CPI Property Group

MANAGEMENT REPORT 2017

AS AT 30 JUNE 2017
UNAUDITED

This is the corrected version of Management Report issued on 31 August 2017. This document replaces the 31 August 2017 Management Report, which shall be disregarded.

Nestlé HQ, Prague

We provide people with space for opportunity

TOTAL REVENUES

203

MEUR

TOTAL ASSETS

6 490

MEUR

NET LTV

49.8%

EPRA NAV

3 068

MEUR

KEY FIGURES

PERFORMANCE		30-Jun-17	30-Jun-16	Change
Total revenues	MEUR	**203**	155	31%
Net business income	MEUR	**123**	109	13%
Operating result	MEUR	**321**	95	238%
Funds from operations (FFO)	MEUR	**51**	51	0%
Profit before tax	MEUR	**231**	58	298%
Interest expense	MEUR	**47**	45	4%
Net profit for the period	MEUR	**190**	44	332%

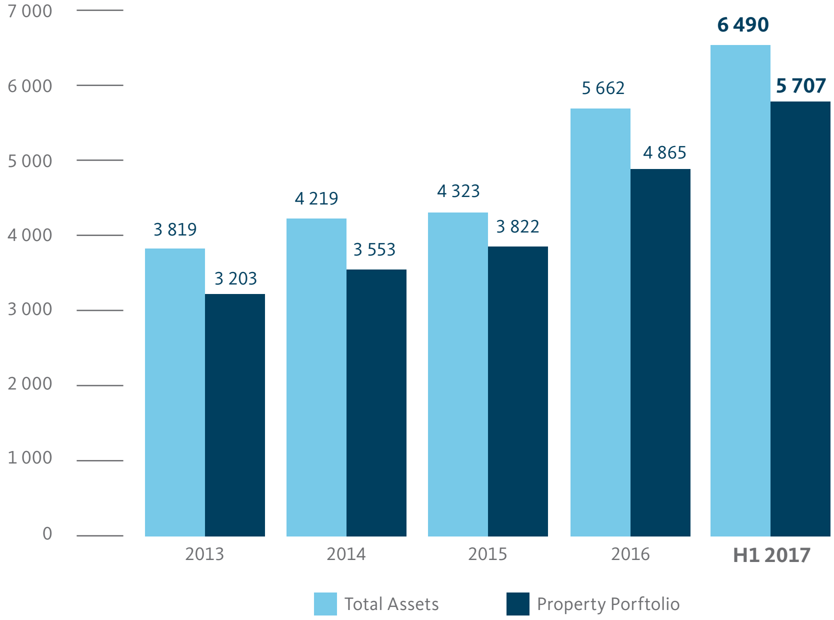
ASSETS		30-Jun-17	31-Dec-16	Change
Total assets	MEUR	**6 490**	5 662	15%
Property Portfolio	MEUR	**5 707**	4 865	17%
Gross leasable area *	sqm	**3 238 000**	3 094 000	5%
Occupancy in % *	%	**91%**	90%	+1.0 pp
Total number of properties **	No	**420**	417	1%
Total number of residential units	No	**12 402**	12 396	0%
Total number of hotel beds	No	**10 308**	11 278	-9%
EPRA NAV	MEUR	**3 068**	2 729	12%

* Excluding hotels
** Excluding residential properties

FINANCING STRUCTURE		30-Jun-17	31-Dec-16	Change
Total equity	MEUR	**2 598**	2 289	14%
Equity ratio	%	**40%**	40%	+0.0 pp
Net debt	MEUR	**2 840**	2 335	22%
Loan to value ratio (Net LTV)	%	**49.8%**	48.0%	+1.8 pp
Consolidated Leverage Ratio	%	**48.5%**	47.6%	+0.9 pp
Consolidated Coverage Ratio	ratio	**2.2**	2.1	5%
Secured Consolidated Leverage Ratio	%	**38.4%**	36.4%	+2.0 pp

All data for CPI PROPERTY GROUP ("CPIPG" or the "Company", and together with its subsidiaries the "Group") covering years 2013 and 2014 presented under the assumption that CPI PROPERTY GROUP and Czech Property Investments, a.s. were combined as of 1 January 2013.

TOTAL ASSETS / PROPERTY PORTFOLIO (MEUR)

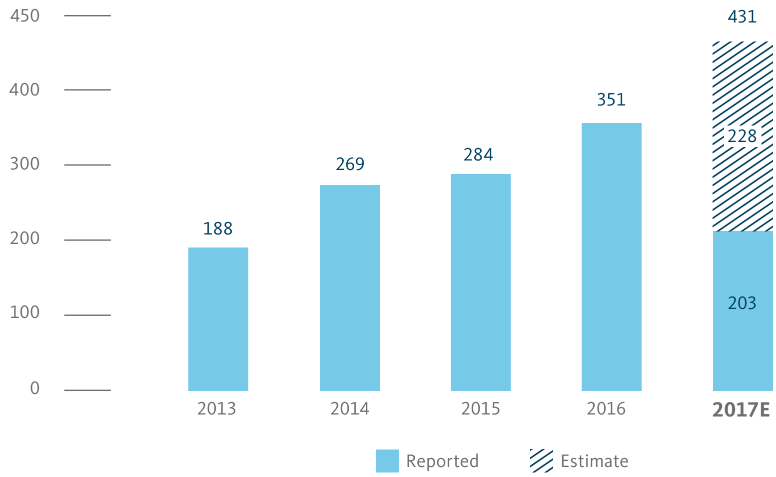


Total assets amount to EUR 6 490 million. The y-o-y increase in H1 2017 was 32%. The average increase in the period 2013-2017 is 16% p.a.

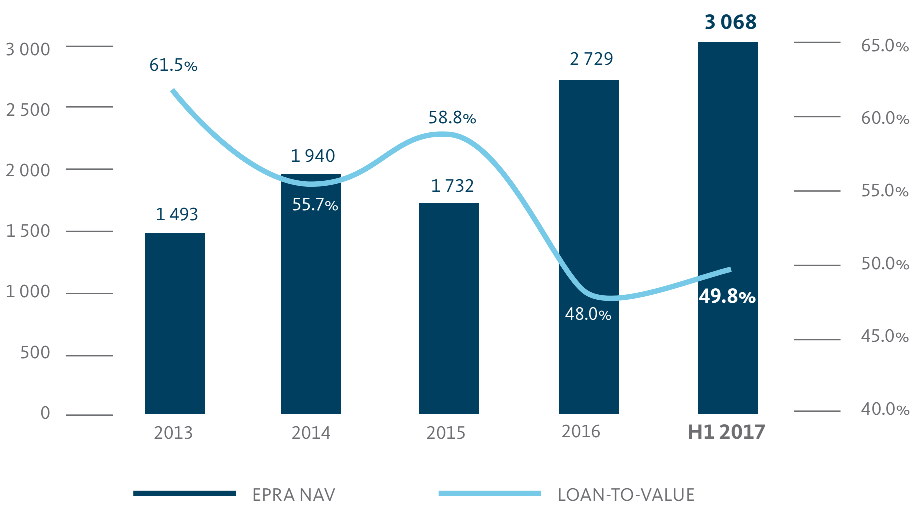
The value of Property portfolio reached EUR 5 707 million. The y-o-y increase in H1 2017 was 22%. The average increase in the period 2013-2017 is 18% p.a.

The total revenues reached EUR 203 million in H1 2017 which is a new record level result for a 6 month period. The y-o-y increase in H1 2017 was 31%. Projected revenues for the year 2017 reach 431 million. The average increase in the period 2013-2017 would be 23% p.a.

TOTAL REVENUES (MEUR)



EPRA NAV (MEUR) / LOAN-TO-VALUE (%)



Loan-to-Value ratio (LTV) has a descending course – from 61.5% in 2013 LTV got down to 49.8% in H1 2017. EPRA NAV in H1 2017 reached EUR 3 068 million, more than twice as high as in 2013.

View from Prosta 69 building, Warsaw

CONTENTS

CONTENTS

Ogrody shopping centre, Poland

YEAR 2017

YEAR 2017

PORTFOLIO HIGHLIGHTS

THE GROUP BOOSTS ITS RETAIL PORTFOLIO

The Group acquired the high-quality retail portfolio ("CBRE GI acquisition") of predominantly 11 shopping centres located in Czechia, Hungary, Poland and Romania with a total leasable area of approximately 280 000 sqm. The closing of this historic deal for the Group was completed on 29 March 2017. The acquired portfolio consists of (i) major shopping centres Olympia Plzeň and Nisa Liberec in Czechia, Ogrody in Poland, Polus and Campona in Hungary and Felicia in Romania; (ii) multifunctional complexes Zlatý Anděl in Prague and Andrássy Complex in Budapest; and (iii) two Interspar stores in Hungary. The acquisition price reached EUR 625 million. The bank financing has been arranged through several loans at a total of EUR 440 million, with the Group providing the remaining amount from its own funds.

ACQUISITION OF THE SHOPPING CENTRE IN BRNO

On 26 July 2017, the Group acquired Královo Pole Shopping Centre located in Brno, Czechia. The shopping centre was built in 2004 by Carrefour and comprises a two-level gallery with 78 shops and a food court with a total of 26 500 sqm GLA and 900 parking spaces. The hypermarket was originally anchored by Carrefour until 2007, when it was taken over by Tesco. Královo Pole is the dominant shopping centre in northern Brno featuring a large catchment of 250 000 inhabitants within 20 minutes with above average purchasing power. The shopping centre offers development potential having a valid building permit in place for a further 12 000 sqm GLA expansion.

CBRE GI ACQUISITION: RETAIL AND OFFICE PORTFOLIO BOOSTED BY EUR 625 MILLION

ACQUISITION OF THE HOTEL VLADIMÍR

On 7 March 2017, the Group acquired Hotel Vladimír in Ústí nad Labem. Hotel Vladimír is a 3 star hotel with 86 rooms. The operation of this hotel will be secured by CPI Hotels a.s., operator of the majority of the Group´s hotels portfolio.

SALE OF ARKÁDY PROSTĚJOV SHOPPING GALLERY

On 8 August 2017, the Group disposed of the Arkády Prostějov shopping gallery. The shopping gallery, with the total gross leasable area of approximately 10 000 sqm, is located in Prostějov, eastern Czechia. The Group decided to proceed with this disposal, since it considered Arkády Prostějov as a non-core asset.

ANOTHER **MAJOR SHOPPING CENTRE** IN BRNO, CZECHIA ACQUIRED

SALE OF OFFICE BUILDING IN CAPELLEN

The Group disposed of the office building in Capellen, Luxembourg. The building with a leasable area of approximately 7 700 sqm, located in the Capellen business park just outside of the City of Luxembourg, was sold to a private investor. The transaction, structured as a share deal, was completed on 25 January 2017.

SALE OF LOZORNO LOGISTIC PARK

In February 2017, the Group disposed of Lozorno logistics park, located outside of Bratislava, Slovakia. The logistics park, comprising of 5 halls with total rentable space reaching 118 000 sqm, was sold in a share deal transaction.

SALE OF OFFICE PROPERTY IN BRNO

In March 2017, the Group disposed of the Purkyňova office building located in Brno, Czech Republic. The modern building with an area exceeding 11 300 sqm was sold in a share deal transaction.

INCREASE
IN EQUITY
BY EUR 51.5 MILLION

CORPORATE NEWS

EUR 51.5 MILLION NEW SHARES

The Company issued of 515 000 000 new ordinary shares for a global cash contribution of EUR 51.5 million. The new shares were subscribed by the current shareholder RAVENTO S.a r.l., an entity closely associated with Mr. Radovan Vítek.

The new shares, having a par value and a subscription price of EUR 0.10 each, were issued in a reserved capital increase under the Company's authorised share capital and fully paid by cash. The corporate share capital of the Company has thus been increased from EUR 779 561 784.60 represented by 7 795 617 846 shares to EUR 831 061 784.60 represented by 8 310 617 846 shares.

The total number of shares comprising the share capital of the Company is 8 310 617 846 as of 30 June 2017.

EUR 85 MILLION
BONDS ISSUE

CAPITAL MARKET FINANCING

CZK 800 MILLION BONDS REPAID AND NEWLY ISSUED

On 5 May 2017, two maturing tranches of Group subsidiary CPI BYTY, a.s. bonds amounting to CZK 300 million and CZK 500 million, were repaid from equity.

On 10 May 2017, CPI BYTY, a.s. issued the seventh and eighth tranche of secured bonds. The seventh tranche, registered under ISIN code CZ0003516551, amounts to CZK 530 million, carries a fixed coupon of 1.85% and matures on 10 May 2019. The eighth tranche, registered under ISIN code CZ0003516569, amounts to CZK 270 million, carries a fixed coupon of 2.25% and matures on 7 May 2019. The prospectus, which was approved by the Czech National Bank on 3 May 2017 is available in electronic form at www.cpibyty.cz.

EUR 55 MILLION BONDS ISSUE

The Group issued additional EUR 55 million bonds with the nominal amount of EUR 1 000 each with maturity in 2022. The bonds are registered under ISIN code SK4120012097 and carry a fixed rate coupon of 5.00% p.a. The prospectus, approved by the National Bank of Slovakia on 28 September 2016 is available in electronic form at www.cpifinanceslovakiaii.sk.

'The Group is reaching new heights, we exceeded EUR 6 billion total assets and completed the largest real estate acquisition in the CEE region this year.'

THE CEO'S MESSAGE

Dear Shareholders,

It is with great satisfaction to report a highly engaging half year of concentrated progress. Alongside continued advancements in bond financing, the Group has achieved a substantial landmark acquisition driving the Company forward in its expansion and continuous improvement in asset quality. We have succeeded in taking advantage of opportunities in a positive, high-liquidity environment to concentrate growth in regions that facilitate the long-term strategies of our property portfolio. The size of the Group, its strong cash flow, low leverage and diversification put us in front of any other real estate company in the region.

The total assets value this year is near approaching EUR 6,500 million, having increased by EUR 830 million in the first half of 2017, with the property portfolio rising over EUR 840 million. This boost in assets has been primarily financed via equity which jumped by EUR 310 million thus maintaining LTV below 50% and EPRA NAV crossing the EUR 3,000 million level. The net debt increased by EUR 505 million. Net Business Income rose by EUR 14 million to EUR 123 million. The financial statements also confirm the strategy of continued investment in the existing portfolio in order to sustain and increase its value. The comparable interest expenses, despite an increase in the property portfolio and related debt, is evidence of the Group's successful refinancing plan initiated two years ago.

The Group completed the acquisition of a EUR 625 million retail portfolio from funds managed by CBRE of 11 high quality properties expanding our established presence in the Czech Republic, Hungary, Poland and Romania. In the current market, we agreed financing of EUR 440 million with major banks and drove the transaction process across this complex and multi-jurisdictional region all within a six-month period. The landmark 280,000 sqm procurement alongside the Královo Pole shopping centre acquisition has pushed the Group into the premier league of European real estate investors, resulting in a two-fold boost in our shopping centres portfolio now totalling 20. We are well prepared to integrate the new assets into our management and work on long-term strategies enabling us to remain fully competitive in current and future environments.

The Group was considerably active on the bond market in the first half of 2017, where we continue to lead the Czech real estate industry. In May, pursuant to its bond programme, CPI BYTY, a.s. issued the seventh (EUR 20.4 million at 1.85%) and eighth (EUR 10.4 million at 2.25%) tranches of secured bonds maturing in mid-2019. These figures represent the lowest coupon in the Group's history, decreasing the Group's average cost of financing to the rate of 2.76% p.a. The two remaining tranches of CPI BYTY, a.s. bonds were refinanced, amounting to EUR 11.5 million and EUR 19.2 million which were repaid from equity. This issuance reflects the immense market interest, which has significantly exceeded the total volume of the actual subscription amount. In June, the Group issued 515 million new ordinary shares for a global cash contribution of EUR 51.5 million. The corporate share capital of the Group has increased to EUR 831,061,784.60 represented by 8,310,617,846 shares. The Group's credit is growing - the company successfully contracted for a new overdraft credit facility from UniCredit Bank to finance its general corporate and operation commitments and our bonds are trading at a premium.

The Group has seen continued development in České Budějovice in the Czech Republic where we see significant potential in long-term investment. The newly redeveloped IGY Shopping centre is scheduled to open in November of this year. Furthermore, the Group continued the refurbishment of its hotel portfolio with the announcement of the expansion project of the Clarion Congress Hotel, České Budějovice. Proceedings with Zbrojovka in Brno continue to gain ground and we look forward to reporting on more progress with the Group's largest development project.

The Group benefited from favourable market conditions to dispose of assets unsuitable for our existing portfolio. We disposed of Arkády Prostějov shopping centre, a non-core asset comprising of shopping centre located in Prostějov, Czech Republic. Earlier this year, the Group made changes in the structure of its logistics and office portfolio. We again took the opportunity to sell what we see as non-core assets. We disposed of the Capellen office building in Luxembourg, the Lozorno logistics park in Slovakia and the Purkyňova office building in the Czech Republic.

Looking ahead, the market remains buoyant. We will focus on further strengthening the Group's credit on the capital markets and decreasing the costs of funds. The Group will continue utilising the high-liquidity environment to search for acquisitions that will be complementary to our portfolio, offering positive opportunities of return. Moreover, the Group sees a number of remarkable redevelopment and refurbishment opportunities in its current portfolio. With limited additional risk, the Group can achieve above-market returns, higher income and increased asset quality. The Group's ambition is to provide our tenants with the optimum service to retain long-term contracts and continue to generate superior professional relationships.

Luxembourg, 30 August 2017

Martin Němeček

Chief Executive Officer & Managing Director

GROUP OVERVIEW

Quadrio, Prague

GROUP OVERVIEW

CPI Property Group is the leading European investor and operator of commercial, residential and hotel properties. Our size, long-term investment horizon, global expertise and local presence allow us to proactively accommodate our clients' needs and benefit from the latest trends in real estate industry.

The Group is established on solid foundations and secure backing from the major shareholder, Mr. Radovan Vítek, who has concentrated over 20 years of successful investment experience in the CEE markets. In June 2014, Mr. Vítek contributed 100% of CPI´s shares into the GSG Group. This unification under the newly titled CPI Property Group has created an extensive and very capable European real estate competitor which has empowered further opportunities in business activities and strategic diversification.

- The office sector represents a primary segment of the Company's portfolio with a total of 1 296 000 sqm leasable office space. The Group's 81 office assets include award-winning high quality architecture, up-to-date energy efficient technologies combined with excellent access to inner-city transportation links in prestigious locations. The Berlin portfolio of modern business parks and historical commercial properties has developed into a considerable component notably magnifying the Group's holdings by 867 000 sqm.
- The Group's focal point is predominantly on mid-sized shopping areas, retail parks and supermarkets with long-term contracts experiencing high occupancy rates and generating substantial yet reliable revenues. The high stability of retail has the advantage to adapt to market conditions and economic changes without substantial losses.
- The Group is the second largest and most successful Czech proprietor and developer of hotels across central Europe, within our extensive hotel portfolio there are well known brands such as Clarion, Mamaison and Buddha-Bar Hotels.
- The Group is a significant participant in the residential housing market. It is the second largest provider of residential leasing with over 12 400 apartments in Czechia alone.
- The Group operates Crans-Montana-Aminona (CMA) SA, a luxury ski resort in the heart of the Swiss Alps.

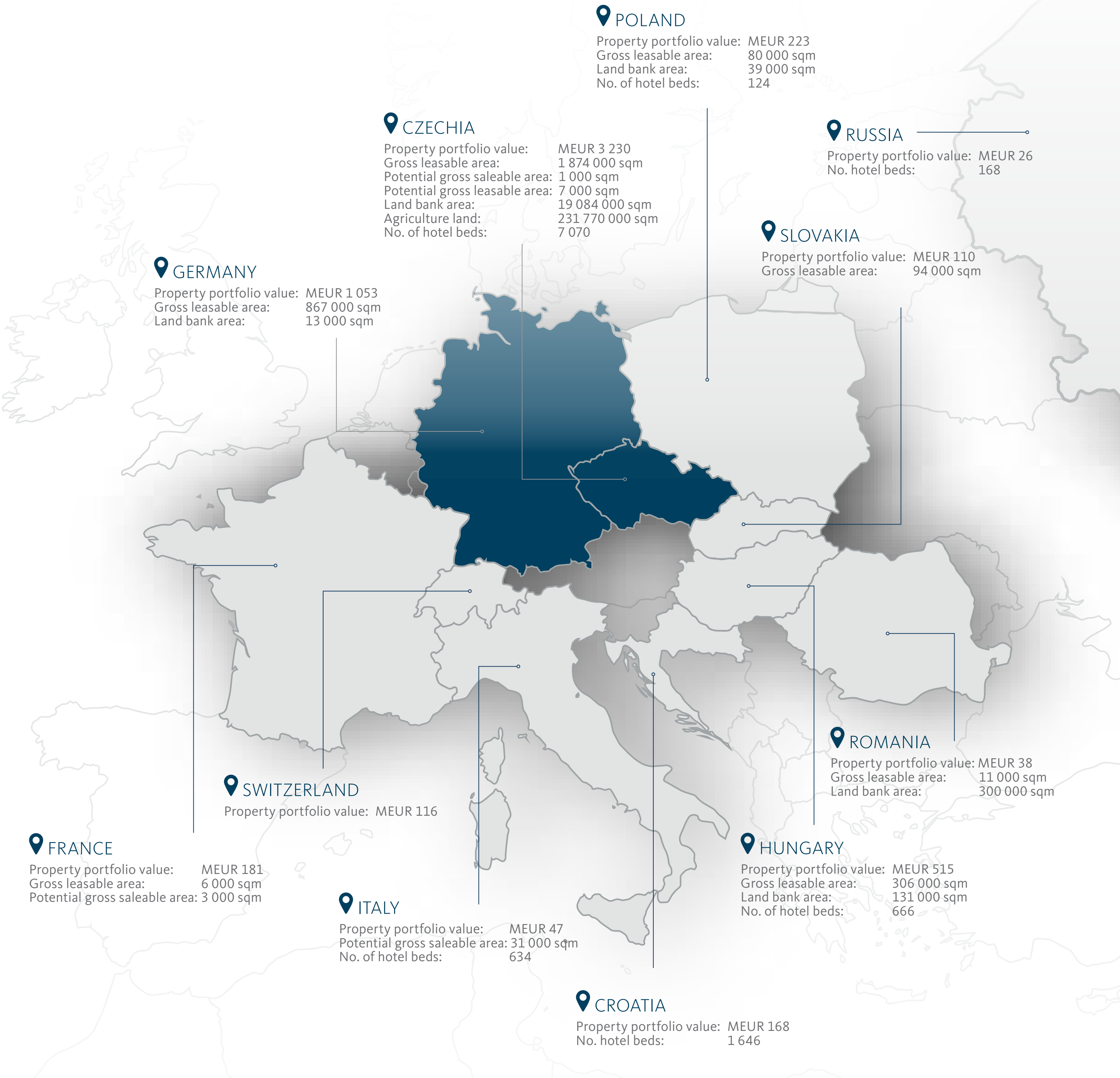
As at 30 June 2017 the Group includes 358 companies in 18 countries around Europe as indicated in the table below:

	NUMBER OF COMPANIES
COUNTRY	30-Jun-17
Czechia	194
Hungary	36
Germany	20
Slovakia	16
Poland	14
Romania	10
Other	68
CPI PROPERTY GROUP in total	358

GEOGRAPHY OF THE GROUP

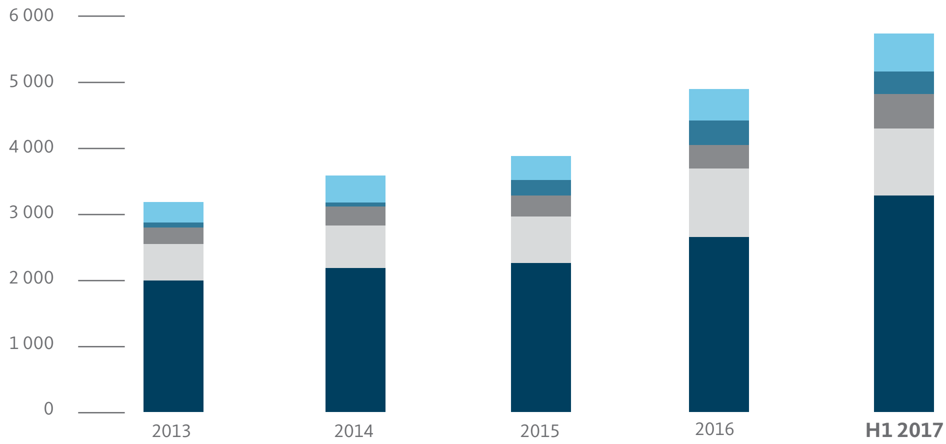
The Group is a real estate company concentrating on long-term investments and the lease of real estate, primarily in the Central European region and Germany. The Group's activities are focused on rental income generating properties such as retail, office, residential, industry and logistics and operation of its own hotels. Additionally, the Group develops office and retail assets for future rental and specific residential developments for future sale.

PROPERTY PORTFOLIO AS AT 30 JUNE 2017



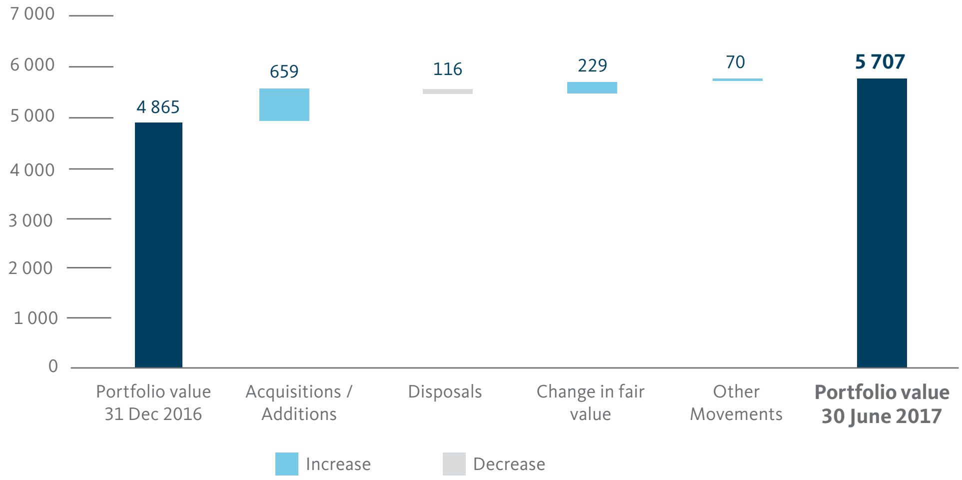
PROPERTY PORTFOLIO EVOLUTION

PROPERTY PORTFOLIO VALUE IN 2013-2017 (MEUR)



	2013	2014	2015	2016	H1 2017
CZECHIA	2 017	2 178	2 256	2 647	**3 230**
GERMANY	538	650	694	1 048	**1 053**
HUNGARY	271	307	316	319	**515**
OTHER WESTERN EUROPE	87	78	222	364	**344**
OTHER CEE	290	340	334	487	**565**
TOTAL	**3 203**	**3 553**	**3 822**	4 865	**5 707**

In recent years, the Group has grown at a dynamic pace. One of the portfolio growth milestones was the combination of GSG GROUP and CPI in 2014 creating CPI PROPERTY GROUP. In 2015 and especially 2016, Group continues in further major acquisitions and diversifying its portfolio in countries such as Hungary, Poland, Croatia, France, Switzerland and other. The dynamic progress of the Group climaxed in 2017, when the largest real estate transaction of the Group history took place which boosted the Group's portfolio by more than EUR 600 million. The average growth rate in the value of the Group's portfolio in the years 2013-2017 reached 18% p.a.



The main reasons for the change in the property portfolio total value in H1 2017 were as follows:

- acquisition of the portfolio of retail and office assets in Czechia, Hungary, Poland and Romania and the acquisition of a hotel asset in Czechia and other transactions, in the total amount of EUR 631 million;
- additions in the total amount of EUR 28 million;
- disposals of in the total amount of EUR 116 million; primarily Lozorno industrial park in Slovakia, office asset Capellen in Luxembourg;
- valuation gain of EUR 229 million;
- other movements include valuation impact in equity and FX translation.

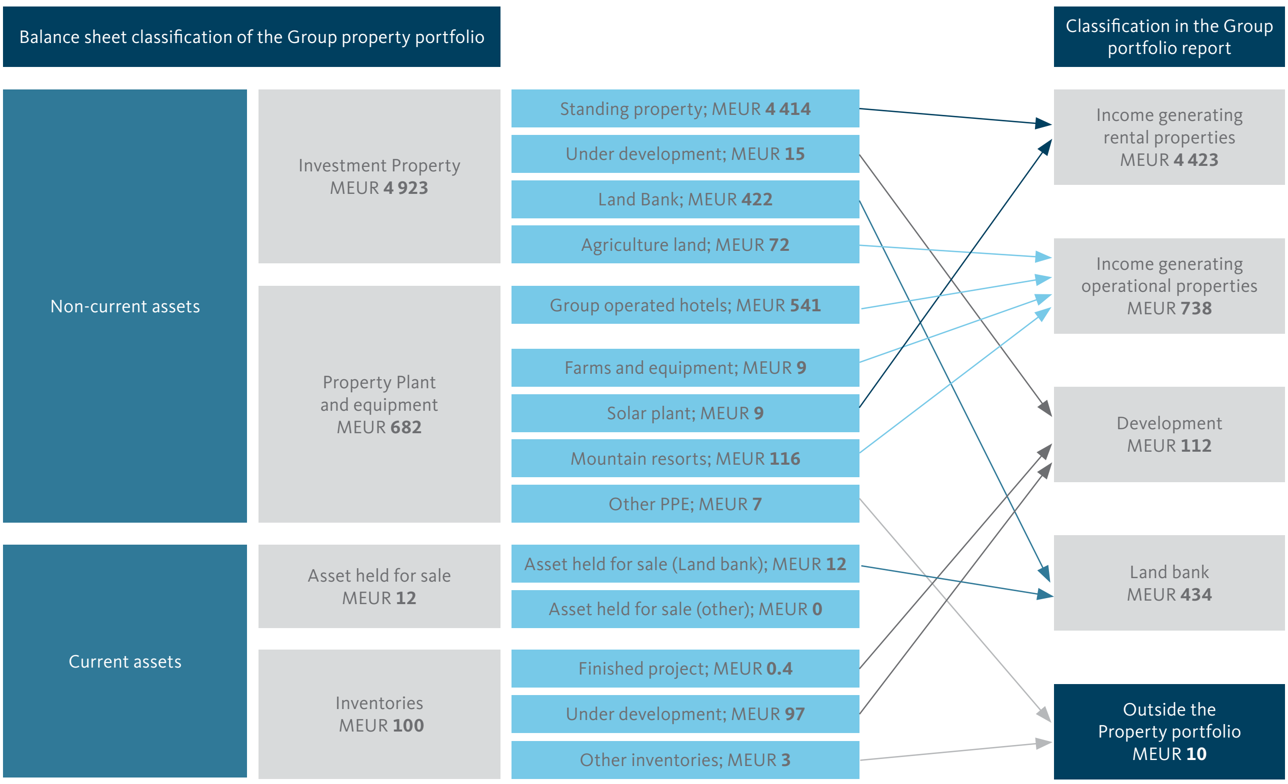
ACCOUNTING RECONCILIATION OF THE PROPERTY PORTFOLIO

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

- "Investment property" consists of rental properties, investment property under development, land bank and agriculture land bank. Investment property under development represents development projects currently in progress, which will be reclassified by the Group as rental properties after completion. Land bank represents properties held for development and/or capital appreciation and agriculture land bank.
- "Property, plant and equipment" include owner occupied properties comprising hotels operated by the Group, production farms and equipment used in the agriculture business and offices rented out to the Group entities.
- "Inventories" comprise properties that are under development or have been finished and are intended for a future sale in the ordinary course of business.
- "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.

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 30 June 2017 with the presentation in our portfolio report:



Andrássy Palace, Budapest

ECONOMIC REVIEW

MACROECONOMIC REVIEW

EUROPE[1]

After many years of weak growth signs of improvement appear. Production growth supported by domestic consumption in European countries has bounced off very low levels of previous years, private sector confidence indicators have improved. Imbalances and vulnerabilities, however, remain in financial markets.

Despite the year-end 2016 expectations that the European Union economy will have slowed down further by Q2 2017, the economy has gained its momentum and rose annually by 2.2% in Q2 2017 (1.8% in 2016). As in previous years stronger growth is foreseen in Germany and CEE countries.

Key interest rates in Eurozone remain unchanged from March 2016, when the European Central Bank set its main interest rate at 0.0% and deposit rate at -0.4%. The annual inflation in the European Union increased to 1.5% (0.2% in Q2 2016). As the economy grows and the inflation rate is approaching the 2.0% threshold the probability the European Central Bank raises its key interest rates in foreseeable future has increased.

CZECHIA[2]

After a very good year 2015 and a solid growth in 2016, the Czech economy performed exceptionally in the year 2017. According to the preliminary estimate, the gross domestic product (GDP) increased by 4.5% compared to Q2 2016 – of which Q2 2017 was very strong as it increased by 2.3% in comparison to Q1 2017. The growth factors were diverse. The domestic demand contributed mostly to the fast growth; it was supported by an increasing consumption of households and investment activity of enterprises. Performance of most economic industries of the national economy was growing. In Q2 2017, the inflation rate increased to 2.3% (2.0% in 2016). On the labour market, the increase of the Czech economy performance continued to be accompanied by an already record low unemployment rate. The unemployment rate declined by 0.7% from the beginning of the year and dropped to 2.9%.

GERMANY[3]

The German gross domestic product as of Q2 2017 rose by 2.1% when compared to Q2 2016, the economy its steady acceleration (1.9% in 2016 and 1.7% in 2015).

The main factors contributing to the positive development of the German economy in 2016 were household consumption (+1.6%), construction (+2.9%) and the increase in government consumption expenditure (+1.5%). The consumer prices growth amounted to 1.6% in Q2 2017 (1.7% in 2016). Roughly 1.6 million people were unemployed in June 2017, 236 000 fewer than a year earlier. The adjusted unemployment rate was 3.8% in June 2017 (3.9% in December 2016).

HUNGARY[4]

Hungarian gross domestic product rose by 3.6% (seasonally adjusted) in Q2 2017 compared with the corresponding period of the previous year. The primary contributors to the growth were market-based services. Hungary´s unemployment rate was 4.3% (May 2017) and has not changed from the year-end 2016. Consumer prices were 1.9% higher on average in June 2017 than this time last year.

[1] OECD, Eurostat
[2] Czech Office of Statistics
[3] Federal Office of Statistics
[4] Hungarian Central Statistical Office

POLAND[5]

The Polish economy grew very fast by 3.9% (seasonally adjusted) in Q2 2017 and is accelerating compared to previous period (2.8% in 2016). The unemployment rate in 2017 keeps a downward trend, reaching 7.1% in June 2017 (8.3% in December 2016) and was lowest since 2011. The consumer price level increased annually by 1.3% (-0.2% in December 2016).

KEY MACRO FIGURES FOR GROUP CORE ECONOMIES

COUNTRY	GROWTH RATE OF REAL GDP[6]	ANNUAL INFLATION RATES[7]	RATE OF UNEMPLOYMENT	GROSS PUBLIC DEBT JUNE 2017[8] (% OF GDP)
Germany	2.1%	1.6%	3.8%	67.0%
Czechia	4.5%	2.3%	2.9%	36.4%
Hungary	3.6%	1.9%	4.3%	72.7%
Poland	3.9%	1.3%	7.1%	55.1%
EU average	2.3%	1.5%	9.1%	90.5%

Source: Eurostat

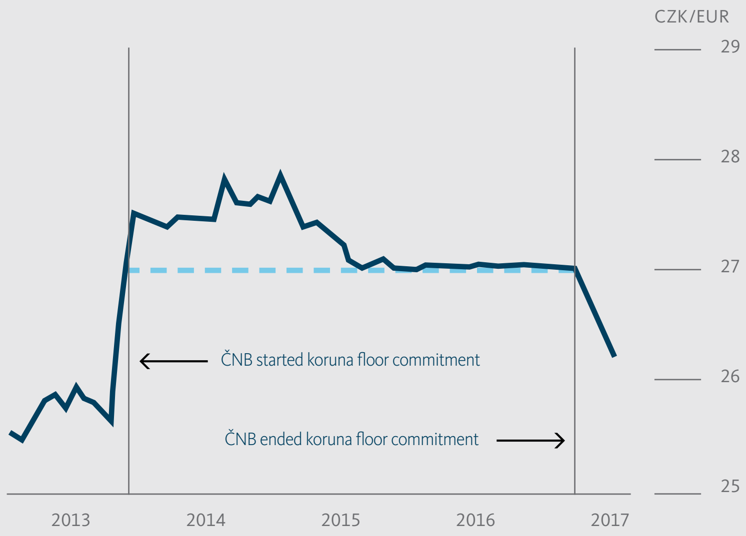
As can be seen in Figure X-Y the Group core economies belong among developed markets that have higher than above-average performance and key macroeconomic characteristics. With Germany steadily gaining impetus in its performance, Czechia, Poland and Hungary are even 1 to 2 percentage points above EU average growth in GDP. All the Group core economies are out of deflation zone and still under the inflation target – the only economy hitting above the inflation threshold of 2.0% is Czechia. Unemployment rates of Czechia, Germany and Hungary were among the lowest in previous periods; during the first 6 months of 2017, also Polish rate of unemployment has fallen by almost 1 percentage point. Also, the financial discipline of public sector in all of the Group core economies is among the best in the European Union.

CURRENCIES

Unlike in previous years the Euro appreciated by 8% against US dollar, by 2% against Swiss franc and by 3% against the Pound sterling.

[5] Central Statistical Office of Poland
[6] annual growth rate compared to Q2 2016
[7] annual growth rate compared to Q2 2016
[8] own calculations

ON 6 APRIL 2017 THE CZECH NATIONAL BANK ENDED ITS KORUNA FLOOR COMMITMENT...



...AND THE CZECH KORUNA HAS BEEN STEADILY APPRECIATING SINCE THEN

By pursuing its primary objective – price stability – the Czech central bank (ČNB) targets inflation. Since 2010 the inflation target in terms of the consumer price index has been set at 2% with a tolerance band of ±1 percentage point. The standard instrument is a key interest rate set by ČNB. When this rate technically reached zero in 2013, ČNB decided to temporarily use exchange rate as alternative instrument to meet its primary objective and started intervening on the market in November 2013.

The exit from the koruna floor commitment after 4 years is the first step towards a gradual moderation of the expansionary nature of the monetary conditions.

Moderation of expansionary monetary policy has/would have the main following effects on Group financial statements, especially due to different functional currencies within the Group:

Monetary tool: exit from the koruna floor

Intercompany loans

- revaluation of intragroup loans – the Group has many financing transactions between Group entities with different functional currencies; these transactions by its nature cannot be effectively hedged by FX derivatives;
    - appreciation of CZK to EUR → foreign exchange loss in the consolidated income statement;
    - excluded from FFO calculation as a non-cash effect;

Property portfolio

- revaluation of Czech property portfolio in Czech koruna – this effect is recognised in the consolidated equity only;
    - appreciation of CZK to EUR → no effect in the consolidated income statement;
- revaluation of Czech property portfolio denominated in EUR – the effect is recognised direcly in the income statement;
    - appreciation of CZK to EUR → foreign exchange loss in the consolidated income statement;
    - excluded from FFO calculation as a non-cash effect;

Liabilities

- revaluation of liabilities of Czech entities denominated in Czech koruna – this effect is recognised in the consolidated equity only;
    - appreciation of CZK to EUR → no effect in the consolidated income statement;
- revaluation of liabilities of Czech entities denominated in EUR – in general, the effect is recognised direcly in the income statement, as foreign exchange loss/profit;
    - appreciation of CZK to EUR → profit in the consolidated income statement;
    - however this effect is very limited as the predominant part of the Czech entities apply the hedge accounting for EUR denominated bank financing, i.e. such FX impact is directly recognised within the consolidated equity only;
    - excluded from FFO calculation as a non-cash effect;

PROPERTY VALUATION

INTRODUCTION

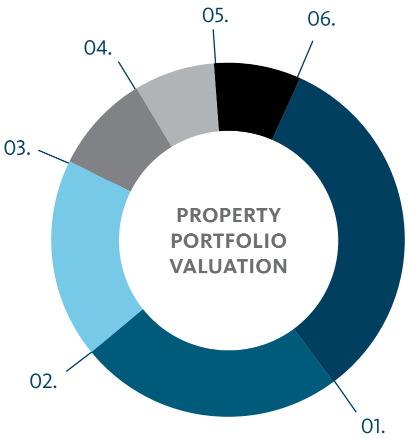
The condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by European Union, which include the application of the fair value method.

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 Group's management analysed the situation on the real estate market at the time together with current yields and then applied discount rates and other factors used by independent valuators in their appraisals as of 31 December 2016. As a result, the fair value of the majority of the property portfolio as of 30 June 2017 was determined based on the management's analysis described above and it does not significantly differ from the fair value as of 31 December 2016.

In instances where there have been indications of significant changes and therefore with potential impact on the property value during the first half of 2017, the value of the property has been updated based on the external or internal appraisals as of 30 June 2017.

The property portfolio expert valuation was based on reports issued by:

- Cushman&Wakefield (Prague, Warsaw, Paris);
- Savills (Berlin);
- RSM TACOMA (Prague, Bratislava);
- Jones Lang LaSalle (Budapest, Bucharest, Prague, Bratislava, Warsaw);
- other valuers (Galtier, Hampton, Mazars, CBRE, EY, Freraul Expertises etc.).



01. Cushman&Wakefield: **33%**
02. Jones Lang LaSalle: **24%**
03. Savills: **18%**
04. TACOMA: **9%**
05. Internal: **8%**
06. Other: **8%**

CZECHIA[1]

RETAIL MARKET

Positive economic situation represented by low inflation and the low rate of unemployment in Czechia is supported by an increase in private consumption. Overall retail trade increased by 6.6% y-o-y in the second half of 2017 and in 2018 a slight slowdown of retail spending is expected.

By Q2 2017, the total volume of shopping centres in Czechia exceeded 2 350 000 sqm of modern retail space, with only one shopping centre opened in 2017. Currently there are only two shopping centres under construction: expansion of Centrum Chodov (Unibail-Rodamco) and expansion of IGY České Budějovice (CPIPG).

Retail investment market is healthy and since 2013 significant changes in the ownership of shopping centres have taken place. Half of shopping centre space has been transacted or has the potential to be transacted. Strong demand compresses the yield; prime yield dropped from 6.25% in 2013 to 4.75% in 2017.

The prime shopping centre rents increased by 13% y-o-y in Prague. In regions, the prime shopping centre rent remained stable.

GROUP PORTFOLIO

Occupancy rates in Group portfolio remain high, the average rate is well above 90% for the couple of recent periods (2017: 93.3%). As the strategy of the Group is to focus on the acquisition of prime shopping centres, the occupancy is expected to rise even higher. In 2017, GLA of shopping centres increased by another 100 000 sqm of a high quality asset portfolio based in major cities. Positive trends on the Czech retail market were demonstrated by a robust increase in the revaluation of the Group's portfolio which amounted to EUR 57 million (2016: EUR 15 million).

OFFICE MARKET

Office market is concentrated in the capital and regional cities of the country. Strong demand along with low levels of new supply caused vacancy rates to fall to new minimum, post-crisis levels.

In Prague, only a total of 25 000 sqm of modern office space was delivered to the market. Vacancy rates decreased to a new record level of 8.6% in 2017. Gross office take-up in Q2 2017 reached 154 600 sqm, making it the second busiest quarter in the history of the market. New office space to be delivered in 2017 amounts to 125 000 sqm. Despite this the occupier demand should keep the vacancy rate below 10%.

Brno office market has been dynamically growing in past few years as result of the availability of highly qualified labour obtainable at lower cost in comparison to Prague and attraction of a large share of FDI. Yields in Brno have decreased, confirming high interest in the area.

GROUP PORTFOLIO

Group portfolio records very low vacancy rates, exceptionally it is higher than 10%. In 2017, Group portfolio's average vacancy rate remained at an already low 5.3% (2016: 5.2%). Although GLA in 2017 changed a little, there was a dynamic shift towards more quality office premises, for example acquisition of office premises in the centre of Prague. Half year revaluation gain at EUR 13 million (2016: EUR 16 million) shows the Group portfolio gaining upward momentum in the second half of 2017.

[1] JLL, Cushman & Wakefield, Colliers

RESIDENTIAL MARKET

In Q2 2017, the real estate price index[2] confirmed another period of increase in prices of residential real estate which already started at the beginning of 2014. Land prices increased by 11.9% y-o-y and prices of flats increased by 12.1% y-o-y due to the growing demand. The average market price of land and the flats reached 137.8 and 117.6 (2010 = 100).

GROUP PORTFOLIO

Group portfolio is a steady business with increasing revenues every year. In 2016, the revenues were higher than CZK 500 million (EUR 18 million) for the first time and the revenues in 2017 confirm this upward trend. The Group's strategy is to keep the portfolio as a source of steady cashflow. Prices of residential assets on the Czech market are accelerating and the Group portfolio goes hand in hand with this trend. Revaluation shows an increase by EUR 54 million (2016: EUR 13 million).

SUMMARY OF THE CZECH PORTFOLIO

	REVALUATION GAIN / (LOSS) 2017	FAIR VALUE JUNE 2017	REVALUATION GAIN / (LOSS) 2016	FAIR VALUE 2016
Retail	57	1 297	15	919
Office	13	762	16	712
Residential	54	351	13	287
Land Bank	69	383	-3	302
Hotels	-5	284	-1	289
Other	0	153	17	138
Total	**188**	**3 230**	**57**	**2 647**

GERMANY[3]

OFFICE MARKET

German economy is performing well with 2.1% y-o-y growth in GDP in Q2 2017. Consumer index measured by the GfK Consumer Climate Index reached its highest level of the last three years; ifo business climate rose to a new record at the end of June 2017.

Berlin recorded strong demand for office space with 412 000 sqm take-up in the first half of 2017. Prime office yields decreased by 65 percentage points from the end of 2016 to 3.25% at Q2 2017. Prime office rents increased by more than 8% over the last 12 months, being the period with the fastest growth within the last 5 years.

GROUP PORTFOLIO

The Berlin portfolio remains stable for several periods. The management analysed the current development and decided not to have Berlin portfolio revalued as according to its best estimate the value of portfolio corresponds to values calculated at the year-end 2016. In the previous period Berlin portfolio experienced a huge shift upward due to market trends and amounted to EUR 343 million.

SUMMARY OF THE BERLIN PORTFOLIO

	REVALUATION GAIN / (LOSS) 2017	FAIR VALUE 2017	REVALUATION GAIN / (LOSS) 2016	FAIR VALUE 2016
Office	0	1 037	343	1 032
Land bank	0	7	0	7
Other	0	9	2	9
Total	**0**	**1 053**	**345**	**1 048**

[2] HB index announced by Hypoteční banka
[3] JLL, Cushman & Wakefield

HUNGARY[4]

OFFICE MARKET

Office market is concentrated in the capital city Budapest. Given the fact that there is limited new space coming through during the remainder of 2017 and occupier activity is strong, there is a high probability that headline rents will increase further as availability continues to reduce.

At Q2 2017, the total stock in Budapest reached 3.35 million sqm. The vacancy rate stood at 8.6%, which is 0.9% lower compared with 2016 Q4 data and the lowest rate in post-crisis period. Prime office rents increased by 4.8% in last 12 month period, this is the fastest growth rate in the recent 5 years period.

The new supply in the following years to 2019 is expected to be at 720 000 sqm. The significant increase in supply is expected in 2018, when 211 000 sqm is expected to be delivered to the market. Net take up is expected to outpace new deliveries until early 2018, which suggest further decrease in vacancy rate in 2017.

GROUP PORTFOLIO

Group portfolio's vacancy rate is still above market average vacancy rate but the trend is very promising as it dropped from 22% in 2016 to 18% in 2017. Group portfolio in Budapest has been strengthened by the grade A office premises Andrássy Complex. Revaluation in half-year 2017 reached EUR 3 million (2016: EUR 13 million). With the revitalised Budapest market we expect the rate of revaluation gains to continue at a steady pace in the following years.

RETAIL MARKET

Rising household incomes will maintain high levels of consumption, supported by a tight labour market creating wage pressure which has seen a rise of 4.1% in 2017. The continuous increase reflects the country's positive economic performance and strong consumer confidence.

The Hungarian market is concentrated in the Budapest area as 20% of population live there and the differences in spending per capita between the capital and countryside is significant.

Occupier demand for prime high street and shopping centre retail in Budapest remained strong and prime rents are under pressure to rise. Rental growth amounted to the vicinity of a 20% threshold. In Budapest, very few projects are under construction with expected delivery in 2019 at the earliest, the rental growth should remain at already strong levels.

GROUP PORTFOLIO

Our vacancy rates improved from already low levels to 5.8% (2016:12.3%). Part of the improvement is attributed to the acquisition of two retail assets in Budapest with total GLA above 80 000 sqm. The private consumption in Hungary is high and this is reflected in this year's revaluation gain of EUR 21 million (2016: EUR 1 million). Our strategy is to expand on the retail market in Budapest and in the regional cities and utilise upward momentum in Hungarian macroeconomic development. With government policy of lowering personal taxes and VAT rates we expect retail sales growth to keep up already impressive levels in the forthcoming years.

SUMMARY OF THE HUNGARIAN PORTFOLIO

HUNGARY	REVALUATION GAIN / (LOSS) 2017	FAIR VALUE 2017	REVALUATION GAIN / (LOSS) 2016	FAIR VALUE 2016
Retail	21	212	1	37
Office	3	204	13	184
Hotels	0	43	0	43
Other	0	56	5	55
Total	**24**	**515**	**19**	**319**

[4] Cushman & Wakefield, JLL

OTHER EUROPE [5]

HOTEL MARKETS IN CEE

The sub-prime crisis followed by the global economic meltdown pushed away investors that were historically interested in buying hotels in the region. These investors then started focusing largely at prime opportunities in key western European cities, eventually prime products in gateway cities of CEE region such as Prague, Warsaw or Budapest. The global economic market has during the past years shown signs of recovery from the most recent global financial crisis. The year 2014 was a strong year in terms of economic growth in the western world. Because of this growth, investors resurfaced in the hotel industry with a strong focus on the European market. The investment market gained momentum and from 2014 showed improvements in the number of transactions in the CEE region.

According to the Croatian Ministry of Tourism revenues from tourism increased in 2016 by 8.5% compared to 2015. The share of the tourism industry on Croatian GDP is around 19% with and is increasing every year.

GROUP PORTFOLIO

Recently, hotel portfolio became the third most important business segment in the Group. In 2016, the Group entered the Croatian market by extensive acquisitions of Hvar hotels. From its perspective, the Group regards investment into seaside resorts as a contribution to an effectively diversified portfolio of assets. The Croatian tourism market is experiencing a boom as demand by people of Western Europe jumped in 2016 to a new historical record (by tourist arrivals and tourist nights). If there is no external shock, this trend will undoubtedly continue to keep high levels of growth as tourist infrastructure develops rapidly through massive investment.

SUMMARY OF THE OTHER[6] EUROPE PORTFOLIO

OTHER EUROPE	REVALUATION GAIN / (LOSS) 2017	FAIR VALUE 2017	REVALUATION GAIN / (LOSS) 2016	FAIR VALUE 2016
Retail	11	274	-10	124
Office	0	67	2	89
Hotels	-1	252	3	252
Other	0	316	-22	386
Total	**10**	**909**	**-27**	**851**

[5] Cushman & Wakefield
[6] includes France, Switzerland, Poland, Slovakia, Croatia, Italy, Russia

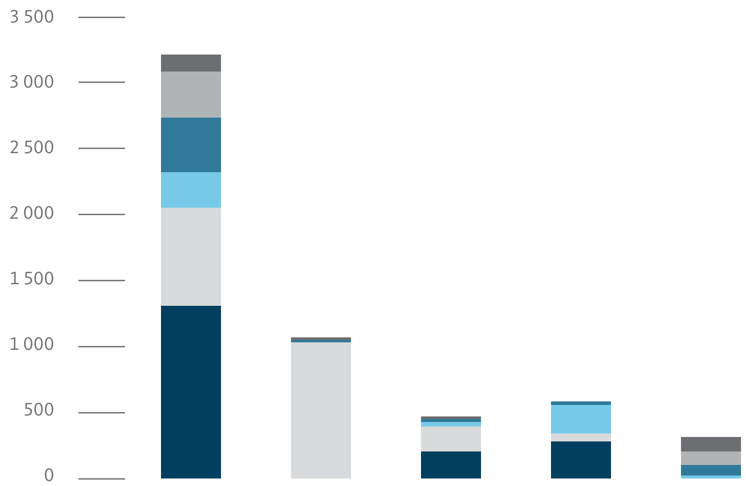
PORTFOLIO SEGMENTS

Citypark, Jihlava

PROPERTY PORTFOLIO SEGMENTS

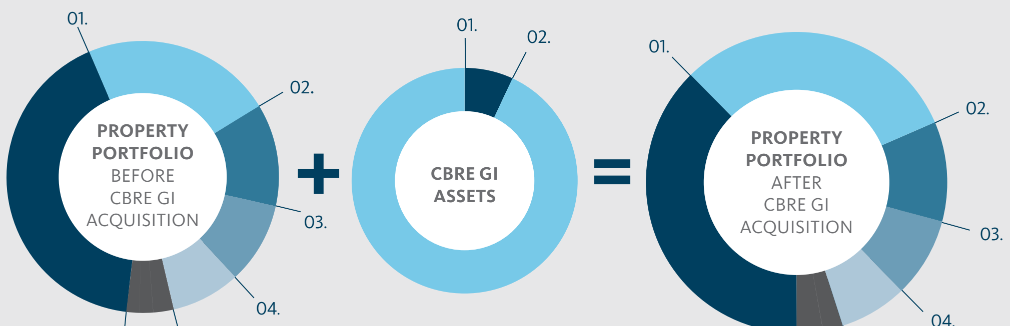
The Group property portfolio value amounts to EUR 5 707 million as of 30 June 2017 (2016: EUR 4 865 million). The majority of assets is based in Czechia with 57% of the total value, followed by Germany with 18% and Hungary with 9%. The rest of the portfolio is located in Poland, Slovakia, Croatia, France etc. As shown in the chart below, our core assets come from Office (36%) and Retail (31%) segments. In H1 2017, our Hotels segment strengthened its position and with 10% share became the essential means of asset diversification. Other Group segments include Agriculture, Industry and Logistics and Mountain Resorts.

PROPETY PORTFOLIO BY COUNTRIES AND SEGMENTS (MEUR)



	CZECHIA	GERMANY	HUNGARY	OTHER CEE	OTHER WESTERN EUROPE	TOTAL	SHARE (%)
OFFICE	762	1 037	204	67	0	**2 070**	36%
RETAIL	1 297	0	212	274	0	**1 783**	31%
HOTELS	284	0	43	214	38	**579**	10%
LAND BANK & DEVELOPMENT	411	7	33	12	83	**546**	10%
RESIDENTIAL	351	0	0	0	106	**454**	8%
OTHER	124	9	22	0	117	**272**	5%
TOTAL	**3 229**	**1 0 53**	**514**	**567**	**344**	**5 707**	100%
SHARE (%)	57%	18%	9%	10%	6%	100%	--

SHARE OF RETAIL SEGMENT ROCKETED (DATA AS AT DATE OF TRANSACTION)



01. Retail: **93%**
02. Office: **7%**

01. Office: **42%**
02. Retail: **23%**
03. Hotels: **12%**
04. Development & Land bank: **10%**
05. Residential: **8%**
06. Other: **5%**

01. Office: **38%**
02. Retail: **31%**
03. Hotels: **11%**
04. Development & Land bank: **9%**
05. Residential: **7%**
06. Other: **5%**

- Acquisition of asset portfolio of which EUR 582 million related to the Retail segment
- Retail segment has strengthened its share on Group portfolio from 23% to 31% (as at date of the transaction).


Quadrio, Prague
OFFICE
QUADRIO OFFICES

OFFICE

KEY FIGURES JUNE 2017

88.8 %
OCCUPANCY

MEUR
56
RENTAL INCOME
JUNE 2017

SQM
1 296 000
GROSS LETTABLE AREA

81
NUMBER OF PROPERTIES

MEUR
2 070
CARRYING VALUE

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

	OFFICE JUNE 2017					OFFICE 2016				
	No. of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	No. of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %
GERMANY	44	1 037	50%	815	87.7%	44	1 032	51%	815	86.1.%
CZECHIA*	26	762	37%	322	94.7%	27	712	35%	326	94.8%
HUNGARY	7	204	10%	128	81.6%	6	184	9%	119	77.2%
POLAND	3	60	2%	27	88.0%	3	59	3%	27	88.3%
LUXEMBOURG*	--	--	--	--	--	1	23	1%	8	86.9%
SLOVAKIA	1	7	1%	4	61.0%	1	7	1%	4	61.0%
THE GROUP	**81**	**2 070**	**100%**	**1 296**	**88.8%**	**82**	**2 017**	**100%**	**1 299**	**87.4%**

* Assets held for sale included

NEW ASSET: ZLATÝ ANDĚL

LOCATION: PRAGUE, CZECHIA

GLA: 8 000 SQM

OCCUPANCY: 100%

Office portfolio is one of the leading segments in the Group portfolio. The office property is spread evenly between major office locations and strong regional economic centres in Germany, Czechia, Hungary and other CEE countries. The occupancy rates are gradually rising and approach to 90% on Group level.

By executing of CBRE GI acquisition the Group obtained not only a large portion of retail assets but also a significant portfolio of office assets. Namely Zlatý Anděl in Prague and Andrássy Complex in Budapest. In total, these properties value amounts to EUR 43 million. Both assets are suitably located in the centre of Budapest and Prague and excellently fit the existing Group Office portfolio.

As presence of Group activities on office market in Luxembourg does not fit into the Group business strategy anymore, Capellen office premises, the only office asset in Luxembourg owned by the Group, has been sold to a third party.

In March 2017, the Group disposed of the Purkyňova office building located in Brno, Czech Republic. The modern building with an area exceeding 11 300 sqm was sold in a share deal transaction.

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. The Group succeeded particularly in Germany in the extension and closure of new lease agreements with tenants from several industry sectors such as IT, manufacturing and marketing companies. The Group has extended lease contracts with important tenants such as Citibank and SAMSUNG.

THE MOST IMPORTANT ASSETS IN THE OFFICE PORTFOLIO INCLUDE:

QUADRIO, PRAGUE, CZECHIA

Quadrio is a complex of six buildings at Národní třída metro station in Prague's city centre. The complex offers commercial space for rent (office area: 16 400 sqm) and a separate deluxe residential apartments for discerning clients. The outdoor plaza is enhanced by David Černý's star attraction, a statue of Franz Kafka, a 10 metre high, 42 segmented revolving head complimented by surrounding greenery and outdoor restaurants.

GSG-HOF HELMHOLTZSTRAßE, BERLIN, GERMANY

Located where OSRAM once produced the world-famous light bulbs, young and innovative companies can be found today. The renovated GSG-HOF is situated in Campus Charlottenburg with its internationally significant research facilities. Office space, factory loft or commercial space – the areas offered ranges from 70 sqm for offices to about 730 sqm for commercial space. Companies from the business fields of telematics and IT application can move into office rooms at the "European Telematics Factory".

CENTRAL TOWER, WARSAW, POLAND

Central Tower is located in the Central Business District, the best and the most prestigious office location in Warsaw's city centre, on the corner of Jerozolimskie Avenue and Chalubinskiego Street enabling a tenant to build effective business development. Erected in early 1990's, Central Tower is one of Warsaw early high-rise buildings (formerly FIM Tower). Its architecture is modelled after the late-modernist American skyscrapers of the 1980's.

ARENA CORNER, BUDAPEST, HUNGARY

The building can be easily accessed by public transport, as it is situated in one of the city's busiest junctions, in the vicinity of Budapest Sportarena and Budapest's largest shopping mall complex, Aréna Pláza. The 'A' category office complex was delivered in June 2007 and provides approximately 24 000 sqm office area and
3 500 sqm retail space on 8 floors in 3 interconnected office towers.

LUXEMBOURG PLAZA, PRAGUE, CZECHIA

Luxembourg Plaza is a unique multi-functional project offering modern and high quality offices, commercial space, an international hotel and underground parking. All of this is situated in one of the most lucrative locations in Prague between Vinohrady and Žižkov. The building meets all possible requirements requested by even the most demanding tenants. One of the largest open atriums in Prague can be found inside the building.

ANDRÁSSY COMPLEX, BUDAPEST, HUNGARY

Andrássy Complex represents a modern Grade A office development with associated parking and storage accommodation extending to a total lettable area of 8 636 sqm with 161 parking spaces. The project includes two office buildings with entrances from Andrássy Avenue and Paulay Ede street. The parking facility is located on 4 underground floors of a separate residential building at Káldy Gyula street, in circa 50 m distance from the Paulay building.

Nisa shopping centre, Liberec

RETAIL

RETAIL

KEY FIGURES JUNE 2017

92.5% OCCUPANCY	MEUR **50** RENTAL INCOME JUNE 2017	SQM **1 005 000** GROSS LETTABLE AREA	**279** NUMBER OF PROPERTIES

MEUR **1 783** CARRYING VALUE

Retail is a very stable category of income generating assets which is flexible to adapt to market conditions and economic changes without substantial losses. By executing CBRE GI acquisition the Group newly focuses on shopping centres with a GLA of at least 20 thousand sqm. The Group's retail portfolio comprises also mid-sized shopping areas such as retail parks and supermarkets with long-term contracts generating long-lasting income and operates at high occupancy rates. The Group currently owns and manages retail spaces in Czechia, Hungary, Slovakia, Poland and Romania.

As at the date of the Group's completed acquisition of the portfolio, retail assets amounted to EUR 582 million. This deal ranks among the most significant transactions on the European real estate market in 2017 and is an acquisition deal of the year 2017 on CEE market. For detailed information refer to "CBRE GI acquisition at a glance" below.

	RETAIL JUNE 2017					RETAIL 2016				
	No. of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	No. of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %
CZECHIA	250	1 297	73%	713	93.3%	251	919	85%	602	93.4%
SLOVAKIA	17	103	6%	90	81.3%	17	103	10%	90	81.3%
HUNGARY	8	212	12%	139	94.2%	4	37	3%	40	87.7%
POLAND	3	140	8%	52	96.5%	2	21	2%	10	95.2%
ROMANIA	1	31	1%	11	97.5%	--	--	--	--	--
THE GROUP	**279**	**1 783**	**100%**	**1 005**	**92.5%**	**274**	**1 080**	**100%**	**742**	**91.7%**

The portfolio constantly maintains a high occupancy rate of well above 90%. One of the main reasons is that the core Czech market has performed very well in recent periods and retail sales maintain high rates of growth. Another main reason is the CBRE GI acquisition comprising retail portfolio with already high occupancy rates.

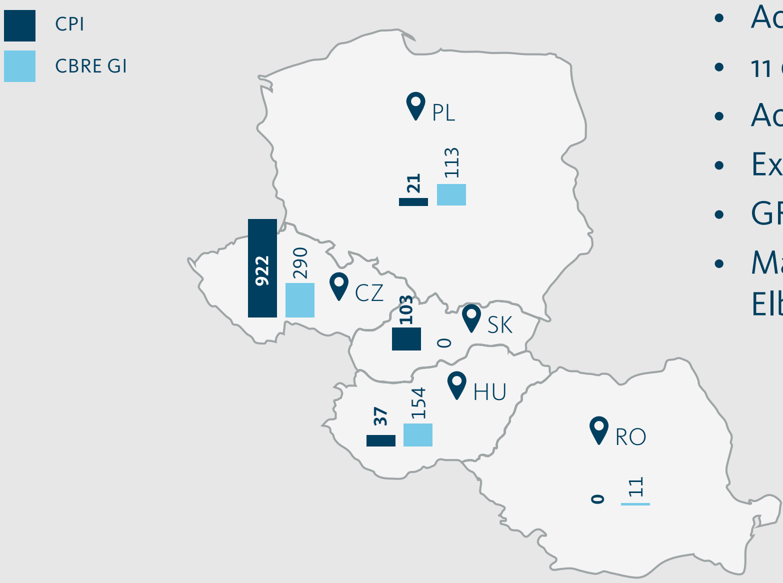
The Retail portfolio provides approximately 1 005 000 sqm of lettable area which can be further divided as follows:

- Retail warehouse which comprise supermarkets, hypermarkets, hobby markets and retail parks of about 439 000 sqm of lettable area;
- Shopping centres and galleries of approximately 449 000 sqm of lettable area;
- Special properties provide approximately 117 000 sqm of lettable 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. Among the new tenants reside companies representing brands such as Billa, Sportisimo, Citibank, PLANEO elektro or KIK textil. Current rental contracts were extended with tenants such as Hoffmann, Takko and Hervis.

CBRE GI ACQUISITION AT A GLANCE

PROPERTY PORTFOLIO VALUE - RETAIL (MEUR)



- Major deal in the Group's history
- Acquired in March 2017
- 11 commercial assets
- Acquisition price: EUR 625 million
- External financing: EUR 440 million
- GRI: exceeding EUR 50 million
- Major cities: Prague, Pilsen, Liberec, Elblag, Budapest

- GLA: 280 thousand sqm
  - Shopping centres: 247 thousand sqm
  - Office premises: 15 thousand sqm
  - Hypermarkets: 18 thousand sqm
- GLA of shopping centres more than doubled
- New 800 tenants
- Companies/brands: Nationale Nederlanden, Marks & Spencer, HUMANIC, NEW YORKER, Carrefour, Interspar, AHOLD, NEXT etc.

THE ACQUIRED PORTFOLIO AMONG OTHERS CONSISTS OF:

ZLATÝ ANDĚL, PRAGUE, CZECHIA

Zlatý Anděl represents a modern office development with associated parking, storage and retail accommodation. The building was constructed in 1999 and well maintained with the last renovation in 2016. It extends to a total lettable area of 20 997 sqm and offers 218 car parking spaces. The Property is constructed between three interconnected buildings (A, B, C). Section A is constructed over 7 floors and Section B is constructed over 8 floors. The property benefits from high levels of foot fall and perfect visibility.

OGRODY SHOPPING CENTRE, ELBLAG, POLAND

Ogrody shopping centre was constructed in 2002 and initially provided a GLA of 17 600 sqm. In 2013, the property was under reconstruction which was completed in March 2015. At the valuation date it extends to total lettable area of 41 931 sqm with 1 250 car parking spaces. The floor layout is "L" shaped. The two retail floors are served with two pairs of escalators, one of them located in the central area. Additionally, the second floor, occupied by a cinema and a fitness club. The shopping centre provides in total 127 retail units with most of them being located on the ground and first floor.

CAMPONA SHOPPING CENTRE, BUDAPEST, HUNGARY

Campona is a shopping centre constructed in two phases between 1997 and 2000. The 1st phase consists of the retail units in a two-storey shopping centre while the 2nd phase consists of the Tropicarium and a cinema. There is a car park in a separate building providing about 2 000 parking spaces on 3 floors.

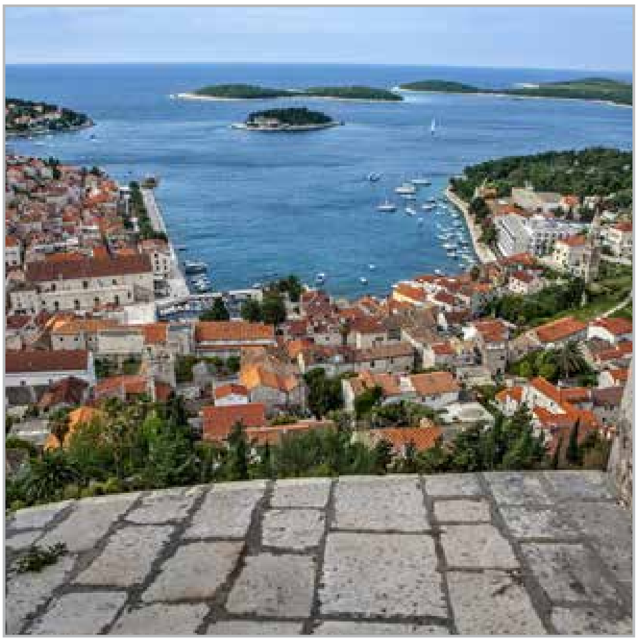
Amfora, Hvar Grand Beach Resort

HOTELS

HOTELS

KEY FIGURES JUNE 2017

34 NUMBER OF PROPERTIES	MEUR 579 CARRYING VALUE
MEUR 47 REVENUES JUNE 2017	10 308 NUMBER OF BEDS



The Group is one of the largest Czech owners and developers of hotels. The hotel portfolio has grown and currently includes 34 hotels. 33 hotels are operated by the Group and a hotel in Rome, Italy is leased to an outside operator. The diverse portfolio includes in lodging houses for long-term accommodation and hotels in the two to five stars categories. These hotels are located in capital and major cities of Czechia, Hungary, Poland and Italy. The flagship of the Group is a network of four-star Clarion hotels aimed at corporate and congress clientele.

In 2016, the Group acquired Sunčani Hvar Hotels, a hotel group on Croatia's premier island Hvar. Hvar is one of the most beautiful islands of the Mediterranean, its hillsides are covered in pine forests, with vineyards, olive groves, fruit orchards and lavender fields in agricultural areas and its climate is characterised by mild winters, and warm summers with many hours of sunshine.

During this period, the Group acquired hotel Vladimír in Ústí nad Labem, a major Czech city. This acquisition has further enhanced our hotel portfolio targeted at congress clientele. With next to 90 rooms and 172 beds the hotel offers base and services for conferences, seminars and even social and family events.

The Group also disposed of hotel Rhea in Prague with a value of EUR 8 million.

	HOTELS JUNE 2017					HOTELS 2016				
	No. of properties	Carrying value MEUR	Carrying value %	Number of beds	Average occupancy %	No. of properties	Carrying value MEUR	Carrying value %	Number of beds	Average occupancy %
CZECHIA*	19	284	49%	7 070	61.3%	19	289	50%	7 828	N/A***
CROATIA	7	168	29%	1 646	71.6%	7	168	29%	1 646	N/A***
HUNGARY	4	43	7%	666	76.8%	4	43	7%	788	N/A***
ITALY	1	38	7%	634	N/A*	1	38	7%	634	N/A**
RUSSIA	1	26	5%	168	82.2%	1	26	4%	168	N/A***
POLAND	2	20	3%	124	81.0%	2	20	3%	214	N/A***
THE GROUP	**34**	**579**	**100%**	**10 308**	**64.0%**	**34**	**584**	**100%**	**11 278**	N/A***

* Includes Assets held for sale
** Hotel in Italy is operated by third party
*** Comparable data not disclosed as segment Hotels restructured in H2 2016

AMONG THE MOST IMPORTANT HOTELS OF THE PORTFOLIO BELONGS:

MARRIOTT COURTYARD HOTEL BUDAPEST

Marriott Courtyard Hotel Budapest offers 234 rooms and is located in Budapest's city centre on one of the main public transport hubs and nearby two of Budapest's most famous attractions, Andrassy Avenue and the river Danube. The hotel which is among the newest hospitality offerings of the Hungarian capital, after opening in 2010, has 235 bedrooms and is a part of the Europeum Shopping Centre.

MAMAISON HOTEL RIVERSIDE PRAGUE

Mamaison Hotel Riverside Prague, uniquely located and boasting 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, riverside views and top facilities, this artistic hotel offers fantastic rates for city stays in stylish and historic surroundings.

IMPERIAL HOTEL OSTRAVA

Imperial Hotel Ostrava is one of the best-known hotels in Northern Silesia which has been offering above-standard services to guests continuously opening its doors since 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 comfortably modern rooms with an extensive conference centre for 490 guests.

MAMAISON RESIDENCE BELGICKÁ PRAGUE

Opened in 2002, the Residence Belgicka is situated in the heart of Prague's trendy Vinohrady District, within walking distance to Metro Station (500 metres). Residence Belgicka was designed in a Feng-Shui style. Surrounded by parks, historic gardens and churches, Residence Belgicka is located within a residential section of central Prague. The Hotel includes 30 rooms (24 suites and 6 business studios), breakfast room, one meeting room for up to 10 people, fitness centre, sauna and billiard room.

CLARION CONGRESS HOTEL PRAGUE

Clarion Congress Hotel Prague opened in March, 2008. Currently, it is one of the largest and most state-of-the-art congress hotels in Czechia. Because of the large space of the congress facilities (up to 2 500 people), cutting-edge technical equipment, a corresponding accommodation capacity and, primarily, a comprehensive offer of services, the hotel has become a popular venue for a number of specialist, social and sporting events. The Hotel was pronounced the 2009 Best Clarion Hotel in Europe and 2012 Clarion Hotel of the Year in Central Europe within the network Choice Hotels International. The hotel also became Congress Hotel of the Year in the 2012 Czech Hotel Awards.

AMFORA HVAR GRAND BEACH RESORT

The large 324 bedroom hotel is located on a sloping site, in a bay west of Hvar. The hotel's guest accommodation is based in east, west and north wings extending from a central amenities core, all arranged over 5 floors. To the south of this complex between the hotel and the beach is a large terrace with swimming pool and leisure facilities. A beach lies to the south of this complex, with access to a beachfront bar/restaurant. The hotel dates back to the 1960s, although parts were added in the 1980s. The conference centre and private beach were recently refurbished.

RIVA HVAR YACHT HARBOUR HOTEL

The hotel is well-located within the town of Hvar, on the west of Hvar Harbour. The waterfront hotel has an attractive original stone facade in the traditional style of Hvar architecture. The hotel previously traded as the two-star Hotel Slavija, however following EUR 5.3 million renovation works in 2005/6, the hotel re-opened as Hotel Riva in June 2006. Hotel Riva was Croatia's first member of Small Luxury Hotels of the World. The 2 555 sqm hotel is arranged over ground and three upper floors and is decorated internally in a contemporary style. It has 54 guestrooms, ranging from 18-50 sqm.

PHAROS HVAR BAY HILL HOTEL

This hotel is situated in a hilltop location, occupying a site of 15 322 sqm, surrounded by olive groves and providing excellent sea views. The property is located to the west of Adriana and Delfin hotels, while east of Amfora, in a raised location, but yet within a short walk to the town centre. The Pharos hotel is arranged across five separate accommodation blocks with a central reception and amenity block. There are 197 standard bedrooms, including 11 family bedrooms.

THE PALACE HVAR HOTEL

The hotel is situated to the north of Hvar Harbour, set back from the quayside. The hotel is physically connected and set behind a Venetian clock tower and loggia, which is owned by the City of Hvar local authority and used for all town hall purposes. The hotel entrance therefore has an exclusive feel, accessed from the harbour/town square. The Hotel Palace is a prominent and historic property which opened in 1903 as Hvar's first hotel. The main access is located adjacent to the loggia, up some marble steps. The hotel also has direct access through the loggia, which is owned by the municipality and can be used with the town hall's permission for events. The hotel is of 3 star quality, measuring over 4 058 sqm and arranged over basement, ground and four upper floors. The 73 bedrooms vary in size and outlook, with the front facing rooms enjoying views over the harbour and town square which can command a premium price.


CPI Byty, Česká Lípa

RESIDENTIAL

RESIDENTIAL

KEY FIGURES JUNE 2017

87.9%
OCCUPANCY

MEUR
10
RENTAL INCOME JUNE 2017

12 402
NUMBER OF RESIDENTIAL UNITS

MEUR
457
CARRYING VALUE

SQM
758 000
GROSS LETTABLE AREA

The Group is a significant player in the Czech residential housing market, holding the position of the second largest provider of rental housing. The existing housing stock of the Group includes 12 402 rental flats in 15 cities across Czechia, principally concentrated in the Northern Moravia and Central Bohemia regions. The rental housing portfolio is managed under the brand CPI BYTY, a.s.

The residential strategy in the Czech portfolio continues to be the long-term rent of its portfolio supported through client's central networks and skilled professionals employed by the company. In all cities where Group assets of Residential portfolio operate, an internal property and sales department can be found.

The rental income increased from EUR 9 million in H1 2016 to EUR 10 million in H1 2017. The increase in revenues is connected with the improved performance of assets and to the appreciating Czech koruna.

	RESIDENTIAL JUNE 2017					RESIDENTIAL 2016				
	No. of residential units	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	No. of residential units	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %
CZECHIA-PRAGUE	484	61	13%	30	93.4%	484	51	13%	30	88.6%
CZECHIA-OTHER	11 905	290	63%	722	87.8%	11 899	236	60%	688	85.7%
FRANCE	13	106	24%	6	23.1%	13	103	27%	6	23%
THE GROUP	**12 402**	**457**	**100%**	**758**	**87.9%**	**12 396**	**390**	**100%**	**724**	**85.8%**

In November 2016, the Group diversified its Residential portfolio by acquiring luxury residential projects located near Nice, France. Each of the luxury properties has potential for leasing and/or redevelopment and further disposal. This investment perfectly fits the Group's portfolio along with other luxury projects such as Palais Maeterlinck in Nice, Porto Cervo villas in Sardinia and Crans-Montana portfolio in Switzerland. The Group intends to finish already ongoing refurbishment and subsequently lease these properties.

IGY shopping centre, České Budějovice

DEVELOPMENT & LAND BANK

DEVELOPMENT & LAND BANK

KEY FIGURES JUNE 2017

SQM
19.5 million
TOTAL AREA

SQM
7 000
POTENTIAL GROSS LEASABLE AREA

SQM
35 000
POTENTIAL GROSS SALEABLE AREA

MEUR
434
CARRYING VALUE LAND BANK AREA

MEUR
15
DEVELOPMENT FOR RENTAL

MEUR
97
DEVELOPMENT FOR SALE

The land bank portfolio consists of land properties acquired and held by the Group for future development. Once work on a development project is commenced, the area is presented either as a future sale (Potential gross saleable area) or as a future rental (Potential gross leasable area).

	LAND BANK JUNE 2017		LAND BANK 2016	
	Total area thds. sqm	Carrying value MEUR	Total area thds. sqm	Carrying value MEUR
CZECHIA	19 084	383	19 079	302
HUNGARRY	131	33	131	33
GERMANY	13	7	13	7
ROMANIA*	300	7	300	8
POLAND*	39	4	39	4
THE GROUP	**19 567**	**434**	**19 562**	**354**

* Assets held for sale included

	DEVELOPMENT JUNE 2017				DEVELOPMENT 2016			
	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MEUR	Development for sale	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MEUR	Development for sale
CZECHIA	7	1	15	13	7	1	7	12
FRANCE	--	3	--	75	--	3	--	74
ITALY	--	31	--	9	--	31	--	9
THE GROUP	**7**	**35**	**15**	**97**	**7**	**35**	**7**	**95**

LAND BANK

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

DEVELOPMENT PROJECT: IGY2

LOCATION: ČESKÉ BUDĚJOVICE, CZECHIA

TIC: EUR 14 MILLION

GLA: 8 000 SQM

PRE-LETTING: 92%

EXPECTED DELIVERY: NOVEMBER 2017

DEVELOPMENT

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 yielding property or are planned for future sale. Development projects are financed from external financing sources as well as via internal financing.

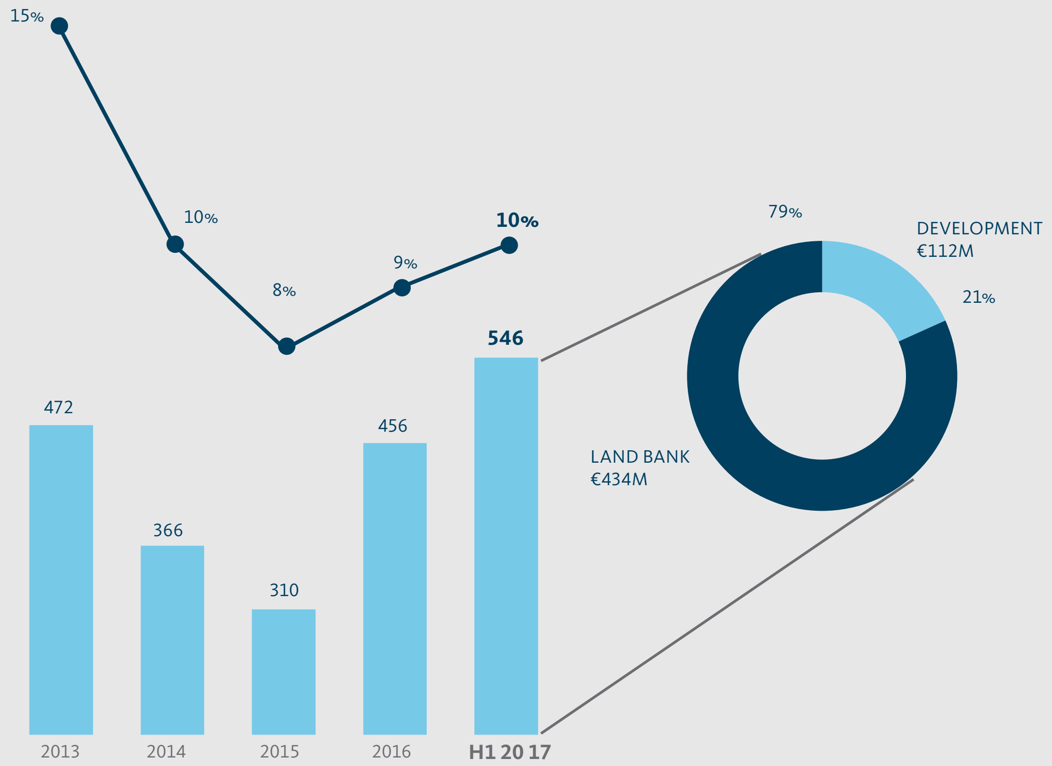
The largest focus is on the completion of current development projects – the reconstruction of the existing IGY shopping centre in České Budějovice, construction of the new building IGY 2 as well as projects in France and Italy.

The extension of the IGY shopping centre is one of only three similar development projects to be delivered on the Czech market in 2017. The purpose of reconstruction is to bring a wider range of services, shops and entertainment with the most modern technologies including a nine screen multiplex cinema for our tenants and customers. 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 (IGY 1 + IGY 2) with a total leasable area of 29 000 sqm will become the largest and most dominant shopping centre in both České Budějovice and the South Bohemian region. Development finalisation is planned at the end of 2017.

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.

CPIPG: VERY LOW EXPOSURE TO DEVELOPMENT RISK

DEVELOPMENTS & LAND BANK (€M AND % OF TOTAL PORTFOLIO)



- LAND BANK & DEVELOPMENT COMPRISE 9.6% OF TOTAL PROPERTY PORTFOLIO
- DEVELOPMENT (EXCL. LAND BANK) REPRESENTS ONLY 2% OF TOTAL PROPERTY PORTFOLIO
- LAND BANK IS A SOURCE OF FLEXIBILITY AND LIQUIDITY, WITH NO IMMEDIATE PLANS TO DEVELOP

OTHER SEGMENTS

INDUSTRY AND LOGISTICS

KEY FIGURES JUNE 2017

94.3%
OCCUPANCY

MEUR
3
RENTAL INCOME JUNE 2017

SQM
179 000
GROSS LETTABLE AREA

18
NUMBER OF PROPERTIES

MEUR
75
CARRYING VALUE

The Group currently owns 179 000 sqm of rental space and manages 18 objects used for light industrial production, including Airport City Logistics Park in Hungary.

	INDUSTRY AND LOGISTICS JUNE 2017					INDUSTRY AND LOGISTICS 2016				
	No. of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	No. of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %
CZECHIA	13	44	58%	89	91.5%	13	41	29%	89	91.5%
SLOVAKIA*	--	--	--	--	--	1	72	49%	119	99.0%
HUNGARY	4	22	30%	38	92.9%	4	22	15%	38	91.2%
GERMANY	1	9	12%	52	100.0%	1	9	7%	52	100.0%
THE GROUP	**18**	**75**	**100%**	**179**	**94.3%**	**19**	**144**	**100%**	**298**	**96.0%**

* Assets held for sale included

The Group disposed of industrial park Lozorno in Slovakia, which was unsuited to the corporate business strategy. The Group ceased its presence on the Slovakian market in this segment.

AGRICULTURE

KEY FIGURES JUNE 2017

SQM
232 million
TOTAL AREA

MEUR
6
NET INCOME FROM AGRICULTURE

MEUR
81
CARRYING VALUE

MEUR
2
REVENUE FROM AGRICULTURE

The expansion into the agricultural business was an important move for the Group, as a good means for diversification of asset portfolio and as farmland is seen as one of the safest investments in property with a high potential for growth in value and stable income supported by agriculture subsidies.

	AGRICULTURE JUNE 2017					AGRICULTURE 2016				
	Total area thds. sqm	Carrying value MEUR	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture MEUR	Total area thds. sqm	Carrying value MEUR	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture MEUR
CZECHIA	231 774	81	4	6	2	231 774	78	8	9	6
THE GROUP	**231 774**	**81**	**4**	**6**	**2**	**231 774**	**78**	**8**	**9**	**6**

The agriculture portfolio was acquired during the 2014 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 above 11 600 hectares of land in total value of EUR 72 million and production farms and equipment used for EUR 9 million of agriculture production. In addition to its own portfolio, Farmy operates 11 500 hectares of land leased outside of the Group. The agriculture business receives subsidies, which are provided by national funds and European Union funds.

MOUNTAIN RESORTS

KEY FIGURES JUNE 2017

1
NUMBER OF PROPERTIES

MEUR **116**
CARRYING VALUE

MEUR **16**
REVENUES

The Group operates Crans-Montana ski resort in Switzerland, 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 property 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.

The Group attaches importance to this part of the Group portfolio. In 2016 the Group strengthened capital position in the Company holding Swiss assets and increased its equity by CHF 50 million (EUR 46 million). Moreover, the Group invested recently more than CHF 40 million (EUR 37 million) into a luxurious restaurant and ski lift accessories.

	MOUNTAIN RESORTS JUNE 2017				MOUNTAIN RESORTS 2016			
	No. of properties	Carrying value MEUR	Carrying value %	Net operating income	No. of properties	Carrying value MEUR	Carrying value %	Net operating income
SWITZERLAND 	1	116	100%	3	1	116	100%	0.7
THE GROUP	**1**	**116**	**100%**	**3**	**1**	**116**	**100%**	**0.7**

FINANCING

FINANCING

There are two necessary conditions for a dynamically growing group to succeed in a highly competitive real estate sector: acquiring and managing a portfolio of quality assets and access to and managing an optimally structured capital. The Group perceives both conditions as an integral part of the business rather than two complementary operating segments.

The first half of 2017 was another year of intensive financing activity for the Group, both in project financing and on debt capital markets. The Group deployed the continuing low interest-rate environment in both reducing its cost of debt and enhancing repayment tenor. Cost of external debt was compressed to 2.76% while the weighted average tenor increased from 3.3 years at year-end 2016 to 4.6 years in H1 2017 reflecting strenuous work on refinancing of the Group external financing portfolio.

LOAN-TO-VALUE SLIGHTLY INCREASED

The external financing as at 30 June 2017 stood at EUR 3 074 million which represents an increase by EUR 434 million (+16%, 2016: EUR 2 640 million). Cash and cash equivalents decreased by EUR 70 million to EUR 235 million as at 30 June 2017 (-23%, 2016: EUR 305 million). The property portfolio saw a sharp year-to-date increase and reached EUR 5 707 million as at 30 June 2017 (+17%, 2016: EUR 4 865 million). The main determinant for these changes was CBRE GI acquisition; despite this Loan-to-Value increases slightly to 49.8% (2016: 48.0%).

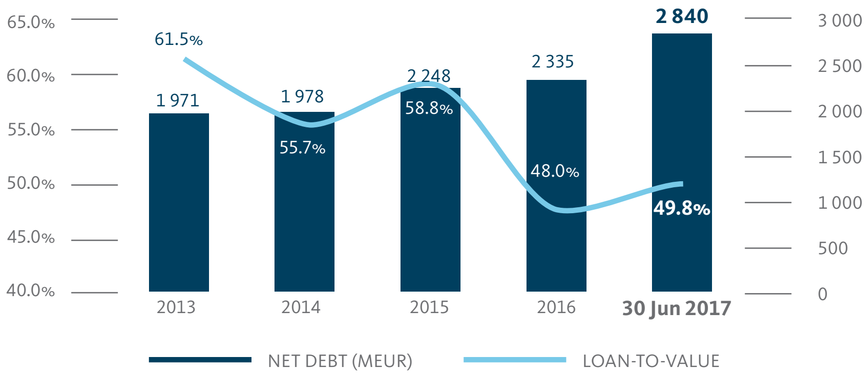
LOAN-TO-VALUE CALCULATION (MEUR)

LOAN -TO-VALUE*	30-Jun-17	31-Dec-16
Financial debts (non-current)	1 741	1 294
Financial debts (current)	596	639
Bonds issued (non-current)	688	657
Bonds issued (current)	50	50
Cash and cash equivalents	-235	-305
Net debt	2 840	2 335
Property Portfolio	5 707	4 865
Loan to value ratio in %	**49.8%**	**48.0%**

* Assets held for sale included

In previous periods from 2013, a significantly decreasing trend of the Loan-to-Value ratio can be clearly seen. It shows the Group's gradual progression to lowering the cost per unit of property – through effective management of the property portfolio with the growing performance of assets and optimisation of capital structure. In the foreseeable future, the Loan-to-Value ratio should be in the proximity of the 50% threshold.

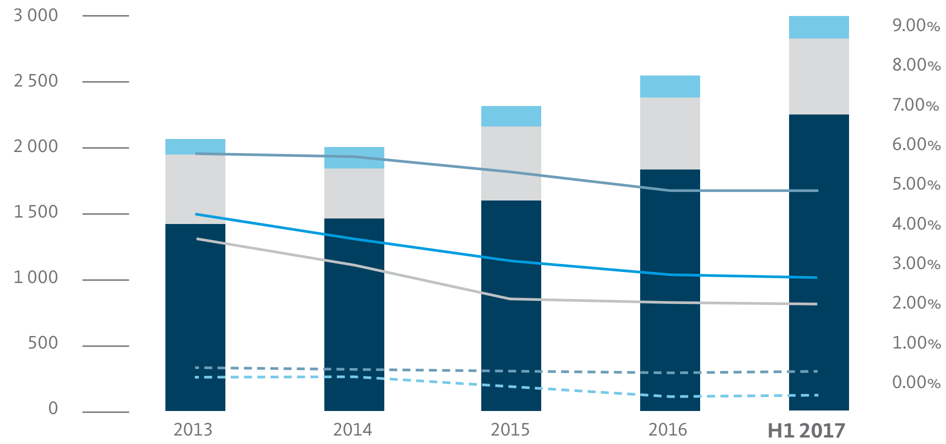
LOAN-TO-VALUE IN PERIOD 2013-2017



OPTIMIZATION OF COST OF CAPITAL

The Group's financing strategy focuses on establishing the most effective sources structure of external financing. This effort is reflected in the reduced cost of external capital over recent periods.

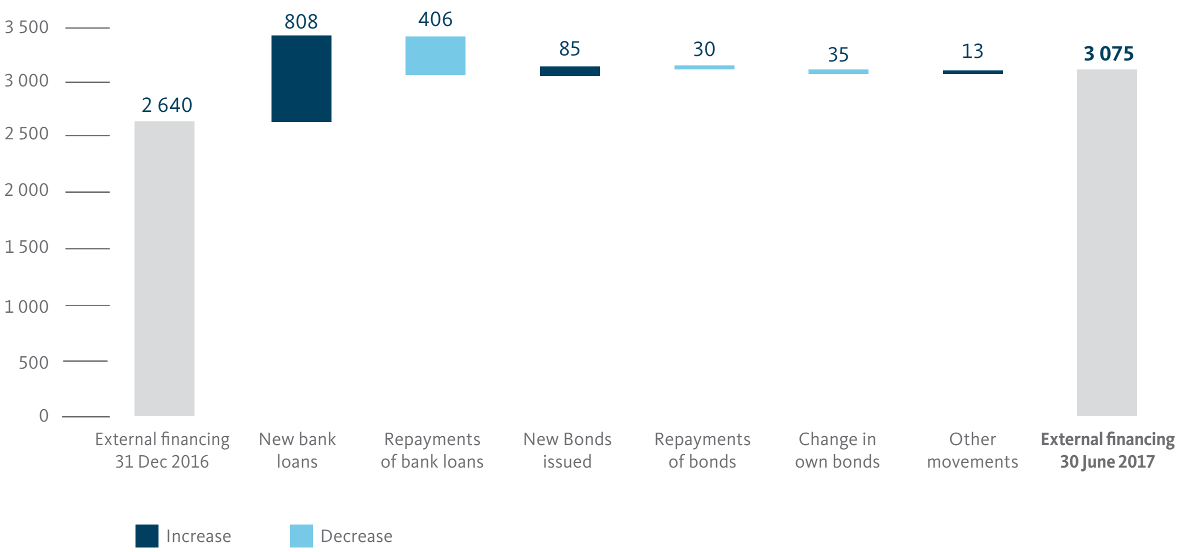
EXTERNAL DEBT - AVERAGE INTEREST RATES AND MARGIN



	2013	2014	2015	2016	**H1 2017**
PROJECT BONDS	120	159	160	164	**167**
CORPORATE BONDS	530	381	555	543	**572**
BANK LOANS	1 410	1 456	1 598	1 829	**2 248**
AVG. BANK LOAN INTEREST RATE	3.75%	3.14%	2.32%	2.10%	**2.06%**
AVG. BOND INTEREST RATE	5.81%	5.80%	5.46%	4.93%	**4.89%**
TOTAL AVERAGE INTEREST RATE	4.40%	3.86%	3.29%	2.89%	**2.76%**
AVERAGE 3M EURIBOR	0.22%	0.21%	-0.02%	-0.27%	**-0.33%**
AVERAGE 3M PRIBOR	0.46%	0.36%	0.31%	0.29%	**0.30%**

The average cost of external capital decreased from 4.40% in 2013 to 2.76% in 2017, of which bank loans decreased from 3.75% in 2013 to 2.06% in 2017. The monetary policies of European and Czech central banks cause the interest rates on financial markets to decrease in time. Despite this, the main reference interest rates remain on roughly the same levels (3M EURIBOR within -0.3% and -0.4% range and 3M PRIBOR around 0.3% during first half of 2017) and the Group's average interest rate is steadily in decline. In particular, the difference between the average interest rate and reference interest rates (the "margin") is decreasing through the periods which generally demonstrates that the market appraises the Group's portfolio with gradually lower risk over time.

EXTERNAL FINANCING DURING H1 2017 IN DETAIL (MEUR)



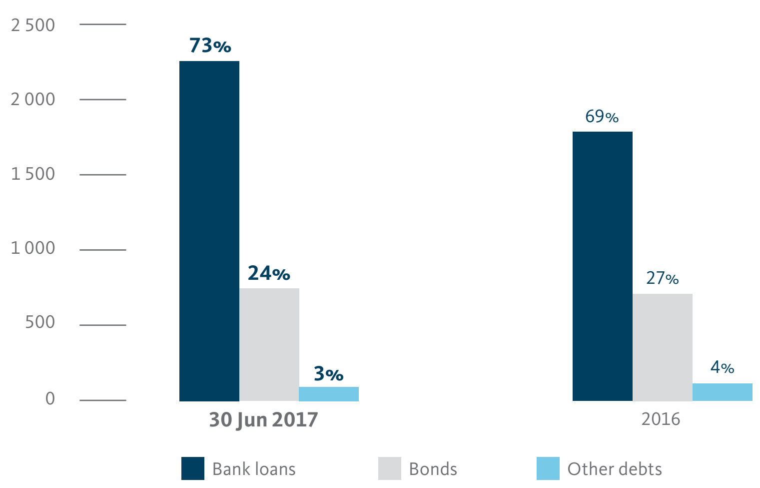
The total volume of new financing and refinancing reached EUR 893 million in H1 2017, of which EUR 657 million represents newly raised or refinanced external debt and EUR 236 million represents financing acquired with the new portfolio. New drawings were compensated by bank loans repayments at EUR 406 million and repayment of bonds in amount of EUR 30 million.

Despite the increase of 16% in the balance of external financing, interest expenses increased by 4% only to EUR 47 million in H1 2017 (2016: EUR 45 million) as a result of ongoing refinancing bank and bond debt at several levels in the corporate structure.

STRUCTURE OF EXTERNAL FINANCING

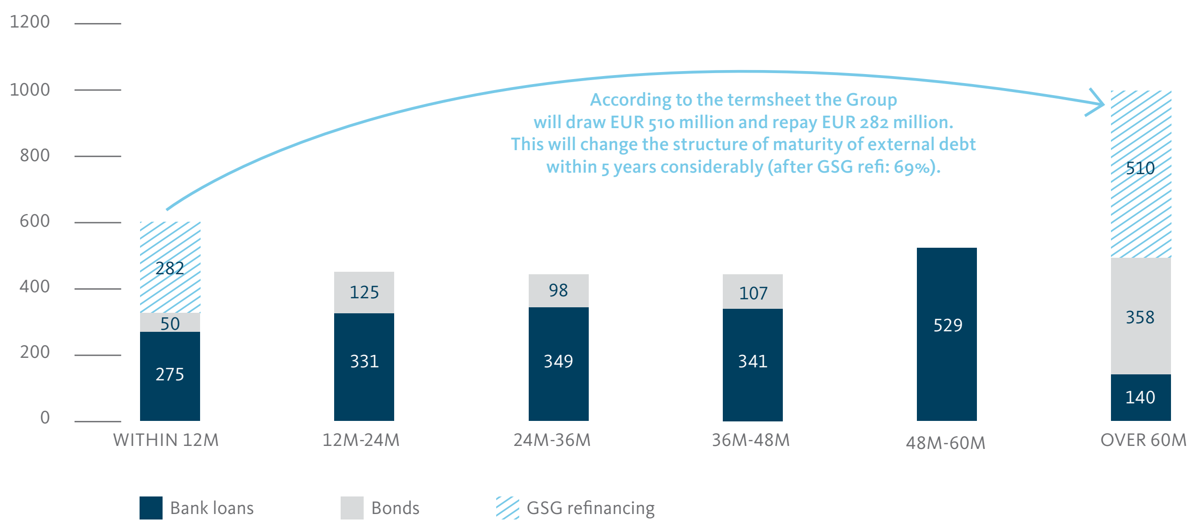
The external financing total of EUR 3 075 million as of 30 June 2017 (2016: EUR 2 640 million) of which financial debts represent EUR 2 248 million (2016: EUR 1 829 million) and issued bonds held by third parties represent EUR 738 million (2016: EUR 707 million). The external financing structure did not change compared to 31 December 2016 as bank loans and bonds represent 97% of the Group´s financing (2016: 96%). Other Debt comprises bills of exchange, non-bank loans from third parties and financial leases.

STRUCTURE OF DEBT (MEUR)



The maturity profile of the Group's external financing as at 30 June 2017 is showed in the chart below:

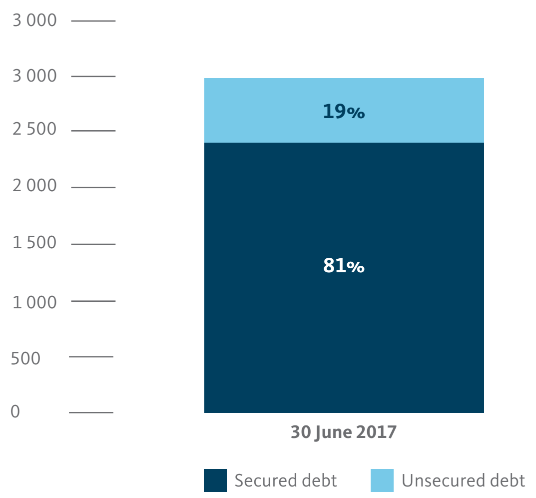
MATURITY PROFILE OF EXTERNAL FINANCING (MEUR)

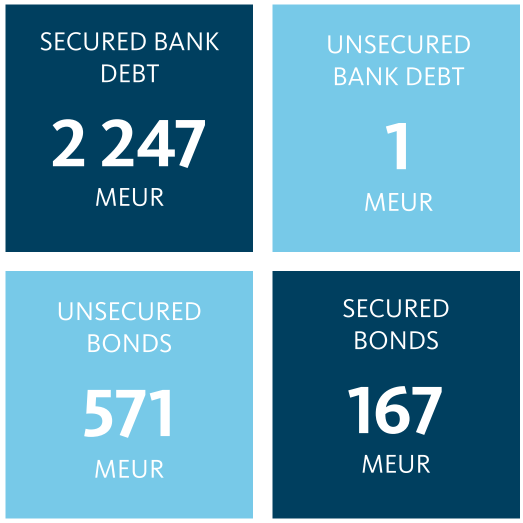


The structure of external debt in 2017 has not changed much in comparison to 2016 as the debt with maturity within 5 years remained at relatively the equivalent level of 83% (2016: 82%).

The Group focuses on senior financing; thus the majority of bank loans is drawn by the companies within the Group, which hold the respective real estate property. Specific companies use bonds as secured financing. Unsecured financing is limited to corporate bonds and bank overdrafts mainly in the Group's service entities.

SECURED AND UNSECURED FINANCING (MEUR)





BANK LOANS

A significant component of the financial debts represent bank loans. The bank loans balance, including bank overdrafts and liabilities from assets held for sale which total EUR 2 248 million as of 30 June 2017 and compared to 31 December 2016 increased by EUR 419 million. The primary reason of the upturn were as follows:

- new loans drawn in 2016 amount to EUR 572 million;
- loans acquired with new portfolio in a total value of EUR 236 million;

Other significant changes include:

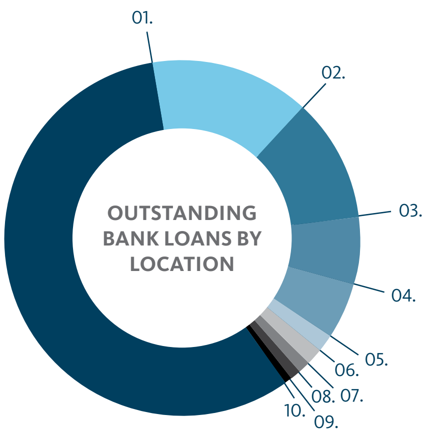
- loans repaid in H1 2017 amount to EUR 349 million;
- loans at entities disposed of amount to EUR 57 million;

The Group bank loans are denominated mainly in EUR, CZK. A ratio of loans drawn in Czech crowns against loans drawn in Euro has dropped to 28:72 as of 30 June 2017 (2016: 34:66) – due to CBRE GI acquisition in March 2017 which was financed by loans denominated in EUR. Effective costs of financing are 2.06 % p.a. (2016: 2.10% p.a.)

GSG REFINANCING:

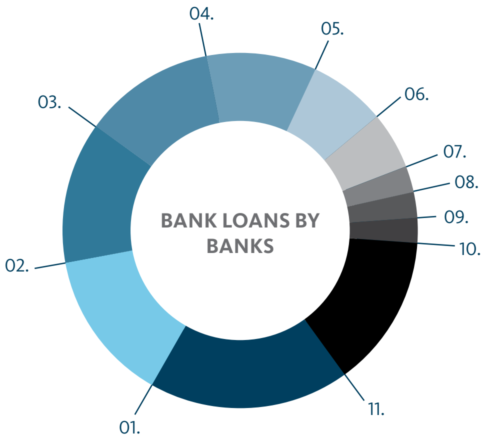
- EXPECTED COMPLETION SEP 2017
- FREE CASH EUR 219 MILLION
- INTEREST RATE COMPRESSION: 1.10% P.A.
- GROUP TENOR WILL BE ENHANCED BY: 0.8 YEARS

Note: GSG refinancing relates to Berlin portfolio loans



01. Czechia: **57%**
02. Germany: **15%**
03. Hungary: **11%**
04. Poland: **6%**
05. France: **5%**
06. Croatia: **2%**
07. Slovakia: **2%**
08. Italy: **1%**
09. Switzerland: **1%**
10. Romania: **1%**

The Group benefits from long-term business relationships with a number of banks in Czechia, Germany, Hungary and other European 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.



01. UniCredit Group Bank: **18%**
02. Československá obchodní banka: **14%**
03. Deutsche Genossenschafts-Hypothekenbank AG: **13%**
04. Helaba Landesbank Hessen-Thüringen: **12%**
05. Raiffeisenbank Group Bank: **10%**
06. Erste Group Bank: **7%**
07. Komerční banka: **5%**
08. UBS Group AG: **3%**
09. Barclays: **2%**
10. Sberbank: **2%**
11. Other (21 various banks): **14%**

74% of outstanding bank loan balance (represented by EUR 1 662 million) is drawn from 6 financing bank groups; in total the Group cooperates with 32 banks.

The Group has established an overdraft banking facility with one of the major banks. This facility provides the Group with additional CZK 540 million (EUR 21 million) liquidity for its operational needs. As at 30 June 2017 the balance of the overdraft facility was zero.

BONDS

Bonds represent an additional and very flexible source of the Group's financing. During recent periods bonds have become a significant source of debt capital having one quarter share on external financing.

Bonds balance totals EUR 738 million as at 30 Jun 2017 (2016: EUR 707 million) and comprises of project bonds of EUR 167 million (2016: EUR 164 million) and corporate bonds of EUR 572 million (2016: EUR 542 million). Bonds bear an interest of EUR 20 million as at 30 Jun 2017 (2016: EUR 18 million).

In H1 2017, the Group issued following new bonds:

- project bonds in the total nominal value of EUR 20 million, with maturity in the year 2019, bearing a fixed interest of 1.85% p.a.
- project bonds in the total nominal value of EUR 10 million, with maturity in the year 2019, bearing a fixed interest of 2.55% p.a.
- corporate bonds in the total nominal value of EUR 55 million, with maturity in the year 2022, bearing a fixed interest of 5.00% p.a.

NEW BONDS:

- EUR 55 MILLION BONDS PLACED ON SLOVAKIAN MARKET
- EUR 30 MILLION BONDS REFINANCED

The Group repaid two tranches of project bonds during 2017. On 7 May 2017, the Group repaid CPI BYTY 2.50/17 CZK (ISIN CZ0003512485) tranche representing CZK 300 million (EUR 11 million). On 7 May 2017, the Group repaid CPI BYTY 3.50/17 (ISIN CZ0003510687) tranche represented by nominal value of CZK 500 million (EUR 19 million) excluding accrued interest.

More than 77% of the bonds outstanding balance (EUR 572 million) provide unsecured financing, while the remaining represents bonds which are secured by a mortgage. Unsecured bonds are generally used as source of financing for current and future investment activities.

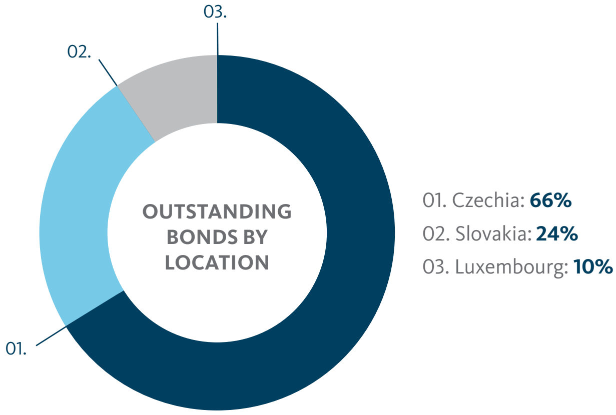
The significant volume of issued bonds (38% of the nominal balance) is held by other companies within the Group which provide a certain level of flexibility of financing the investment activities. Effective costs of financing are 4.89% p.a. (2016: 4.93% p.a.).

A ratio of bonds owned by third parties issued in Czech crowns against bonds owned by third parties issued in Euros is 66:34 as of 30 June 2017 and remains stable over the period (2016: 66:34).

More than 2/3 of bonds held by third parties (EUR 489 million) have been issued on the Czech capital market, of which EUR 167 million represent project financing. The rest of the bonds have been issued on the Luxembourg and Slovak capital market – the share of Slovakian market is increasing in time due to supply of Group bonds on this market and unceasing interest of private investors.

PROJECT BONDS REFINANCING:

- NOMINAL VALUE: EUR 30 MILLION
- INTEREST RATE COMPRESSION: 0.95% P.A.



Bonds with an outstanding balance of EUR 695 million (94%) were registered for trading on various European stock exchanges. Certain bonds are subject to covenants, which were all met as of 30 June 2017.

Andrássy Palace, Budapest

RESULTS AND NET ASSETS

RESULTS AND NET ASSETS

INCOME STATEMENT

Income statement for the period ended 30 June 2017 corresponds to the consolidated financial statements.

Income statement for the period ended 30 June 2017 is as follows:

MEUR	30-Jun-17	30-Jun-16
Gross rental income	120	114
Net service revenue	12	10
Property operating expenses	-26	-21
Net rental income	**106**	**103**
Development sales	2	1
Development operating expemses	-3	-1
Net development income	**-1**	**0**
Hotel revenue	47	11
Hotel operating expenses	-33	-7
Net hotel income	**14**	**4**
Revenues from other business operations	22	16
Related operating expenses	-17	-13
Net income from other business operations	**5**	**3**
Total revenues	**203**	**152**
Total direct business operating expenses	**-80**	**-43**
Net business income	**123**	**109**
Net valuation gain or loss on investment property	229	-1
Amortization, depreciation and impairments	-14	-5
Other operating income	8	12
Administrative expenses	-22	-19
Other operating expenses	-1	-1
Operating result	**321**	95
Interest income	2	5
Interest expense	-47	-45
Other net financial result	-45	3
Net finance income / (costs)	**-90**	**-37**
Profit before income tax	**231**	58
Income tax expense	-41	-14
Net profit for the period	**190**	44

NET RENTAL INCOME

Net rental income slightly increased by 3% to EUR 106 million in H1 2017 (H1 2016: EUR 103 million).

The positive impact of the increase in gross rental income of 5%, reflecting the improved property performance as well as the impact of the new acquisitions in late 2016 and during H1 2017, was compensated by higher property operating expenses which rose by EUR 5 million. The overall positive development in the real estate sector continues to motivate the Group to invest more in repairs and maintenance costs to support the long-term value and marketability of the assets.

NET HOTEL INCOME

The substantial increase is attributable, primarily to the acquisition of Sunčani Hvar hotels portfolio in May 2016 and the acquisition of 100% share in CPI Hotels, a.s., a long-term business partner which operates 24 hotels owned by the Group, in August 2016.

NET VALUATION GAIN

The overall gain on revaluation of the property portfolio totals EUR 229 million and its based predominantly on the valuation appraisals prepared by independent and reputable appraisers. The gain was driven primarily by the overall performance improvement of the projects, current situation on the Czech residential market and successful acquisitions carried out in late 2016 and 2017.

AMORTIZATION, DEPRECIATION AND IMPAIRMENTS

The substantial increase in amortization, depreciation and impairments reflects predominantly the transfer of hotel properties from investment property to property, plant and equipment due to the acquisition of hotel operator CPI Hotels, a.s.

OTHER NET FINANCIAL RESULT

Other net financial result was adversely affected by foreign exchange loss of EUR 46 million. In April 2017, the Czech National Bank ended its Czech koruna floor commitment. The Czech koruna is steadily appreciating since then. Significant existing intercompany relationships between entities with functional currencies of Czech koruna and Euro and revaluation of EUR denominated assets on Czech entities were the major reasons for net foreign exchange loss in 2017.

INCOME TAX EXPENSE

Increase in income tax expense by EUR 27 million reflects primarily the deferred tax effect of the property portfolio revaluation.

FUNDS FROM OPERATIONS (FFO)

In H1 2017 the Group generated EUR 51 million Funds from operations (FFO).

		30-Jun-17	30-Jun-16
Net profit for the period	**MEUR**	**190**	**44**
Deferred income tax	MEUR	35	11
Net valuation gain or loss on investment property	MEUR	-229	1
Net valuation gain or loss on revaluation of derivatives	MEUR	-6	2
Net gain or loss on disposal of assets	MEUR	3	0
Amortization, depreciation and impairments	MEUR	14	5
Other non-recurring / non-cash items	MEUR	44	-12
Funds from operations (FFO)	**MEUR**	**51**	**51**

BALANCE SHEET

Balance sheet as at 30 June 2017 corresponds to the consolidated financial statements.

MEUR	30-Jun-17	30-Jun-16
NON-CURRENT ASSETS		
Intangible assets and goodwill	150	117
Investment property	4 923	3 978
Property, plant and equipment	682	679
Deferrred tax asset	124	122
Other non-current assets	47	17
Total non-current assets	**5 926**	**4 913**
CURRENT ASSETS		
Inventories	100	98
Trade receivables	75	68
Cash and cash equivalents	235	304
Assets held for sale	12	124
Other current assets	140	155
Total current assets	**564**	**749**
TOTAL ASSETS	**6 490**	**5 662**
EQUITY		
Equity attributable to owners of the Company	2 567	2 259
Non controlling interests	31	30
Total equity	**2 598**	**2 289**
NON-CURRENT LIABILITIES		
Bonds issued	688	657
Financial debts	1 741	1 294
Deferred tax liabilities	579	504
Other non-current liabilities	42	38
Total non-current liabilities	**3 052**	**2 493**
CURRENT LIABILITIES		
Bonds issued	50	50
Financial debts	596	582
Trade payables	66	66
Liabilities linked to assets held for sale	--	59
Other current liabilities	128	123
Total current liabilities	**840**	**880**
TOTAL EQUITY AND LIABILITIES	**6 490**	**5 662**

TOTAL ASSETS AND TOTAL LIABILITIES

Total assets increased by EUR 828 million (15%) to EUR 6 490 million as at 30 June 2017. The increase is primarily connected with the increase in property portfolio which rose by EUR 842 million.

Non-current and current liabilities total EUR 3 891 million as at 30 June 2017 which represents increase by EUR 518 million (15%) compared to 31 December 2016. The main driver of this increase was a growth in external financing as a result of the acquisitions.

EQUITY (NET ASSETS VALUE)

Net assets value – NAV (total equity including non-controlling interest) totals EUR 3 068 million as at 30 June 2017 and compared to 31 December 2016 strongly rose by 12%. The robust profit in the period H1 2017 and the issuances of the new shares represent the main contributors of the increase.

NET ASSET VALUE		30-Jun-17	31-Dec-16
Equity per the financial statements (NAV)	MEUR	2 567	2 259
Effect of exercise of options, convertibles and other equity interests	MEUR	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	MEUR	2 567	2 259
Revaluation of trading property and PPE	MEUR	4	4
Fair value of financial instruments	MEUR	7	15
Deferred tax on revaluations	MEUR	564	494
Goodwill as a result of deferred tax	MEUR	-74	-43
EPRA NAV	MEUR	**3 068**	**2 729**

GSG Berlin, GSG Berlin Reichenberger Strasse1

OUTLOOK

OUTLOOK

Looking ahead, the Group endeavours to maintain investment in the portfolio, upgrade and increase the quality of its assets and seek new approaches in providing additional services and improving relationships with our tenants. We will continue searching for ideal, representative acquisitions that provide long-term stability and structure that achieve reliable and lasting income for the Group. We aim to intensify financing activities both in credit improvement and bond financing together with the reduction of external capital and the enhancement of extensive loan repayments.

The Group will continue to support and diversify our development and residential portfolios. Proceedings with the Group's largest development project Zbrojovka in Brno, are set to continue alongside the reopening of newly refurbished IGY shopping centre in České Budějovice scheduled in November, 2017. Further developments include luxury villa and residential projects in France, Italy and the Czech Republic.

The Group's long-term mission is the provision of superior services and appropriate solutions to existing and future tenants. An increased concentration of new and innovative technologies and trends in the refurbishment and modernisation of the shopping centre and retail sectors. The Group is concentrating on occupancy rates with the extension of leases along with new tenancy integration, mix enhancement and adaptation to regional requirements.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

PRINCIPLES

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

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

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

DESCRIPTION OF INTERNAL CONTROLS RELATIVE TO FINANCIAL INFORMATION PROCESSING

The Company has 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 role strengthened the internal audit process of the Group.

For the annual and semi-annual closures, the Company's executive management members indicate any transactions they have carried out with the Company as "Related parties".

AUDIT COMMITTEE

The Audit Committee is comprised of the following members of the Board of Directors:

- Mr. Edward Hughes (president);
- Mr. Philippe Magistretti;
- Mr. Tomáš Salajka.

The Audit Committee reviews the Company's accounting policies and the communication of financial information. In particular, the Audit Committee follows the auditing process, reviews and enhances the Company's reporting procedures by business lines, reviews risk factors and risk control procedures.

REMUNERATION AND RELATED PARTY TRANSACTION COMMITTEE

The Remuneration and Related Party Transaction Committee (the "Remuneration Committee") is comprised of following people:

- Mr. Edward Hughes (president);
- Mr. Martin Němeček;
- Mr. Radovan Vítek;

The Remuneration Committee presents proposals to the Board of Directors about remuneration and incentive programs to be offered to the management and the Directors of the Company. The Remuneration Committee also deals with related party transactions.

GSG Berlin Helmholtzstr

MANAGEMENT

MANAGEMENT

THE MEMBERS OF THE MANAGEMENT AS OF 30 JUNE 2017 ARE:

MARTIN NĚMEČEK

Chief Executive Officer

Mr. Martin Němeček, CEO of CPI Property Group, was appointed in March, 2014. Martin has recently led the acquisition and integration by CPI Property Group of Czech Property Investments. Before joining CPI Property Group, Martin was the Deputy CEO of CPI Group, where he was responsible for real estate acquisitions and the management of transactions with total values over €1.5 billion, including the Group's overseas expansion and the acquisition of Ablon and Endurance Fund. Martin also oversaw the bank project financing and legal affairs of CPI Group. From 2001 to 2011, he worked for the law firms, Salans (today Dentons), Linklaters and Kinstellar. Martin graduated from the Faculty of Law at Charles University in Prague and the University of Economics, Prague.

ZDENĚK HAVELKA

Executive Director

Mr. Zdeněk Havelka, Executive Director of CPI Property Group, was appointed in June, 2014. Before joining CPI Property Group, Zdeněk led CPI Group as CEO. He joined Czech Property Investments in 2002 as a senior accountant. Later, he was assigned to Chief Financial Officer. In 2005, he was nominated the Chief Executive Officer and his direct subordinates were the directors of the departments of internal audit, development, asset management, acquisitions, property management and operations. He was present during the most important milestones for the growth of the Group that has already expanded beyond the borders of Czechia. Zdeněk is a graduate of the Faculty of Agriculture, University of South Bohemia in České Budějovice.

TOMÁŠ SALAJKA

Director of Acquisitions, Asset Management & Sales

Mr. Tomáš Salajka, Director of Acquisitions, Asset Management & Sales of CPI Property Group, was appointed in June, 2014. Before joining CPI Property Group, Tomáš was the CEO of Orco Property Group and worked over the last 10 years for GE Real Estate Germany/CEE as Head of Asset Management & Sales CEE and previously for CSOB in Restructuring. He studied foreign trade at the University of Economics in Prague.

PAVEL MĚCHURA

Chief Financial Officer

Mr. Pavel Měchura, CFO of CPI Property Group, was appointed in June, 2014. Before joining the company, Pavel worked for almost 4 years for Czech Property Investments, firstly as an IFRS specialist, two years later, he became manager of IFRS and Analysis. In May 2014, he was appointed Chief Financial Officer and was responsible for the entire Czech Property Investment's accounting departments. Pavel gained many years of experience at KPMG where he was responsible for leading audit engagements of large companies, mainly from the automotive, real estate and petrochemical industries. Pavel graduated from the Faculty of Economics at the Technical University of Liberec.

Arena Corner, Budapest

BOARD OF DIRECTORS

BOARD OF DIRECTORS

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

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

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

As at 30 June 2017, the Board of Directors consisted of the following members:

- Edward Hughes, Chairman of the Board;
- Philippe Magistretti;
- Martin Němeček, Managing Director;
- Tomáš Salajka;
- Oliver Schlink;
- Radovan Vítek; and
- Marie Vítková

The Board of Directors is comprised of:

- 4 executive members representing the management of the Company: Martin Němeček, CEO, Tomáš Salajka, Director of Acquisitions, Asset Management & Sales, Philippe Magistretti, President of CMA s.a. Crans Montana and Oliver Schlink, CFO of Company's subsidiary GSG Berlin;
- 1 independent, non-executive member: Edward Hughes;
- 2 non-executive members representing shareholders: Radovan Vítek and Marie Vítková.

The current Board members were appointed during the Company's annual general meeting of 2017 and their term expires at the annual general meeting of 2018 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2017.

Bondy Centre, Mladá Boleslav

OTHER REPORTING REQUIREMENTS

OTHER REPORTING REQUIREMENTS

SUBSEQUENT EVENTS

Please refer to Note 11 of the Consolidated Financial Statements as at 30 June 2017.

FINANCIAL RISKS EXPOSURE

For detail description of the principal risks and uncertainties, please refer to Note 2 Basis of Preparation of the Consolidated Financial Statements as at 30 June 2017.

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 8 310 617 846 ordinary shares of one class, out of which 230 056 445 shares (approximately 2.77% 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 8 080 561 401 Company shares (approximately 97.23% of the total number of shares) are currently not listed and are non-tradeable on a regulated market.

The extraordinary general meeting of Company shareholders held on 26 June 2017 (the "EGM") introduced the legal framework to create and issue up to ten billion (10 000 000 000) non-voting shares, having a par value of ten eurocents (EUR 0.10) each, which (i) shall be entitled to receive, out of the net profits of the Company, a preferred dividend per non-voting share amounting to six point nine percent (6.90 %) of the subscription price of the non-voting share, the remainder of such net profits to be shared between all the shares issued by the Company (excluding the non-voting shares), (ii) carry a right to reimbursement of the contribution (including any premium paid) corresponding to the non-voting shares on a preferential basis out of the net proceeds of the liquidation and (iii) be entitled to receive a preferential liquidation dividend amounting to six point nine percent (6.90 %) of the par value of the non-voting shares in case of dissolution and liquidation of the Company.

EGM also decided to introduce the possibility for the board of directors of the Company to create and issue up to ten billion (10 000 000 000) beneficiary shares without any voting rights and being under registered form only, to be paid up by contribution in cash, in kind or in services, each beneficiary share entitling its holder to receive, subject to the existence of distributable amounts at the level of the Company within the meaning of the law and the decision of the general meeting of the shareholders to operate a dividend distribution to the holders of the beneficiary shares, a dividend per beneficiary share amounting to six point nine percent (6.90 %) of the issue price of each of the beneficiary shares per financial year of the Company. The EGM granted to the board of directors of the Company all powers to create and issue beneficiary shares with no voting rights and to further determine and set forth the terms and conditions of such beneficiary shares with no voting rights in their respective issue documentation.

However, as at the date of this report, none of these types of shares (neither non-voting nor beneficiary shares) have been issued by the Company.

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

There are no restrictions on the transfer of Company's securities. The 230 056 445 Company shares (approx. 2.77% 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 8 080 561 401 Company shares (approx. 97.23% of the total number of shares) are currently not listed and not tradeable on a regulated market. There are no particular restrictions on the transfer of securities issued by the Company.

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

To the best of Company's knowledge, the following table sets out information regarding the ownership of the Company´s shares as at 30 June 2017:

Shareholder	Number of shares	Share held
Radovan Vítek and entities controlled by Mr. Vítek	7 461 043 946	89.78%
Others	756 404 549	9.10%
Treasury shares	93 169 351	1.12%
TOTAL	**8 310 617 846**	**100.00%**

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

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

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

The Company has no employee share scheme.

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

There are no restriction on voting rights.

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

In relationship to mandatory public takeover offer (the „Mandatory Offer") to the shareholders of the Company by Materali, a.s. and according to the related offer document Materali, a.s. and Deutsche Bank AG entered into non-tender agreements with each of Orco Property Group S.A., 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.

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

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

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

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

The Extraordinary 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 of 28 August 2014.

The EGM resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of three billion euros (EUR 3 000 000 000.-) for a period of five (5) years from the date of the EGM, which would authorize the issuance of up to twenty billion (20 000 000 000) new ordinary shares and up to ten billion (10 000 000 000) new non-voting shares .

As at 30 June 2017, the authorised share capital of the Company amounts to EUR 2 948 500 000, which would authorize the issuance of up to 19 485 000 000 new ordinary shares and up to 10 000 000 000 new non-voting shares in addition to the shares currently outstanding.

(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 30 June 2017.

(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 30 June 2017.

DIRECTORS' COMPENSATION

Please refer to Note 10 of the Condensed Consolidated Interim Financial Statements as at 30 June 2017.

OTHER INFORMATION

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

The Company does not have any branch.

GLOSSARY

The Group presents alternative performance measures (APMs). The APMs used in our report are commonly referred to and analysed amongst professionals participating in the Real Estate Sector to reflect the underlying business performance and to enhance comparability both between different companies in the sector and between different financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. The presentation of APMs in the Real Estate Sector is considered advantageous by various participants, including banks, analysts, bondholders and other users of financial information:

- APMs provide additional helpful and useful information in a concise and practical manner.
- APMs are commonly used by senior management and Board of Directors for their decisions and setting of mid and long-term strategy of the Group and assist in discussion with outside parties.
- APMs in some cases might better reflect key trends in the Group's performance which are specific to that sector, i.e. APMs are a way for the management to highlight the key value drivers within the business that may not be obvious in the consolidated financial statements.

CONSOLIDATED ADJUSTED EBITDA
Consolidated Adjusted EBITDA is Net business income as reported deducted by Administrative expenses as reported.

CONSOLIDATED ADJUSTED TOTAL ASSETS
Consolidated Adjusted Total Assets is Total Assets as reported deducted by Intangible assets and goodwill as reported.

CONSOLIDATED COVERAGE RATIO
Consolidated Coverage Ratio is a ratio of Consolidated Adjusted EBITDA to Interest expense as reported.

CONSOLIDATED LEVERAGE RATIO
Consolidated Leverage Ratio is a ratio of a sum of Financial Debts as reported and Bonds issued as reported to the Consolidated Adjusted Total Assets.

DEVELOPMENT FOR RENTAL
Development for rental represents carrying value of developed assets – ie. under development or finished assets – being held by the Group with the intention to rent the assets in the foreseeable future.

DEVELOPMENT FOR SALE
Development for sale represents carrying value of developed assets – ie. under development or finished assets – being held by the Group with the intention to sell the assets in the foreseeable future.

GROSS LEASABLE AREA
Gross leasable area is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.

GROSS SALEABLE AREA
Gross saleable area is the amount of floor space held by the Group with the intention to be sold. Gross saleable area is the area of property to be sold with a capital gain.

GROSS RENTAL INCOME
Gross rental income is the amount the Group collects in rent from its rental properties. It is one of the key figures by which the Group measures its performance.

EPRA NAV
EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. For this reason, deferred taxes on property revaluations and the fair value of deferred tax liabilities are excluded as the investment property is not expected to be sold and the tax liability is not expected to materialize. In addition, the fair value of financial instruments which the company intends to hold !to maturity is excluded as these will cancel out on settlement. All other assets including trading property, finance leases, and investments reported at cost are adjusted to fair value.

The performance indicator has been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

EQUITY RATIO
Equity Ratio provides a general assessment of financial risk undertaken. It is calculated as Total Equity divided by Total Assets.

FFO
FFO (Funds from operations) provides an indication of core recurring earnings. It assumes net income (computed in accordance with IFRS), excludes non-recurring (non-cash) items like gains (or losses) from sales of property and inventory, impact of derivatives revaluation and impairment transactions. Calculation excludes accounting adjustments for unconsolidated partnerships and joint ventures.

LOAN-TO-VALUE
Loan-to-Value provides a general assessment of financing risk undertaken. It is calculated as Net Debt divided by fair value of Property Portfolio. Net Debt is borrowings plus bank overdraft less cash and cash equivalents. Property Portfolio covers all properties held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.

POTENTIAL GROSS LEASABLE AREA
Potential gross leasable area is the total amount of floor space and land area being developed which the Group is planning to rent after the development is complete.

POTENTIAL GROSS SALEABLE AREA
Potential gross saleable area is the total amount of floor space and land area being developed which the Group is planning to sell after the development is complete.

SECURED CONSOLIDATED LEVERAGE RATIO
Secured Consolidated Leverage Ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated Adjusted Total Assets.

CPI Property Group

DECLARATION LETTER

INTERIM FINANCIAL REPORT

AS AT 30 JUNE 2017

1.1. Person responsible for the Semi - 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 persons responsible for the Semi - Annual Financial Report

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

- the condensed consolidated interim financial statements of the Company as at 30 June 2017, prepared in accordance with the International Accounting 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; and

- the Management report as at 30 June 2017, 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 August 2017

Mr. Martin Němeček
CEO & Managing Director

CPI PROPERTY GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

(UNAUDITED)

CPI PROPERTY GROUP´s Board of Directors has approved the condensed consolidated interim financial statements for the six-month period ended 30 June 2017 on 31 August 2017.
All the figures in this report are presented in thousands of Euros, except if explicitly indicated otherwise.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

For the six month period ended	Note	30 June 2017	30 June 2016
Gross rental income*	5.1	119,679	113,967
Service revenue	5.1	5,171	5,773
Net service charge income	5.2	7,231	4,293
Property operating expenses	5.3	(26,291)	(21,388)
Net rental income		**105,790**	**102,645**
Development sales	5.4	1,900	204
Cost of goods sold	5.4	(68)	(7)
Development operating expenses	5.4	(2,614)	(483)
Net development income		**(782)**	**(286)**
Hotel revenue	5.5	46,763	10,745
Cost of goods sold	5.5	(107)	(3)
Hotel operating expenses	5.5	(32,925)	(7,153)
Net hotel income		**13,731**	**3,589**
Revenue from other business operations	5.6	22,395	16,795
Cost of goods sold	5.6	(1,069)	(145)
Related operating expenses	5.6	(16,611)	(13,339)
Net income from other business operations		**4,715**	**3,311**
Total revenues		203,139	151,777
Total direct business operating expenses		(79,685)	(42,518)
Net business income		**123,454**	**109,259**
Net valuation gain/(loss)	5.7	229,221	(1,161)
Net loss on the disposal of investment property	5.8	(211)	(330)
Net gain on disposal of subsidiaries		(1,736)	--
Amortization, depreciation and impairments	5.9	(14,748)	(4,928)
Other operating income	5.10	8,059	12,190
Administrative expenses	5.11	(21,963)	(18,674)
Other operating expenses	5.12	(1,465)	(1,305)
Operating result		**320,611**	**95,051**
Interest income	5.13	2,487	5,293
Interest expense	5.14	(46,733)	(44,675)
Other net financial result	5.15	(45,397)	2,677
Net finance costs		**(89,643)**	**(36,705)**
Profit before income tax		**230,968**	**58,346**
Income tax expense	5.16	(40,822)	(14,003)
Net profit from continuing operations		**190,146**	**44,343**
Items that may or are reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		62,023	(8,848)
Effective portion of changes in fair value of cash flow hedges		13,665	(65)
Income tax on other comprehensive expense		(2,442)	9
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		(5,932)	5,455
Income tax on other comprehensive expense		1,050	(975)
Other comprehensive income for the period, net of tax		68,364	(4,424)
Total comprehensive income for the period		**258,510**	**39,919**
Profit attributable to:			
Non-controlling interests		**1,398**	**(828)**
Owners of the Company		**188,748**	**45,171**
Profit for the period		**190,146**	**44,343**
Total comprehensive income attributable to:			
Non-controlling interests		**1,398**	**(828)**
Owners of the Company		**257,112**	**40,747**
Total comprehensive income for the period		**258,510**	**39,919**
Earnings per share	6.13		
Basic earnings in EUR per share		**0.02**	**0.01**
Diluted earnings in EUR per share		**0.02**	**0.01**

(*) Formerly presented as "Gross rental revenue", for more information refer to note 2.4

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

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

	Note	30 June 2017	31 December 2016
NON-CURRENT ASSETS			
Intangible assets and goodwill	6.1	150,266	117,091
Investment property	6.2	4,923,219	3,977,696
Property, plant and equipment	6.3	682,390	678,926
Hotels		*540,252*	*537,537*
Other property, plant and equipment		*142,138*	*141,389*
Biological Assets	6.4	2,666	2,004
Available-for-sale financial assets	6.5	598	599
Derivative instruments		535	--
Loans provided	6.6	39,830	14,264
Trade and other receivables	6.7	3,113	460
Deferred tax asset		123,695	122,314
Total non-current assets		**5,926,312**	**4,913,353**
CURRENT ASSETS			
Inventories	6.8	99,568	97,854
Biological Assets	6.4	4,850	4,193
Current income tax receivables		5,976	4,183
Trade receivables	6.7	74,537	68,291
Derivative instruments		56	--
Loans provided	6.6	40,302	35,136
Cash and cash equivalents	6.9	235,101	303,733
Other financial current assets	6.10	48,218	73,523
Other non-financial current assets	6.11	42,799	37,662
Assets held for sale	6.12	11,793	123,981
Total current assets		**563,200**	**748,556**
TOTAL ASSETS		**6,489,512**	**5,661,909**
EQUITY			
Equity attributable to owners of the Company	6.13	2,567,367	2,258,760
Non-controlling interests		31,105	29,707
Total equity		**2,598,472**	**2,288,467**
NON-CURRENT LIABILITIES			
Bonds issued	6.14	688,000	656,780
Financial debts	6.15	1,740,959	1,294,119
Derivative instruments		5,845	12,546
Deferred tax liabilities		579,290	503,619
Provisions		3,514	4,620
Other non-current liabilities	6.16	33,829	21,671
Total non-current liabilities		**3,051,437**	**2,493,354**
CURRENT LIABILITIES			
Bonds issued	6.14	50,242	50,101
Financial debts	6.15	595,419	582,284
Trade payables	6.17	65,475	65,718
Advance payments	6.18	56,893	72,702
Derivative instruments		1,979	2,809
Other financial current liabilities	6.19	37,383	24,394
Other non-financial current liabilities	6.20	32,212	23,480
Liabilities linked to assets held for sale	6.12	--	58,599
Total current liabilities		**839,603**	**880,088**
TOTAL EQUITY AND LIABILITIES		**6,489,512**	**5,661,909**

CONDENSED CONSOLIDATED INTERIM 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 2017		**770,245**	**1,060,744**	**(47,970)**	**5,845**	**(18,388)**	**223,058**	**265,226**	**2,258,760**	**29,707**	**2,288,467**
Comprehensive income:											
Profit/(loss) for the period		--	--	--	--	--	--	188,748	188,748	1,398	190,146
Total comprehensive income		--	--	62,023	--	--	--	--	62,023	--	62,023
Net changes in fair value of cash flow FX hedges		--	--	--	--	10,559	--	--	10,559	--	10,559
Related income tax on other comprehensive expense		--	--	--	--	(1,880)	--	--	(1,880)	--	(1,880)
Net changes in fair value of cash flow IRS hedges		--	--	--	--	3,106	--	--	3,106	--	3,106
Related income tax on other comprehensive expense		--	--	--	--	(563)	--	--	(563)	--	(563)
Revaluation of property, plant and equipment	6.3	--	--	--	--	--	(5,932)	--	(5,932)	--	(5,932)
Related deferred tax effect		--	--	--	--	--	1,050	--	1,050	--	1,050
Total comprehensive income/(expense)		--	--	62,023	--	11,223	(4,882)	--	68,364	--	68,364
Total comprehensive income for the period		--	--	62,023	--	11,223	(4,882)	188,748	257,112	1,398	258,510
Contributions by and distributions to owners of the Company											
Capital increases	6.13	51,500	--	--	--	--	--	--	51,500	--	51,500
Total contributions by and distributions to owners of the Company		**51,500**	**--**	--	--	--	**--**	**--**	**51,500**	--	**51,500**
Disposal of subsidiaries		--	--	--	(8)	--	--	--	(8)	--	(8)
Total changes in ownership interests in subsidiaries		--	--	--	**(8)**	--	--	--	**(8)**	--	**(8)**
Total transactions with owners of the Company		**51,500**	**--**	**--**	**(8)**	**--**	**--**	**--**	**51,492**	**--**	**51,491**
Balance at 30 June 2017		**821,745**	**1,060,744**	**14,053**	**5,837**	**(7,165)**	**218,177**	**453,974**	**2,567,367**	**31,105**	**2,598,472**

* **Other Reserves** are created from accumulated profits and losses and other equity operations, such as scope variations 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.

CONDENSED CONSOLIDATED INTERIM 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 2016		**275,308**	**1,085,445**	**(41,961)**	**5,845**	**(19,268)**	**197,766**	**(186,609)**	**1,316,526**	**21,553**	**1,338,079**
Comprehensive income:											
Profit/(loss) for the period		--	--	--	--	--	--	45,171	45,171	(828)	44,343
Total comprehensive income		--	--	(8,848)	--	--	--	--	(8,848)	--	(8,848)
Net changes in fair value of cash flow FX hedges		--	--	--	--	(514)	--	--	(514)	--	(514)
Related income tax on other comprehensive expense		--	--	--	--	90	--	--	90	--	90
Net changes in fair value of cash flow IRS hedges		--	--	--	--	449	--	--	449	--	449
Related income tax on other comprehensive expense		--	--	--	--	(81)	--	--	(81)	--	(81)
Revaluation of property, plant and equipment	6.3	--	--	--	--	--	5,455	--	5,455	--	5,455
Related deferred tax effect		--	--	--	--	--	(975)	--	(975)	--	(975)
Total comprehensive income/(expense)		--	--	(8,848)	--	(56)	4,480	--	(4,424)	--	(4,424)
Total comprehensive income for the period		**--**	**--**	**(8,848)**	**--**	**(56)**	**4,480**	**45,171**	**40,747**	**(828)**	**39,919**
Contributions by and distributions to owners of the Company											
Capital increases	6.13	369,803	499	--	--	--	--	--	370,302	--	370,302
Acquisition of own shares	3.2	(15,913)	(43,038)	--	--	--	--	--	(58,951)	--	(58,951)
Total contributions by and distributions to owners of the Company		**353,890**	**(42,539)**	--	--	--	**--**	**--**	**311,351**	--	**311,351**
Acquisition of subsidiary with non-controlling interests		--	--	--	--	--	--	--	--	33,567	33,567
Total changes in ownership interests in subsidiaries		--	--	--	--	--	--	--	--	33,566	33,567
Total transactions with owners of the Company		**353,890**	**(42,539)**	**--**	**--**	**--**	**--**	**--**	**311,351**	**33,566**	**344,917**
Balance at 30 June 2016		**629,198**	**1,042,906**	**(50,809)**	**5,845**	**(19,324)**	**202,246**	**(141,438)**	**1,668,624**	**54,291**	**1,722,915**

* **Other Reserves** are created from accumulated profits and losses and other equity operations, such as scope variations 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.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

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

For the six month period ended	Note	30 June 2017	30 June 2016
PROFIT BEFORE INCOME TAX		**230,968**	**58,346**
Adjusted by:			
Net valuation (gain)/loss on investment property	5.7	(229,221)	1,161
Loss on the disposal of investment property	5.8	211	330
Depreciation/amortisation of tangible and intangible assets	5.9	13,834	5,238
Impairment of assets/(Reversal of impairment of assets)	5.9	914	(328)
Loss on the disposal of subsidiaries		1,736	--
Net finance costs	5.13, 5.14	49,847	42,485
Bargain purchase	3.2	(4,118)	(9,882)
Exchange rate differences		43,168	(7,927)
Profit before changes in working capital and provisions		**107,339**	**89,423**
Increase in inventories		(1,207)	(336)
Decrease/(increase) in trade receivables		20,925	(29,113)
(Decrease)/increase in trade payables		(5,962)	20,373
Changes in provisions		(1,106)	2,225
Income tax paid		(850)	(6,019)
NET CASH FROM OPERATING ACTIVITIES		**119,139**	**76,553**
Acquisition of subsidiaries, net of cash acquired	3.2	(131,161)	(233,400)
Acquisition of investment property	6.2	(22,093)	(14,300)
Acquisition of available-for-sale financial assets		--	(111)
Expenditure on investment property under development	6.2	(4,917)	(1,092)
Proceeds from sale of investment property	5.8	1,086	19,730
Proceeds from sale of available-for-sale financial assets		--	1,376
Proceeds from sale of property, plant and equipment		36	15
Proceeds from disposals of subsidiaries, net of cash disposed		26,068	--
Acquisition of property, plant and equipment		(11,478)	(11,509)
Acquisition of intangible assets		(195)	--
Loans provided	6.6	(34,472)	(13,982)
Loans repaid	6.6	4,580	49,571
Interest received		2,730	10,255
NET CASH USED IN INVESTING ACTIVITIES		**(169,816)**	**(193,448)**
Proceeds from issue of share capital	6.13	51,500	73,500
Proceeds from bond issued	6.14	93,984	205,232
Repayment of bonds issued	6.14	(74,708)	(50,080)
Drawdowns of loans and borrowings		179,440	285,341
Repayments of loans and borrowings		(217,100)	(369,303)
Interest paid		(50,593)	(45,560)
Repayment of finance lease liabilities		(502)	(1,046)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(17,979)**	**98,083**
NET DECREASE IN CASH		**(68,656)**	**(18,812)**
Cash and cash equivalents at the beginning of the year		303,733	159,052
Effect of movements in exchange rates on cash held		24	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**235,101**	**140,247**

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 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, 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 30 June 2017, Radovan Vítek indirectly owns 89.78% of CPI PROPERTY GROUP (90.80% voting rights).

For the list of shareholders as at 30 June 2017 refer to note 6.13.

Change in the Board of Directors and the management

Board of Directors

Board of Directors as at 30 June 2017

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
Marie Vítková

Board of Directors as at 31 December 2016

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

Change in the Board of Directors

The Annual General Meeting held on 24 May 2017 in Luxembourg resolved to re-appoint all Board members for another year, until the annual general meeting of 2018 concerning the approval of the annual accounts for the financial year ending 31 December 2017. Furthermore, Marie Vítková was appointed to the Board of Directors as of 24 May 2017 until the annual general meeting of 2018 concerning the approval of the annual accounts for the financial year ending 31 December 2017.

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 Měchura, CFO; Pavel Semrád, Asset and Letting Director; Petr Beránek, Construction Director and Martin Matula, General Counsel.

Employees

The Group has 3,672 employees as at 30 June 2017 (as at 31 December 2016 – 3,170 employees).

2 Basis of preparation and significant accounting policies

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

- investment property is measured at fair values;
- property, plant and equipment is measured at fair values (only applicable for Group´s hotel portfolio – asset type Hospitality);
- 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.

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six month period ended 30 June 2017 have been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016.

The same accounting policies and methods of computation are followed in the condensed consolidated interim financial statements for the six month period ended 30 June 2017 as compared with the consolidated financial statements for the year ended 31 December 2016.

The condensed consolidated interim financial statements are presented in thousands of Euros and all values are rounded to the nearest thousand except when otherwise indicated. The Group's objectives and policies for managing capital, credit risk and liquidity risk were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

The Group's operations are predominantly not subject to seasonal fluctuations.

These condensed consolidated interim financial statements have not been audited.

The condensed consolidated interim financial statements were authorized for the issue by the Board of Directors on 31 August 2017.

2.2 Changes in accounting policies

The accounting policies applied in preparing these condensed consolidated interim financial statements are consistent with those used to prepare the financial statements for the year ended 31 December 2016.

New accounting standards and amendments

For the preparation of these condensed consolidated interim financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2017 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS or not-for-profit and public sector entities since they are not relevant to the Group).

The nature and the impact of each new standard/amendment are described below:

- amendments to IAS 7, 'Statement of Cash Flows' which require entities to provide disclosures about changes in their liabilities arising from financing activities. This includes both changes arising from cash flows as well as from non-cash changes (such as foreign exchange gains and losses). Entities are not required to provide comparative information for proceeding periods.

  These amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2017, which is why additional information will be disclosed by the Group in is annual consolidated financial statements for the year ended 31 December 2017;

- amendments to IAS 12 'Income Taxes' concerning the recognition of deferred tax assets for unrealised losses. The amendments clarify that an entity needs to consider, whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Guidance is also provided on how an entity should determine the future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Retrospective application is required. On initial application of these amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or another appropriate component of equity), without allocating the change between the opening retained earnings and other components of equity. However, entities applying this relief must disclose the fact

  These amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2017.

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' clarify that disclosure requirements in IFRS 12 (other than those in paragraphs B10 – B16) apply to an entity´s subsidiary, joint venture or an associate that is classified as held for sale. These amendments do not have any effect on the Group´s condensed consolidated interim financial statements as at 30 June 2017.

New standards and interpretations not yet adopted
The following new standards, new interpretations and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been early adopted by the Group:

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

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, subject to EU adoption. The Group is assessing the impact of IFRS 15;
- IFRS 16, 'Leases' effective for reporting periods ending 31 December 2019 (early application is permitted), will replace the actual IAS 17 'Leases'. Under IFRS 16, companies will recognise new assets and liabilities, bringing added transparency to the balance sheet. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. There will be a single, on-balance model for both finance and operating leases. The Group is currently assessing the impact of IFRS 16.

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).

2.3 Estimates

The preparation of the financial statements 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 associated assumptions are based on historical experience, internal calculations and various other factors that the management believes to be reasonable under the circumstances, the results of which form the basis of judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

2.4 Change in presentation

In line with the common standards used in the real-estate business the Group's management decided to rename item "Gross rental revenue" into "Gross rental income".The nature of this item remains unchanged. Gross rental income represents total amount received by the Group from rental activities before taking into account any costs, expenses or taxes. The term "Gross rental income" shall be used since 30 June 2017 in Group's consolidated financial statements.

To ensure consistency with the presentation selected in the current period, the change was made in the comparative financial statements as at 31 December 2016 and 30 June 2016 respectively.

3 Group Structure

Control of the Group

CPI Property Group is the Group's ultimate parent company.

As at 30 June 2017 the Group is formed by parent company, 357 subsidiaries controlled by the parent company (at 31 December 2016 - 352 subsidiaries) and one joint venture. For list of subsidiaries and joint venture refer to Appendix I.

3.1 Changes in the Group in 2017

During six months of 2017, the Group has acquired/founded the following entities:

Entity	Change	Share in %	Date of acquisition/foundation
Brno Property Development, a.s.	Acquisition	86.54%	18 January 2017
REZIDENCE MASARYKOVA 36, s.r.o.	Acquisition	100.00%	7 March 2017
Andrassy Real Kft.	Acquisition	100.00%	29 March 2017
CAMPONA Shopping Center Kft.	Acquisition	100.00%	29 March 2017
Centrum Ogrody Sp. z o.o.	Acquisition	100.00%	29 March 2017
Centrum Olympia Plzeň s.r.o.	Acquisition	100.00%	29 March 2017
City Gardens Sp. z o.o.	Acquisition	100.00%	29 March 2017
FELICIA SHOPPING CENTER SRL	Acquisition	100.00%	29 March 2017
IS Nyír Kft.	Acquisition	100.00%	29 March 2017
IS Zala Kft.	Acquisition	100.00%	29 March 2017
Nisa OC s.r.o.	Acquisition	100.00%	29 March 2017
PFCE Prague investments s.r.o.	Acquisition	100.00%	29 March 2017
Pólus Shopping Center Zrt.	Acquisition	100.00%	29 March 2017
Polus Társasház Üzemeltető Kft.	Acquisition	100.00%	29 March 2017
Rezidence Jančova, s.r.o.	Founded	100.00%	27 February 2017
Rezidence Malkovského, s.r.o.	Founded	100.00%	27 February 2017
Tepelná Litvínov, s.r.o.	Founded	100.00%	27 February 2017
CPI Retail One Kft.	Founded	100.00%	4 April 2017
CPI Retail Store Kft.	Founded	100.00%	6 April 2017
CPI Retail Two Kft.	Founded	100.00%	6 April 2017
CPI Kappa, s.r.o.	Founded	100.00%	26 May 2017
Nový Projekt CPI, s.r.o.	Founded	100.00%	26 May 2017
CPI Finance CEE, a.s.	Founded	100.00%	29 May 2017
CPI Blatiny, s.r.o.	Founded	100.00%	23 June 2017

The following entities were either disposed of or liquidated in the first six months of 2017:

Entity	Change	Share in %	Date of disposal/liquidation
New Field Kft.	Disposal	100.00%	19 January 2017
Capellen S.A.	Disposal	97.31%	25 January 2017
CPI Rhea, s.r.o.	Disposal	100.00%	21 February 2017
NERONTA, a.s.	Disposal	100.00%	28 February 2017
Office Center Purkyňova, a.s.	Disposal	100.00%	7 March 2017
Týniště Property Development, s.r.o.	Disposal	100.00%	1 April 2017
VM Property Development, a.s.	Disposal	100.00%	1 April 2017
Žďár Property Development, a.s.	Disposal	100.00%	1 April 2017
Quadrio Residence, s.r.o.	Disposal	100.00%	16 June 2017
M3 BC Kft.	Disposal	100.00%	29 June 2017
Orco Germany Sp. z o.o	Liquidation	100.00%	26 January 2017
Ekodružstvo Severozápad a.s.	Liquidation	100.00%	24 February 2017
Orco Hotel Project Sp. z o.o.	Liquidation	100.00%	15 March 2017
Orco Hotel Development Sp. z o.o.	Liquidation	100.00%	21 March 2017

3.2 Acquisition through the business combinations/property asset acquisitions

Portfolio acquired from CBRE Global Investors ("CBRE GI portfolio")

On 29 March 2017, the Group has successfully acquired the high-quality retail portfolio of predominantly 11 shopping centres located in the Czech Republic, Hungary, Poland and Romania with a total leasable area of approximately 280 thousand sqm from two funds managed by CBRE Global Investors.

The acquired portfolio primarily consists of:

Regionally dominant shopping centres:
Olympia shopping centre (Plzeň, Czech Republic)
Nisa shopping centre (Liberec, Czech Republic)
Ogrody shopping centre (Elblag, Poland)
Felicia shopping centre (Iasi, Romania)
Pólus shopping centre (Budapest, Hungary)
Campona shopping centre (Budapest, Hungary)

Mix of prime high-street and office space:
Zlatý Anděl (Prague, Czech Republic)
Andrássy Complex (Budapest, Hungary)

Retail warehouses:
Interspar (Zalaegerszeg, Hungary)
Interspar (Nyiregyhaza, Hungary)

Olympia shopping centre

Olympia Plzeň was completed in 2004. It is designated as a retail shopping centre with cinema and extensive outdoor and indoor parking. The property offers 40,790 sqm of retail area distributed over two above ground floors.
The acquisition comprises as well a single storey retail park comprising of two buildings with gross lettable area of 8,155 sqm and car park with 426 parking spaces. Internally the property currently provides 11 retail units.

The acquisition was carried out through the purchase of 100% stake in Centrum Olympia Plzeň s.r.o. for the consideration paid of EUR 64.5 million.

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

Intangible assets and goodwill	3
Investment property	133,825
Property, plant and equipment	76
Total non-current assets	**133,904**
Inventories	7
Trade receivables	25
Cash and cash equivalents	969
Other non-financial current assets	1,350
Total current assets	**2,351**
Identifiable acquired assets	**136,255**
Financial debts	(690)
Deferred tax liabilities	(15,683)
Total non-current liabilities	**(16,373)**
Financial debts	(69,363)
Trade payables	(1,243)
Advance payments	(29)
Other financial current liabilities	(282)
Other non-financial current liabilities	(152)
Total current liabilities	**(71,069)**
Identifiable acquired liabilities	**(87,442)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 48.8 million. Based on the preliminary acquisition figures, as a result of this business combination, the Group recognized goodwill in the amount of EUR 15.6 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.97 million. The net cash outflow connected with the acquisition amounted to EUR 63.5 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 8.4 million and the post-acquisition total revenues amounted to EUR 2.4 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 206.1 million and net profit from continuing operations would have been EUR 191.8 million.

Nisa shopping centre

Nisa represents a modern shopping centre with associated parking, constructed in 1999 and extended in 2008. It offers 48,949 sqm of lettable area. It is constructed over two or three above ground floors and is of rectangular layout. The upper floor is accommodates cinema, casino and restaurant. The ground and first floor levels include retail units. Internally the property currently provides 166 retail units.

The acquisition was carried out through the purchase of 100% stake in Nisa OC s.r.o. for the consideration paid of EUR 10.2 million.

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

Intangible assets and goodwill	2
Investment property	81,510
Property, plant and equipment	483
Total non-current assets	**81,995**
Inventories	1
Trade receivables	369
Cash and cash equivalents	2,956
Other non-financial current assets	1,828
Total current assets	**5,154**
Identifiable acquired assets	**87,149**
Financial debts	(71,812)
Deferred tax liabilities	632
Other non-current liabilities	(1,257)
Total non-current liabilities	**(72,437)**
Financial debts	(64)
Trade payables	(73)
Advance payments	(313)
Other financial current liabilities	(2,100)
Other non-financial current liabilities	(273)
Total current liabilities	**(2,823)**
Identifiable acquired liabilities	**(75,260)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 11.9 million. Based on the preliminary acquisition figures, as a result of this business combination, the Group recognized bargain purchase in the amount of EUR 1.7 million. The gain on bargain purchase is recognized as a part of other operating income.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 3 million. The net cash outflow connected with the acquisition amounted to EUR 7.2 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 12.9 million and the post-acquisition total revenues amounted to EUR 0.8 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 205.5 million and net profit from continuing operations would have been EUR 190.7 million.

Ogrody shopping centre

Ogrody shopping center is located approximately 3.5 km to the north of Elblag city center. It was constructed in 2002 and its reconstruction was completed in March 2015. It provides a total gross lettable area of approximately 41,931 sqm with ca. 1,250 parking spaces. The shopping centre provides in total 127 retail units with most of them being located on the ground and first floor.

The acquisition was carried out through the purchase of 100% stakes in City Gardens Sp. z o.o. and Centrum Ogrody Sp. z o.o. for the consideration paid of PLN 10.2 million (app. EUR 2.4 million).

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

Investment property	112,967
Total non-current assets	**112,967**
Trade receivables	661
Cash and cash equivalents	1,828
Other financial current assets	127
Other non-financial current assets	71
Total current assets	**2,687**
Identifiable acquired assets	**115,654**
Financial debts	(107,036)
Deferred tax liabilities	(250)
Other non-current liabilities	(322)
Total non-current liabilities	**(107,608)**
Financial debts	(4,067)
Trade payables	(411)
Advance payments	(54)
Other financial current liabilities	(70)
Other non-financial current liabilities	(1,032)
Total current liabilities	**(5,634)**
Identifiable acquired liabilities	**(113,242)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 2.4 million. Based on the preliminary acquisition figures, as a result of this business combination, neither goodwill nor bargain purchase was recognized.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 1.9 million. The net cash outflow connected with the acquisition amounted to EUR 0.5 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 7.4 million and the post-acquisition total revenues amounted to EUR 1.9 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 206.4 million and net profit from continuing operations would have been EUR 191.7 million.

Felicia shopping centre

Felicia shopping centre is located south-east of Iasi city, within the industrial district. Commercial gallery spread on ground level, part of a traditional medium shopping centre of approximately 26,500 sqm of gross lettable area, anchored by Carrefour hypermarket. The property also includes shopping gallery, part of common areas and office space located at 1st floor.

The acquisition was carried out through the purchase of 100% stake in FELICIA SHOPPING CENTER SRL for the consideration paid of EUR 6.01 million.

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

Intangible assets and goodwill	1
Investment property	24,991
Total non-current assets	**24,992**
Inventories	9
Trade receivables	660
Cash and cash equivalents	738
Other non-financial current assets	94
Total current assets	**1,501**
Identifiable acquired assets	**26,493**
Deferred tax liabilities	726
Total non-current liabilities	**726**
Financial debts	(18,982)
Trade payables	(161)
Advance payments	(165)
Other financial current liabilities	(582)
Other non-financial current liabilities	(103)
Total current liabilities	**(19,993)**
Identifiable acquired liabilities	**(19,267)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 7.2 million. Based on the preliminary acquisition figures, as a result of this business combination, the Group recognized bargain purchase in the amount of EUR 1.2 million. The gain on bargain purchase is recognized as a part of other operating income.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.7 million. The net cash outflow connected with the acquisition amounted to EUR 5.27 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 4.5 million and the post-acquisition total revenues amounted to EUR 0.8 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 203.9 million and net profit from continuing operations would have been EUR 190.3 million.

Polus shopping centre

Polus shopping center represents a shopping centre development with associated parking and office accommodation completed in 1996. It extends to a total lettable area of approximately 40,274 sqm with 2,500 car parking spaces.

The acquisition was carried out through the purchase of 100% stakes in Pólus Shopping Center Zrt. and Polus Társasház Üzemeltető Kft. for the consideration paid of EUR 1.5 million.

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

Investment property	75,091
Property, plant and equipment	1
Trade and other receivables	444
Total non-current assets	**75,536**
Trade receivables	324
Cash and cash equivalents	3,061
Other non-financial current assets	292
Total current assets	**3,677**
Identifiable acquired assets	**79,213**
Financial debts	(74,917)
Deferred tax liabilities	(73)
Other non-current liabilities	(812)
Total non-current liabilities	**(75,802)**
Trade payables	(327)
Other financial current liabilities	(1,517)
Other non-financial current liabilities	(111)
Total current liabilities	**(1,955)**
Identifiable acquired liabilities	**(77,757)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 1.5 million. Based on the preliminary acquisition figures, as a result of this business combination, neither goodwill nor bargain purchase was recognized.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 3.1 million. The net cash inflow connected with the acquisition amounted to EUR 1.6 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 10.1 million and the post-acquisition total revenues amounted to EUR 1.8 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 206.3 million and net profit from continuing operations would have been EUR 188.8 million.

Campona shopping centre

Campona shopping centre was constructed in two phases between 1997 and 2000. The first phase consists of the retail units in a two-storey shopping centre while the second phase consists of the Tropicarium and the cinema. There is and open parking house in a separate building providing about 2,000 parking spaces on three floors.

The acquisition was carried out through the purchase of 100% stake in Campona Shopping Center Kft. for the consideration paid of EUR 2.1 million.

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

Investment property	66,249
Trade and other receivables	319
Total non-current assets	**66,568**
Trade receivables	557
Cash and cash equivalents	1,495
Other financial current assets	231
Other non-financial current assets	1,325
Total current assets	**3,608**
Identifiable acquired assets	**70,176**
Financial debts	(64,915)
Deferred tax liabilities	75
Other non-current liabilities	(934)
Total non-current liabilities	**(65,774)**
Trade payables	(447)
Advance payments	(5)
Other financial current liabilities	(691)
Other non-financial current liabilities	50
Total current liabilities	**(1,093)**
Identifiable acquired liabilities	**(66,867)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 3.3 million. Based on the preliminary acquisition figures, as a result of this business combination, the Group recognized bargain purchase in the amount of EUR 1.2 million. The gain on bargain purchase is recognized as a part of other operating income.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 1.5 million. The net cash outflow connected with the acquisition amounted to EUR 0.6 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 6.5 million and the post-acquisition total revenues amounted to EUR 1.0 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 205.1 million and net profit from continuing operations would have been EUR 190.3 million.

Zlatý Anděl

Zlatý Anděl represents a modern office development with associated parking, storage and retail accommodation. The building was constructed in 1999 and well maintained with last renovation in 2016. It extends to a total lettable area of 20,997 sqm and offers 218 car parking spaces. The property benefits from high levels of foot fall and perfect visibility.

The acquisition was carried out through the purchase of 100% stake in PFCE Prague investments s.r.o. for the consideration paid of EUR 48.9 million.

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

Investment property	101,423
Property, plant and equipment	2
Total non-current assets	**101,425**
Inventories	6
Current income tax receivables	58
Trade receivables	393
Cash and cash equivalents	1,490
Other non-financial current assets	774
Total current assets	**2,721**
Identifiable acquired assets	**104,146**
Financial debts	(52,935)
Deferred tax liabilities	(15,181)
Other non-current liabilities	(511)
Total non-current liabilities	**(68,627)**
Trade payables	(434)
Other financial current liabilities	(1,270)
Other non-financial current liabilities	(166)
Total current liabilities	**(1,870)**
Identifiable acquired liabilities	**(70,497)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 33.6 million. Based on the preliminary acquisition figures, as a result of this business combination, the Group recognized goodwill in the amount of EUR 15.3 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 1.5 million. The net cash outflow connected with the acquisition amounted to EUR 47.5 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 10.1 million and the post-acquisition total revenues amounted to EUR 0.2 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 204.7 million and net profit from continuing operations would have been EUR 190.3 million.

Andrássy Complex

Andrássy Complex represents a modern office development with associated parking and storage accommodation extending to a total lettable area of 8,637 sqm with 161 parking spaces. The project includes two office buildings. The parking facility is located on four underground floors of a separate residential building.
The acquisition was carried out through the purchase of 100% stake in Andrássy Real Kft. for the consideration paid of EUR 4.1 million.

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

Investment property	16,308
Trade and other receivables	10
Total non-current assets	**16,318**
Trade receivables	258
Cash and cash equivalents	209
Other financial current assets	1
Other non-financial current assets	59
Total current assets	**527**
Identifiable acquired assets	**16,845**
Financial debts	(12,365)
Other non-current liabilities	(114)
Total non-current liabilities	**(12,479)**
Trade payables	(91)
Other financial current liabilities	(168)
Other non-financial current liabilities	(25)
Total current liabilities	**(284)**
Identifiable acquired liabilities	**(12,763)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 4.1 million. Based on the preliminary acquisition figures, as a result of this business combination, neither goodwill nor bargain purchase was recognized.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.2 million. The net cash outflow connected with the acquisition amounted to EUR 3.9 million.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 2.8 million and the post-acquisition total revenues amounted to EUR 0.4 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 203.6 million and net profit from continuing operations would have been EUR 190.0 million.

Interspar Zala

Interspar Zalaegerszeg represents a retail warehouse development with associated office, parking, storage and loading areas delivered to the market in 1999. It extends to a total lettable area of approximately 9,082 sqm with 308 surface parking spaces. The property is constructed over two above ground floors including ground floor and partially first floor for offices. The property is currently undergoing refurbishment.

The acquisition was carried out through the purchase of 100% stake in IS Zala Ingatlanhasznosító és Vagyonkezelo Kft. for the consideration paid of EUR 152 thousand.

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

Investment property	8,843
Trade and other receivables	783
Total non-current assets	**9,626**
Trade receivables	50
Cash and cash equivalents	111
Other non-financial current assets	1
Total current assets	**162**
Identifiable acquired assets	**9,788**
Financial debts	(8,787)
Deferred tax liabilities	(2)
Total non-current liabilities	**(8,789)**
Trade payables	(32)
Other financial current liabilities	(43)
Other non-financial current liabilities	(773)
Total current liabilities	**(848)**
Identifiable acquired liabilities	**(9,637)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 0.2 million. Based on the preliminary acquisition figures, as a result of this business combination, neither goodwill nor bargain purchase was recognized.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 111 thousand. The net cash outflow connected with the acquisition amounted to EUR 41 thousand.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 0.6 million and the post-acquisition total revenues amounted to EUR 0.3 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 203.3 million and net profit from continuing operations would have been EUR 190.0 million.

Interspar Nyír

Interspar Nyíregyháza represents a retail warehouse development with associated office, parking, storage and loading areas completed in 1999. It extends to a total lettable area of approximately 8,723 sqm with 280 surface parking spaces. The subject property is constructed over three above ground floors including ground floor used as parking area, upper ground floor and partially first floor for offices.

The acquisition was carried out through the purchase of 100% stake in IS Nyír Ingatlanhasznosító és Vagyonkezelo Kft. for the consideration paid of EUR 519 thousand.

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

Investment property	3,613
Total non-current assets	**3,613**
Trade receivables	2
Cash and cash equivalents	188
Other financial current assets	2
Total current assets	**192**
Identifiable acquired assets	**3,805**
Financial debts	(3,136)
Deferred tax liabilities	(8)
Total non-current liabilities	**(3,144)**
Trade payables	(32)
Other financial current liabilities	(2)
Other non-financial current liabilities	(107)
Total current liabilities	**(141)**
Identifiable acquired liabilities	**(3,285)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 0.5 million. Based on the preliminary acquisition figures, as a result of this business combination, neither goodwill nor bargain purchase was recognized.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 188 thousand. The net cash outflow connected with the acquisition amounted to EUR 331 thousand.

The post-acquisition profit from date of acquisition until 30 June 2017 amounted to EUR 3.0 million and the post-acquisition total revenues amounted to EUR 0.2 million.

If the acquisition had occurred on 1 January 2017 with all other variables held constant, the Group total revenues for the six months of 2017 would have been EUR 203.4 million and net profit from continuing operations would have been EUR 190.2 million.

Hotel Vladimír, Ústí nad Labem

On 7 March 2017, the Group acquired 100% stake of REZIDENCE MASARYKOVA 36, s.r.o. company owning and operating Hotel Vladimír in Ústí nad Labem. Following the acquisition, as at 30 June 2017 the operation of this hotel was already secured by CPI Hotels a.s., operator of the majority of the Group´s hospitality portfolio.

This acquisition was recognized as a property asset acquisition as the company do not consists of business as defined by IFRS.

Consideration paid for 100% stake amounted to CZK 62.5 million (approximately EUR 2.3 million).

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

Intangible assets and goodwill	2
Investment propert	2,733
Total non-current assets	**2,735**
Inventories	9
Trade receivables	39
Cash and cash equivalents	29
Total current assets	**77**
Identifiable acquired assets	**2,812**
Deferred tax liabilities	(395)
Total non-current liabilities	**(395)**
Trade payables	(63)
Advance payments	(1)
Other financial current liabilities	(1)
Other non-financial current liabilities	(42)
Total current liabilities	**(107)**
Identifiable acquired liabilities	**(502)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 2.3 million.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 29 thousand. The net cash outflow connected with the acquisition amounted to EUR 2.28 million.

Brno Property Development, a.s.

On 17 January 2017, the Group acquired 100% stake in Brno Property Development, a.s. The acquired entity owns land bank of approximately 5,358 sqm. The consideration paid amounted to CZK 41.7 million (app. EUR 1.5 million).

This acquisition was recognized as a property asset acquisition as the company do not consists of business as defined by IFRS.
As at the date of acquisition, the identifiable assets of the acquired company represent investment property in the amount of EUR 2.8 million, cash and cash equivalents acquired in the amount of EUR 2 thousand and other non-financial current assets in the amount of EUR 2 thousand. The carrying value of the identifiable liabilities at the date of acquisition represents financial debts in the amount EUR 1.3 million.
Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR 1.5 million. The net cash outflow connected with the acquisition amounted to EUR 1.5 million.

Acquisitions through business combinations in 2017 – summary

The undermentioned table summarizes the amounts of revenue and profit or loss of the acquirees prior they were acquired by the Group and shows the total revenue and profit and loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the six months of 2017 had been as of the beginning of the reporting period.

	Olympia shopping centre	Felicia shopping centre	Zlatý Anděl	Nisa shopping centre	Polus shopping centre	Andrássy Complex	Interspar Zala	Interspar Nyír	Campona shopping centre	Ogrody shopping centre	Total revenues and profit before acquisition	Total revenues and profit of the Group for six month period ended 30 June 2017	AS IF TOTAL REVENUES AND PROFIT
Rental revenues	2,910	764	1,606	2,396	3,127	489	125	214	2,006	3,231	**16,868**	132,082	**148,950**
Development sales	--	--	--	--	--	--	--	--	--	--	**--**	1,900	**1,900**
Hotel revenues	--	--	--	--	--	--	--	--	--	--	**--**	46,763	**46,763**
Revenue from other business operations	--	--	--	--	--	--	--	--	--	--	**--**	22,395	**22,395**
Total revenues	**2,910**	**764**	**1,606**	**2,396**	**3,127**	**489**	**125**	**214**	**2,006**	**3,231**	**16,868**	**203,140**	**220,008**
Net profit/(loss) from continuing operations	**1,625**	**143**	**144**	**541**	**(1,388)**	**(98)**	**(175)**	**70**	**109**	**1,521**	**2,492**	**190,146**	**192,638**

3.3 Disposal of subsidiaries in 2017

The Group decided to proceed with this disposal of the following subsidiaries, since they were considered as a non-core assets:

- the Group disposed of Capellen Invest S.A., an office project disclosed as asset held for sale as at 31 December 2016, on 25 January 2017;
- the sale of hotel Rhea was completed on 21 February 2017;
- on 28 February 2017, the Group sold Lozorno Logistics Park, located outside of Bratislava, comprising of 5 halls with total rentable space reaching up to 118,000 square meters;
- on 7 March 2017 the Group disposed of the Purkyňova office building located in Brno, Czech Republic, an modern building with an area exceeding 11,300 sqm;
- the Group sold three land bank projects located in the Czech Republic on 1 April 2017;
- the remaining three entities disposed of (two Hungarian and one Czech) represent companies without property which were sold during H1 to a third party.

3.4 Changes in the Group in 2016

During 2016, the Group has acquired/founded the following entities:

Entity	Change	Share in %	Date of acquisition/foundation
Bondy Centrum s.r.o.	acquisition	100.00%	1 February 2016
Obchodní a společenské centrum České Budějovice, s.r.o.	acquisition	100.00%	18 March 2016
Shopinvest a.s.	acquisition	100.00%	18 March 2016
Tarnów Property Development Sp. z o.o.	acquisition	100.00%	22 March 2016
Blue Yachts d.o.o.	acquisition	43.37%	19 May 2016
Hotel Sirena d.o.o.	acquisition	61.95%	19 May 2016
IVRAVODA LIMITED	acquisition	100.00%	19 May 2016
PTR PRIME TOURIST RE SORTS (CYPRUS) LIMITED	acquisition	100.00%	19 May 2016
Sunčani Hvar d.d.	acquisition	61.95%	19 May 2016
Asmihati Holding Limited	acquisition	97.31%	8 June 2016
Aspley Ventures Limited	acquisition	100.00%	8 June 2016
Brillant 1419 GmbH & Co. Verwaltungs KG	acquisition	97.31%	8 June 2016
Bubenská 1, a.s.	acquisition	97.31%	8 June 2016
Bubny Development, s.r.o.	acquisition	97.31%	8 June 2016
BYTY PODKOVA, a.s.	acquisition	97.31%	8 June 2016
Capellen Invest S.A.	acquisition	97.31%	8 June 2016
CEREM S.A.	acquisition	97.31%	8 June 2016
Darilia a.s.	acquisition	97.31%	8 June 2016
Data Trade s.r.o.	acquisition	97.31%	8 June 2016
Development Doupovská, s.r.o.	acquisition	72.98%	8 June 2016
Development Pražská s.r.o.	acquisition	97.31%	8 June 2016
Diana Property Sp. z o.o.	acquisition	97.31%	8 June 2016
Endurance Real Estate Management Company	acquisition	97.31%	8 June 2016
Estate Grand, s.r.o.	acquisition	97.31%	8 June 2016
Famiaco	acquisition	97.31%	8 June 2016
Fetumar Development Limited	acquisition	100.00%	8 June 2016
Grunt HZ s.r.o.	acquisition	97.31%	8 June 2016
HAGIBOR OFFICE BUILDING, a.s.	acquisition	97.31%	8 June 2016
Industrial Park Stříbro, s.r.o.	acquisition	97.31%	8 June 2016
Jagapa Limited	acquisition	100.00%	8 June 2016
JIHOVÝCHODNÍ MĚSTO, a.s.	acquisition	97.31%	8 June 2016
Marki Real Estate Sp. z o.o. (Orco Poland Sp.z.o.o.)	acquisition	97.31%	8 June 2016
Na Poříčí, a.s.	acquisition	97.31%	8 June 2016
NOVÁ ZBROJOVKA, s.r.o. (BIANKO, s.r.o.)	acquisition	97.31%	8 June 2016
Nupaky a.s.	acquisition	97.31%	8 June 2016
Oak Mill, a.s.	acquisition	97.31%	8 June 2016
OFFICE CENTER HRADČANSKÁ, a.s.	acquisition	97.31%	8 June 2016
ORCO Development Kft.	acquisition	97.31%	8 June 2016

Entity	Change	Share in %	Date of acquisition/foundation
Orco Praga, s.r.o., člen holdingu ORCO PROPERTY GROUP SA	acquisition	97.31%	8 June 2016
Orco Project Limited	acquisition	97.31%	8 June 2016
Orco Property Group S.A.	acquisition	97.31%	8 June 2016
STRM Alfa, a.s.	acquisition	97.31%	8 June 2016
STRM Beta, a.s.	acquisition	97.31%	8 June 2016
STRM Delta, a.s.	acquisition	97.31%	8 June 2016
STRM Gama, a.s.	acquisition	97.31%	8 June 2016
TQE Asset, a.s.	acquisition	97.31%	8 June 2016
Váci 190 Projekt Kft.	acquisition	97.31%	8 June 2016
Vinohrady SARL	acquisition	97.31%	8 June 2016
CPI Retails ROSA, s.r.o.	acquisition	100.00%	13 July 2016
CPI Hotels Hungary	acquisition	100.00%	31 August 2016
CPI Hotels Poland Sp. z o.o.	acquisition	100.00%	31 August 2016
CPI Hotels Slovakia, a.s.	acquisition	100.00%	31 August 2016
CPI Hotels, a.s.	acquisition	100.00%	31 August 2016
Hotel Lucemburská, s.r.o.	acquisition	100.00%	31 August 2016
CPI Retails Brandýs, s.r.o.	acquisition	100.00%	30 September 2016
CPI – Horoměřice, a.s.	acquisition	86.54%	1 October 2016
Jetřichovice Property, a.s.	acquisition	86.54%	1 October 2016
SCI MAS CANTAGRELI	acquisition	100.00%	29 November 2016
SCP AILEY	acquisition	100.00%	29 November 2016
SCP CISKEY	acquisition	100.00%	29 November 2016
SCP KANDLER	acquisition	100.00%	29 November 2016
SCP MADRID	acquisition	100.00%	29 November 2016
SCP NEW BLUE BIRD	acquisition	100.00%	29 November 2016
SCP PIERRE CHARRON	acquisition	100.00%	29 November 2016
CM Hôtels SA	acquisition	100.00%	1 December 2016
GSG Mobilien GmbH	acquisition	99.75%	13 December 2016
CPI Retails Třinec, a.s.	acquisition	100.00%	14 December 2016
SCP CAYO	acquisition	100.00%	14 December 2016
SCP VILLA DE TAHITI	acquisition	100.00%	14 December 2016
QTW Czech, s.r.o.	acquisition	100.00%	21 December 2016
NUKASSO HOLDINGS LIMITED	founded	100.00%	23 May 2016
CPI Finance Slovakia II, a. s.	founded	100.00%	16 August 2016
CPI Residential, a.s.	founded	100.00%	22 August 2016
CPI Retail Portfolio Holding Kft.	founded	100.00%	7 November 2016
Projekt Nisa, s.r.o.	founded	100.00%	19 December 2016
Projekt Zlatý Anděl, s.r.o.	founded	100.00%	19 December 2016

The following entities were disposed or liquidated in 2016:

Entity	Change	Share in %	Date of disposal/liquidation
CPI City Center ÚL, a.s.	disposal	100.00%	30 June 2016
Hotel Rosslyn Kft.	disposal	100.00%	30 June 2016
Prague Property Development, s.r.o.	disposal	100.00%	30 June 2016
BAYTON Delta, a.s.	disposal	100.00%	30 September 2016
CPI Luna, s.r.o.	disposal	100.00%	30 September 2016
CURITIBA a.s.	disposal	100.00%	30 September 2016
Regionální Portfolio, a.s.	disposal	100.00%	30 September 2016
VERETIX a.s.	disposal	100.00%	30 September 2016
Oak Mill, a.s.	disposal	97.31%	1 November 2016
ORCO Development Kft.	disposal	97.31%	3 November 2016
Bright Site Kft.	disposal	100.00%	15 December 2016
TQE Asset, a.s.	disposal	97.31%	15 December 2016
Váci 190 Projekt Kft.	disposal	97.31%	15 December 2016
Orco Hotel Project Sp. Z. o.o	liquidation	100.00%	12 December 2016
Asmihati Holding Limited	liquidation	97.31%	16 December 2016

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.
The structure of operating segments remains unchanged in 2017 compared to the financial statements as at 31 December 2016.

Income generating rental properties

Within the segment "Income generating rental properties" the Group is considered to have six types of assets as at 30 June 2017, 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 30 June 2017 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 land bank 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.

As at 30 June 2017

Consolidated profit or loss	Income generating - rental properties						Income generating - operational properties					
30 June 2017	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality	Mountain resorts	Land bank	Development	Total consolidated
Gross rental income	55,818	49,671	9,674	3,351	360	(71)	--	--	--	876	--	119,679
Service revenue	403	191	4	1	--	4,566	--	--	--	6	--	5,171
Net service charge income	7,121	(663)	8	(196)	--	1,109	--	--	--	(147)	--	7,231
Property operating expenses	(11,306)	(4,232)	(5,650)	(382)	(420)	(3,511)	--	--	--	(756)	(34)	(26,291)
Net rental income	**52,036**	**44,967**	**4,036**	**2,774**	**(60)**	**2,093**	**--**	**--**	**--**	**(21)**	**(34)**	**105,790**
Development sales	54	--	--	--	--	--	--	--	--	1,846	--	1,900
Cost of goods sold	--	--	--	--	--	--	--	--	--	(68)	--	(68)
Development operating expenses	13	--	--	--	--	--	--	--	--	(1,490)	(1,137)	(2,614)
Net development income	**67**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**288**	**(1,137)**	**(782)**
Hotel revenue	--	--	--	--	--	--	--	46,763	--	--	--	46,763
Cost of goods sold	--	--	--	--	--	--	--	(107)	--	--	--	(107)
Hotel operating expenses	--	--	--	--	--	--	--	(32,925)	--	--	--	(32,925)
Net hotel income	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**13,731**	**--**	**--**	**--**	**13,731**
Revenue from other business operations	--	--	--	--	--	--	5,665	--	16,730	--	--	22,395
Cost of goods sold	--	--	--	--	--	--	(70)	--	(999)	--	--	(1,069)
Related operating expenses	--	--	--	--	--	--	(3,982)	--	(12,629)	--	--	(16,611)
Net income from other business operations	**--**	**--**	**--**	**--**	**--**	**--**	**1,613**	**--**	**3,102**	**--**	**--**	**4,715**
Total revenues	63,396	49,199	9,686	3,156	360	5,604	5,665	46,763	16,730	2,581	--	203,139
Total direct business operating expenses	(11,293)	(4,232)	(5,650)	(382)	(420)	(3,511)	(4,052)	(33,032)	(13,628)	(2,314)	(1,171)	(79,685)
Net business income	**52,103**	**44,967**	**4,036**	**2,774**	**(60)**	**2,093**	**1,613**	**13,731**	**3,102**	**267**	**(1,171)**	**123,454**
Net valuation gain or loss on investment property	15,753	89,936	53,721	--	--	--	367	--	--	69,444	--	229,221
Net gain or loss on the disposal of investment property	(8)	(357)	283	(5)	--	(53)	--	(2)	--	(69)	--	(211)
Net gain or loss on disposal of subsidiaries	15,844	--	(119,116)	(5,329)	(7,398)	113,944	--	--	--	319	--	(1,736)
Amortization, depreciation and impairments	(618)	(647)	13	(30)	--	1,020	(521)	(9,529)	(4,782)	234	112	(14,748)
Other operating income	2,029	4,977	59	50	--	786	--	99	3	56	--	8,059
Administrative expenses	(5,184)	(1,609)	(604)	(78)	(8)	(12,940)	--	(494)	(743)	(243)	(60)	(21,963)
Other operating expenses	11	(795)	(82)	(64)	(151)	(137)	6	2,010	173	(1,976)	(461)	(1,465)
Operating result	**799,930**	**136,472**	**(61,690)**	**(2,682)**	**(7,617)**	**104,713**	**1,465**	**5,815**	**(2,246)**	**68,032**	**(1,580)**	**320,611**
Interest income	--	317	43	7	26	1,346	--	748	--	--	--	2,487
Interest expense	(11,967)	(10,223)	(3,592)	(449)	--	(16,761)	(276)	(2,893)	(493)	250	(329)	(46,733)
Other net financial result	(3,053)	(11,977)	(62)	(47)	(277)	(24,506)	588	(2,154)	(35)	(4,033)	159	(45,397)
Net finance income/(costs)	**(15,020)**	**(21,883)**	**(3,611)**	**(489)**	**(251)**	**(39,921)**	**312**	**(4,299)**	**(528)**	**(3,783)**	**(170)**	**(89,643)**
Profit/(loss) before income tax	**64,910**	**114,589**	**(65,301)**	**(3,171)**	**(7,868)**	**64,792**	**1,777**	**1,516**	**(2,774)**	**64,249**	**(1,750)**	**230,968**
Income tax expense	(8,608)	(12,527)	(10,426)	(56)	--	1,212	(120)	877	229	(11,432)	29	(40,822)
Net profit/(loss) from continuing operations	**56,302**	**102,062**	**(75,727)**	**(3,227)**	**(7,868)**	**66,004**	**1,657**	**2,393**	**(2,545)**	**52,817**	**(1,721)**	**190,146**

As at 30 June 2016

Consolidated profit or loss 30 June 2016	Income generating - rental properties: Office	Retail	Residential	Industry and Logistics	Hotels	Other	Income generating - operational properties: Agriculture	Hospitality	Mountain resorts	Land bank	Development	Total consolidated
Gross rental income	50,299	36,848	9,352	5,926	11,196	60	--	--	--	286	--	113,967
Service revenue	669	33	4	1	9	5,057	--	--	--	--	--	5,773
Net service charge income	2,400	610	131	(611)	5	1,875	--	--	--	(117)	--	4,293
Property operating expenses	(6,241)	(4,682)	(4,657)	(638)	(2,195)	(2,841)	--	--	--	(107)	(27)	(21,388)
Net rental income	**47,127**	**32,809**	**4,830**	**4,678**	**9,015**	**4,151**	**--**	**--**	**--**	**62**	**(27)**	**102,645**
Development sales	--	--	--	--	--	--	--	--	--	--	204	204
Cost of goods sold	--	--	--	--	--	--	--	--	--	--	(7)	(7)
Development operating expenses	--	--	--	--	--	--	--	--	--	--	(483)	(483)
Net development income	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**(286)**	**(286)**
Hotel revenue	--	--	--	--	--	--	--	10,745	--	--	--	10,745
Cost of goods sold	--	--	--	--	--	--	--	(3)	--	--	--	(3)
Hotel operating expenses	--	--	--	--	--	--	--	(7,153)	--	--	--	(7,153)
Net hotel income	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**3,589**	**--**	**--**	**--**	**3,589**
Revenue from other business operations	--	--	--	--	--	--	5,630	--	11,165	--	--	16,795
Cost of goods sold	--	--	--	--	--	--	(145)	--	--	--	--	(145)
Related operating expenses	--	--	--	--	--	--	(2,657)	--	(10,682)	--	--	(13,339)
Net income from other business operations	**--**	**--**	**--**	**--**	**--**	**--**	**2,828**	**--**	**483**	**--**	**--**	**3,311**
Total revenues	53,368	37,491	9,487	5,316	11,210	6,992	5,630	10,745	11,165	169	204	151,777
Total direct business operating expenses	(6,241)	(4,682)	(4,657)	(638)	(2,195)	(2,841)	(2,802)	(7,156)	(10,682)	(107)	(517)	(42,518)
Net business income	**47,127**	**32,809**	**4,830**	**4,678**	**9,015**	**4,151**	**2,828**	**3,589**	**483**	**62**	**(313)**	**109,259**
Net valuation gain or loss on investment property	111	219	--	(364)	(1,307)	--	180	--	--	--	--	(1,161)
Net gain or loss on the disposal of investment property	(196)	(97)	18	--	--	126	--	--	--	(181)	--	(330)
Net gain or loss on disposal of subsidiaries	1,385	561	1,411	--	1,352	(4,709)	--	--	--	--	--	--
Amortization, depreciation and impairments	(1,744)	(2)	(285)	--	(544)	1,978	(649)	(1,090)	(2,603)	11	--	(4,928)
Other operating income	667	1,780	50	1	89	164	--	9,372	--	70	(3)	12,190
Administrative expenses	(5,083)	(243)	(307)	(104)	(62)	(11,664)	--	(334)	(66)	(187)	(624)	(18,674)
Other operating expenses	(81)	35	(80)	(12)	(959)	(253)	--	(12)	1	160	(104)	(1,305)
Operating result	**42,186**	**35,062**	**5,637**	**4,199**	**7,584**	**(10,207)**	**2,359**	**11,525**	**(2,185)**	**(65)**	**(1,044)**	**95,051**
Interest income	1,064	524	15	4	30	3,656	--	--	--	--	--	5,293
Interest expense	(11,742)	(9,470)	(2,882)	(696)	(2,211)	(15,925)	(337)	(558)	(431)	(23)	(400)	(44,675)
Other net financial result	275	(2,512)	(12)	(150)	(225)	2,563	(968)	4,125	(52)	(364)	(3)	2,677
Net finance income/(costs)	**(10,403)**	**(11,458)**	**(2,879)**	**(842)**	**(2,406)**	**(9,706)**	**(1,305)**	**3,567**	**(483)**	**(387)**	**(403)**	**(36,705)**
Profit/(loss) before income tax	**31,783**	**23,604**	**2,758**	**3,357**	**5,178**	**(19,913)**	**1,054**	**15,092**	**(2,668)**	**(452)**	**(1,447)**	**58,346**
Income tax expense	(10,051)	(1,283)	(1,491)	(869)	1,550	3,834	(190)	(3,600)	342	2,515	(4,760)	(14,003)
Net profit/(loss) from continuing operations	**21,732**	**22,321**	**1,267**	**2,488**	**6,728**	**(16,079)**	**864**	**11,492**	**(2,326)**	**2,063**	**(6,207)**	**44,343**

As at 30 June 2017

Statement of financial position	Income generating - rental properties						Income generating - operational properties					
30 June 2017	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality	Mountain resorts	Land bank	Development	Total consolidated
Gross assets value	**2,071,937**	**1,783,180**	**457,614**	**75,468**	**38,000**	**3,581**	**81,489**	**542,997**	**116,585**	**435,601**	**98,725**	**5,705,177**
Investment Property	2,060,510	1,782,631	457,118	75,468	38,000	--	71,877	--	--	422,160	15,455	4,923,219
Property, plant and equipment	11,371	505	496	--	--	3,564	8,641	541,716	116,071	26	--	682,390
Inventories	56	44	--	--	--	17	971	1,281	514	13,415	83,270	99,568
Biological assets	--	--	--	--	--	--	7,516	--	--	--	--	7,516
Other assets non-current	54,180	42,326	263	57	45,052	150,043	9,657	10,472	4,912	954	121	318,037
Other assets current	40,223	36,106	22,196	935	733	63,277	8,621	32,346	2,481	12,678	4,087	223,683
Cash and cash equivalents	55,336	72,725	7,511	4,495	428	59,192	2,546	17,294	675	1,653	13,246	235,101
Total Assets	**2,221,676**	**1,934,337**	**487,584**	**80,955**	**84,213**	**276,093**	**109,829**	**603,109**	**124,653**	**450,886**	**116,179**	**6,489,512**
Other payables non-current	334,579	139,881	56,769	5,123	2,429	(1,581)	12,641	32,727	5,750	30,729	3,430	622,477
Finance debts non-current	551,307	838,162	3,560	15,657	25,047	34,543	31,324	179,515	23,091	1,403	37,350	1,740,959
Bonds issued non-current	--	42,509	112,340	--	--	533,151	--	--	--	--	--	688,000
Other payables current	52,911	42,091	26,616	1,527	1,200	19,726	5,049	23,197	11,284	3,365	6,977	193,943
Finance debts current	314,787	102,247	79,765	16,679	32	34,123	1,553	18,953	27,073	207	--	595,419
Bonds issued current	--	11,052	755	--	--	38,435	--	--	--	--	--	50,242
Total Liabilities	**1,253,584**	**1,175,942**	**279,805**	**38,986**	**28,708**	**658,397**	**50,567**	**254,392**	**67,198**	**35,704**	**47,757**	**3,891,040**

As at 31 December 2016

Statement of financial position	Income generating - rental properties						Income generating - operational properties					
31 December 2016	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality	Mountain resorts	Land bank	Development	Total consolidated
Gross assets value	**1,984,950**	**1,080,139**	**390,577**	**73,171**	**38,000**	**3,171**	**79,420**	**540,166**	**117,164**	**357,245**	**90,472**	**4,754,475**
Investment Property	1,973,333	1,079,717	390,257	73,171	38,000	--	69,683	--	--	346,104	7,430	3,977,696
Property, plant and equipment	11,550	413	320	--	--	3,154	8,464	538,935	116,064	26	--	678,926
Inventories	67	9	--	--	--	17	1,273	1,231	1,100	11,115	83,042	97,854
Biological assets	--	--	--	--	--	--	6,197	--	--	--	--	6,197
Other assets non-current	51,209	3,388	365	616	25	137,873	9,723	45,230	5,091	1,201	6	254,727
Other assets current	102,936	30,147	16,656	74,668	8,805	57,614	6,075	28,487	4,212	9,291	3,886	342,777
Cash and cash equivalents	43,445	46,161	15,526	4,423	637	160,251	2,280	15,198	810	2,558	12,444	303,733
Total Assets	**2,182,540**	**1,159,835**	**423,124**	**152,878**	**47,467**	**358,909**	**103,695**	**629,081**	**127,277**	**370,295**	**106,808**	**5,661,909**
Other payables non-current	318,694	95,498	44,737	5,185	2,429	1,958	13,015	32,760	6,346	19,018	2,814	542,454
Finance debts non-current	525,647	415,372	37,854	16,292	24,490	14,476	31,863	173,806	21,822	1,475	31,022	1,294,119
Bonds issued non-current	--	41,358	79,842	--	--	535,580	--	--	--	--	--	656,780
Other payables current	65,380	24,367	19,628	47,946	1,345	40,672	1,303	18,057	21,361	2,640	5,005	247,704
Finance debts current	319,407	105,536	44,520	14,132	--	49,602	1,506	18,580	28,825	176	--	582,284
Bonds issued current	--	10,828	32,438	--	--	6,835	--	--	--	--	--	50,101
Total Liabilities	**1,229,128**	**692,959**	**259,019**	**83,555**	**28,264**	**649,123**	**47,687**	**243,203**	**78,354**	**23,309**	**38,841**	**3,373,442**

As at 30 June 2017

Consolidated profit or loss 30 June 2017	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	France	Luxembourg	Italy	Russia	Switzerland	Croatia	Monaco	Other*	Total consolidated
Gross rental income	71,353	3,915	26,081	12,532	4,611	759	42	26	360	--	--	--	--	--	119,679
Service revenue	4,557	68	365	74	91	12	4	--	--	--	--	--	--	--	5,171
Net service charge income	623	(211)	6,862	516	(570)	12	--	--	--	--	--	--	--	--	7,231
Property operating expenses	(15,204)	(401)	(6,179)	(3,571)	(85)	(6)	(97)	--	(443)	--	--	--	(305)	--	(26,291)
Net rental income	**61,329**	**3,371**	**27,129**	**9,551**	**4,047**	**777**	**(51)**	**26**	**(83)**	**--**	**--**	**--**	**(305)**	--	**105,790**
Development sales	1,873	--	--	27	--	--	--	--	--	--	--	--	--	--	1,900
Cost of goods sold	(59)	--	--	(7)	(2)	--	--	--	--	--	--	--	--	--	(68)
Development operating expenses	(1,489)	--	--	--	(1)	--	--	--	(1,124)	--	--	--	--	--	(2,614)
Net development income	**325**	**--**	**--**	**20**	**(3)**	**--**	**--**	**--**	**(1,124)**	**--**	**--**	**--**	**--**	**--**	**(782)**
Hotel revenue	29,777	291	--	4,940	2,423	--	--	--	--	2,175	--	7,157	--	--	46,763
Cost of goods sold	(103)	--	--	--	--	--	--	--	--	--	--	(4)	--	--	(107)
Hotel operating expenses	(20,744)	(268)	--	(3,068)	(1,571)	--	--	--	--	(1,454)	--	(5,820)	--	--	(32,925)
Net hotel income	**8,930**	**23**	**--**	**1,872**	**852**	**--**	**--**	**--**	**--**	**721**	**--**	**1,333**	**--**	**--**	**13,731**
Revenue from other business operations	5,676	--	--	--	--	--	--	--	--	--	16,719	--	--	--	22,395
Cost of goods sold	(69)	--	--	--	--	--	--	--	--	--	(1,000)	--	--	--	(1,069)
Related operating expenses	(3,966)	--	--	--	--	--	--	--	--	--	(12,644)	--	--	--	(16,611)
Net income from other business operations	**1,641**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**3,075**	**--**	**--**	**--**	**4,715**
Total revenues	113,859	4,063	33,308	18,089	6,555	783	46	26	360	2,175	16,719	7,157	--	--	203,139
Total direct business operating expenses	(41,634)	(669)	(6,179)	(6,646)	(1,659)	(6)	(97)	--	(1,567)	(1,454)	(13,644)	(5,824)	(305)	--	(79,685)
Net business income	**72,225**	**3,394**	**27,129**	**11,443**	**4,896**	**777**	**(51)**	**26**	**(1,207)**	**721**	**3,075**	**1,333**	**(305)**	--	**123,454**
Net valuation gain or loss	193,624	--	--	24,395	5,575	5,627	--	--	--	--	--	--	--	--	229,221
Net gain or loss on the disposal of investment property	(200)	--	--	(11)	--	--	--	--	--	--	--	--	--	--	(211)
Net gain or loss on disposal of subsidiaries	4,532	(5,329)	--	13,355	--	--	--	1,054	--	--	--	--	--	(15,348)	(1,736)
Amortization, depreciation and impairments	(6,105)	--	(555)	(487)	(1,332)	(10)	--	1,119	--	390	(4,782)	(2,986)	--	--	(14,748)
Other operating income	2,892	2	1,102	2,331	464	1,199	--	57	--	--	3	--	--	9	8,059
Administrative expenses	(8,122)	(180)	(4,486)	(2,561)	(539)	(46)	(28)	(1,615)	(50)	(53)	(743)	(117)	(243)	(3,180)	(21,963)
Other operating expenses	(1,485)	(12)	677	(538)	2,055	(20)	(469)	(64)	(151)	9	173	112	(8)	(1,745)	(1,465)
Operating result	**257,361**	**(2,125)**	**23,867**	**47,927**	**11,119**	**7,527**	**(548)**	**577**	**(1,408)**	**1,067**	**(2,274)**	**(1,658)**	**(556)**	(20,264)	**320,611**
Interest income	1,393	--	--	--	--	--	43	661	26	--	--	--	--	364	2,487
Interest expense	(29,918)	(5,367)	(5,153)	(372)	(1,353)	37	(401)	(2,283)	--	--	(493)	(756)	(670)	(4)	(46,733)
Other net financial result	(20,663)	(56)	162	(2,234)	2,045	(456)	6	(22,445)	(277)	(1,474)	(35)	288	(51)	(207)	(45,397)
Net finance income/(costs)	**(49,188)**	**(5,423)**	**(4,991)**	**(2,606)**	**692**	**(419)**	**(352)**	**(24,067)**	**(251)**	**(1,474)**	**(528)**	**(468)**	**(721)**	**153**	**(89,643)**
Profit/(loss) before income tax	**208,173**	**(7,548)**	**18,876**	**45,321**	**11,811**	**7,108**	**(900)**	**(23,490)**	**(1,659)**	**(407)**	**(2,802)**	**(2,126)**	**(1,277)**	**517**	**230,968**
Income tax expense	(34,556)	(417)	(4,945)	(2,093)	542	(1,712)	--	1,694	--	237	229	269	--	(70)	(40,822)
Net profit/(loss) from continuing operations	**173,617**	**(7,965)**	**13,931**	**43,228**	**12,353**	**5,396**	**(900)**	**(21,796)**	**(1,659)**	**(170)**	**(2,573)**	**(1,857)**	**(1,277)**	**447**	**190,146**

**Other countries includes operations in Netherland, Ireland, Cyprus, British Virgin Islands and Guernsey.*

As at 30 June 2016

Consolidated profit or loss 30 June 2016	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	France	Luxembourg	Italy	Russia	Switzerland	Croatia	Other*	Total consolidated
Gross rental income	69,744	7,366	23,731	8,678	3,326	--	42	--	1,080	--	--	--	--	113,967
Service revenue	4,851	1	645	19	37	--	4	216	--	--	--	--	--	5,773
Net service charge income	2,465	(740)	1,476	1,204	(112)	--	--	--	--	--	--	--	--	4,293
Property operating expenses	(15,879)	(960)	(2,617)	(1,165)	(397)	--	--	--	(370)	--	--	--	--	(21,388)
Net rental income	**61,181**	**5,667**	**23,235**	**8,736**	**2,854**	**--**	**46**	**216**	**710**	--	--	--	--	**102,645**
Development sales	171	--	--	33	--	--	--	--	--	--	--	--	--	204
Cost of goods sold	--	--	--	(7)	--	--	--	--	--	--	--	--	--	(7)
Development operating expenses	(52)	--	--	--	--	--	--	--	(431)	--	--	--	--	(483)
Net development income	**119**	**--**	**--**	**26**	**--**	**--**	**--**	**--**	**(431)**	**--**	**--**	**--**	**--**	**(286)**
Hotel revenue	2,052	--	--	2,494	--	--	--	--	--	1,707	--	4,492	--	10,745
Cost of goods sold	--	--	--	--	--	--	--	--	--	--	--	(3)	--	(3)
Hotel operating expenses	(1,243)	--	--	(1,841)	--	--	--	--	--	(1,031)	--	(3,038)	--	(7,153)
Net hotel income	**809**	**--**	**--**	**653**	**--**	**--**	**--**	**--**	**--**	**676**	**--**	**1,451**	**--**	**3,589**
Revenue from other business operations	5,630	--	--	--	--	--	--	--	--	--	11,165	--	--	16,795
Cost of goods sold	(145)	--	--	--	--	--	--	--	--	--	--	--	--	(145)
Related operating expenses	(2,657)	--	--	--	--	--	--	--	--	--	(10,682)	--	--	(13,339)
Net income from other business operations	**2,828**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**483**	**--**	**--**	**3,311**
Total revenues	84,913	6,627	25,852	12,428	3,251	--	46	216	1,080	1,707	11,165	4,492	--	151,777
Total direct business operating expenses	(19,976)	(960)	(2,617)	(3,013)	(397)	--	--	--	(801)	(1,031)	(10,682)	(3,041)	--	(42,518)
Net business income	**64,937**	**5,667**	**23,235**	**9,415**	**2,854**	**--**	**46**	**216**	**279**	**676**	**483**	**1,451**	**--**	**109,259**
Net valuation gain or loss on investment property	499	(777)	--	(874)	(9)	--	--	--	--	--	--	--	--	(1,161)
Net gain or loss on the disposal of investment property	(348)	--	--	18	--	--	--	--	--	--	--	--	--	(330)
Net gain or loss on disposal of subsidiaries	1,411	--	--	1,184	--	--	--	(210)	--	--	--	--	(2,385)	--
Amortization, depreciation and impairments	(2,008)	(5)	(1,719)	(245)	(57)	(1)	--	2,438	--	(268)	(2,603)	(460)	--	(4,928)
Other operating income	1,624	882	191	63	5	--	--	138	--	--	--	9,372	(85)	12,190
Administrative expenses	(7,495)	(8)	(4,857)	(1,341)	(439)	(87)	(625)	(478)	(134)	(172)	(66)	(25)	(2,947)	(18,674)
Other operating expenses	(79)	(521)	763	(320)	6	(20)	(115)	(122)	(892)	--	1	--	(6)	(1,305)
Operating result	**58,541**	**5,238**	**17,613**	**7,900**	**2,360**	**(108)**	**(694)**	**1,982**	**(747)**	**236**	**(2,185)**	**10,338**	**(5,423)**	**95,051**
Interest income	912	--	1,055	10	--	--	--	2,548	10	--	--	--	758	5,293
Interest expense	(27,053)	(2,968)	(5,262)	(1,413)	(771)	(4)	(429)	(5,372)	--	--	(431)	(303)	(669)	(44,675)
Other net financial result	(1,398)	(344)	(417)	256	(1,420)	3	(2)	1,942	(1)	4,120	(52)	57	(67)	2,677
Net finance income/(costs)	**(27,539)**	**(3,312)**	**(4,624)**	**(1,147)**	**(2,191)**	**(1)**	**(431)**	**(882)**	**9**	**4,120**	**(483)**	**(246)**	**22**	**(36,705)**
Profit/(loss) before income tax	**31,002**	**1,926**	**12,989**	**6,753**	**169**	**(109)**	**(1,125)**	**1,100**	**19**	**4,120**	**(483)**	**(246)**	**780**	**58,346**
Income tax expense	(61)	(50)	(5,382)	(1,433)	(323)	26	(4,914)	(274)	177	(990)	342	(2,422)	1,301	(14,003)
Net profit/(loss) from continuing operations	**30,941**	**1,876**	**7,607**	**5,320**	**(154)**	**(83)**	**(6,039)**	**826**	**196**	**3,130**	**(141)**	**(2,668)**	**2,081**	**44,343**

**Other countries includes operations in Netherland, Ireland, Cyprus, British Virgin Islands and Guernsey.*

As at 30 June 2017

Consolidated statement of financial position 30 June 2017	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	France	Luxemburg	Italy	Russia	Switzerland	Croatia	Monaco	Other*	Total consolidated
Gross assets value	**3,236,989**	**110,409**	**1,053,654**	**514,942**	**219,092**	**30,622**	**85,960**	**--**	**46,713**	**26,040**	**116,585**	**168,748**	**95,412**	**11**	5,705,177
Investment Property	2,923,835	110,402	1,043,205	471,692	199,166	30,600	11,100	--	38,000	--	--	--	95,219	--	4,923,219
Property, plant and equipment	298,173	3	10,395	43,139	19,863	--	303	--	--	25,924	116,071	168,326	193	--	682,390
Inventories	14,981	4	54	111	63	22	74,557	--	8,713	116	514	422	--	11	99,568
Biological assets	7,516	--	--	--	--	--	--	--	--	--	--	--	--	--	7,516
Other assets non-current	74,587	(2)	52,579	2,115	257	--	--	183,163	26	252	4,912	74	10	64	318,037
Other assets current	129,842	1,267	19,266	9,101	5,917	8,700	6,863	32,660	2,799	199	2,481	2,919	444	1,225	223,683
Cash and cash equivalents	151,253	3,953	18,109	22,345	9,482	1,373	12,078	1,384	710	230	675	2,746	4,676	6,087	235,101
Total Assets	**3,600,187**	**115,627**	**1,143,608**	**548,503**	**234,748**	**40,695**	**104,901**	**217,207**	**50,248**	**26,721**	**124,653**	**174,487**	**100,542**	**7,387**	**6,489,512**
Other payables non-current	309,130	9,210	254,974	20,461	6,140	927	2,357	(1,285)	2,429	877	5,750	11,506	--	1	622,477
Finance debts non-current	1,184,640	42,318	40,056	236,376	120,088	303	34,520	28	25,047	--	23,091	34,448	--	44	1,740,959
Bonds issued non-current	473,479	147,017	--	--	--	--	--	67,504	--	--	--	--	--	--	688,000
Other payables current	103,406	1,224	32,149	12,993	4,576	1,053	9,854	1,300	1,496	937	11,284	7,026	1,446	5,199	193,943
Finance debts current	145,604	2,723	288,386	17,245	18,005	15,253	7,129	--	32	--	27,073	1,327	72,636	6	595,419
Bonds issued current	15,222	32,320	--	--	--	--	--	2,700	--	--	--	--	--	--	50,242
Total Liabilities	**2,231,481**	**234,812**	**615,565**	**287,075**	**148,809**	**17,536**	**53,860**	**70,247**	**29,004**	**1,814**	**67,198**	**54,307**	**74,082**	**5,250**	**3,891,040**

**Other countries includes assets and liabilities in Netherland, Ireland, Cyprus, British Virgin Islands and Guernsey.*

As at 31 December 2016

Consolidated statement of financial position 31 December 2016	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	France	Luxemburg	Italy	Russia	Switzerland	Croatia	Monaco	Other*	Total consolidated
Gross assets value	**2,635,556**	**109,864**	**1,049,090**	**319,521**	**103,997**	**--**	**85,733**	**--**	**46,712**	**26,050**	**117,164**	**168,435**	**92,342**	**11**	**4,754,475**
Investment Property	2,328,233	109,857	1,038,390	275,800	83,989	--	11,100	--	38,000	--	--	--	92,326	--	3,977,696
Property, plant and equipment	294,205	3	10,646	43,574	19,905	--	303	--	--	25,932	116,064	168,278	16	--	678,926
Inventories	13,118	4	54	147	103	--	74,330	--	8,712	118	1,100	157	--	11	97,854
Biological assets	6,197	--	--	--	--	--	--	--	--	--	--	--	--	--	6,197
Other assets non-current	78,110	476	49,953	34	249	--	--	118,964	26	9	5,091	78	135	1,602	254,727
Other assets current	144,549	74,747	46,422	5,123	1,234	7,759	6,776	37,073	2,768	250	4,212	365	323	11,176	342,777
Cash and cash equivalents	197,495	4,015	10,181	11,781	7,418	16	12,740	51,850	468	108	810	2,493	4,306	52	303,733
Total Assets	**3,061,907**	**189,102**	**1,155,646**	**336,459**	**112,898**	**7,775**	**105,249**	**207,887**	**49,974**	**26,417**	**127,277**	**171,371**	**97,106**	**12,841**	**5,661,909**
Other payables non-current	238,615	9,336	247,251	16,339	6,516	11	2,357	750	2,429	735	6,346	11,769	--	--	542,454
Finance debts non-current	898,357	39,040	41,007	120,625	45,328	303	34,522	52	24,490	--	21,822	34,238	34,292	43	1,294,119
Bonds issued non-current	421,860	122,773	--	--	--	--	--	112,147	--	--	--	--	--	--	656,780
Other payables current	82,649	45,668	28,725	8,089	2,985	5	9,341	40,998	1,335	999	21,361	3,602	311	1,636	247,704
Finance debts current	179,401	2,563	293,146	17,915	14,292	98	7,111	192	--	--	28,825	1,318	37,409	14	582,284
Bonds issued current	46,460	1,816	--	--	--	--	--	1,825	--	--	--	--	--	--	50,101
Total Liabilities	**1,867,342**	**221,196**	**610,129**	**162,968**	**69,121**	**417**	**53,331**	**155,964**	**28,254**	**1,734**	**78,354**	**50,927**	**72,012**	**1,693**	**3,373,442**

**Other countries includes assets and liabilities in Netherland, Ireland, Cyprus, British Virgin Islands and Guernsey.*

5 Condensed consolidated interim statement of comprehensive income

5.1 Gross rental income

For the six month period ended

	30 June 2017	30 June 2016
Gross rental income (1)	119,679	113,967
Service revenue (2)	5,171	5,773
Total gross rental income	**124,850**	**119,740**

(1) Increase in rental income is generally attributable to the Group´s expansion in 2017 and 2016. The main favourable impact represent the acquisition of CBRE GI portfolio in March 2017 leading to a net increase of EUR 10 million. Gross rental income in 2017 includes 6 months operations of Géčko Shopping Center (acquired in March 2016) with net increase of EUR 2 million and 6 months operations of OPG (acquired in June 2016) with net increase of EUR 3 million.
The growth is partially offset by a decline in gross rental income caused by the sale of Lozorno Logistics Park (EUR 3.4 million).
Due to acquisition of CPI Hotels in August 2016, the gross rental income of the Group decreased of EUR 9.9 million compared to first six months of 2016. Following the acquisition, the gross rental income generated by the hotels owned by the Group became intercompany income. However, it has been substituted by the significant increase in net hotel income (note 5.5).

Rental income 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 income.

(2) Service revenue include main advisory and accounting services, which relate to service provided to non-consolidated entities. These services derive directly from rental activities performed by the Group so they are disclosed as a part of service income.

5.2 Net service charge income

For the six month period ended

	30 June 2017	30 June 2016
Service charge income	28,148	21,610
Service charge expenses	(21,934)	(18,327)
Total	**6,214**	**3,283**
Revenues from sales of goods and merchandise	2,037	2,030
Revenues from sales of energy	543	222
Cost of sales - goods and merchandise	(1,330)	(1,241)
Cost of sales - energy	(233)	(1)
Total	**1,017**	**1,010**
Total net service charge income	**7,231**	**4,293**

Increase in volume of service charge income and expenses reflects increase in rental activity.
Increase in the net service charge income in 2017 relates to the German portfolio (net increase of EUR 2.4 million) and is mainly influenced by higher occupancy.
Profit from sale of energies (the Group has license for the purchase and its further distribution) remains stable and also contributed to total positive result from service recharges.

5.3 Property operating expenses

For the six month period ended

	30 June 2017	30 June 2016
Building maintenance (1)	(10,798)	(6,981)
Personnel expenses	(3,706)	(3,328)
Utilities Supplies	(2,263)	(2,262)
Real estate tax	(1,733)	(1,832)
Facility management	(1,554)	(480)
Leases and rents	(498)	(462)
Letting fee, other fees paid to real estate agents	(713)	(405)
Insurance	(324)	(1,178)
Other property related expenses	(4,703)	(4,459)
Total property operating expenses	**(26,291)**	**(21,388)**

(1) Increase of building maintenance expenses relates mainly to the Hungarian part of the Group´s portfolio.

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

5.3.1 Utility services

For the six month period ended

	30 June 2017	30 June 2016
Energy consumption	(1,103)	(1,590)
Material consumption	(562)	(638)
Waste management	(98)	(7)
Security services	(359)	(20)
Cleaning services	(141)	(7)
Total utility services	**(2,263)**	**(2,262)**

5.3.2 Personnel expenses

For the six month period ended

	30 June 2017	30 June 2016
Wages and salaries	(2,694)	(2,473)
Social and health security contributions	(860)	(774)
Other social expenses	(151)	(81)
Total personnel operating expenses	**(3,706)**	**(3,328)**
Personnel administrative expenses		
Wages and salaries	(6,442)	(5,843)
Social and health security contributions	(1,701)	(1,525)
Other social expenses	(172)	(161)
Total personnel administrative expenses	**(8,315)**	**(7,529)**
Personnel expenses - hotel operations		
Wages and salaries	(9,554)	(2,172)
Social and health security contributions	(2,669)	(548)
Other social expenses	(199)	(87)
Total personnel expenses - hotel operations	**(12,422)**	**(2,808)**
Personnel expenses - other business operations		
Wages and salaries	(7,134)	(6,678)
Social and health security contributions	(1,434)	(1,319)
Other social expenses	(107)	(250)
Total personnel expenses - other business operations	**(8,676)**	**(8,247)**
Total personnel expenses	**(33,119)**	**(21,911)**

Significant increase in personnel expenses from hotel operations related to the extension of hotel activities during 2016. Personnel expenses from hotel operations in 2017 includes 6 months operations of CPI Hotels (acquired in August 2016) leading to the net increase of EUR 7.9 million. The acquisition of SHH (in May 2016) led to a net increase of EUR 2.5 million.

5.4 Net development income

For the six month period ended

	30 June 2017	30 June 2016
Development sales (1)	1,900	204
Cost of goods sold	(68)	(7)
Development operating expenses (2)	(2,614)	(483)
Total net development income	**(782)**	**(286)**

(1) Development sales in 2017 represents primarily sale of family houses from the residential project "Domy v Březiněvsi" (EUR 1.6 million).

(2) Development operating expenses cover all property operating expenses occurred in connection with development (utility services, real estate agents services, maintenance etc.). Development expenses in the amount of EUR 1.5 million relate to development project "Domy v Březiněvsi".

5.5 Net hotel income

For the six month period ended

	30 June 2017	30 June 2016
Hotel revenue	46,763	10,745
Cost of goods sold	(107)	(3)
Personnel expenses	(12,422)	(2,808)
Other hotel expenses	(20,503)	(4,345)
Total net hotel income	**13,731**	**3,589**

In August 2016, the Group acquired CPI Hotels, hotel operator, which operates the majority of the Group´s hotel portfolio. The acquisition of the CPI Hotels led to an increase in net hotel income of EUR 10.1 million. This increase led to a decrease in the amount of gross rental income (note 5.1) and to a transfer of majority of the Group´s hotel portfolio from investment property to property, plant and equipment in 2016 (note 6.3).

5.6 Net income from other business operations

For the six month period ended

	30 June 2017	30 June 2016
Revenue from other business operations (1)	22,395	16,795
Cost of goods sold	(1,069)	(145)
Personnel expenses (5.3.2)	(8,676)	(8,247)
Related operating expenses	(7,935)	(5,092)
Net income from other business operations (2)	**4,715**	**3,311**

(1) In 2017, revenue from other business operations in the amount of EUR 16.3 million relates to the mountain resort operations (net increase of EUR 5.1 million compared to June 2016). Revenues from agricultural activities remain stable (EUR 6.1 million in 2017).

(2) Net income from other business operations in 2017 relates to the mountain resort operations (EUR 2.6 million) and agriculture activities (EUR 2.1 million).

5.7 Net valuation gain

Investment properties and Hotels are stated at fair value as at 31 December 2016 based on external valuations performed by professionally qualified valuers, except for minor part of portfolio valued by internal expert. 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 these 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.

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

For the determination of the fair value as at 30 June 2017 the Group's management analysed the situation on the real estate market at the time together with current yields and then applied discount rates and other factors used by independent valuators in their appraisals as of 31 December 2016. As a result, the fair value of the majority of the property portfolio as of 30 June 2017 was determined based on the management's analysis described above and it does not significantly differ from the fair value as of 31 December 2016.
In instances where there have been indications of significant changes and therefore with potential material impact on the property value during the first half of 2017, the value of the property has been updated based on the external or internal appraisals as of 30 June 2017.

	30 June 2017
Valuation gains	
Agriculture	682
Land bank	69,444
Office	16,366
Residential	53,721
Retail	90,084
Total valuation gains	**230,297**
Valuation losses	
Agriculture	(315)
Office	(614)
Retail	(148)
Total valuation losses	**(1,076)**
Net valuation gain	**229,221**

Valuation gain in retail segment relate mainly to the revaluation of selected shopping centres located in the Czech Republic, Hungary and Poland. Major part of the revaluation gain relates to the revaluation of CBRE GI portfolio (EUR 74.1 million).

The current situation on the residential market reports strong increase of selling prices within the whole Czech Republic. Based on that indication the Group revalued internally the residential portfolio using the comparable method based on the most recent transactions of apartments in same localities. The information on the most recent transactions was obtained from cadastral office. Revaluation in residential segment relates to the portfolio of CPI BYTY, a.s. (gain of EUR 53.7 million).

Land bank revaluation relates to the new valuation of two significant land bank projects located in Prague, Czechia. Prices of real estate are continually growing within the whole country, notably in Prague, which is mainly affected by the lack of new or ongoing residential developments. This situation (supported by the decision of the Prague municipality not to expand future developments into suburbs but to use brownfield areas within the city) created high demand for sites which are suitable for residential or mixed development. Given the market conditions as well as increased demand for similar land bank sites in Prague, the Group requested independent valuation appraisals as at 30 June 2017.

For the assumptions the professional valuators used for the preparation of appraisals as at 30 June 2017 refer to note 7.2.1.

5.8 Net loss on the disposal of investment property

For the six month period ended

	30 June 2017	30 June 2016
Proceeds from disposal of investment property	1,086	19,730
Carrying value of investment property disposed of and related cost	(1,297)	(20,060)
Total loss on the disposal of investment property	**(211)**	**(330)**

Disposals of investment property in 2017 represent mainly sale of department store in Neratovice (carrying value of EUR 0.9 million).

5.9 Amortization, depreciation and impairments

For the six month period ended

	30 June 2017	30 June 2016
Depreciation and amortization - rental (1)	(5,587)	(901)
Depreciation and amortization - hotel (2)	(4,004)	(1,089)
Depreciation and amortization - other business operations (3)	(4,242)	(3,248)
Total impairment of assets (5.9.1)	(914)	310
Total depreciation, amortization and impairments	**(14,748)**	**(4,928)**

(1) Increase of depreciation and amortization relates the to the transfer of the majority of the hotels from the Group´s portfolio from investment property to property, plant and equipment due to the acquisition of CPI Hotels in August 2016 (increase of EUR 4.4 million).

(2) Increase of depreciation and amortization relates mainly to the acquisition of SHH in May 2016 (net increase of EUR 2.5 million).

(3) Increase of depreciation and amortization from other business operations in the amount of EUR 1 million is attributable to the mountain resorts operations.

5.9.1 Impairment of assets/Reversal of impairment of assets

For the six month period ended

	30 June 2017	30 June 2016
Impairment of property, plant and equipment	(2,039)	(6)
Impairment of goodwill	--	(18)
Impairment of other intangible assets	112	--
Impairment of trading property	473	12
Impairment of other receivables	1,381	(1,046)
Impairment of trade receivables	(1,959)	(1,071)
Impairment of provided loans	1,118	2,439
Total impairments/reversal of impairments	**(914)**	**310**

5.10 Other operating income

For the six month period ended

	30 June 2017	30 June 2016
Gain on bargain purchase relating to business combinations (1)	4,472	9,900
Gain on assignment of receivables	--	710
Income from penalties	554	9
Insurance claims	184	170
Other	2,849	1,401
Total other operating income	**8,059**	**12,190**

(1) Gain on bargain purchase in first half of 2017 relates to the acquisition of CBRE GI portfolio, refer to note 3.2.

5.11 Administrative expenses

For the six month period ended

	30 June 2017	30 June 2016
Personnel expenses	(8,315)	(7,529)
Audit, tax and advisory services	(5,115)	(3,956)
Legal services	(3,194)	(2,595)
Other administrative expenses	(1,186)	(1,136)
Lease and rental expenses	(661)	(998)
Advertising expenses	(1,039)	(661)
IT expenses	(343)	(477)
Telecommunication, internet and software related expenses	(759)	(395)
Representation expenses	(207)	(310)
Other insurance expenses	(428)	(292)
Material consumption	(246)	(247)
Repairs and maintenance	(250)	(60)
Valuation services	(212)	--
Energy consumption	(6)	(18)
Total administrative expenses	**(21,963)**	**(18,674)**

Generally, the increase in administrative expenses reflects Group's substantial growth affected by acquisitions carried out in the second half of 2016 and in 2017.

5.12 Other operating expenses

For the six month period ended

	30 June 2017	30 June 2016
Penalties	(84)	(143)
Tax non-deductible VAT expenses	(564)	(260)
Taxes and fees	(647)	(1,482)
Loss on assignment of receivables	(58)	--
Gifts	23	(4)
Change in provisions	877	1,223
Other	(972)	(639)
Expense from sale of PPE	(40)	--
Total other operating expenses	**(1,465)**	**(1,305)**

5.13 Interest income

For the six month period ended

	30 June 2017	30 June 2016
Bank interest income	6	32
Interest income on bonds	2	67
Interest income on loans and receivables (1)	2,321	5,093
Interest income on bills of exchange	158	101
Total interest income	**2,487**	**5,293**

(1) Interest income on loans and receivables decreased mainly due to the acquisition of entities, to which the Group provided financing in the past and the related income is eliminated in 2017 (net effect of EUR 1.8 million).

5.14 Interest expense

For the six month period ended

	30 June 2017	30 June 2016
Interest expense related to bank and non-bank loans	(25,890)	(24,700)
Interest expense on bonds issued (1)	(19,593)	(17,550)
Interest expense related to finance leases	(236)	(510)
Interest expense on other non-current liabilities	15	35
Interest expense on bills of exchange	(1,029)	(1,949)
Total interest expense	**(46,733)**	**(44,675)**

(1) Interest expense on bonds issued increased mainly due to new bonds CPI 5.00/2022, which were issued on 29 September 2016 (net increase of EUR 2.5 million).

5.15 Other net financial results

For the six month period ended

	30 June 2017	30 June 2016
Change in fair value and realized result on derivative instruments	6,328	(1,964)
Other net financial results	(3,065)	(1,235)
Net foreign exchange gain	--	7,016
Net foreign exchange loss (1)	(46,124)	--
Bank charges	(2,536)	(1,140)
Total other net financial results	**(45,397)**	**2,677**

(1) In April 2017, the Czech National Bank ended its Czech koruna floor commitment. The Czech koruna has been steadily appreciating since then. There have been many financing transactions between Group entities with different functional currencies, which is the major factor leading to this significant net foreign exchange loss in 2017.

5.16 Income tax expense

Tax recognized in profit or loss

For the six month period ended

	30 June 2017	30 June 2016
Current income tax expense		
Current year	--	--
Adjustment for prior years	(5,634)	(3,189)
Total	**(5,634)**	**(3,189)**
Deferred income tax expense		
Origination and reversal of temporary differences	(35,188)	(10,814)
Total	**(35,188)**	**10,814)**
Income tax from continuing operations recognised in profit and loss	**(40,822)**	**(14,003)**
Total income tax recognised in profit or loss	**(40,822)**	**(14,003)**

Tax expense for the six month period ended 30 June 2017 is recognized based on management´s best estimate of the effective tax rate for full financial year 2017. The Company´s effective tax rate in respect of continuing operations for the six month period ended 30 June 2017 was approximately 17.7 %.

6 Condensed consolidated interim statement of financial position

6.1 Intangible assets and goodwill

Reconciliation of carrying amount

	Goodwill
Cost	
Balance at 1 January 2017	**105,649**
Effect of business combinations	31,049
Effect of movements in exchange rates	2,622
Balance at 30 June 2017	**139,320**
Impairment losses	
Balance at 1 January 2017	**2,014**
Goodwill written off	--
Effect of movements in exchange rates	--
Balance at 30 June 2017	**2,014**
Carrying amounts	
Balance at 1 January 2017	**103,635**
Balance at 30 June 2017	**137,306**

Goodwill

Opening balance of goodwill consists of:

- goodwill and trademark 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 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 (Mamaison brand hotels) in 2014;
- in connection with acquisition of Spojené farmy a.s. 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;
- in 2016, due to the acquisition of CPI Hotels, the Group recognized a goodwill in the amount of EUR 43.5 million.

In 2017, due to the acquisition of CBRE GI portfolio, the Group recognized a goodwill in the amount of EUR 31 million. Goodwill is allocated to the retail segment.
None of the goodwill recognized is expected to be deductible for tax purposes.

Impairment of goodwill/trademark

The Group performed its annual impairment tests in December 2016. The recoverable amounts of CGUs as of 31 December 2016, have been primarily determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management covering a five-year period.

The key assumptions used in the estimation of the recoverable amount are described in the annual financial statements of the Group as at 31 December 2016.

As at 30 June 2016 there are no indicators for goodwill impairment.

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		Agriculture			
Balance at 1 January 2016	**1,539,663**	**964,375**	**275,883**	**143,526**	**336,266**	**3,259,713**	**49,130**	**222,633**	**2,838**	**3,534,314**
Investments/acquisitions	101,276	98,833	99,826	1,150	--	301,085	--	149,803	--	450,888
Transfers	--	--	--	1,230	(295,083)	(293,853)	--	(4,714)	--	(298,567)
Development costs	--	--	--	--	--	--	--	--	4,492	4,492
Additions	19,385	11,879	3,002	10,039	2,747	47,052	440	1,335	--	48,827
Disposals	(24,433)	(268)	(1,271)	--	(116)	(26,088)	(36)	(7,891)	--	(34,015)
Valuation gain/(loss)	372,781	5,506	12,759	(11,250)	1,624	381,420	20,129	(6,965)	98	394,682
Transfers in/from assets held for sale	(33,973)	--	--	(71,530)	(7,850)	(113,353)	--	(8,076)	--	(121,429)
Translation differences	(1,366)	(608)	58	6	412	(1,498)	20	(20)	2	(1,496)
Balance at 31 December 2016	**1,973,333**	**1,079,717**	**390,257**	**73,171**	**38,000**	**3,554,478**	**69,683**	**346,105**	**7,430**	**3,977,696**
Investments/acquisitions	43,489	581,723	--	--	2,723	627,935	--	2,800	--	630,735
Transfers	--	--	--	--	(2,723)	(2,723)	--	(3,823)	--	(6,546)
Development costs	--	--	--	--	--	--	--	--	7,620	7,620
Additions	9,114	7,881	2,899	1,012	--	20,906	392	795	--	22,093
Disposals	(113)	(868)	--	--	--	(981)	(71)	(25)	--	(1,077)
Valuation gain/(loss)	15,754	89,936	53,721	--	--	159,411	(277)	69,443	--	228,577
Translation differences	18,933	24,242	10,241	1,285	--	54,701	2,150	6,865	405	64,122
Balance at 30 June 2017	**2,060,510**	**1,782,631**	**457,118**	**75,468**	**38,000**	**4,413,727**	**71,877**	**422,160**	**15,455**	**4,923,219**

Investments/acquisitions

2017

In 2017 the Group acquired investment property in total value of EUR 630.7 million. The most significant items of investment property were acquired in the following transaction (note 3.2):

- in May 2017 the Group acquired CBRE GI portfolio, high-quality retail portfolio with predominantly 11 shopping centers in Europe in total value of EUR 624.8 million;
- in connection with the acquisition of Brno Property Development, a.s. in January 2017, the Group acquired land bank of approximately 5,358 sqm in total value of EUR 2.8 million;
- in March 2017 the Group acquire Hotel Vladimír in Ústí nad Labem in total value of EUR 2.7 million.

2016

In 2016 the Group acquired investment property in total value of EUR 450.9 million. The most significant items of investment property were acquired in the following transactions:

- due to acquisition of OPG Group in June 2016, the Group acquired a major real estate portfolio in Central and Eastern Europe in total value of EUR 251.7 million;
- in February 2016 the Group acquired Bondy Centrum, shopping center with leasable area of approx. 16,800 sqm and office section in total value of EUR 47.2 million;
- in March 2016 the Group completed acquisition of Géčko Shopping Center (Shopinvest a.s.) in total value of EUR 25.8 million;
- in connection with the acquisition of French villas in November and December 2016, the Group acquired residential portfolio in total value of EUR 99.8 million;
- in December 2016 the Group acquired nine retail portfolio chains across the Czech Republic (QTW Czech, s.r.o.) in total value of EUR 10.2 million.

Development costs

Development costs in the amount of EUR 7.6 million (EUR 4.5 million in 2016) relate to the construction of the building expansion of the existing IGY center in České Budějovice (“IGY 2” project).

Additions

2017

Capital expenditure in segment office relate the German portfolio (EUR 4.1 million) and Hungarian portfolio (EUR 1.4 million).

Additions in the retail segment represent mainly to capital expenditures in the amount of EUR 6 million retail park IGY in České Budějovice (CB Property Development, a.s.).

Addition in the residential segment relate to capital expenditures in the amount of EUR 2.9 million in connection with French villas located in Monaco.

Capital expenditures in segment industry and logistics relate to logistic park in Brandýs nad Labem in the amount of EUR 1 million.

2016

Additions in the office segment relate mainly to capital expenditures in connection with the German portfolio (EUR 6.8 million) and project “QUADRIO” (EUR 1.7 million).

Capital expenditures in segment industry and logistics relate to logistic park in Brandýs nad Labem in the amount of EUR 6.1 million.

Additions in the amount of EUR 2.2 million relate to reconstruction of Spa & Kur Hotel Praha in Františkovy Lázně (LD Praha, a.s.).
Other additions in 2016 represent mainly capital expenditures in the amount of EUR 3.5 million in connection with retail park IGY in České Budějovice (CB Property Development, a.s.).

Disposals

2017

Investment property in the amount of EUR 0.9 million was disposed of due to sale department store in Neratovice (CPI Reality, a.s.).

2016

Investment property in the amount of EUR 27.4 million was disposed of due to sale of three subsidiaries in 2016.

Valuation gain/loss

Refer to 5.7.

Transfers in/from assets held for sale

Amount EUR 11.8 million was transfer from investment property to assets held for sale, refer to note 6.12.

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).

6.3 Property, plant and equipment

a) Hotels

For the measurement of property, plant and equipment from the income generating operational properties operating segment, asset type hospitality (i.e. for hotels operated by the Group), revaluation model is used.

As at 30 June 2017

	Hotels
Fair value	
Balance at 1 January 2017	**550,094**
Additions	1,770
Other disposals	(1,117)
Transfer from/to investment property	2,723
Transfer	990
Effect of movements in exchange rates	12,478
Valuation Gain/Loss through other comprehensive income	(5,932)
Balance at 30 June 2017	**561,007**
Accumulated depreciation and impairment losses	
Balance at 1 January 2017	**12,557**
Depreciation for the period	8,034
Impairment loss/(reversal of impairment loss)	997
Other disposals	(968)
Effect of movements in exchange rates	135
Balance at 30 June 2017	**20,755**
Carrying amounts	
At 31 December 2016	**537,537**
At 30 June 2017	**540,252**

As at 31 December 2016

	Hotels
Fair value	
Balance at 1 January 2016	**--**
Acquisitions	161,061
Additions	6,359
Other disposals	(4,074)
Transfer from/to investment property	295,083
Transfer from PPE valued using revaluation model	60,381
Transfer	--
Effect of movements in exchange rates	1,103
Valuation Gain/Loss through other comprehensive income	30,181
Balance at 31 December 2016	**550,094**
Accumulated depreciation and impairment losses	
Balance at 1 January 2016	**--**
Depreciation for the period	8,909
Impairment loss/(reversal of impairment loss)	4,164
Other disposals	(3,554)
Transfer from PPE valued using cost model	3,012
Effect of movements in exchange rates	26
Balance at 31 December 2016	**12,557**
Carrying amounts	
At 31 December 2015	**--**
At 31 December 2016	**537,537**

Transfers from investment property

2017

In January 2017, the Group acquired Hotel Vladimír in Ústí nad Labem. As at the acquisition date, in accordance with IAS 40, this hotel was recognized as investment property. During Q2 2017, the Group became the operator of this hotel, which is why this hotel is recognized in PPE section and valued using revaluation model as at 30 June 2017.

2016
Due to the acquisition of CPI Hotels, the Group became both owner and operator of its hotel portfolio (except the Holiday Inn Rome hotel), which is why as at 30 June 2016, the majority of the hotel portfolio has been transfered from investment property to property, plant and equipment. Subsequently, these hotels has been revaluated to its fair value as at 31 December 2016 based on the valuations prepared by the independent valuator.

Acquisitions
2016
Increase of balance of property, plant and equipment in the amount of EUR 161 million is attributable to acquisition of SHH in May 2016.

Valuation loss through OCI
Fair value of Hotels was determined 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. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation on 31 December 2016, the fair values of Hotels are based on valuations performed by independent and experienced valuer. For the key assumptions made in relation of hotel property valuations refer to note 7.2.1.

2017
The Group´s hotel portfolio has not been revalued as of 30 June 2017. The Group's management analysed the situation on the real estate market at the time together with current yields and then applied discount rates and other factors used by independent valuators in their appraisals as of 31 December 2016. As a result, the fair value of the majority of the property portfolio as of 30 June 2017 was determined based on the management's analysis described above and it does not significantly differ from the fair value as of 31 December 2016.

Decrease of the valuation surplus (EUR 30.2 million recognized as at 31 December 2016) in the amount of EUR 5.9 million reflects primarily the significant change in exchange rate CZK/EUR, in case of entities having the functional currency CZK and the valuation appraisal as at 31 December 2016 in EUR.

If Hotels were measured using the cost model, the carrying amounts would be EUR 516,003 thousand as at 30 June 2017 (EUR 507,356 thousand as at 31 December 2016).

2016
Valuation gain in the amount of EUR 30.2 million has been recognized in connection with the revaluation of the Group´s hospitality portfolio.

Impairment losses
2017
In 2017, the Group recognized an impairment expense in the amount of EUR 0.9 million in connection with the revaluation of its hospitality portfolio.

2016
In 2016, the Group recognized an impairment expense in the amount of EUR 4.2 million in connection with the revaluation of its hospitality portfolio.

b) Other property, plant and equipment

Other property, plant and equipment, except hotels from hospitality segment, is valued using cost model. The major part of property, plant and equipment represents portfolio of CMA Group acquired in 2015 (asset type - mountain resorts; operating segment - income generating operational properties) with value as at 30 June 2017 EUR 116 million (as at 31 December 2016 EUR 116.1 million).

6.4 Biological assets

Biological assets	
Balance at 31 December 2016	
Non-current	2,004
Current	4,193
Total biological assets as at 31 December 2016	**6,197**
Balance at 30 June 2017	
Non-current	2,666
Current	4,850
Total biological assets as at 30 June 2017	**7,516**

Biological assets are measured at fair value less cost to sell. Fair value of biological assets at the end of the reporting period is based on internal valuations performed by the Group.

6.5 Available-for-sale financial assets

	30 June 2017	31 December 2016
Equity securities	487	488
Total equity investments	**487**	**488**
Debentures	111	111
Total available-for-sale financial assets (Non-current)	**598**	**599**
Debentures	--	--
Total available-for-sale financial assets (Current)	**--**	**--**

6.6 Loans provided

Non-current

	30 June 2017	31 December 2016
Loans provided - related parties and joint ventures (1)	35,536	10,130
Loans provided - third parties	712	811
Bills of exchange - third parties	3,582	3,323
Total non-current loans provided	**39,830**	**14,264**
Impairment to non-current loans provided to third parties	--	--
Total non-current loans provided net of impairment	**39,830**	**14,264**

Current

	30 June 2017	31 December 2016
Loans provided - related parties (1)	19,249	15,436
Loans provided - third parties	17,981	16,700
Bills of exchange - third parties	3,111	3,037
Total current loans provided	**40,340**	**35,173**
Impairment to current loans provided to third parties	(38)	(37)
Total current loans provided net of impairment	**40,302**	**35,136**

(1) Loans provided increased mainly due to the loans provided by the Group to the major shareholder (increase of EUR 8.8 million) and due to the new loan provided to related party in 2017 (EUR 18.2 million).

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.

6.7 Trade and other receivables

Non-current

	30 June 2017	31 December 2016
Advances paid	975	353
Trade receivables due from third parties	6	8
Advances paid for financial investments (1)	1,981	--
Other receivables due from third parties	65	15
Other items of trade and other receivables	86	84
Total non-current trade and other receivables	**3,113**	**460**

Current

	30 June 2017	31 December 2016
Trade receivables due from related parties	94	15
Trade receivables due from third parties (2)	94,566	84,329
Impairment to trade receivables due from third parties	(20,123)	(16,053)
Total current trade and other receivables	**74,537**	**68,291**

(1) Advances paid for financial investments represent primarily advance payment made by the Group in connection with the acquisition of Královo Pole project (note 11.1).

(2) Trade receivables due from third parties increased mainly due to acquisition of CBRE GI portfolio (increase of EUR 5.8 million). Major part of the trade receivables represents trade receivables from tenants 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. Creation of adjustments for receivables is recognized in statement of comprehensive income as impairment loss.

6.8 Inventories

	30 June 2017	31 December 2016
Projects and property for resale (1)	83,226	83,251
Impairment of projects and property for resale	(2,344)	(2,344)
Projects under development (2)	15,434	13,351
Other inventory	3,251	3,596
Total inventories	**99,568**	**97,854**

(1) Projects and property for resale primarily relates to "Palais Maeterlinck project" in total amount EUR 76.6 million as at 30 June 2017 (EUR 76.6 million as at 31 December 2016).

(2) Increase in the amount of projects under development in the amount of EUR 1.7 million relates to the new development project "Rodinné domy Březiněves".

6.9 Cash and cash equivalents

	30 June 2017	31 December 2016
Bank balances	232,525	301,326
Cash on hand	2,575	2,407
Total cash and cash equivalents	**235,101**	**303,733**

6.10 Other financial current assets

	30 June 2017	31 December 2016
Other receivables due from related parties	16,719	11,784
Other receivables due from third parties	29,766	37,262
Other items of trade and other receivables (1)	959	22,643
Impairment - other receivables due from other parties	(907)	(260)
Receivables from receivables cession	1,475	1,430
Receivables due from employees	203	662
Interest to debentures issued by third parties	4	2
Total other financial current assets	**48,218**	**73,523**

(1) In 2016, other items of trade and other receivables in the amount of EUR 20 million related to (BÄR) Leipziger Platz dispute. In January 2017, the Group agreed on settlement with HGHI concerning Leipziger Platz dispute and the receivable is fully paid as at 30 June 2017.

6.11 Other non-financial current assets

	30 June 2017	31 December 2016
Other advances paid to related parties	19	--
Other advances paid to third parties	7,301	9,380
Value added tax receivables	4,971	6,540
Other tax receivables (excl. CIT and VAT)	104	451
Agricultural subsidies	7,946	5,340
Prepaid expenses (1)	22,458	15,951
Total other non-financial current assets	**42,799**	**37,662**

(1) Prepaid expenses increased primarily due to acquisition CBRE GI portfolio (increase of EUR 6.2 million).

6.12 Assets/Liabilities linked to assets held for sale

The following table summarizes the effect of the reclassification made in connection with projects transfered in both 2017 and 2016 to assets held for sale and related liabilities:

	30 June 2017	31 December 2016
NON-CURRENT ASSETS		
Investment property	11,793	121,429
CURRENT ASSETS		
Trade receivables	--	599
Cash and cash equivalents	--	1,651
Other non-financial current assets	--	302
Assets held for sale	**11,793**	**123,981**
NON-CURRENT LIABILITIES		
Financial debts	--	(54,284)
Derivative instruments	--	(310)
Other non-current liabilities	--	(583)
CURRENT LIABILITIES		
Financial debts	--	(2,485)
Trade payables	--	(278)
Advance payments	--	(563)
Other financial current liabilities	--	(23)
Other non-financial current liabilities	--	(72)
Liabilities linked to assets held for sale	**--**	**(58,599)**

Due to the management´s intention to dispose some projects in 2017, the respective assets and liabilities were classified as Assets held for sale/Liabilities linked to assets held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

2017

The following projects are disclosed as held for sale as at 30 June 2017:

- Land bank projects in Romania and Poland – with total fair value of properties of EUR 11.8 million as at 30 June 2017.

2016

As at 31 December 2016, fair value of properties intended for disposal has been determined considering the expected/actual selling price and related costs of the project based on the sales agreement/letter of intents available as at the date of the publication of these financial statements.

The following projects are disclosed as held for sale as at 31 December 2016:

- hotel project (CPI Rhea, s.r.o.) – with fair value of property disposed of EUR 7.9 million and related financing of EUR 0.03 million as at 31 December 2016. On 21 February 2017 the Group sold this project (note 3.3);
- two office projects – with total fair value of EUR 33.9 million and related financing of EUR 14.9 million as at 31 December 2016. Capellen Invest S.A. was sold on 25 January 2017 and the sale of Office Center Purkyňova was completed on 7 March 2017 (note 3.3);
- land bank projects in Romania and Poland – with total fair value of properties of EUR 8.1 million as at 31 December 2016;
- industry and logistics project (Lozorno Logistics Park) – with fair value of the property of EUR 71.5 million and related financing EUR 43.6 million as at 31 December 2016. Logistics park Lozorno was disposed of on 28 February 2017 (note 3.3).

The remaining balances of assets held for sale (EUR 2.6 million) and liabilities from assets held (EUR 0.7 million) represent other non-core assets and liabilities related to these projects.

6.13 Equity

Changes in equity

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

Share capital and share premium

As of 30 June 2017 the share capital of the Company amounts to EUR 831,061,784.6 and is represented by 8,310,617,846 ordinary fully paid shares with a nominal value of EUR 0.10 each.

To the best of Company's knowledge, the following table sets out information regarding the ownership of the Company´s shares as at 30 June 2017:

Shareholder	Number of shares	Share held	Voting rights
Radovan Vítek and entities controlled by Mr. Vítek	7,461,043,946	89.78%	90.80%
Others	756,404,549	9.10%	9.20%
Treasury shares held by the Group	93,169,351	1.12%	0.00%
Total	**8,310,617,846**	**100.00%**	**100.00%**

The share premium opening balance of 2017 comprised the amount received in excess of the nominal value of the shares issued by way of subsequent issue of ordinary shares.

	Number of shares	Share Capital	Share premium
Balance at 31 December 2016	**7,795,617,846**	**770,245**	**1,060,744**
Capital increase of 30 June 2017	515,000,000	51,500	--
Balance at 30 June 2017	**8,310,617,846**	**821,745**	**1,060,744**

Authorized capital not issued:

The Extraordinary General Meeting ("EGM") of the shareholders of the Company held on 26 June 2017 resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of three billion euro (EUR 3,000,000,000) for a period of five (5) years from 26 June 2017, which would authorise the issuance of up to twenty billion (20,000,000,000) new ordinary shares and up to ten billion (10,000,000,000) new non-voting shares.

The EGM approved the report issued by the board of directors relating to the possibility for the board of directors of the Company to cancel or limit preferential subscription rights of the shareholders of the Company upon increases of share capital in the framework of the authorised share capital of the Company.

The EGM decided to introduce the possibility to create and issue up to ten billion (10,000,000,000) non-voting shares, having a par value of ten eurocents (EUR 0.10) each, which (i) shall be entitled to receive, out of the net profits of the Company, a preferred dividend per non-voting share amounting to six point nine percent (6.90 %) of the subscription price of the non-voting share, the remainder of such net profits to be shared between all the shares issued by the Company (excluding the non-voting shares), (ii) carry a right to reimbursement of the contribution (including any premium paid) corresponding to the non-voting shares on a preferential basis out of the net proceeds of the liquidation and (iii) be entitled to receive a preferential liquidation dividend amounting to six point nine percent (6.90 %) of the par value of the non-voting shares in case of dissolution and liquidation of the Company.

The EGM also decided to introduce the possibility for the board of directors of the Company to create and issue up to ten billion (10,000,000,000) beneficiary shares without any voting rights and being under registered form only, to be paid up by contribution in cash, in kind or in services, each beneficiary share entitling its holder to receive, subject to the existence of distributable amounts at the level of the Company within the meaning of the law and the decision of the general meeting of the shareholders to operate a dividend distribution to the holders of the beneficiary shares, a dividend per beneficiary share amounting to six point nine percent (6.90 %) of the issue price of each of the beneficiary shares per financial year of the Company. The EGM granted to the board of directors of the Company all powers to create and issue beneficiary shares with no voting rights and to further determine and set forth the terms and conditions of such beneficiary shares with no voting rights in their respective issue documentation.

As at 30 June 2017, the authorised share capital of the Company amounts to EUR 2,948,500,000, which would authorize the issuance of up to 19,485,000,000 new ordinary shares and up to 10,000,000,000 new non-voting shares in addition to the shares currently outstanding.

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.

The Company is allowed to purchase another 199,298,985 pieces of its own shares from existing and/or future shareholders until 28 August 2019.

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.

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. Ineffective portion of cash flow hedges represents part of finance costs or income.

Other reserves

Other reserves are created from other equity operations, such as scope variations or revaluation of assets (revaluation reserve). Revaluation reserve comprises gains and losses from the revaluation of hotels (property, plant and equipment). These reserves may not be subject to the distribution of dividends.

Retained earnings

Retained earnings are created from accumulated profits and losses and these reserves may be subject to the distribution of dividends.

Earnings per share

	30 June 2017	30 June 2016
At the beginning of the period	7,702,448,495	3,303,768,300
Shares issued	7,795,617,846	3,303,768,300
Tresury shares held by the Group	(93,169,351)	--
Weighted average movements	515,000,000	552,407,679
Issue of new shares	515,000,000	552,407,679
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**8,217,448,495**	**3,856,175,979**
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**8,217,448,495**	**3,856,175,979**
Net profit attributable to the Equity holders of the Company	**188,748**	**45,171**
Net profit attributable to the Equity holders of the Company after assumed conversions/exercises	**188,748**	**45,171**
Total Basic earnings in EUR per share	0.02	0.01
o/w discontinued operations	--	--
Diluted earnings in EUR per share	0.02	0.01
o/w discontinued operations	--	--

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.	30 June 2017		31 December 2016	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI 5.10/2021	2,000,000,000	76,350	2,000,000,000	74,019
Less: transaction costs	--	(488)	--	(69)
CPI 5.10/2021	**2,000,000,000**	**75,863**	**2,000,000,000**	**73,951**
Proceeds from issued bonds - CPI II 4.65/22	1,000,000,000	38,175	1,000,000,000	37,010
Less: transaction costs	--	(885)	--	(756)
CPI II 4.65/22	**1,000,000,000**	**37,290**	**1,000,000,000**	**36,254**
Proceeds from issued bonds - CPI III 4.65/22	1,000,000,000	38,175	1,000,000,000	37,010
Less: transaction costs	--	(885)	--	(756)
CPI III 4.65/22	**1,000,000,000**	**37,290**	**1,000,000,000**	**36,254**
Proceeds from issued bonds - CPI IV 4.65/22	1,000,000,000	38,175	1,000,000,000	37,010
Less: transaction costs	--	(885)	--	(758)
CPI IV 4.65/22	**1,000,000,000**	**37,290**	**1,000,000,000**	**36,252**
Proceeds from issued bonds - CPI I 4.75/42	1,000,000,000	38,175	1,000,000,000	37,010
Less: transaction costs	--	(773)	--	(783)
CPI I 4.75/42	**1,000,000,000**	**37,402**	**1,000,000,000**	**36,227**
Proceeds from issued bonds - CPI V 4.85/42	1,000,000,000	38,175	1,000,000,000	37,010
Less: bonds owned by Group	--	--	(150,000,000)	(5,551)
Less: transaction costs	--	(773)	--	(781)
CPI V 4.85/42	**1,000,000,000**	**37,402**	**850,000,000**	**30,667**
Proceeds from issued bonds - CPI 4.75/2019	150,000	57,263	150,000	55,514
Less: bonds owned by Group	--	--	(10,335)	(3,825)
Less: transaction costs	--	(1,170)	--	(642)
CPI 4.75/2019	**150,000**	**56,093**	**139,665**	**51,047**
Subtotal - bonds issued by Czech Property Investments a.s.	**7,000,150,000**	**318,630**	**6,850,139,665**	**300,661**

CPI BYTY, a.s.	30 June 2017		31 December 2016	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 1.85/19 (CZ0003516551)	530,000	20,233	--	--
Proceeds from issued bonds - CPI BYTY 2,25/19 (CZ0003516569)	270,000	10,307	--	--
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003510695)	900,000	34,358	900,000	33,309
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003511412)	500,000	19,088	500,000	18,505
Proceeds from issued bonds - CPI BYTY 5.80/21 (CZ0003510703)	800,000	30,540	800,000	29,608
Less: transaction costs	--	(2,186)	--	(1,579)
Subtotal bonds - CPI BYTY, a.s.	**3,000,000**	**112,340**	**2,200,000**	**79,842**

CPI RETAIL PORTFOLIO I, a.s.	30 June 2017		31 December 2016	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Retail Portfolio I	112,500	42,947	112,500	41,636
Less: transaction costs	--	(438)	--	(278)
Subtotal bonds - CPI Retail Portfolio I	**112,500**	**42,509**	**112,500**	**41,358**

CPI Finance Slovakia, a.s.	30 June 2017		31 December 2016	
	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	--	--	--	(252)
CPI 5.85/2018	**--**	**--**	**30,000**	**29,748**
Proceeds from issued bonds - CPI 5.00/2020	50,000	50,000	50,000	50,000
Less: transaction costs	--	(695)	--	(763)
CPI 5.00/2020	**50,000**	**49,305**	**50,000**	**49,237**
Subtotal bonds - CPI Finance Slovakia, a.s.	**50,000**	**49,305**	**80,000**	**78,985**

Spojené farmy, a.s.	30 June 2017		31 December 2016	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - Spojené farmy, a.s.	80,000,000	3,054	80,000,000	2,961
Less: bonds owned by Group	(80,000,000)	(3,054)	(80,000,000)	(2,961)
Subtotal bonds - Spojené farmy, a.s.	**--**	**--**	**--**	**--**

CPI Property Group S.A.	30 June 2017		31 December 2016	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Property Group S.A.	5,000	495,350	5,000	495,065
Less: bonds owned by Group	(4,405)	(440,500)	(3,954)	(395,400)
Subtotal bonds - CPI Property Group S.A.	**595**	**54,850**	**1,046**	**99,665**

CPI Finance Slovakia II, a.s.	30 June 2017 No. of bonds issued	Value	31 December 2016 No. of bonds issued	Value
Proceeds from issued bonds – CPI Finance Slovakia II, a.s.	100,000	100,000	45,000	45,000
Less: transaction costs	--	(2,288)	--	(1,212)
Subtotal bonds – CPI Finance Slovakia II, a.s.	**100,000**	**97,712**	**45,000**	**43,788**
ORCO PROPERTY GROUP S.A. (New Notes)	**30 June 2017 No. of bonds issued**	**Value**	**31 December 2016 No. of bonds issued**	**Value**
Proceeds from issued bonds - ORCO PROPERTY GROUP S.A.	1,514,461	12,655	1,514,461	12,482
Subtotal bonds - ORCO PROPERTY GROUP S.A.	**1,514,461**	**12,655**	**1,514,461**	**12,482**

Total non-current bonds	**688,000**	**656,780**

6.14.2 Current bonds issued

CPI Alfa, a.s.	30 June 2017 No. of bonds issued	Value	31 December 2016 No. of bonds issued	Value
Proceeds from issued bonds - CPI Alfa, a.s.	279,000,000	10,651	279,000,000	10,326
Less: transaction costs	--	(18)	--	(20)
Subtotal – bonds issued by CPI Alfa, a.s.	**279,000,000**	**10,633**	**279,000,000**	**10,306**

CPI BYTY, a.s.	30 June 2017 No. of bonds issued	Value	31 December 2016 No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2,50/17 (CZ0003512485)	--	--	300,000	11,103
Proceeds from issued bonds - CPI BYTY 3,50/17 (CZ0003510687)	--	--	500,000	18,505
Less: transaction costs	--	--	--	(574)
Subtotal bonds - CPI BYTY, a.s.	**--**	**--**	**800,000**	**29,033**

CPI Finance Slovakia, a.s.	30 June 2017 No. of bonds issued	Value	31 December 2016 No. of bonds issued	Value
Proceeds from issued bonds - CPI 5.85/2018	30,000	30,000	--	--
Less: transaction costs	--	(180)	--	--
Subtotal bonds - CPI Finance Slovakia, a.s.	**30,000**	**29,820**	**--**	**--**

Accrued interest on bonds	**9,791**	**10,762**
Total current bonds	**50,242**	**50,101**
Total bonds	**738,242**	**706,881**

Changes in the period ended 30 June 2017

CPI BYTY bonds

CPI BYTY 2,25/19 (ISIN CZ0003516569)

CPI BYTY 2,25/2019 bonds were issued on 7 May 2017 and mature on 7 May 2019. The nominal value of each bond is CZK 1,000 and the total nominal value of bonds issued amounts to EUR 270 million. CPI BYTY 2,25/2019 bonds bear the fixed interest rate of 2.25 % p.a. Interests are due on 7 May.

CPI BYTY 1,85/19 (ISIN CZ0003516551)

CPI BYTY 1,85/2019 bonds were issued on 7 May 2017 and mature on 7 May 2019. The nominal value of each bond is CZK 1,000 and the total nominal value of bonds issued amounts to EUR 530 million. CPI BYTY 1,85/2019 bonds bear the fixed interest rate of 1.85 % p.a. Interests are due on 7 May.

On 7 May 2017 emissions CPI BYTY 3.50/17 (CZ0003516569) and CPI BYTY 2.50/17 (CZ0003512485) were repaid, The total nominal value of both emissions amounted CZK 800 million.

CPI 5.00/2022 (ISIN SK4120012097)

In 2017, the Group increased the overall volume of bonds issued in emission CPI 5.00/2022, from previously subscribed volume 45,000 pcs to 100,000 pcs.

Covenants

Issued bonds CPI 5.10/2021, CPI II 4.65/22, CPI III 4.65/22, CPI IV 4.65/22, CPI I 4.75/42, CPI V 4.85/42, CPI 4.75/19, CPI Retail Portfolio I 5.00/2019, CPI 5.85/2018, CPI 5.00/2020 and CPI 5.00/2022 and New Notes are subject to a number of covenants. All covenant ratios were met as at 30 June 2017.

Structure of bond financing

As at 30 June 2017, total value of unsecured bonds amounts to EUR 571.6 million (EUR 542.4 million as at 31 December 2016). Bonds in the amount of EUR 166.7 million (EUR 164.5 million as at 31 December 2016) represent secured financing.

6.15 Financial debts

	30 June 2017	31 December 2016
Loans from related parties (1)	365	1,067
Loans from third parties (2)	25,412	22,437
Bank loans (3)	1,689,297	1,243,128
Finance lease liabilities	20,785	21,723
Bills of exchange	5,099	5,764
Total non-current financial debts	**1,740,959**	**1,294,119**

	30 June 2017	31 December 2016
Loans from related parties	--	38
Loans from third parties	8,720	9,108
Bank loans including overdraft	558,338	529,005
Finance lease liabilities	2,484	2,599
Bills of exchange	25,877	41,534
Total current financial debts	**595,419**	**582,284**

(1) Loans from related parties decreased due to repaid loan by CPI, a.s. in the amount EUR 0.7 million.

(2) Increase in loans from third parties relates mainly to the CMA Group (increase of EUR 2.9 million) and to the acquisition of CBRE GI portfolio (effect of EUR 0.5 million).

(3) Bank loans increased mainly due to the acquisition CBRE GI portfolio (increase of EUR 392 million) and also due to the refinancing of current loans.

As at 30 June 2017, total value of unsecured financial debts amounts to EUR 66.3 million (EUR 80.9 million as at 31 December 2016). Financial debts in the amount of EUR 2,270 million (EUR 1,795.5 million as at 31 December 2016) represent secured financing.

6.16 Other non-current liabilities

	30 June 2017	31 December 2016
Advances received	830	637
Trade payables due to third parties	35	434
Tenant deposits (1)	23,508	12,648
Payables from retentions	4,152	2,865
Other payables due to third parties	5,304	5,087
Total other non-current liabilities	**33,829**	**21,671**

(1) Tenant deposits increased predominantly because of the acquisition of new shopping centres (CBRE GI portfolio) – net increase of EUR 4.2 million.

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.

6.17 Trade payables

	30 June 2017	31 December 2016
Trade payables due to related parties	267	319
Trade payables due to third parties	65,208	65,399
Total trade payables	**65,475**	**65,718**

6.18 Advance payments

	30 June 2017	31 December 2016
Advances received from related parties (1)	--	24,500
Advances received from third parties	43,719	34,764
Tenant deposits (2)	13,174	13,438
Total advance payments	**56,893**	**72,702**

(1) Decrease in advances received from related parties relates to the repayment of advance received in 2016 from a major shareholder (amount of EUR 24.5 million).

(2) Advances received from tenants 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.

6.19 Other financial current liabilities

	30 June 2017	31 December 2016
Deferred income/revenue and accrued liabilities (1)	14,273	7,076
Other payables due to related parties	1,110	1,222
Other payables due to third parties	22,000	16,096
Total other financial current liabilities	**37,383**	**24,394**

(1) The main increase in deferred income/revenue relates to the acquisition of CBRE GI portfolio (increase of EUR 6.1 million).

6.20 Other non-financial current liabilities

	30 June 2017	31 December 2016
Current income tax liabilities	9,493	8,505
Value added tax payables	7,693	6,008
Other tax payables (excl. CIT and VAT)	1,168	824
Payables due to employees, SHI, employees income tax	6,355	5,252
Provisions	3,626	2,891
Liabilities from grants (1)	3,878	--
Total other non-financial current liabilities	**32,212**	**23,480**

(1) Liabilities from grants relates to Mercuda, a.s. (Spojené farmy a.s.) in the amount of EUR 3.9 million.

7 Fair value measurement

7.1 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 30 June 2017 have been determined in accordance with generally accepted pricing models based on the discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The fair value of financial instruments reflects, inter alia, current market conditions (interest rates, volatility and share price). Changes in fair values are recorded in the consolidated income statement under the "other net financial results" line.

Accounting classification and fair values

The following tables show the carrying amounts at fair value of financial assets and liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2017	Carrying amount Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)	Fair value Level 1	Level 2	Level 3
FINANCIAL ASSETS					
Long-term Equity investments	--	487	487	--	--
Debentures issued by third parties	--	111	111	--	--
Financial assets available-for-sale	--	598	--	--	--
Advances paid	--	2,956	--	--	--
Derivative instruments	535	--	--	535	--
Loans provided	--	36,248	--	--	36,248
Bills of exchange	--	3,582	--	--	3,582
Other non-current receivables	--	157	--	--	157
Non-current loans and receivables	535	42,943	--	--	--
Trade and other receivables	--	74,537	--	--	--
Derivative instruments	56	--	--	56	--
Loans provided	--	37,192	--	--	39,311
Bills of exchange	--	3,111	--	--	3,214
Other current financial assets	--	48,218	--	--	--
Cash and cash equivalent	--	235,101	--	--	--
Current financial assets	56	398,159	--	--	--
FINANCIAL LIABILITIES					
Bonds	--	688,000	714,958	--	--
Financial debt (floating rate bank debts)	--	1,656,047	--	--	1,656,047
Financial debt (fixed rate bank debts)	--	33,250	--	--	34,547
Financial debt (other borrowings)	--	51,662	--	--	43,083
Derivative instruments	5,845	--	--	5,845	--
Long term liabilities	--	33,829	--	--	--
Non-current financial liabilities	5,845	2,462,788	--	--	--
Bonds	--	40,453**	41,101	--	--
Financial debt (floating rate bank debts)	--	555,814	--	--	555,814
Financial debt (fixed rate bank debts)	--	2,524	--	--	3,464
Financial debt (other borrowings)	--	37,081	--	--	37,030
Derivates instruments	1,979	--	--	1,979	--
Advanced payments	--	56,893	--	--	--
Trade payables	--	65,475	--	--	--
Other financial current liabilities	--	37,383	--	--	--
Liabilities linked to assets held for sale	--	--	--	--	--
Current financial liabilities	1,979	795,623	--	--	--

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

(**) Accrued interest is not included.

31 December 2016	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**
Long-term Equity investments	--	488	488	--	--
Debentures issued by third parties	--	111	111	--	--
Financial assets available-for-sale	**--**	**599**			
Advances paid	--	353	--	--	--
Loans provided	--	10,941	--	--	10,950
Bills of Exchange	--	3,323	--	--	3,323
Other non-current receivables	--	107			107
Non-current loans and receivables	**--**	**14,724**			
Trade and other receivables	--	68,291	--	--	--
Loans provided	--	32,099	--	--	33,227
Bills of Exchange	--	3,037	--	--	3,037
Other current financial assets	--	73,523	--	--	--
Cash and cash equivalent	--	303,733	--	--	--
Current financial assets	**--**	**480,683**	**--**	**--**	**--**
FINANCIAL LIABILITIES					
Bonds	--	656,780	674,050	--	
Financial debt (floating rate bank debts)	--	1,133,455	--	--	1,133,455
Financial debt (fixed rate bank debts)	--	109,672	--	--	110,037
Financial debt (other borrowings)	--	50,992	--	--	42,395
Derivative instruments	12,546	--	--	12,546	--
Non-current financial liabilities	**12,546**	**1,950,899**			
Bonds	--	39,339**	39,933	--	--
Financial debt (floating rate bank debts)	--	480,930	--	--	480,930
Financial debt (fixed rate bank debts)	--	48,075	--	--	51,036
Financial debt (other borrowings)	--	53,279	--	--	53,508
Derivates instruments	2,809	--	--	2,809	--
Advanced payments	--	72,702	--	--	--
Trade payables	--	65,718	--	--	--
Other financial current liabilities	--	24,394	--	--	--
Liabilities linked to assets held for sales	--	58,599	--	--	58,599
Current financial liabilities	**2,809**	**843,036**			

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

(**) Accrued interest is not included.

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.

7.2 Fair value measurement of investment property/hotels/biological assets

The Group’s investment properties, hotels and biological assets were valued at 31 December 2016 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 these 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 property portfolio annually.

The fair value of the majority of the property portfolio as of 30 June 2017 was determined based on the management’s analysis described in note 5.7 and it does not significantly differ from the fair value as of 31 December 2016.

In instances where there have been indications of significant changes and therefore with potential impact on the property value during the first half of 2017, the value of the property has been updated based on the external or internal appraisals as of 30 June 2017.

At 1 January 2017 the fair value measurement for investment property of EUR 3,977.7 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 first half of 2017.

7.2.1 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 the respective part of each class of property, which has been revaluated as at 30 June 2017.

30 June 2017	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average Min.		Max.	Avg.
Czech Republic - Shopping Centres and Galleries	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	141 EUR/sqm	-	355 EUR/sqm	(200 EUR/sqm)
			Level 3	Net current income per sqm	126 EUR/sqm	-	329 EUR/sqm	(190 EUR/sqm)
			Level 3	Equivalent yield	5.75%	-	7.25%	(6.55%)
			Level 3	Vacancy rate	0.16%	-	20.71%	(5.35%)
			Level 3	Fair value		-		668 MEUR
Hungary - Retail Warehouse	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	86 EUR/sqm	-	108 EUR/sqm	(99 EUR/sqm)
			Level 3	Net current income per sqm	97 EUR/sqm	-	109 EUR/sqm	(104 EUR/sqm)
			Level 3	Equivalent yield	9.00%	-	10.93%	(9.77%)
			Level 3	Vacancy rate		-		(0.00%)
			Level 3	Fair value		-		17 MEUR
Hungary - Shopping Centres and Galleries	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	156 EUR/sqm	-	188 EUR/sqm	(173 EUR/sqm)
			Level 3	Net current income per sqm	128 EUR/sqm	-	175 EUR/sqm	(153 EUR/sqm)
			Level 3	Equivalent yield	8.12%	-	8.20%	(8.16%)
			Level 3	Vacancy rate	2.17%		4.34%	(3.16%)
			Level 3	Fair value		-		158 MEUR
Romania - Shopping Centres and Galleries	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(235 EUR/sqm)
			Level 3	Net current income per sqm		-		(218 EUR/sqm)

30 June 2017	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average Min.		Max.	Avg.
			Level 3	Equivalent yield		-		(9.25%)
			Level 3	Vacancy rate		-		(9.26%)
			Level 3	Fair value		-		31 MEUR
Poland - Shopping Centres and Galleries	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(181 EUR/sqm)
			Level 3	Equivalent yield		-		(6.74%)
			Level 3	Vacancy rate		-		(3.37%)
			Level 3	Fair value		-		119 MEUR
Remaining part	**Retail**			Fair value		-		791 MEUR
Czech Republic	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	128 EUR/sqm	-	227 EUR/sqm	(174 EUR/sqm)
			Level 3	Net current income per sqm	97 EUR/sqm	-	211 EUR/sqm	(128 EUR/sqm)
			Level 3	Equivalent yield	5.75%	-	8.50%	(6.57%)
			Level 3	Vacancy rate	3.16%	-	4.30%	(2.35%)
			Level 3	Fair value		-		109 MEUR
Hungary	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(181 EUR/sqm)
			Level 3	Net current income per sqm		-		(164 EUR/sqm)
			Level 3	Equivalent yield		-		(7.29%)
			Level 3	Vacancy rate		-		(8.12%)
			Level 3	Fair value		-		19 MEUR
Remaining part	**Office**			Fair value				1,933 MEUR
Czech Republic	**Residential**	Comparable	Level 3	Fair value per sqm	12 EUR/sqm	-	1,988 EUR/sqm	(701 EUR/sqm)
			Level 3	Fair value				343 MEUR
Remaining part	**Residential**			Fair value				114 MEUR
Czech Republic	**Land Bank**	Comparable	Level 3	Fair value per sqm	144 EUR/sqm	-	3,021 EUR/sqm	(2,539 EUR/sqm)
			Level 3	Fair value		-		138 MEUR

30 June 2017	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average Min.	Max.	Avg.
Remaining part	**Land Bank**			Fair value			284 MEUR
	Hospitality			Fair value			542 MEUR
	Hotel			Fair value			38 MEUR
	Industry			Fair value			75 MEUR
	Agriculture			Fair value			72 MEUR
	Development			Fair value			15 MEUR

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 2016.

31 December 2016	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average Min.		Max.	Avg.
Czech Republic	**Industry and Logistic**	Income capitalisation	Level 3	Estimated rental value per sqm	19 EUR/sqm	-	78 EUR/sqm	(51 EUR/sqm)
				Net current income per sqm	17 EUR/sqm	-	101 EUR/sqm	(44 EUR/sqm)
				Equivalent yield	8.00%	-	12.00%	(8.48%)
				Vacancy rate	20.60%	-	37.23%	(24.4%)
Hungary	**Industry and Logistic**	Income capitalisation	Level 3	Estimated rental value per sqm	39 EUR/sqm	-	57 EUR/sqm	(51 EUR/sqm)
				Net current income per sqm	21 EUR/sqm	-	54 EUR/sqm	(42 EUR/sqm)
				Equivalent yield	8.22%	-	8.82%	(8.63%)
				Vacancy rate	5.88%	-	20.50%	(9.22%)
Germany	**Industry and Logistic**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(18 EUR/sqm)
				Net current income per sqm		-		(14 EUR/sqm)
				Equivalent yield		-		(12.00%)
				Vacancy rate		-		(0.00%)
Czech Republic - Retail Warehouse	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	43 EUR/sqm	-	132 EUR/sqm	(96 EUR/sqm)
				Net current income per sqm	14 EUR/sqm	-	166 EUR/sqm	(99 EUR/sqm)
				Equivalent yield	7.25%	-	9.00%	(7.74%)
				Vacancy rate	1.35%	-	84.69%	(2.59%)
Czech Republic - Retail Warehouse	**Retail**	Comparable	Level 3	Fair value per sqm	474 EUR/sqm	-	1.381 EUR/sqm	(1.058 EUR/sqm)
Czech Republic - Shopping Centres and Galleries	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	121 EUR/sqm	-	292 EUR/sqm	(188 EUR/sqm)
				Net current income per sqm	92 EUR/sqm	-	295 EUR/sqm	(186 EUR/sqm)
				Equivalent yield	4.29%	-	9.06%	(6.15%)

31 December 2016	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average Min.		Max.	Avg.
				Vacancy rate	0.32%	-	18.49%	(5.36%)
Czech Republic - So-called special properties	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	13 EUR/sqm	-	165 EUR/sqm	(81 EUR/sqm)
				Net current income per sqm	(1 EUR/sqm)	-	153 EUR/sqm	(72 EUR/sqm)
				Equivalent yield	5.75%	-	10.00%	(7.84%)
				Vacancy rate	3.27%	-	100.00%	(12.36%)
Czech Republic - So-called special properties	**Retail**	Comparable	Level 3	Fair value per sqm	312 EUR/sqm	-	573 EUR/sqm	(557 EUR/sqm)
Hungary - Retail Warehouse	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	54 EUR/sqm	-	55 EUR/sqm	(55 EUR/sqm)
				Net current income per sqm	21 EUR/sqm	-	41 EUR/sqm	(35 EUR/sqm)
				Equivalent yield	8.56%	-	8.89%	(8.79%)
				Vacancy rate	11.68%	-	13.23%	(12.17%)
Hungary - Shopping Centres and Galleries	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(210 EUR/sqm)
				Net current income per sqm		-		(207 EUR/sqm)
				Equivalent yield		-		(7.69%)
				Vacancy rate		-		(1.22%)
Hungary - So-called special properties	**Retail**	Comparable	Level 3	Fair value per sqm		-		(543 EUR/sqm)
Slovak Republic - Retail Warehouse	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	70 EUR/sqm	-	125 EUR/sqm	(100 EUR/sqm)
				Net current income per sqm	(2 EUR/sqm)	-	141 EUR/sqm	(92 EUR/sqm)
				Equivalent yield	6.42%	-	8.66%	(7.77%)
				Vacancy rate	2.82%	-	100.00%	(11.37%)
Slovak Republic - Retail Warehouse	**Retail**	Comparable	Level 3	Fair value per sqm	474 EUR/sqm	-	1,381 EUR/sqm	(1,195 EUR/sqm)
Poland - Retail Warehouse	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(127 EUR/sqm)
				Net current income per sqm		-		(118 EUR/sqm)
				Equivalent yield		-		(8.50%)
				Vacancy rate		-		(0.00%)
Poland - Shopping Centres and Galleries	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(187 EUR/sqm)
				Net current income per sqm		-		(153 EUR/sqm)
				Equivalent yield		-		(8.00%)
				Vacancy rate		-		(6.15%)
Czech Republic	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	55 EUR/sqm	-	292 EUR/sqm	(177 EUR/sqm)
				Net current income per sqm	27 EUR/sqm	-	1,330 EUR/sqm	(201 EUR/sqm)
				Equivalent yield	4.46%	-	9.24%	(6.37%)
				Vacancy rate	0.07%	-	46.48%	(4.16%)

31 December 2016	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average Min.		Max.	Avg.
Germany	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	42 EUR/sqm	-	155 EUR/sqm	(83 EUR/sqm)
				Gross current income per sqm	28 EUR/sqm	-	154 EUR/sqm	(74 EUR/sqm)
				Equivalent yield	4.25%	-	6.25%	(5.38%)
				Vacancy rate	0.94%	-	51.90%	(11.28%)
Hungary	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	89 EUR/sqm	-	297 EUR/sqm	(146 EUR/sqm)
				Net current income per sqm	25 EUR/sqm	-	140 EUR/sqm	(122 EUR/sqm)
				Equivalent yield	7.62%	-	13.30%	(8.20%)
				Vacancy rate	0.00%	-	77.13%	(16.41%)
Hungary	**Office**	Comparable	Level 3	Fair value per sqm		-		(1.268 EUR/sqm)
Poland	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm	153 EUR/sqm	-	241 EUR/sqm	(213 EUR/sqm)
				Net current income per sqm	98 EUR/sqm	-	234 EUR/sqm	(183 EUR/sqm)
				Equivalent yield	6.50%	-	8.75%	(8.41%)
				Vacancy rate	5.38%	-	21.08%	(9.27%)
Slovak Republic	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm		-		(148 EUR/sqm)
				Net current income per sqm		-		(89 EUR/sqm)
				Equivalent yield		-		(8.33%)
				Vacancy rate		-		(39.01%)
Czech Republic	**Residential**	Comparable	Level 3	Fair value per sqm	1,755 EUR/sqm	-	4,033 EUR/sqm	(2,038 EUR/sqm)
Czech Republic	**Residential**	DCF	Level 3	Estimated rental value per sqm	19 EUR/sqm	-	59 EUR/sqm	(35 EUR/sqm)
				Net current income per sqm	12 EUR/sqm	-	52 EUR/sqm	(28 EUR/sqm)
				Exit yield	3.60%	-	9.50%	(6.65%)
				Vacancy rate	2.03%	-	45.23%	(15.79%)
				Discount rate	4.35%	-	10.00%	(7.49%)
France	**Residential**	Comparable	Level 3	Fair value per sqm	7,077 EUR/sqm	-	28,000 EUR/sqm	(19,602 EUR/sqm)
Italy - 4* hotel	**Hotel**	DCF	Level 3	Rate per key		-		(175,115 EUR/key)
				Net current income per sqm		-		(88 EUR/sqm)
				Exit yield		-		(7.10%)
				Discount rate		-		(7.00%)
Czech Republic	**Land Bank**	Comparable	Level 3	Fair value per sqm	2 EUR/sqm	-	3,042 EUR/sqm	(277 EUR/sqm)
Hungary	**Land Bank**	Comparable	Level 3	Fair value per sqm	48 EUR/sqm	-	1,870 EUR/sqm	(838 EUR/sqm)
Poland	**Land Bank**	Comparable	Level 3	Fair value per sqm		-		(151 EUR/sqm)
Germany	**Land Bank**	Comparable	Level 3	Fair value per sqm		-		(494 EUR/sqm)
Czech Republic	**Development**	Development Appraisal	Level 3	Total EMRV		-		(1.433.002 EUR)
				Gross development value		-		(21.700.000 EUR)
				Development margin		-		(10.00%)

31 December 2016	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average Min.		Max.	Avg.
Switzerland	**Development**	Development Appraisal	Level 3	Gross development value		-		(247.617.166 EUR)
				Development margin		-		(20.00%)
Czech Republic	**Agriculture**	Comparable	Level 3	Fair value per sqm	0.30 EUR/sqm	-	0.61 EUR/sqm	(0.61 EUR/sqm)
Czech Republic - 3* hotel	**Hospitality**	Comparable	Level 3	Rate per key	32,395 EUR/key	-	90,884 EUR/key	(54,805 EUR/key)
Czech Republic - 4* hotel	**Hospitality**	DCF	Level 3	Rate per key	103,727 EUR/key	-	144,194 EUR/key	(121,704 EUR/key)
				Net current income per sqm	270 EUR/sqm	-	1.234 EUR/sqm	(698 EUR/sqm)
				Exit yield	7.00%	-	7.75%	(7.33%)
				Discount rate	9.00%	-	9.25%	(9.11%)
Czech Republic - 4* hotel	**Hospitality**	Comparable	Level 3	Rate per key	86,139 EUR/key	-	188,980 EUR/key	(126,512 EUR/key)
Czech Republic - 5* hotel	**Hospitality**	Comparable	Level 3	Rate per key	72,900 EUR/key	-	521,630 EUR/key	(348,689 EUR/key)
Czech Republic - Hostel	**Hospitality**	Comparable	Level 3	Rate per key		-		(19,804 EUR/sqm)
Hungary - 4* hotel	**Hospitality**	DCF	Level 3	Rate per key	92,025 EUR/key	-	163,158 EUR/key	(115,057 EUR/key)
				Net current income per sqm	5 EUR/sqm	-	494 EUR/sqm	(294 EUR/sqm)
				Exit yield	7.25%	-	7.50%	(7.29%)
				Discount rate	9.25%	-	10.25%	(9.79%)
Poland - 4* hotel	**Hospitality**	DCF	Level 3	Rate per key		-		(169,565 EUR/key)
				Net current income per sqm		-		(139 EUR/sqm)
				Exit yield		-		(7.00%)
				Discount rate		-		(9.00%)
Poland - 5* hotel	**Hospitality**	DCF	Level 3	Rate per key		-		(195,082 EUR/key)
				Net current income per sqm		-		(194 EUR/sqm)
				Exit yield		-		(7.00%)
				Discount rate		-		(9.00%)
Russia - 5* hotel	**Hospitality**	DCF	Level 3	Rate per key		-		(308,333 EUR/key)
				Net current income per sqm		-		(1,625 EUR/sqm)
				Exit yield		-		(7.80%)
				Discount rate		-		(10.80%)
Croatia	**Hospitality**	DCF	Level 3	Rate per key		-		(238,869 EUR/key)
				Exit yield		-		(8.79%)
				Discount rate		-		(10.01%)

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.

8 Contingencies and Litigations

The Group has given guarantees in the ordinary course of business, more specifically on the residential units delivered. Such guarantees are internally covered by the guarantees granted by the general contractor and provisions where needed.

CPI PG has guaranteed certain debt of Orco Property Group (“OPG")

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 in relation to its notes (New Notes, note 6.15) registered under ISIN code XS0820547742, which were issued on 4 October 2012 (and amended and restated pursuant to the Orco Trust Deed). The Group has also undertaken in the Orco Trust Deed to be bound by certain limitations on its activities and to maintain certain financial ratios.

In May 2016 OPG purchased approximately 77 % of the New Notes, which shall be cancelled. As of the date hereof, the principal amount outstanding of the New Notes is EUR 12.66 million. Interest on the New Notes accrues at a rate of 7 % per annum, payable semi-annually in arrears. Unless previously redeemed, or purchased and cancelled, the New Notes will be redeemed at their then outstanding principal amount on 7 November 2019.

In consideration of Group's entry into the Orco Trust Deed and the guarantee given thereunder, Orco Property Group has agreed to pay to the Group a guarantee fee of three percents. of the outstanding principal balance of the New Notes, payable on a payment in kind (PIK) basis falling due on the business day after all amounts payable in connection with the New Notes have been paid in full. For more details about the New Notes please refer to Orco Trust Deed available at www.orcogroup.com.

The Company agreed to guarantee certain warranties given by OPG to the buyer of Capellen building in Luxembourg. The guaranteed warranties related to pending claims in relation to the building and are limited to EUR 250,000. The duration of the guarantee is 24 months from 25 January 2017.

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 OPG, filed with the „Tribunal d´Arrondissement de et a Luxembourg“. The petition seeks condemnation of the Company together with Orco Property Group, S.A. (“OPG“) and certain members of OPG´s board of directors as jointly and severally liable to pay damages in the amount of EUR 14,485,111.13 and compensation for moral damage in the amount of EUR 5,000,000. According to Kingstown´s allegation the claimed damage has arisen as a consequence of inter alia alleged violation of OPG´s minority shareholders rights. To the best of Company´s knowledge, Kingstown was not at the relevant time (and is not up to now) a 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 place a legal deposit in the total amount of 90,000 EUR with the "*Caisse de Consignation*" in Luxembourg in order to continue the proceedings. Kingstown paid the deposit in January 2017.

(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 referred 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"). The main point of the agreement was OI deposited an amount of EUR 10 million into an escrow account to 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 themselves against the claim and accordingly the court has dismissed the claim in total. HGHI has appealed against this first instance verdict.

In the second instance the parties agreed within an general settlement between Group and HGHI in January 2017 that HGHI will withdraw their suit and furthermore that the remaining amounts on the escrow shall be paid out to Orco Immobilien GmbH. After clearing all formal objections at 05 April 2017 the trustee has paid out the remaining EUR 8.6 million from the escrow account to Orco Immobilien GmbH.

With respect to the litigation concerning the deferred compensation of EUR 30 million to be paid by HGHI to Group in relation to the Leipziger Platz project disposal, the parties agreed at the second instance hearing that HGHI has to pay to Group EUR 20 million, which was paid by 2 May 2017. With the settlement of these main proceedings the two other corresponding litigations (the information claim and the injunction measures) were also ended.

HAGIBOR OFFICE BUILDING
In March 2016, the insolvency administrator of the OPG's subsidiary HAGIBOR OFFICE BUILDING ("HOB"), filed a lawsuit, requesting that the OPG returns to HOB in aggregate USD 16.49 million, paid by HOB to OPG in 2012. OPG is of the opinion that the lawsuit has no merit given that in 2012 HOB duly repaid its loan to OPG. OPG will defend itself against this lawsuit. In August 2016, the litigation has been stayed until litigation concerning the ownership of the Radio Free Europe building is resolved. In December 2016 OPG filed a lawsuit claiming the non-existence of pledges registered on the Radio Free Europe building in favor of the financing bank.

As at the date of the publication of the consolidated financial statements, the Group does not have in evidence of 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 lawsuit.

9 Capital and other commitments

Capital commitments

The Group has capital commitments of EUR 33.3 million in respect of capital expenditures contracted for at the date of the statement of financial statements (EUR 29.5 million in 2016). 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	30 June 2017	31 December 2016
Remuneration paid to key management personnel and members of Board of Directors	360	484
Total remuneration	**360**	**484**

Breakdown of balances and transactions between key management personnel and members of Board of Directors and the Group is as follows:

Balances at	**30 June 2017**	**31 December 2016**
Loans provided	108	359
Trade receivables	12	2
Other receivables	20	9
Impairment of other receivables	(6)	(5)
Prepaid expenses	--	13
Bonds issued	--	282
Transactions	**30 June 2017**	**30 June 2016**
Interest income and other revenues	5	3
Legal services	(4)	--
Other related parties		
Entities over which the sole shareholder has control		
Balances at	**30 June 2017**	**31 December 2016**
Loans provided	18,155	--
Trade receivables	--	3
Loans received	274	279
Trade payables	46	--
Transactions	**30 June 2017**	**30 June 2016**
Interest expense on bonds issued	--	(3,571)
Interest income	126	--
Lease and rental expenses	(136)	--
Entities over which the sole shareholder has significant influence		
Transactions	**30 June 2017**	**30 June 2016**
Interest income	--	537
Advisory and accounting services	--	552
Other finance income	--	1,050
Service charge income	--	2
Joint ventures		
Balances at	**30 June 2017**	**31 December 2016**
Loans provided	10,081	4,280
Transactions	**30 June 2017**	**30 June 2016**
Interest income	184	--

Close family members/entities controlled by close family members		
Balances at	**30 June 2017**	**31 December 2016**
Other receivables	11,665	11,665
Trade payables	24	--
Other payables	807	807
Entities controlled by members of Board of Directors		
Balance at	**30 June 2017**	**31 December 2016**
Trade receivables	6	8
Other receivables	135	52
Other advances paid to IC and non IC parties	19	--
Loans provided	439	3,762
Trade payables	103	226
Loans received	73	787
Prepaid expenses	--	13
Impairment of trade receivables and other receivables	(6)	(4)
Impairment of loans	(36)	(35)
Transactions	**30 June 2017**	**30 June 2016**
Lease and rental expenses	(125)	(124)
Interest expense	(8)	--
Interest income on loans	8	--
Advisory and accounting services	69	--
Proceeds from sale of subsidiaries	68	--
Letting fee	(3)	--
Rental income and other services	1	--
Major shareholder of CPI PG		
Balance at	**30 June 2017**	**31 December 2016**
Loans provided	26,002	17,166
Loans received	18	39
Trade receivables	76	2
Other receivables and other items	4,899	4,855
Other payables	303	415
Bonds issued	30,000	30,000
Advances received	--	24,500
Trade payables	94	93
Transactions	**30 June 2017**	**30 June 2016**
Interest income and other revenues	386	695

Main selected transactions with other related parties

New shares

During the first six months of 2017, CPI PROPERTY GROUP S.A. issued 515,000,000 shares to entity controlled by the major shareholder. Newly subscribed shares were fully paid by cash.

Transactions connected with the major shareholder of the Company

Loan provided by/to the Company

In 2017, the Company provided a loan to company which is controlled by the major shareholder of the Group. The loan matures on 31 December 2019 and bears a fix interest of 5.5 % p.a. The total nominal value of the loan, including accrued interest, amounted to EUR 18.2 million as at 30 June 2017.

On February 2017, the Company and the major shareholder entered into the credit facility agreement. The Company has committed to provide the loan up to the amount of EUR 40 million. The loan matures on 31 December 2018 and bears a fix interest of 5 % p.a. The outstanding amount due from major shareholder as at 30 June 2017 amounts to EUR 18.2 million.

11 Events after the reporting period

11.1 Acquisition of Královo Pole Shopping Centre

Královo Pole Shopping Centre located in Brno, Czechia, was acquired on 26 July 2017. Královo Pole Shopping Centre was built in 2004 and comprises a two-level gallery with 78 shops and a food court with a total of 26,500 sqm gross leasable area and 900 parking spaces. Královo Pole is the dominant shopping centre in the North of Brno featuring a large catchment of 250,000 inhabitants within 20 min with above average purchasing power. The shopping centre offers development potential having a valid building permit in place for a further 12,000 sqm GLA expansion.

11.2 Disposal of Arkády Prostějov Shopping Gallery

On 8 August 2017, the Group disposed of Arkády Prostějov Shopping gallery, an non-core asset comprising of shopping gallery with the total gross leasable area of approximately 10,000 square meters located in Prostějov, Czechia.

APPENDIX I – LIST OF GROUP ENTITIES

Subsidiaries fully consolidated

Company	Country	30 June 2017	31 December 2016
"Diana Development" Sp. z o.o.	Poland	100.00%	100.00%
ABLON Sp. z o.o.	Poland	100.00%	100.00%
Agrome s.r.o.	Czech Republic	100.00%	100.00%
Airport City Kft.	Hungary	100.00%	100.00%
Airport City Phase B Kft.	Hungary	100.00%	100.00%
ALAMONDO LIMITED	Cyprus	100.00%	100.00%
Andrássy Real Kft.	Hungary	100.00%	--
Angusland s.r.o.	Czech Republic	100.00%	100.00%
Arena Corner Kft.	Hungary	100.00%	100.00%
Arkáda Prostějov, s.r.o.	Czech Republic	100.00%	100.00%
Aspley Ventures Limited	Cyprus	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 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 Gama, a.s.	Czech Republic	86.54%	86.54%
BC 30 Property Kft.	Hungary	100.00%	100.00%
BC 91 Real Estate Kft.	Hungary	100.00%	100.00%
BC 99 Office Park Kft.	Hungary	100.00%	100.00%
Beroun Property Development, a.s.	Czech Republic	100.00%	100.00%
Best Properties South, a.s.	Czech Republic	100.00%	100.00%
Biochov s.r.o.	Czech Republic	100.00%	100.00%
Biopark s.r.o.	Czech Republic	100.00%	100.00%
Biopotraviny s.r.o.	Czech Republic	100.00%	100.00%
Blue Yachts d.o.o.	Croatia	67.50%	67.50%
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%
Brillant 1419 GmbH & Co. Verwaltungs KG	Germany	97.31%	97.31%
Brno Property Development, a.s.	Czech Republic	86.54%	--
Březiněves, a.s.	Czech Republic	100.00%	100.00%
Bubenská 1, a.s.	Czech Republic	97.31%	97.31%
Bubny Development, s.r.o.	Czech Republic	97.31%	97.31%
Budaörs Office Park Kft.	Hungary	100.00%	100.00%
Buy-Way Dunakeszi Kft.	Hungary	100.00%	100.00%
Buy-Way Soroksár Kft.	Hungary	100.00%	100.00%
BYTY PODKOVA, a.s.	Czech Republic	97.31%	97.31%
CAMPONA Shopping Center Kft.	Hungary	100.00%	--
Camuzzi, a.s.	Czech Republic	97.31%	97.31%
Capellen Invest S.A.	Luxembourg	--	97.31%
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	97.31%	97.31%
CENTRAL TOWER 81 Sp. z o.o.	Poland	100.00%	100.00%
Centrum Ogrody Sp. z o.o.	Poland	100.00%	--
Centrum Olympia Plzeň s.r.o.	Czech Republic	100.00%	--
CEREM S.A.	Luxembourg	97.31%	97.31%
City Gardens Sp. z o.o.	Poland	100.00%	--
CM Hôtels SA	Switzerland	100.00%	100.00%
CMA Immobilier SA	Switzerland	85.07%	85.07%
CMA Services S.à.r.l.	Switzerland	85.21%	85.21%

Company	Country	30 June 2017	31 December 2016
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 - Horoměřice, a.s.	Czech Republic	86.54%	86.54%
CPI - Krásné Březno, a.s.	Czech Republic	97.31%	97.31%
CPI - Land Development, a.s.	Czech Republic	97.31%	97.31%
CPI - Orlová, a.s.	Czech Republic	100.00%	100.00%
CPI - Real Estate, a.s.	Czech Republic	100.00%	100.00%
CPI - Štupartská, a.s.	Czech Republic	100.00%	100.00%
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI Alberghi HI Roma S.r.l.	Italy	100.00%	100.00%
CPI Alfa, a.s.	Czech Republic	100.00%	100.00%
CPI Beta, a.s.	Czech Republic	100.00%	100.00%
CPI Blatiny	Czech Republic	100.00%	--
CPI Blue, s.r.o. (1)	Czech Republic	100.00%	100.00%
CPI BYTY, 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 Management Kft. (2)	Hungary	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 CEE, a.s.	Czech Republic	100.00%	--
CPI Finance Ireland II Limited	Ireland	100.00%	100.00%
CPI Finance Ireland III Limited	Ireland	100.00%	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%	100.00%
CPI Finance Netherlands III B.V.	Netherland	100.00%	100.00%
CPI Finance Slovakia II, a. s.	Slovak Republic	100.00%	100.00%
CPI Finance Slovakia, a.s.	Slovak Republic	100.00%	100.00%
CPI Flats, a.s.	Czech Republic	100.00%	100.00%
CPI France, aSASU	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 Hungary Kft.	Hungary	100.00%	100.00%
CPI HOTELS POLAND Sp. z o.o.	Poland	100.00%	100.00%
CPI Hotels Properties, a.s.	Czech Republic	100.00%	100.00%
CPI Hotels Slovakia, s.r.o.	Slovak Republic	100.00%	100.00%
CPI Hotels, 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 Kappa, s.r.o.	Czech Republic	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	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%

Company	Country	30 June 2017	31 December 2016
CPI Residential, a.s.	Czech Republic	100.00%	100.00%
CPI Retail MB s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail One Kft.	Hungary	100.00%	--
CPI Retail Portfolio Holding Kft.	Hungary	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 Retail Store Kft.	Hungary	100.00%	--
CPI Retail Two Kft.	Hungary	100.00%	--
CPI Retails Brandýs, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retails ONE, a.s.	Czech Republic	100.00%	100.00%
CPI Retails ROSA s.r.o.	Slovak Republic	100.00%	100.00%
CPI Retails THREE, a.s.	Slovak Republic	100.00%	100.00%
CPI Retails Třinec, a.s.	Czech Republic	100.00%	100.00%
CPI Retails TWO, a.s.	Czech Republic	100.00%	100.00%
CPI Rhea, s.r.o.	Czech Republic	--	100.00%
CPI Romania S.R.L.	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%
CPI South, s.r.o.	Czech Republic	97.58%	97.58%
CPI West, s.r.o.	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%	100.00%
Českolipská zemědělská a.s.	Czech Republic	100.00%	100.00%
Český Těšín Property Development, a.s.	Czech Republic	100.00%	100.00%
Darilia, a.s.	Czech Republic	97.31%	97.31%
Děčínská zemědělská a.s.	Czech Republic	100.00%	100.00%
DERISA LIMITED	Cyprus	100.00%	100.00%
Development Doupovská, s.r.o.	Czech Republic	72.98%	72.98%
Development Pražská, s.r.o.	Czech Republic	97.31%	97.31%
Diana Property Sp. z o.o.	Poland	97.31%	97.31%
Dienzenhoferovy sady 5, s.r.o.	Czech Republic	100.00%	100.00%
DORESTO LIMITED	Cyprus	100.00%	100.00%
Družstvo Land	Czech Republic	99.96%	99.96%
Ekodružstvo Severozápad, družstvo	Czech 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	100.00%	100.00%
Endurance Hospitality Finance S.á r.l.	Luxembourg	100.00%	100.00%
Endurance Real Estate Management Company	Luxembourg	97.31%	97.31%
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%
Estate Grand, s.r.o.	Czech Republic	97.31%	97.31%
Europeum Kft.	Hungary	100.00%	100.00%
Farhan, a.s.	Czech Republic	100.00%	100.00%
Farma Javorská, a.s.	Czech Republic	100.00%	100.00%
Farma Krásný Les, a.s.	Czech Republic	100.00%	100.00%
Farma Ploučnice a.s.	Czech Republic	100.00%	100.00%

Company	Country	30 June 2017	31 December 2016
Farma Poustevna, s.r.o.	Czech Republic	100.00%	100.00%
Farma Radeč, a.s.	Czech Republic	100.00%	100.00%
Farma Svitavka s.r.o.	Czech Republic	100.00%	100.00%
Farma Valteřice, a.s.	Czech Republic	100.00%	100.00%
Farmy Frýdlant a.s.	Czech Republic	100.00%	100.00%
FELICIA SHOPPING CENTER SRL	Romania	100.00%	--
Fetumar Development Limited	Cyprus	100.00%	100.00%
First Site Kft.	Hungary	100.00%	100.00%
FL Property Development, a.s.	Czech Republic	100.00%	100.00%
Fogarasi 3 BC Kft.	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.	Hungary	100.00%	100.00%
Gebauer Höfe Liegenschaften GmbH	Germany	94.74%	94.74%
Gewerbesiedlungs-Gesellschaft GmbH	Germany	99.75%	99.75%
GLOBAL INVESTMENT Kft.	Hungary	100.00%	100.00%
GOMENDO LIMITED	Cyprus	100.00%	100.00%
GORANDA LIMITED	Cyprus	100.00%	100.00%
Grunt HZ s.r.o. (4)	Czech Republic	--	97.31%
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	94.66%	94.66%
GSG Gewerbehöfe Berlin 1. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 2. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 3. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 4. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 5. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Gewerbehöfe Berlin 6. GmbH & Co. KG	Germany	99.75%	99.75%
GSG Holding 2 GmbH	Germany	100.00%	100.00%
GSG Mobilien GmbH	Germany	99.75%	99.75%
GSG Solar Berlin GmbH	Germany	99.75%	99.75%
GSG Wupperstraße GmbH	Germany	99.75%	99.75%
HAGIBOR OFFICE BUILDING, a.s.	Czech Republic	97.31%	97.31%
HD Investment s.r.o.	Czech Republic	100.00%	100.00%
Hightech Park Kft.	Hungary	100.00%	100.00%
Hofnetz und IT Services GmbH	Germany	99.75%	99.75%
Hospitality Invest Sàrl	Luxembourg	100.00%	100.00%
Hotel Andrássy Zrt.	Hungary	100.00%	100.00%
Hotel Lucemburská, s.r.o.	Czech Republic	100.00%	100.00%
Hotel Pokrovka, org. Unit	Russia	100.00%	100.00%
Hotel Sirena d.o.o.	Croatia	96.43%	96.43%
Hraničář, a.s.	Czech Republic	100.00%	100.00%
IGY2 CB, a.s.	Czech Republic	100.00%	100.00%
Industrial Park Stříbro, s.r.o.	Czech Republic	97.31%	97.31%
Insite Kft.	Hungary	100.00%	100.00%
IS Nyír Kft.	Hungary	100.00%	--
IS Zala Kft.	Hungary	100.00%	--
Isalotta GP GmbH & Co.Verwaltungs KG	Germany	94.99%	94.99%
ISTAFIA LIMITED	Cyprus	100.00%	100.00%
ITL Alfa, s.r.o.	Czech Republic	100.00%	100.00%
IVRAVODA LIMITED	Cyprus	100.00%	100.00%
Jagapa Limited	Cyprus	100.00%	100.00%
JAGRA spol. s r.o.	Czech Republic	100.00%	100.00%
Janáčkovo nábřeží 15, s.r.o.	Czech Republic	100.00%	100.00%
Janovická farma, a.s.	Czech Republic	100.00%	100.00%
Jeseník Investments, a.s.	Czech Republic	100.00%	100.00%
Jetřichovice Property, a.s.	Czech Republic	86.54%	86.54%
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	97.31%	97.31%

Company	Country	30 June 2017	31 December 2016
JONVERO LIMITED	Cyprus	100.00%	100.00%
Karviná Property Development, a.s.	Czech Republic	97.31%	97.31%
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%
LE REGINA WARSAW Sp. z o.o.	Poland	100.00%	100.00%
Leriegos Kft.	Hungary	100.00%	100.00%
LERIEGOS LIMITED	Cyprus	100.00%	100.00%
Levice Property Development, a.s.	Slovak Republic	100.00%	100.00%
Limagro s.r.o.	Czech Republic	100.00%	100.00%
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.	Czech Republic	100.00%	100.00%
M3 BC Kft.	Hungary	--	100.00%
Malerba, a.s.	Czech Republic	100.00%	100.00%
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 Tau, a.s.	Czech Republic	100.00%	100.00%
Marissa Théta, a.s.	Czech Republic	100.00%	100.00%
Marissa West, a.s.	Czech Republic	100.00%	100.00%
Marissa Yellow, a.s. (5)	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%
Marki Real Estate Sp. z o.o.	Poland	97.31%	97.31%
Mařenická farma, a.s.	Czech Republic	100.00%	100.00%
MB Property Development, a.s.	Czech Republic	100.00%	100.00%
Mercuda, a.s.	Czech Republic	100.00%	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%	100.00%
Modřanská Property, a.s.	Czech Republic	100.00%	100.00%
Mondello, a.s.	Czech Republic	100.00%	100.00%
MUXUM, a.s.	Czech Republic	100.00%	100.00%
Na Poříčí, a.s.	Czech Republic	100.00%	100.00%
NERONTA, a. s.	Slovak Republic	--	100.00%
New Age Kft.	Hungary	100.00%	100.00%
New Field Kft.	Hungary	--	100.00%
Nisa OC s.r.o.	Czech Republic	100.00%	--
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	97.31%	97.31%
Nový Projekt CPI, s.r.o.	Czech Republic	100.00%	--
NUKASSO HOLDINGS LIMITED	Cyprus	100.00%	100.00%
Nupaky a.s.	Czech Republic	97.31%	97.31%
Nymburk Property Development, a.s.	Czech Republic	100.00%	100.00%
Obchodní a společenské centrum České Budějovice, s.r.o. (5)	Czech Republic	--	100.00%
OC Nová Zdaboř a.s.	Czech Republic	100.00%	100.00%
OC Spektrum, s.r.o.	Czech Republic	100.00%	100.00%
OFFICE CENTER HRADČANSKÁ, a.s.	Czech Republic	100.00%	100.00%
Office Center Poštová, s.r.o.	Slovak Republic	100.00%	100.00%
Office Center Purkyňova, a.s.	Czech Republic	--	100.00%
Olomouc City Center, a.s.	Czech Republic	100.00%	100.00%
Olomouc Office, a.s.	Czech Republic	100.00%	100.00%
Orco Germany Sp. z o.o.	Poland	--	100.00%
Orco Hotel Development Sp. z o.o.	Poland	--	100.00%
ORCO Hotel Management Kft.	Hungary	100.00%	100.00%
Orco Hotel Project Sp. z o.o.	Poland	--	100.00%

Company	Country	30 June 2017	31 December 2016
Orco Immobilien GmbH	Germany	100.00%	100.00%
Orco Pokrovka Management o.o.o.	Russia	100.00%	100.00%
Orco Project Limited	Guernsey	97.31%	97.31%
Orco Property Group S.A.	Luxembourg	97.31%	97.31%
OSMANIA LIMITED	Cyprus	100.00%	100.00%
Ozrics, Kft.	Hungary	100.00%	100.00%
Parco delle Case Bianche SRL	Italy	100.00%	100.00%
Pastviny a.s.	Czech Republic	100.00%	100.00%
Pelhřimov Property Development, a.s.	Czech Republic	100.00%	100.00%
PFCE Prague investments s.r.o.	Czech Republic	100.00%	--
Platnéřská 10 s.r.o.	Czech Republic	100.00%	100.00%
Pólus Shopping Center Zrt.	Hungary	100.00%	--
Polus Társasház Üzemeltető Kft.	Hungary	100.00%	--
Považská Bystrica Property Development, a.s.	Slovak 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.	Romania	100.00%	100.00%
Projekt Nisa, s.r.o.	Czech Republic	100.00%	100.00%
Projekt Zlatý Anděl, s.r.o.	Czech Republic	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%
PTR PRIME TOURIST RE SORTS (CYPRUS) LIMITED	Cyprus	100.00%	100.00%
PV - Cvikov s.r.o.	Czech Republic	100.00%	100.00%
QTW Czech, s.r.o.	Czech Republic	100.00%	100.00%
Quadrio Residence, s.r.o.	Czech Republic	--	100.00%
R40 Real Estate Kft.	Hungary	100.00%	100.00%
Remontées Mécaniques Crans Montana Aminona (CMA) SA	Switzerland	85.33%	85.33%
Residence Belgická, s.r.o.	Czech Republic	100.00%	100.00%
Residence Izabella, Zrt.	Hungary	100.00%	100.00%
Rezidence Jančova, s.r.o.	Czech Republic	100.00%	--
Rezidence Malkovského, s.r.o.	Czech Republic	100.00%	--
REZIDENCE MASARYKOVA 36, s.r.o.	Czech Republic	100.00%	--
Rezidence Pragovka, s.r.o. (3)(4)	Czech Republic	97.31%	97.31%
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%
SASHKA LIMITED	Cyprus	100.00%	100.00%
SCI MAS CANTAGRELI	France	100.00%	100.00%
SCP AILEY	Monaco	100.00%	100.00%
SCP CAYO	Monaco	100.00%	100.00%
SCP CISKEY	Monaco	100.00%	100.00%
SCP KANDLER	Monaco	100.00%	100.00%
SCP MADRID	Monaco	100.00%	100.00%
SCP NEW BLUE BIRD	Monaco	100.00%	100.00%
SCP PIERRE CHARRON	Monaco	100.00%	100.00%
SCP VILLA DE TAHITI	Monaco	100.00%	100.00%
SHAHEDA LIMITED	Cyprus	100.00%	100.00%
Shopinvest a.s. (5)	Czech Republic	--	100.00%
Spišská Nová Ves Property Development, a.s.	Slovak Republic	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%	100.00%
Statenice Property Development, a.s.	Czech Republic	100.00%	100.00%
Strakonice Property Development, a.s.	Czech Republic	97.31%	97.31%
STRM Alfa, a.s.	Czech Republic	97.31%	97.31%
STRM Beta, a.s.	Czech Republic	97.31%	97.31%
STRM Delta, a.s.	Czech Republic	97.31%	97.31%
STRM Gama, a.s.	Czech Republic	97.31%	97.31%

Company	Country	30 June 2017	31 December 2016
Sunčani Hvar d.d.	Croatia	96.43%	96.43%
Svitavy Property Alfa, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Development, a.s.	Czech Republic	97.31%	97.31%
Šenovská zemědělská, s.r.o.	Czech Republic	100.00%	100.00%
Tarnów Property Development Sp. z o.o.	Poland	100.00%	100.00%
Telč Property Development, a.s.	Czech Republic	100.00%	100.00%
Tepelná Litvínov, s.r.o.	Czech Republic	100.00%	--
Trebišov Property Development, s. r. o.	Slovak Republic	100.00%	100.00%
Trutnov Property Development, a.s.	Czech Republic	100.00%	100.00%
Třinec Investments, s.r.o.	Czech Republic	100.00%	100.00%
Třinec Property Development, a.s.	Czech Republic	100.00%	100.00%
TUNELIA LIMITED	Cyprus	100.00%	100.00%
Týniště Property Development, s.r.o.	Czech Republic	--	100.00%
Tyršova 6, a.s.	Czech Republic	100.00%	100.00%
U svatého Michala, a.s.	Czech Republic	100.00%	100.00%
Valdovská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Valkeřická ekologická, a.s.	Czech Republic	100.00%	100.00%
Verneřický Angus a.s.	Czech Republic	100.00%	100.00%
Vigano, a.s.	Czech Republic	100.00%	100.00%
Vinohrady s.a.r.l.	France	97.31%	97.31%
VM Property Development, a.s.	Czech Republic	--	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	100.00%	100.00%
Zelená louka s.r.o.	Czech Republic	100.00%	100.00%
Zelená pastva s.r.o.	Czech Republic	100.00%	100.00%
ZEMSPOL s.r.o.	Czech Republic	100.00%	100.00%
ZLATICO LIMITED	Cyprus	100.00%	100.00%
Žďár Property Development, a.s.	Czech Republic	--	100.00%
Ždírec Property Development, a.s.	Czech Republic	100.00%	100.00%

Joint ventures

Company	Country	30 June 2017	31 December 2016
Uniborc S.A.	Luxembourg	34.06%	19.47%

1) Orco Germany Prague changed its name to CPI Blue, s.r.o. with effective date of 19 January 2017.
2) Szolgáltatóház Kft. changed its name to CPI Facility Management Kft. with effective date of 30 June 2017.
3) Orco Praga, s.r.o., člen holdingu ORCO PROPERTY GROUP SA changed its name to Rezidence Pragovka, s.r.o. with effective date of 3 January 2017.
4) Grunt HZ s.r.o. has merged with Rezidence Pragovka, s.r.o. (the "successor company”) with the effective date of 31 May 2017. All assets and liabilities of Grunt HZ s.r.o. passed to the successor company.
5) Obchodní a společenské centrum České Budějovice, s.r.o. and Shopinvest a.s. has merged with Marissa Yellow, a.s. (the „successor company“) with the effective date of 31 March 2017. All assets and liabilities of Obchodní a společenské centrum České Budějovice, s.r.o. and Shopinvest a.s. passed to the successor company.