is levied at progressive rates. From 1 January 2011, the annual upper threshold for the 10% rate is HUF 500 million (i.e. only the excess over this threshold is taxed at 19%). Losses can be carried forward indefinitely, but the loss set off in each year is capped at the 50% of the taxable profit.

Ireland

The standard rate of corporation tax for trading profits is 12.5% (2013: 12.5%). For profits from "excepted trades", the corporation tax rate is 25% (2013: 25%). Excepted trades include most dealings in land and certain petroleum activities. Non-trading income and foreign income are also subject to the 25% rate (2013: 25%).

Netherlands

The corporate income tax rates are 20% (2013: 20%) on the profits up to EUR 200,000 and 25% (2013: 25%) on the excess. The same rates also apply to capital gains.

France

The corporate income tax rate is 33% (2013: 33%).

Poland

The corporate income tax rate is 19% (2013: 19%). Tax losses may be carried forward for 5 years, the loss set off in each year is capped at the 50% of the tax loss.

Romania

The general corporate income tax rate is 16 % (2013: 16%).Tax losses may be carried forward for 7 years (tax losses incurred before 2009 are to be carried forward for a five year period.

Cyprus

Companies, including public corporate bodies, were subject to corporation tax at a rate of 10% until 31 December 2012. From 1 January 2013 the corporation tax rate is 12.5%.

Guernsey and British Virgin Islands

The income is not taxed in Guernsey and British Virgin Islands.

Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Intangible assets and goodwill	254	411	(2,857)	--	(2,603)	411
Investment property	2,828	--	(392,794)	(227,406)	(389,966)	(227,406)
Property, plant and equipment	1,088	--	(868)	(52)	220	(52)
Biological Assets	--	--	(728)	--	(728)	--
Inventories	--	--	(3,020)	(3,832)	(3,020)	(3,832)
Trade and other receivables	925	--	(1,049)	12	(124)	12
Financial debts	4,214	3,978	(2,325)	--	1,889	3,978
Derivative instruments	3,391	2,426	--	--	3,391	2,426
Provisions	892	--	(961)	(896)	(69)	(896)
Other items	(2,322)	89	--	(1,803)	(2,322)	(1,714)
Tax losses carried-forward	28,929	3,632	--	--	28,929	3,632
Gross deferred tax assets/(liabilities)	**40,198**	**10,537**	**(404,601)**	**(233,977)**	**(364,403)**	**(223,440)**
Set-off of tax	(19,208)	(8,079)	19,208	8,079	--	--
Tax assets/(liabilities) held for sale						
Net deferred tax assets/(liabilities)	**20,990**	**2,458**	**(385,393)**	**(225,898)**	**(364,403)**	**(223,440)**

Deferred tax assets and liabilities are offset to reflect the net deferred tax position of individual taxable entities.

Unrecognised deferred tax asset/liability

Deferred tax assets were not recognized with respect following items:

	31 December 2014	31 December 2013
Investment property	665	1,623
Property, plant and equipment	1,668	--
Trade and other receivables	354	461
Tax losses carried-forward	81,574	7,622
Unrecognised deferred tax assets	**84,261**	**9,706**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Expiration of tax losses depends on jurisdiction of relevant country of which tax losses are derived from.

Movement in deferred tax balances during the years 2014 and 2013

2014	Balance at 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Translation differences	Balance at 31 December 2014
Intangible assets and goodwill	411	(177)	--	(2,832)	(5)	(2,603)
Investment property	(227,405)	(8,415)	--	(158,034)	3,889	(389,965)
Property, plant and equipment	(52)	1,137	--	(856)	(9)	220
Biological Assets	--	(8)	--	(719)	(1)	(728)
Inventories	(3,832)	776	--	--	36	(3,020)
Trade and other receivables	12	794	--	(922)	(8)	(124)
Financial debts	3,978	(3,638)	--	1,566	(18)	1,888
Derivative instruments	2,426	--	1,027	--	(62)	3,391
Provisions	(896)	451	--	370	6	(69)
Other items	(1,714)	(562)	--	(53)	7	(2,322)
Tax losses carried-forward	3,632	(3,060)	--	28,545	(188)	28,929
Total	**(223,440)**	**(12,702)**	**2,309**	**(132,935)**	**2,365**	**(364,403)**

2013	Balance at 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Translation differences	Balance at 31 December 2013
Intangible assets and goodwill	--	434	--	--	(23)	411
Investment property	(186,641)	1,220	(4,201)	(56,144)	18,359	(227,405)
Property, plant and equipment	(79)	21	--	--	5	(52)
Biological Assets	--	--	--	--	--	--
Inventories	(4,412)	224	--	--	356	(3,832)
Trade and other receivables	2,190	(2,060)	--	(48)	(71)	11
Financial debts	9,606	(5,222)	6	115	(527)	3,979
Derivative instruments	173	--	3,091	(703)	(135)	2,426
Provisions	(719)	395	--	(610)	39	(896)
Other items	206	(1,721)	--	(289)	90	(1,714)
Tax losses carried-forward	2,084	(1,262)	309	2,778	(277)	3,632
Total	**(177,591)**	**(7,970)**	**(795)**	**(54,901)**	**17,816**	**(223,440)**

6 Consolidated statement of financial position

6.1 Intangible assets and goodwill

2014

	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2014	**2,319**	**1,400**	**185**	**3,904**
Effect of business combinations	59,336	498	10,900	70,734
Additions	--	589	729	1,318
Transfer to investment property	--	--	--	--
Other disposals	--	(603)	--	(603)
Translation differences	(11)	(46)	(5)	(62)
Balance at 31 December 2014	**61,644**	**1,838**	**11,809**	**75,291**
Amortization and impairment losses				
Balance at 1 January 2014	**544**	**844**	**--**	**1,388**
Amortization for the period (+)	--	337	12	348
Other disposals	--	(344)	2	(342)
Goodwill impairment	1,431	--	--	1,431
Translation differences	(3)	(32)	(2)	(37)
Balance at 31 December 2014	**1,972**	**804**	**12**	**2,788**
Carrying amounts				
At 31 December 2013	1,775	556	185	2,516
At 31 December 2014	**59,672**	**1,034**	**11,797**	**72,504**

2013

	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2013	**--**	**1,246**	**5**	**1,251**
Effect of business combinations	2,319	--	--	2,319
Additions	--	258	180	438
Transfer to investment property	--	--	--	--
Other disposals	--	--	--	--
Translation differences	--	(104)	(0)	(104)
Balance at 31 December 2013	**2,319**	**1,400**	**185**	**3,904**
Amortization and impairment losses				
Balance at 1 January 2013	**--**	**523**	**0**	**523**
Amortization for the period (+)	--	365	--	365
Impairment loss/ (reversal of impairment loss)	--	--	--	--
Disposals out of the Group	--	--	--	--
Goodwill impairment	544	--	--	544
Translation differences	--	(44)	(0)	(44)
Balance at 31 December 2013	**544**	**844**	**0**	**1,388**
Carrying amounts				
At 31 December 2012	--	723	5	728
At 31 December 2013	**1,775**	**556**	**185**	**2,516**

Goodwill

Opening balance of intangible assets and goodwill includes goodwill of EUR 1.8 million recognized by the Group in 2013. The goodwill relates to acquisition of ABLON Group on 30 June 2013. Goodwill is allocated to retail segment. The goodwill that arose on the business combination is attributed to the synergies expected to be derived from the combination.

The line effect of business combination consists mainly of goodwill and trademark recognized as result of the acquisition of GSG. The goodwill allocated to GSG cash-generating unit amounts to EUR 42.6 and reflects the original goodwill recognized in GSG prior the acquisition. This goodwill relates to deferred tax liabilities

recognized at GSG level that are not expected to crystalize in future years. The amount of deferred tax liabilities (EUR 139.5 million) is above the amount of goodwill.
Amount of EUR 8.8 million relates to goodwill recognized at acquisition of Hospitality Group (Mamaisons brand hotels) in 2014.
In connection with acquisition of Mercuda a.s. (note 3.2), goodwill in the amount of EUR 6.5 million was recognized.

None of the goodwill recognized is expected to be deductible for tax purposes.

Other

Substantial increase in Other intangible assets represents mainly acquisition of GSG trademark of EUR 7.2 million as a result of reverse acquisition.

6.2 Investment property

	Income Generating - Rental properties							Income Generating - operation properties	Land bank	Development	Total
	Office	Retail	Residential	Industry and logistics	Hotels	Other	Subtotal - rental properties	Agriculture			
Balance at 1 January 2013	391,576	731,380	297,329	121,136	144,130	27,659	1,713,209	--	183,045	60,439	1,956,692
Investments/acquisitions	364,304	124,821	2,498	17,391	84,069	--	593,083	--	103,786	31,740	728,609
Transfers	8,679	--	--	--	17,826	(26,771)	(266)	--	23,793	(23,527)	--
Development costs	--	--	--	--	--	--	--	--	--	19,709	19,709
Additions	1,229	3,154	1,731	131	6,176	--	12,421	--	1,228	--	13,649
Disposals	(67)	(359)	(8,492)	--	(204)	--	(9,122)	--	(275)	--	(9,397)
Valuation gain/(loss)	(4,825)	10,490	13,415	1,868	(11,635)	--	9,314	--	(9,499)	4,024	3,839
Translation differences	(38,904)	(51,731)	(25,123)	(2,996)	(17,100)	(888)	(136,742)	--	(18,549)	(6,726)	(162,017)
Balance at 31 December 2013	721,993	817,755	281,358	137,530	223,261	--	2,181,896	--	283,529	85,659	2,551,084
Investments/acquisitions	692,411	5,058	278	603	42,680	--	741,030	44,827	6,120	874	792,851
Transfers	61,175	50,218	(2,490)	--	--	--	108,903	--	(24,251)	(84,652)	--
Development costs	--	--	--	--	--	--	--	--	--	43,439	43,439
Additions	5,929	2,757	4,391	958	5,934	--	19,970	--	1,426	--	21,396
Disposals	--	(2,986)	(4,833)	--	(19)	--	(7,838)	--	(17,400)	--	(25,238)
Valuation gain/(loss)	(3,647)	26,755	1,477	(273)	(2,734)	--	21,578	--	(10,972)	2,434	13,040
Translation differences	(7,515)	(7,635)	(3,034)	(210)	(2,438)	--	(20,833)	70	(2,091)	(667)	(23,522)
Balance at 31 December 2014	**1,470,346**	**891,922**	**277,146**	**138,608**	**266,683**	**--**	**3,044,705**	**44,897**	**236,362**	**47,087**	**3,373,050**

Investments/acquisitions

2014

In June 2014, the Group acquired by acquisition of GSG (see note 1) a portfolio of investment properties in total amount of EUR 640 million.

Other significant items of investment property acquired in 2014 through the business combinations were:

- Acquisition of Hospitality Group portfolio which represents a unique collection of well-established luxury boutique hotels and all-suite residence hotels under Mamaison brand, mostly located in prime central locations of the CEE capitals. Investment property value per Hospitality Group is EUR 42.7 million.
- In connection with the acquisition of Mercuda a.s. increased the amount of Investment property by amount of EUR 44.8 million.
- Acquisition of Arena Corner on 11 April 2014. Its portfolio include administrative building Arena Corner in Budapest comprised of office spaces on 8 floors in 3 office towers with direct connections to each other, with large efficient spaces ideal for operation of shared service centers.
- Poštová Office Center, refurbished office building located in the prime downtown area of Bratislava, Slovakia.

In total, the Group acquired investment property portfolio in total amount of EUR 793 million in 2014.

2013

In 2013 the Group has acquired investment property in total value of EUR 728.6 million. The most significant items of investment property were acquired through following business combinations:

- The Group acquired ABLON Group on 30 June 2013. Its investment property portfolio includes mainly office portfolio (total acquisition value of EUR 162.5 million), land bank (EUR 95.1 million) and retail portfolio (EUR 38.8 million). Total leasable area exceeds 180 000 sqm. Acquired investment property includes land bank of app. 1 049 000 sqm as well.
- Acquisition of “ENDURANCE” Group with 9 entities holding a portfolio of six office buildings (app. 100 000 sqm of office premises with occupancy near 80%) in total value of EUR 201.8 million and three shopping centres offering more than 37 000 sqm of retail premises in total value of EUR 41.6 million (retail asset type).
- Acquisition of VERETIX a.s. including its fully owned subsidiary Best Properties South, a.s. The entity holds multi-purpose complex Galerie Fenix at Vysočany with total leasable area exceeding 14 000 sqm in total value of EUR 38.3 million (retail asset type) and four star hotel (segment hotels) in total value of EUR 65.2 million.
- Acquisition of CURITIBA a.s. including its fully owned subsidiaries BAYTON Alfa, a.s., BAYTON Delta, a.s. and LD Praha, a.s. These entities hold hostel located in Praha-Hloubětín offering 1 670 beds and three star spa hotel located in Františkovy Lázně.
- Acquisition of Statenice Property Development, a.s. the acquired entity owns lands in Statenice with total area of app. 207 000 sqm in total value of EUR 8.7 million (land bank segment).
- Acquisition of investment property totalling EUR 31.7 million represents purchase of remaining stake (50%) in CPI Národní, s.r.o.

Transfers among segments

2014

Major investment property project "QUADRIO" (CPI Národní s.r.o.) was completed in the second half of 2014. Consequently the Group reclassified this project from development segment to segment income generating rental properties. Within this segment, two asset types have been recognized – retail and office – in the total value amounting EUR 108.5 million.

"Retail Park Čáslav" was transferred from development operating segment to the operating segment income generating rental properties – retail (EUR 3.0 million).

Investment property project "Glass museum" (Příkopy Property Development, a.s.), which was part of land bank operating segment in 2013, was transferred to development segment in 2014, due to the beginning of development work (EUR 34.3 million).

Due to the beginning of construction works on the retail project "Jeseník City Park", the property was transferred to development operating segment (EUR 0.7 million).

2013

In November 2013 the Group has completed new multi-purpose complex Olomouc City Center (including Clarion Congress Hotel Olomouc) and consequently transferred the completed property in total value of EUR 26.5 million from development operating segment to income generating rental properties. Thereof EUR 17.8 million to hotel asset type and EUR 8.7 million to office asset type.

At the end of 2013 the Group has started construction of new office building in Prague – Karlín (Meteor C). The building will offer 5 560 sqm of office and storage space and 525 sqm of retail space. Its completion is expected in Q1 2015. As a result of this project the Group has transferred land bank of EUR 3 million (CPI Meteor Centre, s.r.o.) from land bank to development operating segment.

Development costs

2014

Development costs in 2014 represent mainly costs expensed on multifunctional complex QUADRIO (CPI Národní, s.r.o.) of EUR 34.8 million.

2013

Main development costs in 2013 represent costs related to multi-purpose complex CPI City Center Olomouc (Olomouc City Center, a.s. and Olomouc Office, a.s.) of EUR 8.2 million and multifunctional complex QUADRIO (CPI Národní, s.r.o.) of EUR 10.4 million.

Additions

2014

In 2014 the most significant additions represent purchase of apartments in Cannes (CPI IMMO, S.à r.l.) of EUR 3.5 million. Furthermore, additions of EUR 2.8 million were recognized in connection with revitalization of Areál Hloubětín hostel (BAYTON Alfa, a.s.) and EUR 2.1 million relates to partial refurbishment of Clarion Grand Hotel Zlatý Lev in Liberec (Conradian, a.s.).

2013

The most significant capital expenditures in 2013 represent partial refurbishment of Clarion Congress Hotel (former Hotel Atom) in Ostrava (Kerina, a.s.).

Disposals

2014

Investment property in the amount of EUR 15.2 million was disposed of due to the sale of two subsidiaries in 2014 (note 5.9).
Other disposals represent mainly sale of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. to current tenants (EUR 4.3 million) and sale of investment property from the portfolio of CPI – Reality, a.s. (EUR 2.9 million) (note 5.8).

2013

Disposals in 2013 comprise mainly sales of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. to current tenants in total carrying value of EUR 7.8 million.

Valuation gain/loss

2014

As a result of the valuation performed as at 31 December 2014 (see note 2.3) fair value of the Investment properties increased by EUR 13.3 million. The most significant increases were recorded at QUADRIO (gain of EUR 51.6 million) and Obchodní centrum IGY České Budějovice (gain of EUR 10.3 million). The largest decline in the value of portfolio was recognized in Marissa West (loss of EUR 18.8 million).

The downward movement in Land bank portfolio is mainly explained by decrease in value of plots located in Hungary (loss of EUR 4.3 million), Romania (loss of EUR 2.8 million) and Poland (loss of EUR 0.8 million).

Translation differences

Translation differences related to investment property arise primarily in connection with translation of financial information of subsidiaries having other currency than EUR as functional currency to presentation currency of consolidated financial statements (EUR).

Leased investment properties

Investment properties at an aggregate value of EUR 34.4 million at 31 December 2014 (2013: EUR 58.1 million) are held under long-term operating lease arrangements, which expire at varying dates between 2020 and 2033. Substantial decrease of value reflects acquisition of leasing company (lessor) as described in note 3.2.
For liabilities related to leased investment properties refer to note 6.14.

Pledged investment properties

For information related to pledged investment properties refer to note 6.14.

6.3 Property, plant and equipment

	Hotel	Owner occupied buildings	Plant and equipment	PPE under finance leases	Property under construction	Other	Total
Cost							
Balance at 1 January 2014	**20,663**	**--**	**2,938**	**1,487**	**1,924**	**566**	**27,578**
Acquisitions through business combinations	56,962	13,804	1,528	61	4,113	1,453	77,921
Additions	--	1,341	715	292	4,878	1,301	8,527
Disposals out of the Group	--	--	(2)	--	--	--	(2)
Other disposals	--	(1,462)	(11)	(201)	(1,816)	(28)	(3,518)
Transfer	(756)	--	2,161	--	(1,405)	--	--
Translation differences	(1,216)	199	(165)	(16)	(21)	(69)	(1,287)
Balance at 31 December 2014	**75,653**	**13,882**	**7,164**	**1,622**	**7,673**	**3,224**	**109,219**
Accumulated depreciation and impairment losses							
Balance at 1 January 2014	**507**	**--**	**434**	**789**	**1,719**	**--**	**3,448**
Depreciation for the period	1,010	69	634	290	--	173	2,175
Impairment loss/ (reversal of impairment loss)	--	--	--	--	--	--	--
Disposals out of the Group	--	--	(2)	--	--	--	(2)
Other disposals	--	--	(4)	(104)	(438)	--	(546)
Translation differences	(12)	--	(337)	(2)	(19)	(56)	(424)
Balance at 31 December 2014	**1,504**	**69**	**725**	**974**	**1,262**	**117**	**4,650**
Carrying amounts							
At 31 December 2013	**20,156**	**--**	**2,505**	**697**	**206**	**566**	**24,129**
At 31 December 2014	**74,149**	**13,812**	**6,439**	**648**	**6,412**	**3,107**	**104,567**

	Hotel	Plant and equipment	PPE under finance leases	Property under construction	Other	Total
Cost						
Balance at 1 January 2013	**--**	**3,172**	**1,616**	**2,056**	**363**	**7,206**
Acquisitions through business combinations	20,686	--	--	160	234	21,081
Additions	170	87	299	4	12	571
Disposals	--	(55)	(293)	(122)	--	(470)
Translation differences	(193)	(266)	(135)	(173)	(43)	(761)
Balance at 31 December 2013	**20,663**	**2,938**	**1,487**	**1,924**	**566**	**27,578**
Accumulated depreciation and impairment losses						
Balance at 1 January 2013	**--**	**267**	**741**	**1,875**	**--**	**2,883**
Depreciation for the period	535	262	373	--	--	1,170
Disposals	--	(62)	(257)	--	--	(319)
Translation differences	(28)	(34)	(68)	(156)	--	(286)
Balance at 31 December 2013	**507**	**434**	**789**	**1,719**	**--**	**3,448**
Carrying amounts						
At 31 December 2012	**--**	**2,904**	**875**	**181**	**363**	**4,323**
At 31 December 2013	**20,156**	**2,505**	**697**	**206**	**566**	**24,129**

Acquisitions through business combinations

2014

The substantial increase of balance of property, plant and equipment is directly attributable to acquisition of GSG in June 2014 (EUR 8.4 million).

Newly acquired Hospitality Group (acquired in December 2014) operates chain of Mamasion brand hotels in Europe, particularly Hotel Pokrovka (EUR 26.3 million), hotel La Regina (EUR 15.4 million), hotel Marriot Flora (EUR 13,9 million) and hotel Vienna (EUR 0.5 million).

Acquisition of property under construction relates to Solar Berlin GmbH acquired through acquisition of GSG (EUR 4.1 million).

Mercuda a.s. with its subsidiary Spojené farmy a.s. (owners of farmland and producers of high-quality organic food) represents the most important acquisition in owner buildings section in the amount of EUR 12.0 million.

2013

The most important additions in balance of property, plant and equipment were directly attributable to ABLON Group acquisition. The ABLON Group operates the Courtyard by Marriott Budapest City Center Hotel in Budapest. Because of the provisions of IAS 40.12 pertaining to owner-operated hotels, ABLON Group and consequently the Group recognize hotel property operated according to IAS 16 at cost less depreciation. Any increases in the value of other properties are not recognized in the profit in the respective reporting period, but are measured using the cost model according to IAS 16.30.

Additions

2014

Additions in property under construction are connected with Solar Berlin GmbH (EUR 3.6 million in 2014).
Additions in other property plan and equipment in the amount of EUR 1.1 million relate to the purchase of artwork (CPI Národní, s.r.o.).

Disposals

2014

Property, plant and equipment disposals relates to the buy and sell of farmland.

Transfers

2014

A transfer from hotel section into the owner occupied buildings section in amount of EUR 0.8 million represent correction of prior period wrong classification of Duna office Center.

The Group did not record in 2014, nor in 2013 any impairment expense related to property, plant and equipment. The carrying amount of the hotels is supported by valuation appraisal prepared by independent valuator as at 31 December 2014. For the key assumptions made in relation of hotel property valuations refer to note 7.5.3.
Carrying amount of property, plant and equipment pledged as collateral for liabilities represents EUR 47.9 million (EUR 20.2 million as at 31 December 2013).

6.4 Biological assets

	Biological assets
Cost	
Balance at 1 January 2014	--
Acquisitions through business combinations	5,999
Additions	734
Other disposals	(776)
Fair value adjustment (change in fair value)	224
Effect of movements in exchange rates	(172)
Balance at 31 December 2014	**6,009**
Biological assets	
Non-current	2,007
Current	4,002
Total biological assets	**6,009**

On 1 November 2014, Mercuda a.s. was acquired by the Group (note 3.2). Due to this business combination, the Group acquired biological assets in the amount of EUR 6.0 million. Biological assets are measured at fair value less cost to sell. Fair value of biological assets at the acquisition date and at the end of the reporting period is based on internal valuations performed by the Group (see note 2.3(vi)).

6.5 Available-for-sale financial assets

	31 December 2014	31 December 2013
Vodovody a kanalizace Přerov, a.s. (share 1,60%) (1)	245	247
Vodovody a kanalizace Hodonín, a.s. (share 1,99%) (1)	166	168
GSG Holding 2 GmbH	212	--
Other equity securities (1)	13	13
Total equity investments	**636**	**429**
Debentures (2)	1,375	1,375
Total available-for-sale financial assets	**2,011**	**1,804**

(1) Equity investments represent investments with the ownership interest not exceeding 10 %. These investments do not have a quoted market price in an active market and their fair values cannot be reliably measured, which is why they are measured at cost less accumulated impairment. There is no indication of impairment as at 31 December 2014.

(2) The Group acquired debentures issued by 3rd party in total nominal value of EUR 1.4 million. Debentures are denominated in EUR. The debentures bear interest rate of 10 % p.a. and are due on 10 December 2016. Interest are paid on annual basis. Debentures are not publicly traded and not secured.

6.6 Loans provided

Non-current

	31 December 2014		31 December 2013	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties (1)	5,985	8.00%	118,617	11.94%
Loans provided - third parties	11,718	8.94%	22,797	7.63%
Total non-current loans provided	**17,703**	**--**	**141,414**	**--**
Impairment to non-current loans provided to third parties	(175)	--	--	--
Total non-current loans provided net of impairment	**17,528**	**--**	**141,414**	**--**

Current

	31 December 2014		31 December 2013	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties (1)	266,889	6,47%	24,201	3.54%
Loans provided - third parties (1)	9,747	3.95%	28,516	7.41%
Bills of exchange - third parties	1,536	6.00%	6,018	6.00%
Total current loans provided	**278,172**	**--**	**58,735**	**--**
Impairment to current loans provided to third parties	(2,368)	--	(2,305)	--
Total current loans provided net of impairment	**275,804**	**--**	**56,430**	**--**

(1) In 2014, the Group has assigned loans provided to third and related parties and other receivables from third and related parties exceeding EUR 264.6 million to one related party. This process resulted into new loan due to related party (refer to note 10). Majority shareholder of the Company issued full guarantee in respect of the loan and accrued interest as at 31 December 2014. The guarantee is valid till 31 December 2015. New loan bears fixed interest rate between 5-7% equal to the original effective interest rate of assigned loans and other receivables. The loan matures on 31 December 2015.

Balances of non-current loans include loan principal and unpaid interest that are expected to be settled more than 12 months after the reporting period. Balances of current loans include loan principal and unpaid interest that are due to be settled within 12 months after the reporting period.

Current loans provided to third parties were impaired to reflect the recoverable amount.

The maturity of non-current loans provided at 31 December 2014 and as at 31 December 2013 was as follows:

2014

	1-2 years	2-5 years	>5years	Total
Loans provided to related parties	--	5,985	--	5,985
Loans provided - third parties	1,803	3,132	6,608	11,543
Total the maturity of non-current loans provided	**1,803**	**9,117**	**6,608**	**17,528**

2013

	1-2 years	2-5 years	>5years	Total
Loans provided to related parties	33,287	31,396	53,934	118,617
Loans provided - third parties	4,652	5,426	12,719	22,797
Total the maturity of non-current loans provided	**37,939**	**36,822**	**66,652**	**141,414**

6.7 Trade and other receivables

Non-current

	31 December 2014	31 December 2013
Advances paid	182	559
Trade receivables due from third parties	--	128
Advances paid for financial investments	137	--
Other receivables due from third parties (1)	32,226	24
Other receivables due from related parties (2)	20,215	--
Impairment of other receivables due from third parties (1)	(6,442)	--
Total non-current trade and other receivables	**46,318**	**711**

Current

	31 December 2014	31 December 2013
Trade receivables due from related parties	4,264	1,197
Trade receivables due from third parties (3)	67,631	49,506
Impairment to trade receivables due from third parties	(24,501)	(12,104)
Total current trade and other receivables	**47,394**	**38,599**

(1) Other non-current receivables due from third parties increased mainly as a result of acquisition of GSG (note 1) in the amount of EUR 32 million. Most of the receivables relates to net present value of the deferred consideration on the sale of Leipziger Platz amounting to EUR 25.7 million as at 31 December 2014. To calculate the net present value of deferred consideration the expected cash flows were reduced by expected recovery and the litigation risk resulting to impairment of EUR 6.4 million recognized as at 31 December 2014 (of which EUR 6.4 million was recognized as of acquisition of GSG).

(2) Other receivables due from related parties increased in connection with acquisition of GSG (EUR 20.2 million). Detail of related parties' balances at the year-end 2014 are described in note 0.

(3) Trade receivables due from third parties in the amount of EUR 55.4 million represent trade receivables due from tenants (in 2013: EUR 35.2 million) and receivables from invoicing of utilities of EUR 10.5 million (2013: EUR 11.2 million). Receivables from invoicing of utilities will be settled against Advances received from tenants when final amount of utilities consumption is known and final utilities invoicing is performed.

Significant part of impairment to trade receivables due from third parties is created for trade receivables from tenants overdue more than 181 days. Creation of adjustments for receivables is recognized in statement of comprehensive income as impairment loss.

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

	31 December 2014	31 December 2013
Impairment of trade receivables – creation	(8,551)	(1,725)
Impairment of trade receivables – release	9,007	1,863
Impairment of trade receivables – currency adj.	(5)	(13)
Impairment of trade receivables - written off	(1,367)	(369)
Total impact to profit/loss	**(916)**	**(244)**

6.8 Inventories

	31 December 2014	31 December 2013
Projects and property for resale	154	2,912
Projects under development (1)	82,896	92,464
Other inventory	1,624	46
Total inventories	**84,674**	**95,422**

(1) Project under development primarily relates to “Palais Maeterlinck project” in total amount of EUR 68.4 million, to residential part of project QUADRIO (Quadrio Residence, s.r.o.) in amount of EUR 5.4 million, to the new development project in Italy (Parco delle Case Bianche) in the amount of EUR 5.6 million and “Jižní stráň project” (Březiněves, a.s.) totalling of EUR 2.8 million. Decrease in projects under development represent mainly apartment sales in respect of “Palais Maeterlinck project”.

The Group finalized “Palais Maeterlinck project” in 2014. In respect of this project, borrowing costs in the amount of EUR 1.4 million were capitalized in 2014 (2013: EUR 1.19 million). For each project under development the Group set up separate entity and as a result the interest expenses in the entity are fully related to the projects development and the capitalization rate amounts to 100 %.

The carrying amount of the “Palais Maeterlinck project” totalling of EUR 68.4 million is supported by valuation appraisal prepared by independent valuator as at 31 December 2014. As a result of this appraisal there is no indication of potential write-down as at 31 December 2014.

Carrying amount of inventory pledged as collateral for liabilities represents EUR 68.4 million as at 31 December 2014 (2013: EUR 86.7 million).

6.9 Cash and cash equivalents

	31 December 2014	31 December 2013
Bank balances	106,865	108,777
Cash on hand	1,307	828
Total cash and cash equivalents	**108,172**	**109,605**

Total restricted cash in bank amounts to EUR 44.8 million in 2014.

6.10 Other financial current assets

	31 December 2014	31 December 2013
Interest to debentures issued by third parties	8	8
Receivables due from employees	2	6
Other receivables due from related parties	604	26,251
Other receivables due from third parties	5,953	25,865
Impairment - other receivables due from other parties	(433)	(694)
Receivable related to purchase price adjustment	--	14,663
Total other financial current assets	**6,134**	**66,099**

6.11 Other non-financial current assets

	31 December 2014	31 December 2013
Other advances paid to third parties	7,325	5,736
Value added tax receivables	110	--
Other tax receivables (excl. CIT and VAT)	2,697	25
Agricultural subsidies (1)	5,434	--
Prepaid expenses (2)	31,706	9,244
Other assets	1,369	--
Advances paid for FI (3)	--	15,382
Total other non-financial current assets	**48,641**	**30,387**

(1) Mercuda a.s. (Spojené farmy a.s.) obtains agricultural subsidies paid to farmers and agribusinesses to supplement their income.

(2) Significant incraese in the amount of prepaid expenses relates to the acquisition of GSG (EUR 19.6 million).

(3) Advance paid for financial investment represented preliminary purchase price paid to third party for the acquisition of Arena Corner as described in 3.2. The transaction was completed in H1 2014.

6.12 Equity

Changes in equity

The consolidated statement of changes in equity is presented on the face of the consolidated financial statements.

As described in note 1 the retained earnings and other equity balances recognized in the Group consolidated financial statements reflect the retained earnings and other equity balances of CPI immediately before acquisition of GSG, and the results of the year from 1 January 2014 to the date of the reverse acquisition are those of CPI. However, the equity structure as at 31 December 2014 in the consolidated financial statements reflects the equity structure of the legal parent (CPI PG), including the effects of the acquisition of GSG.

Share capital and share premium

As of 31 December 2014 the share capital of the Company amounts to EUR 330,376,830 and is represented by 3,303,768,300 ordinary fully paid shares with a nominal value of EUR 0.10 each.

Each share is entitled in the profits and corporate capital to a pro rata portion of the corporate capital it represents, as well as to voting rights.

Based on the latest shareholders´ declarations received to the 31 December 2014, the following table sets out information regarding the ownership of the Company's shares.

Shareholder	Number of shares	Share held
Radovan Vítek and entities controlled by Mr. Vítek	3,044,031,691	92.14%
ORCO PROPERTY GROUP (held directly or indirectly)	159,132,897	4.82%
Others	100,603,712	3.04%
Total	**3,303,768,300**	**100%**

The share premium account comprises the amount received in excess of the nominal value of the shares issued by way of subsequent issue of ordinary shares predominantly in connection with consequential increases of share capital in 2014 as shown in table below.

	Number of shares	Share Capital	Share premium
Balance at 31 December 2013	344,656,445	34,466	277,006
Capital increase of 5th of March 2014	76,600,000	7,660	28,342
Capital increase of 30th of April 2014	32,664,894	3,266	12,086
Capital increase of 16th of June 2014	576,673,203	57,667	213,369
Capital increase of 17th of June 2014	1,890,229,362	189,023	699,385
Capital increase of 25th of September 2014	65,957,446	6,596	24,404
Capital increase of 18th of December 2014	316,986,950	31,699	117,285
Balance at 31 December 2014	**3,303,768,300**	**330,377**	**1,371,877**

Authorized capital not issued:

The General Meeting of the shareholders of the Company held on 28 August 2014 also resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of four hundred million euro (EUR 400,000,000.00) for a period of five (5) years from the date of the General Meeting. Following capital increases implemented under this authorised share capital since 28 August 2014, the Board of Directors is authorised to issue up to 3,617,055,604 new Company shares under this authorization within the period of 5 years from 28 August 2014, in addition to the 3,303,768,300 currently outstanding shares of the Company.

Share buy-back program

The Extraordinary General Meeting held on 28 August 2014 resolved to approve the terms and conditions of the buy-back program of the Company, enabling the redemption of Company's own shares. The Extraordinary General Meeting authorized the Board of Directors of the Company to repurchase, in one or several steps, a maximum number of 750,000,000 Company shares from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent (EUR 0.01) and five euro (EUR 5) for a period of five (5) years from the date of the Extraordinary General Meeting.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations from their functional to the presentation currency.

Hedging reserve

Group maintains several interest rate swaps for hedging of future interest payments on liabilities. These are swaps where the Group pays a fixed interest rate and receives a floating rate. Refer to note 6.15.

Since January 2011 the Group applies hedge accounting in respect of foreign currency risks and interest rates risk in selected subsidiaries. The hedging reserve includes effective portion of the fair value changes of hedging instruments designated as a cash flow hedge in accordance with accounting policy Financial Instruments, part (iv). Ineffective portion of cash flow hedges represents part of finance costs or income.

Earnings per share

	31 December 2014	31 December 2013
At the beginning of the period*	2,466,902,565	2,466,902,565
Shares issued	2,466,902,565	--
Weighted average movements		--
Reverse acquisition	244,993,161	--
Issue of new shares	28,818,434	--
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**2,740,714,160**	**2,466,902,565**
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**2,740,714,160**	**2,466,902,565**
Net profit attributable to the Equity holders of the Company	**137,516**	**77,365**
Net profit attributable to the Equity holders of the Company after assumed conversions/exercises	**137,516**	**77,365**
Total Basic earnings in EUR per share	0.05	0.03
o/w discontinued operations	--	--
Diluted earnings in EUR per share	0.05	0.03
o/w discontinued operations	--	--

*Number of shares at the beginning of the period for years 2013 and 2014 represents the number of shares issued in exchange for shares of CPI a.s. by the Company as part of the acquisition (Note 1)

Basic earnings per share (EPS) is calculated by dividing the profit / (loss) attributable to the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

6.13 Bonds issued

6.13.1 Non-current bonds issued

Czech Property Investment, a.s.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/15 (EUR)	--	--	30,000	15,000
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	--	--	(143)
CPI VAR/15 (EUR) (1)	**--**	**--**	**30,000**	**14,857**
Proceeds from issued bonds - CPI VAR/18 (EUR)	100,000	93,317	100,000	91,626
Less: bonds owned by Group	(46,229)	(46,229)	(10,890)	(10,890)
Less: transaction costs	--	(79)	--	(15)
CPI VAR/18 (EUR) (2)	**53,771**	**47,009**	**89,110**	**80,721**
Proceeds from issued bonds - CPI VAR/19 (CZK)	2,000,000,000	72,137	2,000,000,000	72,926
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	(309)	--	(1,443)
CPI VAR/19 (CZK) (3)	**2,000,000,000**	**71,828**	**2,000,000,000**	**71,483**
Proceeds from issued bonds - CPI VAR/19 (EUR)	116,000	58,000	116,000	58,000
Less: bonds owned by Group	(11,640)	(5,820)	--	--
Less: transaction costs	--	(992)	--	(1,087)
CPI VAR/19 (EUR) (4)	**104,360**	**51,188**	**116,000**	**56,913**
Proceeds from issued bonds - CPI 2021	1,215	87,647	1,215	88,605
Less: bonds owned by Group	(1,215)	(87,647)	(1,215)	(88,605)
CPI 2021 (5)	**--**	**--**	**--**	**--**
Proceeds from issued bonds - CPI 6,05/16	150,000	53,356	150,000	53,346
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	(603)	--	(635)
CPI 6,05/16 (6)	**150,000**	**52,753**	**150,000**	**52,711**
Proceeds from issued bonds - CPI 7,00/22	1,000,000,000	36,069	1,000,000,000	36,463
Less: bonds owned by Group	(1,000,000,000)	(36,069)	(1,000,000,000)	(36,463)
Less: transaction costs	--	(62)	--	(67)
CPI 7,00/22 (7)	**--**	**(62)**	**--**	**(67)**
Proceeds from issued bonds - CPI 7,00/22	1,000,000,000	36,069	1,000,000,000	36,463
Less: bonds owned by Group	(901,680,396)	(32,522)	(962,473,000)	(35,095)
Less: transaction costs	--	(62)	--	(67)
CPI 7,00/22 (8)	**98,319,604**	**3,485**	**37,527,000**	**1,301**
Proceeds from issued bonds - CPI 7,00/22	1,000,000,000	36,069	1,000,000,000	36,463
Less: bonds owned by Group	(1,000,000,000)	(36,069)	(1,000,000,000)	(36,463)
Less: transaction costs	--	(62)	--	(67)
CPI 7,00/22 (9)	**--**	**(62)**	**--**	**(67)**
Proceeds from issued bonds - CPI 8,00/42	1,000,000,000	36,069	1,000,000,000	36,463
Less: bonds owned by Group	(52,000,000)	(1,876)	--	--
Less: transaction costs	--	(84)	--	(90)
CPI 8,00/42 (10)	**948,000,000**	**34,109**	**1,000,000,000**	**36,373**
Proceeds from issued bonds - CPI 8,00/42	1,000,000,000	36,069	1,000,000,000	36,463
Less: bonds owned by Group	(766,477,976)	(27,646)	(968,866,627)	(35,328)
Less: transaction costs	--	(84)	--	(90)
CPI 8,00/42 (11)	**233,522,024**	**8,339**	**31,133,373**	**1,045**
Subtotal - bonds issued by Czech Property Investments a.s.	**3,280,149,759**	**268,587**	**3,069,045,483**	**315,271**

CPI Finance Netherlands B.V.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceed from issued bonds - CPI Finance Netherlands B.V. (2011)	500	180,343	500	182,315
Less: bonds owned by Group	(252)	(90,893)	(40)	(14,585)
CPI Finance Netherlands B.V. (2011) (12)	**248**	**89,450**	**460**	**167,730**
Proceed from issued bonds - CPI Finance Netherlands B.V. (2012)	100	36,069	100	36,463
Less: bonds owned by Group	(100)	(36,069)	(21)	(7,657)
CPI Finance Netherlands B.V. (2012) (13)	**--**	**--**	**79**	**28,806**
Proceed from issued bonds - CPI Finance Netherlands B.V. (2013)	100	3,607	100	3,646
Less: bonds owned by Group	(100)	(3,607)	(91)	(3,318)
CPI Finance Netherlands B.V. (2013) (14)	**--**	**--**	**9**	**328**
Subtotal - bonds issued by CPI Finance Netherlands B. V.	**248**	**89,450**	**548**	**196,864**

CPI BYTY, a.s.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2,50/15 (CZ0003510679)	--	--	300,000	10,939
Proceeds from issued bonds - CPI BYTY 3,50/17 (CZ0003510687)	500,000	18,034	500,000	18,232
Proceeds from issued bonds - CPI BYTY 4,80/19 (CZ0003510695)	900,000	32,462	900,000	32,817
Proceeds from issued bonds - CPI BYTY 4,80/19 (CZ0003511412)	500,000	18,034	--	--
Proceeds from issued bonds - CPI BYTY 5,80/21 (CZ0003510703)	800,000	28,855	1,300,000	47,402
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	(1,755)	--	(2,414)
Subtotal bonds - CPI BYTY, a.s. (15)	**2,700,000**	**95,630**	**3,000,000**	**106,975**

CPI Alfa, a.s.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI ALFA	279,000,000	10,063	279,000,000	10,173
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	(153)	--	(203)
Subtotal bonds - CPI Alfa, a.s. (16)	**279,000,000**	**9,910**	**279,000,000**	**9,970**

CPI Retail Portfolio I, a.s.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Retail Portfolio I	112,500	40,577	--	--
Less: transaction costs	--	(441)	--	--
Subtotal bonds - CPI Retail Portfolio I, a.s. (17)	**112,500**	**40,136**	**--**	**--**

Spojené farmy a.s.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - Spojené farmy a.s.	80,000,000	2,928	--	--
Less: transaction costs	--	--	--	--
Subtotal bonds - Spojené farmy a.s. (18)	**80,000,000**	**2,928**	**--**	**--**

Total non-current bonds	**506,641**	**629,080**

6.13.2 Current bonds issued

Czech Property Investment, a.s.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/15 – EUR	30,000	15,000	--	--
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	(476)	--	--
CPI VAR/15 (EUR) (1)	**30,000**	**14,524**	**--**	**--**

CPI BYTY, a.s.	31 December 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2,50/15 (CZ0003510679)	300,000	10,821	--	--
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	(864)	--	--
CPI BYTY 2,50/15 (15)	**300,000**	**9,956**	**--**	**--**

Accrued interest on bonds	**8,387**	**21,098**
Total current bonds	**32,867**	**21,098**
TOTAL NON-CURRENT & CURRENT BONDS	**539,508**	**650,178**

(1) CPI VAR/15 (EUR), ISIN CZ0003501835

CPI VAR/15 bonds were issued on 23 March 2012. The bonds mature on 23 March 2015. The nominal value of each bond is EUR 500. The Group could issue bonds up to maximum value of EUR 15,000,000.

CPI VAR/15 bonds bear the interest rate based on 6M EURIBOR + 6.5% margin. Interests are due semi-annually, on 23 March and 23 September respectively.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/15, ISIN CZ0003501835). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 16 March 2012, reference number 2012/2446/570 that came into force on 19 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

(2) CPI VAR/18 ISIN CZ0003511024

CPI VAR/18 bonds were issued on 26 November 2013. The bonds mature on 26 November 2018. The nominal value of each bond is EUR 1,000 and the total nominal value of bonds issued amounts to EUR 100,000,000.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/18, ISIN CZ0003511024). Bonds CPI VAR/18 bear the interest rate based on 12M EURIBOR + 5.5% margin. Interests are due annually, on 26 November respectively.

(3) CPI VAR/19 (CZK), ISIN CZ0003501868

CPI VAR/19 bonds were issued on 29 March 2012. The bonds mature on 29 March 2019. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 2,000,000.

CPI VAR/19 bonds bear the interest rate based on 6M PRIBOR + 6.5% margin. Interests are due semi-annually, on 29 March and 29 September respectively. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/19, ISIN CZ0003501868). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 27 March 2012, reference number 2012/2781/570 that came into force on 27 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

(4) CPI VAR/19 (EUR), ISIN CZ0003501843

CPI VAR/19 bonds were issued on 23 March 2012. The bonds mature on 23 March 2019. The nominal value of each bond is EUR 500. The Group could issue bonds up to maximum value of EUR 70,000,000.

CPI VAR/19 bonds bear the interest rate based on 6M EURIBOR + 6.5% margin. Interests are due semi-annually, on 23 March and 23 September respectively. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/19, ISIN CZ0003501843). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 16 March 2012, reference number 2012/2445/570 that came into force on 19 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

(5) CPI 2021, ISIN CZ0003501496

CPI 2021 bonds were issued on 8 February 2007. The bonds mature on 8 August 2021. The nominal value of each bond is TCZK 2,000 and the total nominal value of bonds issued amounts to TCZK 2,430,000. In 2012, the Group bought back the remaining part of the bonds which are thereby hold entirely by the Group. The Group could issue bonds up to maximum value of TCZK 2,500,000 (1,250 bonds with nominal value of TCZK 2,000 each).

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 2021, ISIN CZ0003501496). The prospectus and the issuing terms were approved by the decision of the Securities Committee in the Czech Republic on 17 January 2007, reference number 45/N/175/2006/4 that came into force on 22 January 2007.

Bonds CPI 2021 bear the interest rate based on 6M PRIBOR + 3.5% margin. Interests are due semi-annually, on 8 February and 8 August respectively.

(6) CPI 6.05/16 (CZK) ISIN CZ0003510646

CPI 6.05/16 bonds were issued on 29 March 2013. The bonds mature on 29 March 2016. The nominal value of each bond is TCZK 10. The Group could issue bonds up to maximum value of TCZK 1,500,000 with optional issue extension up to TCZK 2,250,000.

CPI 6.05/16 bonds bear the fixed interest rate of 6.05%. Interests are due semi-annually, on 29 March and 29 September respectively.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 6.05/16, ISIN CZ0003510646). The prospectus was approved by the decision of the Czech National Bank on 27 March 2013, reference number 2013/3802/570 that came into force on 27 March 2013.

Bonds were accepted for trading at the Prague Stock Exchange.

(7) CPI 7.00/22, ISIN CZ0003502916

CPI 7.00/22 bonds were issued on 6 December 2012. The bonds mature on 6 December 2022. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7% per annum. Interests are due annually on 6 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502916).

(8) CPI 7.00/22, ISIN CZ0003502924

CPI 7.00/22 bonds were issued on 11 December 2012. The bonds mature on 11 December 2022. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7% per annum. Interests are due annually on 11 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502924).

(9) CPI 7.00/22, ISIN CZ0003502957

CPI 7.00/22 bonds were issued on 13 December 2012. The bonds mature on 13 December 2022. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7% per annum. Interests are due annually on 13 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502957).

(10) CPI 8.00/42, ISIN CZ0003502932

CPI 8.00/42 bonds were issued on 5 December 2012. The bonds mature on 5 December 2042. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 8.00/42 bonds bear fixed interest of 8% per annum. Interests are due annually on 5 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 8.00/42, ISIN CZ0003502932).

(11) CPI 8.00/42, ISIN CZ0003502940

CPI 8.00/42 bonds were issued on 17 December 2012. The bonds mature on 17 December 2042. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 8.00/42 bonds bear fixed interest of 8% per annum. Interests are due annually on 17 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 8.00/22, ISIN CZ0003502940).

(12) CPI Finance NL 5% 2011-2021

On 15 December 2011 the Group (through subsidiary CPI Finance Netherlands B.V.) issued 500 bearer bonds up to maximum value of TCZK 5 000 000 with a nominal value of TCZK 10 000 each. The principal of bearer bonds is due on 15 December 2021. In 2012, the Group issued bonds in total nominal value of TCZK 1,850,000.
Bonds bear fixed interest of 5% per annum. Interests are due annually, on 15 December.

(13) CPI Finance NL 5% 2012-2022

On 15 December 2012 the Group (through subsidiary CPI Finance Netherlands B.V.) issued 100 bearer bonds with a nominal value of TCZK 10,000 each. The total nominal value of bonds issued amounts to TCZK 1,000,000.
The principal of bearer bonds is due on 15 December 2022. Bonds bear fixed interest of 5% per annum. Interests are due annually, on 15 December.

(14) CPI Finance NL 5% 2013-2023

On 15 December 2013 the Group (through subsidiary CPI Finance Netherlands B.V.) issued 100 bearer bonds with a nominal value of TCZK 1,000 each. The total nominal value of bonds issued amounts to TCZK 100,000.
The principal of bearer bonds is due on 15 December 2023. Bonds bear fixed interest of 5% per annum. Interests are due annually, on 15 December.

(15) CPI BYTY bonds

The CPI BYTY bond issues were issued as a part of a bond programme, with an overall volume of TCZK 3,800,000. The overall volume of unpaid bonds issued under the bond programme must not at any time exceed TCZK 3,000,000.
The separation into 5 issues enabled investors to choose the duration of their investment, from 2 to maximum 8 years, with fixed coupons ranging from 2.5 to 5.8 %.
CPI BYTY bonds were accepted for trading at Prague Stock Exchange.
The detailed breakdown of individual issues is as follows:

CPI BYTY 2.50/15 ISIN CZ0003510679

CPI BYTY 2.50/15 bonds were issued on 7 May 2013. The bonds mature on 7 May 2015. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 2.50 % per annum. Interests are due annually on 7 May.

CPI BYTY 3.50/17 ISIN CZ0003510687

CPI BYTY 3.50/17 bonds were issued on 7 May 2013. The bonds mature on 7 May 2017. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 3.50 % per annum. Interests are due annually on 7 May.

CPI BYTY 4.80/19 ISIN CZ0003510695

CPI BYTY 4.80/19 bonds were issued on 7 May 2013. The bonds mature on 7 May 2019. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 4.80 % per annum. Interests are due annually on 7 May.

CPI BYTY 5.80/21 ISIN CZ0003510703

CPI BYTY 5.80/21 bonds were issued on 7 May 2013. The bonds mature on 7 May 2021. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 5.80 % per annum.
Interests are due annually on 7 May.

CPI BYTY Real Estate 4.80/19 ISIN CZ00035111412

CPI BYTY Real Estate 4.80/19 bonds were issued on 30 April 2014. The bonds mature on 7 May 2019. The nominal value of each bonds is TCZK 1 and the total nominal value amounts to TCZK 500,000. Bonds bear fixed interest rate of 4.80 % per annum. Interest are due annually on 7 May.

(16) CPI Alfa, ISIN CZ0003502205

On 26 October 2012 the Group (through its subsidiary CPI Alfa, a.s.) issued bonds in total nominal value of TCZK 279 000. Bonds mature on 26 October 2017. The nominal value of each bond is CZK 1.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, ISIN CZ0003502205).

Bonds CPI Alfa bear the fix interest rate 5.5% p.a. Interests are due quarterly, on 26 January, on 26 April, on 26 July and on 26 October respectively.

The prospectus was approved by the decision of the Czech National Bank on 22 October 2012, reference number 2012/10125/570 effective on 22 October 2012. Bonds were accepted for trading at the Prague Stock Exchange.

(17) CPI Retail Portfolio I 5.00/2019 ISIN CZ0003511164

CPI Retail Portfolio I 5.00/2019 bonds were issued on 25 April 2014. The nominal value of each bond is CZK 10,000. The total nominal value of bonds issued amounts to TCZK 1,125,000. The bonds mature on 25 April 2019 and bear fixed interest of 5% per annum. Interest are due semi-annually on 25 April and 25 October.

Issuer of the bonds is the Group´s company CPI Retail Portfolio I, a.s. The issuer issued above mentioned bonds through other members of emission group (CPI Retail Portfolio II, a.s.; CPI Retail Portfolio III, s.r.o.; CPI Retail Portfolio III, s.r.o.; CPI Retail Portfolio IV, s.r.o.; CPI Retail Portfolio V, s.r.o.; CPI Retail Portfolio VI, s.r.o.; and CPI Retail Portfolio VII, s.r.o.), on the basis of commission contract.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI Retail Portfolio I 5.00/2019).

(18) Spojené farmy a.s., ISIN CZ0003507717

On 31 December 2012, Spojené farmy a.s. issued 80,000,000 pieces of bonds, each with nominal value of CZK 1. The bonds mature on 31 December 2022 and bear fixed interest rate of 8.75% p.a. Interest are due annually on 15 July.

Changes in 2014

In 2014, the Group issued two emissions of new bonds - CPI Retail Portfolio I 5.00/2019 and CPI BYTY Real Estate 4.80/19.

Due to the acquisition of Mercuda a.s., bonds issued by Spojené farmy a.s. in the nominal value of EUR 2.9 million have been acquired.

Covenants

Issued bonds CPI VAR/15 (EUR), CPI VAR/19 (CZK) and CPI VAR/19 (EUR) are subject to a number of covenants. All covenant ratios were met as at 31 December 2014.

Issued bonds CPI 6,05/16 are subject to a number of covenants. All covenant ratios were met as at 31 December 2014.

Issued bonds CPI VAR/18 are subject to a number of covenants. All covenant ratios were met as at 31 December 2014.

Issued bonds CPI Alfa are subject to a number of covenants. All covenant ratios were met as at 31 December 2014.

Issued bonds CPI BYTY are subject to a number of covenants. All covenant ratios were met as at 31 December 2014.

6.14 Financial debts

	31 December 2014	31 December 2013
Loans from related parties	1,866	504
Loans from third parties (1)	12,664	11,014
Bank loans (2)	1,180,564	960,262
Finance lease liabilities (3)	19,038	32,553
Bills of exchange	6,211	9,309
Total non-current financial debts	**1,220,343**	**1,013,642**

	31 December 2014	31 December 2013
Bank overdraft (4)	--	14,953
Loans from related parties	2,273	1,359
Loans from third parties (1)	19,234	10,074
Bank loans (2)	275,305	146,680
Finance lease liabilities (3)	1,433	2,388
Bills of exchange	27,742	10,543
Total current financial debts	**325,987**	**185,997**

(1) The balance of loans from third parties include loans relating to GSG acquired through acquisition of GSG in the amount of EUR 5.3 million.
Further increase is caused by acquisition of Mercuda a.s, loans in the amount of EUR 4.3 million were acquired. Loans from third parties represent subsidies, due mainly in October 2016, which are provided by State Agricultural Intervention Fund in order to support agriculture from European Union funds.

(2) Bank loans in the amount EUR 281.2 (non-current) and EUR 70.5 (current) million relate to the financing of the portfolio of former GSG. As a result of covenant breaches on certain bank loans, the Group reclassified EUR 12.6 million from non-current bank loans to current bank loans.

(3) Decrease in finance lease liabilities primary reflects acquisition of leasing companies in 2014 and 2013 (see note 3.2).

(4) Bank overdrafts amounted to TEUR 0 as at 31 December 2014 (2013: TEUR 14,953). Overdrafts were drawn for the purpose of operating activities as well as for financing of acquisitions of the Group.

Bank loans

With respect of bank loans, the Group has pledged the following assets as collateral:

Investment property

The Group has pledged investment property with total value of EUR 2,850 million at 31 December 2014 (2013: EUR 2,071.8 million).

Trade receivables

Total carrying amount of pledged trade receivables represents EUR 21.4 million at 31 December 2014 (2013: EUR 29.5 million).

Bank accounts

Total amount of pledged bank accounts represents EUR 30.5 million at 31 December 2014 (2013: EUR 31.2 million).

Shares of the subsidiaries

Airport City Ingatlanbefektetési Kft., Arkáda Prostějov, s.r.o., B.C.P. Ingatlanfejlesztö Kft., Balvinder, a.s., Baudry Beta, a.s., BAYTON Alfa, a.s., Best Properties South, a. s., Brandýs Logistic, a.s., Carpenter Invest, a.s., CB Property Development, a.s., Century City Ingatlanbefektetési Kft., Conradian, a.s., CPI - Real Estate, a.s., CPI - Štupartská, a.s., CPI Heli, s.r.o., CPI Jihlava Shopping, a.s., CPI Meteor Centre, s.r.o., CPI Národní, s.r.o., CPI Palmovka Office, s.r.o., CPI Retail MB s.r.o., CPI Retails FIVE, a.s., CPI Retails FOUR, a. s., CPI Retails ONE, a.s., CPI Retails THREE, a.s., CPI Retails TWO, a.s., CPI Shopping MB, a.s., CPI Shopping Teplice, a.s., Český Těšín Property Development, a.s., Diana Development SP. Z o.o., Dienzenhoferovy Sady 5 s.r.o., Duna Office Center Ingatlankezelö Kft., EMH North, s.r.o., EMH South, s.r.o., EMH West, s.r.o., Farhan, a.s., Gadwall, Sp. z o.o., Global Development Ingatlanbefektetési Kft., Global Estates Ingatlanbefektetési Kft., Global Immo Ingatlanbefektetési Kft., GSG Asset GmbH & Co. Verwaltungs KG, GSG Gewerbehöfe Berlin 1. GmbH Co. KG, GSG Gewerbehöfe Berlin 2. GmbH Co. KG, GSG Gewerbehöfe Berlin 3. GmbH Co. KG, GSG Gewerbehöfe Berlin 4. GmbH Co. KG, GSG Gewerbehöfe Berlin 5. GmbH Co. KG, Hraničář, a.s., ICL 1 Budapest Ingatlankezelö és Építési Tanácsadó Kft., Janáčkovo nábřeží 15, s.r.o., Kerina, a.s., Komárno Property Development, a.s., LD Praha, a.s., Lipt. Mikuláš Property Development, a.s., Lockhart, a.s., Marissa Gama, a.s., Marissa, a.s., Marissa West, a.s., MB Property Development, a.s., Michalovce Property Development, a.s., MMR Russia, S.à.r.l., Modřanská Property, a.s., MUXUM, a.s., NERONTA,a.s., New Sites Ingatlanforgalmazó Kft., Nymburk Property Development, a.s., OC Nová Zdaboř a.s., OC Spektrum, s.r.o., Office Center Poštová, s.r.o., Olomouc City Center, a.s., Olomouc Office, a.s., Orco Hotel, Zrt., Orco Hotel Management Kft., Orco Hotel Project Sp. z o.o., ORCO Warsaw Sp. z o.o., Orco Property Start a.s., Ozrics, Kft., Pelhřimov Property Development, Považská Bystrica Property Development, a.s., Prievidza Property Development, a.s., Prosta 69 Sp. z o.o., Příbor Property Development, s. r.o., Příkopy Property Development, a.s., Residence Belgická, s.r.o., Residence Izabella, Zrt., Ružomberok Property Development, a.s., SPH Properties Sp. z o.o., Stripmall Management Ingatlanbefektetési Kft., Svitavy Property Alfa, a.s., Trutnov Property Development, a.s., Třinec Investments, s.r.o., Třinec Property Development, a.s., Tyršova 6, a.s., Vigano, a.s., Vyškov Property Development, a.s., Zvolen Property Development, a.s., Ždírec Property Development, a.s.

Covenants

Bank loans are subject to a number of covenants. The Group has two bank loans of EUR 12.6 million with covenant breach and discloses them as current as at 31 December 2014. All covenant ratios related to non-current bank loans were met as at 31 December 2013.

Maturity analysis - loans from third parties

2014

	< 1 year	1-5 years	>5years	Total
Loans from third parties	19,234	10,584	2,080	31,898
Bank loans	275,305	993,747	186,817	1,455,869
Total	**294,539**	**1,004,331**	**188,897**	**1,487,767**

2013

	< 1 year	1-5 years	>5years	Total
Loans from third parties	10,074	7,776	3,238	21,088
Bank loans	146,680	754,212	206,050	1,106,942
Total	**156,754**	**761,988**	**209,288**	**1,128,030**

Finance lease liabilities

Finance lease liabilities relating to investment property as of 31 December are payable as follows:

2014

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	1,617	6,510	16,220	24,347
Interest	(443)	(1,726)	(2,186)	(4,355)
Net present value of future minimum lease payments	**1,174**	**4,784**	**14,034**	**19,992**

2013

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	2,915	11,581	26,542	41,038
Interest	(763)	(3,078)	(2,851)	(6,692)
Net present value of future minimum lease payments	**2,152**	**8,503**	**23,691**	**34,346**

Finance lease liabilities relating to property, plant and equipment as of 31 December are payable as follows:

2014

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	279	234	--	513
Interest	(20)	(14)	--	(34)
Net present value of future minimum lease payments	**259**	**220**	**--**	**479**

2013

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	262	332	43	638
Interest	(26)	(16)	--	(43)
Net present value of future minimum lease payments	**236**	**316**	**43**	**595**

6.15 Derivative instruments

Foreign exchange forward contracts

As a result of transaction with Mercuda (refer to note 3.2) the Group acquired several foreign exchange forward contracts. The Group uses foreign exchange forward contracts to manage some of its foreign currency exposures. The foreign exchange forward contracts are not subject to the hedge accounting and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank loans.

The aggregate fair value of the interest rate swaps open at 31 December 2014 is summarized in the following table:

	31 December 2014	31 December 2013
Interest rate swaps used for hedging	3,015	1,991
Other interest rate swap contracts	9,937	3,707
Foreign exchange forward contracts	1,005	--
Total non-current liabilities from derivatives	**13,957**	**5,698**

	31 December 2014	31 December 2013
Interest rate swaps used for hedging	--	358
Other interest rate swap contracts	6,127	896
Other forward exchange contracts	937	--
Total current liabilities from derivatives	**7,064**	**1,254**

a) Interest rate swaps used for hedging

The Group has entered into interest rate swap contracts with notional amounts of EUR 72.04 million (2013: EUR 72.98 million) whereby it pays a fixed interest rate of 1.85 % - 2.32 % (2013: 1.85 % - 2.32 %) and receives a variable rate based on 3M EURIBOR/3M PRIBOR.

The loans and interest rate swaps have the same critical terms, hedge accounting has been applied and instruments are considered as highly effective.

b) Other interest rate swap contracts

Contracts with notional amounts of EUR 698.52 million (2013: EUR 315.20 million) have fixed interest payments at an average rate of 1.26 % (2013: 1.56 %) and have floating interest receipts at EURIBOR/PRIBOR. The Group does not designate this part of derivatives as hedging instruments under the hedge accounting model and recognizes changes in the fair value of the derivatives in profit or loss.

c) Foreign exchange forward contracts

Total net present value of open derivate transactions is EUR 1.94 million. The portfolio includes one CAP in CZK with interest rate 7.5 % and eighteen FX FORWARD EUR/CZK with average foreign exchange rate of 25.44 (min. 25.027, max. 25.75).

For analysis of liabilities from derivatives with respect of its maturity refer to note 7.2.

6.16 Non-current provisions

	2014	2013
Balance at 1 January	**--**	**--**
Provisions acquired through business combination (1)	14,992	--
Provisions created in the period	121	--
Provisions used in the period	(300)	--
Remeasurement gains (2)	1,817	--
Balance at 31 December	**16,630**	**--**

(1) With the acquisition of GSG, the Group acquired provisions in the amount of EUR 15.0 million. The amount is mainly composed of provisions to cover the Group´s retirement benefit obligations (EUR 10 million) and from provisions related to the BAR neighbor litigation connected to the Leipziger Platz project (EUR 6.1 million).

In 2011, the former GSG agreed to deduct from Leipziger Platz development project sales proceeds an amount of EUR 10 million and deposit that amount on an escrow account which will be used to cover compensation or indemnification payments regarding a litigation with the neighbors relating to the building permit. The escrow account has been partially used to cover some costs and expenses related to the litigation.

As of 31 December 2014, the Group is of the opinion that there is a risk above 50% that HGHI will obtain satisfaction for an amount of EUR 3.3 million in connection to the set-back of the residential towers.

Furthermore, the Group considered prudent to estimate that up to EUR 1.0 million ligitation costs and expenses will have to be financed from the cash deposited on escrow account.
As a result, the amount in risk provisioned amounts to EUR 4.3 million as of December 2014. As of December 2014, it is not possible to estimate exactly the date of the litigation closing, however the Group is not expecting any final judgement before the end of the year 2015.

(2) Remeasurement gains relate to the retirement benefit obligations (in accordance with IAS 19).

Retirement benefit obligation

The Group operates a defined benefit plan in Orco Gruendstuecks und Beteiligungs GmbH for former Viterra group employees. The plan is a so-called book reserve plan. The important attribute of this kind of plan is that there is no separate vehicle to accumulate assets to provide for the payment of benefits. Rather, the employer sets up a book reserve (accruals) in its balance sheet. Therefore, no contributions are expected to be paid by the Group to the plan for the next reporting period.

The changes in the defined benefit obligation during the year are as follows:

	2014
Reverse acquisition of GSG	10,670
Interest cost	340
Remeasurement gains	1,817
Benefits paid	(452)
End of the year	**12,375**

The principal actuarial assumptions used were as follows:

	31 December 2014
Discount rate	1,90%
Future salary increases	N/A
Future pension increases	2,00%

The result of the sensitivity analysis are:

Defined benefit obligation as of December 2014			12,375
Parameters	**Original value**	**Sensitivity analysis**	**Effect on defined benefit obligation**
Discount rate	1,90%	+1,36%	10,358
Discount rate	1,90%	-1,36%	15,096
Weighted average duration of the defined benefit obligation			**14.10 years**

6.17 Other non-current liabilities

Non-current trade and other payables	31 December 2014	31 December 2013
Advances received	575	594
Trade payables due to third parties	170	100
Tenant deposits (1)	8,286	6,897
Payables from retentions	4,180	5,710
Other payables due to third parties (2)	12,707	36
Total other non-current liabilities	**25,918**	**13,337**

(1) Deposits from tenants represent payables of the Group from received rental related deposits. Its classification corresponds to terms in rental contracts with respect of the termination options of the tenants. The increase follows the extension of property portfolio and reflects mainly reverse acquisition of GSG.

(2) Other payables due to third parties have significantly increased due to business combination with Mercuda. As at 31 December 2014, liabilities in the amount of EUR 12.6 million represent liabilities arising from the process of redemption of farmland into ownership of individual farms, instead of renting.

6.18 Trade payables

Current trade and other payables	31 December 2014	31 December 2013
Trade payables due to related parties	2,334	572
Trade payables due to third parties	29,294	31,086
Total trade payables	**31,628**	**31,658**

6.19 Advance payments

Advances payments	31 December 2014	31 December 2013
Advances received from related parties	1,451	140
Advances received from third parties (1)	31,535	20,236
Tenant deposits (2)	11,467	11,247
Total advance payments	**44,453**	**31,623**

(1) Increase in advances received from third parties relates to the reverse acquisition of former GSG (advance payments in the amount of EUR 17 million were acquired).

(2) Advances received from tenants in 2014 represented payments received from tenants for utilities that will be settled against trade receivables when final amount of utilities consumption is known and final respective invoicing is performed.

6.20 Other financial current liabilities

Other financial current liabilities	31 December 2014	31 December 2013
Deferred income/revenue and accrued liabilities	14,681	7,203
Payables from unpaid capital contributions	9	--
Other payables due to related parties	4,831	165
Other payables due to third parties	11,405	13,106
Total other financial current liabilities	**30,926**	**20,474**

In connection with the reverse acquisition of GSG, other current liabilities in the amount of EUR 15.9 million were acquired. As at 31 December 2014, the major part of the acquired liabilities represent deferred income and accrued liabilities in the amount of EUR 6.1 million.

6.21 Other non-financial current liabilities

	31 December 2014	31 December 2013
Current income tax liabilities	5,664	--
Value added tax payables	1,089	1,056
Other tax payables (excl. CIT and VAT)	3,334	77
Payables due to employees, SHI, employees income tax	3,127	935
Provisions	5,597	683
Total other non-financial current liabilities	**18,811**	**2,751**

Other non-financial current liabilities in the amount of EUR 15.8 million were acquired within the reverse acquisition of GSG.

6.21.1 Current provisions

Provisions	2014	2013
Balance at 1 January	**683**	**186**
Provisions acquired through business combination (1)	4,494	592
Provisions created in the period	1,040	129
Provisions used in the period	(594)	(17)
Provisions reversed in the period	--	(167)
Effect of movements in exchange rates	(26)	(40)
Balance at 31 December	**5,597**	**683**

(1) In 2014 provisions acquired through business combination represent mainly provisions of GSG in the amount of EUR 4.5 million

Analysis of total provisions	31 December 2014	31 December 2013
Non-current provisions	16,630	--
Current provisions	5,597	683
Total	**22,227**	**683**

6.22 Operating leases

	31 December 2014	31 December 2013
Less than one year	181,667	136,509
Between one and five years	516,976	408,462
More than five years	364,112	333,592
Total	**1,062,755**	**878,563**

The rent contracts in residential portfolio mostly include the cancellation period of three months and the cancelled contracts are replaced by the new ones continuously.

6.23 Borrowings maturity

The table below represents the carrying amount of the debts allocated by date of repayment.
Most floating interest debt instruments have a fixing period of maximum 3 months.
The Group's borrowings are denominated in EUR and in CZK.

In 2014

At 31 December 2014	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	**32,867**	**339,836**	**166,805**	**539,508**
Financial debts	**325,987**	**1,018,673**	**201,670**	**1,546,330**
Bank loans (incl. overdraft)	275,305	993,747	186,817	**1,455,869**
Bank loans fixed rate	31,995	38,836	5,952	76,783
Bank loans floating rate	243,310	954,911	180,865	1,379,086
Loans from related parties	2,273	1,866	--	**4,139**
Loans from third parties	19,234	11,844	820	**31,898**
Other borrowings	29,175	11,216	14,033	**54,424**
Total	**358,854**	**1,358,509**	**368,475**	**2,085,838**

In 2013

At 31 December 2013	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	**21,098**	**187,430**	**441,650**	**650,178**
Financial debts	**185,997**	**780,115**	**233,527**	**1,199,639**
Bank loans (incl. overdraft)	161,633	754,212	206,050	**1,121,896**
Bank loans fixed rate	16,785	39,406	5,249	61,440
Bank loans floating rate	144,848	714,806	200,802	1,060,456
Loans from related parties	1,359	--	504	**1,864**
Loans from third parties	10,074	7,776	3,238	**21,088**
Other borrowings	12,931	18,127	23,734	**54,792**
Total	**207,095**	**967,545**	**675,177**	**1,849,817**

7 Financial risk management

Exposure to various risks arises in the normal course of the Group's business. Financial risk comprises:

- credit risk (refer to note 7.1)
- liquidity risk (refer to note 7.2)
- market risk including currency risk, interest rate risk and price risk (refer to note 7.3)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.
The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.
Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

7.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk mainly from its rental activities (primarily for trade receivables) and from its financing activities, including provided loans, purchased bonds, deposits with banks and financial institutions and other financial instruments.
Credit risks are addressed by top management through efficient operation of the sales, collection, legal and related departments to prevent excessive increase of bad debts. At the date of the statement of financial position there are no significant concentrations of credit risk to any single customer or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.
The Group limits the risk of rent receivables becoming doubtful by requesting the tenants to pay deposits before moving in, which gives the Group a chance to set off any possible debts from tenants against these deposits if the tenant is unable to settle the debts himself. If the rent is not paid by the tenant, the receivable is collected internally. If unsuccessful, the case is handed over to external attorney in order to establish the legal basis and make the tenant move out of the apartment. The Group's tenants are subject to credit verification procedures before signing the rent contract. Receivable balances are monitored on an ongoing basis in order to significantly decrease the Group's exposure to bad debts. A deterioration of regional economic conditions, including but not limited to an increase in unemployment and a fall in wages and salaries, may decrease the ability or willingness of tenants to pay the rent regularly. The Group maintains the creditor management database, creates the segmented reports and performs tenant's ratings to identify the risk factors and apply suitable measures to eliminate corresponding risks immediately.

Customer credit risk is managed reflecting the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard at the time of entering into a rental agreement. Outstanding customer receivables are regularly monitored.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The following tables present financial assets as of 31 December 2014 reflecting their classification based on its ageing structure and impairment if applicable:

Credit risk profile at 31 December 2014:

	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Available for sale financial assets	**2,011**	**--**	**--**	**2,011**
Financial assets at fair value through profit or loss	**473**	**--**	**--**	**473**
Loans provided	**292,803**	**529**	**2,543**	**293,332**
- loans	291,267**	529	2,543	291,796
- bills of exchange	1,536	--	--	1,536
Trade and other receivables*	**127,030**	**21,457**	**31,607**	**148,487**
Cash and cash equivalents	**108,172**	**--**	**--**	**108,172**
Total	**530,489**	**21,986**	**34,150**	**552,475**

* Trade and other receivables include trade receivables, other financial and other non-financial current assets
** Thereof EUR 264.6 million is guaranteed by the major shareholder (note 6.6)

Breakdown of overdue financial assets which are not impaired at 31 December 2014

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	--	--	--	**245**	**283**	**529**
- loans	--	--	--	245	283	529
- bills of exchange	--	--	--	--	--	--
Trade and other receivables*	**8,110**	**4,225**	**1,837**	**3,748**	**3,538**	**21,457**
Total	**8,110**	**4,225**	**1,837**	**3,994**	**3,821**	**21,986**

* Trade and other receivables include trade receivables, other financial and other non-financial current assets

Credit risk profile at 31 December 2013:

	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Financial assets at fair value through profit or loss	**1,804**	--	--	**1,804**
Loans provided	**181,072**	**16,772**	**2,305**	**197,844**
- loans	175,055	16,772	2,305	191,827
- bills of exchange	6,017	--	--	6,017
Trade and other receivables*	**99,816**	**35,971**	**12,798**	**135,788**
Cash and cash equivalents	**109,605**	**--**	**--**	**109,605**
Total	**392,297**	**52,743**	**15,103**	**440,041**

* Trade and other receivables include trade receivables, other financial and other non-financial current assets

Breakdown of overdue financial assets which are not impaired at 31 December 2013

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	**--**	**11,909**	**11**	**1,341**	**3,511**	**16,772**
- loans	--	11,909	11	1,341	3,511	16,772
- bills of exchange	--	--	--	--	--	--
Trade and other receivables*	**21,424**	**5,286**	**3,018**	**1,847**	**4,397**	**35,971**
Total	**21,424**	**17,194**	**3,029**	**3,187**	**7,908**	**52,743**

* Trade and other receivables include trade receivables, other financial and other non-financial current assets

7.2 Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have the resources available to meet its financial obligations, working capital and committed capital expenditure requirements.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. Concentration of risk is limited thanks to diversified maturity of the Group's liabilities and diversified portfolio of the Group's funding sources.

The Group manages liquidity risk by constantly monitoring forecast and actual cash flow, financing its investment property portfolio by long-term financing, and refinancing where appropriate, and to use the rent income to settle the short-term liabilities.

The Group's liquidity position is monitored on a weekly basis by division managers and is reviewed quarterly by the Board of Directors. A summary table with maturity of liabilities is used by key management personnel to manage liquidity risks and is derived from managerial reports at company level.

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity.
The Group monitors adherence to loan covenants on a regular basis, and the treasury department sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

Liquidity risk analysis

The following table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments including accrued interest. The table reflects the earliest settlement of Group's liabilities based on contractual maturity and includes non-derivative as well as derivate financial liabilities.

2014

	Carrying value	< 3 month	3-12 months	1-2 years	2 - 5 years	> 5 year	Total
Bonds issued	539,508	21,379	35,580	81,505	355,162	259,070	752,696
Financial debts	1,546,330	69,741	308,763	572,404	561,183	244,449	1,756,540
- loans from related parties	4,139	2,285	182	431	1,948	--	4,846
- loans from third parties	31,898	10,274	10,280	2,266	10,222	3,856	36,898
- bank loans	1,455,869	51,462	274,294	561,129	544,489	222,760	1,654,134
- finance lease liabilities	20,471	442	1,542	2,367	4,524	17,833	26,708
- bills of exchange	33,953	5,278	22,465	6,211	--	--	33,954
Derivative instruments	21,021	200	5,926	5,873	4,356	4,666	21,021
Other non-current liabilities	25,918	--	--	7,362	7,374	11,182	25,918
Other current liabilities*	120,210	75,194	45,016	--	--	--	120,210
Total**	**2,252,987**	**166,514**	**395,285**	**667,144**	**928,075**	**519,367**	**2,676,385**

*other current liabilities include current trade payables, advance payments, other financial current liabilities, other non-financial current liabilities and current income tax liabilities
** provisions are not included

2013

	Carrying value	< 3 month	3-12 months	1-2 years	2 - 5 years	> 5 year	Total
Bonds issued	650,178	30,329	27,693	61,916	255,591	559,518	935,047
Financial debts	1,199,639	80,090	94,758	167,973	708,365	300,719	1,351,905
- loans from related parties	1,863	129	1,358	36	110	541	2,174
- loans from third parties	21,088	5,692	1,084	3,439	6,945	4,620	21,780
- bank loans	1,121,896	69,320	84,258	152,951	694,431	265,643	1,266,603
- finance lease liabilities	34,942	658	1,807	2,242	6,876	29,915	41,498
- bills of exchange	19,850	4,291	6,251	9,305	3	--	19,850
Derivative instruments	6,951	3,056	1,625	1,069	1,100	101	6,951
Other non-current liabilities	13,337	--	--	3,387	5,197	4,753	13,337
Other current liabilities*	85,822	52,475	33,348	--	--	--	85,823
Total**	**1,955,928**	**165,950**	**157,424**	**234,345**	**970,253**	**865,091**	**2,393,063**

*other current liabilities include current trade payables, advance payments, other financial current liabilities, other non-financial current liabilities and current income tax liabilities
**provisions are not included

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

7.3 Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's income or the value of its holdings of financial instruments or could cause future cash flows related to financial instruments to fluctuate.
The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group's market risks mainly arise from open positions in (a) foreign currencies and (b) loans provided and financial debts, to the extent that these are exposed to general and specific market movements.
The Group uses derivative financial instruments in a limited manner in order to reduce its exposure to the market risk.

Market risk exposures are measured using sensitivity analysis.
Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

7.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
The Group is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the CZK, but also others (see note 2.1(d)).
Functional currency of the most Group companies is the Czech crown and a significant portion of revenues and costs are realised primarily in the Czech crowns.

The table below shows the material balances held in foreign currencies that are deemed subject to currency risk.

2014

	Currency	Carrying amount
Cash and cash equivalents	TEUR	18,347
	TCZK	1,479
	TUSD	19
	THUF	922,881
	TRON	16
	TRUB	145
Trade and other receivables	TEUR	3,358
	TCZK	4,467
	TPLN	118
	THUF	801,091
	TRUB	22,065
Loans provided	TEUR	102,396
Available for sale financial assets	TEUR	1,383
Trade and other payables	TEUR	(5,431)
	TCZK	(752)
	TUSD	(14)
	THUF	(1,634,966)
	TRON	(84)
	TRUB	(7,813)
Financial debts	TEUR	(445,038)
	TCHF	(1,878)
Bonds issued	TEUR	(116,014)
Derivative instruments	TEUR	(2,062)
Net position	**TEUR**	**(443,060)**
Net position	**TCZK**	**5,194**
Net position	**TUSD**	**5**
Net position	**TPLN**	**118**
Net position	**THUF**	**89,006**
Net position	**TRON**	**(68)**
Net position	**TCHF**	**(1,878)**
Net position	**TRUB**	**14,397**

2013

	Currency	Carrying amount
Cash and cash equivalents	TEUR	14,974
	TUSD	2
	TGBP	197
	TPLN	1
	THUF	109
Trade and other receivables	TEUR	48,233
Loans provided	TEUR	52,933
Trade and other payables	TEUR	(15,527)
	TUSD	(38)
Financial debts	TEUR	(320,740)
Bonds issued	TEUR	(174,012)
Derivative instruments	TEUR	(1,745)
Net position	**TCZK**	**(395,884)**
Net position	**TUSD**	**(36)**
Net position	**TGBP**	**197**
Net position	**TPLN**	**1**
Net position	**THUF**	**109**

The Group hedges itself against the risk of changes in the EUR/CZK exchange rate by entering into loans denominated in EUR. The Group defines as the hedged items the future collections from leasing contracts up to the net present value of the loan.

The Group accounted for above transactions as a cash flow hedges with the application of hedge accounting. The hedge accounting is applicable for the whole accounting period ending 31 December 2014. The hedging foreign currency loans are measured at fair value attributable to the foreign currency risk as at the balance sheet date and the effective part of this revaluation (foreign exchange gains and losses) is recognized in the Hedging reserve within the Group's equity.

Future expected collection from leasing contract designated as hedged item	in TEUR
within 1 year	29,964
1-2 years	28,400
2-5 years	71,325
5-10 years	87,492
more than 10 years	95,327
Total	**312,508**

Sensitivity analysis – exposure to currency risk

The following table presents sensitivities of profit or loss to reasonably possible changes in foreign currency rates with all other variables held constant.

A 10% change in the foreign currency rate of CZK against EUR, USD, GBP, PLN or HUF would have the below effect to profit/(loss) or equity of the Group providing all other variables remaining constant:

Foreign currency risk 2014 – sensitivity analysis

	Original currency		Change in TEUR (functional currency depreciated by 10%)	Change in TEUR (functional currency appreciated by 10%)
Cash and cash equivalents	TEUR	18,347	1,848	(1,848)
	TCZK	1,479	5	(5)
	TUSD	19	2	(2)
	THUF	922,881	295	(295)
	TRON	16	0	(0)
	TRUB	145	0	(0)
Trade and other receivables	TEUR	3,358	338	(338)
	TCZK	4,467	16	(16)
	TPLN	118	3	(3)
	THUF	801,091	256	(256)
	TRUB	22,065	31	(31)
Loans provided	TEUR	102,396	10,311	(10,311)
Available for sale financial assets	TEUR	1,383	139	(139)
Trade and other payables	TEUR	(5,431)	(547)	547
	TCZK	(752)	(3)	3
	TUSD	(14)	(1)	1
	THUF	(1,634,966)	(522)	522
	TRON	(84)	(2)	2
	TRUB	(7,813)	(11)	11
Financial debts	TEUR	(449,778)	(45,291)	45,291
	TCHF	(1,878)	(157)	157
Bonds issued	TEUR	(116,014)	(11,682)	11,682
Derivative instruments	TEUR	(2,062)	(208)	208
Net exposure to currency risk	**TEUR**	**(447,800)**	**(45,092)**	**45,092**
Net exposure to currency risk	**TCZK**	**5,194**	**19**	**(19)**
Net exposure to currency risk	**TUSD**	**5**	**0**	**(0)**
Net exposure to currency risk	**TPLN**	**118**	**3**	**(3)**
Net exposure to currency risk	**THUF**	**89,006**	**28**	**(28)**
Net exposure to currency risk	**TRON**	**(68)**	**(2)**	**2**
Net exposure to currency risk	**TCHF**	**(1,878)**	**(157)**	**157**
Net exposure to currency risk	**TRUB**	**14,397**	**20**	**(20)**
Impact on profit/loss	**TEUR**		**(19,110)**	**19,110**
Impact on equity	**TEUR**		**(25,593)**	**25,593**

Foreign currency risk 2013 – sensitivity analysis

	Original currency		Change in TEUR (functional currency depreciated by 10%)	Change in TEUR (functional currency appreciated by 10%)
Cash and cash equivalents	TEUR	14,974	1,581	(1,581)
	TUSD	2	0	(0)
	TGBP	197	25	(25)
	TPLN	1	0	(0)
	THUF	109	0	(0)
Trade and other receivables	TEUR	48,233	5,093	(5,093)
	TUSD	--	--	--
Loans provided	TEUR	52,933	5,589	(5,589)
Trade and other payables	TEUR	(15,527)	(1,639)	1,639
	TUSD	(38)	(3)	3
Financial debts	TEUR	(320,740)	(33,866)	33,866
bonds issued	TEUR	(174,012)	(18,373)	18,373
Derivative instruments	TEUR	(1,745)	(184)	184
Net exposure to currency risk	**TEUR**	**(395,884)**	**(41,800)**	**41,800**
Net exposure to currency risk	**TUSD**	**(36)**	**(3)**	**3**
Net exposure to currency risk	**TGBP**	**197**	**25**	**(25)**
Net exposure to currency risk	**TPLN**	**1**	**0**	**(0)**
Net exposure to currency risk	**THUF**	**109**	**0**	**(0)**
Impact on profit/loss	**TEUR**		**(15,279)**	**15,279**
Impact on equity	**TEUR**		**(26,499)**	**26,499**

7.3.2 Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments are described under notes 6.6 for financial assets and under notes 6.14 financial liabilities respectively.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

The Group's objective of the interest rate hedge is to fix the variability in the interest outflows attributable to changes in the EURIBOR and PRIBOR rates. Hedge effectiveness is assessed by comparing changes in the fair value of the hedging instrument to changes in the fair value of a hypothetical derivative.

Loans provided by the Group require instalments to be paid by the borrower according to a payment schedule, based on a fixed interest rate. The interest rates charged by the Group are usually based on Group's borrowing interest rates.

As the loans provided are based on fixed rates, and no financial debt is measured at fair value through profit and loss the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. These obligations primarily include bank loans, finance lease liabilities and bonds issued.

Bank loans have flexible interest rates based on EURIBOR or PRIBOR rates for the reference period from 1 to 3 months increased by a fixed margin. Some of the loan agreements request the Group to enter into interest rate hedges using derivatives should the exposure to interest risk exceed predefined level so the Group entered into several transactions with the financial institutions to hedge the interest rate risk (refer to note 6.15). Bonds issued comprise both fixed and variable rate instruments.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

Sensitivity analysis – exposure to interest rate risk for variable rate instruments

A change of interest rates by 100 basis points at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

A 100 basis points change in the interest rate would have the below effect to profit/(loss) or equity of the Group providing all other variables remaining constant:

2014

	Effective interest rate	Liability with variable interest rate	Interest calculated
Bonds issued	6.70%	186,405	12,480
Financial debts			
Loans received & finance lease liabilities	3.53%	1,398,947	49,361
Total		**1,585,352***	**61,841**

* The amount of liability with variable interest does not include accrued interests and it is not adjusted for transaction costs in respect of bonds issued.

	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Bonds issued	7.70%	14,344	(1,864)	5.70%	10,616	1,864
Financial debts						
Loans received & finance lease liabilities	4.53%	63,350	(13,989)	2.53%	35,371	13,989
Total		**77,694**	**(15,853)**		**45,987**	**15,853**

2013

	Effective interest rate	Liability with variable interest rate	Interest calculated
Bonds issued	6.60%	226,663	14,962
Financial debts			
Loans received & finance lease liabilities	4.03%	741,056	29,854
Total		**967,719***	**44,816**

* The amount of liability with variable interest does not include accrued interests and it is not adjusted for transaction costs in respect of bonds issued.

	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Bonds issued	7.60%	17,230	(2,266)	5.60%	12,696	2,266
Financial debts						
Loans received & finance lease liabilities	5.03%	37,264	(7,411)	3.03%	22,443	7,411
Total		**54,494**	**(9,677)**		**35,139**	**9,677**

Sensitivity analysis – exposure to interest rate risk for fixed rate instruments

The Group recognized all financial assets and liabilities (except derivatives) at fair value. No fair value adjustments are recorded through the profit or loss.

Effective interest rate and repricing analysis

In respect of financial debts, the following tables indicate their effective interest rates at the reporting date and the periods in which they re-price.

2014

	Effective interest rate	Total	3 month or less	3-12 months	Fixed interest rate
Bonds issued (1)	5.80%	**539,508**	**--**	**187,598**	**351,910**
Financial debts		**1,512,376**	**1,385,544**	**15,392**	**111,440**
- loans from related parties (2)	7.77%	4,139	--	--	4,139
- loans from third parties (3)	5.39%	31,898	1,859	--	30,039
- bank loans (4)	3.54%	1,455,869	1,371,470	7,616	76,783
- finance lease liabilities	2.73%	20,470	12,215	7,776	479
Total		**2,051,884**	**1,385,544**	**202,990**	**463,350**

(1) Including unpaid interest of EUR 8.4 million
(2) Unpaid interests represent EUR 1.3 million (fixed interest rate)
(3) Including unpaid interest of EUR 1.8 million (fixed interest rate)
(4) Unpaid intrests reperesent EUR 2.2 million (fixed interst rate)

2013

	Effective interest rate	Total	3 month or less	3-12 months	Fixed interest rate
Bonds issued (1)	5.81%	**650,178**	**--**	**227,244**	**422,934**
Financial debts		**1,179,789**	**1,082,800**	**12,390**	**84,599**
- loans from related parties	7.24%	1,864	385	--	1,479
- loans from third parties (2)	7.24%	21,088	--	--	21,088
- bank loans and overdrafts	4.13%	1,121,896	1,056,429	4,029	61,437
- finance lease liabilities	2.78%	34,942	25,986	8,361	595
Total		**1,829,967**	**1,082,800**	**239,634**	**507,533**

(1) Including unpaid interest of EUR 21.1 million
(2) Unpaid interests represent EUR 9.2 million (fixed interest rate)

7.3.3 Price risk

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rental risk. For sensitivity analysis on changes in assumptions of investment property valuation refer to note 7.5.

7.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

CPI Property Group as property investor is mainly influenced by the fact that it leverages its project financing by using bank debts and by bonds issued. There is no real seasonality impact on its financial position but rather a volatility of financial markets might positively or negatively influence Group's consolidated financial position.

No changes were made in the objectives, policies or processes during the year ended 31 December 2014.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity. Debt is defined as all long-term and short-term liabilities. Equity includes all capital and reserves as shown in the consolidated statement of financial position.

The gearing ratios at 31 December 2014 and at 31 December 2013 were as follows:

	31 December 2014	31 December 2013
Debt	2,660,618	2,182,509
Equity	1,558,808	939,001
Total	**171%**	**232%**

7.5 Fair value measurement

7.5.1 Fair value of financial instruments

Fair value measurements of financial instruments reported at fair value are classified by level of the following measurement hierarchy:

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading securities and financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group is using a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Valuations are performed regularly on the basis of the management best estimates of the credit risk of the Group or of the specific entity concerned in the light of existing, available and observable market data.

- For the derivatives (interest rate swaps, options and forwards) the valuation is provided by the Group's banks;

- For the available-for-sale financial assets and for the bonds, the fair values as of 31 December 2014 have been determined in accordance with generally accepted pricing models based on the discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The fair value of financial instruments reflects, inter alia, current market conditions (interest rates, volatility and share price). Changes in fair values are recorded in the consolidated income statement under the "other net financial results" line.

Accounting classification and fair values

The following tables show the carrying amounts at fair value of financial assets and liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2014	Carrying amount Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)	Level 1	Fair value Level 2	Level 3
FINANCIAL ASSETS					
Call option	473		--	473	--
Financial assets at fair value through profit or loss (**)	473	--			
Long-term Equity investments	--	636	--	--	--
Debentures issued by third parties	--	1,375	--	--	1,480
Financial assets available-for-sale	--	2,011			
Leipziger Platz deferred consideration	--	25,784	--	--	25,784
Advances paid	--	319	--	--	--
Loans provided	--	17,528	--	--	17,528
Other non-current receivables	--	20,215	--	--	--
Non-current loans and receivables	--	63,846			
Trade receivables	--	47,394	--	--	--
Derivative instruments	12	--	--	12	--
Loans provided	--	274,268	--	--	274,268
Bills of exchange	--	1,536	--	--	1,532
Other current financial assets	--	6,134	--	--	--
Cash and cash equivalent	--	108,172	--	--	--
Current financial assets*	12	437,504			
FINANCIAL LIABILITIES					
Bonds issued	--	506,641	314,936	--	186,910
Financial debt (floating rate bank debts)	--	1,135,776	--	--	1,135,776
Financial debt (fixed rate bank debts)	--	44,788	--	--	43,830
Financial debt (other borrowings)	--	39,779	--	--	39,540
Derivative instruments	13,957	--	--	13,957	--
Non-current financial liabilities	13,957	1,726,984			
Bonds issued		32,867	25,821	--	--
Financial debt (floating rate bank debts)	--	243,310	--	--	243,310
Financial debt (fixed rate bank debts)	--	31,995	--	--	33,135
Financial debt (other borrowings)	--	50,682	--	--	52,005
Derivative instruments	7,064	--	--	7,064	--
Advanced payments	--	44,453	--	--	--
Trade payables	--	31,628	--	--	--
Other financial current liabilities	--	30,926	--	--	--
Current financial liabilities*	7,064	465,861	--	--	--

(*) It does not include fair value information for financial assets and liabilities not measured at fair value if the carry amount is a reasonable approximation of the fair value.

(**) Designated at fair value.

31 December 2013	Carrying amount Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)	Level 1	Fair value Level 2	Level 3
FINANCIAL ASSETS					
Long-term Equity investments	--	429	--	--	--
Debentures issued by third parties	--	1,375	--	--	1,506
Financial assets available-for-sale	--	1,804			
Advances paid	--	559	--	--	--
Loans provided	--	141,414	--	--	141,414
Other non-current receivables	--	152	--	--	--
Non-current loans and receivables	--	142,125			
Trade and other receivables	--	38,599	--	--	--
Loans provided	--	50,412	--	--	50,412
Bills of exchange	--	6,018	--	--	5,982
Other current financial assets	--	66,099	--	--	--
Cash and cash equivalent	--	109,605	--	--	--
Current financial assets	--	270,733			
FINANCIAL LIABILITIES					
Bonds issued	--	629,080	312,909	--	313,264
Financial debt (floating rate bank debts)	--	915,608	--	--	--
Financial debt (fixed rate bank debts)	--	44,655	--	--	--
Financial debt (other borrowings)	--	53,379	--	--	--
Derivative instruments	5,698	--	--	5,698	--
Non-current financial liabilities	5,698	1,642,722			
Bonds issued	--	21,098	--	--	
Financial debt (floating rate bank debts)	--	16,785	--	--	--
Financial debt (fixed rate bank debts)	--	144,848	--	--	--
Financial debt (other borrowings)	--	24,364	--	--	--
Derivative instruments	1,254	--	--	1,254	--
Advanced payments		31,623	--	--	--
Trade payables	--	31,658	--	--	--
Other financial current liabilities	--	20,474	--	--	--
Current financial liabilities	1,254	290,850	--	--	--

(*) It does not include fair value information for financial assets and liabilities not measured at fair value if the carry amount is a reasonable approximation of the fair value.

Valuation technique used for measurement of fair value of derivatives

Liabilities from derivative are measured by discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

7.5.2 Fair value measurement of investment property

The Group's investment properties were valued at 31 December 2014 in accordance to the Group's accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes.

The independent valuer provides appraisal of the Group´s investment property annually.

At 1 January 2014 the fair value measurement for investment property of EUR 2,551.1 million has been categorized as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the year.

7.5.3 Main observable and unobservable inputs

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuators as at the end of 31 December 2013 and 31 December 2014 respectively.

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average			
Czech Republic - Central Bohemia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	45 EUR/sqm	-	49 EUR/sqm	(47 EUR/sqm)
				Net current income per sqm	46 EUR/sqm	-	65 EUR/sqm	(58 EUR/sqm)
				Equivalent yield	8.46%	-	12.00%	(8.80%)
				Vacancy rate	0.00%	-	4.39%	(1.61%)
Czech Republic - West Bohemia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm				26 EUR/sqm
				Net current income per sqm				20 EUR/sqm
				Equivalent yield				12.00%
				Vacancy rate				38.20%
Slovakia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm				51 EUR/sqm
				Net current income per sqm				53 EUR/sqm
				Equivalent yield				8.25%
				Vacancy rate				2.02%
Hungary	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	57 EUR/sqm	-	58 EUR/sqm	(58 EUR/sqm)
				Net current income per sqm	54 EUR/sqm	-	55 EUR/sqm	(55 EUR/sqm)
				Equivalent yield	8.75%	-	9.00%	(8.92%)
				Vacancy rate	5.91%	-	8.54%	(7.75%)
Germany	**Industry and logistics**	Sales comparison	Level 3	Price/sqm				12 EUR/sqm
Czech Republic - Prague Center	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	160 EUR/sqm	-	354 EUR/sqm	(335 EUR/sqm)
				Net current income per sqm	144 EUR/sqm	-	169 EUR/sqm	(167 EUR/sqm)
				Equivalent yield	5.00%	-	5.25%	(5.23%)
				Vacancy rate	4.93%	-	19.18%	(17.80%)
Czech Republic - Prague Other	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	68 EUR/sqm	-	87 EUR/sqm	(71 EUR/sqm)
				Net current income per sqm	63 EUR/sqm	-	80 EUR/sqm	(66 EUR/sqm)
				Equivalent yield	8.78%	-	9.00%	(8.82%)
				Vacancy rate	17.20%	-	19.69%	(17.67%)
Czech Republic - Prague Other	**Retail**	DCF method	Level 3	Estimated rental value per sqm				188 EUR/sqm
				Vacancy rate				2.20%
				Exit yield				6.87%
				Discount rate				8.00%
Czech Republic - Other	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	48 EUR/sqm	-	197 EUR/sqm	(54 EUR/sqm)
				Net current income per sqm	44 EUR/sqm	-	204 EUR/sqm	(122 EUR/sqm)
				Equivalent yield	6.77%	-	9.00%	(7.63%)
				Vacancy rate	0.00%	-	16.90%	(4.06%)

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average			
Czech Republic - Other	**Retail**	DCF method	Level 3	Estimated rental value per sqm				183 EUR/sqm
				Vacancy rate				36.89%
				Exit yield				7.96%
				Discount rate				8.93%
Hungary - Budapest Center	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm				287 EUR/sqm
				Net current income per sqm				245 EUR/sqm
				Equivalent yield				8.50%
				Vacancy rate				7.60%
Hungary - Other	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	56 EUR/sqm	-	65 EUR/sqm	(59 EUR/sqm)
				Net current income per sqm	24 EUR/sqm	-	42 EUR/sqm	(36 EUR/sqm)
				Equivalent yield	9.31%	-	10.63%	(9.76%)
				Vacancy rate	0.00%	-	23.91%	(18.55%)
Slovakia	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	89 EUR/sqm	-	125 EUR/sqm	(108 EUR/sqm)
				Net current income per sqm	88 EUR/sqm	-	140 EUR/sqm	(112 EUR/sqm)
				Equivalent yield	7.50%	-	8.50%	(7.93%)
				Vacancy rate	0.00%	-	1.04%	(0.12%)
Poland	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm				198 EUR/sqm
				Net current income per sqm				167 EUR/sqm
				Equivalent yield				7.80%
				Vacancy rate				3.58%
Czech Republic - Prague	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	87 EUR/sqm	-	354 EUR/sqm	(181 EUR/sqm)
				Net current income per sqm	67 EUR/sqm	-	337 EUR/sqm	(156 EUR/sqm)
				Equivalent yield	5.25%	-	9.27%	(6.86%)
				Vacancy rate	0.00%	-	25.00%	(10.11%)
Czech Republic - Other	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm				102 EUR/sqm
				Net current income per sqm				88 EUR/sqm
				Equivalent yield				7.75%
Czech Republic - Other	**Office**	DCF method	Level 3	Estimated rental value per sqm	87 EUR/sqm	-	133 EUR/sqm	(94 EUR/sqm)
				Vacancy rate	39.20%	-	51.22%	(49.39%)
				Exit yield	7.50%	-	7.96%	(7.89%)
				Discount rate	8.93%	-	9.50%	(9.02%)
Poland	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm				205 EUR/sqm
				Net current income per sqm				168 EUR/sqm
				Equivalent yield				8.69%
				Vacancy rate				15.04%
Hungary	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	51 EUR/sqm	-	152 EUR/sqm	(130 EUR/sqm)

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs				Weighted average
				Net current income per sqm	- 12 EUR	-	138 EUR/sqm	(94 EUR/sqm)
				Equivalent yield	8.00%	-	13.05%	(9.10%)
				Vacancy rate	4.70%	-	100.00%	(21.70%)
Hungary	**Office**	DCF method	Level 3	Estimated rental value per sqm				144 EUR/sqm
				Net current income per sqm				128 EUR/sqm
				Vacancy rate				38.71%
				Exit yield				8.80%
				Discount rate				9.25%
Slovakia	**Office**	DCF method	Level 3	Estimated rental value per sqm				157 EUR/sqm
				Net current income per sqm				152 EUR/sqm
				Vacancy rate				38.71%
				Exit yield				8.80%
				Discount rate				9.25%
Germany	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	53 EUR/sqm	-	107 EUR/sqm	(69 EUR/sqm)
				Net current income per sqm	24 EUR/sqm	-	92 EUR/sqm	(51 EUR/sqm)
				Equivalent yield	5.92%	-	7.13%	(6.24%)
				Vacancy rate	7.19%	-	27.81%	(17.13%)
Czech	**Residential**	DCF method	Level 3	Estimated rental value per sqm	28 EUR/sqm	-	60 EUR/sqm	(29 EUR/sqm)
				Exit yield	4.75%	-	7.78%	(7.75%)
				Vacancy rate	23.37%	-	25.39%	(25.37%)
				Discount rate	5.75%	-	8.82%	(8.79%)
France	**Residential**	Sales comparison	Level 3	Price/sqm				21 EUR/sqm
Czech Republic - Prague	**Hotel**	Comparable method	Level 3	Rate per key	55,185 EUR/key	-	150,845 EUR/key	(92,803 EUR/key)
Czech Republic - Prague	**Hotel**	DCF method	Level 3	Net current income per sqm	253 EUR/sqm	-	253 EUR/sqm	(61 EUR/sqm)
				Exit yield	7.75%	-	7.75%	(7.75%)
				Discount rate	10.25%	-	10.50%	(10.43%)
Czech Republic - Prague	**Hostel**	Comparable method	Level 3	Rate per key	9,684 EUR/key	-	39,892 EUR/key	(24,737 EUR/key)
Czech Republic - Other	**Hotels**	Comparable method	Level 3	Rate per key	26,763 EUR/key	-	57,808 EUR/key	(47,373 EUR/key)
Czech Republic - Other	**Hotel**	DCF method	Level 3	Net current income per sqm				47 EUR/sqm
				Exit yield				8.75%
				Discount rate				11.25%
Czech Republic - Other	**Hotel**	Income capitalisation	Level 3	Net current income per sqm				252 EUR/sqm
				Estimated rental value per sqm				278 EUR/sqm
				Equivalent yield				7.32%
Hungary	**Hotels**	DCF method	Level 3	Net current income per sqm	95 EUR/sqm	-	103 EUR/sqm	(99 EUR/sqm)
				Exit yield	8.25%	-	8.25%	(8.25%)

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs				Weighted average
				Discount rate	10.25%	-	10.75%	(10.52%)
Hungary	**Hotels**	Comparable method	Level 3	Rate per key				97,595 EUR/key
Poland	**Hotels**	DCF method	Level 3	Net current income per sqm				105 EUR/sqm
				Exit yield				8.25%
				Discount rate				10.75%
Land Bank - Czech Republic - Prague Center	**Land bank**	Comparable method	Level 3	Sales price per sqm	2,885 EUR/sqm	-	2,954 EUR/sqm	(2,910 EUR/sqm)
Land Bank - Czech Republic - Prague	**Land bank**	Comparable method	Level 3	Sales price per sqm	11 EUR/sqm	-	1,099 EUR/sqm	(323 EUR/sqm)
Land Bank - Czech Republic - Other	**Land bank**	Comparable method	Level 3	Sales price per sqm	4 EUR/sqm	-	933 EUR/sqm	(59 EUR/sqm)
Hungary	**Land bank**	Comparable method	Level 3	Sales price per sqm	51 EUR/sqm	-	8,396 EUR/sqm	(682 EUR/sqm)
Land Bank - Romania - Bucharest	**Land bank**	Comparable method	Level 3	Sales price per sqm				820 EUR/sqm
Romania - Other	**Land bank**	Comparable method	Level 3	Sales price per sqm	31 EUR/sqm	-	145 EUR/sqm	(78 EUR/sqm)
Poland	**Land bank**	Comparable method	Level 3	Sales price per sqm				157 EUR/sqm
Germany	**Land bank**	Comparable method	Level 3	Sales price per sqm				309 EUR/sqm
Czech Republic	**Agriculture**	Comparable method	Level 3	Sales price per sqm				0.40 EUR/sqm
Czech Republic - Prague - Project 1	**Investment property under development**	Income capitalisation	Level 3	Estimated rental value				156 EUR/sqm
				Equivalent yield				6.51%
Czech Republic - Prague - Project 2	**Investment property under development**	Income capitalisation	Level 3	Estimated rental value				187 EUR/sqm
				Equivalent yield				6.25%
Czech Republic - Other - Projekt 1	**Investment property under development**	Development Appraisal	Level 3	Gross development value				19,897 TEUR
				Residual value				12,940 TEUR
Czech Republic	**Hospitality**	DCF method	Level 3	Exit yield				7.50%
				Discount rate				10.00%
Hungary	**Hospitality**	DCF method	Level 3	Exit yield				7.50%
				Discount rate				9.00%
Slovakia	**Hospitality**	DCF method	Level 3	Exit yield				15.00%
				Discount rate				18.00%
Russia	**Hospitality**	DCF method	Level 3	Exit yield				10.00%
				Discount rate				12.50%
Poland	**Hospitality**	DCF method	Level 3	Exit yield	7.50%	-	11.00%	(7.63%)
				Discount rate	10.00%	-	14.00%	(10.15%)

31 December 2013	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average
Czech Republic - Central Bohemia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	44 EUR/sqm - 49 EUR/sqm (47 EUR/sqm)
				Net current income per sqm	52 EUR/sqm - 64 EUR/sqm (60 EUR/sqm)
				Equivalent yield	8.79% - 9.00% (8.92%)
				Vacancy rate	0.00%
Czech Republic - West Bohemia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	26 EUR/sqm
				Net current income per sqm	20 EUR/sqm
				Equivalent yield	12.00%
				Vacancy rate	41.20%
Slovakia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	51 EUR/sqm
				Net current income per sqm	55 EUR/sqm
				Equivalent yield	8.25%
				Vacancy rate	6.30%
Hungary	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	59 EUR/sqm - 62 EUR/sqm (61 EUR/sqm)
				Net current income per sqm	52 EUR/sqm - 65 EUR/sqm (61 EUR/sqm)
				Equivalent yield	8.64%-9.21% (9.05%)
				Vacancy rate	3.00%-8.72% (4.59%)
				Exit yield	9.00%-9.25% (9.18%)
Czech Republic - Prague Center	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	161 EUR/sqm
				Net current income per sqm	144 EUR/sqm
				Equivalent yield	5.00%
				Vacancy rate	5.00%
Czech Republic - Prague Other	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	72 EUR/sqm - 109 EUR/sqm (91 EUR/sqm)
				Net current income per sqm	63 EUR/sqm - 114 EUR/sqm (89 EUR/sqm)
				Equivalent yield	8.58%-9.00% (8.70%)
				Vacancy rate	0.00%-23.00% (11.00%)
Czech Republic - Other	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	48 EUR/sqm - 197 EUR/sqm (109 EUR/sqm)
				Net current income per sqm	41 EUR/sqm - 202 EUR/sqm (126 EUR/sqm)
				Equivalent yield	3.24% - 9.30% (6.93%)
				Vacancy rate	0.00%-47.00% (5.00%)
Hungary - Budapest Center	**Retail**	DCF method	Level 3	Estimated rental value per sqm	276 EUR/sqm
				Net current income per sqm	229 EUR/sqm
				Equivalent yield	8.19%
				Vacancy rate	12.00%
				Discount rate	8.25%
Hungary - Other	**Retail**	DCF method	Level 3	Estimated rental value per sqm	57 EUR/sqm - 61 EUR/sqm (57 EUR/sqm)
				Net current income per sqm	34 EUR/sqm - 41 EUR/sqm (37 EUR/sqm)
				Equivalent yield	9.00%-9.70% (9.24%)
				Vacancy rate	0.00%-33.00% (25.00%)
				Discount rate	10.00%
Slovakia	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	90 EUR/sqm - 126 EUR/sqm (109 EUR/sqm)

31 December 2013	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average
				Net current income per sqm	88 EUR/sqm - 140 EUR/sqm (112 EUR/sqm)
				Equivalent yield	7.5%-8.5% (7.93%)
				Vacancy rate	0.00%-1.03% (0.12%)
Poland	**Retail**	DCF method	Level 3	Estimated rental value per sqm	209 EUR/sqm
				Net current income per sqm	205 EUR/sqm
				Equivalent yield	8.54%
				Vacancy rate	0.00%
				Discount rate	8.75%
Czech Republic - Prague	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	109 EUR/sqm - 193 EUR/sqm (144 EUR/sqm)
				Net current income per sqm	98 EUR/sqm - 204 EUR/sqm (142 EUR/sqm)
				Equivalent yield	3.60%-8.49% (6.87%)
				Vacancy rate	0.00%-30.92% (4.00%)
Czech Republic - Other	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	103 EUR/sqm
				Net current income per sqm	66 EUR/sqm - 226 EUR/sqm (98 EUR/sqm)
				Equivalent yield	7.75%
				Vacancy rate	24.27%-61.02% (33.58 %)
Poland	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	160 EUR/sqm - 233 EUR/sqm (212 EUR/sqm)
				Net current income per sqm	88 EUR/sqm - 213 EUR/sqm (177 EUR/sqm)
				Equivalent yield	5.13%-8.90% (7.82%)
				Vacancy rate	12.40%-33.44% (18.43%)
Hungary	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	86 EUR/sqm - 158 EUR/sqm (137 EUR/sqm)
				Net current income per sqm	21 EUR/sqm - 148 EUR/sqm (111 EUR/sqm)
				Equivalent yield	2.32%-8.84% (5.06%)
				Vacancy rate	12.00%-77.00% (29.10%)
Czech	**Residential**	DCF method	Level 3	Estimated rental value per sqm	26 EUR/sqm - 48 EUR/sqm (26 EUR/sqm)
				Net current income per sqm	20 EUR/sqm - 43 EUR/sqm (20 EUR/sqm)
				Exit yield	5.00%-6.50% (6.49%)
				Vacancy rate	0.00%-24.19% (24.10%)
				Discount rate	6.00%-7.36% (7.35%)
				Doubtful debtors	1.00%-3.94% (3.92%)
Czech Republic - Prague	**Hotels**	Market comparable method	Level 3	Rate per key	56 TEUR - 138 TEUR (81 TEUR)
				Net current income per sqm	201 EUR/sqm - 1,094 EUR/sqm (733 EUR/sqm)
Czech Republic - Prague	**Hostel**	Market comparable method	Level 3	Rate per key	10 TEUR
				Net current income per sqm	82 EUR/sqm
Czech Republic - Other	**Hotels**	Market comparable method	Level 3	Rate per key	26 TEUR - 60 TEUR (49 TEUR)
				Net current income per sqm	36 EUR/sqm - 258 EUR/sqm (49 EUR/sqm)
Land Bank - Czech Republic - Prague Center	**Land Bank**	Sales comparison	Level 3	Sales price per sqm	3,099 EUR/sqm

31 December 2013	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average
Czech Republic – Prague – Project 1	**Land Bank**	Income capitalisation	Level 3	Estimated rental value per sqm	188 EUR/sqm
				Equivalent yield	6.25%
				Vacancy rate	100.00%
Czech Republic – Prague – Project 2	**Land Bank**	Sales comparison	Level 3	Sales price per sqm	119 EUR/sqm
Czech Republic - Other	**Land Bank**	Sales comparison	Level 3	Sales price per sqm	4 EUR/sqm - 1,094 EUR/sqm (105 EUR/sqm)
Hungary	**Land Bank**	Sales comparison	Level 3	Sales price per sqm	240 EUR/sqm - 12,040 EUR/sqm (1,599 EUR/sqm)
Romania - Bucharest	**Land Bank**	Sales comparison	Level 3	Sales price per sqm	905 EUR/sqm
Romania - Other	**Land Bank**	Sales comparison	Level 3	Sales price per sqm	35 EUR/sqm - 434 EUR/sqm (123 EUR/sqm)
Poland	**Land Bank**	Sales comparison	Level 3	Sales price per sqm	156 EUR/sqm
Czech Republic - Prague - Project 1	**Investment property under development**	Development Appraisal/Residual Method	Level 3	Gross development value	163 MEUR
				Residual value	45 MEUR
Czech Republic - Prague - Project 2	**Investment property under development**	Development Appraisal/Residual Method	Level 3	Gross development value	12 MEUR
				Residual value	3 MEUR
Czech Republic - Other	**Investment property under development**	Development Appraisal	Level 3	Gross development value	20 MEUR
				Estimated rental value	2 MEUR
Hungary	**Hospitality**	DCF method	Level 3	Capitalization on rate	8.50%
				Discount rate	9.30%

Discounted cash flow method (DCF) – ***application guidance provided by IVSC, www.ivsc.org***

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Market comparable method – *application guidance provided by IVSC, www.ivsc.org*

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions.

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied is the price per square metre (sqm).

Income capitalisation method - *application guidance provided by IVSC, www.ivsc.org*

Under the income capitalisation method, a property´s fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor´s rate of return). The difference between gross and net rental income includes expense categories such as vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. When using the income capitalisation method, the mentioned expenses have to be included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised.

Sensitivity analysis on changes in assumptions of investment property valuation

The Group has performed a sensitivity analysis on changes in investment property valuation except for development, residential, agricultural and land bank segments providing all other variables remain constant. The table below presents the sensitivity of profit or loss before tax as at 31 December 2014 and 31 December 2013 due to changes in assumptions:

Change in yield

2014	Current average yield*	Current market value	Increased yield by 25 bp	Market value upon increased yield	Effect of increased yield to profit or (loss)
Increase of 25 bp in yield	6.85%	2,500,875	7.10%	2,412,816	(88,059)

* current average yield was calculated based on adjusted (annualized) rental income to reflect the acquisitions of subsidiaries in 2014.

2013	Current average yield*	Current market value	Increased yield by 25 bp	Market value upon increased yield	Effect of increased yield to profit or (loss)
Increase of 25 bp in yield	7.12%	1,677,277	7.37%	1,620,382	(56,895)

* current average yield was calculated based on adjusted (annualized) rental income to reflect the acquisitions of subsidiaries in 2013.

Change in income

2014	Segment income from rental activities	Current market value	Increased income from rental activities by 10%	Market value upon increased income by 10% from rental activities	Effect of increased income to profit or (loss)
Industry and logistics	11,950	138,608	13,145	152,469	13,861
Office	71,436	1,470,346	78,580	1,617,381	148,061
Retail	65,741	891,921	72,315	981,113	88,166
Increase by 10% in income	**149,127**	**2,500,875**	**164,040**	**2,750,963**	**250,088**

2013	Segment income from rental activities	Current market value	Increased income from rental activities by 10%	Market value upon increased income by 10% from rental activities	Effect of increased income to profit or (loss)
Industry and logistics	10,435	137,530	11,479	151,282	13,753
Office	35,575	721,993	39,132	794,192	72,199
Retail	58,125	817,755	63,938	899,531	81,776
Increase by 10% in income	**104,135**	**1,677,277**	**114,549**	**1,845,005**	**167,728**

The tables below presents the sensitivity of profit or loss before tax as at 31 December 2014 and 31 December 2013 due to changes in assumptions used for the valuation of the residential portfolio:

	Current average yield	Current market value	Increased yield by 25 bp	Market value upon increased yield	Effect of increased yield to profit or (loss)
2014	6.52%	277,146	6.77%	266,910	(10,236)
2013	6.63%	281,358	6.88%	271,134	(10,224)

	Segment income from rental activities	Current market value	Increased income from rental activities by 10%	Market value upon increased income by 10% from rental activities	Effect of increased income to profit or (loss)
2014	18,071	277,146	19,878	304,861	27,715
2013	18,648	281,358	20,513	309,494	28,136

8 Contingencies and Litigations

The Group has given guarantees in the ordinary course of business, more specifically on the residential units delivered. Such guarantees are internally covered by the guarantees granted by the general contractor and provisions where needed.

CPI PG has guaranteed certain debt of Orco Property Group.

On 7 November 2014, the Group entered into a trust deed (the Orco Trust Deed) pursuant to which it unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Orco Property Group in relation to its notes registered under ISIN code XS0820547742, which were issued on 4 October 2012 (and amended and restated pursuant to the Orco Trust Deed) (the Orco Notes). The Group has also undertaken in the Orco Trust Deed to be bound by certain limitations on its activities and to maintain certain financial ratios.

As of the date hereof, the principal amount outstanding of the Orco Notes is EUR 65,064,248.49. Interest on the Orco Notes accrues at a rate of 7 per cent. per annum, payable semi-annually in arrear. Unless previously redeemed, or purchased and cancelled, the Orco Notes will be redeemed at their then outstanding principal amount on 7 November 2019.

In consideration of Group's entry into the Orco Trust Deed and the guarantee given thereunder, Orco Property Group has agreed to pay to the Group a guarantee fee of three per cent. of the outstanding principal balance of the Orco Notes, payable on a payment in kind (PIK) basis falling due on the business day after all amounts payable in connection with the Orco Notes have been paid in full. For more details about the Orco Notes please refer to Orco Trust Deed available at www.orcogroup.com.

Kingstown dispute

The Group announced that on 20 January 2015 it was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown“), claiming to be the shareholders of OPG, filed with the „Tribunal d´Arrondissement de et a Luxembourg“. The petition seeks condemnation of the Group together with Orco Property Group, S.A. (“OPG“) and certain members of OPG´s board of directors as jointly and severally liable to pay damages in the amount of EUR 14,485,111.13 and compensation for moral damage in the amount of EUR 5,000,000. According to Kingstown´s allegation the claimed damage has arisen as a consequence of inter alia alleged violation of OPG´s minority shareholders rights. To the best of Group ´s knowledge, Kingstown was not at the relevant time (and is not till now) the shareholder of the Group. Therefore and without any assumption regarding the possible violation, the Group believes that it cannot be held liable for the violation of the rights of the shareholders of another entity. Management of the Group will take all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders.

As of 31 December 2014, contingent liability of EUR 6.1 million related to BAR (Leipziger Platz transaction – see note 6.16), which is not covered by provision, exists.

As at the date of the publication of the consolidated financial statements, the Group does not have in evidence any other contingent liabilities except the one mentioned above. No legal proceeding is currently active the result of which would influence consolidated financial statements and the Group is not aware of any potential upcoming law-suit.

9 Capital and other commitments

Capital commitments

The Group has capital commitments of EUR 5.0 million in respect of capital expenditures contracted for at the date of the statement of financial statements (EUR 35.7 million in 2013). There are no other commitments except as disclosed above.

10 Related party transactions

The Group has a related party relationship with its members of Board of Directors (current and former) and executive management (key management personnel), shareholder and companies in which these parties held controlling or significant influence or are joint ventures.

Key management personnel and members of Board of Directors

The remuneration of key management personnel and members of Board of Directors are summarized in following table.

TEUR	31 December 2014	31 December 2013
Remuneration paid to key management personnel and members of Board of Directors	410	654
Total remuneration		

Breakdown of balances and transactions between key management personnel and members of Board of Directors and the Group is as follows:

Balances at	31 December 2014	31 December 2013
Loans provided	6,432	225
Trade receivables	2	325
Other receivables	6,440	16,432
Loans received	878	807
Other payables	503	163
Advances received	496	140
Transaction		
Interest income and other revenues	1,897	2

Other related parties		
Entities over which the sole shareholder has control		
Balances at	**31 December 2014**	**31 December 2013**
Trade receivables	2	4
Loans provided	--	821
Loans received	1,892	552
Interest expense	773	22
Sale of services	--	4

Other related parties		
Entities over which the sole shareholder has significant influence		
Balances at	**31 December 2014**	**31 December 2013**
Trade receivables	228	682
Other receivables	86	9,704
Loans provided	1,866	471
Trade payables	41	442
Advances received	3	--
Service charge income	86	11
Rental income	51	40
Interest income	--	242
Other finance costs	82	--
Other finance income	--	12
Advisory and accounting services	140	--
Accounting and other services (based on mandate contracts)	--	2
Audit, tax and advisory services	67	--
Letting fee	--	6
Other administrative expenses	3	--
Other property operating expenses	91	--
Service charge expenses	16	1
Close family members/entities controlled by close family members		
Balances at	**31 December 2014**	**31 December 2013**
Trade receivables	1	185
Other receivables	--	115
Loans provided	264,575	141,301
Trade payables	--	130
Other payables	2,164	2
Loans received	1,128	505
Interest income	11,930	11,495
Operating revenues	--	585
Interest expense	28	65
Fees and commissions expense	--	130
Entities controlled by members of Board of Directors		
Balances at	**31 December 2014**	**31 December 2013**
Trade receivables	4,032	--
Advances received	951	--
Trade payables	2,292	--
Loans received	242	--
Tenant deposits	11	--
Other receivables	14,292	--

Main selected transactions with other related parties

Transactions with OPG

Management Fees

CPI Property, s.r.o. has provided property management services to certain assets of OPG in the Czech Republic. The value of such services amounted to EUR 0.1 million for 2014 (EUR 54 thousand for 2013).
From 1 July 2014, the Group began providing outsourcing services in the field of general administration, tax, accounting, reporting, human resources and IT to certain assets of OPG in the Czech Republic. The value of such services amounted to EUR 0.4 million in 2014.

Sale of Suncani Hvar Hotels (“SHH”) loan

On 11 June 2014, OPG entered into a transaction concerning partial disposal of its stakes in Suncani Hvar, whereby OPG disposed of 2,080,000 Suncani Hvar shares corresponding to 24.94% of the shares and voting rights and also of its shareholder receivables from SHH. Shares have been sold for EUR 1 and receivables have been sold for EUR 2.1 million. The opportunity to dispose of the Suncani Hvar stakes was mediated by CPI PG. However, CPI PG made no profit or other benefit out such mediation.

Loan provided to OPG

On 17 June 2014, the Group provided the OPG with loan bearing the following main characteristics: EUR 3.5 million facility framework, repayment in 3 months and interest rate 8 % p.a. The parties agreed to extend the maturity until 31 December 2015, the facility limit was extended to EUR 10.0 million, and the interest decreased to 5 % p.a. As at 31 December 2014 the outstanding balance, including accrued interest, amounts to EUR 2.0 million.

Capital subscription of OPG

On 24 September 2014, 65,957,446 new ordinary shares issued by CPI PG were subscribed by OPG at the subscription price of EUR 0.47 per share, which is approximately 12 % below the current market price of EUR 0.53. The subscription price of EUR 30,999,999.62 was received and new shares were issued by CPI PG on 24 September 2014.

Notes guarantee

On 7 November 2014, the Company and OPG entered into a trust deed (the “Trust Deed”) pursuant to which CPI PG agreed to unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by OPG in relation to its Notes (registred under ISIN code XS0820547742), which were issued on 4 October 2012 and amended and restated pursuant to the Trust Deed. CPI PG has also undertaken in the Trust Deed to be bound by certain limitations on its activities and to maintain certain financial ratios.

In consideration of CPI PG´s entry into the Trust Deed and the guarantee given thereunder, OPG has agreed to pay to the Copmany a guarantee fee of 3 % p.a. of the outstanding principal balance of the Notes, payable on a payment in kind (PIK) basis falling due on the business day after all amount payable in connection with the Notes have been paid in full.

Treasury Shares Sale

OPG sold 117,980 of its treasury shares to CPI PG at then prevailing market price of EUR 0.37 per share.

Hospitality Transaction

On 19 December 2015, OPG sold its interest in hospitality Mamaison joint venture to CPI PG through transfer of its ownership in Endurance Hospitality Assets S.à r.l. and Endurance Hospitality Finance S.à r.l., entities holding 50 % share in Hospitality Invest S.à r.l. As part of the transaction, OPG sold the receivables (loans) provided to those entities. The transaction price for shares and the receivables was EUR 13.3 million.

Transactions with Scampia, a.s.

In June 2014, the Group had performed financial assets restructuring and consolidation of a number of receivables of related parties. Such receivables of the third parties were assigned to Scampia, a.s., an entity closely associated with Mr. Vítek, in order to simplify related parties transaction structure. Following this operation, the aggregate amount of loans provided by the Group to Scampia, a.s. amounts to EUR 264.6 million as at 31 December 2014 and bear interest rate between 5-7 % p.a. (note 6.6).

Transactions with Materali, a.s.

In June 2014, Materali, a.s., an entity closely associated with Mr. Vítek, provided interest bearing loan to the Group. As at 31 December 2014 the nominal value of the loan amounts to EUR 1.1 million and accrued interest reperesents EUR 0.8 million. The loan, denominated in EUR, bears interest rate of 8.1 % p.a. and is due on 30 June 2017.

11 Events after the reporting period

11.1 Newly founded subsidiaries

CPI Finance Ireland II Ltd

On 22 January 2015, the Group founded new company CPI Finance Ireland II Ltd, domiciled in Ireland. Share capital of the company amounts to EUR 1.

CPI Finance Netherlands II, B. V.

On 14 January 2015, the Group founded new company CPI Finance Netherlands II, B. V. Ltd, domiciled in Netherlands. Share capital of the company amounts to EUR 1.

11.2 Change of the company name of subsidiaries

The following entities changed their company name before the publication of these financial statements:

Former name of subsidiary	New name of subsidiary
B.C.P. Kft.	BC 30 Property Kft.
Century City Kft.	Buy-Way Dunakeszi Kft.
Duna Office Center Kft.	Europeum Kft.
First Chance Kft.	R40 Real Estate Kft.
GLOBAL CENTER Kft.	Hightech Park Kft.
GLOBAL DEVELOPMENT Kft.	BC 91 Real Estate Kft.
GLOBAL ESTATES Kft.	M3 BC Kft.
Global Immo Kft.	GATEWAY Office Park Kft.
GLOBAL MANAGEMENT Kft.	New Age Kft.
GLOBAL PROPERTIES Kft.	Fogarasi 3 BC Kft.
ICL 1 Budapest Kft.	BC 99 Office Park Kft.
New Sites Kft.	Airport City Phase B Kft.
STRIPMALL Management Kft.	Buy-Way Soroksár Kft.
SPH Properties Sp. z o.o.	Central Tower 81 Sp. z o.o.

APPENDIX I – LIST OF GROUP ENTITIES

Subsidiaries fully consolidated

Company	Country	31 December 2014	31 December 2013
ABLON Bucharest Real Estates Development S.R.L	Romania	100,00%	100,00%
ABLON s.r.o.	Czech Republic	100,00%	100,00%
ABLON sp. z o.o.	Poland	100,00%	100,00%
ACGATE Kft.	Hungary	100,00%	100,00%
Agrome s.r.o.	Czech Republic	99,34%	--
Airport City Kft.	Hungary	100,00%	100,00%
Airport City s.r.o.	Czech Republic	100,00%	100,00%
ALAMONDO LIMITED	Cyprus	100,00%	100,00%
Angusland s.r.o.	Czech Republic	99,56%	--
Arena Corner Ingatlanfejlesztő Kft.	Hungary	100,00%	--
Arkáda Prostějov, s.r.o.	Czech Republic	100,00%	100,00%
Avacero Ltd.	Cyprus	100,00%	100,00%
AVIDANO LIMITED	Cyprus	100,00%	100,00%
B.C.P. Kft.	Hungary	100,00%	100,00%
Balvinder, a.s.	Czech Republic	100,00%	100,00%
Baudry Alfa, a.s.	Czech Republic	100,00%	100,00%
Baudry Beta, a.s.	Czech Republic	100,00%	100,00%
Baudry, a.s.	Czech Republic	100,00%	100,00%
BAYTON Alfa, a.s.	Czech Republic	100,00%	100,00%
BAYTON Delta, a.s.	Czech Republic	100,00%	100,00%
BAYTON Gama, a.s.	Czech Republic	86,50%	86,50%
Beroun Property Alfa, a.s.	Czech Republic	100,00%	100,00%
Beroun Property Development, a.s.	Czech Republic	100,00%	100,00%
Best Properties South, a.s.	Czech Republic	100,00%	100,00%
Biochov s.r.o.	Czech Republic	98,40%	--
Biopark s.r.o.	Czech Republic	100,00%	--
Biopotraviny s.r.o.	Czech Republic	99,20%	--
BPT Development, a.s.	Czech Republic	100,00%	100,00%
Brandýs Logistic, a.s.	Czech Republic	100,00%	100,00%
BREGOVA LIMITED	Cyprus	100,00%	100,00%
Bright Site Kft.	Hungary	100,00%	100,00%
Březiněves, a.s.	Czech Republic	100,00%	100,00%
Budaörs Business Park Kft. (1)	Hungary	--	100,00%
Camuzzi, a.s.	Czech Republic	100,00%	100,00%
Carpenter Invest, a.s.	Czech Republic	100,00%	100,00%
CB Property Development, a.s.	Czech Republic	100,00%	100,00%
CD Property s.r.o.	Czech Republic	100,00%	100,00%
Century City Kft.	Hungary	100,00%	100,00%
Codiazella Ltd	Cyprus	100,00%	100,00%
Conradian, a.s.	Czech Republic	100,00%	100,00%
CPI - Bor, a.s.	Czech Republic	100,00%	100,00%
CPI - Facility, a.s.	Czech Republic	100,00%	100,00%
CPI - Krásné Březno, a.s.	Czech Republic	100,00%	99,96%
CPI - Land Development, a.s.	Czech Republic	100,00%	100,00%
CPI - Orlová, a.s.	Czech Republic	100,00%	100,00%
CPI - Real Estate, a.s.	Czech Republic	100,00%	100,00%
CPI - Štupartská, a.s.	Czech Republic	100,00%	100,00%
CPI - Zbraslav, a.s.	Czech Republic	100,00%	100,00%
CPI Alfa, a.s.	Czech Republic	100,00%	100,00%
CPI Beta, a.s.	Czech Republic	100,00%	100,00%
CPI BYTY, a.s.	Czech Republic	100,00%	100,00%
CPI City Center ÚL, a.s.	Czech Republic	100,00%	100,00%
CPI CYPRUS LIMITED	Cyprus	100,00%	100,00%

Company	Country	31 December 2014	31 December 2013
CPI Delta, a.s.	Czech Republic	100,00%	100,00%
CPI East,s.r.o.	Czech Republic	100,00%	100,00%
CPI Epsilon, a.s.	Czech Republic	100,00%	100,00%
CPI Facility Slovakia, a.s.	Slovak Republic	100,00%	100,00%
CPI FINANCE (BVI) LIMITED	British Virgin Islands	100,00%	100,00%
CPI Finance Ireland Limited	Ireland	100,00%	100,00%
CPI Finance Netherlands B.V.	Netherland	100,00%	100,00%
CPI Flats, a.s.	Czech Republic	100,00%	100,00%
CPI France, a SASU	France	100,00%	100,00%
CPI Group, a.s.	Czech Republic	100,00%	100,00%
CPI Heli, s.r.o.	Czech Republic	100,00%	100,00%
CPI Hotels Properties, a.s.	Czech Republic	100,00%	100,00%
CPI Hungary Kft.	Hungary	100,00%	100,00%
CPI IMMO, S.a.r.l	France	100,00%	--
CPI Jihlava Shopping, a.s.	Czech Republic	100,00%	100,00%
CPI Lambda, a.s.	Czech Republic	100,00%	100,00%
CPI Management International Limited	Guernsey	100,00%	100,00%
CPI Management, s.r.o.	Czech Republic	100,00%	100,00%
CPI Meteor Centre, s.r.o.	Czech Republic	100,00%	100,00%
CPI Národní, s.r.o.	Czech Republic	100,00%	100,00%
CPI North, s.r.o.	Czech Republic	100,00%	100,00%
CPI Palmovka Office, s.r.o.	Czech Republic	100,00%	100,00%
CPI Park Mlýnec, a.s.	Czech Republic	100,00%	100,00%
CPI Park Žďárek, a.s.	Czech Republic	100,00%	99,96%
CPI Poland Sp. Z o.o.	Poland	100,00%	--
CPI Property, s.r.o.	Czech Republic	100,00%	100,00%
CPI Reality, a.s.	Czech Republic	100,00%	100,00%
CPI Retail MB s.r.o.	Czech Republic	100,00%	--
CPI Retail Portfolio I, a.s.	Czech Republic	100,00%	100,00%
CPI Retail Portfolio II, a.s.	Czech Republic	100,00%	100,00%
CPI Retail Portfolio III, s.r.o.	Czech Republic	100,00%	100,00%
CPI Retail Portfolio IV, s.r.o.	Czech Republic	100,00%	100,00%
CPI Retail Portfolio V, s.r.o.	Czech Republic	100,00%	100,00%
CPI Retail Portfolio VI, s.r.o.	Czech Republic	100,00%	100,00%
CPI Retail Portfolio VII, s.r.o.	Czech Republic	100,00%	100,00%
CPI Retail Portfolio VIII s.r.o.	Czech Republic	100,00%	--
CPI Retails FIVE, a.s.	Slovak Republic	100,00%	100,00%
CPI Retails FOUR, a. s.	Slovak Republic	100,00%	100,00%
CPI Retails ONE, a.s.	Czech Republic	100,00%	100,00%
CPI Retails THREE, a.s.	Slovak Republic	100,00%	100,00%
CPI Retails TWO, a.s.	Czech Republic	100,00%	100,00%
CPI Services, a.s.	Czech Republic	100,00%	100,00%
CPI Shopping MB, a.s.	Czech Republic	100,00%	100,00%
CPI Shopping Teplice, a.s.	Czech Republic	100,00%	100,00%
CPI South, s.r.o.	Czech Republic	100,00%	100,00%
CPI West, s.r.o.	Czech Republic	100,00%	100,00%
CURITIBA, a.s.	Czech Republic	100,00%	100,00%
Czech Property Investments, a.s.	Czech Republic	100,00%	100,00%
Čadca Property Development, s.r.o.	Slovak Republic	100,00%	100,00%
Čáslav Investments, a.s.	Czech Republic	100,00%	--
Českolipská farma s.r.o.	Czech Republic	91,00%	--
Českolipská zemědělská a.s.	Czech Republic	75,00%	--
Český Těšín Property Development, a.s.	Czech Republic	100,00%	100,00%
Děčínská zemědělská a.s.	Czech Republic	65,00%	--
DERISA LIMITED	Cyprus	100,00%	100,00%
DH Est-Europe Real Estate SRL	Romania	100,00%	100,00%
Diana Development Sp. Z o.o.	Poland	94,00%	--

Company	Country	31 December 2014	31 December 2013
Dienzenhoferovy sady 5, s.r.o.	Czech Republic	94,00%	--
DORESTO LIMITED	Cyprus	100,00%	100,00%
Družstvo Land	Czech Republic	100,00%	99,96%
Duna Office Center Kft.	Hungary	100,00%	100,00%
ELAMOR, a.s.	Slovak Republic	100,00%	100,00%
EMH North, s.r.o.	Czech Republic	100,00%	100,00%
EMH South, s.r.o.	Czech Republic	100,00%	100,00%
EMH West, s.r.o.	Czech Republic	100,00%	100,00%
ENDURANCE ASSET, S.á r.l	Luxembourg	100,00%	--
Endurance Hospitality Asset S.á r.l.	Luxembourg	88,00%	--
Endurance Hospitality Finance S.á r.l.	Luxembourg	88,00%	--
ES Bucharest Development S.R.L.	Romania	100,00%	100,00%
ES Bucharest Properties S.R.L.	Romania	100,00%	100,00%
ES Hospitality S.R.L.	Romania	100,00%	100,00%
Farhan, a.s.	Czech Republic	100,00%	100,00%
Farma Ploučnice a.s.	Czech Republic	91,04%	--
Farma Svitavka s.r.o.	Czech Republic	96,75%	--
Farmy Frýdlant a.s.	Czech Republic	65,00%	--
First Chance Kft.	Hungary	100,00%	100,00%
First Site Kft.	Hungary	100,00%	100,00%
FL Property Development, a.s.	Czech Republic	100,00%	100,00%
GADWALL, Sp. z o.o.	Poland	100,00%	100,00%
GARET Investment Sp. z.o.o.	Poland	100,00%	100,00%
Gebauer Höfe Liegenschaften GmbH	Germany	94,75%	--
Gewerbesiedlungs-Gesellschaft mbH	Germany	100,00%	--
GLOBAL CENTER Kft.	Hungary	100,00%	100,00%
GLOBAL DEVELOPMENT Kft.	Hungary	100,00%	100,00%
GLOBAL ESTATES Kft.	Hungary	100,00%	100,00%
Global Immo Kft.	Hungary	100,00%	100,00%
GLOBAL INVESTMENT Kft.	Hungary	100,00%	100,00%
GLOBAL MANAGEMENT Kft.	Hungary	100,00%	100,00%
GLOBAL PROPERTIES Kft.	Hungary	100,00%	100,00%
GOMENDO LIMITED	Cyprus	100,00%	100,00%
GORANDA LIMITED	Cyprus	100,00%	100,00%
GSG 1. Beteilungs GmbH	Germany	99,75%	--
GSG Asset GmbH & Co Verwaltungs KG	Germany	99,75%	--
GSG Berlin Invest GmbH (former ORCP Berlin Invest GmbH)	Germany	94,90%	--
GSG Gewerbehöfe Berlin 1. GmbH & Co KG	Germany	99,75%	--
GSG Gewerbehöfe Berlin 2. GmbH & Co KG	Germany	99,75%	--
GSG Gewerbehöfe Berlin 3. GmbH & Co KG	Germany	99,75%	--
GSG Gewerbehöfe Berlin 4. GmbH & Co KG	Germany	99,75%	--
GSG Gewerbehöfe Berlin 5. GmbH & Co KG	Germany	99,75%	--
GSG Holding 2 GmbH	Germany	100,00%	--
GSG Solar Berlin GmbH	Germany	99,75%	--
HD Investment s.r.o.	Czech Republic	100,00%	100,00%
Hofnetz und IT Services GmbH	Germany	99,75%	--
Hospitality Invest Sàrl	Luxembourg	94,00%	--
Hotel Pokrovka , org. Unit	Russia	94,00%	--
Hotel Rosslyn Kft.	Hungary	100,00%	100,00%
Hraničář, a.s.	Czech Republic	100,00%	100,00%
HUNGATE 2013 Kft. (1)	Hungary	100,00%	100,00%
ICL 1 Budapest Kft.	Hungary	100,00%	100,00%
IGY2 CB, a.s.	Czech Republic	100,00%	100,00%
Insite Kft.	Hungary	100,00%	100,00%
Isalotta GP GmbH & Co. Verwaltung KG	Germany	95,00%	--
ISTAFIA LIMITED	Cyprus	100,00%	100,00%
JAGRA spol. s r.o.	Czech Republic	99,00%	--

Company	Country	31 December 2014	31 December 2013
Janáčkovo nábřeží 15, s.r.o.	Czech Republic	94,00%	--
Jeseník Investments, a.s.	Czech Republic	100,00%	100,00%
JONVERO LIMITED	Cyprus	100,00%	100,00%
K.B.P. BUSINESS PARK sp. Zoo	Poland	--	50,00%
Kerina, a.s.	Czech Republic	100,00%	100,00%
Komárno Property Development, a.s.	Slovak Republic	100,00%	100,00%
LD Praha, a.s.	Czech Republic	100,00%	100,00%
Leriegos Kft.	Hungary	100,00%	100,00%
LERIEGOS LIMITED	Cyprus	100,00%	100,00%
Limagro s.r.o.	Czech Republic	75,00%	--
Liptovský Mikuláš Property Development, a.s.	Slovak Republic	100,00%	100,00%
LN Est-Europe Development SRL	Romania	100,00%	100,00%
Lockhart, a.s.	Czech Republic	100,00%	100,00%
Malerba, a.s.	Czech Republic	100,00%	100,00%
MaMaison Bratislava, s.r.o.	Slovak Republic	94,00%	--
Mamaison management, s.r.o.	Czech Republic	94,00%	--
Marissa Delta, a.s.	Czech Republic	100,00%	100,00%
Marissa East, a.s.	Czech Republic	100,00%	100,00%
Marissa Epsilon, a.s.	Czech Republic	100,00%	100,00%
Marissa Gama, a.s.	Czech Republic	100,00%	100,00%
Marissa Ióta, a.s.	Czech Republic	100,00%	100,00%
Marissa Kappa, a.s.	Czech Republic	100,00%	100,00%
Marissa Lambda, a.s.	Czech Republic	100,00%	100,00%
Marissa North, a.s.	Czech Republic	100,00%	100,00%
Marissa Omega, a.s.	Czech Republic	100,00%	100,00%
Marissa Omikrón, a.s.	Czech Republic	100,00%	100,00%
Marissa Sigma, a.s.	Czech Republic	100,00%	100,00%
Marissa South, a.s.	Czech Republic	100,00%	100,00%
Marissa Tau, a.s.	Czech Republic	100,00%	100,00%
Marissa Théta, a.s.	Czech Republic	100,00%	100,00%
Marissa West, a.s.	Czech Republic	100,00%	100,00%
Marissa Yellow, a.s.	Czech Republic	100,00%	100,00%
Marissa Ypsilon, a.s.	Czech Republic	100,00%	100,00%
Marissa, a.s.	Czech Republic	100,00%	100,00%
MB Property Development, a.s.	Czech Republic	100,00%	100,00%
Mercuda, a.s.	Czech Republic	100,00%	--
MESARGOSA LIMITED	Cyprus	100,00%	100,00%
MH Bucharest Properties S.R.L	Romania	88,00%	87,88%
Michalovce Property Development, a.s.	Slovak Republic	100,00%	100,00%
MMR Russia S.à r.l	Russia	94,00%	--
Modřanská Property, a.s.	Czech Republic	100,00%	100,00%
MQM Czech, s.r.o.	Czech Republic	--	100,00%
MUXUM, a.s.	Czech Republic	100,00%	100,00%
NERONTA, a. s.	Slovak Republic	100,00%	100,00%
New Field Kft.	Hungary	100,00%	100,00%
New Sites Kft.	Hungary	100,00%	100,00%
Nymburk Property Development, a.s.	Czech Republic	100,00%	100,00%
OC Nová Zdaboř a.s.	Czech Republic	100,00%	100,00%
OC Spektrum, s.r.o.	Czech Republic	100,00%	100,00%
Office Center Poštová, s.r.o.	Slovak Republic	100,00%	--
Olomouc City Center, a.s.	Czech Republic	100,00%	100,00%
Olomouc Office, a.s.	Czech Republic	100,00%	100,00%
ORCO APARTMENTS, Sp. z o.o. (2)	Poland	--	100,00%
Orco Germany Prague, s.r.o.	Czech Republic	100,00%	--
Orco Germany Sp. z o.o.	Poland	100,00%	--
Orco Hospitality Services Sp. z o.o.	Poland	94,00%	--
Orco Hotel Development Sp. z o.o.	Poland	94,00%	--

Company	Country	31 December 2014	31 December 2013
ORCO Hotel Management Kft.	Hungary	94,00%	--
Orco Hotel Ostrava, a.s.	Czech Republic	94,00%	--
Orco Hotel Project Sp. z o.o.	Poland	94,00%	--
Orco Hotel Riverside, s.r.o.	Czech Republic	94,00%	--
Orco Hotel Zrt.	Hungary	94,00%	--
Orco Immobilien Gmbh	Germany	100,00%	--
Orco Investment Sp. z o.o.	Poland	94,00%	--
Orco Pokrovka Management o.o.o.	Russia	94,00%	--
Orco Property Start a.s.	Czech Republic	94,00%	--
Orco Warsaw Sp. z o.o.	Poland	94,00%	--
OSMANIA LIMITED	Cyprus	100,00%	100,00%
Ozrics Kft.	Hungary	94,00%	--
Parco delle Case Bianche SRL	Italy	100,00%	--
Pastviny a.s.	Czech Republic	85,00%	--
Pelhřimov Property Development, a.s.	Czech Republic	100,00%	--
Platnéřská 10 s.r.o.	Czech Republic	100,00%	--
Polma 1 S.á r.l	Luxembourg	100,00%	--
Polygon BC s.r.o.	Czech Republic	--	100,00%
Považská Bystrica Property Development, a.s.	Slovak Republic	100,00%	100,00%
Prague Property Development, s.r.o.	Czech Republic	100,00%	100,00%
Prievidza Property Development, a.s.	Slovak Republic	100,00%	100,00%
PRINGIPO LIMITED	Cyprus	100,00%	100,00%
Prosta 69 Sp. Z o.o. (3)	Poland	100,00%	100,00%
Příbor Property Development, s.r.o.	Czech Republic	100,00%	100,00%
Příkopy Property Development, a.s.	Czech Republic	100,00%	100,00%
PV - Cvikov s.r.o.	Czech Republic	99,30%	--
Quadrio Residence, s.r.o.	Czech Republic	100,00%	100,00%
Residence Belgická, s.r.o.	Czech Republic	94,00%	--
Residence Izabella, Zrt.	Hungary	94,00%	--
RL - Management s.r.o.	Czech Republic	100,00%	--
RSL Est-Europe Properties SRL	Romania	100,00%	100,00%
RSL Real Estate Development S.R.L.	Romania	100,00%	100,00%
Ružomberok Property Development, a.s.	Slovak Republic	100,00%	100,00%
SASHKA LIMITED	Cyprus	100,00%	100,00%
SCTO, Kft.	Hungary	100,00%	--
SHAHEDA LIMITED	Cyprus	100,00%	100,00%
SPH Properties Sp. z o.o. (2)	Poland	100,00%	100,00%
Spojené farmy a.s.	Czech Republic	100,00%	--
Statenice Property Development, a.s.	Czech Republic	100,00%	100,00%
Strakonice Property Development, a.s.	Czech Republic	100,00%	100,00%
STRIPMALL Management Kft.	Hungary	100,00%	100,00%
Svitavy Property Alfa, a.s.	Czech Republic	100,00%	100,00%
Svitavy Property Development, a.s.	Czech Republic	100,00%	100,00%
Szolgáltatóház Kft.	Hungary	100,00%	100,00%
Telč Property Development, a.s.	Czech Republic	100,00%	100,00%
Trebišov Property Development, s. r. o.	Slovak Republic	100,00%	100,00%
Trutnov Property Development, a.s.	Czech Republic	100,00%	100,00%
Třinec Investments, s.r.o.	Czech Republic	100,00%	100,00%
Třinec Property Development, a.s.	Czech Republic	100,00%	100,00%
TUNELIA LIMITED	Cyprus	100,00%	100,00%
Týniště Property Development, s.r.o.	Czech Republic	100,00%	100,00%
Tyršova 6, a.s.	Czech Republic	94,00%	--
U Svatého Michala, a.s.	Czech Republic	100,00%	100,00%
Valanto Consulting a.s.	Czech Republic	94,00%	--
VERETIX, a.s.	Czech Republic	100,00%	100,00%
Verneřický Angus a.s.	Czech Republic	92,70%	--
Vigano, a.s.	Czech Republic	100,00%	100,00%

Company	Country	31 December 2014	31 December 2013
Vitericon Projektentwicklung GmbH	Germany	100,00%	--
VM Property Development, a.s.	Czech Republic	100,00%	100,00%
Volanti Ltd.	Cyprus	100,00%	100,00%
Vyškov Property Development, a.s.	Czech Republic	100,00%	100,00%
WARSAW WEST GATE, SP. z o.o. (3)	Poland	--	100,00%
Wertpunkt Real Estate Experts GmbH	Germany	99,75%	--
Zelená farma s.r.o.	Czech Republic	40,00%	--
Zelená louka s.r.o.	Czech Republic	91,00%	--
Zelená pastva s.r.o.	Czech Republic	94,00%	--
ZEMSPOL s.r.o.	Czech Republic	96,54%	--
ZLATICO LIMITED	Cyprus	100,00%	100,00%
ZPS Kft.	Hungary	100,00%	--
Zvolen Property Development, a.s.	Slovak Republic	100,00%	100,00%
Žďár Property Development, a.s.	Czech Republic	100,00%	100,00%
Ždírec Property Development, a.s.	Czech Republic	100,00%	100,00%

(1) Budaörs Business Park Kft. has merged with HUNGATE 2013 Kft. (the „successor company“) with the effective date of 3 November 2014. All assets and liabilities of Budaörs Business Park Kft. passed to the successor company.

(2) ORCO APARTMENTS, Sp. z o.o. has merged with SPH Properties Sp. z o.o. (the successor company“) with the effective date of 30 September 2014. All assets and liabilities of ORCO APARTMENTS, Sp. z o.o. passed to the successor company.

(3) WARSAW WEST GATE, SP. Z o.o. has merged with WWG2013 Sp. z o.o. (the“successor company“) with the effective date of 30 September 2014. All assets and liabilities of WARSAW WEST GATE, SP. Z o.o. passed to the successor company. After the merger the successor company changed its name to Prosta 69 Sp. Z o.o.