CPI Property Group

MANAGEMENT REPORT

CPI Property Group

as at 31 December 2015

KEY FIGURES

All comparable data as at 31 December 2014 concerning performance of the CPI PROPERTY GROUP ("CPI PG" or the "Company", and together with its subsidiaries the "Group") compiled under the assumption that CPI PROPERTY GROUP and Czech Property Investments, a.s. ("CPI") were combined as of 1 January 2014. Other acquisitions are reported since the acquisition date.

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

1 January 2014

Performance		31-Dec-15	31-Dec-14	Change in %
Gross rental income	MEUR	218	203	7%
Occupancy in %*	%	89%	89%	-
Net rental income	MEUR	206	187	10%
Total revenues	MEUR	284	269	6%
Operating result	MEUR	210	257	-18%
Funds from operations (FFO)	MEUR	83	82	1%
Profit before tax	MEUR	125	188	-34%
Net interest expense	MEUR	79	66	21%
Net profit for the period	MEUR	89	135	-34%

*Excluding hotels

Assets		31-Dec-15	31-Dec-14	Change in %
Total assets	MEUR	4,323	4,219	2%
Property Portfolio	MEUR	3,822	3,553	8%
Gross lettable area*	sqm	2,977,000	2,907,000	2%
Total number of properties**	No	402	335	20%
Total number of residential units	No	12,483	12,536	0%
Total number of hotel beds	No	10,331	9,987	3%
EPRA NAV	MEUR	1,732	1,940	-11%
EPRA NAV per share	EUR	0.629	0.587	7%

*Excluding hotels
**Excluding residential properties

Financing structure		31-Dec-15	31-Dec-14	Change in %
Total equity	MEUR	1,338	1,559	-14%
Equity ratio	%	31%	37%	-
Net debt	MEUR	2,248	1,978	14%
Loan to value ratio in % (Net LTV)	%	58.8%	55.7%	-


CPI Property Group
NESTLÉ HQ, Prague

CPI Property Group

CPI Property Group
GSG Berlin Reuchlinstrasse

YEAR 2015

NEW INVESTMENTS AND PORTFOLIO NEWS

Group continues its expansion beyond the CEE

Acquisition in Switzerland

On 30 October 2015, the Group completed a transaction comprised of the direct acquisition of 65.83% of shares in Remontées Mecaniques Crans-Montana-Aminona (CMA) SA ("CMA SA"), a Swiss entity holding and operating cable cars in the Crans-Montana ski resort and of 88.49% of shares in CMA Immobilier SA, a Swiss entity holding certain real estate and rights to develop a hi-end hotel complex including spa, congress centre, shopping and entertainment areas as well as parking in Crans-Montana.

Acquisition in Rome

On 5 November 2015, the Group acquired the 4 star hotel in Rome by means of the acquisition of a hotel business conducted under the name "Holiday Inn Rome – Eur Parco dei Medici" with a total value of EUR 32 million. The hotel has 317 rooms and a capacity to accommodate up to 700 guests and including a restaurant, cocktail lounge, garden with a swimming pool, fitness and wellness centre.

Acquisition in Berlin

On 12 May 2015, the Group acquired the industrial complex Ullsteinstraße 73 in Berlin-Tempelhof for a total consideration of EUR 6.9 million. The industrial complex is close to Tempelhofer Hafen (Tempelhof Harbour) and the metro station Ullsteinstraße; an emerging region that has performed very well in recent years. It offers architecturally impressive factory buildings with attached commercial buildings. The five buildings offer a total of approximately 16,600 square meters. The unit sizes vary from 50 to 1,400 square metres and offer production, storage and office space for rent.

Extension of portfolio in the Czech Republic

Acquisition of new shopping centre in Kolín

On 17 June 2015, the Group acquired Futurum Shopping Centre in Kolín, Czech Republic. The shopping centre, with a leasable area of 10,100 sqm comprises of a supermarket, shopping gallery with 50 shops, restaurants and other amenities, as well as a 320 capacity underground car park. The aggregate acquisition price in a share transaction amounts to EUR 23 million, with bank financing at the level of EUR 17.25 million.

Acquisition of retail property portfolio in the Czech Republic

The Group acquired on 22 December 2015 Gerosa - JMB, a.s., a Czech entity holding 73 retail properties across the whole Czech Republic. The acquired portfolio comprises of approximately 36,000 sqm of lettable area and generates a rental income of approx. EUR 2.4 million annually.

Acquisition of third shopping centre in Mladá Boleslav

On 1 February 2016, the Group acquired Bondy Centrum, the largest shopping centre in Mladá Boleslav, Czech Republic. The shopping centre with a leasable area of approximately. 16,800 sqm comprises of 80 shops, food court, multiplex cinema and other amenities, as well as a 400 capacity car park. The centre also includes an office section, having a floor area of approximately 2,800 sqm.

Opening new premises

In April 2015, the Group opened the third phase of the successful office project Meteor Centre Office Park in Prague´s Karlín district. The Meteor Centre Office Park C, located directly at Křižíkova metro station, comprises of approximately 5,000 sqm of offices, shops and other amenities, parking on two underground floors and rental apartments. With exceptional quality of construction and services it fulfils the current demands for work environment and lifestyle.

Acquisition of Géčko shopping centre in České Budějovice

In March 2016, the Group acquired Géčko shopping centre in České Budějovice, Czech Republic. The shopping centre with 11,000 sqm of rentable area comprises of 50 shopping units, food court and other amenities, as well as parking for approximately 450 cars.

Sale of Živnobanka to CEFC

On 4 November 2015, the Group completed the disposal of the former Živnobanka building located at Na Příkopě street in the centre of Prague to CEFC China Energy Company Limited. The transaction was comprised of the transfer of shares in the Živnobanka building project entity. Following the repayment of the project credit facility to the financing bank the net proceeds for the Group amount to EUR 27 million.

Capital market financing

Extension of
EUR 58 million
for Mamaison portfolio

Refinancing for Hospitality Invest

In July 2015, the Group obtained a 5-year refinancing for its boutique hotels portfolio located in the Czech Republic, Slovak Republic, Poland, Hungary and Russia, held under the Hospitality Invest S.a.r.l. subholding. The Group has now achieved the long-term EUR 58 million refinancing with Erste bank. The hotels portfolio is mostly operated under the brand Mamaison Hotels and Residences and represents a unique collection of well established luxury boutique hotels and all-suite residences, mostly located in prime central locations of the CEE capitals (Prague, Warsaw, Budapest, Bratislava and Moscow).

Additional financing obtained on Berlin portfolio

During April 2015, Gewerbesiedlungs-Gesellschaft (GSG Berlin), a subsidiary of CPI Property Group and a leading provider of office and commercial space in Berlin and the bank syndicate composed of DG Hyp, HSH Nordbank, Düsseldorfer Hypothekenbank and Investitionsbank Berlin agreed to boost the existing loan by EUR 55 million to the total amount of EUR 341 million. This loan increase is a consequence of excellent operating performance and increase in rental income within the GSG Berlin portfolio.

Financing secured for Quadrio

The Group has obtained financing for its major project in the Czech Republic, QUADRIO shopping centre. Following the successful completion of QUADRIO project, the Group agreed with the current syndicate of financing banks, Helaba and UniCredit, on a major increase of the financing from EUR 73 million up to EUR 137 million. QUADRIO is a modern shopping centre located in the heart of Prague 1, directly above the metro station Narodni trida. QUADRIO is a unique mixed-use project comprised of 16,400 sqm of modern A-class office space, 8,500 sqm of retail premises, 13 exclusive apartments and a 250 capacity underground car park.

New
EUR 500 million
bonds

EUR 500 million bonds issue on the Luxembourg market

In 2015, the Company issued new notes in the total value of EUR 500 million. The notes with EUR 100,000 nominal value are due in 2025 and carry a fixed coupon of 5%. The notes registered under ISIN code XS1279550260 are governed by Luxembourg law. The notes have been admitted to the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

EUR 80 million
bonds issued in the
Slovak Republic

EUR 50 million bonds issue on the Czech Market

On 24 August 2015, the Group issued new bonds in total value of approximately EUR 50 million. The bonds with CZK 10,000 nominal value are due in 2019 and carry a fixed coupon of 4.75%. The fixed coupon is payable on a quarterly basis. The bonds registered under ISIN code CZ0003512782 are governed by Czech law. The bonds CPI 4.75/19 have been admitted to trading on the Prague Stock Exchange.

EUR 80 million bonds issue on the Slovak market

CPI Finance Slovakia, a.s., subsidiary of the Group, has issued new bonds. The bonds with the nominal amount of EUR 1,000 each and the aggregate amount of EUR 30 million were issued on 16 April 2015. The bonds are due in 2018 and carry a fixed rate coupon of 5.85% p.a.

On 26 February 2016, the bonds with the nominal amount of EUR 1,000 each and the aggregate amount of up to EUR 50 million were issued. The bonds are due in 2020 and carry a fixed rate coupon of 5.00% p.a.

EUR 70 million bonds issue amended

As of 25 January 2016 the Group has reached an agreement with all bondholders of bonds CPI VAR CZK 2019 registered under ISIN code CZ0003501868. The approved amendment entails, inter alia, the decrease in the interest from 6M PRIBOR plus 6.5% to a fixed 5.1% p.a., the extension of maturity of bonds by 2 years until 2021, etc.

Czech and NL bonds fully repaid

In 2015, the Group´s subsidiary CPI Finance Netherlands B.V. gradually acquired its own bonds from bond holders and decided to liquidate these bonds. The liquidation was carried out in December 2015. The bonds were acquired at the amortized costs in total amount of EUR 253 million and transaction did not result in to any profit or loss effect.

On 23 March 2015, the Group repaid CPI VAR/15 bonds (ISIN CZ0003501835), which were issued on 23 March 2012, at maturity. The nominal value of bonds issued amounted EUR 15 million and bore variable interest of 6M EURIBOR plus 6.5% p.a.

Following exercising its call option, the Group prepaid bonds CPI VAR/19, which were publicly traded on Prague Stock Exchange under ISIN CZ0003501843, on 23 March 2016. The bond issue amounted to EUR 58 million and bore variable interest of 6M PRIBOR plus 6.5% p.a. The Group acquired ca. EUR 54.5 million of the bonds in 2015 already.

On 29 March 2016, the Group repaid bonds CPI 6.05/16, which were publicly traded on Prague Stock Exchange under ISIN CZ0003510646, at its maturity. The bond issue amounted to CZK 1.5 billion (ca. EUR 55.5 million) and bore fix interest of 6.05% p.a. The Group acquired ca. EUR 8.8 million of the bonds in 2015 already.

Corporate news

Acquisition of 16.7% of own shares

On 25 September 2015, the CPI PG and its major shareholder, Mr. Radovan Vítek entered into an agreement, pursuant to which the Company acquired 550,694,915 of its own shares indirectly held by Mr. Vítek via his company Mondello, a.s. In consideration for the share buyback, Mr. Vítek obtained a combination of monetary receivables that did not form the core business of the Company and Company bonds.

The acquisition of own shares was completed under the buyback framework approved by the Company's extraordinary general meeting held on 28 August 2014. The acquired shares will be held as treasury shares, the voting rights and right to dividend related to them will be suspended as long as they are held by the Company.

After the acquisition of own shares Mr. Vítek's stake on the share capital of Company represents 75.47% but given that 550,694,915 shares have suspended voting rights as long as they are held by the Company, Mr. Vítek still indirectly holds 90.57% of the voting rights. This transaction is a step carried out in order to enhance the transparency of the Group asset portfolio and thus beneficial for a wide range of users of Group financial statements in making economic decisions.

CPI Property Group
View from Central Tower, Warsaw

THE CEO'S MESSAGE

Dear Shareholders, Business Partners and Colleagues,

Looking back at 2015, I am delighted to report another year of strong results, driven by our successes in acquisitions, financing and our maintenance of long-term asset management. We have outperformed our industry benchmarks and reinforced the stability of the company among challenging market conditions. We continue to constitute the Group as key property player in Germany and one of the largest representatives of the Central Eastern European real estate market. Europe's property markets have further strengthened over the year as economic growth continued to drive employment and business expansion over the region, delivering both opportunities and risks. As a result, we can acknowledge this optimism yet there is still a necessity to continue to monitor and prepare for the future.

In respect to the Group's finances, they remain in great shape. With a balance sheet at EUR 4.32 billion and a real estate investment at over EUR 3.8 billion along with EPRA NAV exceeding EUR 1.73 billion, we have secured significant financial authority. This progress, driven by the enhanced macro-economic environment, has constituted returned confidence and expectation established by the volume of investments at pre-crisis levels. The Group has been successful in advancing its financing costs and profile. The low interest rate environment has in fact ensured the contraction of the total debt service in defiance of an increased loan amount. We have managed to refinance a portion of our existing bank financing as part of our exploitation of opportunities for low-cost financing along with lower margins under improved terms. Although Net Interest Expense were up in 2015 due to one-off refinancing expenses, the effective costs of bank financing were lowered to 2.32 % p.a. from 3.14% p.a. in 2014 and to 5.46 % p.a. from 6.42 % p.a. in relation to bond financing.

We have made significant progress with an agreed number of new financing and re-financing packages resulting in further successful deposits and repayments of new corporate bonds via the Czech koruna. We have concentrated on taking advantage of capital markets with the application to repurchase higher yielding corporate bonds. In all new issuance of bonds, the coupons were down on an average of 150 BPS against our previous bond issues confirming the confident development of the Group in recent years. Bond financing has become a definitive approach of supporting our business activities and provides an alternative to bank financing. We acknowledge the trust of our investors and recognise that demand for our bonds reflect our success and accomplishments in our expansion.

It has been another positive year of acquisitions, primarily in the retail sector. In the initial half of 2015, the Group completed the acquisition of the German industrial complex in Ullsteinstraße, Berlin-Tempelhof for EUR 6.9 million along with the Futurum Shopping Centre in Kolín, Czech Republic for EUR 23 million. Furthermore, the acquisition of Crans-Montana ski resort, Switzerland for EUR 65 million asserts a long-term high-potential investment that ideally corresponds to the Group´s portfolio as a uniquely prominent and high-margin opportunity.

In the autumn of 2015, we entered into negotiations of several purchases including the Czech shopping centres, Bondy in Mladá Boleslav and Géčko in České Budějovice which were finally acquired in early 2016. In December 2015, we also witnessed the closing of 75 smaller acquisitions of retail properties across the Czech Republic. These achievements demonstrate the Group's investment strategy to intensify the company's investment targets and portfolio diversification.

The Group also decided to divest certain non-core assets and managed to complete the sale of the former Živnostenská Banka, a landmark building in the centre of Prague, to a Chinese investor. Furthermore, we sold a portfolio of three buildings in Budapest to a Singapore fund as well as the M3 office building in Budapest to the Hungarian state settling the transaction in January, 2016. The current market continues to present opportunities to monetise further non-core assets at a profit where the Group can identify potential advantages for the future.

Our development strategy has adapted to allow the Group to reduce its exposure where we see future potential risk. The strengthening of our vast land bank has further ensured the increase in the value of existing properties.

Additionally, the vigilant approach to construction of build-to-hold commercial properties has been centred on the revitalization and renovations of our portfolio.

The success of major purchases and financial advancements last year, motivates the Group's capacity and operational performance for further expansion in 2016. We recognise major optimism in capital markets and our fundamental ambition is to capitalise on the reduction in the cost of funds. Our intention is to remunerate an allocation of mature bonds and position new tranches under preferred terms. We have similar aspirations with bank loans and we recognise the benefit from the optimisation of operating costs. Furthermore, we can observe opportunities in expansion in acquisitions in conjunction with shares in real estate.

In finishing, I would like to express my sincere gratitude to our shareholders, business partners and employees all of whom have contributed to the Group's success, prosperity and stability and remain committed in driving the Group to future achievements.

Luxembourg, 31 March 2016

Martin Němeček
Chief Executive Officer & Managing Director

CPI Property Group

CPI Property Group
View from Business Centre Quadrio, Prague

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 principally in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the Group is the largest lessor of commercial property in the Berlin area. After the incorporation into CPI in 2014, the Group has expanded into a number of CEE countries and significantly extended its current Berlin portfolio.

The Group focuses on investment properties, achieves development potentials and offers full-service asset management for third parties.

As of 31 December 2015, the Group includes 291 companies in 16 countries around Europe as indicated in the table below:

	Number of Companies
Country	31-Dec-15
Czech Republic:	165
Hungary:	29
Germany:	18
Slovak Republic:	16
Poland:	11
Romania:	9
Other:	43
CPI PROPERTY GROUP in total	291

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

Share capital and Shareholders structure

Based on the latest shareholders´ declarations, the following table sets out information regarding the ownership of the Company's shares as at 31 December 2015.

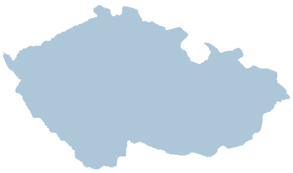
Shareholder	Number of shares	Share held	Voting rights
Radovan Vítek and entities controlled by Mr. Vítek	2,493,335,776	75.47%	90.57%
ORCO PROPERTY GROUP and entities controlled by OPG	159,132,897	4.82%	5.78%
Others	100,604,712	3.04%	3.65%
Treasury shares held by the Group	550,694,915	16.67%	0.00%
Total	3,303,768,300	100%	100%

The share capital of the Company is represented by 3,303,768,300 ordinary shares of one class. 230,056,445 Company shares (approx. 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 (approx. 93% of the total number of shares) are currently not listed and are non-tradeable on a regulated market.

None of the Company's principal shareholders has voting rights different from any other holders of the Company's shares. On 25 September 2015, the Company and its major shareholder, Mr. Radovan Vítek entered into an agreement, pursuant to which the Company acquired 550,694,915 of its own shares indirectly held by Mr. Radovan Vítek. The acquired shares will be held as treasury shares, the voting rights and rights to dividend associated with them will be suspended since they are held by the Company. The Company respects the rights of its shareholders and ensures they receive equitable treatment. The Company has established a policy of active communication with the shareholders.

CPI Property Group
GSG Berlin econopark Wilhelm-von-Siemens-Strasse

ECONOMIC DEVELOPMENT IN THE CORE COUNTRIES OF THE GROUP



Czech Republic

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

The growth of the Czech economy in 2015 was the highest since 2007. According to the preliminary estimate, the gross domestic product (GDP) adjusted for price effects and seasonally adjusted increased in 2015 by 4.3%. The GDP growth was significantly contributed to by all demand components, especially household consumption and increased investment activity. Growing household consumption (by 2.9%) together with higher investment activity (9.6%) helped accelerate the growth of the economy which started in 2013. Both of these most important domestic demand components have seen the highest accelerated growth since 2007. Therefore, it was rather the domestic demand than external trade on which the economic growth was based. Investments including inventories contributed to the GDP growth by 1.9 p.p., household consumption by 0.8 p.p., and general government consumption by 0.6 p.p.

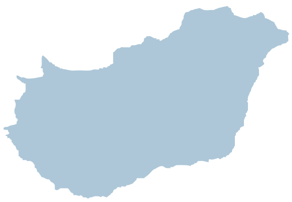
The consumer price level in December 2015 was 0.1%. The biggest influence on the growth of the price level in December emerged from prices in alcoholic beverages and tobacco. Next in order of influence were prices in housing, water, electricity, gas and other fuels. The increase in the average consumer price index in the twelve months 2015 compared with the average CPI in the twelve months 2014 was 0.3%, of which prices of services rose by 0.8% and prices of goods remained unchanged.

The general unemployment rate according to the International Labour Organization (ILO) definition in the age group 15-64 attained 4.5% in December 2015 and declined by 1.3 p.p. YoY. The number of unemployed persons reached 236.9 thousand decreasing by 68.3 thousand persons, YoY.

Germany

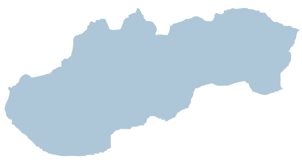
The economic situation in Germany was characterised by solid and steady growth in 2015. According to first calculations of the Federal Office of Statistics, the price-adjusted gross domestic product of 2015 rose by an annual average of 1.7% from the previous year. On the use side of the gross domestic product, final consumption expenditure was the main driving force for German economic growth in 2015. Household final consumption expenditure increased by a price-adjusted 1.9% on the previous year, government final consumption expenditure by even 2.8%. The economic performance in Germany on an annual average in 2015 was achieved for the first time by over 43 million people in employment whose place of employment was in Germany. According to provisional calculations, the number of people in employment was approximately 329,000, or 0.8%, higher in 2015 than than the preceding year. The government budgets continued their consolidation in 2015. Recorded net lending of EUR 16.4 billion euros at the end of the year is a +0.5% surplus ratio of general government for 2015. On an annual average in 2015, the consumer prices in Germany rose 0.3% from 2014. The Federal Office of Statistics reports that the YoY rate of price increase has been declining since 2011 (2011: +2.1%). This was largely due to the development of energy product prices. In 2015, the prices of energy as a whole declined considerably (–7.0%) on 2014.

Hungary



In 2015, gross value added grew by 6.3% in industry, by 2.9% in construction and by 2.8% in services, yet it decreased by 13% in agriculture. Quarterly GDP growth was above 3% during the first three quarters of the year, which demonstrates that the country´s economy expanded (consumption expenditure of foreigners in Hungary and household consumption expenditure grew robustly). Although the official statistics are not published yet, based on the latest forecast, a 2.9% annual growth is predicted for 2015. The economy is also having a positive impact on the imports and exports. Hungary´s unemployment rate between October and December was 6.2%, which is a slight improvement compared to the corresponding period of the previous year.

Slovak Republic



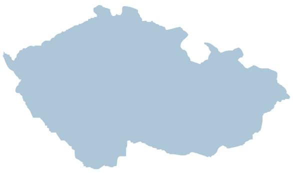
In the fourth quarter of 2015, the gross domestic product at constant prices increased by 4.2% as compared to the same quarter of 2014. After seasonal adjustment GDP rose by 4% as compared to the fourth quarter of 2014 and by 1% in comparison with the previous quarter. The volume of GDP at current prices in the fourth quarter of 2015 reached EUR 20,156.5 million what represented the increase by 4.1 % in comparison with the same quarter of 2014. According the Slovak Republic Office of Statistics, the downward trend in unemployment continued throughout the year 2015. In the 4th quarter of 2015, the number of unemployed people decreased, YoY, by 42.1 thousand (by 12.2%) to 302.7 thousand. A decline in unemployment proved to be more considerable in men (by 35.4 thousand) than in women (by 6.8 thousand). The consumer price level published by the Slovak Republic Office of Statistics in December 2015 was -0.3%.

Poland

The Polish economy according to the preliminary estimate has grown solidly, the increase of real gross domestic product in 2015 was 3.6% against 3.3% in 2014. The total consumption expenditure in 2015 increased by 3.2% compared with the previous year, in which consumption expenditure in the households sector rose by 3.1% (in 2014 the growth was 3.1% and 2.6% respectively). Moreover, 2016 paints a positive picture for the Polish economy which will be driven by a strong domestic demand and industrial production. The unemployment rate in 2015 was in a downward trend, reaching 9.8% in December 2015 and was lowest since 2011. The consumer price level according to the preliminary estimate in December 2015 was -0.5%.

CPI Property Group
BB Centrum - Building E, Prague

THE PROPERTY MARKETS IN THE CORE COUNTRIES OF THE GROUP



Czech Republic

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

Retail Market

By the end of Q4 2015, the total retail stock in the Czech Republic reached 3,750,000 sqm of modern retail space. Shopping centres form approximately 70% of space and retail parks proportion ca. 26%. The remaining space is in factory outlet stores and modern department stores. During 2015, approximately 40,000 sqm in six projects were completed in the country. As of Q4 2015, there were approximately 131,000 sqm of retail space under construction, predominantly in shopping centres. The largest schemes under construction include 2nd phase of Centrum Chodov (38,800 sqm), Aupark Hradec Králové (ca. 25,900 sqm) and Centrum Jablonec (13,000 sqm). For prime shopping centres with very high demand, rental levels of EUR 110/sqm/month are being carried out. Due to the very limited nature of the Prague High Street rents of up to EUR 185/sqm/month are being recorded. In the regional cities, prime rents are between EUR 25-35/sqm per month.

Prague Office Market

In 2015, approximately 190,600 sqm of offices were completed which represents the highest level since the record year of 2008. The majority of this supply was delivered to Prague 4 (51%), followed by Prague 5 (28%) and Prague 8 (13%). At the end of Q4 2015, the modern office stock in the capital city totalled 3,222,402 sqm. The share of A class office space remained at 69%, with top quality projects, i.e. AAA class buildings, increasing to ca. 15% of the total stock. The largest office district remains to be Prague 4 (27.5% of the total stock), followed by Prague 5 (16.1%) and Prague 1 (15.8%). Currently, there is approximately 123,700 sqm of office space under construction. Out of this number, ca. 32,600 sqm should be delivered to the market in 2016. In 2015, the cumulative gross take-up reached almost 448,900 sqm representing an increase of 36% when compared to the previous year, thus the year 2015 exceeded the record breaking result of last year and became the most successful year in terms of gross demand. Thanks to the strong net take-up, limited supply and a significant amount of absorbed space, the Q4 vacancy rate in Prague decreased to its current level of 14.61%. In Q4 2015, prime headline rents in the city centre remained stable, ranging between EUR 18.5–19.5/sqm/month.

Residential Market

In Q4 2015, The 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 2015 by 2.2% YoY and reached HB INDEX 108.2. That is the highest level since the beginning of 2010. Land prices increased by 4.4% YoY due to the growing demand. The average market price of land and the flats reached HB INDEX 124.7 and 103.6, retrospectively in Q4 2015.

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 basis 100.0 were selected real estate prices as of 1 January 2008.

Hotel Market

According to the Czech Office of Statistics, throughout the whole of 2015, Collective Accommodation Establishments (CAE) reported a higher number of overnight stays by 9.6% to some 47 million visitors. In Q4 2015, we witnessed an increase of 6.6% YoY of overnight stays in CAE, of which an increase of 11.1% were local residents and 3.5% in foreigners. The total number of arrivals to the Czech Republic throughout the year increased by 10.2% YoY to 17 million. Some 3.6 million guests arrived in CAE in Q4 (+7.4% YoY) of which 10.1% were residents and 5.5% were non-residents). The highest number of guests (1.3 million) found accommodation in four-star hotels. This was a 10.2% increase on the previous year. In regard to three-star hotels, used by 1.1 million tourists we witnessed an 8.6% increase YoY. A higher number of foreign guests visited the Czech Republic in 2015 in comparison with 2014. However we did also observe a 37.4% decline (260,000 visitors) from Russia and 10.7% (12,000 visitors) reduction from the Ukraine. Nevertheless, this was compensated by a greater occupancy of guests from both neighbouring and distant countries. There was an increase of 12.6% (196,000) YoY in the number of German visitors as well as a growth of 4.6% (72,000) in Slovak and a 14.9% (66,000) rise in visitors from the USA. Higher demand from Asian guests also continued. The number of Chinese tourists rose by 35.3% and arrivals from South Korea grew by 31.8%. In terms of supply and as reported by the Czech Office of Statistics, by the end of 2014 there were 5,800 hotels and almost 133,000 rooms across the Czech Republic of which 44% of the total were 1-3 star hotels.

Industrial Market

The total modern A-class industrial stock in the Czech Republic was 5.69 million sqm at the end of Q4 2015. For the entire year 2015, new supply amounted to a post-crisis record level of 565,700 sqm. The highest share of new space (45%) was delivered in Prague followed by the Pilsen with 30%. For the entire year 2015, gross take-up amounted to 1,394,300 sqm, a new record in the history of the Czech market. It triumphed last year´s record by 8%. The net take-up reached 875,600 sqm and surpassed last year´s results by more than 6%. The vacancy rate in the Czech Republic has dropped by 314 bps YoY and reached a level of 5.1%. Prime headline rents in Prague remained stable at EUR 3.80-4.25/sqm/month. Prime rents in the Brno region also continued steadily at EUR 3.90-4.25/sqm/month.

Germany

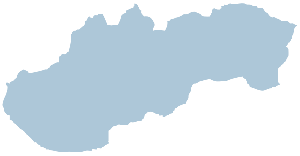
The following data and description for the real estate market in Germany are based on a report published by CBRE and JLL (unless otherwise stated).

Berlin Office Market[1]

The total stock of office space is upwards of 18.04 million sqm at the end of Q3 2015. The Berlin office market ended Q3 2015 with a take-up of 570,200 sqm exceeding the previous year´s level by 46%. The vacancy rate fell from 8.3% to 7.3% over the course of the three quarters. The most significant decreases in vacancy were registered in the City-West and City-East submarkets. The prime rent is seeing further stabilization in the core locations at EUR 23/sqm/month. The weighted average rent increased YoY by a considerable 17%, reaching EUR 14.98/sqm/month at the end of Q3 2015.

[1] *As at date of publication 3Q2015 data available only*

Slovak Republic



The following data and description for real estate market in the Slovak Republic is based on a report published by DTZ and Knight Frank (unless otherwise stated).

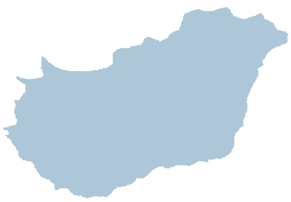
Retail Market

The current retail market in the Slovak Republic is largely saturated and stable. The only new development during 2015 was a small shopping centre in the north of Bratislava with a total area of 5 400 sqm. Bratislava is also a leader in the amount of total retail stock, followed by Košice, Žilina and Nitra. Regionally, two new shopping developments were opened. City Arena Trnava was opened in August and Forum Poprad in October 2015. Galeria Lučenec located in southern Slovakia is under construction. Prime high street rents remain stable at the level of EUR 40/sqm/month. Average shopping centre rents also remained stable at around EUR 23.5/sqm/month. Regarding retail parks, rents range from between EUR 6/sqm/month and EUR 12/sqm/month depending on the size and location. As a result of the saturated market, tenants remain in a strong position and are able to negotiate higher fit out contributions and extended rent free periods.

Industry and Logistics Market

The Slovak industrial market fundamentals were strong in Q4, underpinned by the rallying export-led economy. Demand for cars and related sub-components drove demand for industrial space in the final quarter – albeit occupational activity volumes fell behind those recorded in the previous quarter. The wider Bratislava area continues to attract most occupancy demand; indeed, in Q4 2015, over 90% of all take-up was registered here. Across Slovakia, 52,700 sqm was leased in Q4, a figure matching the 5-year average. Rents in Q4 were unchanged, while yields improved on the back of a recent investment transaction. Prime yields have sharpened by 25 bps in Q4 in both the logistic and manufacturing market segments.

Hungary



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

Budapest Office Market

Almost 50,900 sqm were deposited on the office market in 2015. Only one speculative development was delivered with 20,100 sqm (Váci Greens C – 100% occupied by GE). Despite falling 25% below last year's level the long-term trend has shown a gradual recovery since 2012. The total vacancy stock on the market stands at 395,800 sqm, which is 128,500 sqm less than a year ago. The annual take-up totalled 364,800 sqm, which is an all-time high in the history of the Budapest office market and 51% stronger than in 2014. In addition to take-up, renewals added another 171,500 sqm, thus the total leasing activity exceeded the half a million sqm threshold for the first time on record. The vacancy rate declined by 4.1 bps YoY, dropping to 12.1%, the lowest level on record since Q2 2008. The average asking rent stands at EUR 10.7/sqm/month. This level is only achievable in a few, selected prime properties in the Central Business District. For example: Lipótváros micromarket (northern part of Central Business District) has an average asking rent of EUR 14.0/sqm/month, whilst the Belváros micromarket (Southern part of Central Business District) stands at EUR 13.2/sqm/month. Average asking rents are gradually declining by moving outwards from the city centre.

Budapest Retail Market

New retail supply has reached historic lows in recent years. Since 2012, less than 50,000 sqm of new retail space has been delivered in Hungary. In 2015, the only new completion was a small-sized neighbourhood centre in Budapest's District II with 2,000 sqm GLA. In addition to this, an existing retail park was extended by 2,200 sqm in the city of Veszprem. Although it is not a new opportunity on the market, we should also mention that a vacated retail warehouse has been transformed in the city of Szekesfehervar. A total of 4,200 sqm new retail supply in 2015. Retail take-up in 2015 totalled 35,200 sqm with 95 new store openings and 3 expansions with an average size of 360 sqm. Overall, 78 individual brands opened new stores, out of which 14 were new international brands entering the Hungarian market in 2015. Prime shopping centre rental rates in Budapest are quoted between EUR 55-85/sqm/month, 5-10% above last year level on average. Tier-2 centres in Budapest have also registered a 5% rental growth YoY, with rents now reaching EUR 22-32/sqm/month.

Budapest Industrial Market

In 2015, only one BTS shed was handed over with 5,000 sqm in Budapest Dock- Szabadlcikötő. Development activity is still limited. In the past 5 years, only 61,000 sqm new supply was delivered, comprising mostly of BTS sheds in existing parks. The latest speculative project was transferred in 2012. Despite the 21% decrease in take-up compared to 2014, the occupancy demand is still strong and overall business sentiment is largely positive. In 2015, a total of 102 lease agreements were signed with an average size of 3,500 sqm, slightly below the previous year average of 3,700 sqm. Apart from a 25,000 sqm renewal, the largest deal was signed for a new BTS shed in Alsónémedi (South of Budapest) where VGP is currently constructing a warehouse for Nagel. The largest standard lease was signed by Flextronics who have relocated their production from a regional centre to Budapest-West submarket on 16,000 sqm. Currently in Budapest there are 142 existing buildings on the market of which 60 schemes have a degree of vacancy; the rest are fully occupied. Out of these 60 buildings, 13 schemes have more than 5,000 sqm vacant area while only 6 schemes registered more than 10,000 sqm of instant availability. Typical headline rents in city-logistics are in the range of EUR 3.5-5.0/sqm/month - similar to the previous year.

Budapest Hotel Market[2]

Budapest remains the most popular city of the country – in 2014, 35% more guests visited Budapest than in 2008, outperforming the national average growth of 24%. The number of guest arrivals increased with an average annual growth rate of 6% since 2009 which has helped to push up occupancy rate. The increase in demand was backed by leisure tourism as business tourism stagnated in recent years. Despite growing ADR figures, Budapest still offers a favourable price-to-value ratio compared to other CEE capitals; in recent years this was clearly backed by the appreciation of HUF. GOPPAR growth in 2014 was higher than TrevPAR increase as hotels have improved on the cost savings side. Since 2010, TrevPAR growth was continuously lower than RevPAR growth as more hotels tend to incorporate additional services in room rates in order to attract more guests. The hotel market showed clear signs of a recovery in 2014. All key performance indicators improved on the back of the growing number of tourist arrivals and guest nights. The demand for hotel accommodation in Budapest is mostly fueled by leisure travelers and to a lesser extent by business. The Hungarian capital has matured as a key destination for city breaks and spa tourism in the CEE region. The city attracts more arrivals from new source markets while keeps the clientele from traditionally important countries.

[2] *As at date of publication 1H2015 data available only*

Poland

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

Warsaw Office Market

The total supply of new office space delivered to the Warsaw market in 2015 exceeded 277,600 sqm, which represents a 3% decrease from 2014. The largest buildings completed last year was Postępu 14 (HB Reavis, 34,300 sqm) and Royal Wilanów (Capital Park, 29,800 sqm). As a result, the total office stock reached almost 4.66 million sqm as of the end of December. 2016 might result in a record-breaking year in terms of supply. The developers are planning to complete ca. 460,000 sqm of new office space with over 45% in the city centre. The largest projects to be delivered in 2016 include Warsaw Spire – Tower (Ghelamco, 61,000 sqm) and Q22 (Echo Investment, 50,000 sqm). In 2015, the Warsaw market witnessed the highest leasing activity in history. Lease agreements were signed for a total in an excess of 836,500 sqm triumphing 2014 by 37%. New leases comprised 58% of the total take-up, with renegotiations and expansions corresponding to 32% and 7%, respectively. The forecasts for the next year suggest that take-up will decrease as compared to 2015, by ca. 10%. However, this value still exceeds the average for the last five years. Last year the decrease of rents principally concerned central locations, with base rents in prime buildings falling to EUR 24/sqm/month, constituting a 4% decrease since the end of 2014. The rents in non-central modern buildings in attractive locations averaged EUR 13–15.5/sqm/month, only exceptionally reaching the level of EUR 16.5/sqm/month.

Retail Market in Poland

At the end of 2015, there was 13.23 million sqm GLA of modern retail space. Nearly 55% of the shopping centre's space is located in the eighth largest agglomerations. New supply reached nearly 650,000 sqm in 2015, with 85% delivered in shopping centre formats and 98,000 sqm opened in several standalone retail units. A new shopping and leisure centre was the dominant format in 2015. In total 373,000 sqm GLA was delivered to the market in 19 new shopping centres. Around 700,000 sqm GLA of retail space is currently under construction. Nearly 65% (ca. 450,000 sqm) is expected to be completed in 2016. Due to the current level of demand, the marketing period for new schemes has become much longer and very few shopping centres are fully let when they open. Vacancies in newly-opened retail schemes are at average 10-20%, whereas vacancy on mature markets is ca. 3%. The highest rents are in Warsaw's prime shopping centres at EUR 120-140/sqm/month for small-sized, favourably fashion units. In the capital's other retail schemes rents are at EUR 80-100/sqm/month.

CPI Property Group
Business Centre Quadrio, Prague

PROPERTY PORTFOLIO REPORT

CPI PG is a real estate group concentrating on long-term investments and the lease of property, mainly in the Central European region and Germany. As a result of the integration with CPI in 2014, the Group portfolio includes a 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, logistics and hotel operations. Additionally, the Group develops office and retail assets for future rental and certain residential developments for future sale.

Throughout 2015, the Group continued its expansion in Central and Western Europe. By year's end, the Group had extended its business into a new segment – mountain resorts by the acquisition of property in Switzerland with a high potential of development, its retail portfolio by the acquisition of Futurum Shopping Centre in Kolín, Czech Republic, its office and industry portfolio by the acquisition of the industrial complex Ullsteinstraße in Berlin, Germany, offering 16,600 square meters of rental storage and office space and its hotel portfolio by acquisition of Holiday Inn Rome – Eur Parco dei Medici in Rome, Italy.

CEE

CZECH REPUBLIC

Property portfolio value:	MEUR 2,256
Gross lettable area:	1,669,000 sqm
Land bank area:	17,397,000 sqm
Agriculture land:	230,770,000 sqm
No. hotel beds:	8,527

HUNGARY

Property portfolio value:	MEUR 316
Gross lettable area:	202,000 sqm
Land bank area:	168,000 sqm
No. hotel beds:	788

POLAND

Property portfolio value:	MEUR 94
Gross lettable area:	34,000 sqm
Land bank area:	25,000 sqm
No. hotel beds:	214

SLOVAK REPUBLIC

Property portfolio value:	MEUR 198
Gross lettable area:	206,000 sqm

ROMANIA

Property portfolio value:	MEUR 16
Land bank area:	302,000 sqm

RUSSIA

Property portfolio value:	MEUR 26
No. hotel beds:	168

WESTERN EUROPE

GERMANY

Property portfolio value:	MEUR 694
Gross lettable area:	866,000 sqm
Land bank area:	13,000 sqm

SWITZERLAND

Property portfolio value:	MEUR 100

FRANCE

Property portfolio value:	MEUR 80
Gross saleable area:	3,000 sqm

ITALY

Property portfolio value:	MEUR 42
Gross saleable area:	31,000 sqm
No. hotel beds:	634

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

- Investment property
- Property, plant and equipment
- Inventories
- Assets held for sale

"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.

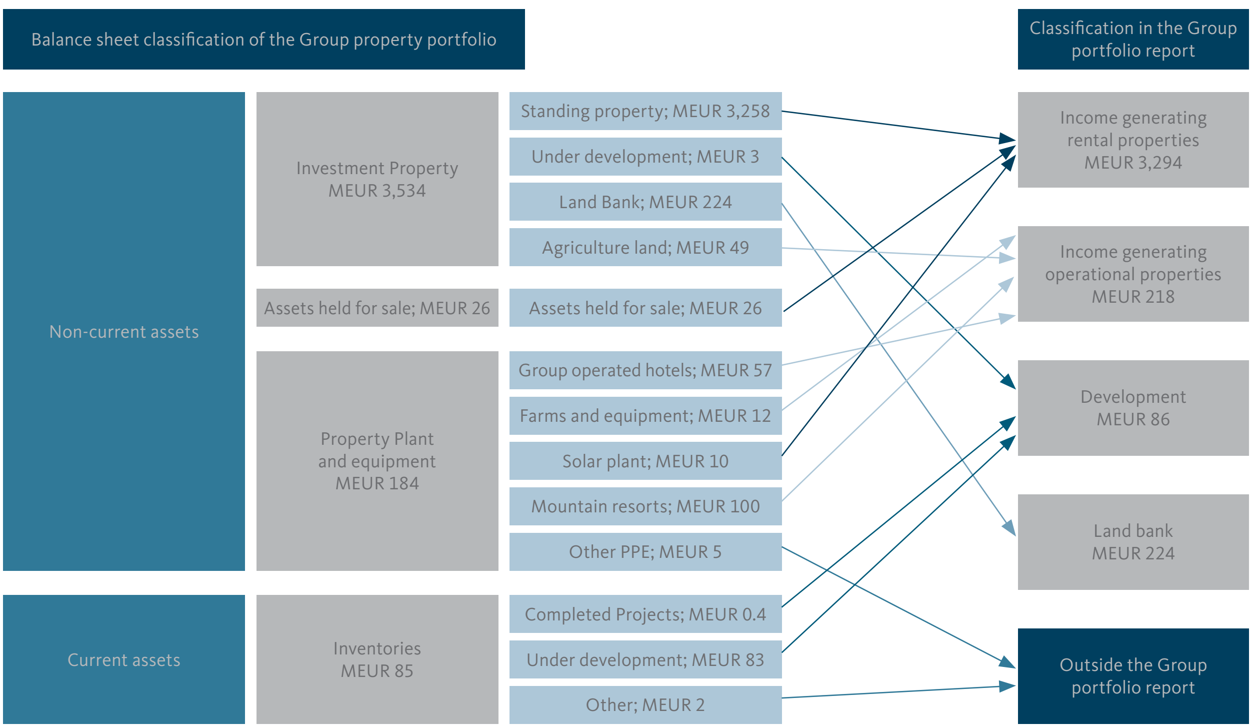
"Property, plant and equipment" includes owner occupied properties comprising of hotels operated by the Group, mountain resorts, production farms and equipment used in the agriculture business and offices rented out to the Group entities.

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

"Assets held for sale" consists of properties presented in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" which are to be sold due to the intention of the management.

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 is a composition of the property assets of the Group as reported on the balance sheet as of 31 December 2015 with the presentation in our portfolio report:

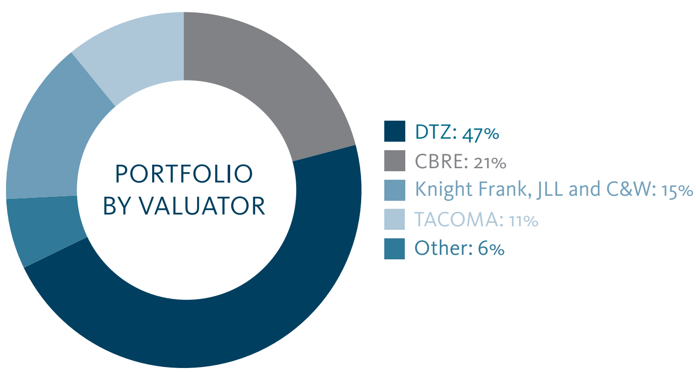


Property valuation

The consolidated financial statements for the year ended 31 December 2015 have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which include the application of the fair value method. Since the property portfolio 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 is based on reports issued by:

- DTZ. DTZ is a global leader in property services. The organization has more than 24,000 employees, operating in more than 200 offices in 52 countries and offers a complete range of tailored services on any scale, across multiple service lines and geographies. In the Czech Republic, DTZ provides occupiers and investors on a local, regional and international scale with industry leading, end to end property solutions. DTZ Czech Republic has over 80 employees operating across 2 offices;
- CBRE GmbH (further "CBRE"). CBRE is the world's largest commercial real estate services and investment firm. CBRE has approximately 70,000 employees (excluding affiliate offices), operating in 400 offices in more than 60 countries and serves 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 730 offices and more than 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 48,000 people in 1,000 locations in 70 countries and serves 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 companies, providing a full range of services to real estate occupiers, developers and investors on a local and international basis. C&W has approximately 200 offices in 60 countries, employing more than 43,000 professionals;
- Knight Frank. Knight Frank provides the highest standards of quality and integrity in global residential and commercial property advisory services. Knight Frank has its headquarters in London with 417 offices, employing more than 13,000 people and spanning six continents;
- Other valuers including internal valuers.



The following table shows the carrying value of the Group's property portfolio as of 31 December 2015 and 31 December 2014:

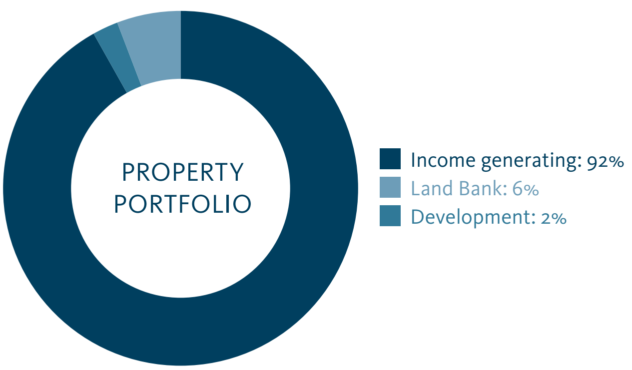
PROPERTY PORTFOLIO 2015	No. of properties*	No. of residential units	No. of hotel beds	Income generating	Development	Land Bank	Carrying value	Carrying value	Outstanding financing
				MEUR	MEUR	MEUR	MEUR	%	MEUR
Czech Republic	310	12,480	8,527	2,094	3	159	2,256	59%	1,048
Germany	45	0	0	687	0	7	694	18%	341
Hungary	19	0	788	278	0	38	316	8%	153
Slovak Republic	18	0	0	198	0	0	198	5%	100
Switzerland	1	0	0	100	0	0	100	3%	28
Poland	5	0	214	90	0	4	94	2%	54
France	1	3	0	3	77	0	80	2%	35
Italy	2	0	634	36	6	0	42	1%	25
Russia	1	0	168	26	0	0	26	1%	0
Romania	0	0	0	0	0	16	16	0%	0
THE GROUP	402	12,483	10,331	3,512	86	224	3,822	100%	1,784

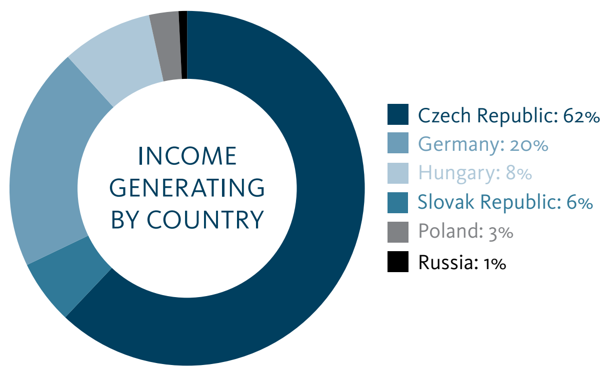
*excluding Residential properties

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
Germany	44	0	0	644	0	6	650	18%	290
Hungary	19	0	788	259	0	47	307	9%	182
Slovak Republic	19	0	64	205	0	0	204	6%	104
Poland	6	0	440	91	0	3	93	3%	52
France	1	3	0	3	69	0	72	2%	37
Italy	1	0	0	0	6	0	6	0%	0
Russia	1	0	168	26	0	0	26	1%	0
Romania	0	0	0	0	0	17	17	0%	0
THE GROUP	335	12,536	9,987	3,187	130	236	3,553	100%	1,623

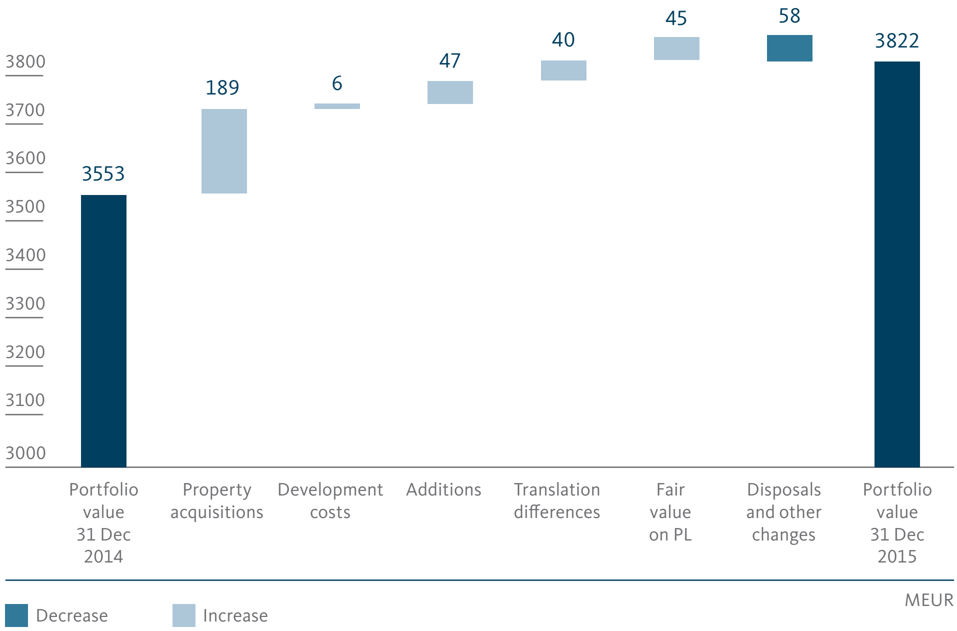
*excluding Residential properties

The Group property value total of EUR 3,822 million as of 31 December 2015 (2014: EUR 3,553 million). As shown in the chart below, 92% of the Group property portfolio value is made of income generating assets of which EUR 3,294 million (94%) are income generating rental properties and EUR 218 million (6%) are income generating operational properties. The majority of the income generating assets are located in the Czech Republic with 60% of the total value, followed by Germany with 19%, Hungary with 8% and the Slovak Republic with 6%.





PROPERTY PORTFOLIO



The principal reasons for the change in the property portfolio value in 2015 were as follows:

- acquisition of a mountain resort in Switzerland with value amounting to EUR 100 million;
- acquisition of retail premises in the Czech Republic for EUR 56 million;
- acquisition of a hotel in Italy for EUR 31 million;
- disposal of a development project in the amount of EUR 35 million;
- valuation gain of EUR 45 million;
- translation differences in the amount of EUR 40 million.

INCOME GENERATING

Income generating rental properties

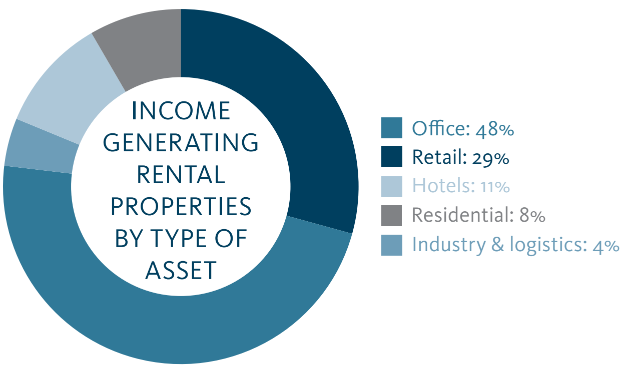
INCOME GENERATING RENTAL PROPERTIES 2015	No. of properties*	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy** %	Rental income MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Office	88	1,567	48%	1,273	82.8%	99	8.3	3.5	827
Retail	264	964	29%	683	93.9%	69	9.4	4.6	488
Hotels	25	343	10%	229	100.0%	20	8.0	11.6	160
Residential	-	276	8%	758	82.8%	18	2.4	-	115
Industry & logistics	17	144	4%	263	95.4%	12	4.1	5.2	70
THE GROUP	349	3,294	100%	3,206	88.7%	218	6.0	5.0	1,660

*excluding residential properties
**the Group occupancy rate is not inclusive of hotels

INCOME GENERATING RENTAL PROPERTIES 2014	No. of properties*	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy** %	Pro forma rental income*** MEUR	Rent per sqm EUR	WAULT YEARS	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
Hotels	23	267	9%	205	100.0%	14	7.0	12.7	119
Residential	0	277	9%	761	82.5%	18	1.9	-	112
Industry and Logistics	17	139	5%	263	95.5%	12	4.2	2.8	66
THE GROUP	315	3,056	100%	3,112	88.7%	203	6.5	4.9	1,509

*excluding residential properties
**the Group occupancy rate is not inclusive of hotels
***as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2014

Income generating rental portfolio with a carrying value of EUR 3,294 million (2014: EUR 3,056 million) represents the major part of the Group´s property portfolio. The Group is leasing a great variety of assets but is primarily focuses on office and retail that together contribute 77% of the property portfolio carrying value and 1.9 million sqm of lettable area.



Income generating operational properties

Income generating operational properties currently include Hospitality, Agriculture and Mountain resorts.

Hospitality

Hospitality represents all hotels operated by the Group. In 2015, the portfolio contracted due to the sale of two hotels in Bratislava, Slovak Republic and Bielsko-Biala, Poland respectively and the transfer of an additional hotel to Income generating rental properties portfolio (Hotels), located in Warsaw, Poland; all three hotels were operated under the Mamaison brand.

INCOME GENERATING OPERATIONAL PROPERTIES 2015	No. of properties	Carrying value MEUR	Carrying value %	No. of beds	Hotel revenues MEUR	Net hotel income MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing MEUR
Hospitality	3	57	100%	958	13	6	75.9%	96.9	25
THE GROUP	3	57	100%	958	13	6	75.9%	96.9	25

INCOME GENERATING OPERATIONAL PROPERTIES 2014	No. of properties	Carrying value MEUR	Carrying value %	No. of beds	Hotel revenues MEUR	Net hotel income MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing 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

In 2014, the acquisition of the hospitality portfolio took place in the second half of the year therefore the total income of the year 2014 does not reflect 12 months operations.

Agriculture

The expansion into the agricultural business was an important move for the Group, as farmland is seen as one of the safest investments in property and with a high potential for growth in value.

INCOME GENERATING OPERATIONAL PROPERTIES 2015	Total Area ths sqm	Carrying value MEUR	Property value %	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture MEUR	Outstanding financing MEUR
Agriculture	115,670	61	100%	8	7	4	38
THE GROUP	115,670	61	100%	8	7	4	38

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

In 2014, the acquisition of the agriculture portfolio took place in the second half of the year therefore the total income of the year 2014 does not reflect 12 months operations.

Mountain Resorts

In October 2015, the Group carried out its first acquisition in Switzerland, Crans-Montana, which is located in the heart of the Swiss Alps in the French speaking part of the canton of Valais. The ski resort of Crans-Montana is composed of 140 km of marked pistes, plus off-piste areas inclusive of the Plaine-Morte Glacier.

INCOME GENERATING OPERATIONAL PROPERTIES 2015	No. of properties	Carrying value MEUR	Property value %	Net operating income MEUR	Net operating income MEUR
Mountain resorts	1	100	100%	-0.6	28
THE GROUP	1	100	100%	-0.6	28

The performance presented in the table above is for the last two months of 2015. For more information refer to the chapter Mountain resorts on page 51.

OFFICE

Key Figures – December 2015

82.8 %	Occupancy
88	Number of properties
99 MEUR	Rental income 2015
1,567 MEUR	Carrying value
1,273,000 sqm	Gross lettable area

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

OFFICE 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Germany	44	680	43%	814	81.8%	45	5.7	2.4	341
Czech Republic	33	640	41%	293	91.6%	38	11.6	5.2	365
Hungary	8	189	12%	136	70.3%	12	12.0	2.7	90
Poland	2	49	3%	26	84.1%	4	30.9	3.4	28
Slovak Republic	1	9	1%	4	65.3%	0.4	13.5	2.4	3
THE GROUP	88	1,567	100%	1,273	82.8%	99	8.3	3.5	827

OFFICE 2014	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Pro forma rental income* MEUR	Rent per sqm EUR	WAULT YEARS	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
Slovak Republic	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 2014

In 2015, Quadrio prime commercial complex in the centre of Prague, welcomed its first tenants in completely new office premises. The lease agreements were signed with companies associated with the Hungarian oil and gas group MOL, Czech branch of MetLife Europe Limited, Cushman&Wakefield and CEE headquarters of developer company CTP.

In April 2015, the third phase of the successful office project Meteor Centre Office Park in Prague´s Karlín district was opened. Meteor Centre Office Park C, located directly at Křižíkova metro station, comprises of approximately 5,000 sqm of offices, shops, rental apartments and other amenities, with parking on two underground floors. The exceptional quality of construction and services complies with the current demands on work environment and lifestyle.

Gewerbesiedlungs-Gesellschaft (GSG Berlin) acquired the industrial complex Ullsteinstraße 73 in Berlin-Tempelhof for EUR 6.9 million. Originally, a factory for electronic devices built by Philips between 1955 and 1956. The industrial complex is close to Tempelhofer Hafen (Tempelhof Harbour) and the metro station Ullsteinstraße; an emerging region that has performed very well in recent years. It offers architecturally impressive factory buildings with attached commercial buildings. The five buildings offer a total of approximately 16,600 sqm.

In addition to the extension of the portfolio, the Group has entered into many new rental contracts with the tenants and extended a number of current rental contracts, most notably in the Czech Republic and Poland. Among the new tenants reside companies such as Exxon Mobil and Channel Crossings. There was an extension of contracts with tenants such as Nestlé or Comarch in Poland. The Group also succeeded in Germany in the extension and closure of new lease agreements with tenants from several industry sectors such as IT, manufacturing, automotive, life sciences and marketing companies. These lease agreements made a positive contribution to the operational metrics in the total amount of 17,370 sqm.

CPI Property Group
City Park, Jihlava

RETAIL

Key Figures – December 2015

93.9	%	Occupancy
264		Number of properties
69	MEUR	Rental income 2015
964	MEUR	Carrying value
683,000	sqm	Gross lettable area

Retail is a very stable category of income generating assets which is highly adaptable 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 , experiencing a relatively high occupancy rate. The Group currently owns and manages retail spaces in the Czech Republic, the Slovak Republic, Hungary and Poland.

RETAIL 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	243	805	84%	553	92.9%	55	9.5	4.7	397
Slovak Republic	16	105	11%	83	99.9%	9	9.4	5.0	52
Hungary	4	35	4%	39	94.2%	3	6.3	2.5	27
Poland	1	19	2%	8	94.3%	2	15.4	1.8	12
THE GROUP	264	964	100%	683	93.9%	69	9.4	4.6	488

RETAIL 2014	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	168	727	81%	504	94.2%	52	9.2	4.9	354
Slovak Republic	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

Retail portfolio provides about 683,000 sqm of lettable area which can be further divided as follows:

- Retail warehouse which is comprised of supermarkets, hypermarkets, DIY stores and retail parks of about 393,000 sqm of lettable area;
- Shopping centres and galleries of about 174,000 sqm of lettable area;
- So-called special properties (separate units and establishments, usually B class) which provide about 116,000 sqm of lettable area.

In June 2015, the Group acquired Futurum Shopping Centre in Kolin, Czech Republic. The shopping centre, with a leasable area of 10,100 sqm comprises of a supermarket, a shopping gallery with 50 shops, restaurants and other amenities, as well as underground parking for 320 cars. Among the major tenants reside Billa, Intersport, DATART INTERNATIONAL and others. The acquisition of this project is in-line with the Company's strategy and ideally conforms to its portfolio of high quality shopping centres in attractive locations with stable tenants.

In December 2015, the Group acquired 73 retail properties across the whole of the Czech Republic. The acquired portfolio comprises of 36,000 sqm of lettable area and generates an annual rental income of approximately EUR 2.4 million.

In February 2016, the Group obtained another important asset in the retail sector by the acquisition of Bondy, the largest shopping centre in the city of Mlada Boleslav. Bondy with a total leasable area of 16,800 sqm and 80 store units has greatly expanded CPI Property Group's network of shopping complexes. The building also includes 2,800 sqm of leasable office area.

Excluding the tenants of the portfolio's new premises, the Group has entered into a number of new leases with the tenants and extended a number of current rental contracts in the Czech Republic. Among the new tenants reside companies such as AHOLD Czech Republic. Current rental contracts were extended with tenants such as NEW YORKER, Marks and Spencer, Billa and Lindex.

The year 2015, performance of our shopping centres was indeed strong as 2015 revenues for shopping centres increased by more than 10% compared to 2014. Moreover, the portfolio retained a high occupancy rate at 93.9% which is comparable to that of the end of previous year (2014: 94.3%).

RESIDENTIAL

Key Figures – December 2015

82.8 %
Occupancy

12,483
Number of residential units

18 MEUR
Rental income 2015

276 MEUR
Carrying value

758,000 sqm
Gross lettable area

The Group is an influential player in the Czech Republic residential housing market holding the position of the second largest provider of rental housing. The existing housing stock of the Group includes 12,483 rental flats in 15 cities across the Czech Republic concentrated mainly in the North Moravia, North Bohemia and Middle Bohemia regions. The rental housing portfolio is managed under the brand CPI BYTY, a.s. In comparison to the last period the number of residential units decreased slightly due to the sale of flats in Prague.

RESIDENTIAL 2015	No. of residential units	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income MEUR	Rent per sqm EUR	Churn rate %	Outstanding financing MEUR
Czech Republic - Prague	500	44	16%	31	98.0%	2	4.9	10.4%	111
Czech Republic - other	11,980	229	83%	727	83.0%	16	2.3	10.7%	
France	3	3	1%	0	100.0%	0.08	41.1	0.0%	4
THE GROUP	12,483	276	100%	758	83.2%	18	2.4	10.7%	115

RESIDENTIAL 2014	No. of residential units	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income MEUR	Rent per sqm EUR	Churn rate %	Outstanding financing MEUR
Czech Republic - Prague	569	45	16%	34	96.8%	2	5.3	10.4%	108
Czech Republic - other	11,964	229	83%	727	81.8%	16	2.4	11.9%	
France	3	3	1%	0.17	100.0%	0.04	24.6	0.0%	4
THE GROUP	12,536	277	100%	761	82.5%	18	2.5	11.9%	112

The residential strategy continues to be the long-term rent of its portfolio supported through client's centre networks and skilled professionals employed by the company. In all cities where CPI BYTY operates, an internal property and sales department can be found.

Investment expenditures for upcoming year are planned for rooves, sewerage and flat reconstruction that are determined for new clients.

CPI Property Group
Buddha-Bar Hotel Prague

HOTELS

Key Figures – December 2015

25		343	MEUR
Number of properties		Carrying value	
20	MEUR	9,373	
Rental income 2015		Number of beds	

The Group is one of the largest Czech owners and developers of hotels. As a result of the acquisition of Hospitality Invest in the previous period the hotel portfolio has grown and currently includes 25 hotels located in capitals and main cities of the Czech Republic, Hungary, Poland and Italy.

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

In 2015, the portfolio has been extended by a new acquisition of a four-star hotel in Rome. This transaction also includes lease-back of the hotel business to the vendor.

The Group owns a unique collection of well-established luxury boutique and all-suite residence hotels operated under the Mamaison brand. These hotels are administered by an external operator and generate a rental income for the Group. Our hotels are located in Prague, Ostrava, Warsaw, and Budapest.

HOTELS 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	No. of beds	Rental income MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	19	263	77%	188	8,205	18	7.7	12.7	109
Italy	1	36	11%	19	634	0.3	9.5	5.0	25
Hungary	3	22	6%	13	320	1	7.1	9.0	12
Poland	2	22	6%	9	214	1	13.0	10.0	14
THE GROUP	25	343	100%	229	9,373	20	8.0	11.6	160

HOTELS 2014	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	No. of beds	Pro forma rental income* MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	19	245	92%	188	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%	205	8,617	14	7.0	12.7	119

*as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2014

Among the major hotels of Mamaison portfolio belongs:

Mamaison Hotel Riverside Prague, uniquely located and boasts award-winning Art Nouveau-style interior design, which provides ideal accommodation for both leisure and business guests in a fashionable district of Prague. The hotel enjoys nearby connections to the city's business districts, the airport and the city's main cultural attractions. With elegant accommodation in 80 rooms, views and top facilities, this artistic hotel offers fantastic rates for city stays in stylish and historic surroundings.

Imperial Hotel Ostrava is one of the best-known hotels in the city of Ostrava 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 as well as for pleasant relaxation following a demanding day. The hotel offers 162 comfortable, 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, government and tourist districts. Uniquely designed in Bauhaus style, it offers superior accommodation with 68 rooms.

Mamaison Hotel Le Regina Hotel Warsaw, a boutique hotel expertly blends historic charm with a modern, chic interior design .The hotel 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 city's central train station and airport.

The existing hotels is an expression of the Group's cutting-edge facilities, in conjunction with a quality and experienced operator, create a highly competitive enterprise with the CEE region. Establishing the Clarion brand and the reconstruction of regional hotels into modern multi-purpose hotels has resulted into positive feedback from our hotel guests and moreover has increased the hotel's occupancy.

INDUSTRY AND LOGISTICS

Key Figures – December 2015

95.4 %	Occupancy
17	Number of properties
12 MEUR	Rental income 2015
144 MEUR	Carrying value
263,000 sqm	Gross lettable area

Logistics is the most recent class of assets in which CPI PG has started to invest in which the Group will continue to expand. 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 the Slovak Republic, the Continental Logistics Park in the Czech Republic, commercial premises in Berlin as well as the Airport City Logistics Park in Hungary.

INDUSTRY AND LOGISTIC 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Slovak Republic	1	84	58%	119	98.3%	6	4.6	4.7	45
Czech Republic	12	37	25%	65	90.1%	3	4.8	4.4	18
Hungary	3	16	11%	27	86.5%	2	5.0	5.8	7
Germany	1	7	5%	52	100.0%	1	1.9	7.5	0
THE GROUP	17	144	100%	263	95.4%	12	4.1	5.2	70

INDUSTRY AND LOGISTICS 2014	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Pro forma rental income* MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Slovak Republic	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 2014

The Group has succeeded in it's expansion of lease contracts with several tenants in Airport City Logistics Park, Continental Logistics Park and the Autologistics Park Lozorno. This segment retains a relatively high occupancy at 95.4% which is comparable to the 95.5% achieved in December 2014.

The portfolio is financed by bank loans and a lease of EUR 70 million in total (2014: EUR 66 million).

HOSPITALITY

Key Figures – December 2015

3	Number of properties
57 MEUR	Carrying value
75.9 %	Average occupancy
958	Number of beds

The portfolio includes hotels operated by the Group. Within the hotel portfolio there are 3 hotels with a total value of MEUR 57 million.

The Group also operates the Marriott Courtyard, Budapest City Centre hotel. 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 2015	No. of properties	Carrying value MEUR	Carrying value %	Number of beds	Hotel revenues MEUR	Net hotel income MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing MEUR
Russia	1	26	46%	168	4	2	78.0%	169.0	0
Hungary	1	16	29%	468	5	2	74.8%	57.7	15
Czech Republic	1	15	25%	322	4	2	75.0%	64.0	10
THE GROUP	3	57	100%	958	13	6	75.9%	96.9	25

HOSPITALITY 2014	No. of properties	Carrying value MEUR	Carrying value %	Number of beds	Pro forma hotel revenues* MEUR	Pro forma net hotel income* MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing EUR
Russia	1	26	36%	168	0	0	70.0%	202.0	0
Hungary	1	17	23%	468	4	1	71.8%	52.6	18
Czech Republic	1	14	19%	322	0	0	70.0%	61.0	11
Poland	2	17	22%	348	0	0	57.0%	77.0	10
Slovak republic	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 2014

At the end of 31 December 2015, the Group disposed of both the Hotel Vienna in Poland and Hotel Sulekova Residence in the Slovak Republic. These two hotels were sold off to a third party. Additionally the Group has reclassified Hotel La Regina in Poland into Income generating rental properties. This was the result of the change in business model.

The actual hotels portfolio also includes:

Spa Hotel Pokrovka Residence Moscow, located in the historic downtown offers some of the most spacious accommodation in the Russian capital. The boutique hotel has 84 bedrooms and is a uniquely warm and modern hotel amongst the conventional luxury hotels in Moscow.

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

Marriott Courtyard Hotel Budapest offers 234 rooms and is located in Budapest city centre on one of the main public transportation junctions and nearby two of Budapest's most famous attractions, Andrassy Avenue and the River Danube.

In July 2015, the Group obtained a 5-year refinancing package for its boutique hotels portfolio and achieved long-term EUR 58 million refinancing with Erste Bank.

AGRICULTURE

Key Figures – December 2015

230 million sqm	61 MEUR
Total area	Carrying value
4 MEUR	15 MEUR
Net income from agriculture	Revenue from agriculture

The agriculture portfolio was acquired through the acquisition of Spojené Farmy group ("Farmy") which is one of the largest owners of farmland and producers of high-quality organic food in the Czech Republic. The portfolio includes over 11,500 hectares of land with a total value of EUR 49 million and production farms and equipment used for agriculture production worth EUR 12 million. In addition to this portfolio, Farmy operates 12,000 hectares of land leased outside of 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.

AGRICULTURE 2015	Total Area* ths sqm	Carrying value MEUR	Property value %	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture MEUR	Outstanding financing MEUR
Czech Republic	230,770	61	100%	8	7	4	38
THE GROUP	230,770	61	100%	8	7	4	38

AGRICULTURE 2014	Total Area* ths sqm	Carrying value MEUR	Property value %	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture MEUR	Outstanding financing MEUR
Czech Republic	201,715	57	100%	1	1	-1	4
THE GROUP	201,715	57	100%	1	1	-1	4

*land area owned and operated

The agriculture business receives state subsidies, which are provided by the State Agricultural Intervention Fund in order to support agriculture from European Union funds. Subsidies are received on an annual basis and total EUR 8 million. Revenues for the year 2015 from agriculture, including subsidies are EUR 15 million with net income at EUR 4 million.

In June, the Group obtained a new credit facility to refinance the acquisition of Spojené farmy. The facility in the amount of EUR 35 million was provided by Československá obchodní banka. As of 31 December 2015 the Group has EUR 35 million.

In 2014, the acquisition of the agriculture portfolio took place in the second half of the year therefore the performance was low in comparison to 2015.

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CPI Property Group
Crans-Montana, Switzerland

CPI Property Group

MOUNTAIN RESORTS

Key Figures – December 2015

1	Number of properties
100 MEUR	Carrying value

In October 2015, the Group acquired Crans-Montana ski resort in Switzerland. The acquisition comprises a Swiss entity holding and operating cable cars in the Crans-Montana ski resort and a Swiss entity holding certain real estate and rights to develop a hi-end hotel complex including spa, congress centre, shopping and entertainment areas as well as parking in Crans-Montana. Crans-Montana is a ski resort in southwestern Switzerland, in the heart of the Swiss Alps in the French speaking canton of Valais. It is considered one of top Swiss resorts, together with Davos, St. Moritz, Verbier, and Zermatt. The aggregate acquisition price is EUR 65 million.

MOUNTAIN RESORTS 2015	No. of properties	Carrying value MEUR	Carrying value %	Net operating income* MEUR	Outstanding financing MEUR
Switzerland	1	100	100%	-0.6	28
THE GROUP	1	100	100%	-0.6	28

*The performance presented in the table above is for the last two months of 2015.

DEVELOPMENT

Key Figures – December 2015

7,000 sqm	3 MEUR
Potential gross leasable area	Development for rental
34,000 sqm	83 MEUR
Potential gross saleable area	Development for sale

The Group views development as a mean of increasing the value of land and other assets by new construction. These assets will remain in the Group's portfolio as a yielding property or are planned for future sale. Despite this fact the Group decided to pull out its development activities due to macroeconomic conditions of the retail market.

DEVELOPMENT 2015	No of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MEUR	Development for sale MEUR	Development for rental %	Development for sale %	Remaining development costs MEUR
Czech Republic	2	7	0	3	0	100%	1%	23
France	1	0	3	0	77	0%	92%	0.2
Italy	1	0	31	0	6	0%	7%	10
THE GROUP	4	7	34	3	83	100%	100%	33

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

DEVELOPMENT FINANCING 2015	Bank loans MEUR	Other external financing MEUR	Internal financing MEUR	Total MEUR
Czech Republic	0	0	2	2
France	31	0	45	76
THE GROUP	31	0	47	78

DEVELOPMENT 2014	No of properties	Potential GLA ths sqm	Potential GSA ths 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 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

The largest focus is on the completion of current development projects – the reconstruction of the existing IGY shopping centre in České Budějovice, construction of the new building IGY 2 as well as a new project in Italy.

The extension of the IGY Centrum will bring a wider range of services, shops and entertainment with the most modern technologies including a nine screen multi-plex cinema. Refurbishment of the current phase will deliver a unique building façade, refurbishment of the interiors, food court relocation, clear navigation system and modern furniture. New IGY with a total leasable area of 29,000 sqm will become the largest and most dominant shopping centre in České Budějovice and the South-Bohemian Region. Development finalization is planned at the end of 2017.

In the year ended 31 December 2015, the Group completed its development projects that mainly included reconstruction of the residential complex Palais Maeterlinck in France and the development project Meteor Centre Office Park – building C, located in Prague, the Czech Republic. Additional development projects were disposed of such as Živnobanka in Prague and remaining residential apartments in Quadrio Residence.

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 comprises of approximately 6,000 sqm of residential area and 3 hectares of land. Reconstruction enabled the creation of luxurious apartments, which are intended for sale.

The completed development project Meteor Centre Office Park – building C, located in Prague, offers over 5,000 sqm of office and commercial space. The Meteor project is of great interest, mainly due to its superb location, excellent technical quality and modern design.

In 2015, the Group disposed of the former Živnobanka building located at Na Příkopě street in the centre of Prague to CEFC China Energy Company Limited ("CEFC"). CEFC has selected the former Živnobanka building for the purpose of the firm's European headquarters. The profit from this transaction amounted to EUR 14 million.

In the previous period the Group acquired a 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 mediterranean on an area of more than 30,000 sqm near Porto Cervo, one of the prime resorts of Sardinia. The project contains plots with building permits and all rights connected to the land. The villas are to be constructed are planned and are to be sold to outside clients.

LAND BANK

Key Figures – December 2015

18 million	sqm	224	MEUR
Total area		Carrying value	

LAND BANK 2015	Total area ths sqm	Area with zoning ths sqm	Area without zoning ths sqm	Carrying value MEUR	Carrying value %	Outstanding financing MEUR
Czech Republic	17,397	1,146	16,251	159	71%	0
Romania	302	268	34	16	7%	0
Hungary	168	168	0	38	17%	2
Poland	25	0	25	4	2%	0
Germany	13	13	0	7	3%	0
THE GROUP	17,905	1,595	16,310	224	100%	2

LAND BANK 2014	Total area ths sqm	Area with zoning ths sqm	Area without zoning ths sqm	Carrying value MEUR	Carrying value %	Outstanding financing MEUR
Czech Republic	17,418	1,113	16,305	163	69%	2
Romania	302	268	34	17	7%	0
Hungary	186	186	0	47	20%	6
Poland	25	0	25	3	1%	0
Germany	13	20	0	6	3%	0
THE GROUP	17,944	1,587	16,364	236	100%	8

Land bank is comprised of an extensive portfolio of land plots throughout the Czech and Slovak Republics, 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 9% are with zoning which is comparable to December 2014.

In June 2015, the Group extended its land bank portfolio by more than 41,000 sqm due to the acquisition of Karviná Property Development, a.s. The intention of the Group is to use the acquired plot for development purposes in the future. On the contrary, the Group sold 23,000 sqm of land bank representing selected projects in Hungary, which did not fit to the corporate business strategy.

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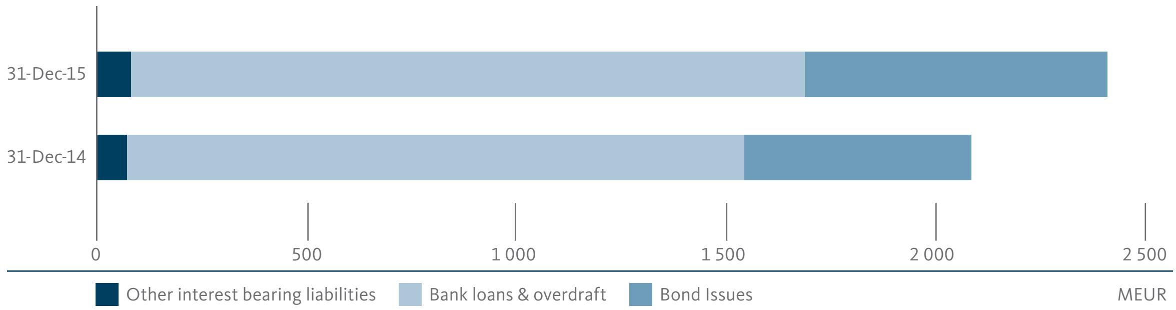
Longin Business Center, Prague

CPI Property Group

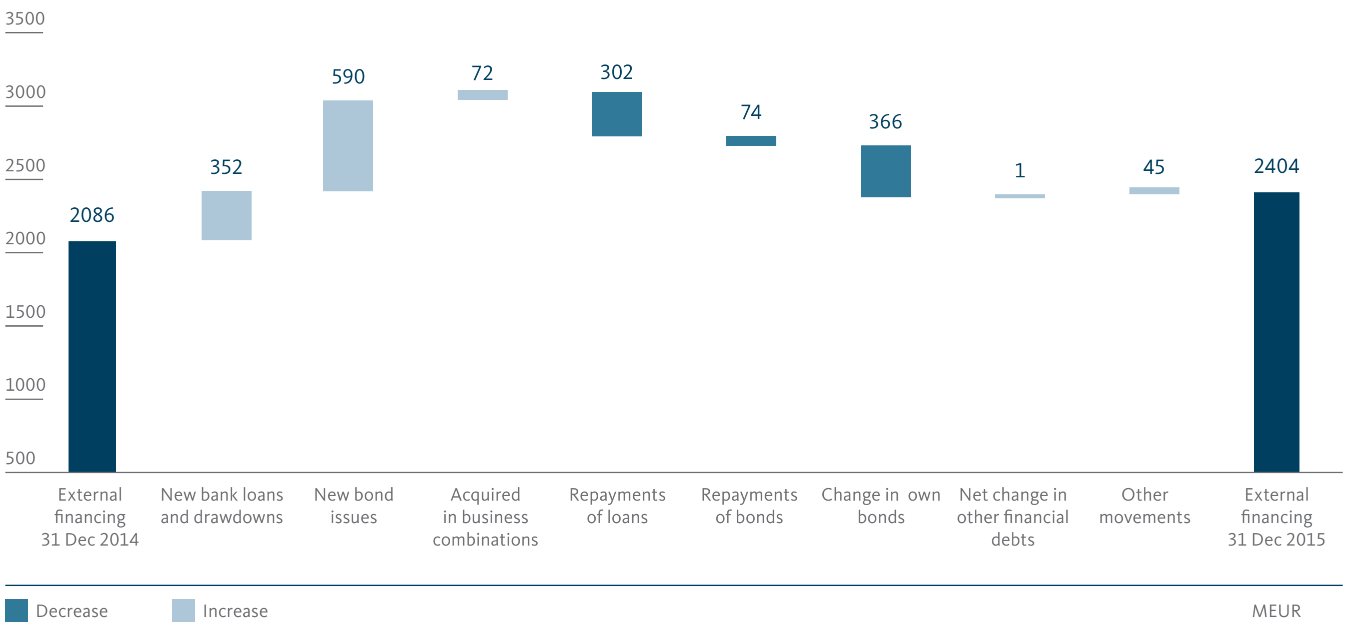
FINANCING

The external financing total of EUR 2,405 million as of 31 December 2014 (2014: EUR 2,086 million) of which financial debts represent EUR 1,689 million (2014: EUR 1,546 million) and issued bonds represent EUR 715 million (2014: EUR 540 million). The net interest expenses total EUR 80 million (2014: EUR 66 million). The structure of external financing did not change compared to 31 December 2014 as bank loans and bonds represent 96% of the Group´s financing (2014: 96%).

STRUCTURE OF EXTERNAL FINANCING



CHANGES IN EXTERNAL FINANCING



The total volume of new financing and refinancing reached EUR 999 million in 2015, of which EUR 72 million represents financing acquired with the new portfolio. New drawings were compensated by repayments of bank loans at EUR 302 million and redemption of bonds in amount of EUR 74 million.

Net interest expenses represent EUR 79 million in 2015 (2014: EUR 66 million). The substantial increase is primarily attributable to three main effects:

- one-off costs of EUR 8 million (partially non-cash) related to the acquisition of own bonds issued in 2013;
- increase in the volume of new financing as a result of new acquisitions and successful refinancing of the current property portfolio;
- decrease in the interest income from EUR 23 million in 2015 to EUR 19 million in 2014 due to the divestment of non-core interest bearing receivable to the majority shareholder.

Excluding these effects the balance of interest expenses in 2015 is fully comparable to 2014.

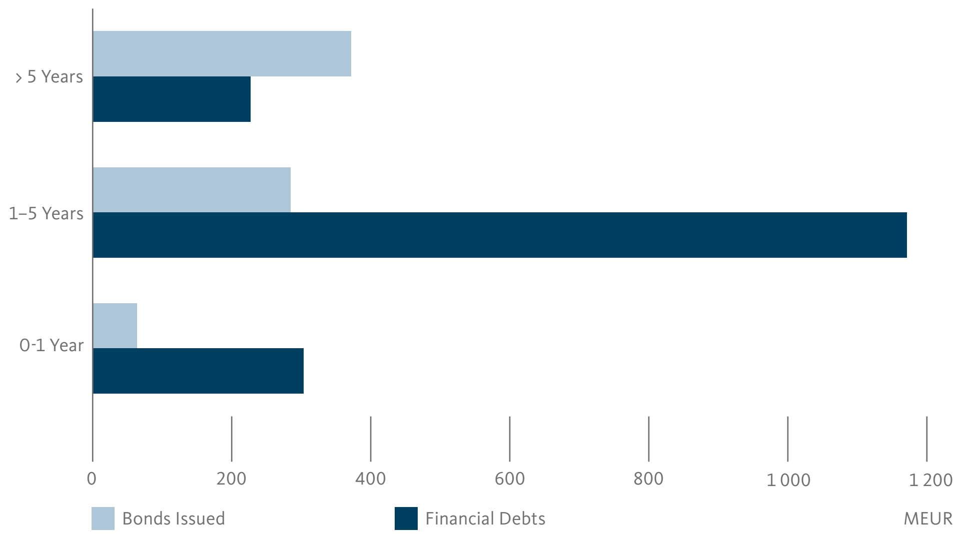
The Group financing strategy focuses on establishing the most effective sources structure of external financing alongside the successful management of the property portfolio. The loan to value ratio of 58.8% as at 31 December 2015 compared to the previous period (2014: 55.7%) and the volume of new financing reflect the Group's intention to maximise utilization of favourable conditions on capital markets.

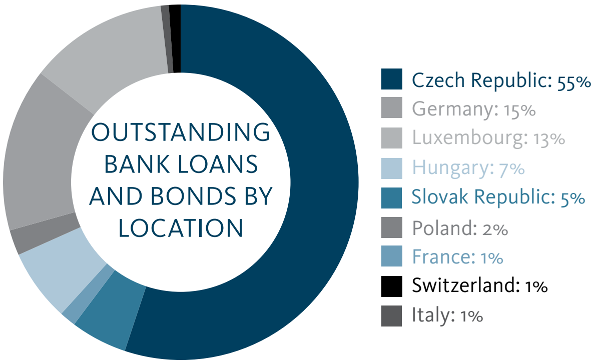
Net Debt		31-Dec-15	31-Dec-14
Financial debts (non-current)	MEUR	1,368	1,220
Financial debts (current)	MEUR	324*	326
Bonds issued (non-current)	MEUR	656	507
Bonds issued (current)	MEUR	59	33
Cash and cash equivalents	MEUR	-159	-108
Net debt	MEUR	2,248	1,978
Property Portfolio	MEUR	3,822	3,553
Loan to value ratio in %	%	**58.8%**	**55.7%**

*Financial liabilities arising from assets held for sale (EUR 3 million) included

The maturity profile of the Group's external financing as of 31 December 2015 is showed in the chart below:

MATURITY PROFILE OF EXTERNAL FINANCING





76% of the outstanding balance of external financing is due within 5 years and has changed from the previous period (2014: 82%). This change is substantially driven by the maturity structure of bonds, which has changed from 69% in year 2014 to 48% in year 2015. The maturity structure of financial debts of which 87% is payable within 5 years, remained at similar levels (2014: 87%).

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.

Out of the 55% share of the Czech Republic, 31% represent bonds financing which include project and corporate bonds in the amount of EUR 390 million. The Group commenced to acquire loans and bonds to a greater extent on German capital market, as the share raised from 15% in year 2014 to 28% in year 2015.

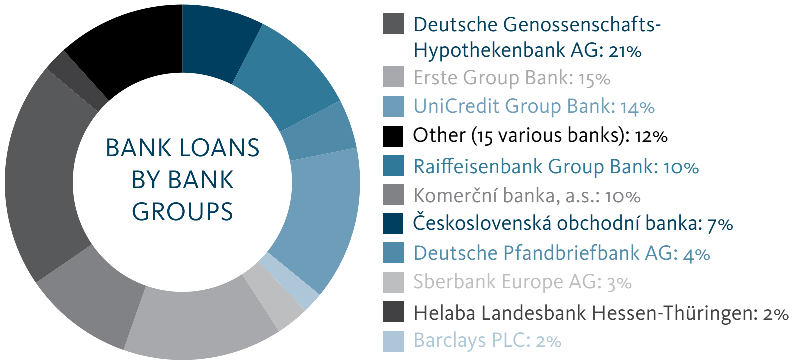
Bank loans

A significant part of the interest-bearing liabilities represents bank loans. The bank loans balance, including bank overdrafts which total EUR 1,598 million as of 31 December 2015 and compared of 31 December 2014 a gain of EUR 142 million. The main reason of the upturn were as follows:

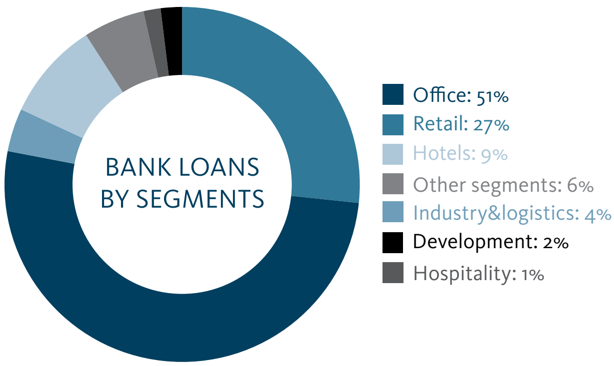
- loans acquired with new portfolio in a total value of EUR 72 million;
- new loans drawn in 2015 valued at EUR 352 million;
- loans repaid in 2015 valued at EUR 302 million;
- further changes representing mainly FX differences.

A ratio of loans drawn in Czech crowns against loans drawn in Euro remains stable at the level 32:68 as of 31 December 2015 (2014: 29:71).

EUR 1,211 million which represents 76% of outstanding bank loan balance is drawn from 6 financing bank groups; in total the Group cooperate with 25 banks.



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



Interest rate fluctuation could have a significant impact on the Group´s profit. The Group has therefore entered into interest rate swap contracts to hedge against the interest rate fluctuation. The fair value of the open swaps is negative of EUR 17 million (2014: negative of EUR 21 million).

Within the outstanding bank loans balance, 56% bear variable interest and are hedged by derivatives, 35% bear variable interest and are not hedged by derivatives and 7% bear a fixed interest. Bank loans bear an interest of EUR 46 million (2014: EUR 45 million). Effective costs of financing are 2.32 % p.a. (2014: 3.14% p.a.).

Bonds

Bonds represent a significant and additional source of the Group´s financing. Bonds balance totals EUR 715 million as at 31 December 2015 (2014: EUR 540 million) and comprises of project bonds of EUR 163 million (2014: EUR 163 million) and corporate bonds of EUR 552 million (2014: EUR 377 million).

In 2015, the Group issued the following new bonds:

- corporate bonds in a total nominal value of EUR 30 million, issued on 16 April 2015, with maturity in April 2018, bearing a fixed interest of 5.85% p.a.;
- project bonds CPI BYTY 2.50/17 in a total nominal value of EUR 11 million, issued on 11 May 2015 with maturity on 7 May 2017, bearing a fixed interest of 2.50% p.a.;
- corporate bonds in a total nominal value of EUR 500 million, issued on 20 August 2015 and 5 November 2015, which mature on 20 August 2025 and bear a fixed interest of 5.0 % p.a.;
- corporate bonds CPI 4.75/19 in a total nominal value of EUR 50 million, issued on 24 August 2015, which mature on 24 August 2019 and the bear the fixed interest rate of 4.75% p.a.;

The Group repaid two tranches of bonds during 2015. On 23 March 2015, the Group repaid CPI VAR/15 bonds, which were issued on 23 March 2012 and the nominal value of bonds issued amounted EUR 15 million. On 7 May 2015, bonds CPI BYTY 2.50/15, were repaid. These bonds were issued on 7 May 2013 and the nominal value amounted to approximately EUR 11 million. The Group´s subsidiary CPI Finance Netherlands B.V. gradually acquired its own bonds from bond holders (emissions: CPI Finance NL 5% 2011-2021; CPI Finance NL 5% 2012-2022 and CPI Finance NL 5% 2013-2023) and decided to liquidate these bonds. The liquidation was carried out in December 2015.

In addition, the bonds of EUR 366 million were acquired by the Group in 2015. Interest of EUR 13.3 million was accrued as at 31 December 2015.

Bonds bear an interest of EUR 49 million for 2015 (2014: EUR 39 million).

More than 62% of the bonds outstanding balance (EUR 447 million) provide unsecured financing primarily at CPI level, while the remaining part represents bonds which are secured by a mortgage. Unsecured bonds are generally used as source of financing for current and future investment activities.

The significant volume of issued bonds (44% of the nominal balance) is held by other companies within the Group which provide a certain level of flexibility of financing the investment activities. Effective costs of financing are 5.46% p.a. (2014: 6.42% p.a.).

A ratio of bonds issued in Czech crowns against bonds issued in Euros is 54:46 as of 31 December 2015 (2014: 79:21).

Bonds with an outstanding balance of EUR 666 million (93%) were registered for trading on various European stock exchanges. Certain bonds are subject to covenants, which were all met as of 31 December 2015.

CPI Property Group
GSG Berlin Gustav-Meyer-Alle

RESULTS AND NET ASSETS

Pro forma income statements

Income statement for the year ended 31 December 2015 corresponds to the annual consolidated financial statements.

Pro forma income statement for the year ended 31 December 2014 represents the Group´s income and expenses as if CPI and CPI PROPERTY GROUP were combined as of 1 January 2014.

MEUR	Reported 31-Dec-15	Pro forma 31-Dec-14
Gross rental revenue	**218**	**203**
Net service revenue	24	14
Property operating expenses	-36	-30
Net rental income	**206**	**187**
Development sales	10	46
Cost of goods sold	-8	-44
Net development income	**2**	**2**
Hotel revenue	14	4
Hotel operating expenses	-8	-3
Net hotel income	**6**	**1**
Revenues from other business operations	18	2
Cost of goods sold	-1	-1
Related operating revenues	-12	-2
Net income from other business operations	**5**	**-1**
Total revenues	**284**	**269**
Total direct business operating expenses	-65	-80
Net business income	**219**	**189**
Net valuation gain or loss on investment property	45	108
Net gain or loss on disposal of investment property	0	-2
Net gain or loss on disposal of subsidiaries	18	4
Amortization, depreciation and impairments	-23	-5
Other operating income	7	4
Administrative expenses	-37	-32
Other operating expenses	-19	-9
Operating result	**210**	**257**
Interest income	19	23
Interest expense	-98	-89
Other net financial result	-6	-3
Net finance income / (costs)	**-85**	**-69**
Profit / (Loss) before income tax	**125**	**188**
Income tax expense	-36	-53
Net profit / (Loss) for the period	**89**	**135**

Net rental income

Net rental income has grown significantly by 10% to EUR 206 million in 2015 (2014: EUR 187 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 improved property performance as well as to the acquisitions performed by the Group over the last 12 months that were not contributing to the revenues in 2014. Property operating expenses increased by EUR 6 million reflecting the extended property portfolio and high level of spending resources in repairs in the period 2015.

Net hotel income

Net hotel income boosted to EUR 6 million compared to EUR 1 million in 2014. The main reason represents the acquisition of Hospitality Invest Group in December 2014 with the excellent business performance in 2015.

Net income from other business operations

In 2015, the Group's other business operations generated profit of EUR 5 million compared to the loss suffered of EUR 1 million in 2014. This positive result is primarily attributable to agriculture operations. Revenue from mountain resort, which was acquired in November 2015, also contributed to the total profit.

Net business income

The net business income evidently improved from EUR 189 million in 2014 to EUR 219 million in 2015 which corresponds with the enhanced result from rental activities and extended property portfolio.

Net valuation gain on investment property

Net valuation gain of EUR 45 million resulted from revaluation of the property portfolio. Significant valuation gain was realized with the Berlin office portfolio in a total of EUR 32. On the other hand, partial valuation losses were realized on Land bank in the Czech Republic (EUR 3 million) and the Retail portfolio in the Slovak Republic (EUR 9 million).

Amortization, depreciation and impairments

Amortization, depreciation and impairments in 2015 has increased by EUR 18 million primarily due to the recognition of the additional impairment of EUR 16.4 million on receivable concerning part of deferred selling price.

Administrative expenses

Administrative expenses escalated from EUR 5 million to EUR 37 million in 2015. The increase reflects the extension of the Group's operations resulted in the expansion of the headcount from 797 to 1,293 as well as in the extended requirements for the financial and other advisory services.

Other operating expenses

The substantial rise in other operating expenses is directly attributable to the final settlement of EUR 10 million with the vendor of the project in the Czech Republic.

Operating result

The decline in operating result by EUR 46 million has been driven namely by the effect of the substantial revaluation gain of EUR 108 million in 2014. Excluding the reactions of revaluation in both periods, the operating profit has shown a robust growth of 10%.

Net finance income / costs

The total net finance result dropped from a loss of EUR 69 million in 2014 to loss of EUR 86 million in 2015. An step-up in interest expenses of EUR 9 million principally reflects the additional costs of financing in respect to the extension of the Group's property portfolio. A further effect on the total net finance result was a reduction of interest income from EUR 23 million in 2014 to EUR 18 million in 2015 due to a loss in balance of interest bearing receivables – as described in Corporate news.

Net profit

As a result of this information, the net profit for the period amounted to EUR 89 million. The downturn has the same causes in relation to the operating result (ie. a substantial revaluation gain in 2014 and implicit deferred tax).

Funds from operations (FFO)

Over 2015, the Group generated EUR 83 million Funds from operations (FFO).

Funds from operations (FFO)		31-Dec-15	Pro forma 31-Dec-14
Net profit for the period	**MEUR**	**89**	**135**
Deferred income tax	MEUR	29	45
Net valuation gain or loss on investment property	MEUR	-45	-108
Net valuation gain or loss on revaluation of derivatives	MEUR	-3	7
Net gain or loss on disposal of assets	MEUR	-20	-2
Amortization, depreciation and impairments	MEUR	26	4
Other non-recurring items	MEUR	7	1
Funds from operations (FFO)	**MEUR**	**83**	**82**

Income statement – as reported

The income statement for the year ended 31 December 2015 corresponds to annual consolidated financial statements. The comparative information disclose the result of the Group as reported, ie. the first 6 months of the year 2014 are represented by business activities of CPI exclusively.

Reported income statement for the year ended 31 December 2015 is as follows:

MEUR	Reported 31-Dec-15	Reported 31-Dec-14
Gross rental revenue	218	182
Net service revenue	24	10
Property operating expenses	-36	-26
Net rental income	**206**	**166**
Development sales	10	46
Cost of goods sold	-8	-44
Net development income	**2**	**2**
Hotel revenue	14	4
Hotel operating expenses	-8	-3
Net hotel income	**6**	**1**
Revenues from other business operations (activities)	18	2
Cost of goods sold	-1	-1
Related operating revenues	-12	-2
Net income from other business operations (activities)	**5**	**-1**
Total revenues	**284**	**244**
Total direct business operating expenses	-65	-76
Net business income	**219**	**168**
Net valuation gain or loss on investment property	45	13
Net gain or loss on disposal of investment property	0	-2
Net gain on disposal of subsidiaries	18	4
Amortization, depreciation and impairments	-23	-5
Other operating income	7	85
Administrative expenses	-37	-26
Other operating expenses	-19	-6
Operating result	**210**	**231**
Interest income	19	22
Interest expense	-98	-84
Other net financial result	-6	-12
Net finance income / (costs)	**-85**	**-74**
Profit / (Loss) before income tax	**125**	**157**
Income tax expense	-36	-20
Net profit / (Loss) for the period	**89**	**137**

Gross rental income saw an upsurge of 20%. The primary reason represents the contribution of the GSG component (Berlin properties). As the combination of CPI and CPI PG transpired in June 2014, only gross rental income representing the period of six months was recognized in the year ended 31 December 2014. An similarly alternative reason was the acquisition of the Hospitality Group which was performed in December 2014.

Net valuation gain of EUR 47 million results principally from the valuation gain on the office portfolio in Germany and Hungary. The gain was driven primarily by the overall performance improvement of the projects.

In 2014, further operating income essentially represented the gain on the bargain purchase reflecting the combination of CPI and CPI PG.

A substantial increase in administrative expenses is generally attributable to the Group's expansion in 2014 and chiefly reflects the effect of the combination of CPI and CPI PG in June 2014.

Balance sheet

Balance sheet as at 31 December 2015 corresponding to annual consolidated financial statements.

MEUR	31-Dec-15	31-Dec-14
NON-CURRENT ASSETS		
Intangible assets and goodwill	73	73
Investment property	3,534	3,373
Property, plant and equipment	184	105
Biological assets	2	2
Other non-current assets	52	86
Total non-current assets	3,845	3,639
CURRENT ASSETS		
Inventories	85	85
Biological assets	4	4
Trade receivables	66	47
Cash and cash equivalents	159	108
Other current assets	164	336
Total current assets	478	580
TOTAL ASSETS	**4,323**	**4,219**
EQUITY		
Equity attributable to owners of the Company	1,317	1,552
Non controlling interests	21	7
Total equity	1,338	1,559
NON-CURRENT LIABILITIES		
Bonds issued	656	507
Financial debts	1,368	1,220
Deferred tax liabilities	410	385
Other non-current liabilities	41	57
Total non-current liabilities	2,475	2,169
CURRENT LIABILITIES		
Bonds issued	59	33
Financial debts	321	326
Trade payables	42	32
Other current liabilities	88	100
Total current liabilities	510	491
TOTAL EQUITY AND LIABILITIES	**4,323**	**4,219**

Total assets and total liabilities

Total assets increased by EUR 104 million (2.5%) to EUR 4,323 million as at 31 December 2015. The rise is primarily connected with the upturn in the property portfolio which rose by EUR 269 million and the boost in cash and cash equivalents that rose by EUR 51 million. The most significant opposite effect reflects the fact that the Company acquired its own shares from a major shareholder, resulting in a decrease of equity by EUR 342 million. This was partially offset by the confident result of EUR 89 million for the period ending 31 December 2015.

Non-current and current liabilities at a total of EUR 2,475 million as of 31 December 2015 which represents the progress of EUR 306 million (14%) compared to 31 December 2014. Main driver of this upswing was a growth in external financing in a total of EUR 318 million which represents an adjustment in the maturity profile of bank loans reflecting the successful refinancing of external debt accomplished during the year 2015.

Equity (Net assets value)

EPRA NAV subsided to EUR 1,732 million which was sourced by equity transaction aforementioned in the corporate highlights. As this transaction was neutral on value per share, EPRA NAV per share increased from EUR 0.587 to EUR 0.629 reflecting a substantial profit of EUR 89 million for the period ended 31 December 2015.

Net Asset Value		31-Dec-15
Equity per the financial statements (NAV)	**MEUR**	**1,317**
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**	**1,317**
Revaluation of trading property and PPE	MEUR	29
Fair value of financial instruments	MEUR	17
Deferred tax	MEUR	412
Goodwill	MEUR	-43
EPRA NAV	**MEUR**	**1,732**

CPI Property Group
Česká pojišťovna HQ II., Prague

OUTLOOK

The European real estate market is experiencing a meaningful expansion and upsurge in property prices with investors, developers and banks all holding encouraging expectations for the future.

In the field of acquisitions, CPI Property Group is deliberately vigilant in its approach to the adoption of potential procurements. The company is concentrated on a substantial and dependable model of acquirement where the completed and functional projects generate a considerable amount of income. The Group is anticipating to invest in cases of highly appealing contingencies and the strategic priorities continue to demonstrate the delivery of attractive long-term returns. This, in-turn benefits and supports the development and co-ordination of an extensive property portfolio appropriately diversified by geography, sector, and property enterprise. Capital is allocated between these prerogatives which is increasingly having to regard macro-economic and social trends. The Group is also in progression with retaining a robust, low-geared balance sheet to withstand unexpected future impacts. This is continuously reflected in our representative role via the asset management of buildings together with the company's financial performance.

The Group´s intended proposal is for an increased expansion of its retail portfolio. Recently, in the Czech Republic, the company has acquired the shopping centres Futurum, Kolín and Bondy, Mladá Boleslav in the Czech Republic and is exploring further opportunities for supplementary procurements. Under current construction is the extension of the IGY shopping centre in České Budějovice in addition to further new retail parks in Poland.

Observing the residential segment, the Group is currently in development of new housing and apartment projects in Prague. The long-term mission is the maintenance of existing tenants as well as the extension of leases for shopping centres, stores in retail parks, separate units, and offices. The Group's aspirations also include the enhancement of the shopping centres tenancy mix together with assuring new tenancy integration and adaptation to regional requirements.

The Group's business aspiration is the generation of value for shareholders via the ownership, vigorous management and development of an unprecedented range of properties throughout Europe. The company looks to build upon its track record and recognised skills and wants to intensify activities on an enduring and vibrant mixed-use, retail properties. The company's priority remains concentrated on the maintenance of the property portfolio, along with diversification into distinctive asset types and geographical variation all encouraged by internal stability and a strong financial base. In regards to the Group's economic performance, all indicators demonstrate a disposition towards a robust and prosperous year ahead. Undeterred by expectations that 2016 will reveal substantial movements on the markets, CPI Property Group will continue to innovate and evolve to the variable conditions and moreover to constitute the company as the forerunner and one the largest representatives of the Central Eastern European real estate market.

CPI Property Group
Clarion Congress Hotel Olomouc

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 continual and progressive implementation of the industry's best practices with respect to the corporate governance and maintains to adjust and improve 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 organised the management of internal control by the definition of control environment, the identification of the preeminent 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.

The establishment of a senior internal auditor from the whose purpose is 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.

CPI Property Group
Palais Maeterlinck, Nice

Management

The members of the management as of 31 December 2015 are:

Martin Němeček
Chief Executive Officer
Martin Němeček has been with CPI Property Group since 2011. He spearheaded the acquisition of CPI Group by CPI Property Group and was appointed CEO in 2014. Previously, Martin was the Deputy CEO of CPI Group, where he was responsible for real estate acquisitions and managed transactions with total values of over €1.5 billion, including the foreign expansion of the group and the acquisition of Ablon and Endurance Fund. Martin also oversaw the bank project financing and legal affairs of CPI Group. Prior to CPI, he worked for Salans (Dentons), Linklaters and Kinstellar law firms. Martin graduated from the University of Economics as well as the Faculty of Law at Charles University in Prague.

Zdeněk Havelka
Executive Director
Zdeněk Havelka, has been with CPI Property Group since 2002. Zdenek started his career at CPI Group as a senior accountant where he later progressed to Chief Financial Officer. In 2005, he was appointed Chief Executive Officer overseeing department directors in Development, Property management, Asset management, Acquisitions, Operations and Internal Auditing. He has most significantly guided and supervisied the growth and expansion of the Group overseas. Zdeněk graduated from the Faculty of Agriculture at University of South Bohemia in České Budějovice.

Tomáš Salajka
Director of Asset Management & Sales
Tomáš Salajka has been with CPI Property Group since 2014 and is responsible for Acquisitions, Asset Management and Sales, overseeing the maintainance and advancement the Group's portfolio. Over the previous 10 years, Tomáš had been CEO of Orco Property Group, Head of Asset Management & Sales at GE Real Estate Germany/CEE and Restructuring at ČSOB. Tomáš graduated in Foreign Trade at University of Economics in Prague.

Pavel Měchura
Chief Financial Officer
Pavel Měchura, has been with CPI Property Group since 2010 and directs the management of financial planning and accounting of the company. Pavel joined the company as an IFRS specialist and developed to IFRS Manager. In May 2014, he was appointed the Chief Financial Officer. In the past Pavel gained many years of experience at KPMG where he was responsible for leading audit engagements in the real estate, automotive and petrochemical industries. Pavel graduated from the Faculty of Economics at the Technical University of Liberec.

Martin Stibor
Director of Property Management
Martin Stibor has been with CPI Property Group since 2010 and supervises the technical, administrative and operational property management of the Group's portfolio. Martin previously worked in top management at EMCM shopping centres where he gained 10 years of invaluable experience in the property operations sector. Martin graduated from the Faculty of Civil Engineering at the Technical University of Brno.

Board of Directors

The Company is administered and supervised by the Board of Directors. The Board 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 include but are 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;
- The incorporation of companies;
- Adopting resolutions regarding issuance of bonds;
- New shares may be issued pursuant to the authorised share capital.

As at 31 December 2015, the Board of Directors consists of the following members:

- Edward Hughes, Chairman of the Board;
- Philippe Magistretti;
- Martin Němeček, Managing Director;
- Tomáš Salajka;
- Oliver Schlink; and
- 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 Acquisitions, Asset Management & Sales, and Oliver Schlink, CFO of Company's subsidiary GSG Berlin;
- 2 independent, non-executive members: Philippe Magistretti and Edward Hughes; and
- 1 non-executive member representing shareholders: Radovan Vítek.

The current Board members were appointed during the Company's annual general meeting of 2015 and their term expires at the annual general meeting of 2016 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2015.

OTHER REPORTING REQUIREMENTS

Subsequent events

Please refer to Note 11 of the Consolidated Financial Statements as at 31 December 2015.

Financial risks exposure

For a detailed description of the principal risks and uncertainties, please refer to Note 2 Basis of Preparation of the Consolidated Financial Statements as at 31 December 2015.

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 (approx. 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 (approx. 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 the Company's securities. 230,056,445 Company shares (approx. 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 (approx. 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, the following table sets out information regarding the ownership of the Company's shares as at 31 December 2015.

Shareholder	Number of shares	Share held
Radovan Vítek and entities controlled by Mr. Vítek	2,493,335,796	75.47%
ORCO PROPERTY GROUP and entities controlled by OPG	159,132,897	4.82%
Others	100,604,712	3.04%
Treasury shares	550,694,915	16.67%
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. The Company holds 16.67 % of its own shares. The voting rights and rights to dividend related to these shares will be suspended as long as they are held by the Company. .

(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 the 2014 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 the Board of Directors appointed as a collegiate body by the general meeting of shareholders. The number of members of the Board of Directors shall be 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 a 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 76 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 2015.

(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 2015.

Directors' compensation

Please refer to Note 10 of the Consolidated Financial Statements as at 31 December 2015.

Other information

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

The Company does not have any branch.

CPI Property Group
Management Report December 2015

CPI Property Group
Business Centre Quadrio, Prague

CPI Property Group

CPI
Property
Group

CPI Property Group

DECLARATION LETTER

ANNUAL FINANCIAL REPORTS

AS AT 31 DECEMBER 2015

1.1. Person responsible for the Annual Financial Report

- Mr. Martin Němeček, acting as Chief Executive Officer and Managing Director of the Company, with professional address at 40 rue de la Vallee, L-2661 Luxembourg, Grand-Duchy of Luxembourg, m.nemecek@cpipg.com.

1.2. Declaration by the person responsible for the Annual Financial Report

The undersigned hereby declares that, to the best of his knowledge:

- the consolidated financial statements of the Company as at 31 December 2015, prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company and its subsidiaries included in the consolidation taken as a whole;
- the separate financial statements of the Company as at 31 December 2015, prepared in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, give a true and fair view of the assets, liabilities, financial position and result of the Company; and
- that the Management report as at 31 December 2015, provides a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. Martin Němeček.

Luxembourg, 31 March 2016.

Mr. Martin Němeček
CEO, Managing Director

CPI Property Group
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e-mail: contact@cpipg.com
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VAT ID: LU20606227

CPI PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015

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 2015	31 December 2014
Gross rental revenue	5.1	217,787	181,988
Service revenue	5.1	13,609	6,144
Net service charge income	5.2	10,276	4,341
Property operating expenses	5.3	(35,599)	(26,226)
Net rental income		**206,073**	**166,247**
Development sales	5.4	10,022	46,626
Cost of goods sold	5.4	(7,533)	(43,293)
Development operating expenses	5.4	(160)	(946)
Net development income		**2,329**	**2,387**
Hotel revenue	5.5	13,867	4,408
Hotel operating expenses	5.5	(7,824)	(3,658)
Net hotel income		**6,043**	**750**
Revenue from other business operations	5.6	18,295	1,901
Cost of goods sold	5.6	(1,589)	(776)
Related operating expenses	5.6	(11,936)	(2,252)
Net income from other business operations		**4,770**	**(1,127)**
Total revenues		283,856	245,408
Total direct business operating expenses		(64,641)	(77,151)
Net business income		**219,215**	**168,257**
Net valuation gain	5.7	45,272	13,263
Net loss on the disposal of investment property	5.8	(414)	(1,721)
Net gain on disposal of subsidiaries and investees	5.9	18,224	3,568
Amortization, depreciation and impairments	5.10	(22,481)	(5,126)
Other operating income	5.11	6,820	85,260
Administrative expenses	5.12	(37,360)	(26,095)
Other operating expenses	5.13	(19,226)	(5,572)
Operating result		**210,050**	**231,834**
Interest income	5.14	18,815	21,512
Interest expense	5.15	(98,146)	(83,581)
Other net financial result	5.16	(6,125)	(12,341)
Net finance costs		**(85,456)**	**(74,410)**
Profit before income tax		**124,594**	**157,424**
Income tax expense	5.17	(35,390)	(19,989)
Net profit from continuing operations		**89,204**	**137,435**
Items that may or are reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		32,466	(6,271)
Effective portion of changes in fair value of cash flow hedges		7,116	(5,580)
Income tax on other comprehensive expense		(1,291)	1,027
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		38,291	(12,641)
Total comprehensive income for the period		**127,495**	**124,794**
Profit attributable to:			
Non controlling interests		**241**	**(81)**
Owners of the Company		**88,963**	**137,516**
Profit for the year		**89,204**	**137,435**
Total comprehensive income attributable to:			
Non controlling interests		**610**	**(118)**
Owners of the Company		**126,885**	**124,912**
Total comprehensive income for the year		**127,495**	**124,794**
Earnings per share			
Basic earnings in EUR per share		**0.03**	**0.05**
Diluted earnings in EUR per share		**0.03**	**0.05**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	31 December 2015	31 December 2014
NON-CURRENT ASSETS			
Intangible assets and goodwill	6.1	73,319	72,504
Investment property	6.2	3,534,314	3,373,050
Property, plant and equipment	6.3	183,968	104,567
Biological Assets	6.4	2,042	2,007
Available-for-sale financial assets	6.5	497	2,011
Financial assets at fair value through profit or loss		1,125	473
Loans provided	6.6	31,247	17,528
Trade and other receivables	6.7	12,161	46,318
Deferred tax asset	5.17	6,169	20,990
Total non-current assets		**3,844,842**	**3,639,448**
CURRENT ASSETS			
Inventories	6.8	84,783	84,674
Biological Assets	6.4	4,231	4,002
Current income tax receivables		5,020	5,145
Available-for-sale financial assets	6.5	1,601	--
Trade receivables	6.7	65,964	47,394
Derivative instruments		5	12
Loans provided	6.6	95,023	275,804
Cash and cash equivalents	6.9	159,052	108,172
Other financial current assets	6.10	7,908	6,134
Other non-financial current assets	6.11	28,352	48,641
Assets held for sale	6.12	25,942	--
Total current assets		**477,881**	**579,978**
TOTAL ASSETS		**4,322,723**	**4,219,426**
EQUITY			
Equity attributable to owners of the Company	6.13	1,316,526	1,552,026
Non-controlling interests		21,553	6,782
Total equity		**1,338,079**	**1,558,808**
NON-CURRENT LIABILITIES			
Bonds issued	6.14	655,845	506,641
Financial debts	6.15	1,368,357	1,220,343
Derivative instruments	6.16	10,976	13,957
Deferred tax liabilities	5.17	410,379	385,393
Provisions	6.17	8,079	16,630
Other non-current liabilities	6.18	20,933	25,918
Total non-current liabilities		**2,474,569**	**2,168,882**
CURRENT LIABILITIES			
Bonds issued	6.14	59,482	32,867
Financial debts	6.15	321,133	325,987
Trade payables	6.19	42,341	31,628
Advance payments	6.20	48,885	44,453
Derivative instruments	6.16	6,313	7,064
Other financial current liabilities	6.21	14,052	30,926
Other non-financial current liabilities	6.22	14,896	18,811
Liabilities linked to assets held for sale	6.12	2,973	--
Total current liabilities		**510,075**	**491,736**
TOTAL EQUITY AND LIABILITIES		**4,322,723**	**4,219,426**

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 2015		**330,377**	**1,371,877**	**(74,058)**	**5,845**	**(25,093)**	**197,766**	**(254,688)**	**1,552,026**	**6,782**	**1,558,808**
Comprehensive income:											
Profit for the year		**--**	**--**	--	--	--	--	88,963	88,963	241	89,204
Total comprehensive income		**--**	**--**	32,097	--	--	--	--	32,097	369	32,466
Net changes in fair value of cash flow FX hedges		--	--	--	--	7,286	--	--	7,286	--	7,286
Related income tax on other comprehensive expense		--	--	--	--	(1,325)	--	--	(1,325)	--	(1,325)
Net changes in fair value of cash flow IRS hedges		--	--	--	--	(170)	--	--	(170)	--	(170)
Related income tax on other comprehensive expense		--	--	--	--	35	--	--	35	--	35
Total comprehensive income		--	--	32,097	--	5,825	--	--	37,922	369	38,291
Total comprehensive income for the period		--	--	**32,097**	**--**	**5,825**	**--**	**88,963**	**126,884**	**610**	**127,495**
Contributions by and distributions to owners of the Company											
Acquisition of own shares	6.13	(55,069)	(286,432)	--	--	--	--	--	(341,501)	--	(341,501)
Effect of the acquisitions of subsidiaries under common control		--	--	--	--	--	--	(27,215)	(27,215)	--	(27,215)
Total contributions by and distributions to owners of the Company		**(55,069)**	**(286,432)**	--	--	--	--	**(27,215)**	**(368,716)**	--	**(368,716)**
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests		--	--	--	--	--	--	--	--	18,812	18,812
Disposals of subsidiaries with non-controlling interests		--	--	--	--	--	--	--	--	1,682	1,682
Other changes in non-controlling interests		--	--	--	--	--	--	6,332	6,332	(6,332)	--
Total changes in ownership interests in subsidiaries		--	--	--	--	--	--	**6,332**	**6,332**	**14,161**	**20,494**
Total transactions with owners of the Company		**(55,069)**	**(286,432)**	--	--	--	**--**	**(20,883)**	**(362,384)**	**14,161**	**(348,223)**
Balance at 31 December 2015		**275,308**	**1,085,445**	**(41,961)**	**5,845**	**(19,268)**	**197,766**	**(186,609)**	**1,316,526**	**21,553**	**1,338,079**

* **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 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 2014		**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		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.

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	31 December 2015	31 December 2014
PROFIT BEFORE INCOME TAX		**124,593**	**157,424**
Adjusted by:			
Net valuation gain on investment property	5.7	(45,272)	(13,263)
Gain on the disposal of investment property	5.8	414	1,721
Depreciation / amortisation of tangible and intangible assets	5.10	5,710	2,523
Impairment of assets / Reversal of impairment of assets	5.10.1	16,771	2,603
Gain on the disposal of property, plant and equipment		303	(95)
Gain on the disposal of subsidiaries	5.9	(18,224)	(5,772)
Loss on the disposal of equity-accounted investees		--	2,204
Net finance costs	5.14, 5.15	59,986	64,788
Gain on bargain purchase	3.5	--	(81,635)
Exchange rate differences		12,021	(10,164)
Other non-cash adjustments		939	--
Profit before changes in working capital and provisions		**157,241**	**120,334**
(Increase) Decrease in inventories		874	16,600
Decrease in trade receivables		16,547	65,208
Increase (Decrease) in trade payables		(27,700)	(29,531)
Increase (Decrease) in other liabilities		3,325	274
Income tax paid		(4,498)	(4,995)
NET CASH FROM OPERATING ACTIVITIES		**145,789**	**167,890**
Acquisition of subsidiaries, net of cash acquired	3.2	(72,628)	(8,335)
Acquisition of non-controlling interest		--	44
Acquisition of investment property		(40,640)	(20,552)
Expenditure on investment property under development		(4,974)	(36,329)
Proceeds from sale of investment property	5.8	12,752	7,152
Proceeds from sale of property, plant and equipment		856	3,067
Proceeds from disposals of subsidiaries, net of cash disposed	5.9	17,542	19,994
Cash out flow as result of subsidiary deconsolidation	3.4	(1,504)	--
Proceeds from sale of equity-accounted investees		--	5,813
Acquisition of property, plant and equipment		(8,186)	(8,527)
Acquisition of intangible assets		(1,781)	(1,057)
Loans (provided) / repaid	6.6	(86,574)	(93,791)
Interest received		5,142	1,056
NET CASH USED IN INVESTING ACTIVITIES		**(179,995)**	**(131,465)**
Proceeds from issue of share capital		--	31,000
Proceeds from bond issued	6.14	28,321	38,266
Interest paid		(83,727)	(61,527)
Drawdowns / (repayments) of borrowings		140,090	(48,325)
Drawings of finance lease liabilities		424	3,530
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**85,108**	**(37,056)**
NET INCREASE / (DECREASE) IN CASH		**50,902**	**(631)**
Cash and cash equivalents at the beginning of the year		108,172	109,605
Effect of movements is exchange rates on cash held		(22)	(802)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**159,052**	**108,172**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

CPI PROPERTY GROUP S.A. (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 registered under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

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 31 December, 2015, Radovan Vítek indirectly owns 75.47% of CPI PROPERTY GROUP (90.57% voting rights).

For the list of shareholders as at 31 December 2015 refer to note 6.13.

Change in the Board of Directors and the management

Board of Directors

Board of Directors as at 31 December 2015

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 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

The management

The management team of the Company is comprised of the following members: Martin Němeček, CEO; Zdeněk Havelka, Executive Director; Tomáš Salajka, Acquisitions, Asset Management and Sales Director; Pavel Semrád, Asset and Letting Director; Petr Beránek, Construction Director; Pavel Měchura, CFO; Martin Stibor, Director of Property Management and Martin Matula, General Counsel.

Employees

The Group has 1,293 employees as at 31 December 2015 (2014 – 797 employees).
All of the above employees were engaged in the core business activities of the Group.

2 Basis of preparation and significant accounting policies

2.1 Basis 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 30 March 2016.

(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 2015 (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:

- The amendment to IFRS 3 *Business combinations* clarifies that paragraph 2(a) of IFRS 3 Business Combinations:
  - excludes the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements from the scope of IFRS 3; and
  - the scope exception only applies to the financial statements of the joint venture or the joint operation itself.

  This amendment has no impact on the Group´s results for the financial year ending 31 December 2015.

- The amendment to IAS 40 *Investment properties* clarifies that judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on the guidance in IFRS 3. These amendments have no impact on the Group´s results for the financial year ending 31 December 2015.

- The interpretation IFRIC 21 *Levies* clarifies that a levy is not recognized until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. These interpretation has no impact on the Group´s results for the financial year ending 31 December 2015.

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 2016, 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 2016 and have not been early adopted by the Group:

- The amendment to IFRS 3 *Business Combinations* (with consequential amendments to other standards) clarifies that when contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32*,* rather than to any other standard*.* It also clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

  This amendment to IFRS 3 is effective for annual periods beginning on or after 1 February 2015. The Group is assessing the impact of IFRS 3.

- IAS 1, 'Presentation of Financial Statements' includes the following five, narrow-focus amendments to the disclosure requirements contained in the standard.

  "Materiality in IAS 1" has been amended to clarify that:

  - Immaterial information can detract from useful information.
  - Materiality applies to the whole of the financial statements.
  - Materiality applies to each disclosure requirement in an IFRS.

  "The order of the notes (including the accounting policies)" have been amended, to:

  - Remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements.
  - Clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

  These amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The Group is assessing the impact of IAS 1, however it does not assume the impact to be material.

- IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' faceare amended as follows:

  - *"Revenue-based depreciation banned for property, plant and equipment"* means that revenue-based methods of depreciation cannot be used for property, plant and equipment.
  - *"New restrictive test for intangible assets"* deals with a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

  These amendments to IAS 16, respectively to IAS 38 are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The Group is assessing the impact of IAS 16, respectively IAS 38.

- IAS 16, 'Property, Plant and Equipment' and IAS 41, 'Agriculture' related amendments say that bearer plants being in the scope of IAS 16 instead of IAS 41, to reflect the fact that their operation is similar to that of manufacturing. These amendments to IAS 16, respectively to IAS 41 are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The Group is assessing the impact of IAS 16, respectively IAS 38.

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 indicated 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(a) – Contingent consideration
- 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

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 – Valuation of biological assets
- Note 5.17 – 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
- Note 2.2 (d) Investment property under construction

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 financial statements of the acquire or at deemed costs if the local standards are different from IFRS adopted by EU. 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.

(viii) Property asset acquisition

Transactions that are not in scope of IFRS 3 Business combinations due to the fact that the acquired company does not constitute of the business in accordance with the IFRS are accounted for as assets acquisition with the impact to profit and loss statement.

(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 out 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
Guernsey	EUR
Russia	RUB
Switzerland	CHF

(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 2015	0.037	0.037
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 2015	0.235	0.239
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 2015	0.317	0.323
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 2015	0.221	0.225
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 2015	1.241	1.487
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

Date	Closing exchange rate EUR/CHF	Average exchange rate EUR/CHF for the 12-month period
31 December 2015	0.922	0.938

(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.

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 2015 and 2014 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(q) .

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(q).

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(q) .

(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	2015	2014
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.

(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 losses. 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 (v) 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	2015	2014
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, in which case they are valued at cost.

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(k)).

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 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, upon which it is reclassified in the profit and loss.

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(s)), 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) Contingent liability

Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the company. Also reported as contingent liabilities are obligations arising from past events but that have not been recognized as a liability because it is not likely that an outflow of resources will be required to settle the obligation cannot be estimated with sufficient reliability.

(n) 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.

(o) 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).

(p) 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.

(q) 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.

(r) 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.

(s) 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 (asset acquisition);
- 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.

(t) 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.

(u) 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.

(v) Related parties

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

a) 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.

b) 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 2015 based on external valuations (in most cases) performed by professionally qualified valuers. The Group's property portfolio in Czech and Slovak Republic is valued mainly by DTZ/ Cushman & Wakefield and RSM 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 (Mazars, Jones Lang LaSalle & CBRE). Property portfolio in Hungary, Poland and Romania is valued by Jones Lang LaSalle International or DTZ/ Cushman & Wakefield. The valuation for Germany portfolio as at 31 December 2015 was prepared by CBRE GmbH. Part of landbanks located in Czech Republic is valued by CPI internal valuation department.

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 portfolios of the size similar to that of the Group one are very rare. Global volatility of the financial system was reflected also in local residential and commercial real estate markets. Therefore, in arriving at the estimates of market values of investment property as at 31 December 2014 and 31 December 2015, the reliance placed on comparable historical transactions was limited. Due to the need to use the market knowledge and professional judgements of the valuers to a 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 a breakdown of assumptions 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 where 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 valuator 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 have been valued using the direct comparison method of valuation.

Biological assets

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

Valuation of livestock is 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 Group management best estimate.

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 S.A. is the Group's ultimate parent.

As at 31 December 2015 the Group is formed by parent company and 291 subsidiaries controlled by the parent company and no associate (at 31 December 2014 - 290 subsidiaries, no associate). For list of subsidiaries refer to Appendix I.

3.1 Changes in the Group in 2015

During 2015, the Group has acquired/founded the following entities:

Entity	Change	Share in %	Date of acquisition/foundation
Karviná Property Development, a.s.	acquisition	100.00%	1 June 2015
OC Futurum Kolín, a.s.	acquisition	100.00%	31 May 2015
ITL Alfa, s.r.o.	acquisition	100.00%	30 June 2015
Remontées Mécaniques Crans Montana Aminona (CMA) SA	acquisition	65.83%	30 October 2015
CMA Immobilier SA	acquisition	95.87%	30 October 2015
CMA Services Sárl	acquisition	80.85%	30 October 2015
JMB Lambda s.r.o.	acquisition	100.00%	22 December 2015
Gerossa – JMB, a.s.	acquisition	100.00%	22 December 2015
Mondello, a.s.	acquisition	100.00%	25 September 2015
CPI Finance Netherlands II, B. V.	founded	100.00%	14 January 2015
CPI Finance Ireland II Limited	founded	100.00%	22 January 2015
CPI Finance Slovakia, a.s.	founded	100.00%	16 February 2015
GSG Gewerbehöfe Berlin 6. GmbH Co. KG	founded	99.75%	17 February 2015
GSG Wupperstraße GmbH	founded	99.75%	27 May 2015
CPI Alberghi HI Roma S.r.l.	founded	100.00%	5 October 2015
CPI Finance Ireland III Limited	founded	100.00%	11 December 2015
CPI Finance Netherlands III, B. V.	founded	100.00%	17 December 2015
Farma Poustevna, s.r.o.	founded	100.00%	24 November 2015
Statek Mikulášovice, s.r.o.	founded	100.00%	24 November 2015
Šenovská zemědělská, s.r.o.	founded	100.00%	24 November 2015

The following entities were disposed of, liquidated or deconsolidated in 2015:

Entity	Change	Share in %	Date of disposal/liquidation
Polma 1, S.à r.l.	disposal	100.00%	1 May 2015
Orco Hospitality Services Sp. z o.o.	disposal	94.00%	23 April 2015
Orco Investment Sp. z o.o.	disposal	94.00%	23 April 2015
Valanto Consulting a.s.	disposal	94.00%	30 June 2015
MaMaison management, s.r.o.	disposal	94.00%	30 June 2015
ELAMOR, a.s.	disposal	100.00%	30 June 2015
Ablon s.r.o.	disposal	100.00%	1 October 2015
Airport City, s.r.o.	disposal	100.00%	30 June 2015
Baudry Alfa, a.s.	disposal	100.00%	30 June 2015
Beroun Property Alfa, a.s.	disposal	100.00%	30 June 2015
Marissa South, a.s.	disposal	100.00%	30 June 2015
Příkopy Property Development, a.s.	disposal	100.00%	4 November 2015
MaMaison Bratislava s.r.o.	disposal	94.00%	1 December 2015
Orco Hotel Ostrava, a.s.	disposal	94.00%	2 December 2015
Orco Hotel Riversie, s.r.o.	disposal	94.00%	2 December 2015
SCTO, Kft.	liquidation	100.00%	13 January 2015
ZPS Kft.	liquidation	100.00%	2 March 2015
Vitericon Projektentwicklung GmbH	deconsolidation	100.00%	31 December 2015

3.2 Acquisition through business combinations/property asset acquisitions/common control property transactions

OC Futurum Kolín, a.s.

On 31 May 2015, the Group acquired 100% share in OC Futurum Kolín, a.s. Due to the acquisition, the Group acquired Futurum Shopping Centre in Kolín, the Czech Republic. The shopping center, with a leasable area of 10,100 sqm comprises of supermarket, shopping gallery with 50 shops, restaurants and other amenities, as well as underground parking lot for 320 cars. The net consideration paid represents EUR 18.6 million, with bank financing at the level of EUR 17.3 million.
This acquisition was initially recognized as property asset acquisition.

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

	OC Futurum Kolín, a.s.
Investment property	23,034
Total non-current assets	**23,034**
Trade receivables	111
Cash and cash equivalents	2,256
Other financial current assets	508
Other non-financial current assets	107
Total current assets	**2,982**
Identifiable acquired assets	**26,016**
Financial debts	(6,462)
Other non-current liabilities	(394)
Total non-current liabilities	**(6,856)**
Financial debts	(30)
Trade payables	(234)
Advance payments	(9)
Other financial current liabilities	(285)
Other non-financial current liabilities	(36)
Total current liabilities	**(594)**
Identifiable acquired liabilities	**(7,450)**
Net ident. assets of subsidiary acquired	**18,566**
Share acquired in %	**100.00%**
Share acquired	**18,566**
Consideration paid	**18,566**
Net ident. assets of subsidiary acquired less consideration paid recognized in equity	**--**
Cash and cash equivalents acquired	**2,256**
Cash outflow	**16,310**
POST-acquisition profit*	**299**

*as at 1 July 2015 the company merged to Marissa Tau, a.s.

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been EUR 218.6 million and net profit from continuing operations would have been EUR 90.9 million.

Karviná Property Development, a.s.

On 1 June 2015, the Group acquired 100% share in Karviná Property Development. Due to the acquisition, the Group acquired more than 41 thousand sqm of land bank. The intention of the Group is to use the acquired plot for development purposes in the future.

Karvina Property Development was acquired from entiy controlled by major shareholder of Company and the acquisition is accounted for as a common control transaction. This acquisition was initially recognized as property asset acquisition within common control transaction.

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

	Karviná Property Development, a.s.
Investment property	1,354
Total non-current assets	**1,354**
Cash and cash equivalents	2
Other non-financial current assets	1
Total current assets	**3**
Identifiable acquired assets	**1,357**
Financial debts	(1,502)
Deferred tax liabilities	(12)
Total non-current liabilities	**(1,514)**
Financial debts	(283)
Trade payables	(4)
Other financial current liabilities	(0)
Total current liabilities	**(287)**
Identifiable acquired liabilities	**(1,801)**
Net ident. liabilities of subsidiary acquired	**(444)**
Share acquired in %	**100.00%**
Share acquired	**(444)**
Consideration paid	**36**
Net ident. assets of subsidiary acquired less consideration paid recognised in equity	**(480)**
Cash and cash equivalents acquired	**2**
Cash outflow	**34**
POST-acquisition (loss)	**(65)**

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been unchanged and net profit from continuing operations would have been EUR 90.6 million.

CMA Group

On 30 October 2015 the Group completed a transaction comprised of the direct acquisition of 65.83 % of shares in Remontées Mecaniques Crans-Montana-Aminona (CMA) SA ("CMA SA"), a Swiss entity holding and operating cable cars in the Crans-Montana ski resort and of 88.49 % of shares in CMA Immobilier SA, a Swiss entity holding certain real estate and rights to develop a hi-end hotel and residential complex including spa, congress centre, shopping and entertainment areas as well as parking in Crans-Montana. In addition to the 88.49 % of shares in CMA Immobilier SA acquired directly by the Company, CMA SA is holding additional 11.21 %, resulting in an aggregate stake of 95.87 % in CMA Immobilier SA. In addition CMA SA and CMA Immobilier SA each holds 50 % of shares in CMA Services Sárl. The entities were acquired from companies controlled by major shareholder of Company and the acquisition is accounted for as a common control transaction.

Crans-Montana is a ski resort in southwestern Switzerland, in the Swiss Alps in the Frenchspeaking part of the canton of Valais. It is considered one of top Swiss resorts, together with Davos, St. Moritz, Verbier, and Zermatt. The skiing area of Crans-Montana is composed of 140 km of marked pistes, plus freeride areas and includes the glacier of Plaine Morte. The skiing area altitude ranges between 1,500 meters (resort altitude) and 3,000 meters (Plaine-Morte Glacier).

The carrying value of the identifiable assets and liabilities at the date of transaction was as follows:

	CMA SA	CMA Immobilier SA	CMA Services Sárl	TOTAL
Property, plant and equipment	89,561	6,338	--	95,899
Deferred tax asset	--	2,244	--	2,244
Total non-current assets	**89,561**	**8,582**	**--**	**98,143**
Inventories	--	30	--	30
Trade receivables	--	13	8	21
Cash and cash equivalents	367	219	6	592
Other financial current assets	1,639	24	242	1,905
Other non-financial current assets	747	151	7	905
Total current assets	**2,752**	**438**	**263**	**3,453**
Identifiable acquired assets	**92,314**	**9,019**	**263**	**101,596**
Financial debts	(25,358)	(2,751)	--	(28,109)
Deferred tax liabilities	(6,094)	--	--	(6,094)
Provisions	(612)	--	--	(612)
Total non-current liabilities	**(32,064)**	**(2,751)**	**--**	**(34,815)**
Trade payables	(4,958)	(473)	(119)	(5,550)
Other financial current liabilities	(143)	(50)	--	(193)
Other non-financial current liabilities	(462)	(265)	(126)	(853)
Total current liabilities	**(5,563)**	**(788)**	**(245)**	**(6,596)**
Identifiable acquired liabilities	**(37,627)**	**(3,539)**	**(245)**	**(41,411)**
Net ident. assets of subsidiary acquired	**54,687**	**5,480**	**18**	**60,185**
Share acquired in %	**65.83%**	**95.87%**	**80.85%**	**--**
Non-controlling interest	**18,686**	**226**	**3**	**18,915**
Share acquired	**36,001**	**5,254**	**15**	**41,270**
Consideration paid	**56,700**	**8,276**	**24**	**65,000**
Net ident. assets of subsidiary acquired less consideration paid recognized in equity	**(20,700)**	**(3,021)**	**(9)**	**(23,730)**
Cash and cash equivalents acquired	**367**	**219**	**6**	**592**
Cash outflow/(inflow)	**5,409***	**8,057**	**18**	**13,484**
POST-acquisition profit / (loss)	**373**	**(936)**	**5**	**(558)**

*does not include advanced payment as of EUR 6.7 million done in 2014 and non-cash transfer (issued bonds as of EUR 44 million).

If the transaction had occurred on 1 January 2015 with all other variables held constant, the Group revenues from other operations for 2015 would have been EUR 20.5 million and net profit from continuing operations would have been EUR 84.3 million.

Holiday Inn Rome (acquired throught the founded entity CPI Alberghi HI Roma S.r.l.)

On 5 October 2015 the Company acquired the 4 star hotel in Rome by means of the acquisition of a hotel business conducted under the name "Holiday Inn Rome – Eur Parco dei Medici" of Rome for net acquisition price of EUR 5 million from third party. The transaction also includes the simultaneous lease-back of the hotel business to the seller.

This acquisition was initially recognized as property asset acquisition.

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

	CPI Alberghi HI Roma S.r.l.
Investment property	31,200
Total non-current assets	**31,200**
Trade and other receivables	835
Cash and cash equivalents	14
Total current assets	**849**
Identifiable acquired assets	**32,049**
Financial debts	(26,241)
Total non-current liabilities	**(26,241)**
Other financial current liabilities	(798)
Total current liabilities	**(798)**
Identifiable acquired liabilities	**(27,039)**
Net ident. assets of subsidiary acquired	**5,010**
Share acquired in %	**100.00%**
Share acquired	**5,010**
Consideration paid	**5,010**
Net ident. assets of subsidiary acquired less consideration paid recognised in equity	**--**
Cash and cash equivalents acquired	**14**
Cash outflow	**4,996**
POST-acquisition profit	**2,954**

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been EUR 219 million and net profit from continuing operations would have been EUR 92.7 million.

JMB Group

As at the end of 2015 the Group enlarged its retail property portfolio in the Czech Republic by acquiring JMB Group consisting of Gerosa - JMB, a.s. and JMB Lambda s.r.o. (held indirectly). JMB Group holds 75 retail properties across the whole Czech Republic. Aggregated acquisition price is EUR 38.4 million. The acquired portfolio comprises of approximately 45 thousand sqm of lettable area and generates a rental income of app. EUR 2.4 million annually.

JMB Group was acquired from entity controlled by major shareholder of Company and the acquisition is accounted for as a common control transaction. This acquisition was initially recognized as property asset acquisition under common control transaction.

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

	JMB Group
Intangible assets	1
Investment property	33,407
Available-for-sale financial assets	226
Loans provided	3,045
Total non-current assets	**36,679**
Trade receivables	341
Loans provided	10,914
Cash and cash equivalents	303
Other financial current assets	17
Other non-financial current assets	74
Total current assets	**11,649**
Identifiable acquired assets	**48,328**
Deferred tax liabilities	(619)
Provisions	(17)
Other non-current liabilities	(667)
Total non-current liabilities	**(1,303)**
Financial debts	(10,914)
Trade payables	(109)
Advance payments	(5)
Other financial current liabilities	(315)
Other non-financial current liabilities	(307)
Total current liabilities	**(11,650)**
Identifiable acquired liabilities	**(12,953)**
Net ident. assets of subsidiary acquired	**35,375**
Share acquired in %	**100.00%**
Share acquired	**35,375**
Consideration paid	**38,380**
Net ident. assets of subsidiary acquired less consideration paid recognized in equity	**(3,005)**
Cash and cash equivalents acquired	**303**
Cash outflow	**38,077**
POST-acquisition profit	--

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been EUR 219 million and net profit from continuing operations would have been EUR 91.3 million.

The following table summarizes the effect of all acquisition through business combinations/property asset acquisitions/common control property transactions made by the Group in 2015:

	OC Futurum Kolín, a.s.	Karviná Property Development, a.s.	CMA Group	CPI Alberghi HI Roma S.r.l.	JMB Group	Other	TOTAL
Intangible assets	--	--	--		1	96	97
Investment property	23,034	1,354	--	31,200	33,407	--	88,995
Property, plant and equipment	--	--	95,899	--	--	--	95,899
Available-for-sale financial assets	--	--	--	--	226	--	226
Loans provided	--	--	--	--	3,045	--	3,045
Deferred tax asset	--	--	2,244	--	--	--	2,244
Total non-current assets	**23,034**	**1,354**	**98,143**	**31,200**	**36,679**	**96**	**190,506**
Inventories	--	--	30	--	--	--	30
Trade receivables	111	--	21	835	341	--	1,308
Loans provided	--	--	--	--	10,914	--	10,914
Cash and cash equivalents	2,256	2	592	14	303	4	3,171
Other financial current assets	508	--	1,905	--	17	--	2,430
Other non-financial current assets	107	1	905	--	74	3	1,090
Total current assets	**2,982**	**3**	**3,453**	**849**	**11,649**	**7**	**18,943**
Identifiable acquired assets	**26,016**	**1,357**	**101,596**	**32,049**	**48,328**	**103**	**209,449**
Financial debts	(6,462)	(1,502)	(28,109)	(26,241)	--	--	(62,314)
Deferred tax liabilities	--	(12)	(6,094)	--	(619)	--	(6,725)
Provisions	--	--	(612)	--	(17)	--	(629)
Other non-current liabilities	(394)	--	--	--	(667)	--	(1,061)
Total non-current liabilities	**(6,856)**	**(1,514)**	**(34,815)**	**(26,241)**	**(1,303)**	**--**	**(70,729)**
Financial debts	(30)	(283)	--	--	(10,914)	--	(11,227)
Trade payables	(234)	(4)	(5,550)	--	(109)	(100)	(5,997)
Advance payments	(9)	--	--	--	(5)	--	(14)
Other financial current liabilities	(285)	(0)	(193)	(798)	(315)	--	(1,591)
Other non-financial current liabilities	(36)	--	(853)	--	(307)	--	(1,196)
Total current liabilities	**(594)**	**(287)**	**(6,596)**	**(798)**	**(11,650)**	**(100)**	**(20,025)**
Identifiable acquired liabilities	**(7,450)**	**(1,801)**	**(41,411)**	**(27,039)**	**(12,953)**	**(100)**	**(90,754)**
Net ident. assets of subsidiary acquired	**18,566**	**(444)**	**60,185**	**5,010**	**35,375**	**3**	**118,695**
Share acquried in %	**100.00%**	**100.00%**	**--**	**100.00%**	**100.00%**	**100.00%**	**--**
Non-controlling interest	**--**	**--**	**18,915**	**--**	**--**	**--**	**18,915**
Share acquired	**18,566**	**(444)**	**41,270**	**5,010**	**35,375**	**3**	**99,780**
Consideration paid	**18,566**	**36**	**65,000**	**5,010**	**38,380**	**3**	**126,995**
Net ident. assets of subsidiary acquired less consideration paid	**--**	**(480)**	**(23,730)**	**--**	**(3,005)**	**--**	**(27,215)**
Cash and cash equivalents acquired	**2,256**	**2**	**592**	**14**	**303**	**4**	**3,171**
Cash outflow/(inflow)	**16,310**	**34**	**13,484***	**4,996**	**38,077**	**(1)**	**72,900**
POST-acquisition profit / (loss)	**299**	**(65)**	**(558)**	**2,954**	**--**	**(68)**	**2,562**

*does not include advanced payment as of EUR 6.7 million done in 2014 and non-cash transfer (issued bond) as of EUR 44 milion.

3.3 Acquisition of non-controlling interest in 2015

In the end of 2015, the Group acquired non-controlling interest of Hospitality Group (consisting of 12% interest of the voting shares of Endurance Hospitality Finance S.á r.l., 12% interest of the voting shares of Endurance Hospitality Asset S.á r.l. and 6% interest of the voting shares of Hospitality Invest S.à.r.l.).
A cash consideration of EUR 3 was paid to the non-controlling shareholders. Carrying value of the non-controling interest acquired was EUR 6,332 thousand. The difference of EUR 6,332 thousand between the consideration paid and the carrying value of the interest acquired has been recognised in retained earnings.

3.4 Disposal of subsidiaries in 2015

On 4 November 2015 the Group sold the former Zivnobanka building located at Na Prikope street in the centre of Prague. The transaction comprised of the transfer of shares in the Zivnobanka building project entity. Following the repayment of the project credit facility to the financing bank the net profit for the CPI PG group amounts to EUR 14.3 million.

In May 2015, the Company disposed 100% stake in Polma 1, S.à r.l., company domiciled in Luxembourg, which was acquired on 1 October 2014 altogether with its parent company CPI PG Management S.à r.l. (former Endurance Asset S.à r.l.).

Due to Group structure optimizing purposes other five companies were disposed as at 30 June 2015 and one as at 1 October 2015 all with neutral impact on Group´s financial results.

During 2015 the Group gradually sold its 94% stakes in two Polish, one Slovak and four Czech subsidiaries, which were purchased in 2014, as a part of the Hospitality Group. Net gain disposal effect from the sale of these entities was EUR 3.6 million.

As in the end of 2015 the management decided about deconsolidation of one of the Group´s entities belonging to German part of portfolio, VITERICON, due to loss of ability to control activities of the entity with significant effect on the return as a consequence of insolvency proceeding started in 2015. Net equity of the VITERICON as of the date of deconsolidation amounted to negative EUR 17.7 million.

3.5 Changes in the Group in 2014

3.5.1 Change in the ownership - reverse acquisition

On 12 June 2014 Mr. Vítek (through his 100% owned entity Materali, a.s.) purchased the Company shares from third parties. 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 %.

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. 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 was treated as the acquirer of the Company in the reverse acquistion. The identifiable assets and liabilities of the acquiree (the Company) were measured at fair value as of acquisition date of 12 June 2014. The consolidated financial statements prepared following a “reverse acquisition” were issued under the name of the legal parent (CPI PG) but described in the notes as a continuation of the financial statements of CPI. Acquisition is in the notes further referred as "GSG".

The accounting treatment for reverse acquisition reflected 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.

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	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)

3.5.2 Other changes in 2014

Entity	Change	Share in %	Date of acquisition/foundation/disposal
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
Parco delle Case Bianche SRL	founded	100.00%	12 December 2014
Pelhřimov Property Development, a.s.	acquisition	100.00%	2 April 2014
Platnéřská 10 s.r.o.	acquisition	100.00%	31 December 2014
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. Z o.o.	disposal	50.00%	27 August 2014

The most significant acquisitions of subsidiaries in 2014 were as follows:

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.

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.

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. were pre-contracted in the following 2 years (2015, 2016) 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.

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.

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 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	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)**	**333,060**
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**	**(64,916)**
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

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.

In comparison to 2014, the new asset type "Mountain resorts" was newly added into the structure of operating segments.

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 2015, 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 2015 the segment includes three types of assets:

- Hospitality – operates hotel premises as hotel operator
- Agriculture – operates farmland and produces the high-quality organic food
- Mountain resorts – operates ski resort, rents restaurants and owns landbank designated for future development

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.

2015

Consolidated profit or loss	Income generating - rental properties						Income generating - operational properties			Land bank	Development	Total consolidated
31 December 2015	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality	Mountain resorts			
Gross rental revenue	99,837	68,115	18,080	11,345	19,541	221	--	--	--	484	164	217,787
Service revenue	773	117	11	2	10	12,647	--	--	--	8	41	13,609
Net service charge income	9,129	(1,205)	(9)	63	(40)	2,405	--	--	--	(80)	13	10,276
Property operating expenses	(15,073)	(3,146)	(9,932)	(561)	(1,185)	(4,435)	--	(95)	--	(831)	(341)	(35,599)
Net rental income	**94,666**	**63,881**	**8,150**	**10,849**	**18,326**	**10,838**	**--**	**(95)**	**--**	**(419)**	**(123)**	**206,073**
Development sales	--	--	7,954	--	--	--	--	--	--	846	1,222	10,022
Cost of goods sold	--	--	(7,306)	--	--	--	--	--	--	(227)	--	(7,533)
Development operating expenses	(25)	--	--	--	--	--	--	--	--	--	(135)	(160)
Net development income	**(25)**	**--**	**648**	**--**	**--**	**--**	**--**	**--**	**--**	**619**	**1,087**	**2,329**
Hotel revenue	--	--	--	--	434	--	--	13,433	--	--	--	13,867
Hotel operating expenses	--	--	--	--	(262)	--	--	(7,562)	--	--	--	(7,824)
Net hotel income	**--**	**--**	**--**	**--**	**172**	**--**	**--**	**5,871**	**--**	**--**	**--**	**6,043**
Revenue from other business operations (activities)	--	--	--	--	--	--	12,177	--	6,118	--	--	18,295
Cost of goods sold	--	--	--	--	--	--	(1,557)	--	(32)	--	--	(1,589)
Related operating expenses	--	--	--	--	--	--	(6,264)	--	(5,672)	--	--	(11,936)
Net income from other business operations (activities)	**--**	**--**	**--**	**--**	**--**	**--**	**4,356**	**--**	**414**	**--**	**--**	**4,770**
Total revenues	109,739	67,027	26,036	11,410	19,945	15,273	12,177	13,433	6,118	1,258	1,440	283,856
Total direct business operating expenses	(15,098)	(3,146)	(17,238)	(561)	(1,447)	(4,435)	(7,821)	(7,657)	(5,704)	(1,058)	(476)	(64,641)
Net business income	**94,641**	**63,881**	**8,798**	**10,849**	**18,498**	**10,838**	**4,356**	**5,776**	**414**	**200**	**964**	**219,215**
Net valuation gain or loss	43,211	(7,134)	(6,591)	4,169	21,845	--	1,316	--	--	(10,399)	(1,145)	45,272
Net gain or loss on the disposal of investment property	(565)	(312)	1,221	1	5	59	--	--	--	(803)	(20)	(414)
Net gain or loss on disposal of subsidiaries	--	--	--	--	2,542	242	--	1,140	--	--	14,300	18,224
Amortization, depreciation and impairments	(18,039)	(73)	217	98	(482)	(776)	(1,291)	(1,632)	(1,105)	(35)	637	(22,481)
Other operating income	499	820	168	14	486	2,116	--	74	--	326	2,317	6,820
Administrative expenses	(8,724)	(1,023)	(531)	(171)	(602)	(23,295)	(331)	(1,393)	--	(698)	(592)	(37,360)
Other operating expenses	(2,255)	(902)	(209)	(154)	(905)	(11,219)	6	(135)	(2)	(78)	(3,373)	(19,226)
Operating Results	**108,768**	**55,257**	**3,073**	**14,806**	**41,387**	**(22,035)**	**4,056**	**3,830**	**(693)**	**(11,487)**	**13,088**	**210,050**
Interest income	3,061	771	2	8	164	14,847	37	(82)	--	(2)	9	18,815
Interest expense	(23,673)	(16,907)	(5,857)	(2,768)	(4,843)	(41,472)	(1,023)	(477)	(35)	(158)	(933)	(98,146)
Other net financial result	9,276	(5,944)	(308)	(831)	226	(6,335)	245	(3,338)	313	(701)	1,272	(6,125)
Net finance income / (costs)	**(11,336)**	**(22,080)**	**(6,163)**	**(3,591)**	**(4,453)**	**(32,960)**	**(741)**	**(3,897)**	**278**	**(861)**	**348**	**(85,456)**
Profit / (Loss) before income tax	**97,432**	**33,177**	**(3,090)**	**11,215**	**36,934**	**(54,995)**	**3,315**	**(67)**	**(415)**	**(12,348)**	**13,436**	**124,594**
Income tax expense	(10,033)	(2,124)	863	(2,798)	(3,730)	(16,567)	(751)	233	(143)	(573)	233	(35,390)
Net profit / (Loss) from continuing operations	**87,399**	**31,053**	**(2,227)**	**8,417**	**33,204**	**(71,562)**	**2,564**	**166**	**(558)**	**(12,921)**	**13,669**	**89,204**

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	(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**

2015

Consolidated statement of financial position	Income generating - rental properties						Income generating - operational properties			Land bank	Development	Total consolidated
31 December 2015	**Office**	**Retail**	**Residential**	**Industry and Logistics**	**Hotels**	**Other**	**Agriculture**	**Hospitality**	**Mountain resorts**			
Gross assets value	**1,551,282**	**964,792**	**275,893**	**143,526**	**336,816**	**3,304**	**61,678**	**56,902**	**100,257**	**223,195**	**85,420**	**3,803,065**
Investment Property	1,539,663	964,375	275,883	143,526	336,266	--	49,130	--	--	222,633	2,838	3,534,314
Property, plant and equipment	11,590	411	10	--	546	3,290	11,793	56,764	99,560	4	--	183,968
Inventories	29	6	--	--	4	14	755	138	697	558	82,582	84,783
Biological assets	--	--	--	--	--	--	6,273	--	--	--	--	6,273
Other assets non-current	67,570	9,795	--	73	9,022	27,508	10,019	377	--	41	113	124,518
Other assets current	64,367	20,119	12,130	1,138	14,095	104,757	6,647	650	2,300	1,497	2,115	229,815
Cash and cash equivalents	57,182	33,985	10,200	2,985	6,267	29,412	2,949	1,862	687	997	12,526	159,052
Total Assets	**1,740,401**	**1,028,691**	**298,223**	**147,722**	**366,200**	**164,981**	**87,566**	**59,791**	**103,244**	**225,730**	**100,174**	**4,322,723**
Other payables non-current	240,216	90,598	42,173	20,880	20,915	528	9,678	1,688	4,487	16,045	3,159	450,367
Finance debts non-current	694,337	321,348	3,570	64,154	142,729	46,221	33,310	22,910	7,177	1,578	31,023	1,368,357
Bonds issued non-current	--	51,043	108,564	--	--	493,278	2,960	--	--	--	--	655,845
Other payables current	52,291	20,710	15,757	1,927	7,885	12,673	1,986	2,622	9,865	1,477	2,267	129,460
Finance debts current	131,510	116,973	19	4,387	15,999	27,543	1,477	2,046	20,967	212	--	321,133
Bonds issued current	--	487	3,405	--	--	55,331	259	--	--	--	--	59,482
Total Liabilities	**1,118,354**	**601,159**	**173,488**	**91,348**	**187,528**	**635,574**	**49,670**	**29,266**	**42,496**	**19,312**	**36,449**	**2,984,644**

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**

2015

Consolidated profit or loss 31 December 2015	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Italy	Russia	Swizerland	Total consolidated
Gross rental revenue	131,092	16,012	45,985	17,690	6,674	--	--	84	--	--	--	--	--	250	--	--	217,787
Service revenue	9,197	4	733	30	157	--	--	49	--	--	--	944	2,495	--	--	--	13,609
Net service charge income	105	(82)	9,470	1,189	(406)	--	--	--	--	--	--	--	--	--	--	--	10,276
Property operating expenses	(20,624)	(579)	(11,510)	(1,809)	(937)	--	--	--	--	--	--	--	--	(46)	(94)	--	(35,599)
Net rental income	**119,770**	**15,355**	**44,678**	**17,100**	**5,488**	**--**	**--**	**133**	**--**	**--**	**--**	**944**	**2,495**	**204**	**(94)**	**--**	**206,073**
Development sales	8,700	--	1,222	100	--	--	--	--	--	--	--	--	--	--	--	--	10,022
Cost of goods sold	(7,495)	--	--	(38)	--	--	--	--	--	--	--	--	--	--	--	--	(7,533)
Development operating expenses	--	--	(160)	--	--	--	--	--	--	--	--	--	--	--	--	--	(160)
Net development income	**1,205**	**--**	**1,062**	**62**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**2,329**
Hotel revenue	3,931	459	--	4,918	434	--	--	--	--	--	--	--	--	--	4,125	--	13,867
Hotel operating expenses	(2,257)	(226)	--	(3,287)	(262)	--	--	--	--	--	--	--	--	--	(1,792)	--	(7,824)
Net hotel income	**1,674**	**233**	**--**	**1,631**	**172**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**2,333**	**--**	**6,043**
Revenue from other business operations	12,177	--	--	--	--	--	--	--	--	--	--	--	--	--	--	6,118	18,295
Cost of goods sold	(1,557)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(32)	(1,589)
Related operating expenses	(6,264)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(5,672)	(11,936)
Net income from other business operations	**4,356**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**414**	**4,770**
Total revenues	165,202	16,393	57,410	23,927	6,859	--	--	133	--	--	--	944	2,495	250	4,125	6,118	283,856
Total direct business operating expenses	(38,197)	(805)	(11,670)	(5,134)	(1,199)	--	--	--	--	--	--	--	--	(46)	(1,886)	(5,704)	(64,641)
Net business income	**127,005**	**15,588**	**45,740**	**18,793**	**5,660**	**--**	**--**	**133**	**--**	**--**	**--**	**944**	**2,495**	**204**	**2,239**	**414**	**219,215**
Net valuation gain or loss	(999)	(9,207)	32,292	18,368	982	(812)	--	--	--	--	--	--	--	4,648	--	--	45,272
Net gain or loss on the disposal of investment property	254	16	--	(684)	--	--	--	--	--	--	--	--	--	--	--	--	(414)
Net gain or loss on disposal of subsidiaries	15,844	1,140	--	(25)	1,040	--	--	--	--	--	--	--	225	--	--	--	18,224
Amortization, depreciation and impairments	(2,653)	2	(17,208)	(2,105)	(79)	(2)	--	--	--	--	--	--	1,044	(1)	(374)	(1,105)	(22,481)
Other operating income	3,474	105	574	645	22	--	--	1,869	--	--	--	--	124	--	7	--	6,820
Administrative expenses	(18,259)	(247)	(8,279)	(2,307)	(1,081)	(106)	(266)	(52)	(50)	(281)	(8)	(2,735)	(2,787)	(52)	(850)	--	(37,360)
Other operating expenses	(12,986)	(142)	(2,861)	(1,076)	(228)	(17)	--	(701)	(2)	(2)	--	(1)	(945)	(232)	(31)	(2)	(19,226)
Operating Results	**111,680**	**7,255**	**50,258**	**31,609**	**6,316**	**(937)**	**(266)**	**1,249**	**(52)**	**(283)**	**(8)**	**(1,792)**	**156**	**4,567**	**991**	**(693)**	**210,050**
Interest income	5,436	(68)	2,737	18	--	--	250	--	--	619	--	31	9,792	--	--	--	18,815
Interest expense	(74,309)	(4,655)	(10,503)	(3,121)	(1,505)	--	(1,807)	(65)	--	(4)	--	--	(2,109)	(33)	--	(35)	(98,146)
Other net financial result	(15,870)	(331)	16,974	(294)	(67)	(572)	(195)	728	1	(272)	(30)	(7)	(2,915)	(8)	(3,580)	313	(6,125)
Net finance income / (costs)	**(84,743)**	**(5,054)**	**9,208**	**(3,397)**	**(1,572)**	**(572)**	**(1,752)**	**663**	**1**	**343**	**(30)**	**24**	**4,768**	**(41)**	**(3,580)**	**278**	**(85,456)**
Profit / Loss before income tax	**26,937**	**2,201**	**59,466**	**28,212**	**4,744**	**(1,509)**	**(2,018)**	**1,912**	**(51)**	**60**	**(38)**	**(1,768)**	**4,924**	**4,526**	**(2,589)**	**(415)**	**124,594**
Income tax expense	(3,082)	279	(9,813)	(4,220)	368	--	--	(46)	--	(4)	--	--	(17,634)	(1,291)	196	(143)	(35,390)
Net profit / (Loss) from continuing operations	**23,855**	**2,480**	**49,653**	**23,992**	**5,112**	**(1,509)**	**(2,018)**	**1,866**	**(51)**	**56**	**(38)**	**(1,768)**	**(12,710)**	**3,235**	**(2,393)**	**(558)**	**89,204**

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	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*

2015

Consolidated statement of financial position 31 December 2015	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Italy	Russia	Swizer-land	Total consolidated
Gross assets value	**2,253,906**	**197,163**	**695,128**	**298,728**	**94,428**	**15,274**	**--**	**80,068**	**--**	**--**	**--**	**11**	**--**	**42,014**	**26,088**	**100,257**	**3,803,065**
Investment Property	2,221,685	197,161	684,399	281,958	94,341	15,270	--	3,500	--	--	--	--	--	36,000	--	--	3,534,314
Property, plant and equipment	30,995	--	10,700	16,633	83	4	--	--	--	--	--	--	--	--	25,993	99,560	183,968
Inventories	1,226	2	29	137	4	--	--	76,568	--	--	--	11	--	6,014	95	697	84,783
Biological assets	6,273	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	6,273
Other assets non-current	26,466	157	67,465	46	88	--	43	--	--	5,754	2,139	--	22,340	2	18	--	124,518
Other assets current	83,004	1,122	28,410	20,318	847	1,064	4,937	543	--	755	37	1	83,589	2,714	174	2,300	229,815
Cash and cash equivalents	96,527	3,521	31,025	8,119	5,872	9	18	12,543	213	1	--	33	271	173	40	687	159,052
Total Assets	**2,466,176**	**201,963**	**822,028**	**327,211**	**101,235**	**16,347**	**4,998**	**93,154**	**213**	**6,510**	**2,176**	**45**	**106,200**	**44,903**	**26,320**	**103,244**	**4,322,723**
Other payables non-current	216,451	26,204	163,836	28,027	5,224	11	1	3,058	--	--	--	--	400	1,459	1,209	4,487	450,367
Finance debts non-current	738,438	93,661	329,062	109,558	30,589	188	--	34,523	--	1	--	--	127	25,033	--	7,177	1,368,357
Bonds issued non-current	335,835	29,525	--	--	--	--	--	--	--	--	--	--	290,485	--	--	--	655,845
Other payables current	68,898	1,484	30,739	8,189	2,228	122	1,048	2,532	219	33	3	46	1,728	1,278	1,048	9,865	129,460
Finance debts current	217,425	7,085	12,150	40,147	23,241	94	--	12	--	--	4	--	8	--	--	20,967	321,133
Bonds issued current	53,680	367	--	--	--	--	--	--	--	--	--	--	5,435	--	--	--	59,482
Total Liabilities	**1,630,727**	**158,326**	**535,787**	**185,921**	**61,282**	**415**	**1,049**	**40,125**	**219**	**34**	**7**	**46**	**298,183**	**27,770**	**2,257**	**42,496**	**2,984,644**

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	--	--	321,130
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**

5 Consolidated statement of comprehensive income

5.1 Gross rental revenues

	31 December 2015	31 December 2014
Gross rental revenue (1)	217,787	181,988
Service revenue (2)	13,609	6,144
Total gross rental revenues	**231,396**	**188,132**

(1) Significant increase in rental revenue is generally attributable to Group's expansion in 2014 and mainly reflects the effect of the business combination of CPI and CPI PG in June 2014. The 2015 rental revenue includes full 12 months (6 months in 2014) of German portfolio revenues leading to net effect of EUR 24.4 million increase in rental revenue.

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 part of service income.
Due to the combination of CPI and CPI PG, service revenue increased by EUR 2.2 million in 2015.

5.2 Net service charge income

	31 December 2015	31 December 2014
Service charge income	38,336	26,970
Service charge expenses	(29,289)	(23,447)
Total	**9,047**	**3,523**
Revenues from sales of electricity	4,516	3,691
Cost of sales - electricity	(3,287)	(2,873)
Total	**1,229**	**818**
Total net service charge income	**10,276**	**4,341**

Significant increase in volume of service charge income and expenses reflects mainly increase in rental activity. The increase was primarily driven by the combination of CPI and CPI PG in June 2014.
Profit from sale of electricity (the Group has license for the purchase and its further distribution) remains stable and also contributed to net positive result from service recharges.

5.3 Property operating expenses

	31 December 2015	31 December 2014
Building maintenance (1)	(17,838)	(10,767)
Personnel expenses	(6,229)	(5,702)
Real estate tax	(3,413)	(1,522)
Other property related expenses	(2,981)	(349)
Utilities Supplies	(2,524)	(5,481)
Letting fee, other fees paid to real estate agents	(1,323)	(521)
Leases and rents	(534)	(128)
Insurance	(447)	(689)
Facility management	(310)	(818)
IT Services and maintenance	--	(249)
Total net property operating expenses	**(35,599)**	**(26,226)**

Property operating expenses also include Group's expenses related to vacant premises.

(1) Significant increase in building maintanance was caused mainly by acquisitions of the last year (note 3.5) for the first time fully impacting Consolidated Statement of Comprehensive Income in 2015 and by higher refurbishment in residential portfolio compared to 2014.

5.3.1 Utility supplies

	31 December 2015	31 December 2014
Energy consumption	(1,353)	(3,227)
Material consumption	(708)	(800)
Waste management	(126)	(450)
Security services	(257)	(668)
Cleaning services	(80)	(336)
Total utility supplies	**(2,524)**	**(5,481)**

5.3.2 Personnel expenses

	31 December 2015	31 December 2014
Personnel operating expenses		
Wages and salaries	(4,644)	(4,489)
Social and health security contributions	(1,443)	(1,248)
Other social expenses	(142)	35
Total personnel operating expenses	**(6,229)**	**(5,702)**
Personnel administrative expenses		
Wages and salaries	(11,459)	(6,481)
Social and health security contributions	(2,763)	(1,881)
Other social expenses	(296)	45
Total personnel administrative expenses	**(14,518)**	**(8,317)**
Personnel expenses - hotel operations		
Wages and salaries	(1,889)	(878)
Social and health security contributions	(607)	(277)
Other social expenses	(116)	(95)
Total personnel expenses - hotel operations	**(2,612)**	**(1,250)**
Personnel expenses - other business operations		
Wages and salaries	(4,018)	(262)
Social and health security contributions	(1,142)	(99)
Other social expenses	159	--
Total personnel expenses - other business operations	**(5,001)**	**(361)**
Total personnel expenses	**(28,360)**	**(15,630)**

Overall increase in personnel expenses primarily reflects the extension of the Group's operations resulting in the increase of headcount. The combination of CPI a.s. and CPI PG in June 2014 represented the main driver for the increase.

Personnel expenses resulting from the acquisitions of Mercuda a.s. in November 2014 and CMA Group in October 2015 also contributed to the increase in personnel expenses from other business operations.

5.4 Net development income

	31 December 2015	31 December 2014
Development sales (1)	10,022	46,626
Cost of goods sold (1)	(7,533)	(43,293)
Development operating expenses	(160)	(946)
Net development income	**2,329**	**2,387**

(1) Net development income represents primarily sale of apartments from the residential portfolio (project “QUADRIO”) in the amount of EUR 7.9 million. Net profit in the amount of EUR 1.2 million was realized in connection with sales of flats in Naunynstrasse. Decrease in development sales is primarily attributable to the lower proceeds from sale of apartments in France (EUR 34.6 million in 2014).

5.5 Net hotel income

	31 December 2015	31 December 2014
Hotel revenue	13,867	4,408
Personnel expenses	(2,612)	(1,250)
Other hotel expenses	(5,206)	(2,408)
Cost of goods sold - hotel operations	(6)	--
Total net hotel income	**6,043**	**750**

Significant increase in net hotel income reflects the acquisition of Hospitality Group in December 2014. Net result from hotel operations also comprises of profit from operating of Marriott Budapest City Center Hotel in Budapest (EUR 1.6 million).

5.6 Net income from other business operations

	31 December 2015	31 December 2014
Revenue from other business operations (1)	18,295	1,901
Cost of goods sold	(1,589)	(776)
Personnel expenses	(5,001)	(361)
Related operating expenses	(6,935)	(1,891)
Net income from other business operations (2)	**4,770**	**(1,127)**

Other business operations represent agriculture and mountain resort operations. The substantial increase in revenues and related expenses primarily reflects 12 months effect in 2015 (the agriculture business was acquired in November 2014) and effect resulting from the acquisition of mountain resort in Switzerland (CMA Group) in October 2015.

(1) Revenue from other business operations relates mainly to agriculture activities (EUR 15 million).

(2) Net income from other business operations relates primarily to revenues from agriculture activities (EUR 4.2 million). The remaining part of other business operations relates to the acquisition of CMA SA.

5.7 Net valuation gain

	31 December 2015	31 December 2014
Valuation gains		
Agriculture	1,316	224
Hotels	25,521	343
Industry and logistics	7,520	2,115
Land bank	2,683	554
Office	52,323	44,633
Residential	139	1,477
Retail	10,804	37,529
Development	--	2,436
Total valuation gains	**100,306**	**89,311**
Valuation losses		
Agriculture	--	--
Hotels	(3,676)	(3,078)
Industry and logistics	(3,351)	(2,388)
Land bank	(13,082)	(11,527)
Office	(9,112)	(48,281)
Residential	(6,730)	--
Retail	(17,938)	(10,775)
Development	(1,145)	(2)
Total valuation losses	**(55,034)**	**(76,048)**
Net valuation gain	**45,272**	**13,263**

Considerable increase in valuation gain on investment property relates primarily to office segment in Germany and hotel segment in the Czech Republic. The major part of the increase in valuation gain recognized in hotel segment represents the gain on assets acquired in 2014 and 2015. The valuation gain attributable to Hospitality Group (acquired in December 2014) represents EUR 13.6 million and gain of EUR 4.6 million relates to the valuation of hotel Holiday Inn in Rome.

Valuation losses in Land bank, Office and Retail segments are recognized mainly in the Czech Republic (total loss of EUR 25 million), Slovakia (total loss of EUR 9.8 million).

For the assumptions used for the preparation of appraisals by professional valuators refer to note 7.5.3.

5.8 Net loss on the disposal of investment property

	31 December 2015	31 December 2014
Proceeds from disposal of investment property	12,809	8,485
Carrying value of investment property disposed of and related cost	(13,223)	(10,206)
Total loss on the disposal of investment property	**(414)**	**(1,721)**

Main investment property disposal in 2015 represents sale of selected “Land bank” projects in Hungary which did not fit to Group´s business strategy. At the date of sale total carrying value of such investment properties was EUR 7.3 million.

Other disposals of investment property represent primarily sale of apartments in Praha – Letňany from Group´s residential portfolio of CPI BYTY, a.s. in total carrying value of EUR 4.2 million.

5.9 Net gain or loss on disposal of subsidiaries and investees

The following table summarizes disposal effects of subsidiaries sold/liquidated in 2015.

Company	Total
Intangible assets	8
Investment property	35,029
Property, plant and equipment	927
Loans provided	306
Deferred tax asset	153
Total non-current assets	**36,423**
Inventories	24
Current income tax receivables	12
Trade receivables	763
Loans provided	19
Cash and cash equivalents	681
Other financial current assets	46
Other non-financial current assets	86
Total current assets	**1,631**
Identifiable acquired assets	**38,054**
Financial debts	(9,661)
Deferred tax liabilities	(698)
Provisions	--
Other non-current liabilities	(65)
Total non-current liabilities	**(10,424)**
Financial debts	(27,239)
Trade payables	(1,268)
Advance payments	(32)
Derivative instrument	(92)
Other financial current liabilities	(32)
Other non-financial current liabilities	(77)
Total current liabilities	**(28,740)**
Identifiable acquired liabilities	**(39,164)**
Net ident. liabilities of subsidiary disposed of	**(1,110)**
Non-controlling interest	**(1,682)**
Related cost to sell	**--**
Share disposed in %	**--**
Net assets attributable to the Group disposed of	**572**
Sales price	**18,796**
Net gain / (loss) on disposal of subsidiary	**18,224**

For more details refer to note 3.4.

5.10 Amortization, depreciation and impairments

	31 December 2015	31 December 2014
Depreciation and amortization – rental	(1,853)	(1,279)
Depreciation and amortization – hotel	(1,598)	(1,010)
Depreciation and amortization - other business operations	(2,259)	(234)
Total impairment of assets (5.10.1)	(16,771)	(2,603)
Total depreciation, amortization and impairment	**(22,481)**	**(5,126)**

5.10.1 Impairment of assets / Reversal of impairment of assets

	31 December 2015	31 December 2014
Impairment of property, plant and equipment	--	(54)
Impairment of goodwill	--	(1,431)
Impairment of other intangible assets	(5)	--
Impairment of trading property	(6)	131
Impairment – FI	(192)	--
Impairment – other	3,953	--
Impairment of other receivables (1)	(17,217)	(78)
Impairment of trade receivables total	(174)	(916)
Impairment of provided loans total	(3,130)	(255)
Total impairment of assets / reversal of impairment of assets	**(16,771)**	**(2,603)**

(1) In 2015 the Group recognized in impairment loss of EUR 16.4 million for receivable which is subject to dispute. Impairment was created based on expected outcome.

5.11 Other operating income

	31 December 2015	31 December 2014
Gain on bargain purchase relating to acquisition of GSG	--	81,635
Gain on assignment of receivables	361	--
Income from penalties	1,015	657
Income from compensation of rental revenues	440	406
Income from lands acquired based on court decision	--	844
Insurance claims	480	214
Other	4,828	1,409
Net result from sale of PPE	(304)	95
Total other operating income	**6,820**	**85,260**

5.12 Administrative expenses

	31 December 2015	31 December 2014
Personnel expenses (1)	(14,518)	(8,317)
Audit, tax and advisory services (2) (3)	(8,591)	(7,209)
Legal services	(3,734)	(1,949)
Advertising expenses	(2,068)	(1,740)
Lease and rental expenses	(1,686)	(1,656)
Representation expenses	(1,256)	(871)
Telecommunication, internet and software related expenses	(744)	(318)
Material consumption	(560)	(689)
Repairs and maintenance	(426)	(455)
Other insurance expenses	(417)	(204)
Energy consumption	(37)	(30)
Other administrative expenses	(2,574)	(2,657)
IT expenses	(749)	--
Total administrative expenses	**(37,360)**	**(26,095)**

Generally, the increase in administrative expenses reflects Group's substantial growth affected by acquisitions carried out in the second half of 2014 and in 2015, mainly by the business combination of CPI and CPI PG and also by the extended requirements for financial and other advisory services.

(1) Refer to 5.3.2.

(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 1.37 million (EUR 1.04 million in 2014), of which:

- Fees related to audit services amount to EUR 1.07 million (EUR 0.89 million in 2014).
- Fees for other assurance and advisory services provided by the Group´s auditor total EUR 0.3 million (EUR 0.15 million in 2014).

(3) Fees paid to investment property valuators represent EUR 0.45 million in 2015 (EUR 0.4 million in 2014).

5.13 Other operating expenses

	31 December 2015	31 December 2014
Penalties	(337)	(274)
Tax non-deductible VAT expenses	(601)	(443)
Taxes and fees	(1,402)	(1,741)
Loss on assignment of receivables	(361)	(56)
Gifts	(506)	(542)
Change in provisions	(3,325)	(274)
Other (1)	(12,694)	(2,242)
Total other operating expenses	**(19,226)**	**(5,572)**

(1) The increase in other operating expenses is mainly attributable to the final settlement of EUR 10 million with the seller of the project acquired by the Group in prior periods. The value of the liability was initially set to zero in the previous reporting periods as the Group had no certain and valid indications concerning the project performance representing fundamental basis for the calculation of the contingent liability.

5.14 Interest income

	31 December 2015	31 December 2014
Bank interest income	46	754
Interest income on bonds	343	302
Interest income on loans and receivables	18,426	20,456
Total interest income	**18,815**	**21,512**

5.15 Interest expense

	31 December 2015	31 December 2014
Interest expense related to bank and non-bank loans	(47,788)	(43,877)
Interest expense on bonds issued (1)	(49,287)	(38,876)
Interest expense related to finance leases	(485)	(576)
Interest expense on other non-current liabilities	(22)	(252)
Interest expense on bills of exchange	(564)	--
Total interest cost	**(98,146)**	**(83,581)**

(1) Substantial increase in interest on bonds relates mainly to new bonds issued by the Group in 2015 and in April 2014 (refer to note 6.14).

5.16 Other net financial result

	31 December 2015	31 December 2014
Change in fair value and realized result on derivative instruments (1)	2,726	(3,192)
Other net financial result (2)	16,619	139
Net foreign exchange loss	(21,687)	(6,169)
Bank charges	(3,783)	(3,119)
Total other net financial result	**(6,125)**	**(12,341)**

(1) Change in the fair value of derivative instruments essentially arise from the fair value changes in derivatives related to the Czech entities. Major annual differences relate to the following companies – EMH West s.r.o. (0.95 million), EMH North, s.r.o. (EUR 0.8 million) and Marissa West, a.s. (EUR 0.7 million).

(2) Other net financial result primarily includes gain from the deconsolidation of the Group´s entity (note 3.4).

5.17 Income tax expense

Tax recognized in profit or loss

	31 December 2015	31 December 2014
Current income tax expense		
Current year	(6,135)	(6,179)
Adjustment for prior years	157	(1,108)
Total	**(5,978)**	**(7,287)**
Deferred income tax expense		
Origination and reversal of temporary differences	(17,540)	(10,559)
Changes in income tax rate	--	350
Recognition (derecognition) of tax losses	(11,872)	--
Other effects	--	(2,493)
Total	**(29,412)**	**(12,702)**
Income tax from continuing operations recognised in profit and loss	**(35,390)**	**(19,989)**
Total income tax recognised in profit or loss	**(35,390)**	**(19,989)**

The Company´s effective tax rate in respect of continuing operations for 2015 was 28.40% (12.71% for 2014).

Reconciliation of effective tax rate

	31 December 2015	31 December 2014
Profit for the period	89,204	137,436
Total income tax recognised in profit or loss	(35,390)	(19,839)
Profit excluding income tax	**124,594**	**157,275**
Average nominal income tax rate	29.22%	29.22%
Income tax expense using the domestic corporate income tax rate	(36,406)	(45,956)
Effect of tax rates in foreign jurisdictions	6,731	3,038
Changes in income tax rate	--	181
Non-deductible expense	(13,930)	(3,872)
Tax exempt income	36,803	35,103
Income tax adjustment for prior years	157	(822)
Effect of foreign exchange rates fluctuation	(104)	(309)
Change in unrecognized deferred tax asset	(31,179)	(7,821)
Change in the permanent tax differences	1,737	671
Other effects	801	(203)
Tax expense	**(35,390)**	**(19,989)**

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

Luxembourg

The corporate income tax rate is 22.47 % (including 7 % solidarity surtax). Additionally, a municipal business tax is levied by the communes. The municipal business tax rate for Luxembourg City is 6.75 %. Since the Group´s ultimate parent headquarters is seated in the city of Luxembourg, the combined (i.e. corporate income tax, solidarity surtax and municipal business tax) effective tax rate is 29.22 %. Tax losses may be carried forward indefinitely.

Czech Republic

The corporate income tax rate is 19 %. Tax losses can be carried forward for 5 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

Business profits are subject to two taxes, corporate income tax and trade tax. Corporate income tax and solidarity surcharge add up to a total of 15.825% rate. Trade Tax rate varies by location. For City of Berlin, where the business of the Group is concentrated is 14.35 %. The overall tax burden is 30.20 %. Tax losses may be carried forward indefinitely and may be fully utilized against profit up to EUR 1 million and only 60 % on the excess. A direct or indirect change in the ownership 25 %/50 % result in partial/complete forfeiture of the tax losses carried forward.

Slovakia

The corporate income tax rate is 22 %. Tax losses may be carried forward and utilized over 4 years.

Hungary

The corporate income tax is levied at progressive rate, 10 % up to a tax base of HUF 500 million and 19 % on the excess. Tax Losses generated before 2015 may be carried forward until 2025, while tax losses generated from 2015 may be carried forward for 5 years. The utilization of tax losses in each year is capped at 50 % of the profit before tax.

Ireland

The corporate income tax rate for trading income is 12.5 % and 25 % for non-trading income. Tax losses may be carried forward indefinitely and carry back 1 year.

Netherlands

The corporate income tax is levied at progressive rate, 20 % on the taxable profits up to EUR 200,000 and 25 % on the excess. Tax losses may be carried forward up to 9 years and carry back 1 year.

France

The corporate income tax rate is 33.33 %. Tax losses may be carried forward indefinitely but may be fully utilized against profit up to EUR 1 million and 50 % on the excess.

Poland

The corporate income tax rate is 19 %. Tax losses may be carried forward for 5 years, but the loss utilization in each year is capped at the 50 % of the tax loss.

Romania

The corporate income tax rate is 16 %. Tax losses may be carried forward for 7 years.

Cyprus

The corporate income tax rate is 12.5 %. Tax losses may be carried forward for 5 years.

Guernsey and British Virgin Islands

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

Italy

The corporate income tax rate is 27.5 % plus the regional tax on productive activities ("IRAP") of 4.82 % applicable in Roma where the business of the Group is situated. Tax losses may be carried forward indefinitely. However, tax losses may be offset only up to 80 % of taxable income in each year (the "minimum tax" rule). Tax losses incurred during the first 3 years of new activity may be used to fully offset corporate taxable income. Utilization of the tax losses carried forward is limited upon business reorganizations and a change of control.

Switzerland

Corporate income tax is imposed on the federal and cantonal/commune levels. In canton Valais, where the business operations of the Group are situated, the combined federal and cantonal/commune effective income tax rate is 12.66 % up to CHF 150,000 and 21.57 % above CHF 150,000. Tax losses may be carried forward for 7 years.

Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Intangible assets and goodwill	217	254	(650)	(2,857)	(433)	(2,603)
Investment property	9,548	2,828	(420,558)	(392,794)	(411,010)	(389,966)
Property, plant and equipment	2,981	1,088	(11,265)	(868)	(8,284)	220
Biological Assets	--	--	(758)	(728)	(758)	(728)
Inventories	--	--	(3,020)	(3,020)	(3,020)	(3,020)
Trade and other receivables	163	925	(93)	(1,049)	70	(124)
Financial debts	3,238	4,214	(1,777)	(2,325)	1,461	1,889
Derivative instruments	2,621	3,391	(490)	--	2,131	3,391
Provisions	101	892	(67)	(961)	34	(69)
Other items	1,659	(2,322)	(825)	--	834	(2,322)
Assets/disposal groups held for sale	--	--	(2,667)	--	(2,667)	--
Tax losses carried-forward	17,432	28,929	--	--	17,432	28,929
Gross deferred tax assets/(liabilities)	**37,960**	**40,198**	**(442,170)**	**(404,601)**	**(404,210)**	**(364,403)**
Set-off of tax	(31,791)	(19,208)	31,791	19,208	--	--
Tax assets/(liabilities) held for sale						
Net deferred tax assets/(liabilities)	**6,169**	**20,990**	**(410,379)**	**(385,393)**	**(404,210)**	**(364,403)**

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 2015	31 December 2014
Investment property	--	665
Property, plant and equipment	--	1,668
Trade and other receivables	56	354
Tax losses carried-forward	80,939	81,574
Unrecognised deferred tax assets	**80,995**	**84,261**

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 2015

2015	Balance at 1 January 2015	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Translation differences	Balance at 31 December 2015
Intangible assets and goodwill	(2,603)	2,047	--	--	123	(433)
Investment property	(389,965)	(15,878)	--	(545)	(4,622)	(411,010)
Property, plant and equipment	220	(4,720)	--	(3,935)	151	(8,284)
Biological Assets	(728)	(29)	--	--	(1)	(758)
Inventories	(3,020)	15	--	--	(15)	(3,020)
Trade and other receivables	(124)	245	--	--	(51)	70
Financial debts	1,888	(472)	--	--	45	1,461
Derivative instruments	3,391	(88)	(1,291)	--	119	2,131
Provisions	(69)	106	--	--	(3)	34
Other items	(2,322)	3,901	--	--	(745)	834
Assets/disposal groups held for sale	--	(2,667)	--	--	--	(2,667)
Tax losses carried-forward	28,929	(11,872)	--	--	375	17,432
Total	**(364,403)**	**(29,412)**	**(1,291)**	**(4,480)**	**(4,624)**	**(404,210)**

Movement in deferred tax balances during 2014

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)**	**1,027**	**(132,935)**	**3,647**	**(364,403)**

6 Consolidated statement of financial position

6.1 Intangible assets and goodwill

2015

	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2015	**61,644**	**1,838**	**11,809**	**75,291**
Effect of business combinations (note 3.2)	--	96	1	97
Additions	--	1,590	191	1,781
Transfer	--	146	(146)	--
Other disposals	--	(19)	(648)	(667)
Effect of movements in exchange rates	260	47	141	448
Balance at 31 December 2015	**61,904**	**3,698**	**11,348**	**76,950**
Amortisation and impairment losses				
Balance at 1 January 2015	**1,972**	**804**	**12**	**2,788**
Amortisation for the period (+)	--	326	337	663
Transfer	--	--	--	--
Effect of movements in exchange rates	42	59	79	180
Balance at 31 December 2015	**2,014**	**1,189**	**428**	**3,631**
Carrying amounts				
At 31 December 2014	**59,672**	**1,034**	**11,797**	**72,504**
At 31 December 2015	**59,890**	**2,509**	**10,920**	**73,319**

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**

Goodwill

Opening balance of goodwill consists of:

- goodwill recognized as result of the combination of CPI and CPI PG in June 2014. The goodwill allocated to CPI PG cash-generating unit amounts to EUR 42.6 million and reflects the original goodwill recognized in CPI PG prior the acquisition. This goodwill relates to deferred tax liabilities recognized at CPI PG level that are not expected to crystalize in future years;
- 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 Spojené farmy Group in 2014, goodwill in the amount of EUR 6.5 million was recognized;
- Goodwill of EUR 1.8 million was recognized by the Group in 2013. The goodwill relates to acquisition of former 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.

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

Impairment of goodwill/trademark

There are no indicators for CPI PG Group´s related GW and Trademark impairment as at 31 December 2015 as this CGU´s “recoverable amount” is significantly higher than its carrying value (calculation based on 2016 – 2020 budgeted numbers by using 4.58% WACC and Perpetuity growth rate of 2%).

There are no indicators for Hospitality Group´s related GW impairment as at 31 December 2015 as this CGU´s “recoverable amount” is significantly higher than its carrying value (calculation based on 2016 – 2020 budgeted numbers by using 4.98% WACC and Perpetuity growth rate of 2%).

There are no indicators for Spojené farmy Group´s related GW impairment as at 31 December 2015 as this CGU´s “recoverable amount” is significantly higher than its carrying value (calculation based on 2016 – 2020 budgeted numbers by using 4.82% WACC and Perpetuity growth rate of 2%).

Software

Significant increase of software in 2015 (EUR 1.6 million) was caused mainly by Group´s implementation of the new ERP and consolidation software.

6.2 Investment property

	Income Generating - Rental properties						Subtotal - rental properties	Income Generating - operation properties	Land bank	Development	Total
	Office	Retail	Residential	Industry and logistics	Hotels	Other		Agriculture			
Balance at 1 January 2014	**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/acquistions	--	56,441	--	--	31,200	--	87,641	--	1,354	--	88,995
Transfers	13,885	2,787	--	(603)	16,162	--	32,231	--	404	(14,561)	18,074
Development costs		--	--	--	--	--	--	--	--	5,564	5,564
Additions	22,508	7,214	2,664	953	2,142	--	35,481	1,697	1,263	--	38,442
Disposals	(3)	(179)	(4,346)	(20)	(319)	--	(4,867)	--	(9,399)	(34,848)	(49,114)
Valuation gain/(loss)	43,211	(7,134)	(6,591)	4,169	21,845	--	55,500	1,711	(10,399)	(1,145)	45,667
Transfers to assets held for sale	(17,900)	--	--	--	(7,042)	--	(24,942)	--	(1,000)	--	(25,942)
Translation differences	7,616	13,324	7,010	419	5,595	--	33,964	825	4,048	741	39,578
Balance at 31 December 2015	**1,539,663**	**964,375**	**275,883**	**143,526**	**336,266**	**--**	**3,259,713**	**49,130**	**222,633**	**2,838**	**3,534,314**

Acquistions

2015

In 2015 the Group acquired investment property in total value of EUR 89 million. The most significant items of investment property were acquired in following transactions (note 3.2):

- In December 2015 the Group acquired JMB Group (note 3.2) holding the retail property portfolio in total value of EUR 33.4 million in the Czech Republic.
- In connection with the acquisition of CPI Alberghi HI Roma S.r.l. in November 2015, the Group acquired the 4 star hotel in Rome in total value of EUR 31.2 million.
- In May 2015 the Group acquired OC Futurum Kolín, a.s., the shopping centre with leasable area of 10,100 sqm, in total value of EUR 23.0 million.

2014

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

Other significant items of investment property acquired:

- 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.

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

Transfers among segments

2015

At the end of April 2015, phase C of the project “Meteor Centre Office Park”, located in Prague – Karlín, was completed. Due to completion, the Group reclassified this project from development segment to segment income generating rental properties – office (EUR 11.0 million).
Due to the fact, that the Group ceased operation of hotel La Regina (EUR 16.2 million), from the portfolio of Hospitality Group acquired in 2014, this hotel has been transferred from property, plant and equipment to investment property.
Project “Jeseník City Park” was completed at the end of November 2015 and consequently transferred from development segment to Investment property (EUR 3.5 million).
In the end of 2015 the office project “Franklinestraße” was transferred from property, plant and equipment to Investment property (EUR 3.0 million) due to expected change in tenant structure.

2014

Major investment property project “QUADRIO” 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).

Development costs

2015

Development costs relates mainly to the “Jeseník City Park” project, which was completed in 2015 (EUR 2.8 million) and further to “Meteor Centre Office Park” project (EUR 1.7 million).

2014

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

Additions

2015

Additions in the amount of EUR 7.5 million relates to the newly acquired office complex Ullsteinstrasse 73 within Berlin portfolio.
Other additions in 2015 represent capital expenditures concerning the “QUADRIO” project – EUR 6.1 million (office asset type) and EUR 3.2 million (retail asset type), the “Meteor Centre Office Park” project (office asset type) EUR 2.9 million and the “Jeseník City Park” project EUR 2.7 million (retail asset type).

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.).

Disposals

2015

The main disposal represents the sale of former Zivnobanka building with impact of EUR 34.9 million.
Disposals of land bank in the amount of EUR 7.3 million relates to Hungarian properties. Other disposals represent sale of apartments in Praha – Letňany to their current tenants (EUR 4.2 million).

2014

Investment property in the amount of EUR 15.2 million was disposed of due to the sale of two subsidiaries in 2014.
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).

Valuation gain/loss

Refer to 5.7.

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 29.9 million at 31 December 2015 (2014: EUR 34.4 million) are held under long-term finance lease arrangements, which expire at varying dates between 2020 and 2033. For liabilities related to leased investment properties refer to note 6.15.

Pledged investment properties

For information related to pledged investment properties refer to note 6.15.

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 2015	**75,653**	**13,882**	**7,164**	**1,622**	**7,673**	**3,224**	**109,219**
Acquisitions	--	16,190	79,709	--	--	--	95,899
Additions	46	381	1,712	167	5,706	174	8,186
Disposals out of the Group	(738)	--	--	--	--	(191)	(929)
Other disposals	(13)	(12)	(640)	(449)	(1,856)	--	(2,970)
Transfer from/to investment property	(16,162)	(2,902)	--	--	--	--	(19,064)
Transfer	--	--	6,838	--	(5,657)	(1,181)	--
Translation differences	793	211	780	44	29	35	1,892
Balance at 31 December 2015	**59,579**	**27,750**	**95,563**	**1,384**	**5,895**	**2,061**	**192,232**
Accumulated depreciation and impairment losses							
Balance at 1 January 2015	**1,504**	**69**	**725**	**974**	**1,262**	**117**	**4,650**
Depreciation for the period	1,524	606	2,873	(9)	--	53	5,047
Impairment loss/ (reversal of impairment loss)	--	--	8	--	8	--	16
Disposals out of the Group	(1)	--	--	--	--	(1)	(2)
Other disposals	(6)	--	(640)	(23)	(891)	--	(1,560)
Translation differences	(9)	--	17	25	(9)	88	113
Balance at 31 December 2015	**3,012**	**675**	**2,983**	**967**	**370**	**257**	**8,264**
Carrying amounts							
At 31 December 2014	**74,149**	**13,812**	**6,439**	**648**	**6,412**	**3,107**	**104,567**
At 31 December 2015	**56,567**	**27,075**	**92,580**	**417**	**5,525**	**1,804**	**183,968**

	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	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
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**

Acquisitions

2015

The substantial increase of balance of property, plant and equipment is directly attributable to the acquisition of CMA Group in October 2015 (EUR 95.9 million), refer to note 3.2.

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.

Additions

2015

Main part of additions within property, plant and equipment (EUR 3.7 million) is directly attributable to CMA Group (refer to note 3.2) and connected post-acquisition investments. Other significant additions relates to "solar business" development in Germany.

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

2015

There were no significant disposals on property, plant and equipment in 2015.

2014

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

Transfers

2015

In 2015 part of the "solar business" (amounting EUR 5.7 million) was reclassified from property under construction to plant and equipment.

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)
At 31 December 2014	**6,009**
Additions	2,060
Other disposals	(1,557)
Fair value adjustment (change in fair value)	(395)
Effect of movements in exchange rates	156
At 31 December 2015	**6,273**

	31 December 2015	31 December 2014
Biological assets	**6,273**	**6,009**
Non-current	2,042	2,007
Current	4,231	4,002

Net realisable 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).

6.5 Available-for-sale financial assets

	31 December 2015	31 December 2014
Vodovody a kanalizace Přerov, a.s. (share 1.60%) (1)	251	245
Vodovody a kanalizace Hodonín, a.s. (share 1.99%) (1)	171	166
GSG Holding 2 GmbH	--	212
Orco Property Group S.A.	27	--
Uniborc SA	2	--
Other equity securities (1)	46	13
Total equity investments	**497**	**636**
Debentures (2)	--	1,375
Total available-for-sale financial assets (Non-current)	**497**	**2,011**
Debentures (2)	1,601	--
Total available-for-sale financial assets (Current)	**1,601**	**--**

(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 2015.

(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.
Due to the acquisition of JMB Group, the Group purchased bonds (EUR 0.23 million) issued by ABS JETS, trades on the Prague Stock Exchange (ISIN CZ0003501769), which mature in 2016.

6.6 Loans provided

Non-current

	31 December 2015		31 December 2014	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties (1)	19,643	8.03%	5,985	8.00%
Loans provided - third parties	14,217	7.80%	11,718	8.94%
Total non-current loans provided	**33,860**	**--**	**17,703**	**--**
Impairment to non-current loans provided to third parties	(2,613)	--	(175)	--
Total non-current loans provided net of impairment	**31,247**	**--**	**17,528**	**--**

Current

	31 December 2015		31 December 2014	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties (1)	81,916	6.18%	266,889	6.47%
Loans provided - third parties	5,589	5.16%	9,747	3.95%
Bills of exchange - third parties	7,549	5.89%	1,536	6.00%
Total current loans provided	**95,054**	**--**	**278,172**	**--**
Impairment to current loans provided to third parties	(31)	--	(2,368)	--
Total current loans provided net of impairment	**95,023**	**--**	**275,804**	**--**

(1) In 2014, the Group 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. As a part of the transaction with own shares (note 6.13), these loans (EUR 264.2 million), was assigned to the majority shareholder of CPI PG. For current year balance refer to note 10.

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 2015 and as at 31 December 2014 was as follows:

2015

	1-2 years	2-5 years	>5years	Total
Loans provided to related parties	--	19,643	--	19,643
Loans provided - third parties	3,350	2,391	5,863	11,604
Total the maturity of non-current loans provided	**3,350**	**22,034**	**5,863**	**31,247**

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**

6.7 Trade and other receivables

Non-current

	31 December 2015	31 December 2014
Advances paid	146	182
Trade receivables due from third parties	1	--
Advances paid for financial investments	(71)	137
Other receivables due from third parties (1)	34,856	32,226
Other receivables due from related parties (1)	--	20,215
Other items of trade and other receivables	84	--
Impairment of other receivables due from third parties (1)	(22,855)	(6,442)
Total non-current trade and other receivables	**12,161**	**46,318**

Current

	31 December 2015	31 December 2014
Trade receivables due from related parties	6,020	4,264
Trade receivables due from third parties (2)	74,602	67,631
Impairment to trade receivables due from third parties	(14,658)	(24,501)
Total current trade and other receivables	**65,964**	**47,394**

(1) Other receivables mainly include the receivable from the sale of the Group's project in prior periods. The receivable was partially impaired in prior periods. For current year impairment detail refer to note 5.10.1.

(2) Major part of the trade receivables represents trade receivables from tenant and receivables from invoicing of utilities. 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. Impairment 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 2015	31 December 2014
Impairment of trade receivables – creation	(1,740)	(8,551)
Impairment of trade receivables – release	4,453	9,007
Impairment of trade receivables – currency adj.	--	(5)
Impairment of trade receivables - written off	(2,887)	(1,367)
Total impact to profit/loss	**(174)**	**(916)**

6.8 Inventories

	31 December 2015	31 December 2014
Projects and property for resale (1)	76,676	154
Projects under development (2)	6,508	82,896
Other inventory	1,599	1,624
Total inventories	**84,783**	**84,674**

(1) Project and property for resale primarily relates to “Palais Maeterlinck project” in total amount of EUR 76.6 million (2014: EUR 68.4 million classified as project under development).
(2) Projects under development in the amount of EUR 6 million (2014: EUR 5.6 million) relates to the development project in Italy and to “Jižní stráň project” totalling EUR 0.5 million (2014: EUR 2.8 million).

Group´s projects under development qualify for full interest espense capitalization.
The carrying amount of the “Palais Maeterlinck project” totalling of EUR 76.6 million is supported by valuation appraisal prepared by independent valuator as at 31 December 2015. As a result of this appraisal there is no indication of potential write-down as at 31 December 2015.

Carrying amount of inventory pledged as collateral for liabilities represents EUR 76.6 million as at 31 December 2015 (2014: EUR 68.4 million).

6.9 Cash and cash equivalents

	31 December 2015	31 December 2014
Bank balances	157,374	106,865
Cash on hand	1,678	1,307
Total cash and cash equivalents	**159,052**	**108,172**

Total restricted cash in bank amounts to EUR 61.7 million in 2015 (2014: EUR 44.8 million).

6.10 Other financial current assets

	31 December 2015	31 December 2014
Interest to debentures issued by third parties	9	8
Receivables due from employees	594	2
Other receivables due from related parties	2,104	604
Other receivables due from third parties	4,032	5,953
Other items of trade and other receivables	2,337	--
Impairment - other receivables due from other parties	(1,168)	(433)
Total other financial current assets	**7,908**	**6,134**

6.11 Other non-financial current assets

	31 December 2015	31 December 2014
Other advances paid to third parties	6,032	7,325
Value added tax receivables	3,503	110
Other tax receivables (excl. CIT and VAT)	199	2,697
Agricultural subsidies (1)	5,973	5,434
Prepaid expenses	12,634	31,706
Other assets	--	1,369
Advances paid for FI	11	--
Total other non-financial current assets	**28,352**	**48,641**

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

6.12 Assets/Liabilities linked to assets held for sale

In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” the management intends the sale of following assets in 2016 as they do not correspond with the Group´s corporate strategy.

- Hotel project – with fair value of EUR 7 million and related bank financing represents of EUR 3 million;
- Office project – with fair value of EUR 17.9 million as at 31 December 2015;
- Land bank project – with fair value of EUR 1 million as at 31 December 2015.

6.13 Equity

Changes in equity

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

Acquisition of own shares

On 25 September 2015 the Group and its major shareholder, Mr. Vítek entered into an agreement, pursuant to which the Company acquired 550,694,915 of its own shares indirectly held by Mr. Vítek through company Mondello, a.s.. The purchase price has been set in CZK and EUR denominations and amounts appx. EUR 341.5 million in aggregate. In consideration for the share buyback, Mr. Vítek obtained a combination of monetary receivables (EUR 264.2 million) that did not form core business of the Company and Company’s bonds (EUR 77.3 million). The acquisition of its own shares was done under the buyback framework approved by the Company’s extraordinary general meeting held on 28 August 2014. The acquired shares are treated as treasury shares, the voting rights and right to dividend related to them is suspended as long as they are held by the Group. The total number of outstanding CPI PG shares (including treasury shares held by the Group) remains the same and equals 3,303,768,300. The number of CPI PG shares, excluding treasury shares held by the Company, was 2,753,073,385 as at 31 December 2015.

Share capital and share premium

As of 31 December 2015 the share capital of the Company amounts to EUR 330,376,830 and is represented by 3,303,768,300 ordinary fully paid shares (incl. treasury shares) with a nominal value of EUR 0.10 each.

Based on the latest shareholders´ declarations received to the 31 December 2015, the following table sets out information regarding the ownership of the Company´s shares:

Shareholder	Number of shares	Share held	Voting rights
Mr. Vítek and entities controlled by Mr. Vítek	2,493,335,776	75.47%	90.57%
ORCO PROPERTY GROUP (held directly or indirectly)	159,132,897	4.82%	5.78%
Others	100,604,712	3.04%	3.65%
Treasury shares held by the Group	550,694,915	16.67%	0.00%
Total	**3,303,768,300**	**100.00%**	**100.00%**

The share premium opening balance of 2015 comprised 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**
Treasury shares held by the Group		(55,069)	(286,431)
Balance at 31 December 2015	**3,303,768,300**	**275,308**	**1,085,446**

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.
Based on information above the Company is allowed to purchase another 199,305,085 pieces of its own shares from existing and/or future shareholders in coming four (4) accounting periods.

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 6.16.

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 2015	31 December 2014
At the beginning of the period*	3,303,768,300	2,466,902,565
Shares issued	3,303,768,300	2,466,902,565
Weighted average movements	(146,349,060)	273,811,595
Reverse acquisition	--	244,993,161
Issue of new shares	--	28,818,434
Treasury shares held by the Group	(146,349,060)	--
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**3,157,419,240**	**2,740,714,160**
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**3,157,419,240**	**2,740,714,160**
Net profit attributable to the Equity holders of the Company	**88,963**	**137,516**
Net profit attributable to the Equity holders of the Company after assumed conversions/exercises	**88,963**	**137,516**
Total Basic earnings in EUR per share	0.03	0.05
o/w discontinued operations	--	--
Diluted earnings in EUR per share	0.03	0.05
o/w discontinued operations	--	--

*Number of shares at the beginning of the period for years 2014 and 2015 represents the number of shares issued in exchange for shares of CPI a.s. by the Group as part of the acquisition (refer to note 3.5).

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.

6.14 Bonds issued

6.14.1 Non-current bonds issued

Czech Property Investment, a.s.	31 December 2015 No. of bonds issued	Value	31 December 2014 No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/18	100,000	100,000	100,000	93,317
Less: bonds owned by Group	(99,500)	(99,500)	(46,229)	(46,229)
Less: transaction costs	--	(162)	--	(79)
CPI VAR/18 (1)	**500**	**338**	**53,771**	**47,009**
Proceeds from issued bonds - CPI VAR/19 (CZK)	2,000,000,000	74,006	2,000,000,000	72,137
Less: transaction costs	--	(201)	--	(309)
CPI VAR/19 (CZK) (2)	**2,000,000,000**	**73,805**	**2,000,000,000**	**71,828**
Proceeds from issued bonds - CPI VAR/19 (EUR)	116,000	58,000	116,000	58,000
Less: bonds owned by Group	(108,916)	(54,458)	(11,640)	(5,820)
Less: transaction costs	--	(965)	--	(992)
CPI VAR/19 (EUR) (3)	**7,084**	**2,577**	**104,360**	**51,188**
Proceeds from issued bonds - CPI 2021	1,215	89,917	1,215	87,647
Less: bonds owned by Group	(1,215)	(89,917)	(1,215)	(87,647)
CPI 2021 (4)	**--**	**--**	**--**	**--**
Proceeds from issued bonds - CPI 6.05/16	--	--	150,000	53,356
Less: transaction costs	--	--	--	(603)
CPI 6.05/16 (5)*	**--**	**--**	**150,000**	**52,753**
Proceeds from issued bonds - CPI 7.00/22	1,000,000,000	37,003	1,000,000,000	36,069
Less: bonds owned by Group	(1,000,000,000)	(37,003)	(1,000,000,000)	(36,069)
Less: transaction costs	--	(57)	--	(62)
CPI 7.00/22 (6)	**--**	**(57)**	**--**	**(62)**
Proceeds from issued bonds - CPI 7.00/22	1,000,000,000	37,003	1,000,000,000	36,069
Less: bonds owned by Group	(923,333,633)	(34,166)	(901,680,396)	(32,522)
Less: transaction costs	--	(57)	--	(62)
CPI 7.00/22 (7)	**76,666,367**	**2,780**	**98,319,604**	**3,485**
Proceeds from issued bonds - CPI 7.00/22	1,000,000,000	37,003	1,000,000,000	36,069
Less: bonds owned by Group	(1,000,000,000)	(37,003)	(1,000,000,000)	(36,069)
Less: transaction costs	--	(59)	--	(62)
CPI 7.00/22 (8)	**--**	**(59)**	**--**	**(62)**
Proceeds from issued bonds - CPI 8.00/42	1,000,000,000	37,003	1,000,000,000	36,069
Less: bonds owned by Group	(52,000,000)	(1,924)	(52,000,000)	(1,876)
Less: transaction costs	--	(84)	--	(84)
CPI 8.00/42 (9)	**948,000,000**	**34,995**	**948,000,000**	**34,109**
Proceeds from issued bonds - CPI 8.00/42	1,000,000,000	37,003	1,000,000,000	36,069
Less: bonds owned by Group	(766,477,976)	(28,362)	(766,477,976)	(27,646)
Less: transaction costs	--	(82)	--	(84)
CPI 8.00/42 (10)	**233,522,024**	**8,559**	**233,522,024**	**8,339**
Proceeds from issued bonds - CPI 4.75/2019	150,000	55,504	--	--
Less: bonds owned by Group	(11,436)	(4,232)	--	--
Less: transaction costs	--	(942)	--	--
CPI 4.75/2019 (11)	**138,564**	**50,330**	**--**	**--**
Subtotal - bonds issued by Czech Property Investments a.s.	**3,258,334,539**	**173,268**	**3,280,149,759**	**268,587**

**Bonds CPI 6.05/16 are dislosed as current as at 31 December 2015, since they mature on 29 March 2016*

CPI Finance Netherlands B.V.	31 December 2015 No. of bonds issued	Value	31 December 2014 No. of bonds issued	Value
Proceed from issued bonds - CPI Finance Netherlands B.V. (2011)	--	--	500	180,343
Less: bonds owned by Group	--	--	(252)	(90,893)
CPI Finance Netherlands B.V. (2011)	**--**	**--**	**248**	**89,450**
Proceed from issued bonds - CPI Finance Netherlands B.V. (2012)	--	--	100	36,069
Less: bonds owned by Group	--	--	(100)	(36,069)
CPI Finance Netherlands B.V. (2012)	**--**	**--**	**--**	**--**
Proceed from issued bonds - CPI Finance Netherlands B.V. (2013)	--	--	100	3,607
Less: bonds owned by Group	--	--	(100)	(3,607)
CPI Finance Netherlands B.V. (2013)	**--**	**--**	**--**	**--**
Subtotal - bonds issued by CPI Finance Netherlands B. V.	**--**	**--**	**248**	**89,450**

CPI BYTY, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2.50/17 (CZ0003510679)	300,000	11,101	--	--
Proceeds from issued bonds - CPI BYTY 3.50/17 (CZ0003510687)	500,000	18,501	500,000	18,034
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003510695)	900,000	33,303	900,000	32,462
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003511412)	500,000	18,501	500,000	18,034
Proceeds from issued bonds - CPI BYTY 5.80/21 (CZ0003510703)	800,000	29,602	800,000	28,855
Less: transaction costs	--	(2,443)	--	(1,755)
Subtotal bonds - CPI BYTY, a.s. (12)	**3,000,000**	**108,565**	**2,700,000**	**95,630**

CPI Alfa, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI ALFA REAL ESTATE	279,000,000	10,324	279,000,000	10,063
Less: transaction costs	--	(87)	--	(153)
Subtotal bonds - CPI Alfa, a.s. (13)	**279,000,000**	**10,237**	**279,000,000**	**9,910**

CPI RETAIL PORTFOLIO I, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds – CPI RETAIL PORTFOLIO I 5.00/2019	112,500	41,628	112,500	40,577
Less: transaction costs	--	(823)	--	(441)
Subtotal bonds - CPI Retail Portfolio I, a.s. (14)	**112,500**	**40,805**	**112,500**	**40,136**

CPI Finance Slovakia, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI 5.85/2018	30,000	30,000	--	--
Less: transaction costs	--	(475)	--	--
Subtotal bonds - CPI Finance Slovakia, a.s. (15)	**30,000**	**29,525**	**--**	**--**

Spojené farmy, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - Spojené farmy a.s.	80,000,000	2,960	80,000,000	2,928
Subtotal bonds - Spojené farmy, a.s. (16)	**80,000,000**	**2,960**	**80,000,000**	**2,928**

CPI PROPERTY GROUP S.A.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI PROPERTY GROUP, S.A.	5,000	494,285	--	--
Less: bonds owned by Group	(2,038)	(203,800)	--	--
Subtotal bonds - CPI PROPERTY GROUP S.A. (17)	**2,962**	**290,485**	**--**	**--**
Total non-current bonds		**655,845**		**506,641**

6.14.2 Current bonds issued

Czech Property Investment, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/15	--	--	30,000	15,000
Less: transaction costs	--	--	--	(476)
CPI VAR/15	**--**	**--**	**30,000**	**14,524**
Proceeds from issued bonds - CPI 6.05/16	150,000	55,352	--	--
Less: bonds owned by Group	(23,820)	(8,814)	--	--
Less: transaction costs	--	(338)	--	--
CPI 6.05/16 (15)	126,180	46,200	--	--
Subtotal - bonds issued by Czech Property Investments a.s.	**126,180**	**46,200**	**30,000**	**14,524**

CPI BYTY, a.s.	31 December 2015		31 December 2014	
	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: transaction costs	--	--	--	(864)
CPI BYTY 2.50/15 (15)	**--**	**--**	**300,000**	**9,956**
Accrued interest on bonds		**13,282**		**8,387**
Total current bonds		**59,482**		**32,867**
Total bonds		**715,327**		**539,508**

(1) 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.

Bonds were accepted for trading at the Prague Stock Exchange.

(2) 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 2013/2781/570 that came into force on 27 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

(3) 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.

(4) 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.

(5) CPI 6.05/16 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.

(6) 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).

(7) 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).

(8) 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).

(9) 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).

(10) 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).

(11) CPI 4.75/19, ISIN CZ0003512782

CPI 4.75/19 were issued on 24 August 2015. The bonds mature on 24 August 2019. The nominal value of each bond is CZK 10,000. The Group issued bonds up to maximal value of TCZK 150,000.

CPI 4.75/19 bonds bear fixed interest of 4.75% per annum. Interests are due quarterly, on 24 February, on 24 May, on 24 August and on 24 November, respectively. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 4.75/19, ISIN CZ0003512782).

Bonds were accepted for trading at the Prague Stock Exchange.

(12) 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 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.

CPI BYTY 2.50/17, ISIN CZ0003512485
CPI BYTY 2.50/17 bonds were issued on 11 May 2015. The bonds mature on 7 May 2017. 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. These bonds are traded on Prague Stock Exchange, altogether with other emissions issued by CPI BYTY, a.s.

(13) CPI ALFA REAL ESTATE, 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 REAL ESTATE 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.

(14) 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 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).
Bonds were accepted for trading at the Prague Stock Exchange.

(15) CPI 5.85/2018, ISIN SK4120010653

CPI 5.85/2018 bonds were issued on 16 April 2015. The bonds mature on 16 April 2018. The nominal value of each bond is EUR 1,000 and the total nominal value of bonds issued amounts to EUR 30 million. CPI 5.85/2018 bonds bear the fixed interest rate of 5.85 % p.a. Interests are due quarterly, on 16 April, 16 July, 16 October and 16 January.

Bonds were issued as bearer notes in listed form (registred in Central Securities Depository, the abbreviation is CPI 5.85/2018, ISIN SK4120010653). The prospectus and the issuing terms were approved by the decision of the National Bank of Slovakia on 9 April 2015, reference number ODT-3557/2015-1 that came into force on 10 April 2015.

Bonds were accepted for trading on the Bratislava Stock Exchange.

(16) 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.

(17) CPI Property Group S.A., ISIN XS1279550260

On 20 August 2015, CPI Property Group S.A. issued 5,000 pieces of bonds, each with nominal value of EUR 100,000. The bonds mature on 20 August 2025 and bear fixed interest rate of 5.0% p.a. Interest are due annually on 20 August. Bonds were issued as bearer notes in listed form and are governed by Luxembourg law. Bonds were accepted for trading on the Luxembourg Stock Exchange.

Changes in 2015

On 23 March 2015, the Group repaid CPI VAR/15 bonds (ISIN CZ0003501835), which were issued on 23 March 2012. The nominal value of bonds issued amounted EUR 15 million.

On 4 March 2015, the Group founded new company CPI Finance Slovakia, a.s., domiciled in Slovakia. On 16 April 2015, CPI Finance Slovakia, a.s. issued new bonds CPI 5.85/2018 (ISIN SK4120010653).

On 7 May 2015, bonds CPI BYTY 2.50/15 (ISIN CZ0003510679), were repaid. These bonds were issued on 7 May 2013 and the nominal value amounted to CZK 300 million (app. EUR 11 million). In connection with this repayment, the Group issued new bonds CPI BYTY 2.50/17 (ISIN CZ0003512485).

On 20 August 2015, the Company issued new bonds (ISIN XS1279550260) in total nominal value of EUR 500 million.

On 24 August 2015, bonds CPI 4.75/19 (ISIN CZ0003512782) were issued in total nominal value amounting to CZK 1,500 million (app. EUR 55.5 million).

In 2015, the Group´s subsidiary CPI Finance Netherlands B.V. gradually acquired its own bonds from bond holders (emissions: CPI Finance NL 5% 2011-2021; CPI Finance NL 5% 2012-2022 and CPI Finance NL 5% 2013-2023) and decided to liquidate these bonds. The liquidation was carried out in December 2015. The bonds were acquired at the amortized costs and transaction did not result in to any profit or loss effect.

Covenants

Issued bonds CPI VAR/19 (CZK), CPI VAR/19 (EUR), CPI VAR/18, CPI 4.75/19, CPI 6.05/16, CPI ALFA REAL ESTATE, CPI Retail Portfolio I 5.00/2019, CPI BYTY and CPI 5.85/2018 are subject to a number of covenants. All covenant ratios were met as at 31 December 2015.

6.15 Financial debts

	31 December 2015	31 December 2014
Loans from related parties	1	1,866
Loans from third parties	9,068	12,664
Bank loans (1)	1,305,602	1,180,564
Finance lease liabilities	18,998	19,038
Bills of exchange	34,688	6,211
Total non-current financial debts	**1,368,357**	**1,220,343**

	31 December 2015	31 December 2014
Loans from related parties	20	2,273
Loans from third parties (1)	5,887	19,234
Bank loans (1)	291,963	275,305
Finance lease liabilities	1,897	1,433
Bills of exchange	21,366	27,742
Total current financial debts	**321,133**	**325,987**

(1) The value of bank loans increased mainly due to the major refinancing in 2015:

- The Group has obtained financing for its major project in the Czech Republic, QUADRIO shopping centre. Following the successful completion of QUADRIO project, the Group agreed with the current club of financing banks, Helaba and UniCredit, on a major increase of the financing, which was used to increase the loan from EUR 46 million to EUR 104 million;
- 5-year refinancing for Group´s boutique hotels portfolio was obtained in July 2015, by which the Group achieved the long-term EUR 58 million refinancing with Erste bank;
- The Group obtained a credit facility to refinance the acquisition of farm land held in Spojené farmy a.s. and loans from third parties in the amount of EUR 34.5 million, which was provided by Ceskoslovenska obchodni banka.
- Due to acquisition of CPI Alberghi HI Roma S.r.l. the bank loans increased by EUR 25 million (note 3.2).

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 2,905 million at 31 December 2015 (2014: EUR 2,850 million).

PPE

The Group has pledged PPE with total value of EUR 53 million at 31 December 2015 (2014: EUR 0 million).

Trade receivables

Total carrying amount of pledged trade receivables represents EUR 45 million at 31 December 2015 (2014: EUR 21.4 million).

Bank accounts

Total amount of pledged bank accounts represents EUR 73 million at 31 December 2015 (2014: EUR 30.5 million).

Shares of the subsidiaries

Airport City Ingatlanbefektetési Kft., Airport City Phase B Kft., Angusland s.r.o., Agrome spol. s r.o., Arkáda Prostějov, s.r.o., Balvinder, a.s., Baudry Beta, a.s., BAYTON Alfa, a.s., BAYTON Delta, a.s., BC 30 Property Kft., BC 91 Real Estate Kft., Best Properties South, a. s., Biochov s.r.o., Biopark s.r.o., Biopotraviny s.r.o., Brandýs Logistic, a.s., Buy-Way Dunakeszi Ktf., Carpenter Invest, a.s., CB Property Development, a.s., Central Tower 81 Sp. z o.o., Conradian, a.s., CPI - Real Estate, a.s., CPI - Štupartská, a.s., CPI Alberghi HI Roma S.r.l., CPI Heli, a.s., 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., Čáslav Investments, a.s., Českolipská farma s.r.o., Českolipská zemědělská a.s., Český Těšín Property Development, a.s., Děčínská zemědělská a.s., DIANA DEVELOPMENT Sp. z o.o., Dienzenhoferovy sady 5, s.r.o., EMH North, s.r.o., EMH South, s.r.o., EMH West, s.r.o., Europeum Kft., Farhan, a.s., Farmy Frýdlant a.s., Farma Ploučnice a.s., Farma Svitavka s.r.o., Gadwall, Sp. z o.o., Gerosa - JMB, a.s., Global Immo Ingatlanbefektetési Kft., 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., IGY2 CB, a.s., IGY2 CB, a.s., JAGRA spol. s r.o., Janáčkovo nábřeží 15, s.r.o., Jeseník Investments, a.s., JMB Lambda, s.r.o., Kerina, a.s., Komárno Property Development, a.s., LD Praha, a.s., Limagro s.r.o., Lipt. Mikuláš Property Development, a.s., Lockhart, a.s., Lucemburská 46, a.s., Marissa Gama, a.s., Marissa Tau, a.s., Marissa West, a.s., MB Property Development, a.s., Michalovce Property Development, a.s., Modřanská Property, a.s., MUXUM, a.s., NERONTA,a.s., 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 Warsaw Sp. z o.o., Ozrics Kft., Pastviny a.s., 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., PV – Cvikov s.r.o., Residence Belgická, s.r.o., Residence Izabella, Zrt., Ružomberok Property Development, a.s., Spojené farmy, a.s., 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., Veneřický Angus a.s., Vigano, a.s., Vyškov Property Development, a.s., Zelená farma s.r.o., Zelená louka s.r.o., Zelená pastva, s.r.o., ZEMSPOL s.r.o., Zvolen Property Development, a.s., Ždírec Property Development, a.s.

Covenants

Bank loans are subject to a number of covenants. The Group hasfour bank loans of EUR 27.06 million (2014: EUR 12.6 million) with covenant breach and discloses them as current as at 31 December 2015, out of which EUR 24.5 million were successfully refinanced in the first quarter of 2016.

Maturity analysis - loans from third parties

2015

	< 1 year	1-5 years	>5years	Total
Loans from third parties	5,887	4,456	4,612	14,955
Bank loans	291,963	1,087,456	218,146	1,597,565
Total	**297,850**	**1,091,912**	**222,758**	**1,612,520**

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**

Finance lease liabilities

Finance lease liabilities relating to investment property as of 31 December are payable as follows:

2015

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	1,692	6,351	14,853	22,896
Interest	(476)	(1,585)	(1,781)	(3,842)
Net present value of future minimum lease payments	**1,216**	**4,766**	**13,072**	**19,054**

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**

Finance lease liabilities relating to property, plant and equipment as of 31 December are payable as follows:

2015

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	717	1,194	--	1,911
Interest	(36)	(34)	--	(70)
Net present value of future minimum lease payments	**681**	**1,160**	**--**	**1,841**

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**

6.16 Derivative instruments

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 2015 is summarized in the following table:

	31 December 2015	31 December 2014
Interest rate swaps used for hedging	1,637	3,015
Other interest rate swap contracts	9,329	9,937
Foreign exchange forward contracts	10	1,005
Total non-current liabilities from derivatives	**10,976**	**13,957**

	31 December 2015	31 December 2014
Interest rate swaps used for hedging	445	--
Other interest rate swap contracts	5,407	6,127
Other forward exchange contracts	461	937
Total current liabilities from derivatives	**6,313**	**7,064**

a) Interest rate swaps used for hedging

The Group has entered into interest rate swap contracts with notional amounts of EUR 87.23 million (2014: EUR 72.04 million) whereby it pays a fixed interest rate of 0.3 % - 2.32 % (2014: 1.85 % - 2.32 %) and receives a variable rate based on 3M EURIBOR/3M PRIBOR. Increase is due to new interest rate swaps used for hedging from Hospitality Group with notional amount of EUR 23.25 million, mature on 30 June 2020 and fixed interest rate 0.3 %.

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 915.47 million (2014: EUR 698.52 million) have fixed interest payments at an average rate of 1.0 % (2014: 1.26 %) 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

Foreign exchange forward contracts with notional amounts EUR 1.94 million (2014: EUR 2.07 million) include one CAP in CZK with interest rate 7.5 % and ten FX FORWARD EUR/CZK with average foreign exchange rate of 26.06 (min. 25.24, max. 27.03). Decrease is caused by paid ten FX FORWARD during 2015.

For analysis of liabilities from derivatives with respect of its maturity refer to note 7.2.

6.17 Non-current provisions

	2015	2014
Balance at 1 January	**16,630**	**--**
Provisions acquired through business combination	629	14,992
Provisions created in the period	1,514	121
Provisions used in the period	(1,120)	(300)
Deconsolidation impact (1)	(12,338)	--
Remeasurement gains	--	1,817
Transfer	2,761	--
Effect of movements in exchange rates	3	--
Balance at 31 December	**8,079**	**16,630**

(1) Decrease in non-current provisions (retirement benefit obligations) relates to the deconsolidation of one of the Group´s entities (note 3.4).

6.18 Other non-current liabilities

Non-current trade and other payables	31 December 2015	31 December 2014
Advances received	619	575
Trade payables due to third parties	49	170
Tenant deposits (1)	14,481	8,286
Payables from retentions	2,045	4,180
Other payables due to third parties (2)	3,739	12,707
Total other non-current liabilities	**20,933**	**25,918**

(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.

(2) Other payables due to third parties arising mainly from the process of redemption of farmland into ownership of individual farms instead of renting in comparison to 2014 (EUR 12.6 million) have significantly decreased to EUR 3.6 million after its partial settlement.

6.19 Trade payables

Current trade and other payables	31 December 2015	31 December 2014
Trade payables due to related parties	2,637	2,334
Trade payables due to third parties (1)	39,704	29,294
Total trade payables	**42,341**	**31,628**

(1) Increase in trade payables due to third parties is due to acquisition of CMA Group (effect EUR 9.09 million).

6.20 Advance payments

Advances	31 December 2015	31 December 2014
Advances received from related parties	1,108	1,451
Advances received from third parties (1)	35,253	31,535
Tenant deposits (2)	12,524	11,467
Total advance payments	**48,885**	**44,453**

(1) Main part of increase in advances received from third parties relates to German part of the Group (EUR 1.9 million) and EUR 1.2 million to acquisition of the 4 star hotel in Rome.

(2) Advances received from tenants in 2015 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.

6.21 Other financial current liabilities

	31 December 2015	31 December 2014
Deferred income/revenue and accrued liabilities	7,316	14,681
Payables from unpaid capital contributions	59	9
Other payables due to related parties	415	4,831
Other payables due to third parties	6,262	11,405
Total other financial current liabilities	**14,052**	**30,926**

6.22 Other non-financial current liabilities

	31 December 2015	31 December 2014
Current income tax liabilities	4,989	5,664
Value added tax payables	4,661	1,089
Other tax payables (excl. CIT and VAT)	948	3,334
Payables due to employees, SHI, employees income tax	3,689	3,127
Provisions	605	5,597
Liabilities from grants	4	--
Total other non-financial current liabilities	**14,896**	**18,811**

6.22.1 Current provisions

	2015	2014
Balance at 1 January	**5,597**	**683**
Provisions acquired through business combination	--	4,494
Provisions created in the period	3,302	1,040
Provisions used in the period	(371)	(594)
Deconsolidation impact (1)	(4,086)	--
Transfer	(3,798)	--
Effect of movements in exchange rates	(39)	(26)
Balance at 31 December	**605**	**5,597**

(1) Decrease in provisions (retirement benefit obligations) amounting EUR 4.1 million relates to the deconsolidation of one of the Group´s entities (note 3.4).

Analysis of total provisions

	31 December 2015	31 December 2014
Non-current provisions	8,079	16,630
Current provisions	605	5,597
Total provisions	**8,684**	**22,227**

6.23 Operating leases

	31 December 2015	31 December 2014
Less than one year	167,500	181,667
Between one and five years	507,080	516,976
More than five years	363,240	364,112
Total operatin leases	**1,037,820**	**1,062,755**

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.

6.24 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, CZK and CHF.

In 2015

At 31 December 2015	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	**59,482**	**287,394**	**368,451**	**715,327**
Financial debts	**321,133**	**1,132,527**	**235,830**	**1,689,490**
Bank loans (incl. overdraft)	291,963	1,087,456	218,146	**1,597,565**
Bank loans fixed rate	50,340	44,263	7,495	102,098
Bank loans floating rate	241,623	1,043,193	210,651	1,495,467
Loans from related parties	20	1	--	**21**
Loans from third parties	5,887	4,456	4,612	**14,955**
Other borrowings	23,263	40,614	13,072	**76,949**
Total	**380,615**	**1,419,921**	**604,281**	**2,404,817**

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**

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 2015 reflecting their classification based on its ageing structure and impairment if applicable:

Credit risk profile at 31 December 2015:

	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Available for sale financial assets	**497**	**--**	**--**	**497**
Financial assets at fair value through profit or loss	**1,125**	**--**	**--**	**1,125**
Loans provided	**125,682**	**588**	**(2,644)**	**126,270**
- loans	118,133	588	(2,644)	118,721
- bills of exchange	7,549	--	--	7,549
Trade and other receivables*	**89,952**	**24,433**	**(38,681)**	**114,385**
Cash and cash equivalents	**159,052**	**--**	**--**	**159,052**
Total	**376,307**	**25,021**	**41,325**	**401,328**

* 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 2015

	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	--	--	--	**234**	**354**	**588**
- loans	--	--	--	234	354	588
Trade and other receivables*	**6,884**	**5,092**	**4,214**	**1,711**	**6,532**	**24,433**
Total	**6,884**	**5,092**	**4,214**	**1,945**	**6,886**	**25,021**

* Trade and other receivables include trade receivables, other financial and other non-financial current assets

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
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

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.

2015

	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Bonds issued	**715,327**	**52,990**	**32,225**	**74,891**	**330,912**	**520,651**	**1,011,669**
Financial debts	**1,689,490**	**104,041**	**259,426**	**586,023**	**648,312**	**279,030**	**1,876,832**
- loans from related parties	21	--	20	--	1	--	21
- loans from third parties	14,955	5,483	487	966	3,714	5,481	16,131
- bank loans	1,597,565	89,681	244,115	548,477	639,140	257,889	1,779,302
- finance lease liabilities	20,895	453	1,862	2,858	4,491	15,660	25,324
- bills of exchange	56,054	8,424	12,942	33,722	966	--	56,054
Derivative instruments	**17,289**	**389**	**5,924**	**780**	**9,258**	**938**	**17,289**
Other non-current liabilities	**20,933**	**--**	**--**	**4,696**	**8,229**	**8,008**	**20,933**
Other current liabilities*	**119,569**	**95,238**	**24,331**	**--**	**--**	**--**	**119,569**
Total**	**2,562,608**	**252,658**	**321,906**	**666,390**	**996,711**	**808,627**	**3,046,292**

*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

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

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 2.2(b) (i)).

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.

2015

	Currency	Carrying amount
Cash and cash equivalents	TEUR	24,458
	TCZK	2,861
	TUSD	5
	THUF	767,768
	TRON	6
	TPLN	1
Trade and other receivables	TEUR	1,779
	THUF	1,378,333
	TCZK	78
	TUSD	2
	TGBP	6
	TRON	289
	TRUB	5,853
Loans provided	TEUR	12,768
Available for sale financial assets	TEUR	1,383
Trade and other payables	TEUR	(2,429)
	TCZK	(187,817)
	TUSD	(20)
	TPLN	(7)
	THUF	(1,780, 459)
	TRON	(108)
	TRUB	(51,366)
	TCHF	(51)
Financial debts	TEUR	(453,328)
Bonds issued	TEUR	(4,704)
Derivative instruments	TEUR	(1,599)
Net position	**TEUR**	**(421,671)**
Net position	**TCZK**	**(184,879)**
Net position	**TUSD**	**(13)**
Net positon	**TGBP**	**5**
Net position	**TPLN**	**(6)**
Net position	**THUF**	**365,643**
Net position	**TRON**	**188**
Net position	**TCHF**	**(51)**
Net position	**TRUB**	**(45,513)**

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**

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 2015. 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	14,511
1-2 years	26,888
2-5 years	109,027
5-10 years	55,249
more than 10 years	49,597
Total	**255,272**

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, RON, CHF or HUF would have the below effect to profit/(loss) or equity of the Group providing all other variables remaining constant:

Foreign currency risk 2015 – 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	24,458	2,423	(2,423)
	TCZK	2,861	10	(10)
	TUSD	5	--	--
	THUF	767,768	241	(241)
	TRON	6	--	--
	TPLN	1	--	--
Trade and other receivables	TEUR	1,779	176	(176)
	TCZK	78	--	--
	TUSD	2	--	--
	THUN	1,378,333	432	(432)
	TRON	289	6	(6)
	TGBP	6	1	(1)
	TRUB	5,853	7	(7)
Loans provided	TEUR	12,768	1,265	(1,265)
Available for sale financial assets	TEUR	1,383	137	(137)
Trade and other payables	TEUR	(2,429)	(241)	241
	TCZK	(187,817)	(688)	688
	TUSD	(20)	(2)	2
	TPLN	(7)	--	--
	THUF	(1,780,459)	(558)	558
	TRON	(108)	(2)	2
	TRUB	(51,366)	(63)	63
	TCHF	(51)	(5)	5
Financial debts	TEUR	(453,328)	(44,904)	44,904
Bonds issued	TEUR	(4,704)	(466)	466
Derivative instruments	TEUR	(1,599)	(158)	158
Net exposure to currency risk	**TEUR**	**(421,671)**	**(41,768)**	**41,768**
Net exposure to currency risk	**TCZK**	**(184,879)**	**(678)**	**678**
Net exposure to currency risk	**TUSD**	**(13)**	**(1)**	**1**
Net exposure to currency risk	**TGBP**	**5**	**1**	**(1)**
Net exposure to currency risk	**TPLN**	**(6)**	**--**	**--**
Net exposure to currency risk	**THUF**	**365,643**	**115**	**(115)**
Net exposure to currency risk	**TRON**	**188**	**4**	**(4)**
Net exposure to currency risk	**TRUB**	**(45,513)**	**(56)**	**56**
Net exposure to currency risk	**TCHF**	**(51)**	**(5)**	**5**
Impact on profit/loss	**TEUR**		**(16,198)**	**16,198**
Impact on equity	**TEUR**		**(26,190)**	**26,190**

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)
	TRUB	145	--	(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)**
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**

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 6.15 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 6 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 6.16). 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:

2015

	Effective interest rate	Liability with variable interest rate	Interest calculated
Bonds issued	6.94%	78,048	5,416
Financial debts			
Loans received & finance lease liabilities	2.71%	1,514,911	41,099
Total		**1,592,959***	**46,515**

* 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	7.94%	6,197	(780)	5.94%	4,636	780
Financial debts						
Loans received & finance lease liabilities	3.71%	56,248	(15,149)	1.71.%	25,950	15,149
Total		**62,445**	**(15,929)**		**30,586**	**15,929**

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**

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.

2015

	Effective interest rate	Total	3 month or less	3-12 months	Fixed interest rate
Bonds issued (1)	5.46%	**715,327**	**--**	**78,711**	**636,616**
Financial debts		**1,633,436**	**1,475,879**	**39,029**	**118,528**
- loans from related parties	0.06%	21	--	--	21
- loans from third parties (2)	2.32%	14,955	396	--	14,559
- bank loans (3)	2.72%	1,597,565	1,463,851	31,607	102,107
- finance lease liabilities	2.19%	20,895	11,632	7,422	1,841
Total		**2,348,763**	**1,475,879**	**117,740**	**755,144**

(1) Including unpaid interest of EUR 13.3 million

(2) Including unpaid interest of EUR 2.5 million (fixed interest rate)

(3) Unpaid intrests represent EUR 1.2 million

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 represent EUR 2.2 million (fixed interst 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 2015.

The Group monitors capital on the basis of the gearing ratio and loan to value.

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 2015 and at 31 December 2014 were as follows:

	31 December 2015	31 December 2014
Debt	2,984,644	2,660,618
Equity	1,338,079	1,558,808
Gearing ratio in %	**223 %**	**171 %**

Loan to value (LTV) ratio

This ratio is calculated as total net debt divided by totoval value of property portfolio.

Net debt is defined as all non-current and current interest bearing liabilities (bonds and financial debts) decreased by balance of cash and cash equivalents.

The LTV ratios at 31 December 2015 and at 31 December 2014 were as follows:

	31 December 2015	31 December 2014
Bonds issued	715,327	539,508
Financial debts	1,689,490	1,546,330
Liabilities linked to assets held for sale	2,973	--
Cash and cash equivalents	159,052	108,172
Net debt	**2,248,738**	**1,977,666**
Property portfolio	**3,821,579**	**3,553,494**
Loan to value ratio in %	**58.8 %**	**55.7 %**

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 2015 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

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 2015	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)	Fair value		
FINANCIAL ASSETS			**Level 1**	**Level 2**	**Level 3**
Call option	1,125	--	--	1,125	--
Financial assets at fair value through profit or loss (**)	**1,125**	**--**	**--**	**--**	**--**
Long-term Equity investments	--	497	--	--	--
Financial assets available-for-sale	**--**	**497**	**--**	**--**	**--**
Deferred consideration	--	12,001	--	--	12,001
Advances paid	--	75	--	--	--
Loans provided	--	31,247	--	--	36,411
Non-current loans and receivables	**--**	**43,323**	**--**	**--**	**--**
Trade and other receivables	--	65,964	--	--	--
Debentures issued by third parties	--	1,601	--	--	1,670
Derivative instruments	5	--	--	5	--
Loans provided	--	87,474	--	--	95,253
Bills of Exchange	--	7,549	--	--	7,669
Other current financial assets	--	7,908	--	--	--
Cash and cash equivalent		159,052	--	--	--
Current financial assets*	**5**	**329,548**	**--**	**--**	**--**
FINANCIAL LIABILITIES					
Bonds	--	655,845	619,710	--	69,693
Financial debt (floating rate bank debts)	--	1,253,844	--	--	1,253,844
Financial debt (fixed rate bank debts)	--	51,758	--	--	51,729
Financial debt (other borrowings)	--	62,755	--	--	60,410
Derivative instruments	10,976	--	--	10,976	--
Non-current financial liabilities	**10,976**	**2,024,202**	**--**	**--**	**--**
Bonds	--	46,200***	47,741	--	--
Financial debt (floating rate bank debts)	--	241,623	--	--	241,623
Financial debt (fixed rate bank debts)	--	50,340	--	--	51,709
Financial debt (other borrowings)	--	29,170	--	--	29,380
Derivates instruments	6,313	--	--	6,313	--
Advanced payments	--	48,885	--	--	--
Trade payables	--	42,341	--	--	--
Other financial current liabilities	--	14,052	--	--	--
Current financial liabilities*	**6,313**	**472,611**	**--**	**--**	**--**

(*) It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

(**) Designated at fair value.

(***) Accrued interest is not included.

31 December 2014	Carrying amount		Fair value		
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)			
FINANCIAL ASSETS			Level 1	Level 2	Level 3
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 carrying amount is a reasonable approximation of the fair value.

(**) Designated at 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 2015 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 2015 the fair value measurement for investment property of EUR 3,373 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 2014 and 31 December 2015 respectively.

31 December 2015	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	-	55 EUR/sqm	(51 EUR/sqm)
				Net current income per sqm	28 EUR/sqm	-	50 EUR/sqm	(36 EUR/sqm)
				Equivalent yield	8.00%	-	12.00%	(8.16%)
				Vacancy rate	0.00%	-	0.00%	(0.00%)
Czech Republic - West Bohemia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm				32 EUR/sqm
				Net current income per sqm				24 EUR/sqm
				Equivalent yield				12.00%
				Vacancy rate				43.58%
Slovakia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm				51 EUR/sqm
				Net current income per sqm				54 EUR/sqm
				Equivalent yield				8.20%
				Vacancy rate				1.72%
Hungary	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm	55 EUR/sqm	-	57 EUR/sqm	(56 EUR/sqm)
				Net current income per sqm	51 EUR/sqm	-	56 EUR/sqm	(52 EUR/sqm)
				Equivalent yield	9.04%	-	9.15%	(9.12%)
				Vacancy rate	5.91%	-	16.15%	(13.33%)
Germany	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm				6 EUR/sqm
				Net current income per sqm				9 EUR/sqm
				Equivalent yield				12%
				Vacancy rate				0%
Czech Republic - Prague Center	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	167 EUR/sqm	-	356 EUR/sqm	(338 EUR/sqm)
				Net current income per sqm	150 EUR/sqm	-	280 EUR/sqm	(268 EUR/sqm)
				Equivalent yield	4.85%	-	5.00%	(4.86%)
				Vacancy rate	4.93%	-	14.18%	(13.33%)
Czech Republic - Prague Other	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	70 EUR/sqm	-	188 EUR/sqm	(140 EUR/sqm)
				Net current income per sqm	67 EUR/sqm	-	205 EUR/sqm	(148 EUR/sqm)
				Equivalent yield	5.27%	-	9.00%	(6.20%)
				Vacancy rate	3.39%	-	19.69%	(6.27%)
Czech Republic - Other	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	50 EUR/sqm	-	207 EUR/sqm	(55 EUR/sqm)
				Net current income per sqm	46 EUR/sqm	-	208 EUR/sqm	(123 EUR/sqm)
				Equivalent yield	5.87%	-	9.20%	(7.48%)

31 December 2015	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average			
				Vacancy rate	0.00%	-	31.82%	(6.05%)
Czech Republic - Other	Retail	Comparable	Level 3	Fair value per sqm				539 EUR/sqm
Hungary - Budapest Center	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	54 EUR/sqm	-	283 EUR/sqm	(166 EUR/sqm)
				Net current income per sqm	31 EUR/sqm	-	231 EUR/sqm	(132 EUR/sqm)
				Equivalent yield	4.07 %	-	9.35 %	(6.70%)
				Vacancy rate	0.56 %	-	10.07 %	(4.21%)
Slovakia	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	90 EUR/sqm	-	126 EUR/sqm	(109 EUR/sqm)
				Net current income per sqm	89 EUR/sqm	-	141 EUR/sqm	(108 EUR/sqm)
				Equivalent yield	7.38%	-	11.00%	(7.91%)
				Vacancy rate	0.00%	-	1.04%	(0.13%)
Poland	Retail	Income capitalisation	Level 3	Estimated rental value per sqm				195 EUR/sqm
				Net current income per sqm				151 EUR/sqm
				Equivalent yield				7.75%
				Vacancy rate				5.69%
Czech Republic - Prague	Office	Income capitalisation	Level 3	Estimated rental value per sqm	89 EUR/sqm	-	356 EUR/sqm	(191 EUR/sqm)
				Net current income per sqm	57 EUR/sqm	-	341 EUR/sqm	(178 EUR/sqm)
				Equivalent yield	5.00%	-	9.26%	(6.73%)
				Vacancy rate	0.00%	-	23.91%	(7.86%)
Czech Republic - Other	Office	Income capitalisation	Level 3	Estimated rental value per sqm	94 EUR/sqm	-	146 EUR/sqm	(104 EUR/sqm)
				Net current income per sqm	59 EUR/sqm	-	146 EUR/sqm	(82 EUR/sqm)
				Equivalent yield	7.5 %	-	8.0%	(7.84%)
				Vacanty rate	0.00%	-	39.47%	(18.21%)
Czech Republic - Prague	Office	Comparable	Level 3	Fair value per sqm				(1,960 EUR/sqm)
Poland	Office	Income capitalisation	Level 3	Estimated rental value per sqm	148 EUR/sqm	-	225 EUR/sqm	(200 EUR/sqm)
				Net current income per sqm	88 EUR/sqm	-	194 EUR/sqm	(161 EUR/sqm)
				Equivalent yield	8.24%	-	9.46%	(8.62%)
				Vacancy rate	8.39%	-	25.33%	(13.70%)
Hungary	Office	Income capitalisation	Level 3	Estimated rental value per sqm	67 EUR/sqm	-	151 EUR/sqm	(136 EUR/sqm)
				Net current income per sqm	20 EUR/sqm	-	150 EUR/sqm	(112 EUR/sqm)
				Equivalent yield	7.78%	-	14.03%	(8.51%)
				Vacancy rate	0.00%	-	68.75%	(22.94%)
Slovakia	Office	Income capitalisation	Level 3	Estimated rental value per sqm				148 EUR/sqm
				Net current income per sqm				105 EUR/sqm
				Equivalent yield				7.25%
				Vacancy rate				34.73%
Germany	Office	Income capitalisation	Level 3	Estimated rental value per sqm	43 EUR/sqm	-	109 EUR/sqm	(72 EUR/sqm)
				Net current income per sqm	38 EUR/sqm	-	88 EUR/sqm	(55 EUR/sqm)
				Equivalent yield	5.63%	-	8.00%	(6.27%)
				Vacancy rate	11.79%	-	24.66%	(17.42%)

31 December 2015	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average			
Czech	Residential	DCF	Level 3	Estimated rental value per sqm	29 EUR/sqm	-	71 EUR/sqm	(30 EUR/sqm)
				Exit yield	4.75%	-	7.85%	(7.83%)
				Vacancy rate	23.84%	-	27.45%	(23.87%)
				Discount rate	5.75%	-	8.88%	(8.86%)
France	Residential	Comparable	Level 3	Fair value per sqm				20,536 EUR/sqm
Czech Republic - Prague	Hotel	Comparable	Level 3	Rate per key	65,251 EUR/key	-	450,634 EUR/key	(173,125 EUR)
ech Republic - Prague	Hotel	DCF	Level 3	Net current income per sqm				45 EUR/sqm
				Exit yield				7.01%
				Discount rate				8.00%
Czech Republic - Prague	Hostel	Comparable	Level 3	Rate per key				(19,225 EUR/key)
Czech Republic - Other	Hotel	Comparable	Level 3	Rate per key	40,305 EUR/key	-	118,691 EUR/key	(94,574 EUR/key)
Czech Republic - Other	Hotel	DCF	Level 3	Net current income per sqm				259 EUR
				Exit yield				6.53%
				Discount rate				7.25 %
Italy	Hotel	Comparable	Level 3	Fair value per key				113,565 EUR/sqm
Hungary	Hotel	DCF	Level 3	Net current income per sqm	118 EUR/sqm	-	143 EUR/sqm	(129 EUR/sqm)
				Exit yield	7.50%	-	7.50%	(7.50%)
				Discount rate	9.50%	-	9.50%	(9.50%)
Poland	Hotel	DCF	Level 3	Net current income per sqm	153 EUR/sqm	-	213 EUR/sqm	(190 EUR/sqm)
				Exit yield	7.50%	-	7.50%	(7.50%)
				Discount rate	9.50%	-	10.50%	(10.11%)
Czech Republic - Prague Center	Land bank	Comparable	Level 3	Sales price per sqm				2,663 EUR/sqm
Czech Republic - Prague	Land bank	Comparable	Level 3	Sales price per sqm	39 EUR/sqm	-	3,430 EUR/sqm	(1,858 EUR/sqm)
Czech Republic - Other	Land bank	Comparable	Level 3	Sales price per sqm	3 EUR/sqm	-	904 EUR/sqm	(36 EUR/sqm)
Hungary	Land bank	Comparable	Level 3	Sales price per sqm	48 EUR/sqm	-	860 EUR/sqm	(434 EUR/sqm)
Romania - Bucharest	Land bank	Comparable	Level 3	Sales price per sqm				777 EUR/sqm
Romania - Other	Land bank	Comparable	Level 3	Sales price per sqm	30 EUR/sqm	-	140 EUR/sqm	(76 EUR/sqm)
Poland	Land bank	Comparable	Level 3	Sales price per sqm				160 EUR/sqm
Germany	Land bank	Comparable	Level 3	Sales price per sqm				494 EUR/sqm
Czech Republic	Agriculture	Comparable	Level 3	Sales price per sqm				0.43 EUR/sqm
Czech Republic - Other - Projekt 1	Investment property under development	Development Appraisal	Level 3	Total ERV				1,450 TEUR
				Development margin				17.5 %

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%)
Czech Republic - Other	Retail	DCF method	Level 3	Estimated rental value per sqm				183 EUR/sqm
				Vacancy rate				36.89%
				Exit yield				7.96%

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average			
				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)
				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%)

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average
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%)
				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

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average
				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

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 2015 and 31 December 2014 due to changes in assumptions:

Change in yield

2015	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	6.82%	2,647,564	7.07%	2,553,944	(93,620)

* current average yield was calculated based on adjusted (annualized) rental income to reflect the acquisitions of subsidiaries in 2015.

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.

Change in income

2015	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	11,345	143,526	12,480	157,879	14,353
Office	99,837	1,539,663	109,821	1,693,629	153,966
Retail	68,115	964,375	74,927	1,060,813	96,438
Increase by 10% in income	**179,297**	**2,647,564**	**197,228**	**2,912,321**	**264,757**

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**

The tables below presents the sensitivity of profit or loss before tax as at 31 December 2015 and 31 December 2014 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)
2015	6.55%	275,883	6.80%	265,740	(10,143)
2014	6.52%	277,146	6.77%	266,910	(10,236)

	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)
2015	18,080	275,883	19,888	303,471	27,588
2014	18,071	277,146	19,878	304,861	27,715

8 Contingencies and Litigations

The Group has given guarantees in the ordinary course of business, mostly as security for the financing of its projects held by subsidiaries and SPVs. Additional guarantees include guarantees on residential units delivered. Such guarantees are internally covered by the guarantees granted by general contractors and provisions where needed.

CPI PG has guaranteed certain debt of Orco Property Group.

On 7 November 2014, the Company 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 (“OPG“) 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 Company 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 arrears. 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 Company's entry into the Orco Trust Deed and the guarantee given thereunder, OPG has agreed to pay to the Company 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 refer to Orco Trust Deed available at www.orcogroup.com.

Kingstown dispute

The Company 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 Orco Property Group (“OPG“), filed with the „Tribunal d´Arrondissement de et a Luxembourg“, District Court in Luxembourg. The petition seeks condemnation of the Company together with 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 Company´s knowledge, Kingstown was not at the relevant time (and is not till now) the shareholder of the Company. Therefore and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders.
Accordingly, the parties sued by Kingstown raised the exceptio judicatum solvi plea, which consists in requiring the entity who initiated the proceedings and who does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. The Luxembourg District Court rendered on 19 February 2016 a judgement, whereby each claimant has to pay a legal deposit in the total amount of 90,000 EUR with the “Caisse de Consignation” in Luxembourg in order to continue the proceedings. Pursuant to best knowledge of the Company, Kingstown has not paid such deposit as of the date of this report.

(BÄR) Leipziger Platz dispute (Litigation - HGHI against Orco Immobilien GmbH)

As part of the Leipziger Platz Project Orco Immobilien GmbH (subsidiary of CPI PG latter refered as "OI") entered in 2010 into an separate agreement („OG-HGHI-Agreement") with HGHI 1 LP GmbH and HGHI 2 LP GmbH (together referred to as „HGHI") to regulate the handling of a neighbor dispute with the neighbor B.Ä.R. Grundstücks GmbH & Co. Voß-/Wilhelmstraße KG and B.Ä.R.a.n.o. Gesellschaft für Grundbesitz Berlin GmbH und Co. KG (hereinafter jointly: „BÄR"). Main point of the agreement was OI deposited an amount of EUR 10 million into an escrow account which amount shall be used to cover compensation or indemnification payments with regard to neighbor agreements with BÄR and to cover the costs of the trustees and the proceedings.

In 2013 HGHI has sued Orco Immobilien GmbH for the release of the remaining amounts (about EUR 9 million) and payment to HGHI. Orco Immobilien defend against the claim and respectively the court has dismissed the claim in total. HGHI has appealed against this first instance verdict. The matter is still in the second instance at superior court Berlin (Kammergericht). The court will determine to whether the appeal is to be dismissed or not and then respectively the date for the appeal hearing shall be scheduled. This means that this litigation will continue.

As of 31 December 2015, contingent liability of EUR 6.1 million related to BAR (Leipziger Platz transaction – see note 6.17), 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 those 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 3.1 million in respect of capital expenditures contracted for at the date of the statement of financial statements (EUR 5.0 million in 2014). 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 2015	31 December 2014
Remuneration paid to key management personnel and members of Board of Directors	621	410
Total remuneration	**621**	**410**

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 2015	31 December 2014
Loans provided	89	6,432
Trade receivables	3	2
Other receivables	6	6,440
Loans received	--	878
Other payables	--	503
Advances received	--	496
Transactions		
Interest income and other revenues	6	1,897
Revenue from sale of goods and merchandise	978	--

Other related parties Entities over which the majority shareholder has control		
Balances at	**31 December 2015**	**31 December 2014**
Trade receivables	--	2
Loans received	--	1,892
Bonds issued	244,772	--
Transactions		
Interest expense	--	773
Interest expense on bonds issued	1,718	--

Other related parties		
Entities over which the sole shareholder has significant influence		
Balances at	**31 December 2015**	**31 December 2014**
Trade receivables	716	228
Other receivables	1,956	86
Loans provided	29,360	1,866
Trade payables	884	41
Advances received	--	3
Other – other non-current invesment	2	--
Transactions		
Service charge income	51	86
Rental income	93	51
Interest income	536	--
Other finance costs	--	82
Other finance income	1,956	--
Advisory and accounting services	1,504	140
Audit, tax and advisory services	--	67
Accounting and other services	9	--
Other administrative expenses	--	3
Other property operating expenses	7	91
Service charge expenses	9	16
Close family members/entities controlled by close family members of sole shareholders		
Balances at	**31 December 2015**	**31 December 2014**
Trade receivables	1	1
Other receivables	82	--
Loans provided	10,963	264,575
Other payables	--	2,164
Loans received	--	1,128
Transactions		
Interest income	10,170	11,930
Interest expense	--	28
Entities controlled by members of Board of Directors		
Balances at	**31 December 2015**	**31 December 2014**
Trade receivables	5,300	4,032
Advances received	1,108	951
Loans provided	14,874	--
Trade payables	1,753	2,292
Loans received	--	242
Tenant deposits	--	11
Other receivables	--	14,292
Transactions		
Interest expense	17	--
Interest income	1,110	--
Material consuption	1	--
Other property related expenses	39	--
Audit, tax and advisory services	9	--
Rental income and other services	16,921	--
Revenue from other operations	39	--
Major shareholder of CPI PG		
Balance at	**31 December 2015**	**31 December 2014**
Loans provided	46,273	--
Loans received	20	--
Other receivables	58	--
Other payables	415	--
Transactions		
Interest income and other revenues	1,597	--
Revenues from sale of goods and merchandise	2,575	--

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 9 thousand for 2015 (EUR 0.1 million for 2014).
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 1.5 million in 2015 (EUR 0.4 million in 2014).

Assets acquisitions
At the end of 2015, the Group purchased a land plot in total area of 10,000 square meters in Březiněves, Prague from OPG in the amount of EUR 0.5 million

Loan provided to OPG

On 17 June 2014, the Group provided 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 15 September 2016, the facility limit was extended to EUR 40.0 million, and the interest decreased to 5 % p.a. As at 31 December 2015 the outstanding balance amounts to EUR 28.7 million.

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.

As at 31 December 2015, the total debt of OPG towards the Company relating to this guarantee amounts to EUR 1.956 million.

Transactions connected with the major shareholder of the Company

CMA Group acquisition

On 30 October 2015 the Group completed a transaction comprised of the direct acquisition of 65.83 % of shares in Remontées Mecaniques Crans-Montana-Aminona (CMA) SA (“CMA SA”), a Swiss entity holding and operating cable cars in the Crans-Montana ski resort and of 88.49 % of shares in CMA Immobilier SA, a Swiss entity holding certain real estate and rights to develop a hi-end hotel and residential complex including spa, congress centre, shopping and entertainment areas as well as parking in Crans-Montana. The consideration paid represented EUR 65 million, out of which EUR 44.4 million was paid by bonds. These entities were acquired from companies controlled by major shareholder of Company and the acquisition was accounted for as a common control transaction.

JMB Group acquistion

As at the end of 2015 the Group acquired JMB Group consisting of a portfolio of small retail shoping assets in the Czech Republic (note 3.2). The consideration paid represented EUR 38.4 million. The consideration was fully paid in cash. JMB Group was acquired from entity controlled by major shareholder of Company and the acquisition is accounted for as a common control transaction.

Karviná Property Development acquisition

On 1 June 2015, the Group acquired 100% share in Karviná Property Development, a.s. (note 3.2).
The consideration paid represented EUR 36 thousand. Karviná Property Development was acquired from entity controlled by major shareholder of Company and therefore is the acquisition accounted for as a common control transaction.

Acquisition of own shares

On 25 September 2015 the Group and its major shareholder, Mr. Vítek entered into an agreement, pursuant to which the Company acquired 550,694,915 of its own shares indirectly held by Mr. Vítek through company Mondello, a.s. The purchase price has been set in CZK and EUR denominations and amounts appx. EUR 341.5 million in aggregate. In consideration for the share buyback, Mr. Vítek obtained a combination of monetary receivables (EUR 264.2 million) that did not form core business of the Company and Company's bonds (EUR 77.3 million).

Loan provided by the Company

In 2015, the Company provided a loan to its major shareholder. The loan matures on 31 December 2016 and bears a fix interest of 5 % p.a. The total nominal value of the loan, including accrued interest, amounts to EUR 39.4 million as at 31 December 2015.

11 Events after the reporting period

11.1 Acquired subsidiaries

On 1 February 2016, the Group acquired Bondy Centrum, a.s. Due to this acquisition, the Group extents its portfolio of Bondy Centrum, the largest shopping centre in Mlada Boleslav, Czech Republic, with a leasable area of approx. 16,800 sqm and office section.

On 18 March 2016, the Group completed the acquisition of Gecko Shopping Center in Ceske Budejovice, which was structured as a share transaction. The shopping centre with 11,136 sqm of rentable area comprises of 50 shopping units, food court and other amenities, as well as parking for approximately 450 cars.

The Group acquired a small retail shopping asset in Tarnow, south of Poland, on 22 March 2016. This acquisition, comprised of 5 retail units and totaling 2,161 sqm, is the first among other acquisitions of similar Polish retail shopping assets planned in the near future.

11.2 New bonds issued

On 26 February 2016, the Group issued new tranches of bonds CPI 5.00/2020, which are registred under ISIN code SK4120011487. According to the prospectus, the Group could issue up to 50,000 pcs of these bonds in the total nominal value of EUR 50 million. The nominal value of each bond amounts to EUR 1,000. The bonds are due in 2020 and carry a fixed rate coupon of 5.00 % p.a.. The prospectus, which was approved by the National Bank of Slovakia on 22 February 2016 is available in electronic form at www.cpifinanceslovakia.sk. The issuer will apply for the listing of the bonds on the Bratislava Stock Exchange.

11.3 Amended terms of bonds issued (CPI VAR/19 CZK)

On 22 January 2016, the meeting of the holders of the CZK 2 billion (app. EUR 74 million) bonds CPI VAR/19 (CZK) (ISIN CZ0003501868), governed by Czech law and issued by Group´s subsidiary Czech Property Investments, a.s. approved the amendment of the terms and conditions of CPI VAR/19 (CZK) bonds. The amendment of the terms and conditions of the Bonds was approved by 97.51% of the votes cast. The approved amendment entails, inter alia, the decrease in the interest from 6M PRIBOR plus 6.5 % to fix 5.1 % p.a., the extension of their maturity by two years until 2021, as well as the modifications of certain covenants. The amendment of the terms and conditions become effective as of 25 January 2016. The amended terms and conditions shall not apply to those holders of these bonds, who participated at the meeting and voted against this amendment or to those who did not participate at the meeting but do not agree with this amendment, provided they will request an early repayment of bonds in accordance with their original terms and conditions. However, all bondholders were in agreement to continue with the new terms during which not one bondholder took advantage of the opportunity for early repayment of these bonds in accordance with their original terms and conditions.

11.4 Amendment of CPI BYTY bonds program

A meeting of the holders of the bonds issued by CPI BYTY a.s. approved on 23 March 2016 the amendment of terms and conditions of the CPI BYTY bonds programme. The approved amendment includes the extension of the bonds programme by 10 years until 2031, the increase of the aggregate volume of bonds within the programme to CZK 17 billion (app. EUR 629 million) as well as certain other modifications, such as covenants.

11.5 Bonds repayment

On 26 January 2016, the Group decreased the overall volume bonds issued in emission CPI VAR/19 EUR (ISIN CZ0003501843) from previously subscribed volume 116,000 pcs to 7,084 pcs (each in nominal value of EUR 500). Reduced part of the emission represented bonds, which were hold by the Group as at 31 December 2015. The adjusted subscribed volume of the emission after the reduction represented EUR 3.5 million and this part was early repaid by the Group on 23 March 2016 in accordance with the prospectus.

On 29 March 2016, the Group repaid issued bonds CPI 6.05/16, which were publicly traded on Prague Stock Exchange under ISIN CZ0003510646. Prior to the repayment, on 26 January 2016, the Group decreased the volume of the emission from 150,000 pcs to 126,180 pcs (each in nominal value of CZK 10 thousand). Reduced part of the emission represented bonds, which were hold by the Group as at 31 December 2015. As at the repayment date, volume of the emission repaid represented nominal value of CZK 1,261.8 million (app. EUR 46.7 million) excluding accrued interest.

APPENDIX I – LIST OF GROUP ENTITIES

Subsidiaries fully consolidated

Company	Country	31 December 2015	31 December 2014
ABLON s.r.o.	Czech Republic	--	100.00%
ABLON sp. z o.o.	Poland	100.00%	100.00%
ACGATE Kft. (1)	Hungary	100.00%	100.00%
Agrome s.r.o.	Czech Republic	100.00%	99.34%
Airport City Kft.	Hungary	100.00%	100.00%
Airport City Phase B Kft. (2)	Hungary	100.00%	100.00%
Airport City s.r.o.	Czech Republic	--	100.00%
ALAMONDO LIMITED	Cyprus	100.00%	100.00%
Angusland s.r.o.	Czech Republic	100.00%	99.56%
Arena Corner Ingatlanfejleszto Kft.	Hungary	--	100.00%
Arkáda Prostějov, s.r.o.	Czech Republic	100.00%	100.00%
AVACERO LIMITED	Cyprus	100.00%	100.00%
AVIDANO LIMITED	Cyprus	100.00%	100.00%
Balvinder, a.s.	Czech Republic	100.00%	100.00%
Baudry Alfa, a.s.	Czech Republic	--	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	86.54%	86.54%
BC 30 Property Kft. (3)	Hungary	100.00%	100.00%
BC 91 Real Estate Kft. (4)	Hungary	100.00%	100.00%
BC 99 Office Park Kft. (5)	Hungary	100.00%	100.00%
Beroun Property Alfa, a.s.	Czech Republic	--	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	99.98%	98.40%
Biopark s.r.o.	Czech Republic	100.00%	100.00%
Biopotraviny s.r.o.	Czech Republic	99.20%	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 Office Park Kft. (6)	Hungary	100.00%	100.00%
Buy-Way Dunakeszi Kft. (7)	Hungary	100.00%	100.00%
Buy-Way Soroksár Kft. (8)	Hungary	100.00%	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%
CENTRAL TOWER 81 Sp. z o.o.	Poland	100.00%	100.00%
CMA Immobilier SA	Switzerland	95.87%	--
CMA Services Sàrl	Switzerland	80.85%	--
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	99.96%	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%

Company	Country	31 December 2015	31 December 2014
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI Alberghi HI Roma S.r.l.	Italy	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%
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 II Limited	Ireland	100.00%	--
CPI Finance Ireland III Limited	Ireland	100.00%	--
CPI Finance Ireland Limited	Ireland	100.00%	100.00%
CPI Finance Netherlands B.V.	Netherland	100.00%	100.00%
CPI Finance Netherlands II B.V.	Netherland	100.00%	--
CPI Finance Netherlands III B.V.	Netherland	100.00%	--
CPI Finance Slovakia, a.s.	Slovak Republic	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%	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, 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	99.96%	99.96%
CPI PG Management, S.á r.l (29)	Luxembourg	100.00%	100.00%
CPI Poland Sp. Z o.o.	Poland	100.00%	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%	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%	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 Romania S.R.L. (9)	Romania	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%

Company	Country	31 December 2015	31 December 2014
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%	100.00%
Českolipská farma s.r.o.	Czech Republic	100.00%	91.00%
Českolipská zemědělská a.s.	Czech Republic	75.00%	75.00%
Český Těšín Property Development, a.s.	Czech Republic	100.00%	100.00%
Děčínská zemědělská a.s.	Czech Republic	100.00%	65.00%
DERISA LIMITED	Cyprus	100.00%	100.00%
Diana Development Sp. Z o.o.	Poland	100.00%	94.00%
Dienzenhoferovy sady 5, s.r.o.	Czech Republic	100.00%	94.00%
DORESTO LIMITED	Cyprus	100.00%	100.00%
Družstvo Land	Czech Republic	99.96%	99.96%
Ekodružstvo Severozápad, družstvo	Czech Republic	100.00%	100.00%
ELAMOR, a.s.	Slovak Republic	--	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 Hospitality Asset S.á r.l.	Luxembourg	88.00%	88.00%
Endurance Hospitality Finance S.á r.l.	Luxembourg	88.00%	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%
Europeum Kft. (10)	Hungary	100.00%	100.00%
Farhan, a.s.	Czech Republic	100.00%	100.00%
Farma Javorská, a.s. (11)	Czech Republic	100.00%	100.00%
Farma Krásný Les, a.s. (12)	Czech Republic	100.00%	100.00%
Farma Ploučnice a.s.	Czech Republic	91.04%	91.04%
Farma Poustevna, s.r.o.	Czech Republic	100.00%	--
Farma Radeč, a.s. (13)	Czech Republic	100.00%	100.00%
Farma Svitavka s.r.o.	Czech Republic	100.00%	96.75%
Farma Valteřice, a.s. (14)	Czech Republic	100.00%	100.00%
Farmy Frýdlant a.s.	Czech Republic	65.00%	65.00%
First Site Kft.	Hungary	100.00%	100.00%
FL Property Development, a.s.	Czech Republic	100.00%	100.00%
Fogarasi 3 BC Kft. (15)	Hungary	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%
GATEWAY Office Park Kft. (16)	Hungary	100.00%	100.00%
Gebauer Höfe Liegenschaften GmbH	Germany	94.98%	94.75%
Gerossa - JMB, a.s.	Czech Republic	100.00%	--
Gewerbesiedlungs-Gesellschaft mbH	Germany	100.00%	100.00%
GLOBAL INVESTMENT Kft.	Hungary	100.00%	100.00%
GOMENDO LIMITED	Cyprus	100.00%	100.00%
GORANDA LIMITED	Cyprus	100.00%	100.00%
GSG 1. Beteiligungs GmbH	Germany	99.75%	99.75%
GSG Asset GmbH & Co Verwaltungs KG	Germany	99.75%	99.75%
GSG Berlin Invest GmbH	Germany	94.90%	94.90%
GSG Gewerbehöfe Berlin 1. GmbH & Co KG (17)	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 2. GmbH & Co KG (17)	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 3. GmbH & Co KG (17)	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 4. GmbH & Co KG (17)	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 5. GmbH & Co KG (17)	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 6. GmbH & Co KG (17)	Germany	99.75%	--
GSG Holding 2 GmbH	Germany	100.00%	100.00%
GSG Solar Berlin GmbH	Germany	99.75%	99.75%

Company	Country	31 December 2015	31 December 2014
GSG Wupperstraße GmbH	Germany	99.75%	--
HD Investment s.r.o.	Czech Republic	100.00%	100.00%
Hightech Park Kft. (18)	Hungary	100.00%	100.00%
Hofnetz und IT Services GmbH	Germany	99.75%	99.75%
Hospitality Invest Sàrl	Luxembourg	100.00%	94.00%
Hotel Pokrovka , org. Unit	Russia	100.00%	94.00%
Hotel Rosslyn Kft.	Hungary	100.00%	100.00%
Hraničář, a.s.	Czech Republic	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.Verwaltungs KG (17)	Germany	95.00%	95.00%
ISTAFIA LIMITED	Cyprus	100.00%	100.00%
ITL ALFA, s.r.o.	Czech Republic	100.00%	--
JAGRA spol. s r.o.	Czech Republic	100.00%	99.00%
Janáčkovo nábřeží 15, s.r.o.	Czech Republic	100.00%	94.00%
Janovická farma, a.s. (19)	Czech Republic	100.00%	100.00%
Jeseník Investments, a.s.	Czech Republic	100.00%	100.00%
JMB Lambda, s.r.o.	Czech Republic	100.00%	--
JONVERO LIMITED	Cyprus	100.00%	100.00%
Karviná Property Development, a.s.	Czech Republic	100.00%	--
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	100.00%	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%
Lucemburská 46, a.s. (20)	Czech Republic	100.00%	94.00%
M3 BC Kft. (21)	Hungary	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 Gama, a.s.	Czech Republic	100.00%	100.00%
Marissa Kappa, a.s.	Czech Republic	100.00%	100.00%
Marissa Omikrón, a.s.	Czech Republic	100.00%	100.00%
Marissa South, a.s.	Czech Republic	--	100.00%
Marissa Tau, a.s. (22)	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%
Mařenická farma, a.s. (23)	Czech Republic	100.00%	100.00%
MB Property Development, a.s.	Czech Republic	100.00%	100.00%
Mercuda, a.s.	Czech Republic	100.00%	100.00%
MESARGOSA LIMITED	Cyprus	100.00%	100.00%
MH Bucharest Properties S.R.L	Romania	88.00%	88.00%
Michalovce Property Development, a.s.	Slovak Republic	100.00%	100.00%
MMR Russia S.à r.l	Luxembourg	100.00%	94.00%
Modřanská Property, a.s.	Czech Republic	100.00%	100.00%
Mondello, a.s.	Czech Republic	100.00%	--
MUXUM, a.s.	Czech Republic	100.00%	100.00%
NERONTA, a. s.	Slovak Republic	100.00%	100.00%
New Age Kft. (24)	Hungary	100.00%	100.00%
New Field Kft.	Hungary	100.00%	100.00%
Nymburk Property Development, a.s.	Czech Republic	100.00%	100.00%

Company	Country	31 December 2015	31 December 2014
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%	100.00%
Olomouc City Center, a.s.	Czech Republic	100.00%	100.00%
Olomouc Office, a.s.	Czech Republic	100.00%	100.00%
Orco Germany Prague, s.r.o.	Czech Republic	100.00%	100.00%
Orco Germany Sp. z o.o.	Poland	100.00%	100.00%
Orco Hospitality Services Sp. z o.o.	Poland	--	94.00%
Orco Hotel Development Sp. z o.o.	Poland	100.00%	94.00%
ORCO Hotel Management Kft.	Hungary	100.00%	94.00%
Orco Hotel Ostrava, a.s.	Czech Republic	--	94.00%
Orco Hotel Project Sp. z o.o.	Poland	100.00%	94.00%
Orco Hotel Riverside, s.r.o.	Czech Republic	--	94.00%
Orco Hotel, Zrt.	Hungary	100.00%	94.00%
Orco Immobilien Gmbh	Germany	100.00%	100.00%
Orco Investment Sp. z o.o.	Poland	--	94.00%
Orco Pokrovka Management o.o.o.	Russia	100.00%	94.00%
Orco Warsaw Sp. z o.o.	Poland	100.00%	94.00%
OSMANIA LIMITED	Cyprus	100.00%	100.00%
Ozrics, Kft.	Hungary	100.00%	94.00%
Parco delle Case Bianche SRL	Italy	100.00%	100.00%
Pastviny a.s.	Czech Republic	100.00%	85.00%
Pelhřimov Property Development, a.s.	Czech Republic	100.00%	100.00%
Platnéřská 10 s.r.o.	Czech Republic	100.00%	100.00%
Polma 1 S.á r.l	Luxembourg	--	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%
Pro Tower Development S.R.L. (25)	Romania	100.00%	100.00%
Prosta 69 Sp. z o.o.	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%
PV - Cvikov s.r.o.	Czech Republic	100.00%	99.30%
Quadrio Residence, s.r.o.	Czech Republic	100.00%	100.00%
R40 Real Estate Kft. (26)	Hungary	100.00%	100.00%
Remontées Mécaniques Crans Montana Aminona (CMA) SA	Switzerland	65.83%	--
Residence Belgická, s.r.o.	Czech Republic	100.00%	94.00%
Residence Izabella, Zrt.	Hungary	100.00%	94.00%
RL - Management s.r.o.	Czech Republic	100.00%	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%
Spojené farmy a.s.	Czech Republic	100.00%	100.00%
ST Project Limited	Guernsey	100.00%	100.00%
Statek Mikulášovice, s.r.o.	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%
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%
Šenovská zemědělská, s.r.o.	Czech Republic	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%

Company	Country	31 December 2015	31 December 2014
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	100.00%	94.00%
U Svatého Michala, a.s.	Czech Republic	100.00%	100.00%
Valanto Consulting a.s.	Czech Republic	--	94.00%
Valdovská zemědělská, a.s. (27)	Czech Republic	100.00%	100.00%
Valkeřická ekologická, a.s. (28)	Czech Republic	100.00%	100.00%
VERETIX a.s.	Czech Republic	100.00%	100.00%
Verneřický Angus a.s.	Czech Republic	92.70%	92.70%
Vigano, a.s.	Czech Republic	100.00%	100.00%
Viterícon Projektentwicklung GmbH	Germany	--	100.00%
VM Property Development, a.s.	Czech Republic	100.00%	100.00%
VOLANTI LIMITED	Cyprus	100.00%	100.00%
Vyškov Property Development, a.s.	Czech Republic	100.00%	100.00%
Wertpunkt Real Estate Experts GmbH	Germany	99.75%	99.75%
Zelená farma s.r.o.	Czech Republic	93.73%	40.00%
Zelená louka s.r.o.	Czech Republic	90.85%	91.00%
Zelená pastva s.r.o.	Czech Republic	100.00%	94.00%
ZEMSPOL s.r.o.	Czech Republic	96.20%	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) Arena Corner Ingatlanfejlesztő Kft. has merged with ACGATE Kft. (the „successor company“) with the effective date of 30 April 2015. All assets and liabilities of Arena Corner Ingatlanfejlesztő Kft. passed to the successor company.
2) New Sites Ingatlanforgalmazó changed its name to Airport City Phase B Kft. with the effective date of 1 April 2015.
3) B.C.P. Ingatlanfejlesztő changed its name to BC 30 Property Kft. with the effective date of 1 April 2015.
4) Global Development Ingatlanbefektetési changed its name to BC 91 Real Estate Kft. with the effective date of 1 April 2015.
5) ICL Budapest Ingatlankezelő és Építési Tanácsadó changed its name to BC 99 Office Park Kft. with the effective date of 1 April 2015.
6) HUNGATE 2013 Kft. changed its name to Budaörs Office Park Kft. with the effective date of 1 April 2015.
7) Century City Ingatlanbefektetési changed its name to Buy-Way Dunakeszi Kft. with the effective date of 1 April 2015.
8) Stripmall Management Ingatlanbefektetési changed its name to Buy-Way Soroksár Kft. with the effective date of 1 April 2015.
9) DH Est Europe Real Estate S.R.L. changed its name to CPI Romania S.R.L. with the effective date of 18 May 2015.
10) Duna office Center Ingatlankezelő changed its name to Europeum Kft. with the effective date of 1 April 2015.
11) Marissa Omega, a.s. changed its name to Farma Javorská, a.s. with the effective date of 4 December 2015.
12) Marissa Ióta, a.s. changed its name to Farma Krásný Les, a.s. with the effective date of 4 December 2015.
13) Marissa North, a.s. changed its name to Farma Radeč, a.s. with the effective date of 2 December 2015.
14) Marissa Sigma, a.s. changed its name to Farma Valteřice, a.s. with the effective date of 4 December 2015.
15) Global Properties Ingatlanbefektetési changed its name to Fogarasi 3 BC Kft. with the effective date of 1 April 2015.
16) Global Immo Ingatlanbefektetési changed its name to GATEWAY Office Park Kft. with the effective date of 1 April 2015.
17) The following subsidiaries (included in these consolidated financial statements) are exempted from the audit and the preparation of a management report duty in Germany based on § 264b HGB:
    GSG Asset GmbH & Co. Verwaltungs KG, Berlin;
    GSG Gewerbehöfe Berlin 1. GmbH & Co. KG, Berlin;
    GSG Gewerbehöfe Berlin 2. GmbH & Co. KG, Berlin;
    GSG Gewerbehöfe Berlin 3. GmbH & Co. KG, Berlin;
    GSG Gewerbehöfe Berlin 4. GmbH & Co. KG, Berlin;
    GSG Gewerbehöfe Berlin 5. GmbH & Co. KG, Berlin;
    GSG Gewerbehöfe Berlin 6. GmbH & Co. KG, Berlin;
    Isalotta GP GmbH & Co. Verwaltungs KG, Berlin.
18) Global Center Ingatlanbefektetési changed its name to Hightech Park Kft. with the effective date of 1 April 2015.
19) Marissa Delta, a.s. changed its name to Janovická farma, a.s. with the effective date of 3 December 2015.

20) ORCO PROPERTY STAR, a.s. changed its name to Lucemburská 46, a.s. with the effective date of 5 August 2015.
21) Global Estates Ingatlanbefektetési changed its name to M3 BC Kft. with the effective date of 1 April 2015.
22) OC Futurum Kolín, a.s. merged with Marissa Tau, a.s. (the "successor company") with the effective date of 1 July 2015. All assets and liabilities of OC Futurum Kolín, a.s. passed to the successor company.
23) Marissa East, a.s. changed its name to Mařenická farma, a.s. with the effective date of 2 December 2015.
24) Global Management Ingatlanbefektetési changed its name to New Age Kft. with the effective date of 1 April 2015.
25) Ablon Bucharest Real Estates Development S.R.L. changed its name to Pro Tower Development S.R.L. with the effective date of 21 April 2015.
26) First Chance Ingatlanbefektetési changed its name R40 Real Estate Kft. with the effective date of 1 April 2015.
27) Marissa Epsilon, a.s. changed its name to Valdovská zemědělská, a.s. with the effective date of 3 December 2015.
28) Marissa Lambda, a.s. changed its name to Valkeřická ekologická, a.s. with the effective date of 3 December 2015.
29) Endurance Asset, S.á.r.l. changed its name to CPI PG Management, S.á.r.l. with the effective date of 2 February 2015.

KPMG Luxembourg, Société coopérative
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To the Shareholders of
CPI Property Group S.A.
40, rue de la Vallée
L-2661 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of CPI Property Group S.A., which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of CPI Property Group S.A. as of 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, 31 March 2016

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Macleod

Alison Macleod

SUI001

CPI Property Group

Société Anonyme

R.C.S. Luxembourg B 102.254

ANNUAL ACCOUNTS AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE

DECEMBER 31, 2015

40, rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg B 102.254

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To the Shareholders of
CPI Property Group S.A.
40, rue de la Vallée
L-2661 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of CPI Property Group S.A., which comprise the balance sheet as at December 31, 2015, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of CPI Property Group S.A. as of December 31, 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, March 31, 2016

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Alison Macleod

RCSL Nr. : B102254	Matricule : 2004 2214 745
	eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2015 **to** 02 31/12/2015 (in 03 EUR)

CPI PROPERTY GROUP S.A.

40, rue de la Vallée
L-2661 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107		107		108	
C. Fixed assets	1109	Notes 3,8	109	2.208.129.925,00	110	1.540.228.385,00
I. Intangible fixed assets	1111		111		112	
1. Research and development costs	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible fixed assets under development	1123		123		124	
II. Tangible fixed assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

RCSL Nr.: B102254	Matricule: 2004 2214 745

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible fixed assets under development	1133		133		134	
III. Financial fixed assets	1135	Note 3,8	135	2.208.129.925,00	136	1.540.228.385,00
1. Shares in affiliated undertakings	1137	Note 3.1	137	1.848.257.747,00	138	1.419.549.357,00
2. Amounts owed by affiliated undertakings	1139	Note 3.2	139	18.370.311,00	140	120.679.028,00
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141		141		142	
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Securities and other financial instruments held as fixed assets	1145		145		146	
6. Loans and claims held as fixed assets	1147		147		148	
7. Own shares or own corporate units	1149	Note 8.1	149	341.501.867,00	150	0,00
D. Current assets	1151		151	142.960.279,00	152	64.243.775,00
I. Inventories	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work and contracts in progress	1157		157		158	
3. Finished goods and merchandise	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	142.787.053,00	164	31.464.553,00
1. Trade receivables	1165		165	2.191.879,00	166	110.403,00
a) becoming due and payable within one year	1167	Note 4.1	167	2.191.879,00	168	110.403,00
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171	4.210.410,00	172	8.358.581,00
a) becoming due and payable within one year	1173	Note 4.2	173	4.210.410,00	174	8.358.581,00
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	

RCSL Nr. : B102254	Matricule : 2004 2214 745

		Reference(s)		Current year		Previous year
4. Other receivables	1183	Note 5	183	136.384.764,00	184	22.995.569,00
a) becoming due and payable within one year	1185	Note 5.1	185	123.037.784,00	186	9.016.248,00
b) becoming due and payable after more than one year	1187	Note 5.2	187	13.346.980,00	188	13.979.321,00
III. Transferable securities and other financial instruments	1189		189	2.420,00	190	31.595.066,00
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191		191		192	
2. Own shares or own corporate units	1193		193		194	
3. Other transferable securities and other financial instruments	1195	Note 6	195	2.420,00	196	31.595.066,00
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197		197	170.806,00	198	1.184.156,00
E. Prepayments	1199	Note 7	199	5.715.500,00	200	6.680.000,00
TOTAL (ASSETS)			201	2.356.805.704,00	202	1.611.152.160,00

RCSL Nr. : B102254	Matricule : 2004 2214 745

LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	Note 8	301	1.533.657.954,00	302	1.552.395.044,00
I. Subscribed capital	1303	Note 8.1	303	330.376.830,00	304	330.376.830,00
II. Share premium and similar premiums	1305	Note 8.1	305	1.372.353.521,00	306	1.372.353.521,00
III. Revaluation reserves	1307		307		308	
IV. Reserves	1309		309	56.727.853,00	310	56.087.033,00
1. Legal reserve	1311	Note 8.3	311	56.727.853,00	312	56.087.033,00
2. Reserve for own shares or own corporate units	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves	1317		317		318	
V. Profit or loss brought forward	1319		319	-207.063.160,00	320	-210.194.525,00
VI. Profit or loss for the financial year	1321		321	-18.737.090,00	322	3.772.185,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
IX. Temporarily not taxable capital gains	1327		327		328	
B. Subordinated debts	1329		329		330	
1. Convertible loans	1413		413		414	
a) becoming due and payable within one year	1415		415		416	
b) becoming due and payable after more than one year	1417		417		418	
2. Non convertible loans	1419		419		420	
a) becoming due and payable within one year	1421		421		422	
b) becoming due and payable after more than one year	1423		423		424	
C. Provisions	1331		331	400.000,00	332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337	400.000,00	338	
D. Non subordinated debts	1339		339	822.747.750,00	340	58.757.116,00
1. Debenture loans	1341		341	301.634.617,00	342	54.067,00
a) Convertible loans	1343		343		344	54.067,00
i) becoming due and payable within one year	1345		345		346	
ii) becoming due and payable after more than one year	1347		347		348	54.067,00

RCSL Nr. : B102254	Matricule : 2004 2214 745

		Reference(s)		Current year		Previous year
b) Non convertible loans	1349	Note 9	349	301.634.617,00	350	
i) becoming due and payable within one year	1351		351	5.434.617,00	352	
ii) becoming due and payable after more than one year	1353		353	296.200.000,00	354	
2. Amounts owed to credit institutions	1355		355		356	
a) becoming due and payable within one year	1357		357		358	
b) becoming due and payable after more than one year	1359		359		360	
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	1.268.018,00	368	596.783,00
a) becoming due and payable within one year	1369		369	1.268.018,00	370	596.783,00
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379	Note 10	379	498.334.692,00	380	57.754.706,00
a) becoming due and payable within one year	1381	Note 10.1	381	354.216.732,00	382	37.638.253,00
b) becoming due and payable after more than one year	1383	Note 10.2	383	144.117.960,00	384	20.116.453,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Tax and social security debts	1391		391	3.151,00	392	
a) Tax debts	1393	Note 21	393	3.151,00	394	
b) Social security debts	1395		395		396	

RCSL Nr. : B102254	Matricule : 2004 2214 745

		Reference(s)		Current year		Previous year
9. Other creditors	1397	Note 11	397	21.507.272,00	398	351.560,00
a) becoming due and payable within one year	1399		399	21.507.272,00	400	351.560,00
b) becoming due and payable after more than one year	1401		401		402	
E. Deferred income	1403		403		404	
TOTAL (LIABILITIES)			405	2.356.805.704,00	406	1.611.152.160,00

RCSL Nr. : B102254	Matricule : 2004 2214 745
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2015 **to** 02 31/12/2015 (in 03 EUR)

CPI PROPERTY GROUP S.A.

40, rue de la Vallée
L-2661 Luxembourg

A. CHARGES

		Reference(s)		Current year		Previous year
1. Use of merchandise, raw materials and consumable materials	1601		601		602	
2. Other external charges	1603	Note 12	603	16.459.749,00	604	3.242.494,00
3. Staff costs	1605	Note 13	605	121.583,00	606	2.904.370,00
a) Salaries and wages	1607		607	97.272,00	608	2.899.655,00
b) Social security on salaries and wages	1609		609	24.311,00	610	4.715,00
c) Supplementary pension costs	1611		611		612	
d) Other social costs	1613		613		614	
4. Value adjustments	1615		615		616	
a) on formation expenses and on tangible and intangible fixed assets	1617		617		618	
b) on current assets	1619		619		620	
5. Other operating charges	1621	Note 14	621		622	3.049.412,00
6. Value adjustments and fair value adjustments on financial fixed assets	1623	Note 3	623	23.351.188,00	624	17.473.216,00
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625		625		626	2.260.423,00
8. Interest and other financial charges	1627		627	17.789.785,00	628	1.205.175,00
a) concerning affiliated undertakings	1629	Note 15	629	12.466.781,00	630	732.878,00
b) other interest and similar financial charges	1631	Note 16	631	5.323.004,00	632	472.297,00

RCSL Nr. : B102254	Matricule : 2004 2214 745

		Reference(s)		Current year		Previous year
9. Share of losses of undertakings accounted for under the equity method	1649		649		650	
10. Extraordinary charges	1633	Note 17	633	38.294.391,00	634	
11. Income tax	1635	Note 21	635	3.610,00	636	
12. Other taxes not included in the previous caption	1637		637		638	124.730,00
13. Profit for the financial year	1639		639	0,00	640	3.772.185,00
TOTAL CHARGES			641	96.020.306,00	642	34.032.005,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B102254	Matricule : 2004 2214 745

B. INCOME

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701		702	
2. Change in inventories of finished goods and of work and contracts in progress	1703		703		704	
3. Fixed assets under development	1705		705		706	
4. Reversal of value adjustments	1707		707	12.798.174,00	708	
a) on formation expenses and on tangible and intangible fixed assets	1709	Note 3,4	709	12.798.174,00	710	
b) on current assets	1711		711		712	
5. Other operating income	1713	Note 18	713	17.047.600,00	714	10.819.372,00
6. Income from financial fixed assets	1715		715		716	12.484.741,00
a) derived from affiliated undertakings	1717		717		718	12.484.741,00
b) other income from participating interests	1719		719		720	
7. Income from financial current assets	1721		721		722	
a) derived from affiliated undertakings	1723		723		724	
b) other income from financial current assets	1725		725		726	
8. Other interest and other financial income	1727	Note 19	727	16.253.953,00	728	10.629.841,00
a) derived from affiliated undertakings	1729	Note 19.1	729	4.247.343,00	730	9.880.225,00
b) other interest and similar financial income	1731	Note 19.2	731	12.006.610,00	732	749.616,00
9. Share of profits of undertakings accounted for under the equity method	1745		745		746	
10. Extraordinary income	1733	Note 20	733	31.183.529,00	734	98.051,00
13. Loss for the financial year	1735		735	18.737.050,00	736	0,00
TOTAL INCOME			737	96.020.306,00	738	34.032.005,00

NOTE 1 - GENERAL INFORMATION

CPI Property Group (the “Company” or “CPI PG”), formerly named ORCO GERMANY S.A., was incorporated on July 22, 2004 and is organized under the laws of Luxembourg as a Société Anonyme for an unlimited period. On May 13, 2014 the Shareholders of the Company decided to change the name from ORCO GERMANY S.A. to GSG GROUP. Subsequently, the General Meeting of the Shareholders, held on August 28, 2014, resolved to change the name: from GSG GROUP to CPI Property Group.

The object of the Company is the investment in real estate, thus as the purchase, the sale, the construction, the exploitation, the administration and the letting of real estate as well as the property development, for its own account or through the intermediary of its affiliated companies. The Company has also for object the taking of participating interests, in whatsoever form in other, either Luxembourg or foreign, companies, and the management, control and development of such participating interests. The Company may in particular acquire all types of transferable securities, either by way of contribution, subscription, option, purchase or otherwise, as well as realize them by sale, transfer, exchange or otherwise. The Company may borrow and grant any assistance, loan, advance or guarantee to companies in which it has participation or in which it has a direct or indirect interest. The Company may carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property, which it may deem useful to the accomplishment of its purposes.

The registered office of the Company is established at 40, rue de la Vallée, L-2661 Luxembourg, R.C.S. Luxembourg B 102 254.

The financial year is from January 1, 2015 to December 31, 2015.

CPI Property Group is a real estate company which is listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard segment.

As at December 31, 2015, CPI Property Group is indirectly controlled by Radovan Vítek at 75.47% (2014: 92.15%) through its investment vehicles.

Change in the shareholder structure

On September 2015 the Company and its major shareholder, Mr Radovan Vitek entered into an agreement, pursuant to which the Company acquired 550,694,915 of its own shares indirectly held by Mr. Vitek. The purchase price has been set in CZK and EUR denominations and amounts to EUR 341 million in aggregate. The acquired shares will be held as treasury shares recorded under financial fixed asset caption (see note 8.1), the voting rights and right to dividend related to them will be suspended as long as they are held by the Company.Given the fact that shares have suspended voting rights as long as they are held by the Company, Mr. Vitek still indirectly holds 90.57% of the voting rights in CPI Property Group but Mr. Vitek stake on the share capital of the Company decreased from 92.15% to 75.47% following this transaction.

NOTE 1- GENERAL INFORMATION (continued)

The consolidated financial statements and separate annual accounts of the Company can be obtained at their registered office, 40, rue de la Vallée, L-2661 Luxembourg and at the following website: www.cpipg.com.

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

Basis of preparation and Going concern

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of August 10, 1915, as subsequently amended, determined and applied by the Board of Directors.

The Company has prepared cash flow forecasts for the Group for a period in excess of 12 months from the date of approval of the 2015 consolidated financial statements and annual accounts. These forecasts reflect an assessment of current and future all over conditions on real estate market and their impact on the Group's future performance. The forecasts show Group’s strong performance and that the Group is able to operate within the current committed debt facilities and show continued compliance with the Company's financial covenants.

As a result of the steady positive cash flow from the rental and other activities of its subsidiaries, the Board of Directors has concluded that it is appropriate to prepare the separate annual accounts as at December 31, 2015 on a going concern basis.

Significant accounting policies

Financial fixed assets

Financial fixed assets are valued individually at the lower of their acquisition price or market value. Amounts owed by affiliated undertakings and amounts owed by undertakings with which the Company is linked by virtue of participating interest shown under “Financial fixed assets” are recorded at their nominal value. A value adjustment is recorded when the recovery value is lower than the nominal value.

Where there is a durable diminution in value in the opinion of the Board of Directors, value adjustments are made in respect of financial fixed assets so that they are valued at the lower figure to be attributed to them at the balance sheet date. The value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Trade receivables and other receivables

Trade receivables and other receivables are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

NOTE 2- ACCOUNTING PRINCIPLES, RULES AND METHODS (continued)

Other transferable securities

Other transferable securities are valued individually at the lower of purchase cost or market value. A value adjustment is recorded where the market value is lower than the purchase cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Conversion of foreign currencies

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss account are expressed in this currency. All financial information presented in euro (EUR) has been rounded to the nearest thousand (KEUR), except when otherwise indicated.

During the financial year, the acquisitions and sales of financial assets as well as income and charges in currencies other than EUR are converted into EUR at the exchange rate prevailing at the transaction dates.

At the balance sheet date, the acquisition price of the financial fixed assets expressed in currency other than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are valued at the closing rate. The unrealised and realised losses, as well as the realised gains are recorded in the profit and loss account.

Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year. Financing fees linked to the issuance of those bonds are also recorded under the caption "Prepayments" and are amortised through profit and loss account over the period of the bonds under the caption "interest payable and similar charges".

Value adjustments

Value adjustments are deducted directly from the related asset.

Net turnover

Net turnover includes income from invoicing of operating costs.

Bonds and convertible bonds

Bonds and convertible bonds are recorded at their nominal value. Where the amount repayable is greater than the amount received, the difference is shown as an asset under the caption "Prepayments" and is written off over the period of the bonds on a linear basis under the caption "Interest payable and similar charges".

NOTE 3 - FINANCIAL FIXED ASSETS

2015	Shares in affiliated undertakings	Amounts owed by affiliated undertakings
	KEUR	KEUR
Cost		
Balance at January 1, 2015	1,500,959	197,058
Additions for the year	449,160	4,926
Disposals for the year	(24,541)	(115,639)
Balance at December 31, 2015	1,925,578	86,345
Impairment		
Balance at January 1, 2015	(81,410)	(76,378)
Impairment reversals for the year	27,425	8,403
Impairments for the year	(23,335)	--
Balance at December 31, 2015	(77,320)	(67,975)
Net value as at December 31, 2015	**1,848,258**	**18,370**
Net value as at December 31, 2014	**1,419,549**	**120,679**

3.1 Shares in affiliated undertakings

In 2015, the Company acquired primarily stakes in Remontées Mécaniques Crans-Montana-Aminona SA, CMA Immobilier SA, CPI Alberghi HI Romas s.à.r.l. and Mondello, a.s..

The Board of Directors of the Company is of the opinion that the investments in some affiliated undertakings of the Company are permanently impaired as at December 31, 2015. Therefore, some shares in affiliated undertakings with net equity significantly lower than acquisition cost as at December 31, 2015, are value adjusted to the higher of zero or of the net positive equity of each concerned affiliated undertaking as at December 31, 2015.

As a result of positive result and generated cash flow, the Company's management have no indicators of the impairment concerning its investment into Czech Property Investment a.s. and Mercuda a.s. as at December 31, 2015.

As a result of the sale of GSG Berlin Invest GmbH, Berlin, the Company released the related impairment in full (EUR: 24.5 million).

Undertakings in which the Company holds participation in their share capital are detailed in the table on the following page.

Name of the undertaking	Country	Cur.	% held	Cost 31.12.2014	Change in 2015	Cost 31.12.2015	Reversal of impairment / (Impairment) 31.12.2015	Accumulated Impairment 31.12.2015	Carrying value 31.12.2015	Carrying value 31.12.2014	Net equity (***)	Result of 2015
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Remontées Mécaniques Crans Montana-Aminona SA **	Switzerland	CHF	65.83%	-	50,9	50,962	(23,152)	(23,152)	27,810	-	36,955	373
CMA Immobilier SA **	Switzerland	CHF	95.87%	-	14,038	14,038	-	-	14,038	-	4,398	(936)
CPI North, s.r.o. **	Czech Republic	CZK	100%	-	4	4	-	-	4	-	154	148
CPI Finance Netherlands II B.V. **	Netherland	EUR	100%	-	-	-	-	-	-	-	(84)	(83)
CPI Finance Ireland II Limited **	Ireland	EUR	100%	-	210	210	-	-	210	-	(19)	(18)
CPI Alberghi HI Roma s.r.l. **	Italy	EUR	100%	-	5,000	5,000	-	-	5,000	-	7,964	2,954
Czech Property Investment a.s.	Czech Republic	EUR	100%	1,344,654	-	1,344,654	-	-	1,344,654	1,344,654	1,251,835	40,815
Endurance Hospitality Asset S.á.r.l.*	Luxembourg	EUR	0.00%	-	-	-	-	-	-	-	-	-
Endurance Hospitality Finance S.á.r.l.*	Luxembourg	EUR	0.00%	-	-	-	-	-	-	-	-	-
GSG-Gewerbesiedlungsges mbH	Germany	EUR	94.99%	74,768	-	74,768	-	-	74,768	74,768	100,799	(35,440)
GSG Holding 2 GmbH	Germany	EUR	100%	198	-	198	-	(198)	-	-	-	-
GSG Berlin Invest GmbH, Berlin*	Germany	EUR	0.00%	24,524	(24,524)	-	24,524	-	-	-	-	-
Hospitality Invest S.á.r.l.*	Luxembourg	EUR	0.00%	-	-	-	-	-	-	-	-	-
Isalotta GP GmbH & Co. Verwaltungs KG	Germany	EUR	95%	3,755	-	3,755	2,900	(855)	2,900	-	2,904	(14)
ITL Alfa s.r.o. **	Italy	EUR	100%	-	3	3	-	-	3	-	(125)	(68)
Mercuda, a.s.	Czech Republic	EUR	100%	72	37,114	37,186	-	-	37,186	72	38,990	2,564
Mondello, a.s. **	Czech Republic	CZK	100%	-	341,502	341,502	-	-	341,502	-	342,593	(858)
ORCO Germany Sp. z.o.o.	Poland	EUR	100%	1	-	1	-	-	1	1	(19)	(7)
ORCO Germany Prague s.r.o.	Czech Republic	EUR	100%	-	-	-	-	-	-	-	(11)	(1)
Orco Immobilien GmbH, Berlin	Germany	EUR	100%	12,906	-	12,906	-	(12,906)	-	-	(49,164)	(4,792)
Orco Property Group S.A.	Luxembourg	EUR	0.00%	44	(17)	27	-	-	27	43	-	-
Parco delle Case Bianche S.r.l.	Italy	EUR	100%	10	144	154	-	-	154	10	2,409	(490)
Vitericon Projektentwicklung GmbH	Germany	EUR	100%	40,027	183	40,210	(183)	(40,210)	-	-	(44,026)	(960)
Total				**1,500,959**	**424,619**	**1,925,578**	**4,089**	**(77,321)**	**1,848,258**	**1,419,549**		

(*) Company disposed during reporting period

(**) Acquisition occurred during the reporting period

(***) Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU

NOTE 3 - FINANCIAL FIXED ASSETS (continued)

3.2 Amounts owed by affiliated undertakings

	Int. rate	2015	2014
		KEUR	KEUR
CPI Alberghi HI Roma s.r.l.	6%	1,487	--
CPI Finance Netherlands II B.V.	3%	76	--
Endurance Hospitality Asset S.à.r.l	6%	--	260
Endurance Hospitality Finance S.à.r.l	6%	--	12,905
Gebauer Höfe Liegenschaften GmbH	2%	--	19,808
GSG Berlin Invest GmbH	6%	--	11,893
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	6%	--	2,440
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	6%	--	3,500
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	6%	--	2,870
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	6%	--	3,150
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	6%	--	3,690
Mercuda a.s.	4%	35	35,992
Orco Immobilien GmbH	6%	53,632	50,628
Parco delle Case Bianche	8%	7,360	7,023
Vitericon Projektentwicklung GmbH (in liquidation)	0%	23,620	23,860
Others	6%	135	114
Total cost		**86,345**	**197,057**
Provision for impairment		(67,975)	(76,378)
Net value		**18,370**	**120,679**

The amounts owed by affiliated undertakings have been considered as impaired as follows:

	2015	2014
	KEUR	KEUR
Gebauer Höfe Liegenschaften GmbH	--	1,917
GSG Berlin Invest GmbH	--	6,239
Orco Immobilien GmbH	44,320	44,320
Vitericon Projektentwicklung GmbH (in liquidation)	23,620	23,860
Others	35	42
Total provision for impairment	**67,975**	**76,378**

During 2015, loans provided to Gebauer Höfe Liegenschaften GmbH and GSG Berlin Invest GmbH were fully repaid, leading the Company to release their impairments.

NOTE 4 - CURRENT ASSETS

4.1 Trade debtors

In 2015, trade debtor's non-intercompany is mainly composed of Guarantor fees on New Notes KEUR 1,957.

4.2 Amounts owed by affiliated undertakings becoming due and payable within one year

The amounts owed by affiliated undertakings becoming due and payable within one year contain receivables from affiliated undertakings and the interest accrued on the amounts owed by affiliated undertakings.

		2015	2014
	KEUR	KEUR	KEUR
	Receivables	Interest	Total
Brilliant 1419.GmbH & Co.Verwaltungs KG	--	5	--
CPI Alberghi HI Romas s.à.r.l.	--	13	--
CPI Finance the Netherlands II BVI	--	1	--
Czech Property Investment a.s.	--	--	1,950
Endurance Hospitality Asset S.á.r.l	--	--	11
Endurance Hospitality Finance S.á.r.l	--	--	163
Gebauer Höfe Liegenschaften GmbH	--	--	393
Gewerbesiedlungs-Gesellschaft GmbH	290	--	--
GSG Berlin Invest GmbH	--	--	704
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	--	--	73
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	--	--	105
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	--	--	86
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	--	--	94
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	--	--	110
Hospitality Invest S.á.r.l	--	--	417
Mercuda a.s.	--	1	1,121
Orco Immobilien GmbH	30	3,209	3,035
Parco delle Case Bianche	--	626	59
Vitericon Projektentwicklung GmbH	33	--	33
Others	1	1	5
Total value	**354**	**3,856**	**8,359**

At the end of period, interest will not be capitalized into principal of amount.

The amounts owed by affiliated undertakings becoming due and payable within one year have been considered as impaired as follows:

	2015	2014
	KEUR	KEUR
Viterícon Projektentwicklung GmbH	--	1,405
Isalotta 2. GmbH	2	2
Total provision for impairment	**2**	**1,407**

During 2015, Vitericon Projektentwicklung GmbH debt was settled and led the Company to release its impairment.

NOTE 5 - OTHER RECEIVABLES

5.1 Becoming due and payable within one year

	Int. rate	2015			2014		
		Principal	Interest	Receivable	Principal	Interest	Receivable
		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
CPI Finance B.V.I	--	--	--	30,703	--	--	--
CPI Hotel a.s.	8.10%	--	1,527	--	--	425	--
CPI Management s.r.o.	--	--	--	1,950	--	--	--
CPI Poland Sp. Z.o.o.	--	--	--	167	--	--	--
CPI Services a.s.	--	--	--	7,827	--	--	--
Hospitality Invest S.à.r.l.	6%	1,074	28	--	--	--	--
MMR Russia S.à.r.l.	--	--	--	171	--	--	--
Mr. Radovan Vitek	5%	38,156	1,192	--	6,348	88	--
Orco Property Group S.A.	5%	28,660	619	--	1,866	86	--
Scampia	--	--	--	10,963	--	--	--
Other	--	--	--	--	203	--	--
Total		**67,890**	**3,366**	**51,781**	**8,417**	**599**	**--**

The management has not identified any impairment indicator.

5.2 Becoming due and payable after more than one year

In 2015 this position consists mainly of a long-term loan (Interest rate: 8.10%) to CPI Hotels, a.s. of KEUR 13,347 (2014: KEUR 13,867).

The management has not identified any impairment indicator.

NOTE 6 - OTHER TRANSFERABLE SECURITIES

The Company has the following transferable securities in 2015:

Depositary bank	Security	ISIN Code	Quantity	Amount EUR
KBC	OPG	XS0290764728	15,125	2,420
		Total transferable securities:		**2,420**

As of December 31, 2014, the Company had following transferable securities :

Depositary bank	Security	ISIN Code	Quantity	Amount EUR
KBC	OPG	XS0290764728	15,125	2,420
J&T Banka	CPI	CZ0003502932	52,000,000	1,872,646
J&T Banka	CPI	CZ0003511024	29,720	29,720,000
		Total transferable securities:		**31,595,066**

NOTE 7 - PREPAYMENTS

As of December 31, 2015, the company recognized a prepayment amounting to EUR 5.7 million in relation to its bonds issuance (see Note 9).

In 2014, the Company made an advance payment for a new development project in Switzerland: Crans Montana for an amount of EUR 6,680,000. The acquisition was finalized in 2015 and the related prepayment was settled with the consideration paid.

NOTE 8 - CAPITAL AND RESERVES

8.1 Subscribed capital, share premium and similar premiums

2015

Acquisition of own shares

On September 25, 2015 the Company and its major shareholder, Mr. Vítek entered into an agreement, pursuant to which the Company acquired 550,694,915 of its own shares indirectly held by Mr. Vítek through the company Mondello, a.s. The purchase price has been set in CZK and EUR denominations and amounts to EUR 341.5 million in aggregate. In consideration for the share buyback, Mr. Vítek obtained a combination of monetary receivables (EUR 264 million) that do not form core business of the Company and the Company's bonds (EUR 77.4 million). The acquisition of its own shares was done under the buyback framework approved by the Company's extraordinary general meeting held on August 28, 2014. The acquired shares are treated as treasury shares, the voting rights and right to dividend related to them are suspended as long as they are held by the Company. The total number of outstanding CPI PG shares (including own shares held by the Company) remains the same and equals to 3,303,768,300. The number of CPI PG shares, excluding own shares held by the Company, was 2,753,073,385 as at December 31, 2015.

In accordance with Luxembourg legal and regulatory framework, the own shares are disclosed as a part of financial assets.

For the initial valuation of the transfer of shares, the Company used the EPRA NAV as at transaction date (EUR 0.62). As at December 31, 2015 EPRA NAV is estimated amounting to EUR 0.63. The management of the Company did not identify any impairment indicator for these own shares.

As of December 31, 2015 the share capital amounts to EUR 330,376,830 and is represented by 3,303,768,300 shares (incl. own shares) with a nominal value of EUR 0.10 each fully paid in and the share premium to EUR 1,372,353,521.

2014

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

During the year 2014 the Company issued 2,959,111,855 new ordinary shares at a subscription price of EUR 0.47 per share:

- On March 5, 2014, 76,600,000 new ordinary shares were issued to Stationway Properties Limited,
- On April 30, 2014, 31,914,894 new ordinary shares were issued to Alchemy Opportunities Fund II L.P.,
- On April 30, 2014, 750,000 new ordinary shares were issued to Société Generale,

- On June 30, 2014, 2,466,902,565 new ordinary shares were issued to Mr. Radovan Vítek. The subscription price was paid by contribution in kind of 100% shares of Czech Property Investment, a.s.
- On September 25, 2014, 65,957,446 new ordinary shares were issued to Orco Property Group S.A.,
- On December 18, 2014, 316,986,950 new ordinary shares were issued to Whislow Equities Ltd. The subscription price was paid by transfer of bonds and receivables of CPI Finance Netherlands B.V. On 19 December 2014 the Company capitalized these bonds and receivables into its subsidiary Czech Property Investment, a.s..

Kingstown dispute

The Company announced that on January 20, 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 Orco Property Group (“OPG“), filed with the „Tribunal d´Arrondissement de et a Luxembourg“, District Court in Luxembourg. The petition seeks condemnation of the Company together with 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 arose as a consequence of inter alia alleged violation of OPG´s minority shareholders rights. To the best of Company´s knowledge, Kingstown was not at the relevant time (and is not until now) the shareholder of the Company. Therefore and without any assumption regarding the possible violation, the Company believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

The Management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders.

Accordingly, the parties sued by Kingstown raised the exceptio judicatum solvi plea, which consists in requiring the entity which initiated the proceedings and which does not reside in the European Union or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. The Luxembourg District Court rendered on February, 19 2016 a judgement, whereby each claimant has to pay a legal deposit in the total amount of EUR 90,000 with the “Caisse de Consignation” in Luxembourg in order to continue the proceedings. According to the best knowledge of the Company, Kingstown has not paid such deposit as of the date of this report.

8.2 Authorized capital not issued

At an extraordinary general meeting of April 26, 2012, the shareholders resolved to set the existing authorized share capital to an amount of EUR 100,000,000 for a period of 5 years from the date of the General Meeting.

Following the capital increases of September 27, 2012 and December 4, 2013, the remaining authorized share capital was EUR 70,411,488.80 as of December 31, 2013.

An extraordinary general meeting of the shareholders of the Company, held on May 13, 2014, resolved to renew, modify and replace the existing authorized share capital clause in the Company´s Articles of Association and to set the Company´s authorized share capital at an amount of EUR 400,000,000 for a period of 5 years from the date of the General Meeting.

According to article 5 of the Articles of Association, the Company has an authorized, but unissued share capital of EUR 174,500,303 (the “Authorized Capital”) as of December 31, 2015.

The Board of Directors of the Company is authorized and empowered within the limits of the authorized capital to:

- realize any increase of the share capital or equity of the Company with or without the issuance of new shares; and

- issue bonds, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares and to issue new shares further to the conversion or exercise of the above mentioned instruments.

For the avoidance of doubt, any increase in the share capital or equity of the Company, as well as any issue of bonds, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares decided by the Board of Directors prior to April 26, 2012 under the former authorized share capital of the Company but not realized, converted or exercised at this date remains validly approved and can be realized, issued, converted or exercised under this new authorized capital.

Such authorization will expire five years after the date of general meeting of shareholders of the Company held on April 26, 2012, and can be renewed in accordance with the applicable legal provisions.

8.3 Legal reserve

In accordance with the commercial law, the Company must appropriate to the legal reserve a minimum of 5% of the annual profit until such reserve equals 10% of the subscribed capital. Distribution by the way of dividends of the legal reserve is restricted.

Movements in capital and reserves

	Subscribed capital	Share premium account	Legal Reserve	Loss brought forward	Profit / (loss) for the financial year	TOTAL
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Situation as at December 31, 2014	**330,377**	**1,372,354**	**56,087**	**(210,195)**	**3,772**	**1,552,395**
Correction of allocation result of 2013	--	--	452	(452)	--	--
Allocation of the result from December 31, 2014	--	--	189	3,583	(3,772)	--
Loss for the year	--	--	--	--	(18,737)	(18,737)
Situation as at December 31, 2015	**330,377**	**1,372,354**	**56,728**	**(207,064)**	**(18,737)**	**1,533,658**

NOTE 9 - NON - CONVERTIBLE LOANS

ISIN XS1279550260

On 20 August 2015, CPI Property Group S.A. issued 5,000 pieces (in two tranches: 1,700 and 3,300) of bonds, each with nominal value of EUR 100,000. The bonds mature on August 20, 2025 and bear fixed interest rate of 5.0% p.a. Interest is due annually on August 20. Bonds were issued as bearer notes in listed form and are governed by Luxembourg law. Bonds were accepted for trading on the Luxembourg Stock Exchange.

Bonds

Nominal amount	500,000,000 EUR
Number of bonds	5,000
Issue price per bond	100,000 EUR
Maturity date	August 20, 2025
Nominal interest rate	0.5 per cent per annum
ISIN	XS1279550260
Listing	Luxembourg Stock Exchange

In 2015, the number of bonds in issuance is 2,962 bonds (nominal value: EUR 296.2 million) and generated EUR 5,434 million of interest expenses. Furthermore, the prepayment includes EUR 5.7 million which is the difference between amount received and the nominal value of the bonds.

During the year, warrants and bonds held as of December 31, 2014 have been sold.

NOTE 10 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

10.1 Amounts owed to affiliated undertakings, becoming due and payable within one year

This position mainly consists of short-term liabilities towards entities below:

	2015	2014
	KEUR	KEUR
CPI Management International Ltd	--	944
CPI Management s.r.o.	--	1
Czech Property Investment as	10,928	36,069
Codiazella Ltd	--	--
Gewerbesiedlungs-Gesellschaft mbH	326	--
GSG Asset GmbH & Co. Verwaltungs KG	--	93
Grundstücks und Beteiligungsgesellsc	--	240
Mondello, a.s.	342,529	--
Orco Immobilien Gmbh	434	283
Orco Prague a.s.	--	5
Other	--	3
Total	**354,217**	**37,638**

The substantial increase in amounts owed to affiliated undertakings is primarily attributable to the acquisition of own shares from its subsidiary Mondello a.s. described in Note 8.

10.2 Amounts owed to affiliated undertakings, becoming due and payable after more than one year

This position mainly consists of loan received from GSG Gewerbesiedlungs GmbH, KEUR 5,301 (2014: KEUR 5,782), GSG Gewerbehöfe Berlin GmbH&Co.KG KEUR 5,942 (2014: KEUR 5,942), Czech Property Investment a.s., KEUR 130,421 (2014: KEUR 5,739) and Orco Immobilien GmbH, KEUR 2,454 (2014: KEUR 2,654).

NOTE 11 - OTHER CREDITORS

	2015	2014
	KEUR	KEUR
CPI Management International Ltd	9,795	--
CPI Finance B.V.I	2,082	--
CPI Services, a.s.	2	--
Codiazella Ltd	9,180	--
GSG Asset GmbH & Co. Verwaltungs KG	92	--
GSG Gewerbehöfe Berlin GmbH&Co.KG	356	--
Other	--	352
Total	**21,507**	**352**

NOTE 12 - OTHER EXTERNAL CHARGES

Other external charges mainly include management fee charged by the Group's entities as the Group has applied new management structure since January 1, 2015.

	2015	2014
	KEUR	KEUR
Supplies, rental, maintenance and repairs	36	--
Management fee	14,276	1,117
Financial services	115	114
Professional fees	784	1,704
IT costs	--	40
Advertising, Publications, public relations	64	83
Insurance	114	82
Travelling costs	23	--
Other accruals	800	77
Other	248	25
Total	**16,460**	**3,242**

NOTE 13 - STAFF EXPENSES

The Company had four employees in 2015 (2014: one). Total personnel costs incurred in 2015 are amounting to KEUR 122 (2014: KEUR: 2,904) this amount is mainly composed of former executives departure benefits).

NOTE 14 - OTHER OPERATING CHARGES

In 2014, the amount of KEUR 3,049 contains mainly the sale of the receivables to the Vivaro Companies for an amount of KEUR 2,745 and withholding and solidarity tax for KEUR 117.

In 2015, the Company did not recognize any other operating charges.

NOTE 15 - INTEREST PAID CONCERNING AFFILIATED UNDERTAKINGS

	2015	2014
	KEUR	KEUR
Gewerbesiedlungsgesellschaft GmbH	326	325
GSG Gewerbehöfe Berlin .GmbH&Co.KG	356	--
Orco Immobilien GmbH	151	149
Czech Property Investment a.s.	11,634	58
Other	-	201
Total	**12,467**	**733**

The increase of interest payables results mainly from loan received by the Company from its subsidiary Czech Property Investment a.s.

NOTE 16 - OTHER INTEREST AND SIMILAR FINANCIAL CHARGES

The increase primarily reflects interest expense on bonds issued by the Group in August 20, 2015 as described in Note 9.

	2015	2014
	KEUR	KEUR
Foreign currency exchange loss	4,016	404
Interest due on OBSAR bonds issued (note 8)	--	53
Interest on CPI PG Bonds	2,059	--
Other interest	(18)	14
Fees for trading of transferable securities	--	1
Waiver of interest	1,222	--
Guarantor fees (see note 20)	(1,956)	--
Total	**5,323**	**472**

NOTE 17 - EXTRAORDINARY CHARGES

In 2015, the amount of extraordinary charges (KEUR 38,294) mainly includes the disposal of Orco Berlin Invest GmbH (investment release amounting to KEUR 32,023 and reversal of impairment KEUR 24,524 (see Note 3.1) and reversal of receivable of Hospitality Invest S.à.r.l., KEUR 30,704.

NOTE 18 - OTHER OPERATING INCOME

Other income mainly includes management fees charged by the Company to entities within the Group‘s and other entities as a new management structure has been applied since January 1, 2015.

	2015	2014
	KEUR	KEUR
Capellen Invest a.s.	245	--
CPI Facility Slovakia, a.s.	1,372	--
CPI Hungary Kft.	849	--
CPI Management s.r.o.	--	1,950
CPI Poland Sp. z.o.o.	418	--
CPI Services, a.s.	11,402	--
GSG Gewerbesiedlungs, GmbH	2,290	--
MMR Russia s.à.r.l.	171	--
OPG S.A.	300	--
Suncan Hvar receivable disposal	-	8,808
Other	--	61
Total	**17,047**	**10,819**

NOTE 19 - OTHER INTEREST AND OTHER FINANCIAL INCOME

19.1 Derived from affiliated undertakings

In 2015, other interest receivable from affiliated undertakings mainly concerned entities below:

	2015	2014
	KEUR	KEUR
CPI Alberghi HI Romas, S.à.r.l.	13	--
CPI Finance Netherlands II BVI	1	--
Czech Property Investment a.s.	453	1,675
Isalotta GP GmbH & Co. Verwaltung KG	2	--
Mercuda a.s.	1	1,122
Orco Germany Prague s.r.o	--	--
Orco Germany Sp. Z.O.O.	1	--
ORCO Immobilien GmbH	3,209	3,004
Parco Delle Case Bianche	567	--
Vitericon Projektentwicklung GmbH (former Orco Grundstück-u Bet. GmbH)	--	1,405
Others	--	2,674
Total	**4,247**	**9,880**

19.2 Other interest and similar financial income

	2015	2014
	KEUR	KEUR
Brilliant 1419.GmbH & Co.Verwaltungs KG	5	--
CPI Hotels a.s.	1,102	425
Endurance Hospitality Asset	5	--
Endurance Hospitality Finance	69	--
Gebauer Höfe Liegenschaften GmbH	97	--
GSG Gewerbehöfe Berlin GmbH&Co.KG	225	--
Hospitality Invest S.à.r.l.	277	--
Mr. Radovan Vítek	1,105	87
Orco Berlin Invest GmbH	219	--
Orco Property Group S.A.	533	--
Scampia a.s.	6,602	--
Short term securities	1,768	--
Foreign exchange currency gains	-	195
Other interest	-	43
Total	**12,007**	**750**

As of March 31, 2015, the Company acquired from its subsidiary a portfolio of receivables from related party. These receivables bore interest income amounting to KEUR 6,602. The receivables were sold to the Company's Shareholder, Radovan Vitek on September 25, 2015 as part of the acquisition of own shares (see Note 8).

NOTE 20 - EXTRAORDINARY INCOME

As at December 31, 2015 , the extraordinary income of the Company is composed of sales price of disposed Hospitality Invest s.à r.l. receivables to CPI Finance B.V.I. (EUR: 30.703 million) and sales of Orco Berlin Invest Gmbh (KEUR: 481).

NOTE 21 - INCOME TAX

The Company is taxable company for Luxembourg income and net wealth taxes. As at December 31, 2015, the Company has a payable amounting to KEUR 3 towards Luxembourgish Administration.

NOTE 22 - OFF BALANCE SHEET COMMITMENTS

The Company issued a subordination of loan and a comfort letter without any limit for the following affiliated companies:

- Orco Immobilien GmbH
- GSG Berlin Invest GmbH
- Gebauer Höfe Liegenschaften GmbH
- GSG Asset GmbH & Co. Verwaltungs KG

A comfort letter for Vitericon Projektentwicklung GmbH (former Orco Grundstücks- und Beteiligungs GmbH) was terminated to December, 31 2014.

In 2012 the Company issued the following comfort letters to GSG Asset KG for their contracting partner Techem Energy Contracting GmbH still valid in 2015:

- Wattstrasse, limited to EUR 152,000
- Geneststrase, limited to EUR 168,000
- Zossener Strasse, limited to EUR 153,200
- Adalbertstrasse, limited to EUR 61,601
- Waldemarstrasse, limited to EUR 142,399
- Gneisenaustrasse, limited to EUR 137,600
- Lübarser Strasse, limited to EUR 136,000

CPI PG concluded the following credit facility agreements:

- Agreement with Mr. Radovan Vítek, up to an amount of EUR 120 Mio with an interest rate of 5% (Maturity date is December 31, 2016).
- Agreement with CPI Hotels a.s., up to an amount of EUR 16 Mio with an interest rate of 8.1% (Maturity Date is September 30, 2017).
- Agreement with Orco Property Group s.a., up to EUR 40 Mio with an interest rate of 8% (Maturity date is September 15, 2016)

Furthermore, the Company has entered into the following commitment:

Type	**Description**
Pledge of shares	Shares of GSG Asset GmbH & Co Verwaltungs KG and GSG 1. Beteiligungs GmbH are pledged to guarantee a loan granted by a group of banks to an affiliated undertaking.

In connection with the financing of some subsidiaries, the Company pledged its shares to the group of 5 banks providing the loan.

CPI PG guarantee to the OPG Bonds:

On November 7, 2014, the Company 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 (“OPG“) in relation to its notes registered under ISIN code XS0820547742, which were issued on October 4, 2012 and amended and restated pursuant to the Orco Trust Deed (the “Orco Notes”). The Company 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 arrears. Unless previously redeemed, or purchased and cancelled, the Orco Notes will be redeemed at their then outstanding principal amount on November 7, 2019.

In consideration of Company's entry into the Orco Trust Deed and the guarantee given thereunder, OPG has agreed to pay to the Company 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.

NOTE 23 - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Board and Committees attendance compensation for the year 2015 amounts to EUR 72,000 (EUR 51,000 for 2014). The Annual General Meeting held on May 28, 2014 resolved to approve, with the effect as of January 1, 2014, the payment of attendance fees to all independent, non-executive Directors of the Company in the amount of EUR 3,000 per calendar month as a base fee and empowered the Board of Directors to decide at its sole discretion about the payment of additional fees up to EUR 3,000 per calendar month to independent, non-executive Directors of the Company. The Company granted a loan to Mr. Radovan Vitek (Board member and main shareholder of the Company) (See note 5).

NOTE 24 - RELATED PARTY TRANSACTIONS

Balance Sheet

As at December 31, 2015 and 2014, the following balances with related parties are outstanding:

- Shares in affiliated undertakings as disclosed in note 3.1.
- Amounts owed by affiliated undertakings as disclosed in notes 3.2 & 3.3.
- Amounts owed by affiliated undertakings are disclosed separately in the balance sheet and represent mainly interest accrued on intercompany loans as well as some other financial receivables.
- Amounts owed to affiliated undertakings are disclosed separately in the balance sheet and represent interest accrued on intercompany loans.

Profit and loss account

During 2015, the following income and charges were realised with related parties:

- Management and consulting services received from related parties for EUR 14.3 million (2014: EUR 1.1 million) (note 12) and provided to related parties for EUR 17 million (2014: EUR 10.8 million) (note 18).
- Interest and similar charges paid to related parties are disclosed separately in the profit and loss account EUR 12.5 million (note 15).Interest and similar income from related parties are disclosed separately in the profit and loss account (Note 19).

NOTE 25 - POST BALANCE SHEET EVENTS

There have been no material post balance sheet events that would require disclosure or adjustment to these annual accounts.