MANAGEMENT REPORT

CPI Property Group

as at 30 June 2016
Unaudited

CPI Property Group
Management Report June 2016

KEY FIGURES

Performance		30-Jun-16	30-Jun-15	Change in %
Gross rental income	MEUR	114	107	7%
Occupancy in %*	%	89%	89%	-
Net rental income	MEUR	103	105	-2%
Total revenues	MEUR	155	135	15%
Operating result	MEUR	95	94	1%
Funds from operations (FFO)	MEUR	51	51	0%
Profit before tax	MEUR	58	66	-12%
Net interest expense	MEUR	40	33	22%
Net profit for the period	MEUR	44	58	-24%

*Excluding hotels

Assets		30-Jun-16	31-Dec-15	Change in %
Total assets	MEUR	4,903	4,323	13%
Property Portfolio	MEUR	4,248	3,822	11%
Gross lettable area*	sqm	3,077,000	2,977,000	3%
Total number of properties**	No	421	402	5%
Total number of residential units	No	12,474	12,483	0%
Total number of hotel beds	No	11,911	10,331	15%
EPRA NAV	MEUR	2,085	1,732	20%
EPRA NAV per share	EUR	0.331	0.629	-47%

*Excluding hotels
**Excluding residential properties

Financing structure		30-Jun-16	31-Dec-15	Change in %
Total equity	MEUR	1,723	1,338	29%
Equity ratio	%	35%	31%	-
Net debt	MEUR	2,324	2,248	3%
Loan to value ratio in % (Net LTV)	%	54.7%	58.8%	-

CPI Property Group
Balance Building, Budapest

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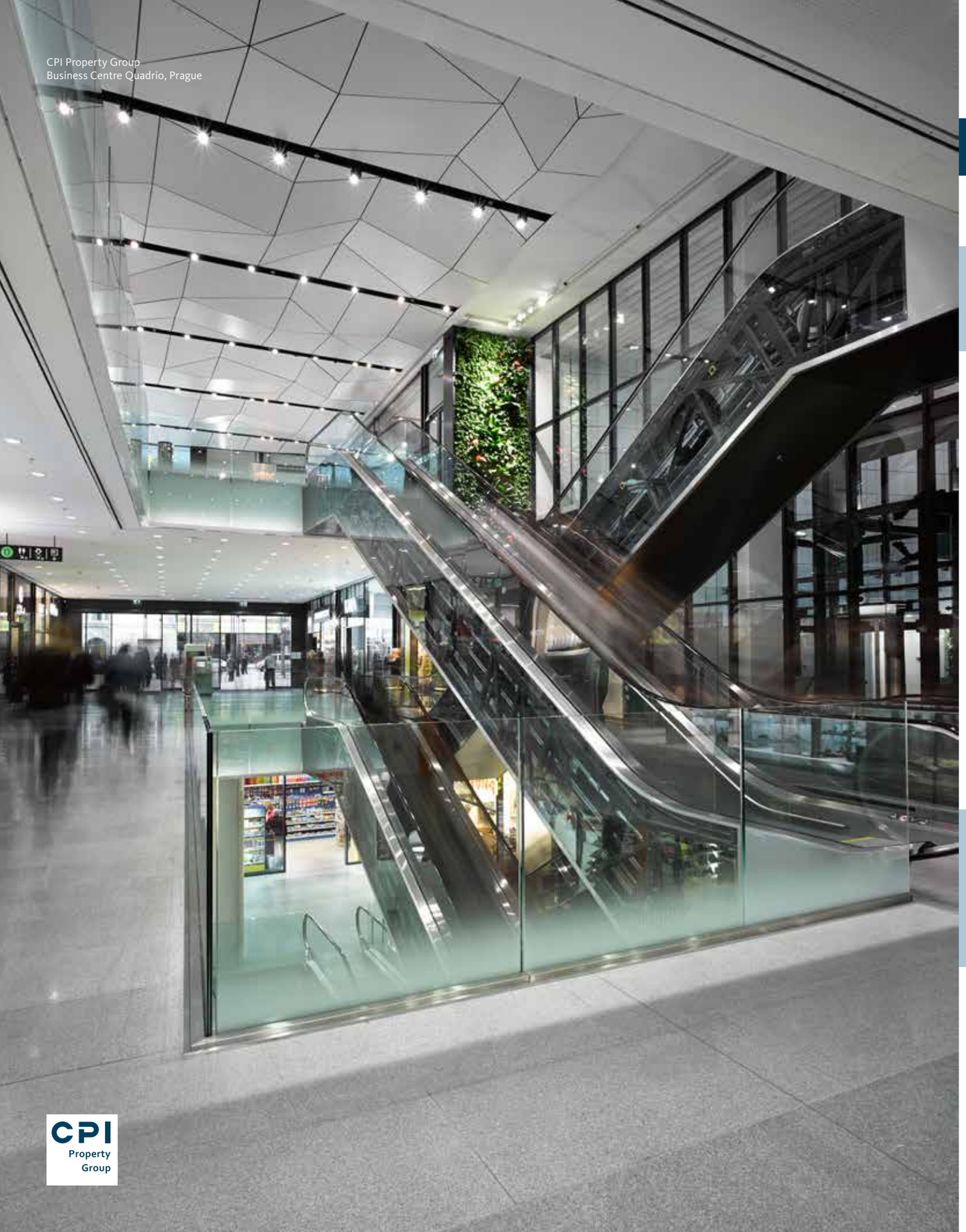


CPI Property Group
Business Centre Quadrio, Prague

YEAR 2016

Considerable increase
in equity

CORPORATE NEWS

Increase of share capital in amount of EUR 370.3 million

In H1 2016 CPI Property Group (the "Company" or together with subsidiaries the „Group") issued in several issuances in aggregate the 3,698,030,051 new ordinary shares. The new shares, having a par value of EUR 0.10 each, were issued in reserved capital increases under the Company's authorised share capital.

The aggregate subscription price of EUR 370.3 million was partially paid by cash contributions amounting to EUR 73.5 million in total and partially by contributions in kind amounting to EUR 296.8 million in total, through contributions of bonds issued by the Company and the Company's subsidiary Czech Property Investments, a.s. The contributed bonds were valued at their nominal value inclusive of the accrued interest as of the date of contribution.

The extraordinary general meeting (the "EGM") held on 26 May 2016 resolved to decrease the corporate capital of the Company by the amount of EUR 55,069,491.50 by means of cancellation of 550,694,915 shares held in treasury by the Company as of the date of the EGM.

The corporate share capital of the Company amounts to EUR 645,110,343.60 represented by 6,451,103,436 shares.

'Double win' for CPI Property Group at Microsoft project awards 2016

In May 2016 the Group received more accolades at the Microsoft Project Awards, 2016. This year, along with its partner KPCS CZ, the company won the 'Solution for Business Mobility Award and together with its partner WEBCOM, was awarded the 'Solution for Automation, Integration and Management of Business Processes Award'. In 2016, CPI PG became the first company in the competition's 18 year history to win in two categories within the same year.

PORTFOLIO HIGHLIGHTS

60 ths sqm of Office
+ 1.7 mln sqm
of Land bank
acquired

Acquisition of 97% stake in ORCO Property Group

On 8 June 2016 CPI PROPERTY GROUP through its wholly owned subsidiary Nukasso acquired indirectly 1,279,080,996 shares in ORCO Property Group a public limited liability company (société anonyme) incorporated under the laws of Luxembourg and registered with the Luxembourg Trade and Companies Register (RCS) under number B 44 996 ("OPG"), representing 97.31% stake in OPG.

Pursuant to article 6 (2) of the Luxembourg law of 19 May 2006 on takeover bids (the "Takeover Bid Law") NUKASSO has submitted a draft offer document for approval to the CSSF in its capacity as competent supervisory authority in accordance with article 4 (2) (a) of the Takeover Bid Law. Once approved the Offer Document will be published on the website of CPI PROPERTY GROUP under www.cpipg.com and on the website of the Luxembourg Stock Exchange under www.bourse.lu.

On 2 August 2016 the Company filed with the Czech Office for the Protection of Competition a request to obtain merger clearance concerning the acquisitions made on 8 June 2016, resulting in obtaining of direct and indirect ownership of approximately 97.31% of OPG's share capital. The Czech Office for the Protection of Competition granted the merger clearance on 23 August 2016.

OPG is an investor, developer and asset manager in the Central European real estate market. Based in Luxembourg, it is a public company listed on the Luxembourg Stock Exchange. Orco Property Group operates in a number of countries in Central Europe with main focus on the Czech Republic, Germany and Poland.

Acquistion of
hotel chain
in Croatia

Acquisition of major stake in Sunčani Hvar

On 19 May 2016 the Group indirectly acquired 12,029,250 shares of SUNČANI HVAR d.d. (hereinafter as "SHH"), hotel company operating on the Island of Hvar, Croatia, representing 61.95% of the shareholding and voting rights in SHH. During the mandatory buyout procedure, shareholders of SHH tendered in aggregate 5,924,081 SHH shares at the price of HRK 24 per share. The tendered shares include 5,880,849 SHH shares previously held by the Restructuring and Sale Center of the Republic of Croatia, which decided to sell them on 27 July 2016. Following the acquisition of the tendered shares completed on 8 August 2016, the Group now indirectly holds approximately 92.45% of the SHH shares. Subject to legal and regulatory requirements, the Group intends to proceed with the delisting of SHH shares from the regulated market of the Zagreb Stock Exchange.

Acquisition of hotel operator CPI Hotels

On 31 August 2016 the Group acquired 100% stake at CPI Hotels, a.s. (the „CPI Hotels") a long-term business partner of the Group that operates 24 hotels owned by the Group. The aggregate acquisition price was CZK 1,219 million (approx. EUR 45 million). Since 1997 CPI Hotels has been the exclusive representative of the international hotel chain Choice Hotels International known as the Clarion brand in the Czech Republic and Slovakia. In 2009 CPI Hotels introduced the unique project of the five-star Buddha Bar Hotel Prague, the first hotel of the international chain Buddha-Bar Hotels & Resorts. CPI Hotels operates own brand Fortuna Hotels and brand Spa & Kur Hotels. In 2014 the portfolio operated by CPI Hotels expanded to Mamaison Hotels & Residences.

Acquisition of the shopping centre in Mladá Boleslav

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

Further
expansion
in shopping centre
portfolio

Acquisition of the shopping centre in České Budějovice

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

The Group has begun work on the New IGY Centre in České Budějovice

The Group has started the construction of the retail project New IGY Centre in České Budějovice, which involves the upgrade and modernisation of the existing IGY shopping centre and the construction of the new building, IGY2. Investment in the construction of IGY 2 will reach EUR 16 million and the renovation of the current IGY is expected to be an additional EUR 12 million.

Capital market financing

EUR 50 million Bonds issue

On 26 February 2016 the subsidiary CPI Finance Slovakia, a.s. issued new bonds with the nominal amount of EUR 1,000 each and the aggregate amount of up to EUR 50 million. The bonds, due in 2020, are registered under ISIN code SK4120011487 and carry a fixed rate coupon of 5.00% p.a. The prospectus, which since has been approved by the National Bank of Slovakia on 22 February, 2016 is available in electronic form at www.cpifinanceslovakia.sk.

EUR 49 million Bonds redeemed

During Q1 2016 bonds CPI 6.05/16 in the total amount of EUR 46 million were repaid and bonds CPI VAR/19 (EUR) in the total amount of EUR 3 million were prepaid before maturity.

Amendment of terms of CZK 2 billion of Czech Property Investments, a.s. bonds

The meeting of the Bondholders, held on 22 January, 2016 approved the amendment of the terms and conditions of CPI VAR CZK 2019 bonds. The approved amendment entails, inter alia, the decrease in the interest from 6M PRIBOR plus 6.5% to the fixed 5.1% p.a. has enabled a 2 year extension of maturity of bonds until 2021. The amendment of the terms and conditions has been in effect since 25 January, 2016.

CPI Property Group
Clarion Grandhotel Zlatý lev Liberec

THE CEO'S MESSAGE

Dear Shareholders,

I am once more delighted to report another half a year of strong activity. The Group's performance has been considerably boosted by two major acquisitions along with favourable advancements in financing via senior loans and corporate bonds. The Group has taken advantage of its acquisitions and operational improvements in preceding years and is currently appreciating the confident real estate environment. All of this has given the company solid grounds on which to continue further expansion to sustain and strengthen our leading market position.

The total assets value is near approaching 5,000 MEUR, having increased by 581 MEUR in the first half of 2016. The property portfolio has seen an increase of over 420 MEUR. This increase in assets has been primarily financed via equity which jumped by 385 MEUR thus lowering the LTV and EPRA NAV crossing the 2,000 MEUR level. The net debt increased by 76 MEUR. Gross Rental Income rose by 7.4 MEUR to 114 MEUR. 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 successful refinancing plan initiated in 2015. The current low interest environment continues to significantly help and improve liquidity, increase prices and reduce the cost of our debt.

In June 2016, the Group acquired 97% of Orco Property Group, which owns an interesting portfolio of yielding and development properties in the Czech Republic and other CEE countries. Although, Orco has undergone significant restructuring in recent years and its assets have been greatly reduced, management considers that the Group has the necessary experience and financial funds to extract value out of the portfolio. The Group is currently in the process of the mandatory takeover bid in respect of all Orco shares held by the public.

The Group is also proud to have acquired 92.45% of Sunčani Hvar, a company owning a portfolio of 7 hotels located on the Island of Hvar, Croatia's prime tourist resort. We have successfully completed the mandatory takeover bid in which the Republic of Croatia tendered its Sunčani Hvar shares alongside other minor shareholders. Sunčani Hvar is the preeminent hotel owner and operator on the island with operational results significantly improving over the past two years. We plan investments in the hotels to further increase their profitability.

Other notable acquisitions were shopping centres Bondy Centre, Mladá Boleslav and Géčko, České Budějovice, all in the Czech Republic. They are fully complementary to the shopping centres portfolio which is composed of 11 properties.

The Group was considerably active on the bond market in the first half of 2016 and proved to be the leader among real estate companies in the Czech Republic. We repaid 1.5 billion CZK of CPI 6.05/2016 bonds at their maturity, prepaid VAR 2019 EUR bonds and managed to agree with holders of VAR 2019 CZK bonds to lower their coupon and extend their maturity. As many as 297 MEUR of the Group's bonds were capitalised which is an indicator of confidence in the Group. Furthermore, we authorised three new bond issues with major Czech banks to finance further acquisition activities of the Group. The bond financing has without question become an indivisible part of our overall financial strategy and our bonds proved to be highly attractive for investors. In the field of senior financing, the Group newly obtained or refinanced 148 MEUR of loans.

Regarding asset management, we have seen a robust improvement in long-term occupancy rates, the highest across all regions in the last three years. Within the Prague market alone, the Group has a three times lower vacancy rate than its competitors. We are also maintaining a limited disposal of non-core assets while due to market resilience we can subsequently forecast further sales of larger assets.

An illustration of our on-going progress with development is the expansion and refurbishment of IGY Shopping centre in České Budějovice, the renovation of the Spa Hotel Praha in Františkovy Lázně and the completion of the Balance building in Budapest. These projects represent our long-term strategy to upgrade and revitalise our portfolio

throughout the region. Furthermore, proceedings with Zbrojovka in Brno have got under way which will become the Group's largest development project for the immediate future.

Looking ahead, the Group will continue searching for acquisitions that will be complementary to its existing portfolio, principally in the retail and hotel segments offering good opportunities of return. We shall keep on utilising the low-interest environment and agreeing best terms for our senior financing. Our existing portfolio offers various investment opportunities and we plan to allocate funds to bring value through the redevelopment and refurbishment of our properties. Our overall goal is to provide our tenants with the optimum service to retain long-term contracts and continue to generate superior professional relationships.

Luxembourg, 31 August 2016

Martin Němeček
Chief Executive Officer & Managing Director

CPI Property Group
Management Report June 2016

CPI Property Group

CPI Property Group
Palais Maeterlinck, Nice

GROUP OVERVIEW

CPI PROPERTY GROUP (the "Company" and together with its subsidiaries the "Group") is a Luxembourg based société anonyme, founded in 2004 as ORCO Germany S.A. Since its foundation it has been operating in Germany and concentrated mainly on commercial property, project development and asset management especially in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the Group is the largest lessor of commercial property in the Berlin area. After the incorporation into CPI in 2014, the Group has expanded into a number of CEE countries and significantly extended its current Berlin portfolio.

During recent years the Group has continued its expansion into a number of CEE countries and its significant expansion of its property portfolio.

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

As at 30 June 2016 the Group includes 338 companies in 17 countries within Europe as indicated in the table below:

	Number of Companies
Country	30-June-16
Czech Republic:	190
Hungary:	31
Germany:	19
Slovak Republic:	16
Poland:	14
Romania:	9
Other:	59
CPI PROPERTY GROUP in total	338

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

Shareholders structure

Based on the latest shareholders´ declarations, the following table sets out information regarding the ownership of the Company's shares as at 30 June 2016.

Shareholder	Number of shares	Share held
Radovan Vítek and entities controlled by Mr. Vítek	5,535,565,990	85.81%
Others	756,404,549	11.73%
Treasury shares	159,132,897	2.46%
Total	6,451,103,436	100.00%

The share capital of the Company is represented by 6,451,103,436 ordinary shares of one class. 230,056,445 Company shares (approx. 3.6% 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 6,221,046,991 Company shares (approx. 96.4% of the total number of shares) are currently unlisted and non-tradeable on a regulated market.

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

ECONOMIC DEVELOPMENT IN THE CORE COUNTRIES OF THE GROUP

Czech Republic

The following reviews on macroeconomic data were published by the Czech Statistical Office (unless otherwise stated).

According to the preliminary estimate, the gross domestic product increased in the Q2 2016 by 2.5%, y-o-y; compared to the Q1 2016 it was 0.9% up. In the Q2 2016, growth of the Czech economy still belonged to the highest in the European Union. According to the preliminary estimate, the gross domestic product (GDP) adjusted for price effects and seasonally adjusted increased in the Q2 2016 by 2.5%, y-o-y; compared to the Q1 2016 it increased by 0.9%.

In terms of the y-o-y comparison, in June, the consumer prices increased by 0.1%. The biggest influence on the growth of the y-o-y price level in June came from prices in 'alcoholic beverages and tobacco' due to the increase in prices of tobacco products and alcoholic beverages (5.1% and 2.5%, respectively). An influence had prices in 'housing, water, electricity, gas and other fuels', where prices of the net actual rentals increased by 1.5%, water supply by 1.6%, sewage collection by 5.3%, electricity by 1.2%, heat and hot water by 0.9%. In 'clothing and footwear', prices of garments were higher by 0.4% and prices of shoes and other footwear by 5.2%. In 'recreation and culture', prices of recreational and cultural services went up by 2.1%. In 'restaurants and hotels', prices of catering services were higher by 1.3%, while prices of accommodation services remained unchanged. In 'miscellaneous goods and services', prices of hairdressing salons and services of personal care were higher by 2.2% and financial services by 2.1%. The increase in the average consumer price index in the twelve months to H1 2016 compared with the average consumer prices index in the previous twelve months, amounted to 0.3% in June.

The general unemployment rate of the aged 15 – 64 years (the share of the unemployed in the labour force, that is in the total number of the employed and the unemployed, as percentage), seasonally adjusted, reached 4.2% in H1 2016 and decreased by 0.9%, y-o-y. The male unemployment rate, seasonally adjusted, attained 3.6%; the female unemployment rate was 5.0%.

Germany

The following reviews on macroeconomic data were published by the Federal Office of Statistic (unless otherwise stated).

The German economy continues its upward trend. In the Q2 2016, the gross domestic product (GDP) rose 0.4% on the Q1 of the year after adjustment for price, seasonal and calendar variations. At the beginning of the year 2016, a strong GDP growth of 0.7% had been recorded.

Consumer prices in Germany rose by 0.3% in H1 2016 compared with H1 2015. The inflation rate as measured by the consumer price index increased slightly for the second

consecutive month. This year, a slightly higher rate than in H1 2016 was measured only in January (+0.5%).

In Q2 2016, roughly 43.5 million persons resident in Germany were in employment according to provisional calculations of the Federal Statistical Office. Compared with the same month a year earlier, this was a strong increase of 528,000 or 1.2%. Since Q4 2015, employment has continuously increased, with y-o-y growth rates of 1.2% each. Roughly 1.8 million people were unemployed in Q2 2016, 138,000 fewer than a year earlier.

Hungary

Based on the data published by the Hungarian Central Statistical Office, the gross domestic product of Hungary increased by 2.6% in the Q2 2016 compared to the corresponding period of the previous year. Consumer prices decreased by 0.2% compared to H1 2015. In Q2 2016, the number of unemployed people was 234,000, 76,000 fewer than in the same period of 2015, and the unemployment rate decreased by 1.8% to 5.1%.

Slovakia

Based on the data published by the Statistical Office of the Slovak Republic, the gross domestic product measured at current prices increased by 3.7%, y-o-y. The volume of GDP at current prices in the Q2 2016 reached EUR 20,055.2 million what represented the increase by 3.2% in comparison with the Q2 2015.

The consumer prices index decreased by 0.8% in total compared to H1 2015. In H1 2016 the annual inflation rate measured by harmonized index of consumer prices reached the value of -0.7%.

Total employment in the reference period reached 2,315.5 thousand persons. In comparison with the Q2 2015 it increased by 2.3%. Seasonally adjusted total employment rose by 2.3% as compared to the Q2 2015 and by 0.6% as compared to the Q1 2016.

Poland[1]

Over Q1 2016 seasonally adjusted gross domestic product was lower by -0.1% than in the Q1 2015 and 2.6% higher y-o-y, based on the data published by the Polish Central Statistical Office. According to Cushman&Walkfield report private consumption remains the strongest performing part of the economy and retail sales rose 2.2% y-o-y in May. Consumers are benefitting from several favourable tailwinds including a tightening labour market, limited inflationary pressures and strong credit growth. The Consumer prices index according to the EUROSTAT decreased by -0.4% in total compared to H1 2015. The unemployment rate at the end of April 2016 comprised 9.5% of the economically active population; it was by 2.4% lower than in Q4 2015. Whereas compared to the same period of the last year, the unemployment rate decreased by 1.6%.

[1] *As at date of publication Q1 2016 data available only*

CPI Property Group
Management Report June 2016

CPI Property Group
Clarion Congress Hotel Olomouc

THE PROPERTY MARKETS IN THE CORE COUNTRIES OF THE GROUP

Czech Republic

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

Retail Market

No shopping centre was completed in the H1 2016, however one shopping centre, or more precisely the second phase of an existing scheme, started construction. IGY in České Budějovice will offer 9,000 sqm of new modern retail space in 2017. Currently there are five shopping centres under construction with the total volume reaching 100,000 sqm. Aupark in Hradec Králové and Galerie Přerov should be opened by the end of 2016 and the expansion of Centrum Chodov, Central Jablonec nad Nisou and IGY České Budějovice in 2017. The volume of total shopping centre stock remained the same by the end of the H1 2016 and amounted to 2.3 million sqm. The density of the shopping space was 215 sqm/ 1,000 inhabitants which ranked the Czech Republic in 3rd place within the CE region. The Czech Republic remains a market with the majority of the retail demand concentrated on Prague. Currently prime shopping centre rents remained at EUR 115 /sqm/ month in Prague and EUR 65 /sqm/ month in the regions. High street supply remained increasingly limited and demand is much higher than supply. The prime rent increased to EUR 205 / sqm/ month on the high street.

Prague office market

In H1 2016, two new office schemes with a total leasable area of 12,000 sqm were completed. New supply included Classic 7 III. Phase in Prague 7 and Kotelna Park in Prague 5. Several office projects are due to commence construction in the H1 2016. At the end of Q2 2016, the modern office stock in the capital city totalled 3,224,800 sqm. Currently, there is approximately 196,200 sqm of office space under construction. Out of this number, ca. 32,000 sqm is scheduled for completion by the end of 2016. In Q2 2016 total leasing activity reached 112,600 sqm (27% increase compared to Q1 2016) in Prague office market. The gross take-up reached 82,300 sqm. At the end of Q2 2016, a total of 397,700 sqm was immediately available for lease in Prague, representing a vacancy rate of 12.3%, 1.6% lower than at the end of Q1 2016 and 4.5% y-o-y. The prime office rent remained level between EUR 18.5 - 19.5 /sqm /month in city centre.

Residential Market[2]

In Q1 2016 Real estate price index announced by Hypoteční banka (HB INDEX) confirmed a slight increase in prices of residential real estate which already started at the beginning of 2014. The prices of family houses slightly increased in Q1 2016 by 1.0 % and reached HB INDEX 109.2. That is the highest level since the beginning of 2010. The land prices increased by 5.6 %., and reached 125.9, followed by an increase in flats by 7.1 %. The average market price of the flats increased to HB INDEX 105.5.

HB Index is regularly presented by Hypoteční banka, a.s. and is based on realistic estimates of market prices of real estates. HB INDEX itself is calculated for the entire Czech Republic, and for the three types of real estates: flats, houses and land. For basis 100.0 were selected real estate prices as of 1 January 2010.

[2] *As at date of publication Q1 2016 data available only*

Hotel Market

According to the Czech Office of Statistics, throughout the H1 2016, Collective Accommodation Establishments (CAE) reported a higher number of overnight stays by 5.6% to some 21 million visitors. In H1 2016, there was an increase of 3.1% y-o-y of overnight stays in CAE, of which an increase of 3.8% were local residents and decrease of 1.4% in foreigners. The total number of arrivals to the Czech Republic throughout the half year increased by 6.6% y-o-y to 7.9 million. Occupancy of hotels increased by 4.1% y-o-y (3.4 million guests), in pension there were more tourists by 7.4%. A higher number of foreign guests visited the Czech Republic during H1 2016 in comparison with H1 2015. It was also observed that a better-than-average interest in accommodation in the Czech Republic showed guests from neighboring Poland with y-o-y increase by 18.6%. There was an increase of 1.6% (487,000) compared to the same period of previous year in the number of German visitors as well as a growth of 11.2% (168,000) in Slovak and a 1.8% (154,000) decrease in visitors from the USA. Higher demand from Asian guests also continued. For the first time the number of Chinese tourists were higher than Russians tourists by 5.4 thousand. In terms of supply and as reported by the Czech Office of Statistics, by the end of 2015 there were 5,990 hotels and almost 136,000 rooms across the Czech Republic of which 43% of the total were 1-3 star hotels.

Industrial Market

At the end of Q2 2016, the total modern A-class industrial stock in the Czech Republic (owned by developers and investors) stood at 5.96 million sqm. Greater Prague remains the largest industrial market in the country with a 39% share, followed by the Pilsen (16%) and Brno (14%) regions. New supply for Q2 2016 reached 182,400 sqm when 12 new projects in 11 industrial parks were delivered to the market. The total volume of space under construction reached 213,900 sqm at the end of Q2 2016. Compared to the record high level in Q2 2015, it is 57% below. The largest completion of the quarter was a 43,900 sqm hall in the brand new industrial park Mountpark Pilsen, built on a speculative basis. There are currently 16 different projects under construction, out of which, 8 represent newly commenced developments. The largest new project to commence in Q2 2016 is a new building totalling 29,400 sqm in Panattoni Pilsen Park West. New construction activity also commenced in the South Bohemian region which until now had a very limited A-class, developer-led industrial stock. The construction of a 24,400 sqm premises for Yanfeng Automotive Interiors is the first phase of CTPark Planá nad Lužnicí. During H1 2016, gross take-up reached 662,800 sqm which is 10% above H1 2015 figures. Net take-up amounted to 474,600 sqm representing an annual increase of 6%. In Q2 2016, the countrywide vacancy rate slightly increased reaching 4.7%. It represents an increase of 0.57% q-o-q. This was caused mainly by the completion of the first hall (43,900 sqm) in Mountpark Pilsen delivered on a specuative basis. The vacancy rate has dropped by 2.17% y-o-y. In Q2 2016, prime headline rents in Prague remained stable at EUR 3.80 - 4.25/ sqm/ month. Prime rents in the Brno region are stable at EUR 3.90 - 4.25/sqm/ month.

Germany

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

Berlin office market

Total stock of office space is still around 17.9 million sqm at the end of H1 2016. Over H1 2016 Berlin is in first place in terms of take-up amongst Top 5 German Cities, ahead of Munich and Hamburg. Total take-up in the H1 2016 was 407,500 sqm, of which 180,100 sqm was in the Q2 2016. This is the highest take-up H1 2016 since records began and is an increase of 17% above the corresponding period last year. It is also 56% above the 10-year average for first half years.

The vacancy level continues to fall in Berlin because of the high level of take-up and the low volume of speculative completions. The vacancy rate in Berlin has fallen by 1.5% points to its current level of 6.0%. Berlin had the lowest prime rents of all the Top 5 city locations, the German capital has now overtaken Hamburg and rents continue to rise. The strongest rental growth has been observed in the eastern section of the city. The prime rent rose by EUR 1.0 /sqm/ month over the last quarter to EUR 26.0 /sqm/ month due to highly-priced lettings at Potsdamer Platz. This equates to a y-o-y rise in Berlin's prime rent of 13%. The weighted average rent followed the positive trend with a rise of over 5% to its current level of EUR 15.34 /sqm/ month.

Slovakia

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

Retail Market

Occupier demand was relatively stable in Q2 2016 with retailers focusing on prime shopping centres in Bratislava. This is at the expense of high streets which, while seeing good trading volumes, are seeing some retailers relocate their units from previously popular high streets to modern shopping centres, reflecting a change in occupier behavior who are shifting their preferences to shopping destinations that can offer leisure and entertainment facilities as well as pure retail. Retail sales grew by 3.7% y-o-y in April and 4.0% y-o-y in May, which is the strongest increase since December 2014. The Q2 2016 did not see any transactions close in the retail sector. This is due to the small size of the market and the lack of product available to investors. Prime retail yields remained at a 5.25% historical low at the end of Q2 2016.

Industry and Logistic Market

A total modern industrial supply in Slovakia equalled to 1,760,000 sqm at the end of H1 2016, another 178,000 sqm is currently under construction. The total industrial stock expanded by two new completions, 25.4 thousand sqm was delivered to the market by Prologis in Seneč and almost 11 thousand sqm was completed by VGP in Malacky. Total leasing activity (TLA) towards the end of the first half year amounted to 83,568 sqm, while newly concluded contracts forming 81% of TLA. The most dominant type of take-up was expansion with 36.5% share on the TLA. The second most frequent transaction were new leases with 24.5 %. The largest transaction during H1 2016 was the pre-lease of 17 thousand sqm in the P3 park in Lozorno concluded with an automotive supplier to Volkswagen. The vacancy rate as of Q2 2016 recorded a slight increase to 3.04%. The achievable headline rent remains at EUR 3.3 – 4.2 /sqm/ month. In the spite of low vacancy the effective rent decreases due to the market pressure created by significant incentives tenants are able to achieve. It is caused by upturned speculative development in the recent time and high land availability for new development.

Hungary

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

Budapest office market

Over 31 thousand sqm were delivered to the office market over H1 2016. At the beginning of the year, Atenor delivered the third phase of Váci Greens comprising 25,600 sqm while Váci 1 with 5,700 sqm office space was completed in Q2. The total office stock stands at 3.29 million sqm as at end of H1 2016. The half year gross take-up totalled 213,580 sqm

and net-take up reached 118,715 sqm. Both indicators were below the 2015 record levels, when two mega-sized pre-lease agreements were recorded totalling 80,000 sqm and driving demand volumes to a record high. Vacancy continued to decline, falling to 10.3%, the lowest level in the past 8 years. But occupational markets remained strong. Quarterly gross take-up amounted to 129,170 sqm whereas net take-up totaled 63,165 sqm. Renewals were the main drivers of the market, representing 51% of the total leasing activity. Prime rent stands at EUR 22 /sqm /month. This level is only achievable in a few, selected prime properties in the Central Business District for the best office units within the building.

Budapest retail market

The total shopping center stock of Budapest remained unchanged as no new completions were delivered in H1 2016 and stands at 771,500 sqm in 25 assets. It was only finished the transformation of Váci The retail element of the scheme operates as the 3-storey flagship store of H&M by Horizon Development. Shopping centre density amounts to 444 sqm per 1,000 inhabitants. Finally, retail sales started to improve during the second half of 2013 and reached an annual growth of 1.7%. The positive trend remained stable during the first five months of 2016 and growth was reported 5.1% between January and May 2016. Prime shopping centre rents stand at EUR 70 sqm/month in Budapest. Typical shopping centre rents range between EUR 20 and 70 /sqm /month while downtown high street rents at Váci utca are around EUR 80 to 100 /sqm /month and rents of Retail Parks are EUR 6 to 8 /sqm /month.

Budapest industrial market

The modern industrial stock remained unchanged with 1.8 million sqm, as there were no new handovers in Budapest over Q2 2016. Total quarterly leasing activity amounted to 92,070 sqm, which was 23% below the volume recorded in the previous quarter. The half-yearly gross take-up amounted to 210,330 sqm, being identical to the volume of the same period of 2015. The half yearly net take-up equalled 63,620 sqm, reflecting a sharp, fall (42%) on H1 2015. The largest transaction of the quarter were a renewal of 20,860 sqm in Prologis Park Budapest Harbor Park, a renewal of 18,960 sqm in Mo-Cental Business Park, a pre-lease of 7,200 sqm in Budapest Dock Szabadkikötő and a renewal of 5,760 sqm in Prologis Park Budapest Harbor Park. The Budapest South submarket attracted the most demand by far with 49% of the total leasing activity. Other Budapest submarkets (Airport, Inner city, North, East, West) have a similar demand with 51 % of the total leasing activity. The vacancy rate increased slightly by 110 bps q-o-q to 9.7%, which is still 400 bps below the level recorded a year ago (13.7%).

Budapest hotel market[3]

Budapest is by far the most popular tourist destination in Hungary and tourism plays a critical role in the city´s economy. The compound average growth rate in tourist arrivals was 4.7% between 2007 and 2014, and the last three years have seen a significant 13.5% growth in arrivals, far surpassing pre-crisis levels. Bednights in Budapest have recorded a growth of 39.3% since 2010, reaching more than eight million in 2014; international bednights accounted for 88.4% of total bednights in that years. Hotel supply in Budapest currently consists of 241 hotels (19,374 rooms). The city's supply offers all categories of hotels but the majority is made up of midscale and upscale hotels. The Hotel supply in Budapest is categorised as follows: <10% five star hotels, 35% four star hotels and 15% three star hotels. Hotel developments in Budapest are still relatively slow with only three scheduled hotels in the pipeline. These hotels include two five-star properties for 2016: The Private Palace (240 rooms) and a Rits-Carlton property (162 rooms) that will be converted from the current Le Méridien hotel. The third project is an upscale airport hotel, which will have approximately 200 rooms and will open in 2017. Year-to-June 2015 figures also show a significant 15.6% increase in RevPAR, with occupancy levels reaching 69% and average rate reaching EUR 71 (HUF 21,882).

Poland

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

Warsaw office market

At the end of the first half of 2016, the Warsaw office leasing market held firm in H1 2016, with 360,100 sqm transacted on. This positive result was mainly driven by Q2 (when 217,800 sqm was leased), following a somewhat subdued first quarter. During the first two quarters of this year, a record-breaking 350,100 sqm of modern office space entered the market in Warsaw (26% more than in the whole of 2015), 237,000 sqm of which came in Q2 alone and according to estimates approximately 32% of the 83,000 sqm of the office space planned for delivery over the course of H2 2016 is pre-leased. Almost 156,700 sqm of the office space leased in H1 was for new deals in existing buildings, with a further 62,000 sqm constituting prelets. Slightly limited pre-letting activity, especially in Q2, is a result of the larger availability of office space in Warsaw and this trend is expected to continue in the next few quarters. Expansions were for almost 31,600 sqm, while net take-up accounted for 70% of total demand, which reflected a higher than usual share of renewals in total take-up. Prime rents were unchanged over the course of H1. Currently, prime headline rents in Warsaw City Centre range between EUR 21 and EUR 23.5 /sqm/ month. Non-Central locations lease at EUR 11 to EUR 18 /sqm/ month.

Retail Market in Poland

The total supply of modern retail stock in Poland reached 13.7 million sqm as at end of H1 2016. New projects delivered in Q2 include: Galeria Karuzela (12,000 sqm) in Września, Galeria Awangarda (6,000 sqm) in Bartoszyce, Galeria Zaspa (8,800 sqm) in Gdańsk, and the extensions of Morena (+6,000 sqm) and Auchan (+3,000 sqm) in Gdańsk. Additionally, three Leroy Merlin DIY stores (approximately 39,000 sqm) commenced operations in Wrocław, Jelenia Góra, and Konin; Agata Meble opened in Częstochowa (10,000 sqm), and a retail park of 6,500 sqm - next to Galeria Leszno in Leszno. Altogether the market grew by some 91,300 sqm in Q2 2016, including all retail formats. Interestingly, CH Sosnowiec (16,700 sqm) was the first example of a shopping centre being closed in Poland, which was due to the termination of the lease agreement with its main anchor - a hypermarket operator (Real). Some changes to the legal environment of the retail market in Poland are planned in a short and mid-term. Indeed, on 14 June 2016 the Polish government approved the final draft of the Retail Tax Act, which still needs to be approved by the Polish Parliament, and the President, and is expected to come into force in autumn 2016. The tax will be imposed on retail sales (exclusive of VAT), but some groups of products (special medicine and special food products and even gastronomic services) will be excluded from the tax. Two tax rates will be applied i.e. 0.8% of net sales ranging between PLN 17-170 million per month and 1.4% of any net sales over PLN 170 million per month. Retail sales made via the internet (e-commerce) will not be taxed. Based on the initial information provided by the government, the tax will impact approximately 100 major retailers operating in Poland (providing some 80% of the tax revenue). Prime shopping centre rents peaked at EUR 130 /sqm /month for top retail assets in Warsaw and oscillate between EUR 20-55 /sqm /month in other major agglomerations.

[3] *As at date of publication January 2016 data available only*

CPI Property Group
Business Centre Quadrio, Prague

PROPERTY PORTFOLIO REPORT

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

During the first half a year to 30 June 2016 the Group continued its expansion in Central and Western Europe. At the half year end, the Group extended its property portfolio primarily by takeover of Orco Property Group, thus further expanding its activities in Central Europe. Moreover, the Group's property portfolio has been extended by other acquisitions namely of Sunčani Hvar hotels in Croatia, Géčko Shopping Centre in České Budějovice and Bondy Shopping Centre in Mladá Boleslav, both in the Czech Republic.

CEE

CZECH REPUBLIC
Property portfolio value:	MEUR 2,553
Gross lettable area:	1,760,000 sqm
Land bank area:	19,129,000 sqm
Agriculture land:	230,770,000 sqm
No. hotel beds:	8,527

HUNGARY
Property portfolio value:	MEUR 312
Gross lettable area:	199,000 sqm
Land bank area:	168,000 sqm
No. hotel beds:	788

POLAND
Property portfolio value:	MEUR 102
Gross lettable area:	37,000 sqm
Land bank area:	39,000 sqm
No. hotel beds:	214

SLOVAK REPUBLIC
Property portfolio value:	MEUR 197
Gross lettable area:	206,000 sqm

ROMANIA
Property portfolio value:	MEUR 15
Land bank area:	300,000 sqm

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

CROATIA
Property portfolio value:	MEUR 91
No. hotel beds:	1,580

WESTERN EUROPE

GERMANY
Property portfolio value:	MEUR 699
Gross lettable area:	867,000 sqm
Land bank area:	13,000 sqm

SWITZERLAND
Property portfolio value:	MEUR 106

FRANCE
Property portfolio value:	MEUR 81
Gross saleable area:	3,000 sqm

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

LUXEMBOURG
Property portfolio value:	MEUR 24
Gross lettable area:	8,000 sqm

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

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

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

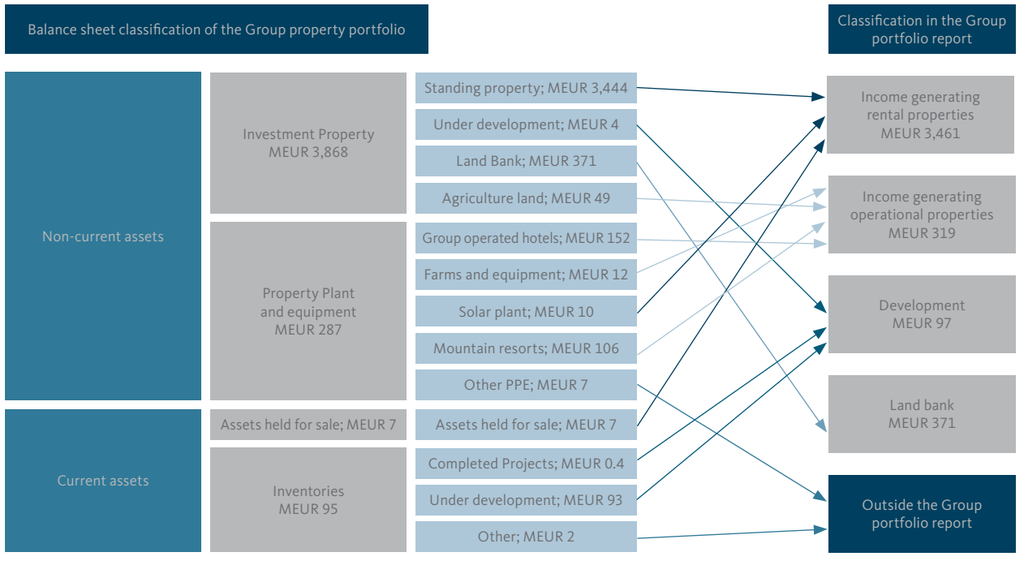
"Property, plant and equipment" include owner occupied properties comprising hotels operated by the Group, production farms and equipment used in the agriculture business and offices rented out to the Group entities.

"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. These properties are reported as income generating properties (generating rental income or income from operations), development projects (investment property projects under development and inventories) or land bank.

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 30 June 2016 with the presentation in our portfolio report:



Property Valuation

The condensed consolidated interim financial statements for the six months ended 30 June 2016 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 30 June 2016. As a result, the fair value of the majority of the property portfolio as of 30 June 2016 was determined based on the management's analysis described above and it does not significantly differ from the fair value as of 31 December 2015.

In instances where there have been indications of significant changes and therefore with potential impact on the property value during the first half of 2016, the value of the property has been updated based on the external or internal appraisals as of 30 June 2016.

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

- DTZ. DTZ is a global leader in property services. The organization has more than 24,000 employees, operating in more than 200 offices in 52 countries and offers a complete range of tailored services on any scale, across multiple service lines and geographies. In the Czech Republic, DTZ provides occupiers and investors on a local, regional and international scale with industry leading, end to end property solutions. DTZ Czech Republic has over 80 employees operating across 2 offices;

- CBRE GmbH (further "CBRE"). CBRE is the world's largest commercial real estate services and investment firm. CBRE has approximately 70,000 employees (excluding affiliate offices), operating in 400 offices in more than 60 countries and serves the local, regional and global real estate needs of their clients;

- RSM TACOMA a.s. (further "TACOMA"). TACOMA is part of the seventh largest network of professional firms RSM International. RSM International operates in 112 countries, has over 730 offices and more than 37,000 professionals. TACOMA provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll;

- Jones Lang LaSalle (further "JLL"). JLL is a financial and professional services firm specializing in real estate services and investment management. JLL has more than 48,000 people in 1,000 locations in 70 countries and serves the local, regional and global real estate needs of their clients;

- Cushman&Wakefield (further "C&W"). C&W is a one of the leading commercial real estate services companies, providing a full range of services to real estate occupiers, developers and investors on a local and international basis. C&W has approximately 200 offices in 60 countries, employing more than 43,000 professionals;

- Knight Frank. Knight Frank provides the highest standards of quality and integrity in global residential and commercial property advisory services. Knight Frank has its headquarters in London with 417 offices, employing more than 13,000 people and spanning six continents;

- Mazars. Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. Mazars operate in 260 offices across the globe and located in 77 countries and draw on the expertise of over 17,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development;

- Other valuers including internal valuers.

The following table shows the carrying value of the Group's property portfolio as of 30 June 2016 and 31 December 2015:

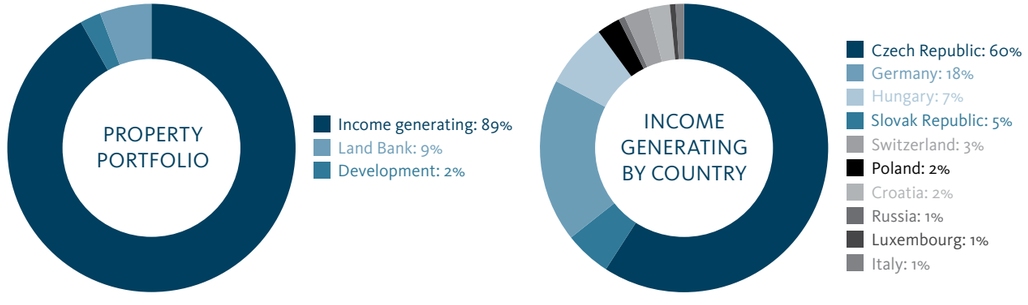
PROPERTY PORTFOLIO as at 30 Jun 2016	No. of properties*	No. of residential units	No. of hotel beds	Income generating	Development	Land Bank	Carrying value	Carrying value	Outstanding financing
				MEUR	MEUR	MEUR	MEUR	%	MEUR
Czech Republic	318	12,471	8,527	2,232	14	307	2,553	60%	1,136
Germany	45	0	0	692	0	7	699	16%	336
Hungary	20	0	788	274	0	38	312	7%	148
Slovak Republic	18	0	0	197	0	0	197	5%	100
Switzerland	1	0	0	106	0	0	106	3%	29
Poland	7	0	214	98	0	4	102	2%	56
Croatia	7	0	1,580	91	0	0	91	2%	0
France	1	3	0	4	77	0	81	2%	35
Italy	2	0	634	36	6	0	42	1%	25
Russia	1	0	168	26	0	0	26	1%	0
Luxembourg	1	0	0	24	0	0	24	1%	15
Romania	0	0	0	0	0	15	15	0%	0
THE GROUP	421	12,474	11,911	3,780	97	371	4,248	100%	1,880

*excluding Residential units

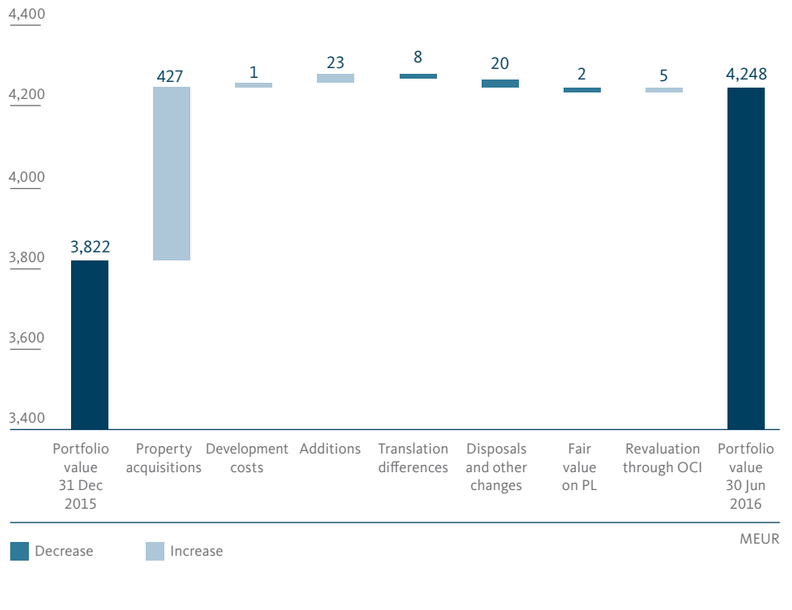
PROPERTY PORTFOLIO as at 31 Dec 2015	No. of properties*	No. of residential units	No. of hotel beds	Income generating	Development	Land Bank	Carrying value	Carrying value	Outstanding financing
				MEUR	MEUR	MEUR	MEUR	%	MEUR
Czech Republic	310	12,480	8,527	2,094	3	159	2,256	60%	1,048
Germany	45	0	0	687	0	7	694	18%	341
Hungary	19	0	788	278	0	38	316	8%	153
Slovak Republic	18	0	0	198	0	0	198	5%	100
Switzerland	1	0	0	100	0	0	100	3%	28
Poland	5	0	214	90	0	4	94	2%	54
France	1	3	0	3	77	0	80	2%	35
Italy	2	0	634	36	6	0	42	1%	25
Russia	1	0	168	26	0	0	26	1%	0
Romania	0	0	0	0	0	16	16	0%	0
THE GROUP	402	12,483	10,331	3,512	86	224	3,822	100%	1,784

*excluding Residential units

The Group property value total EUR 4,248 million as of 30 June 2016 (31 Dec 2015: EUR 3,822 million). As showed in the chart below, 89% of the Group property portfolio value is made of income generating assets of which EUR 3,461 million (91.6%) are income generating rental properties and EUR 319 million (8.4%) are income generating operational properties. The majority of the income generating assets are located in the Czech Republic with 59% of the total value, followed by Germany with 18%, Hungary with 7% and the Slovak Republic with 5%.



PROPERTY PORTFOLIO



The main reasons for increase in the portfolio value over half year to 30 June 2016 were as follows:

- acquisition of property portfolio through ORCO Property Group takeover in amount of EUR 261 million;
- acquisition of hotel group in Croatia valued at EUR 89 million;
- acquisition of new retail premises in the Czech Republic for EUR 74 million;
- disposal of M3 property in amount of EUR 18 million;
- translation differences in amount of EUR 8 million.

INCOME GENERATING

Income generating rental properties

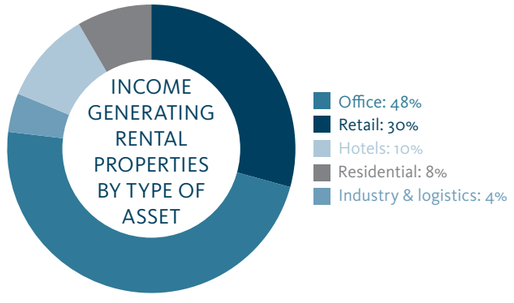
INCOME GENERATING RENTAL PROPERTIES 30 Jun 2016	No. of properties*	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy** %	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Office	94	1,656	48%	1,332	84.8%	50	8.2	4.5	874
Retail	267	1,040	30%	716	92.2%	37	9.2	4.4	549
Hotels	25	345	10%	229	100.0%	12	8.1	11.4	155
Residential	-	275	8%	757	85.3%	9	2.5	-	112
Industry & logistics	18	145	4%	272	95.2%	5	3.7	5.0	67
THE GROUP	404	3,461	100%	3,306	88.8%	113	6.4	4.9	1,757

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

INCOME GENERATING RENTAL PROPERTIES 31 Dec 2015	No. of properties*	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy** %	Rental income 30 Jun 2015 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Office	88	1,567	48%	1,273	82.8%	48	8.3	3.5	827
Retail	264	964	29%	683	93.9%	33	9.4	4.6	488
Hotels	25	343	10%	229	100.0%	10	8.0	11.6	160
Residential	-	276	8%	758	82.8%	9	2.4	-	115
Industry & logistics	17	144	4%	263	95.4%	6	4.1	5.2	70
THE GROUP	349	3,294	100%	3,206	88.7%	106	6.5	5.0	1,660

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

Income generating rental portfolio with a carrying value of EUR 3,461 million (31 Dec 2015 EUR 3,294 million) represents the major part of the Group´s real estate portfolio. The Group is renting out a great variety of assets but is primarily focusing on office and retail that together contribute 78% of the real estate portfolio carrying value and 2.0 million sqm of lettable area..



Income generating operational properties

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

Hospitality

Hospitality represents all hotels operated by the Group. In H1 2016, the portfolio extended due to the acquisition of 7 hotels located in Hvar, in Croatia. The 3 remaining hotels in Hospitality portfolio are operated under Marriott and Mamaison brands.

INCOME GENERATING OPERATIONAL PROPERTIES 30 Jun 2016	No. of properties	Carrying value MEUR	Carrying value %	No. of beds	Hotel revenues 30 Jun 2016 MEUR	Net hotel income 30 Jun 2016 MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing MEUR
Hospitality	10	152	100%	2,538	10	4	72.2%	93.7	24
THE GROUP	10	152	100%	2,538	10	4	72.2%	93.7	24

INCOME GENERATING OPERATIONAL PROPERTIES 31 Dec 2015	No. of properties	Carrying value MEUR	Carrying value %	No. of beds	Hotel revenues 30 Jun 2015 MEUR	Net hotel income 30 Jun 2015 MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing MEUR
Hospitality	3	57	100%	958	6	3	75.9%	96.9	25
THE GROUP	3	57	100%	958	6	3	75.9%	96.9	25

Agriculture

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

INCOME GENERATING OPERATIONAL PROPERTIES 30 Jun 2016	Total Area* ths sqm	Carrying value MEUR	Property value %	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture 30 Jun 2016 MEUR	Outstanding financing MEUR
Agriculture	230,773	61	100%	4	3	3	36
THE GROUP	230,773	61	100%	4	3	3	36

INCOME GENERATING OPERATIONAL PROPERTIES 31 Dec 2015	Total Area* ths sqm	Carrying value MEUR	Property value %	Income from subsidies MEUR	Revenue from production MEUR	Net income from agriculture 31 Dec 2015 MEUR	Outstanding financing MEUR
Agriculture	230,770	61	100%	4	2	2	38
THE GROUP	230,770	61	100%	4	2	2	38

* land area owned and operated

Mountain Resorts

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

INCOME GENERATING OPERATIONAL PROPERTIES 30 Jun 2016	No. of properties	Carrying value MEUR	Property value %	Revenues 30 Jun 2016 MEUR	Net operating income 30 Jun 2016 MEUR	Outstanding financing MEUR
Mountain resorts	1	106	100%	11	0.5	29
THE GROUP	1	106	100%	11	1	29

INCOME GENERATING OPERATIONAL PROPERTIES 31 Dec 2015	No. of properties	Carrying value MEUR	Property value %	Revenues 30 Jun 2015* MEUR	Net operating income 30 Jun 2015* MEUR	Outstanding financing MEUR
Mountain resorts	1	100	100%	-	-	28
THE GROUP	1	100	100%	-	-	28

* Mountain Resorts segment recorded no revenues in H1 2015 as this relatively new segment has been purchased during H2 2015

CPI Property Group
Management Report June 2016

CPI Property Group

OFFICE

Key Figures – June 2016

84.8 %	94
Occupancy	Number of properties
50 MEUR	1,656 MEUR
Rental income 30 Jun 2016	Carrying value
1,332,000 sqm	
Gross lettable area	

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

OFFICE 30 Jun 2016	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	36	706	43%	345	91.4%	19	11.5	5.2	402
Germany	44	684	41%	815	84.7%	23	5.7	2.3	336
Hungary	9	179	11%	133	67.2%	6	12.6	2.6	89
Poland	3	54	3%	27	97.1%	2	16.8	3.8	29
Luxembourg	1	24	1%	8	82.3%	0.1	23.2	7	15
Slovak Republic	1	9	1%	4	68.2%	0.2	9.9	2.1	3
THE GROUP	94	1,656	100%	1,332	84.8%	50	8.2	4.5	874

OFFICE 31 Dec 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2015 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	33	640	41%	293	91.6%	18	11.6	5.2	365
Germany	44	680	43%	814	81.8%	22	5.7	2.4	341
Hungary	8	189	12%	136	70.3%	6	12.0	2.7	90
Poland	2	49	3%	26	84.1%	2	17.9	3.4	28
Slovak Republic	1	9	1%	4	65.3%	0	13.5	2.4	3
THE GROUP	88	1,567	100%	1,273	82.8%	48	8.3	3.5	827

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, Czech Republic, Poland and other CE countries. Despite delivering new office schemes on Group's main office markets in recent years the occupancy rates are gradually rising to impressive 85% on Group level.

Following ORCO Property Group takeover the Group acquired new office property portfolio in total amount of EUR 98 million. The most significant acquisitions are Palác Archa Praha with value of EUR 40 million located in the centre of Prague, Czech Republic; the other is Capellen Office Building in Luxembourg with value of EUR 24 million.

Among other properties, the Office portfolio includes:

Quadrio, Prague, Czech Republic

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 square outdoors is admired by David Černý's star attraction, a statue of Franz Kafka, a 10 metre high, 42 segmented revolving head complimented by surrounding greenery, benches and garden restaurants.

GSG-Hof Helmholtzstraße, Berlin, Germany

In the place 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"(ETF).

Central Tower, Warsaw, Poland

Central Tower is located in the Central Business District, the best and the most prestigious office location in Warsaw 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 transportation, 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, Czech Republic

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 asked by even the most demanding tenants. One of the largest open atriums in Prague can be found inside the building.

CPI Property Group
Bondy Centre, Mladá Boleslav

RETAIL

Key Figures – June 2016

92.2 %	Occupancy
267	Number of properties
37 MEUR	Rental income 30 Jun 2016
1,040 MEUR	Carrying value
716,000 sqm	Gross lettable area

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

RETAIL 30 Jun 2016	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	245	878	85%	584	95.1%	31	9.3	4.3	456
Slovak Republic	16	105	10%	83	72.5%	4	9.9	5.4	54
Hungary	4	35	3%	39	88.3%	1	5.8	3.4	25
Poland	2	22	2%	10	100.0%	1	13.7	2.8	14
THE GROUP	267	1,040	100%	716	92.2%	37	9.2	4.4	549

RETAIL 31 Dec 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2015 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	243	805	83%	553	92.9%	26	9.5	4.7	397
Slovak Republic	16	105	11%	83	99.9%	5	9.4	5.0	52
Hungary	4	35	4%	39	94.2%	1	6.3	2.5	27
Poland	1	19	2%	8	94.3%	1	15.4	1.8	12
THE GROUP	264	964	100%	683	93.9%	33	9.4	4.6	488

The portfolio constantly maintains a high occupancy rate of 92.2% which is slightly lower compared to the end of previous period 2015 (93.9%).

Retail portfolio provides about 716,000 sqm of lettable area which can be further divided as follows:

- Retail warehouse which comprise supermarkets, hypermarkets, DIY stores and retail parks of about 395,000 sqm of leasable area;
- Shopping centres and galleries of about 205,000 sqm of leasable area;
- So-called special properties (separate units and establishments, usually B class) which provide about 116,000 sqm of leasable area.

The Group has obtained another important asset in the retail sector by the acquisition of Bondy, the largest shopping centre in the city of Mladá Boleslav. The acquisition of the shopping centre Bondy ideally suits the Group portfolio of high quality shopping centres in attractive locations with stable tenants. The shopping centre Bondy with a total leasable area of 16,800 sqm and 80 store units has greatly expanded the CPI Property Group's network of shopping complexes. The Bondy centre includes popular brand name shops, a food court and multi-plex cinema in addition to the 400 capacity carpark available to visitors. The building also includes a 2,800 sqm leasable office area.

The Group acquired Géčko shopping centre in České Budějovice, Czech Republic. The shopping centre with 11,136 sqm of leasable area comprises of 50 shopping units, food court and other amenities, as well as parking for approximately 450 cars. The acquisition, structured as a share transaction, was completed in March 2016.

The Group has started the construction of a retail project New IGY Centre in České Budějovice, which involves the upgrade and modernisation of the existing IGY Shopping Centre and the construction of the new building, IGY2. Investment in the construction of IGY 2 will reach EUR 16 million and the renovation of the current IGY is expected to be an additional EUR 12 million. This expansion will increase the existing business area from over eight thousand square metres to more than 29 thousand square metres of retail space with a total of 130 shops and 700 parking spaces.

RESIDENTIAL

Key Figures – June 2016

85.3 %	Occupancy
12,474	Number of residential units
9 MEUR	Rental income 30 Jun 2016
275 MEUR	Carrying value
757,000 sqm	Gross lettable area

The Group is an important player in the Czech Republic residential housing market holding the position of the second largest provider of the rental housing. The existing housing stock of the Group includes 12,474 rental flats in 15 cities of the Czech Republic concentrated mainly in the North Moravia, North Bohemia and Middle Bohemia regions. The rental housing portfolio is managed under the brand CPI BYTY, a.s. In comparison to the last period the number of residential units decreased marginally due to the sale of flats in Prague.

RESIDENTIAL 30 Jun 2016	No. of residential units	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	Churn rate %	Outstanding financing MEUR
Czech Republic - Prague	490	43	16%	30	95.3%	1	4.7	5.10%	108
Czech Republic - other	11,981	228	83%	727	84.9%	8	2.3	5.23%	
France	3	4	1%	0	100.0%	0.1	41.1	0.00%	4
THE GROUP	12,474	275	100%	757	85.3%	9	2.5	5.2%	112

RESIDENTIAL 31 Dec 2015	No. of residential units	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	Churn rate %	Outstanding financing MEUR
Czech Republic - Prague	500	44	16%	31	98.0%	1	4.9	6.26%	111
Czech Republic - other	11,980	228	83%	727	83.0%	8	2.3	5.46%	
France	3	4	1%	0	100.0%	0.1	41.1	0.00%	4
THE GROUP	12,483	276	100%	758	83.2%	9	2.4	5.5%	115

The residential strategy continues to be the long-term rent of its portfolio supported through client's centre networks and skilled professionals employed by the company. In all cities where CPI BYTY operates, an internal property and sales department can be found. Investment expenditures for current year are planned for reconstruction of local heat energy distribution which will have a further positive effect on the standard of living of our tenants.

CPI Property Group
Clarion Congress Hotel, České Budějovice

HOTELS

Key Figures – June 2016

25	Number of properties
345 MEUR	Carrying value
12 MEUR	Rental income 30 Jun 2016
9,373	Number of beds

The Group is one of the largest Czech hotel owners and developers. The hotel portfolio has seen significant recent expansion and currently includes 25 hotels located in capitals and main cities of the Czech Republic, Hungary, Poland and Italy.

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

HOTELS 30 Jun 2016	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	No. of beds	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	19	265	77%	188	8,205	9	7.8	12.5	105
Italy	1	36	10%	19	634	1	9.5	4.5	25
Hungary	3	22	6%	13	320	1	7.8	8.6	11
Poland	2	22	6%	9	214	1	13.0	9.5	14
THE GROUP	25	345	100%	229	9,373	12	8.1	11.4	155

HOTELS 31 Dec 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	No. of beds	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Czech Republic	19	263	77%	188	8,205	8	7.7	12.7	109
Italy	1	36	11%	19	634	0	9.5	5.0	25
Hungary	3	22	6%	13	320	1	7.1	9.0	12
Poland	2	22	6%	9	214	1	13.0	10.0	14
THE GROUP	25	343	100%	229	9,373	10	8.0	11.6	160

Among the major hotels of Mamaison portfolio belongs:

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

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

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

The existing hotels show that the Group cutting-edge facilities, in conjunction with an experienced and quality operator, are easily able to compete in this segment within CEE region. Building the Clarion brand and reconstruction of regional hotels into modern multi-purpose hotels has resulted into positive feedback from hotels´ visitors and has increased the hotels occupancy.

INDUSTRY AND LOGISTICS

Key Figures – June 2016

95.2 %	Occupancy
18	Number of properties
5 MEUR	Rental income 30 Jun 2016
145 MEUR	Carrying value
272,000 sqm	Gross lettable area

Logistics is the most recent class of assets in which CPI PG has started to invest in which the Group will continue to expand. The Group currently owns about 272,000 sqm of rental space and manages 17 objects used for light industrial production, including the Autologistics Park Lozorno in the Slovak Republic, the Industrial Park Stříbro in the Czech Republic, the Continental Logistics Park in the Czech Republic, commercial premises in Berlin as well as the Airport City Logistics Park in Hungary.

INDUSTRY AND LOGISTIC 30 June 2016	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2016 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Slovak Republic	1	84	58%	119	99.0%	3	4.4	5.0	43
Czech Republic	13	38	26%	74	88.8%	1	4.1	3.7	17
Hungary	3	16	11%	27	87.2%	1	5.0	5.3	7
Germany	1	7	5%	52	100.0%	0	1.2	7.0	0
THE GROUP	18	145	100%	272	95.2%	5	3.7	5.0	67

INDUSTRY AND LOGISTIC 31 Dec 2015	No. of properties	Carrying value MEUR	Carrying value %	Gross lettable area ths sqm	Occupancy %	Rental income 30 Jun 2015 MEUR	Rent per sqm EUR	WAULT YEARS	Outstanding financing MEUR
Slovak Republic	1	84	58%	119	98.3%	2	4.6	4.7	45
Czech Republic	12	37	26%	65	90.1%	2	4.8	4.4	18
Hungary	3	16	11%	27	86.5%	1	5.0	5.8	7
Germany	1	7	5%	52	100.0%	1	1.9	7.5	0
THE GROUP	17	144	100%	263	95.4%	6	4.1	5.2	70

The Group has succeeded in its extension of lease contracts with several tenants in Industrial hall Vestec, Continental Logistics Park and the Autologistics Park Lozorno. This segment retains a relatively high occupancy at 95.2% which is comparable to the 95.4% achieved in December 2015.

The portfolio is financed by bank loans amounting to EUR 68 million in total (31 Dec 2015: EUR 70 million).

HOSPITALITY

Key Figures – June 2016

10	Number of properties
152 MEUR	Carrying value
72.2 %	Average occupancy
2,538	Number of beds

The portfolio includes hotels operated by the Group. Within the hotel portfolio there are 10 hotels with a total value of EUR 152 million.

The Group acquired Sunčani Hvar Hotels which is 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 the agricultural areas and its climate is characterized by mild winters, and warm summers with many hours of sunshine.

HOSPITALITY 30 Jun 2016	No. of properties	Carrying value MEUR	Carrying value %	Number of beds	Hotel revenues 30 Jun 2016 MEUR	Net hotel income 30 Jun 2016 MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing MEUR
Croatia	7	91	60%	1,580	4	1	67.0%	105.0	0
Russia	1	26	17%	168	2	1	74.2%	142.0	0
Hungary	1	21	14%	468	2	1	73.1%	60.0	14
Czech Republic	1	14	9%	322	2	1	74.6%	68.0	10
THE GROUP	10	152	100%	2,538	10	4	72.2%	93.7	24

HOSPITALITY 31 Dec 2015	No. of properties	Carrying value MEUR	Carrying value %	Number of beds	Pro forma hotel revenues 30 Jun 2015 MEUR	Pro forma net hotel income 30 Jun 2015 MEUR	Average occupancy %	Average daily rate EUR	Outstanding financing EUR
Russia	1	26	46%	168	2	1	78.0%	169.0	0
Hungary	1	16	29%	468	2	1	74.8%	57.7	15
Czech Republic	1	15	25%	322	2	1	75.0%	64.0	10
THE GROUP	3	57	100%	958	6	3	75.9%	96.9	25

The actual hotels portfolio includes:

Spa Hotel Pokrovka Residence Moscow

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

Marriott Courtyard Hotel Prague

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

Marriott Courtyard Hotel Budapest

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

Within Sunčani Hvar portfolio there are following hotels:

Adriana Hvar Spa hotel

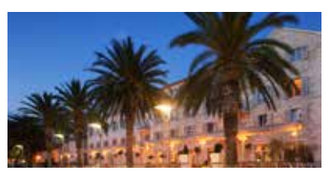
This is a prominent waterfront hotel with views over Hvar Harbour. It is approximately 100 metres from the historic town square. This five-storey building was originally constructed in the 1970s and formerly traded as Adriatic Hotel. It was refurbished in 2007 and converted into a luxury hotel and spa.

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 Boyhill Hotel

This hotel is situated in hilltop location, occupying a site of 15,322 sq m, 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 of the town centre. The Pharos hotel is arranged across five seperate 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.

Villa Dalmacija Hotel & Beach Lodge

Hotel Dalmacija is located on the waterfront promenade, in a small bay east of Hvar Harbour and towards the Hvar 'New Town'. The hotel has views over the bay and a nearby monastery. The Hotel benefits from an Annexe which is located 30 metres east of the hotel, set back from the promenade and accessed via a sloping concrete step path. The hotel comprises an attractive historic villa, built using Hvar stone and is arranged over basement, ground and three upper levels.

Delfin Hvar Hotel

The hotel is located on the western waterfront parade of Hvar Harbour, 300 metres from the main square and benefits from good views across the harbour and town. The hotel was constructed in 1968 and the property is protected within the heritage area of Hvar Town. The hotel measures 3,977 sqm and is arranged over 5 floors with 55 bedrooms.

AGRICULTURE

Key Figures – June 2016

230 million	sqm	61	MEUR
Total area		Carrying value	
3	MEUR	7	MEUR
Net income 30 Jun 2016		Revenues 30 Jun 2016	

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 11,500 hectares of land in total value of EUR 49 million and production farms and equipment used for agriculture production of EUR 12 million. In addition to its own portfolio, Farmy operates 12,000 hectares of land leased outside of the Group. Farmy produces high-quality organic beef, chicken and lamb with various certifications (kosher, halal and bio) and supplies international retail chains, restaurants, hotels and independent retailers under the brand of BIO FARMA. The expansion into the agricultural business was an important move for the Group, as farmland is seen as one of the safest investments in property and with a high potential for growth in value.

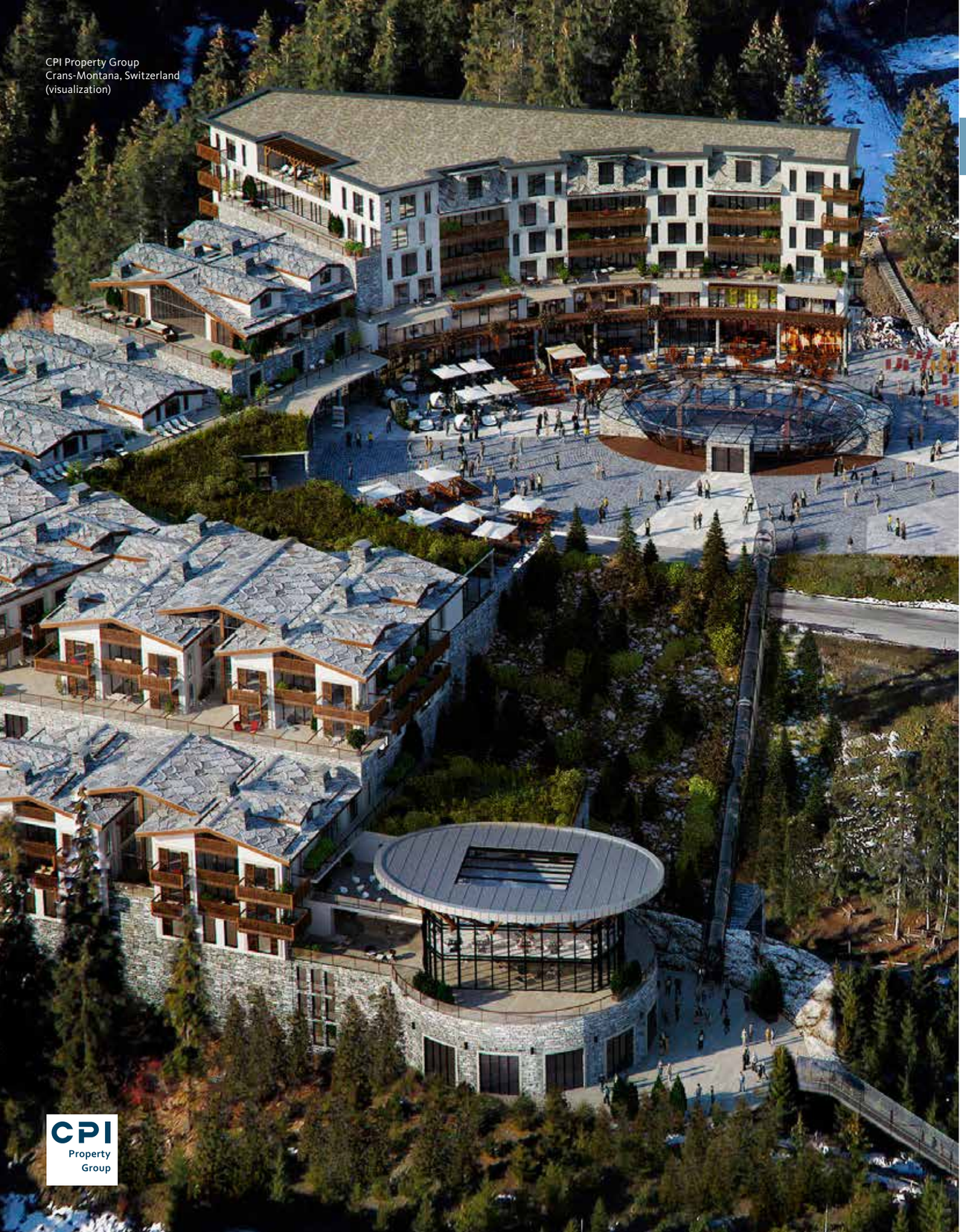
AGRICULTURE 30 JUN 2016	Total Area* ths sqm	Carrying value MEUR	Property value %	Income from subsidies 30 Jun 2016 MEUR	Revenue from production 30 Jun 2016 MEUR	Net income from agriculture 30 Jun 2016 MEUR	Outstanding financing MEUR
Czech Republic	230,773	61	100%	4	3	3	36
THE GROUP	230,773	61	100%	4	3	3	36

AGRICULTURE 31 DEC 2015	Total Area* ths sqm	Carrying value MEUR	Property value %	Income from subsidies 30 Jun 2015 MEUR	Revenue from production 30 Jun 2015 MEUR	Net income from agriculture 30 Jun 2015 MEUR	Outstanding financing MEUR
Czech Republic	230,770	61	100%	4	2	2	38
THE GROUP	230,770	61	100%	4	2	2	38

*land area owned and operated

The agriculture business receives state subsidies, which are provided by State Agricultural Intervention Fund in order to support agriculture from European Union funds. Subsidies total EUR 4 million. Half year revenues from agriculture, including subsidies are EUR 7 million, net income is EUR 3 million.

CPI Property Group
Management Report June 2016



CPI Property Group
Crans-Montana, Switzerland
(visualization)

MOUNTAIN RESORTS

Key Figures – June 2016

1	106 MEUR
Number of properties	Carrying value

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

MOUNTAIN RESORTS 30 Jun 2016	No. of properties	Carrying value MEUR	Carrying value %	Revenues 30 Jun 2016 MEUR	Net operating income 30 Jun 2016 MEUR	Outstanding financing MEUR
Switzerland	1	106	100%	11	0.5	29
THE GROUP	1	106	100%	11	0.5	29

MOUNTAIN RESORTS 31 Dec 2015	No. of properties	Carrying value MEUR	Carrying value %	Revenues 30 Jun 2015* MEUR	Net operating income 30 Jun 2015* MEUR	Outstanding financing MEUR
Switzerland	1	100	100%	-	-	28
THE GROUP	1	100	100%	-	-	28

* Mountain Resorts segment recorded no revenues in H1 2015 as this relatively new segment has been purchased during H2 2015

DEVELOPMENT

Key Figures – June 2016

7,000	sqm	4	MEUR
Potential gross leasable area		Development for rental	
36,000	sqm	93	MEUR
Potential gross saleable area		Development for sale	

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

DEVELOPMENT 30 Jun 2016	No of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MEUR	Development for sale MEUR	Development for rental %	Development for sale %	Remaining development costs MEUR
Czech Republic	4	7	2	4	10	100%	11%	22
France	1	0	3	0	77	0%	82%	0
Italy	1	0	31	0	6	0%	7%	10
THE GROUP	6	7	36	4	93	100%	100%	32

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

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

DEVELOPMENT financing 30 Jun 2016	Bank loans MEUR	Other external financing MEUR	Internal financing MEUR	Total MEUR
Czech Republic	0	0	2	2
France	31	0	48	79
THE GROUP	31	0	50	81

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

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

In the previous periods the Group acquired a luxury residential development project in Sardinia, Italy. The project, Case Bianche will offer 15 detached luxury villas each with private access and swimming pool in a dominant panoramic position. The project is situated in the Mediterranean on an area of more than 30,000 sqm near Porto Cervo, one of the prime resorts of Sardinia. The project contains plots with building permits and all rights connected to the land. The villas are to be constructed are planned and are to be sold to outside clients.

LAND BANK

Key Figures – June 2016

19,649,000	sqm	371	MEUR
Total area		Carrying value	

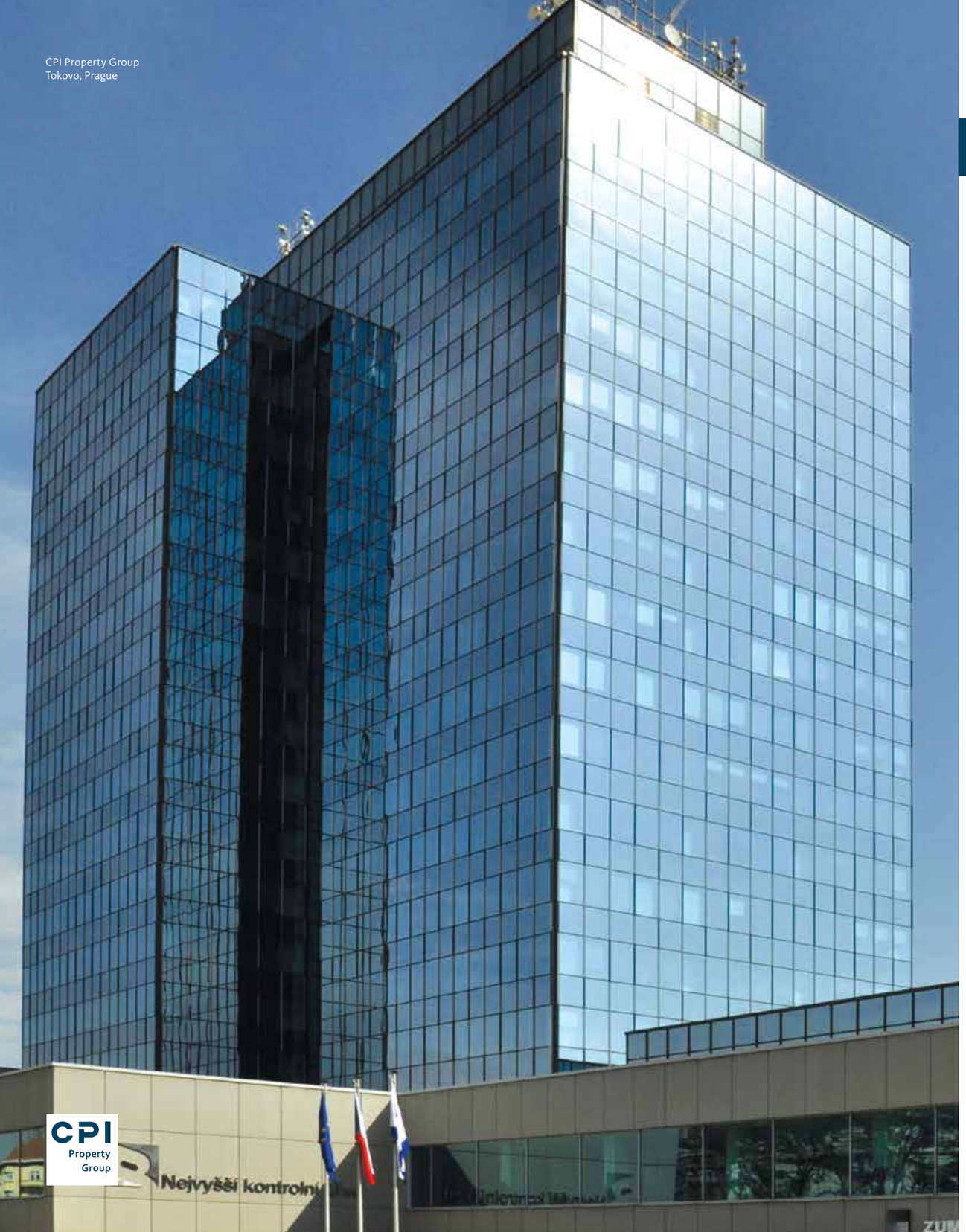
Following the acquisition of Orco Property Group in H1 2016, the Group acquired an extensive land portfolio, in particular: Bubny Praha 7, Zbrojovka Brno, Klíčov land with carrying value in total amounting to EUR 111 million.

LAND BANK 30 Jun 2016	Total area ths sqm	Area with zoning ths sqm	Area without zoning ths sqm	Carrying value MEUR	Carrying value %	Outstanding financing MEUR
Czech Republic	19,129	1,203	17,926	307	83%	1
Hungary	168	168	0	38	10%	2
Romania	300	267	33	15	4%	0
Germany	13	13	0	7	2%	0
Poland	39	14	25	4	1%	0
THE GROUP	19,649	1,665	17,984	371	100%	3

LAND BANK 31 Dec 2015	Total area ths sqm	Area with zoning ths sqm	Area without zoning ths sqm	Carrying value MEUR	Carrying value %	Outstanding financing MEUR
Czech Republic	17,397	1,146	16,305	159	71%	0
Hungary	186	168	0	38	17%	2
Romania	302	268	34	16	7%	0
Germany	13	13	0	7	3%	0
Poland	25	0	25	4	2%	0
THE GROUP	17,905	1,595	16,310	224	100%	2

Land bank is comprised of an extensive portfolio of land plots throughout the Czech and Slovak Republics, as well as in Hungary, Poland, Romania and Germany. Plots are often in attractive locations, either separate or adjacent to existing commercial buildings or in the city centre and their value continues to increase with the growth of surrounding infrastructure. Out of the total plots area, approximately 9% are with zoning.

CPI Property Group
Management Report June 2016

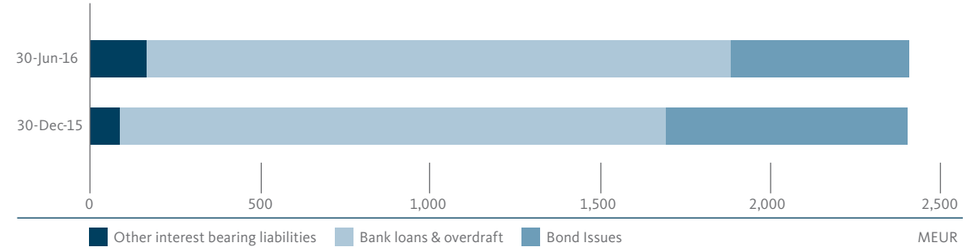


CPI Property Group
Tokovo, Prague

FINANCING

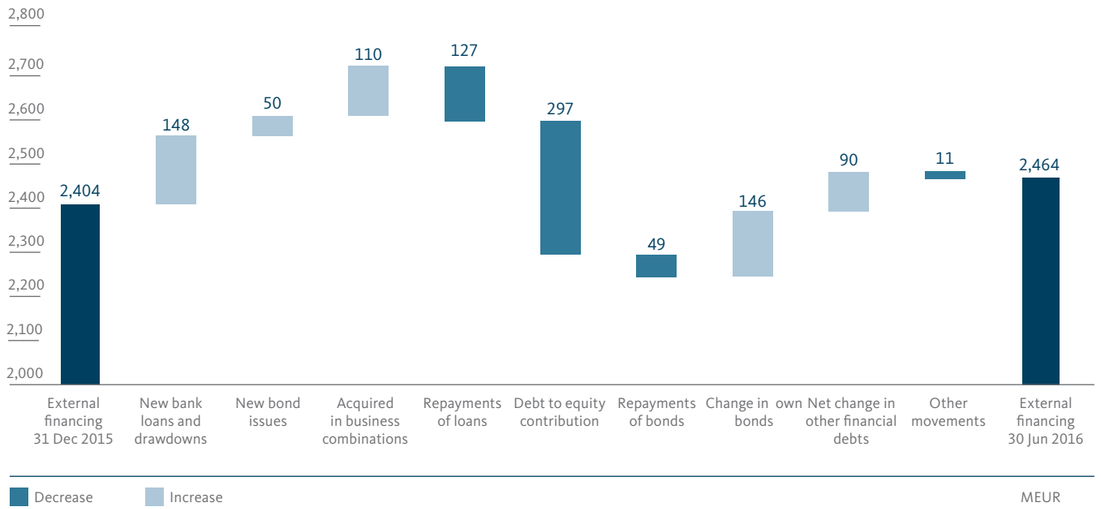
The external financing total EUR 2,464 million as at 30 June 2016 (31 Dec 2015: EUR 2,405 million) of which financial debts represents EUR 1,892 million (31 Dec 2015: EUR 1,689 million), issued bonds represent EUR 569 million (31 Dec 2015: MEUR 715). Net interest expenses total EUR 39 million (30 Jun 2015: EUR 33 million). The structure of external financing has slightly changed compared to 31 December 2015 as bank loans and bonds represent at 93% of the Group´s financing (31 Dec 2015: 96%).

STRUCTURE OF EXTERNAL FINANCING



In the half year to 30 June 2016 the total volume of new financing reached EUR 544 million, of which EUR 110 million represents acquired loans and bonds. The Group has repaid bank loans in the amount of EUR 127 million. New bond issue in amount of EUR 50 million was fully compensated by redemption of other bond issues in the amount of EUR 49 million. The Group has carried out debt-to-equity transactions through the transfer of bonds, which increased share capital by EUR 297 million.

CHANGES IN EXTERNAL FINANCING



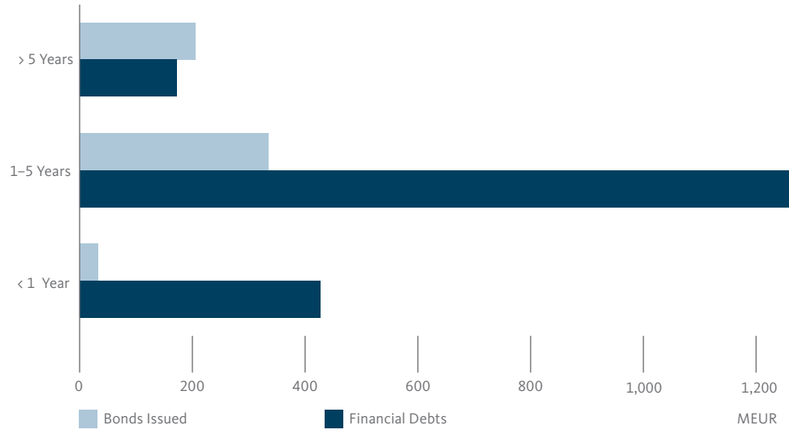
The Group continues to focus on establishing the most effective structure of sources of external financing alongside successful management of the property portfolio. Loan to value ratio of 54.7% improved considerably primarily due to debt-to-equity transactions and recent major acquisitions performed during H1 2016 (31 Dec 2015: 58.8%) as shown in the table below:

Net Debt		30-Jun-16	31-Dec-15
Financial debts (non-current)	MEUR	1,429	1,368
Financial debts (current)	MEUR	465*	324*
Bonds issued (non-current)	MEUR	531	656
Bonds issued (current)	MEUR	39	59
Cash and cash equivalents	MEUR	-140	-159
Net debt	MEUR	2,324	2,248
Property Portfolio	MEUR	4,248	3,822
Loan to value ratio in %	%	**54.7%**	**58.8%**

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

The maturity profile of the Group's external financing, including accrued interest, as at 30 June 2016 is shown in the chart below:

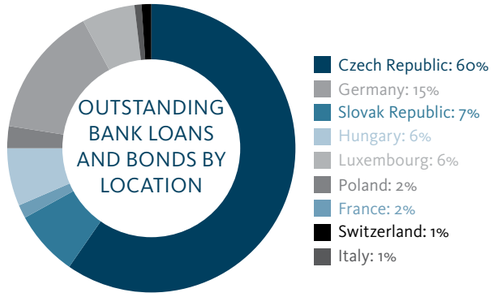
MATURITY PROFILE OF EXTERNAL FINANCING



85% of the outstanding balance of external financing is due within 5 years. This is substantially driven by the maturity of bank loans of which 91% is payable within 5 years. Similarly 65% of the bonds will mature within 5 years.

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

Out of the 60% share of the Czech Republic, 27% represent bonds financing which include project and corporate bonds in the amount of EUR 369 million.



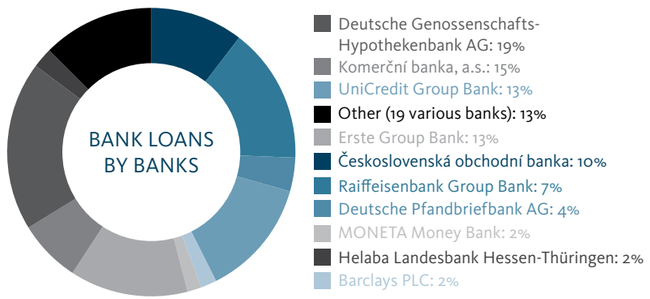
Bank loans

A significant part of the interest-bearing liabilities represents bank loans. Bank loans balance, including bank overdrafts total EUR 1,714 million as at 30 June 2016 and compared to 31 December 2015 increased by EUR 116 million. The main reason of increase were as follows:

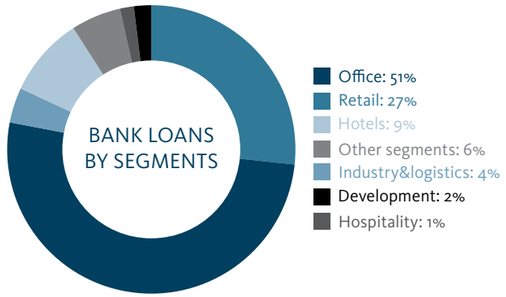
- loans acquired with new portfolio in total value EUR 100 million;
- new loans drawn in 2016 of EUR 148 million;
- loans repaid in 2015 of EUR 127 million;
- other changes representing mainly FX differences.

A ratio of loans drawn in Czech crowns against loans drawn in Euro remains stable at the level 36:64 as at 30 June 2016 (31 Dec 2015: 32:68).

EUR 1,335 million which represents 78% of outstanding bank loan balance is drawn from 6 financing bank groups; in total the Group cooperates with 29 banks.



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



Interest rate fluctuation could have a significant impact on the Group´s profit. The Group has therefore entered into interest rate swap contracts to hedge against the interest rate fluctuation. The fair value of the open swaps remains stable at negative of EUR 17 million (31 Dec 2015: negative of EUR 17 million).

Within the outstanding bank loans balance, 53% bear variable interest and are hedged by derivatives, 42% bear variable interest and are not hedged by derivatives and 5% bears a fixed interest. Bank loans bear an interest of EUR 23 million as at June 2016 (Jun 30 2015: EUR 22 million). Effective costs of financing are 2.78 % p.a. (31 Dec 2015: 3.15% p.a.).

Bonds

Bonds represents significant additional source of the Group´s financing. The bond balance totals EUR 569 million as at 30 June 2016 (31 Dec 2015: EUR 715 million) and comprises of project bonds of EUR 160 million (31 Dec 2015: EUR 163 million) and corporate bonds of EUR 409 million (31 Dec 2015: EUR 552 million).

During H1 2016, the Group issued new ordinary shares in the total amount of EUR 370 million. By means of debt-to-equity contribution subscription price of EUR 297 million was paid.

In H1 2016, the Group issued bonds in the total nominal value of EUR 50 million, with maturity in the year 2020, bearing a fixed interest of 5.00% p.a.

The Group repaid two emissions of bonds during H1 2016. On 23 March 2016, the Group repaid CPI VAR/19 EUR (ISIN CZ0003501843) emission representing EUR 3 million. On 29 March 2016, the Group repaid CPI 6.05/16 (ISIN CZ0003510646) emission represented by nominal value of CZK 1,261.8 million (EUR 46 million) excluding accrued interest.

Bonds bear an interest amounting to EUR 18 million as at 30 Jun 2016 (30 Jun 2015: EUR 20 million).

More than 45% of the bonds outstanding balance (EUR 256 million) provide unsecured financing, while remaining part represents bonds which are secured by mortgage. Unsecured bonds are generally used as source of financing for current and future investment activities.

The significant volume of issued bonds (55% of the nominal balance) is held by other companies within the Group which provide certain level of flexibility of financing the investment activities. Effective costs of financing are 5.45% p.a. (31 Dec 2015: 5.46% p.a.).

A ratio of bonds issued in Czech crowns against bonds issued in Euro is 65:35 as at 30 June 2016 (31 Dec 2015: 54:46).

Bonds with outstanding balance of EUR 441 million (78%) were registered for trading on various European stock exchanges. Certain bonds are subject of covenants, which were all met as at 30 June 2016.

CPI Property Group
Amfora, Hvar Grand Beach Resort

RESULTS AND NET ASSETS

Income statement

Income statement for the six month period ended 30 June 2015 corresponds to the semi-annual condensed consolidated financial statements.

Reported income statement for the period of 6 months ended 30 June 2016 is as follows:

MEUR	30-Jun-16	30-Jun-15
Gross rental revenue	114	107
Net service revenue	10	12
Property operating expenses	-21	-14
Net rental income	**103**	**105**
Development sales	1	4
Cost of goods sold	0	-3
Development operating expenses	-1	0
Net development income	**0**	**1**
Hotel revenue	11	7
Cost of goods sold	0	0
Hotel operating expenses	-7	-4
Net hotel income	**4**	**3**
Revenues from other business operations	16	6
Cost of goods sold	0	-1
Related operating revenues	-13	-3
Net income from other business operations	**3**	**2**
Total revenues	**155**	**135**
Total direct business operating expenses	**-46**	**-25**
Net business income	**109**	**110**
Net valuation gain or loss on investment property	-1	18
Net gain or loss on disposal of investment property	0	0
Net gain or loss on disposal of subsidiaries	0	1
Amortization, depreciation and impairments	-5	-4
Other operating income	12	4
Administrative expenses	-19	-18
Other operating expenses	-1	-17
Operating result	**95**	**94**
Interest income	5	12
Interest expense	-45	-45
Other net financial result	3	5
Net finance income / (costs)	**-37**	**-28**
Profit / (Loss) before income tax	**58**	**66**
Income tax expense	-14	-8
Net profit / (Loss) for the period	**44**	**58**

Net rental income

Net rental income slightly decreased by 2 % to EUR 103 million in H1 2016 (H1 2015: EUR 105 million). The positive impact of increase in gross rental income by 7%, reflecting the improved property performance as well as the impact of new acquisitions in H2 2015 and H1 2016, was compensated by higher property operating expenses which rose by EUR 7 million. The overall positive development in the real estate sector motivated the Group to invest more in repairs and maintenance costs to support the long-term value and marketability of the assets.

Net development income

The development income in 2015 represents primarily the sale of apartments from the residential portfolio of QUADRIO Residence in the Czech Republic.

Net hotel income

The substantial increase is attributable primarily to the acquisition of portfolio Sunčani Hvar hotels that was performed by the Group in May 2016.

Net income from other business operations

Net income from other business operations relates to the revenues from agriculture and mountain resorts.

The acquisition of CMA in November 2015 represents the main driver of the substantial increase in overall volume of related revenues and expenses.

Net valuation gain on investment property

The valuation of property portfolio was kept stable in H1 2016 with a slight EUR 1 million net loss. In comparison, net valuation gain of EUR 18 million in H1 2015 resulted primarily from the valuation gain on office and retail portfolio in the Czech Republic. The gain was driven primarily by the overall performance improvement of the projects as well as by improved assumptions (mainly on ERV and yields) retained by the independent expert.

Other operating income

The main reason of the increase in Other operating income represents the bargain purchase of EUR 10 million reflecting the acquisition of portfolio Sunčani Hvar hotels.

Administrative expenses

Administrative expenses increased by 6% to EUR 19 million in H1 2016 (H1 2015: EUR 18 million). The increase is primarily attributable to the extension of Group's operations resulted in the increase in headcount as well as in the extended requirements for the financial and other advisory services.

Other operating expenses

The drop in other operating expenses is directly attributable to the change in fair value by EUR 12 million of a contingent consideration that was recognised by the Group in 2015, reflecting the expected future settlement with the seller of the project that was acquired by the Group in 2012.

Net finance income / costs

Total net finance result dropped from net loss of EUR 28 million in H1 2015 to net loss of EUR 37 million in H1 2016. The main adverse impact on the total net finance result has the decrease of interest income from EUR 12 million in H1 2016 to EUR 5 million in H1 2015. The decrease in interest income reflects the acquisition of own shares from the main shareholder in September 2015 that were settled by certain receivables and interest bearing loans.

Funds from operations (FFO)

Over the six-month period ended 30 June 2016 the Group generated EUR 51 million Funds from operations (FFO).

Funds from operations (FFO)		30-Jun-2016	30-Jun-2015
Net profit for the period	**MEUR**	**44**	**58**
Deferred income tax	MEUR	11	3
Net valuation gain or loss on investment property	MEUR	1	-18
Net valuation gain or loss on revaluation of derivatives	MEUR	2	-3
Net gain or loss on disposal of investment property	MEUR	0	1
Net gain or loss on disposal of inventory	MEUR	0	-1
Net gain or loss on disposal of assets	MEUR	0	-1
Amortization. depreciation and impairments	MEUR	5	3
Other non-cash items	MEUR	-1	-3
GW/Bargain purchase	MEUR	-10	0
Other non-recurring items	MEUR	-1	12
Funds from operations (FFO)	**MEUR**	**51**	**51**

Balance sheet

Balance sheet as at 30 June 2016 corresponds to semi-annual condensed consolidated financial statements.

MEUR	30-Jun-16	31-Dec-15
NON-CURRENT ASSETS		
Intangible assets and goodwill	73	73
Investment property	3,868	3,534
Property, plant and equipment	287	184
Biological assets	2	2
Deferred tax assets	111	6
Other non-current assets	40	46
Total non-current assets	4,381	3,845
CURRENT ASSETS		
Inventories	95	85
Biological assets	5	4
Trade receivables	79	66
Cash and cash equivalents	140	159
Other current assets	203	164
Total current assets	522	478
TOTAL ASSETS	**4,903**	**4,323**
EQUITY		
Equity attributable to owners of the Company	1,669	1,317
Non controlling interests	54	21
Total equity	1,723	1,338
NON-CURRENT LIABILITIES		
Bonds issued	531	656
Financial debts	1,429	1,368
Deferred tax liabilities	420	410
Other non-current liabilities	44	41
Total non-current liabilities	2,424	2,475
CURRENT LIABILITIES		
Bonds issued	39	59
Financial debts	462	321
Trade payables	64	42
Other current liabilities	191	88
Total current liabilities	756	510
TOTAL EQUITY AND LIABILITIES	**4,903**	**4,323**

Total assets and total liabilities

Total assets increased by EUR 580 million (13%) to EUR 4,903 million as at 30 June 2016. The increase is primarily connected with the increase in property portfolio which rose by EUR 420 million and increase in deferred tax assets by EUR 105 million that has been recognized by the Group.

Non-current and current liabilities total EUR 3,180 million as at 30 June 2016 which represents increase by EUR 195 million (6.5%) compared to 31 December 2015. Main driver of this increase was a growth in external financing as a result of this year acquisitions.

Equity (Net assets value)

Net assets value – NAV (total equity including non-controlling interest) totals EUR 2,085 million as at 30 June 2016 and compared to 31 December 2015 strongly rose by 21%. The issuances of the new shares and the robust result for the six-month period of 2016 represent the main contributor of the increase.

Net Asset Value		30-Jun-16
Equity per the financial statements (NAV)	**MEUR**	**1,669**
Effect of exercise of options, convertibles and other equity interests	MEUR	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**MEUR**	**1,669**
Revaluation of trading property and PPE	MEUR	24
Fair value of financial instruments	MEUR	19
Deferred tax	MEUR	416
Goodwill	MEUR	-43
EPRA NAV	**MEUR**	**2,085**

CPI Property Group
Management Report June 2016

CPI Property Group

CPI Property Group
Meteor Office Park, Prague

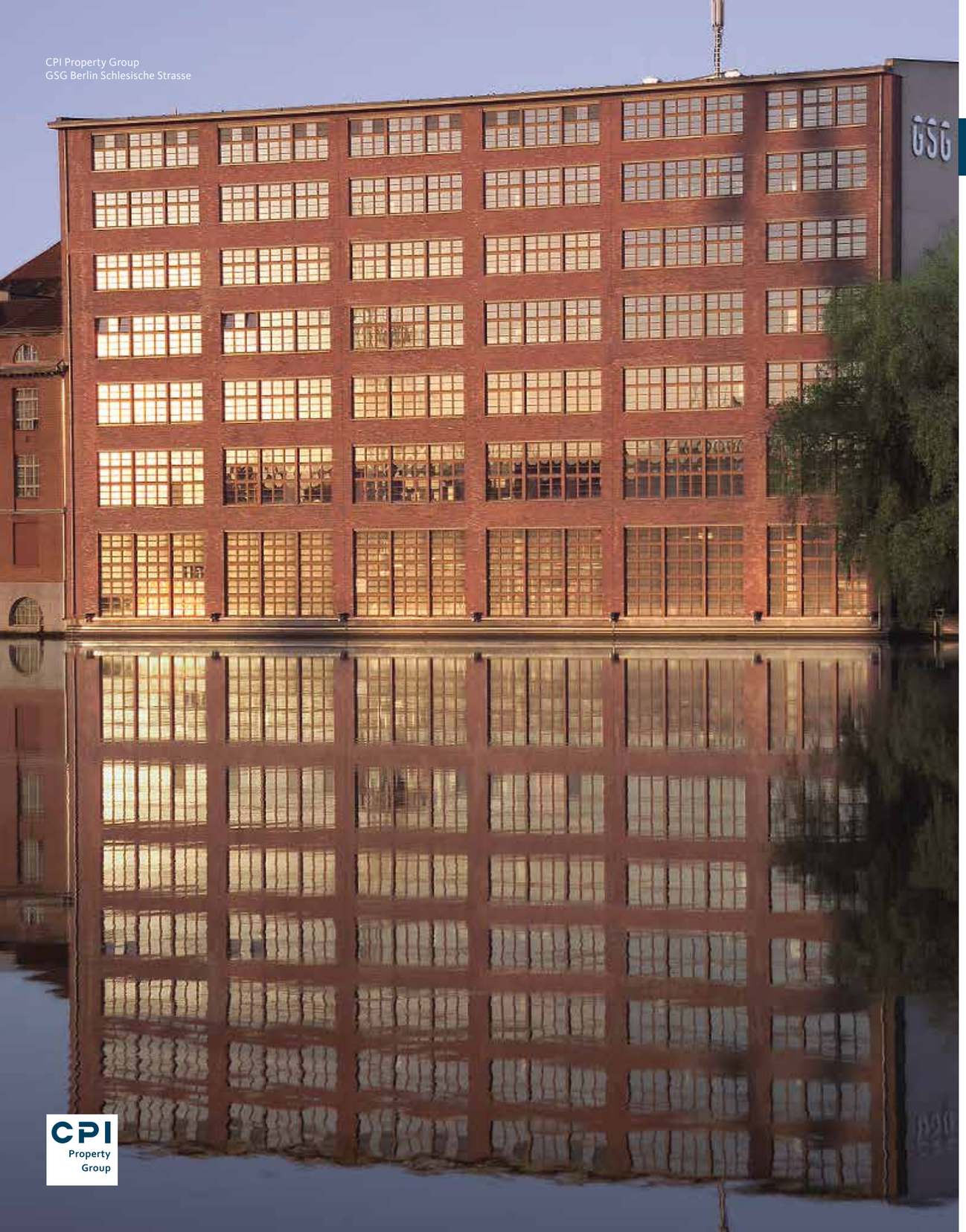
OUTLOOK

CPI Property Group is in a leading position within Central Eastern Europe and Germany. The Group has a strong, diversified portfolio, a stable source of financing and the support of an excellent team. Looking ahead, the Group is determined to maintain and concentrate on the exploration of further regional acquisitions, high-income appropriation and functional projects while retaining a robust, low-geared balance sheet with ambitions for the further expansion of its retail portfolio.

The Group has aspirations to revitalise the portfolio throughout the region delivering significant future value to our properties. We are currently in development of new housing and apartment projects alongside the expansion and refurbishment of shopping centres with the recent start to proceedings with Zbrojovka in Brno which will become the Group's largest development project for the immediate future.

The long-term mission is the provision of superior services and appropriate solutions to existing and future tenants. We intend pursue new and innovative technologies and trends in the office and retail sectors with an increased concentration on occupancy rates with the extension of leases along with tenancy mix enhancement and the assurance of new tenancy integration and adaptation to regional requirements.

Going forward, the Group looks to generate value for shareholders by continuing to strengthen its leading market position further concentrating on the development and maintenance of the property portfolio, along with diversification into distinctive assets types and geographical variation.



CPI Property Group
GSG Berlin Schlesische Strasse

CORPORATE GOVERNANCE

Principles

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

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

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

Description of internal controls relative to financial information processing

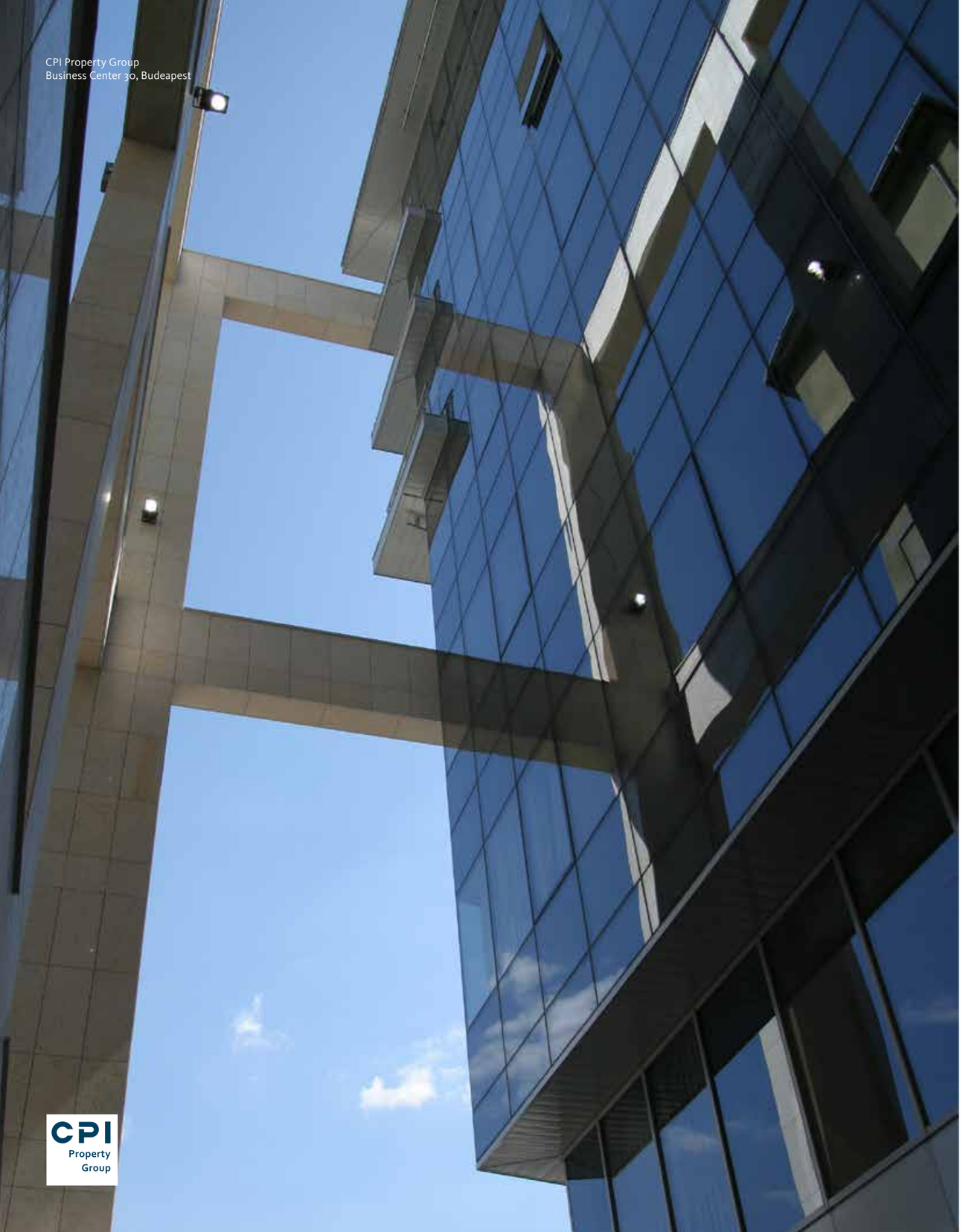
The Company has organized the management of internal control by defining control environment, identifying the main risks to which it is exposed together with the level of control of these risks, and strengthening the reliability of the financial reporting and communication process.

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

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

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

The Audit Committee and the s have a specific duties in terms of internal control.



CPI Property Group
Business Center 30, Budeapest

Management

The members of the management as of 30 June 2016 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 the Czech Republic. 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 Propert 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.

Martin Stibor
Director of Property Management

Mr. Martin Stibor, Director of Property Management, was appointed in June, 2014. Before joining CPI Property Group, Martin oversaw the Property department for Czech Property Investments for 4 years. Martin is responsible for the technical, administrative and operational property management of the Group's portfolio. Previously, Martin worked in top management at EMCM shopping centres where he gained 10 years of invaluable experience in the property operations sector. Martin graduated from the Faculty of Civil Engineering at the Technical University of Brno.

Board of Directors

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

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

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

As at 30 June 2016, 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; and
- Radovan Vítek.

The Board of Directors is comprised of:

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

The current Board members were appointed during the Company's annual general meeting of 2016 and their term expires at the annual general meeting of 2017 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2016.

OTHER REPORTING REQUIREMENTS

Subsequent events

Please refer to Note 10 of the Condensed Consolidated Interim Financial Statements as at 30 June 2016.

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 2016.

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 6,451,103,436 ordinary shares of one class, out of which 230,056,445 shares (approximately 3.6% 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 6,221,046,991 Company shares (approximately 96.4% of the total number of shares) are currently not listed and are non-tradeable on a regulated market.

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

There are no restrictions on the transfer of Company's securities. 230,056,445 Company shares (approx. 3.6% 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 6,221,046,991 Company shares (approx. 96.4% 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 cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC:

Based on the latest shareholders´ declarations received as at 30 June 2016, the following table sets out information regarding the ownership of the Company´s shares:

Shareholder	Number of shares	Share held
Radovan Vítek and entities controlled by Mr. Vítek	5,535,565,990	85.81%
Others	756,404,549	11.73%
Treasury shares	159,132,897	2.46%
Total	6,451,103,436	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.

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

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

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

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

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

The 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 Extraordinary General Meeting of the shareholders of the Company held on 26 May 2016 resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of one billion euro (EUR 1,000,000,000) for a period of five (5) years from 26 May 2016, which would authorise the issuance of up to ten billion (10,000,000,000) new ordinary shares. As at 30 June 2016, the authorised share capital of the Company amounts to EUR 881,666,115.10, which would authorize the issuance of up to 8,816,661,151 new ordinary shares.

(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 2016.

(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 2016.

Directors' compensation

Please refer to Note 9 of the Condensed Consolidated Interim Financial Statements as at 30 June 2016.

Other information

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

The Company does not have any branch.

CPI Property Group
Management Report June 2016

CPI Property Group
Management Report June 2016

CPI
Property
Group

DECLARATION LETTER

INTERIM FINANCIAL REPORT

AS AT 30 JUNE 2016

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 2016, 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 2016, 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 2016

Mr. Martin Němeček
CEO & Managing Director

CPI PROPERTY GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

(UNAUDITED)

CPI PROPERTY GROUP´s Board of Directors has approved the condensed consolidated interim financial statements for the six-month period ended 30 June 2016 on 31 August 2016.
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 2016	30 June 2015
Gross rental income	5.1	113,967	106,605
Service revenue	5.1	5,773	6,377
Net service charge income	5.2	4,293	5,286
Property operating expenses	5.3	(21,388)	(13,610)
Net rental income		**102,645**	**104,658**
Development sales	5.4	204	4,082
Cost of goods sold	5.4	(7)	(3,168)
Development operating expenses	5.4	(483)	(247)
Net development income		**(286)**	**667**
Hotel revenue	5.5	10,745	7,005
Cost of goods sold	5.5	(3)	(110)
Hotel operating expenses	5.5	(7,153)	(4,027)
Net hotel income		**3,589**	**2,868**
Revenue from other business operations	5.6	16,795	5,610
Cost of goods sold	5.6	(145)	(805)
Related operating expenses	5.6	(13,339)	(2,838)
Net income from other business operations		**3,311**	**1,967**
Total revenues		151,777	134,965
Total direct business operating expenses		(42,518)	(24,805)
Net business income		**109,259**	**110,160**
Net valuation gain / (loss)	5.7	(1,161)	17,722
Net loss on the disposal of investment property	5.8	(330)	(283)
Net gain on disposal of subsidiaries		--	607
Amortization, depreciation and impairments	5.9	(4,928)	(3,407)
Other operating income	5.10	12,190	4,019
Administrative expenses	5.11	(18,674)	(17,526)
Other operating expenses	5.12	(1,305)	(17,122)
Operating result		**95,051**	**94,170**
Interest income	5.13	5,293	11,595
Interest expense	5.14	(44,675)	(44,810)
Other net financial result	5.15	2,677	4,944
Net finance income / (costs)		**(36,705)**	**(28,271)**
Profit before income tax		**58,346**	**65,899**
Income tax expense	5.16	(14,003)	(8,390)
Net profit from continuing operations		**44,343**	**57,509**
Items that may or are reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		(8,848)	19,729
Effective portion of changes in fair value of cash flow hedges		(65)	3,431
Income tax on other comprehensive expense		9	(479)
Revaluation of property, plant and equipment		4,480	--
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of postemployment benefit obligations		--	--
Other comprehensive income for the period, net of tax		(4,424)	22,663
Total comprehensive income for the period		**39,919**	**80,172**
Profit attributable to:			
Non-controlling interests		**(828)**	**(318)**
Owners of the Company		**45,171**	**57,827**
Profit for the period		**44,343**	**57,509**
Total comprehensive income attributable to:			
Non-controlling interests		**(828)**	**22**
Owners of the Company		**40,747**	**80,150**
Total comprehensive income for the period		**39,919**	**80,172**
Earnings per share	6.14		
Basic earnings in EUR per share		**0.01**	**0.02**
Diluted earnings in EUR per share		**0.01**	**0.02**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

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

	Note	30 June 2016	31 December 2015
NON-CURRENT ASSETS			
Intangible assets and goodwill	6.1	72,873	73,319
Investment property	6.2	3,868,294	3,534,314
Property, plant and equipment	6.3	286,606	183,968
Biological Assets	6.4	2,495	2,042
Available-for-sale financial assets	6.5	2,447	497
Financial assets at fair value through profit or loss		1,500	1,125
Loans provided	6.6	23,104	31,247
Trade and other receivables	6.7	12,773	12,161
Deferred tax asset		111,380	6,169
Total non-current assets		**4,381,471**	**3,844,842**
CURRENT ASSETS			
Inventories	6.9	95,378	84,783
Biological Assets	6.4	5,009	4,231
Current income tax receivables		6,551	5,020
Available-for-sale financial assets	6.5	225	1,601
Trade receivables	6.7	79,258	65,964
Derivative instruments	6.8	10,093	5
Loans provided	6.6	102,393	95,023
Cash and cash equivalents	6.10	140,247	159,052
Other financial current assets	6.11	18,743	7,908
Other non-financial current assets	6.12	57,025	28,352
Assets held for sale	6.13	7,014	25,942
Total current assets		**521,935**	**477,881**
TOTAL ASSETS		**4,903,406**	**4,322,723**
EQUITY			
Equity attributable to owners of the Company	6.14	1,668,624	1,316,526
Non-controlling interests		54,291	21,553
Total equity		**1,722,915**	**1,338,079**
NON-CURRENT LIABILITIES			
Bonds issued	6.15	530,672	655,845
Financial debts	6.16	1,429,265	1,368,357
Derivative instruments		11,978	10,976
Deferred tax liabilities		420,217	410,379
Provisions		7,494	8,079
Other non-current liabilities	6.17	24,407	20,933
Total non-current liabilities		**2,424,033**	**2,474,569**
CURRENT LIABILITIES			
Bonds issued	6.15	38,555	59,482
Financial debts	6.16	462,459	321,133
Trade payables	6.18	63,721	42,341
Advance payments	6.19	54,909	48,885
Derivative instruments		6,598	6,313
Other financial current liabilities	6.20	103,427	14,052
Other non-financial current liabilities	6.21	23,816	14,896
Liabilities linked to assets held for sale	6.13	2,973	2,973
Total current liabilities		**756,458**	**510,075**
TOTAL EQUITY AND LIABILITIES		**4,903,406**	**4,322,723**

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 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	6.14	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, variation of detention, or revaluation of assets. These reserves may be subject to the distribution of dividends. This item also includes measurements of post-employment defined benefit obligation.

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 2015		**330,377**	**1,371,877**	**(74,058)**	**5,845**	**(25,093)**	**197,766**	**(254,688)**	**1,552,026**	**6,782**	**1,558,808**
Comprehensive income:											
Profit /(loss) for the period		--	--	--	--	--	--	57,827	57,827	(318)	57,509
Total comprehensive income		--	--	19,389	--	--	--	--	19,389	340	19,729
Net changes in fair value of cash flow FX hedges		--	--	--	--	2,119	--	--	2,119	--	2,119
Related income tax on other comprehensive expense		--	--	--	--	(315)	--	--	(315)	--	(315)
Net changes in fair value of cash flow IRS hedges		--	--	--	--	1,312	--	--	1,312	--	1,312
Related income tax on other comprehensive expense		--	--	--	--	(182)	--	--	(182)	--	(182)
Total comprehensive income / (expense)		--	--	19,389	--	2,934	--	--	22,323	340	22,663
Total comprehensive income for the period		**--**	**--**	**19,389**	**--**	**2,934**	**--**	**57,827**	**80,150**	**22**	**80,172**
Other changes in non-controlling interests		--	--	--	--	--	--	--	--	720	720
Total changes in ownership interests in subsidiaries		--	--	--	--	--	--	--	--	720	720
Total transactions with owners of the Company		**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**720**	**720**
Balance at 30 June 2015		**330,377**	**1,371,877**	**(54,669)**	**5,845**	**(22,159)**	**197,766**	**(196,861)**	**1,632,176**	**7,524**	**1,639,700**

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

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

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

Fox the six month period ended	Note	30 June 2016	30 June 2015
PROFIT BEFORE INCOME TAX		**58,346**	**65,899**
Adjusted by:			
Net valuation (gain) / loss on investment property	5.7	1,161	(17,722)
Gain on the disposal of investment property	5.8	330	283
Depreciation / amortisation of tangible and intangible assets	5.10	5,238	2,626
Impairment of assets / Reversal of impairment of assets	5.10	(328)	781
Gain on the disposal of subsidiaries		--	(607)
Net finance costs	5.14, 5.15	42,485	28,271
Goodwill write-off / (Bargain purchase)	3.2	(9,882)	--
Exchange rate differences		(7,927)	(10,043)
Profit before changes in working capital and provisions		**89,493**	**69,488**
(Increase) Decrease in inventories		(336)	3,141
Increase in trade receivables		(29,113)	(3,553)
Increase in trade payables		20,373	13,808
Changes in provisions		2,225	4,411
Income tax paid		(6,019)	1,869
NET CASH FROM OPERATING ACTIVITIES		**76,553**	**89,164**
Acquisition of subsidiaries, net of cash acquired	3.2	(233,400)	(16,343)
Acquisition of non-controlling interest		--	720
Acquisition of investment property	6.2	(14,300)	(18,379)
Acquisition of available-for-sale financial assets		(111)	--
Expenditure on investment property under development	6.2	(1,092)	(2,815)
Proceeds from sale of investment property	5.8	19,730	11,749
Proceeds from sale of available-for-sale financial assets		1,376	--
Proceeds from sale of property, plant and equipment		15	111
Proceeds from disposals of subsidiaries, net of cash disposed		--	(10,398)
Acquisition of property, plant and equipment		(11,509)	(3,821)
Acquisition of intangible assets		--	(523)
Loans (provided) / repaid	6.6	35,589	(57,385)
Interest received		10,255	16,017
NET CASH USED IN INVESTING ACTIVITIES		**(193,448)**	**(81,067)**
Proceeds from issue of share capital	6.14	73,500	--
Proceeds from bond issued/ (Repayment of bonds issued)		155,152	(58,666)
Interest paid		(45,560)	(44,708)
Drawings / (repayments) of loans and borrowings		(83,962)	150,672
Repayments of finance lease liabilities		(1,046)	(319)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**98,083**	**46,979**
NET INCREASE IN CASH		**(18,812)**	**55,076**
Cash and cash equivalents at the beginning of the year		159,052	108,172
Effect of movements in exchange rates on cash held		7	13
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**140,247**	**163,261**

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 Luxembourg based *société anonyme*, founded in 2004 as ORCO Germany S.A. Since its foundation it has been operating in Germany and concentrated mainly on commercial property, project development and asset management especially in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the Group is the largest lessor of commercial property in the Berlin area.

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. Certain number of Company 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 2016, Radovan Vítek indirectly owns 85.81 % of CPI PROPERTY GROUP (87.98 % voting rights).

For the list of shareholders as at 30 June 2016 refer to note 6.14.

Change in the Board of Directors and the management

Board of Directors

Board of Directors as at 30 June 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

Board of Directors as at 31 December 2015

Chairman
Edward Hughes

CEO & Managing Director
Martin Němeček

Deputy CEO & Secretary of the Board of Directors
Tomáš Salajka

Members
Philippe Magistretti
Oliver Schlink
Radovan Vítek

Change in the Board of Directors

The Annual General Meeting held on 26 May 2016 in Luxembourg resolved to re-appoint all Board members for another year, until the annual general meeting of 2017 concerning the approval of the annual accounts for the financial year ending 31 December 2016. No changes in the composition of the Board of Directors for the six months of 2016 have occurred.

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; Martin Stibor, Director of Property Management and Pavel Semrád, Asset and Letting Director.

Employees

The Group has 1,808 employees as at 30 June 2016 (as at 31 December 2015 – 1,293 employees). The significant employee's growth reflects the Group's expansion and extension of its investment property portfolio.
All of the above included employees were engaged in the core business activities of the Group.

2 Basis of preparation and significant accounting policies

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 2016 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 2015.

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 2015.

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 2016.

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 2015 except as described below:

Revaluation model used instead of cost model for the valuation of selected part of Property, plant and equipment portfolio.

- According to IAS 16, and entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply this policy to an entire class of property, plant and equipment. Under the revaluation model, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revaluated amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ

materially from that which would be determined using fair value at the end of the reporting period. When an item of property, plant and equipment is revaluated, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revaluated amount; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revaluated amount of the asset (approach used by the Group);

Asset´s carrying value increase as a result of a revaluation shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

The decrease of asset´s carrying amount as a result of revaluation shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease is recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

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 2016 (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:

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

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

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

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

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

  These amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The above mentioned amendment of IAS 1 has no impact on the financial statements of the Group as at 30 June 2016.

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

  - *"Revenue-based depreciation banned for property, plant and equipment"* means that revenue-based methods of depreciation cannot be used for property, plant and equipment.
  - *"New restrictive test for intangible assets"* deals with a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the

consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

These amendments to IAS 16, respectively to IAS 38 are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group´s operations.

- IAS 16, 'Property, Plant and Equipment' and IAS 41, 'Agriculture' related amendments say that bearer plants being in the scope of IAS 16 instead of IAS 41, to reflect the fact that their operation is similar to that of manufacturing. These amendments to IAS 16, respectively to IAS 41 are effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group´s operations.

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 2016 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.
- IAS 12 'Income Taxes' amendments deals with the clarification of accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The entities would have to consider whether the tax law restricts the sources of taxable profits against which it may make deductions on the

reversal of that deductible temporary difference. The amendment is effective for annual periods beginning on or after 1 January 2017. The Group is yet to assess IAS 12's full impact.

- 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 2015.

3 Group Structure

Control of the Group

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

As at 30 June 2016 the Group is formed by parent company and 338 subsidiaries controlled by the parent company (at 31 December 2015 - 291 subsidiaries). For list of subsidiaries refer to Appendix I.

3.1 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%	17 March 2016
Shopinvest a.s.	acquisition	100.00%	17 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
Sunčani Hvar d.d.	acquisition	61.95%	19 May 2016
NUKASSO HOLDINGS LIMITED	founded	100.00%	23 May 2016
Asmihati Holding Limited	acquisition	97.31%	8 June 2016
Aspley Ventures Limited	acquisition	100.00%	8 June 2016
BIANKO, s.r.o.	acquisition	97.31%	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
Development Doupovská, s.r.o.	acquisition	97.31%	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 Sàrl	acquisition	97.31%	8 June 2016
Estate Grand, s.r.o.	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
IVRAVODA LIMITED	acquisition	100.00%	8 June 2016
Jagapa Limited	acquisition	100.00%	8 June 2016
Jihovýchodní Město, a.s.	acquisition	97.31%	8 June 2016
Na Poříčí, a.s.	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
Orco Poland Sp.z.o.o.	acquisition	97.31%	8 June 2016
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
PTR PRIME TOURIST RE SORTS (CYPRUS) LIMITED	acquisition	100.00%	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 s.a.r.l.	acquisition	97.31%	8 June 2016

3.2 Acquisition through the business combinations/property asset acquisitions

ORCO PROPERTY GROUP S.A. (hereinafter "OPG")

On 23 May 2016, the Group incorporated new Cypriot company NUKASSO HOLDINGS LIMITED (hereinafter „NUKASSO").

On 8 June 2016, NUKASSO acquired 100% stakes in three legal entities – Aspley Ventures Limited, Fetumar Development Limited and Jagapa Limited.

Aspley Ventures Limited

On 8 June 2016, the Group acquired 100% stake in Aspley Ventures Limited, company holding approximately 30.4% share in OPG. The net consideration paid represents EUR 54.21 million.

As at the date of acquisition, the identifiable assets of the acquired company represent investments in subsidiaries in the amount of EUR 53.6 million, available for sale financial assets (EUR 13 thousand) and cash and cash equivalents acquired in the amount of EUR 0.125 million. The carrying value of the identifiable liabilities at the date of acquisition was EUR 58 million (financial debts only).

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR -4.3 million. The net cash inflow connected with the acquisition amounted to EUR 54.1 million.

Fetumar Development Limited

On 8 June 2016, the Group acquired 100% stake in Fetumar Development Limited, company holding approximately 30.4% share in OPG. The net consideration paid represents EUR 54.05 million.

The carrying value of investment in subsidiaries acquired as at the acquisition date amounted to EUR 53.6 million. Apart from these investments, cash and cash equivalents in the amount of EUR 5 thousand and other financial currents assets of EUR 4 thousand were purchased. The carrying value of the identifiable liabilities at the date of acquisition represents financial debts in the amount of EUR 58.1 million.

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR -4.51 million. The net cash inflow connected with the acquisition amounted to EUR 54 million.

Jagapa Limited

On 8 June 2016, the Group acquired 100% stake in Jagapa Limited, company holding approximately 30.4% share in OPG. The net consideration paid represents EUR 79.85 million.

As at the date of acquisition, the identifiable assets of the acquired company represent investments in subsidiaries in the amount of EUR 32 million, other financial current assets of EUR 1 thousand and cash and cash equivalents acquired in the amount of EUR 5 thousand. The carrying value of the identifiable liabilities at the date of acquisition represents financial debts in the amount of EUR 32.3 million and trade payables (EUR 5 thousand).

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to EUR -0.26 million. The net cash inflow connected with the acquisition amounted to EUR 79.85 million.

Consequently, on 8 June 2016 NUKASSO further acquired 79,080,996 of OPG shares corresponding to approximately 6.02 % of voting rights in OPG.

As a result of the acquisitions stated above, NUKASSO acquired 1,279,080,996 of OPG shares. Altogether with 117,980 pcs of OPG shares hold directly by the Company, the Group has 97.31% stake in OPG as at 30 June 2016.

OPG Group consisting of 33 subsidiaries as at 30 June 2016, is a real estate group with a major portfolio in Central and Eastern Europe. It is principally involved in the development of properties for its own portfolio or intended to be sold in the ordinary course of business and is also active in leasing investment properties under operating leases as well as in asset management. OPG is a joint stock company incorporated for an unlimited term and registered in Luxembourg. OPG´s shares are listed on the regulated markets of Luxembourg Stock Exchange and Warsaw Stock Exchange.

As a result of the above stated acquisitions, NUKASSO is obliged to launch a mandatory takeover bid (the "OPG Takeover") to purchase any and all of the ordinary shares of OPG. NUKASSO filed with the Commission de Surveillance du Secteur Financier (the "CSSF") draft offer document for the approval.

Net assets acquired

The initial accounting for the business combination is not fully completed at the time the condensed consolidated interim financial statements were authorised for issue. Due to the fact that valuations of assets, liabilities, and contingencies are ongoing, the presented figures may change. The total cost of combination and fair values have been determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts.

Based on the preliminary valuations, the carrying value of the identifiable assets at the date of acquisition was as follows:

	OPG Group
Investment property	251,664
Property, plant and equipment	718
Available-for-sale financial assets	60,794
Loans provided	6,795
Trade and other receivables	582
Deferred tax asset	106,630
Total non-current assets	**427,183**
Inventories	9,860
Current income tax receivables	2
Trade receivables	4,230
Derivative instruments	10,087
Loans provided	318
Cash and cash equivalents	8,942
Other financial current assets	302
Other non-financial current assets	34
Total current assets	**33,775**
Identifiable acquired assets	**460,958**

Portfolio description

OPG owns property classified as ***income generating rental properties*** in total amount of EUR 102.09 million. The most significant properties within this segment are the following:

Archa palace, Czech Republic (Na Poříčí, a.s.)

The historically protected building is designed in rondocubistic style and comprises of four separate buildings, A, B, C and D. The oldest part of the property facing Na Poříčí Street dates back to 1921. The property went through a major redevelopment in 2009 due to which a grade A specification of the premises has been achieved. The building comprises mainly office premises, with retail units on the ground floor. Part of the building B is also leased to Archa theatre. The building allows for flexible office solutions including dedication of one of four main receptions to a single tenant. At the date of valuation over 80 % of the property was leased.

Hradčanská Office Building, Czech Republic (OFFICE CENTER HRADČANSKÁ, a.s.)

Hradčanská Office Centre is a newly reconstructed Grade B office building. The Property is made up of two separate buildings, each with its own reception area, which are interconnected via an elevated walkway. The property provides flexible office premises and retail units on the ground floor. The building is in a prominent position which makes for a highly visible location. It is also directly opposite the recently reconstructed Hradčanská metro station. At the date of valuation the property was 90 % leased to multiple office and retail tenants.

Diana Property, Poland (Diana Property SP. z.o.o.)

The Property is located in Warsaw city centre, along Chmielna Street. The Diana property was constructed in 2004 .The building is of a reinforced concrete structure with hip roof. The property is fully occupied to Goethe Insitut.

Váci 188 offices, Hungary (ORCO Development Kft.)

The property is a Class B office building built in 2001 on ground floor and 6 office floors located at Váci út, which is the most developing office sub-market in Budapest. The property is surrounded by commercial properties. The property has 2 street frontages and floorplates have a U-shape. The building used to host Budapest Bank HQ, which moved out approximately 5 years ago, since it has only one tenant (12 % occupancy).

Capellen Building, Luxembourg (Capellen Invest S.A.)

Capellen is a district situated approximately 10 km northwest of Luxembourg City centre, and approximately 26 km from Luxembourg Airport. The location is within close proximity of the Belgian border and has good access from the A6 Ringroad. The property consists of a purpose-built office building arranged over three floors (ground, first and second) under a pitched roof. The building is accessed directly from the street, Rue Pafebruch.

OPG owns property classified as ***land bank*** in total amount of EUR 142.5 million. Major properties are as follows:

Bubny Site, Czech Republic (Bubny Development, s.r.o.)

The Property comprises land of 202,177 sqm zoned for commercial purposes. The subject property parcels fill the major part of a large quadrilateral shaped plot situated between Argentinská, Železničářů and Bubenská Streets. The former industrial structures have been almost partly removed, only the foundations or basement parts of some buildings remain, together with some of the original asphalt roads and old paved car park. The site is mostly fenced off to limit public access. Based on public notice 33/1999 there is building moratorium related to large part of Prague 7 district. The moratorium has been active since year 2000. The moratorium imposes of ban of any construction until the final urban concept of the affected area is not solved and approved by all relevant actors.

STRM Alfa Klíčov, Czech Republic (STRM Alfa, a.s.)

Brownfield STRM Alfa is located on northern outskirts of Prague close to the D8 highway and Bus Depot Klíčov (used by Prague public transport). There are two bus stations in the imminent vicinity. The closest metro station "Letňany" is located approximately 500 meters northern from the site. The surrounding area consists of the bus depot on the west and further on the east is a military airport Kbely. The broader area is mainly residential. Under the Land is located the underground line of metro C.

BIANKO – Zbrojovka Site, Czech Republic (BIANKO, s.r.o.)

BIANKO is former industrial area of arms factory Zbrojovka Brno. The premises are located in built-up area, approximately 2 km from city centre. The western part of the premises is bordered by the river Svitava and eastern part is bordered by the main railroad. Transportation access to the city centre is very good. There is a tram stop and a railway stop near the premises.

Deferred tax asset

As a result of the initial acquisition accounting, the Group recognized deferred tax asset from tax losses carried forward in total preliminary amount of EUR 105.2 million. As these tax losses relate primarily to the Luxembourg entities, they can be carried forward indefinitely.

Based on the preliminary valuations, the carrying value of the identifiable liabilities at the date of acquisition was as follows:

	OPG Group
Bonds issued	(9,871)
Financial debts	(18,940)
Deferred tax liabilities	(7,892)
Provisions	(457)
Other non-current liabilities	(1,360)
Total non-current liabilities	**(38,520)**
Bonds issued	(138)
Financial debts	(39,282)
Trade payables	(6,246)
Advance payments	(1,835)
Derivative instruments	(208)
Other financial current liabilities	(2,246)
Other non-financial current liabilities	(4,116)
Total current liabilities	**(54,071)**
Identifiable acquired liabilities	**(92,591)**

Financial debts in the amount of approximately 58 million relate to the bank financing of the OPG property portfolio. Bonds issued represent the outstanding balance of New Notes, refer to note 6.15.

Non-controlling interest

As at 30 June 2016, the Group holds (directly and indirectly) 1,279,198,976 pcs of OPG shares. The remaining 35,308,653 OPG shares (representing 2.69 % stake) represent the non-controlling interest. In order to reflect the fair value of the non-controlling interest, the Group valued the remaining part of the shares using the expected price per share to be paid to the minority shareholders.

Neither goodwill nor bargain purchase resulted from the preliminary initial acquisition accounting concerning the whole subgroup.

Although the acquisition became effective on 8 June 2016, the financial statements have been prepared using the consolidated financial information of OPG as of 30 June 2016. The difference between these dates is not deemed to be material.

If the acquisition of the whole subgroup had occurred on 1 January 2016 with all other variables held constant, the Group gross rental revenue for the six months of 2016 would have been EUR 117.4 million and net profit from continuing operations would have been EUR 49.7 million.

Sunčani Hvar acquisition

On 19 May 2016, the Group indirectly acquired 12,029,250 shares of SUNČANI HVAR d.d. (hereinafter as "**SHH**"), hotel company operating on the Island of Hvar, Croatia, representing 61.95 % of the shareholding and voting rights in SHH.

The purchase agreement includes contingent consideration subject to certain indicators of business performance are met. The additional cash payments due to the seller could amount up to EUR 400 thousand. The fair value of the contingent consideration represents EUR 0 as at 30 June 2016.

The acquired holding company, PTR PRIME TOURIST RESORT (CYPRUS) LIMITED, was a bidder in the mandatory takeover procedure aimed at the acquisition of all shares in SHH.

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

	Sunčani Hvar Group
Intangible assets and goodwill	101
Property, plant and equipment	89,653
Available-for-sale financial assets	8,237
Loans provided	7
Deferred tax asset	3,772
Total non-current assets	**101,771**
Inventories	386
Current income tax receivables	6
Trade receivables	742
Loans provided	67,060
Cash and cash equivalents	2,333
Other financial current assets	20
Other non-financial current assets	21,936
Total current assets	**92,484**
Identifiable acquired assets	**194,255**
Financial debts	(68,806)
Provisions	(32)
Other non-current liabilities	(420)
Total non-current liabilities	**(69,258)**
Financial debts	(6,349)
Trade payables	(3,086)
Advance payments	(1,216)
Other financial current liabilities	(78,896)
Other non-financial current liabilities	(2,099)
Total current liabilities	**(91,645)**
Identifiable acquired liabilities	**(160,903)**

Non-controlling interest

As mentioned above, as at 30 June 2016, the Group holds 61.95 % of SHH shares. The remaining 38.05 % represent the non-controlling interest. In order to reflect the fair value of the non-controlling interest, the Group valued the remaining part of the shares using the expected price per share to be paid to minority shareholders. Thus the fair value of the non-controlling interest as at 30 June 2016 was set to EUR 23.68 million. Refer to subsequent event, note 11.

As a result of the business combination, comparing the purchase price paid and the net identifiable assets of acquired entities, the Group recognized bargain purchase in the amount of EUR 9.37 million (note 5.10).

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 2.3 million. The net cash inflow connected with the acquisition amounted to EUR 2 million. The post-acquisition profit from date of acquisition until 30 June 2016 for the sub-group amounted to EUR 10.1 million.

If the acquisition had occurred on 1 January 2016 with all other variables held constant, the Group hotel revenue for the six months of 2016 would have been EUR 12.2 million and net profit from continuing operations would have been EUR 42.3 million.

Géčko Shopping Center

On 17 March 2016, the Group acquired Géčko Shopping Center in České Budějovice. The shopping center with 11,136 sqm of rentable area comprises of 50 shopping units, food court and other amenities, as well as parking for approximately 450 cars. The net consideration paid represents CZK 390.94 million (approximately EUR 14.45 million). The acquisition was carried out through the purchase of 100 % stake in Shopinvest a.s., company holding 100 % share in Obchodní a společnenské centrum České Budějovice s.r.o.
This acquisition was initially recognized as property asset acquisition.

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

	Shopinvest Group
Investment property	25,794
Property, plant and equipment	14
Total non-current assets	**25,808**
Inventories	1
Trade receivables	142
Cash and cash equivalents	1,590
Other financial current assets	491
Other non-financial current assets	5
Total current assets	**2,230**
Identifiable acquired assets	**28,038**
Financial debts	(12,698)
Deferred tax liabilities	(44)
Other non-current liabilities	(780)
Total non-current liabilities	**(13,523)**
Financial debts	(3)
Trade payables	342
Advance payments	(3)
Other financial current liabilities	(358)
Other non-financial current liabilities	(42)
Total current liabilities	**(65)**
Identifiable acquired liabilities	**(13,588)**

Net identifiable assets of subsidiaries acquired at the date of acquisition amounted to EUR 14.45 million. Considering the consideration paid, neither goodwill nor bargain purchase resulted from this acquisition.

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 1.59 million. The net cash outflow connected with the acquisition amounted to EUR 12.86 million.

The post-acquisition profit from date of acquisition until 30 June 2016 amounted to EUR 0.42 million.

If the acquisition had occurred on 1 January 2016 with all other variables held constant, the Group gross rental revenue for the six months of 2016 would have been EUR 114.5 million and net profit from continuing operations would have been EUR 44.4 million.

Bondy Centrum Mladá Boleslav

On 1 February 2016, the Group acquired Bondy Centrum, the largest shopping centre in Mladá Boleslav, Czech Republic, with a leasable area of approx. 16,800 sqm and office section. Purchase price paid by the Group amounted to CZK 574.88 million (approximately EUR 21.27 million). The acquisition was carried out through the purchase of 100 % stake in Bondy Centrum s.r.o.
This acquisition was initially recognized as property asset acquisition.

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

	Bondy Centrum s.r.o.
Investment property	47,734
Total non-current assets	**47,734**
Trade receivables	346
Cash and cash equivalents	551
Other financial current assets	847
Other non-financial current assets	55
Total current assets	**1,799**
Identifiable acquired assets	**49,533**
Financial debts	(25,554)
Other non-current liabilities	(525)
Total non-current liabilities	**(26,079)**
Trade payables	(393)
Advance payments	(920)
Other financial current liabilities	(33)
Other non-financial current liabilities	(309)
Total current liabilities	**(1,655)**
Identifiable acquired liabilities	**(27,733)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 21.8 million. As a result of this asset deal, the Group recognized bargain purchase in the amount of EUR 528 (note 5.10).

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.55 million. The net cash outflow connected with the acquisition amounted to EUR 20.72 million.

The post-acquisition profit from date of acquisition until 30 June 2016 amounted to EUR 0.88 million.

The Group´s statement of comprehensive income includes operations of Bondy Centrum s.r.o. for the whole six months of 2016.

Tarnów shopping center, Poland

On 22 March 2016, the Group acquired a small retail shopping asset in Tarnów, south of Poland. This acquisition, comprised of 5 retail units and totaling 2,161 sqm, is the first among other acquisitions of similar Polish retail shopping assets planned in the near future.
Consideration paid for the 100 % stake in Tarnów Property Development sp. Z o.o. amounted to PLN 4.17 million (approximately EUR 0.98 million).
This acquisition was initially recognized as property asset acquisition.

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

	Tarnów Property Development sp. Z o.o.
Investment property	3,243
Total non-current assets	**3,243**
Trade receivables	14
Cash and cash equivalents	108
Other non-financial current assets	38
Total current assets	**160**
Identifiable acquired assets	**3,403**
Financial debts	(2,340)
Total non-current liabilities	**(2,340)**
Financial debts	(101)
Total current liabilities	**(101)**
Identifiable acquired liabilities	**(2,441)**

Net identifiable assets of subsidiary acquired at the date of acquisition amounted to EUR 0.96 million. As a result of this asset deal, the Group recognized goodwill in the amount of EUR 18 thousand, which was subsequently impaired (note 5.9).

Due to the acquisition, the Group acquired cash and cash equivalents in the amount of EUR 0.11 million. The net cash outflow connected with the acquisition amounted to EUR 0.87 million.

The post-acquisition loss from date of acquisition until 30 June 2016 amounted to EUR 0.24 million.

If the acquisition had occurred on 1 January 2016 with all other variables held constant, the Group gross rental revenue for the six months of 2016 would have been EUR 114 million and net profit from continuing operations would have been EUR 44.3 million.

3.3 Changes in the Group in 2015

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

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

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

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

3.4 Acquisition of non-controlling interest in 2015

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

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 2016 compared to the financial statements as at 31 December 2015.

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 2016, 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 2016 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 2016

Consolidated profit or loss	Income generating - rental properties						Income generating - operational properties			Land bank	Development	Total consolidated
30 June 2016	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality	Mountain resorts			
Gross rental revenue	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 Results	**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 2015

Consolidated profit or loss 30 June 2015	Income generating - rental properties						Income generating - operational properties		Land bank	Development	Total consolidated
	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality			
Gross rental income	48,044	33,189	8,913	6,376	9,246	83	--	--	408	346	106,605
Service revenue	655	138	6	8	110	6,726	--	--	3	(1,269)	6,377
Net service charge income	4,599	162	(8)	128	11	1,059	--	--	(146)	(519)	5,286
Property operating expenses	(4,874)	(2,215)	(3,929)	(822)	(1,000)	(2,172)	--	--	(363)	1,765	(13,610)
Net rental income	**48,424**	**31,274**	**4,982**	**5,690**	**8,367**	**5,696**	**--**	**--**	**(98)**	**323**	**104,658**
Development sales	1,222	--	3,345	--	--	7	--	--	(492)	--	4,082
Cost of goods sold	(553)	(304)	(2,309)	--	--	--	--	--	(2)	--	(3,168)
Development operating expenses	--	--	--	--	--	--	--	--	--	(247)	(247)
Net development income	**669**	**(304)**	**1,036**	**--**	**--**	**7**	**--**	**--**	**(494)**	**(247)**	**667**
Hotel revenue	--	--	--	--	--	--	--	7,005	--	--	7,005
Cost of goods sold	--	--	--	--	--	--	--	(110)	--	--	(110)
Hotel operating expenses	--	--	--	--	--	--	--	(4,027)	--	--	(4,027)
Net hotel income	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**2,868**	**--**	**--**	**2,868**
Revenue from other business operations	--	--	--	--	--	--	5,610	--	--	--	5,610
Cost of goods sold	--	--	--	--	--	--	(805)	--	--	--	(805)
Related operating expenses	--	--	--	--	--	--	(2,838)	--	--	--	(2,838)
Net income from other business operations	**--**	**--**	**--**	**--**	**--**	**--**	**1,967**	**--**	**--**	**--**	**1,967**
Total revenues	54,520	33,489	12,256	6,512	9,367	7,875	5,610	7,005	(227)	(1,442)	134,965
Total direct business operating expenses	(5,427)	(2,519)	(6,238)	(822)	(1,000)	(2,172)	(3,643)	(4,137)	(365)	1,518	(24,805)
Net business income	**49,093**	**30,970**	**6,018**	**5,690**	**8,367**	**5,703**	**1,967**	**2,868**	**(592)**	**76**	**110,160**
Net valuation gain or loss on investment property	11,796	3,494	(442)	--	1,684	--	866	--	898	(574)	17,722
Net gain or loss on the disposal of investment property	14	(19)	422	--	1	24	--	--	(725)	--	(283)
Net gain or loss on disposal of subsidiaries	(481)	--	--	--	7,872	71	--	(6,855)	--	--	607
Amortization, depreciation and impairments	(246)	(62)	(239)	2	(387)	(474)	(631)	(876)	(494)	--	(3,407)
Other operating income	969	240	57	47	441	284	1,772	15	188	6	4,019
Administrative expenses	(4,796)	(566)	(163)	(3,563)	(611)	(6,178)	2	(995)	(423)	(233)	(17,526)
Other operating expenses	(11,820)	(4,748)	(31)	630	(588)	(200)	--	(200)	(66)	(99)	(17,122)
Operating Results	**44,529**	**29,309**	**5,622**	**2,806**	**16,779**	**(770)**	**3,976**	**(6,043)**	**(1,214)**	**(824)**	**94,170**
Interest income	5,890	624	1	180	151	4,689	6	46	8	--	11,595
Interest expense	(12,492)	(8,874)	(3,029)	(1,497)	(2,210)	(15,061)	(628)	(322)	(199)	(498)	(44,810)
Other net financial result	3,257	1,201	(138)	(165)	(222)	(2,110)	244	2,339	30	508	4,944
Net finance income / (costs)	**(3,345)**	**(7,049)**	**(3,166)**	**(1,482)**	**(2,281)**	**(12,482)**	**(378)**	**2,063**	**(161)**	**10**	**(28,271)**
Profit / (Loss) before income tax	**41,184**	**22,260**	**2,456**	**1,324**	**14,498**	**(13,252)**	**3,598**	**(3,980)**	**(1,375)**	**(814)**	**65,899**
Income tax expense	(5,245)	(2,830)	(312)	(168)	(1,847)	1,683	(458)	509	175	103	(8,390)
Net profit / (Loss) from continuing operations	**35,939**	**19,430**	**2,144**	**1,156**	**12,651**	**(11,569)**	**3,140**	**(3,471)**	**(1,200)**	**(711)**	**57,509**

As at 30 June 2016

Statement of financial position	Income generating - rental properties						Income generating - operational properties					
30 June 2016	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Agriculture	Hospitality	Mountain resorts	Land bank	Development	Total consolidated
Gross assets value	**1,658,494**	**1,040,988**	**274,714**	**144,830**	**338,284**	**3,440**	**61,429**	**152,748**	**106,594**	**380,259**	**88,498**	**4,250,278**
Investment Property	1,646,556	1,040,440	274,704	144,829	337,564	--	48,940	--	--	371,345	3,916	3,868,294
Property, plant and equipment	11,734	541	10	--	612	3,426	11,623	152,193	106,008	459	--	286,606
Inventories	204	7	--	1	108	14	866	555	586	8,455	84,582	95,378
Biological assets	--	--	--	--	--	--	7,504	--	--	--	--	7,504
Other assets non-current	68,674	7,626	--	74	202	132,971	9,794	4,220	--	510	6	224,077
Other assets current	48,581	24,531	15,317	2,414	13,041	159,301	9,185	2,912	2,391	754	2,874	281,301
Cash and cash equivalents	40,487	37,338	7,617	4,215	7,009	20,977	1,879	4,848	164	3,394	12,318	140,247
Total Assets	**1,816,236**	**1,110,483**	**297,648**	**151,533**	**358,536**	**316,689**	**89,791**	**164,728**	**109,149**	**384,917**	**103,696**	**4,903,406**
Other payables non-current	248,228	86,703	42,728	20,949	17,322	4,432	9,859	4,432	3,709	17,540	8,194	464,096
Finance debts non-current	644,184	373,478	3,566	62,057	137,244	80,279	31,738	56,728	7,277	1,692	31,022	1,429,265
Bonds issued non-current	--	50,981	79,318	--	--	400,373	--	--	--	--	--	530,672
Other payables current	52,110	22,454	18,202	3,353	9,581	107,737	5,144	10,213	17,692	4,132	4,826	255,444
Finance debts current	229,852	140,059	18	4,050	14,567	40,530	1,474	8,557	21,933	987	432	462,459
Bonds issued current	--	455	29,624	--	--	8,218	258	--	--	--	--	38,555
Total Liabilities	**1,174,374**	**674,130**	**173,456**	**90,409**	**178,714**	**641,569**	**48,473**	**79,930**	**50,611**	**24,351**	**44,474**	**3,180,491**

As at 31 December 2015

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

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 revenue	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 Results	**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)**
Share of profit or loss of entities accounted for using the equity method	--	--	--	--	--	--	--	--	--	--	--	--	--	--
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 2015

Consolidated profit or loss 30 June 2015	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	France	Luxembourg	Italy	Russia	Other*	Total consolidated
Gross rental income	63,620	8,064	22,686	8,761	3,425	--	42	5	--	2	--	106,605
Service revenue	(2,566)	(681)	115	420	5	--	4	555	--	--	8,525	6,377
Net service charge income	332	(29)	4,040	1,190	(247)	--	--	--	--	--	--	5,286
Property operating expenses	(8,025)	(848)	(2,870)	(911)	(750)	(17)	(10)	(142)	(37)	--	--	(13,610)
Net rental income	**53,361**	**6,506**	**23,971**	**9,460**	**2,433**	**(17)**	**36**	**418**	**(37)**	**2**	**8,525**	**104,658**
Development sales	2,853	--	1,222	7	--	--	--	--	--	--	--	4,082
Cost of goods sold	(3,154)	--	(12)	(2)	--	--	--	--	--	--	--	(3,168)
Development operating expenses	(247)	--	--	--	--	--	--	--	--	--	--	(247)
Net development income	**(548)**	**--**	**1,210**	**5**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**667**
Hotel revenue	1,788	309	--	2,378	437	--	--	113	--	1,980	--	7,005
Cost of goods sold	(110)	--	--	--	--	--	--	--	--	--	--	(110)
Hotel operating expenses	(706)	(196)	--	(1,575)	(357)	--	--	(294)	--	(899)	--	(4,027)
Net hotel income	**972**	**113**	**--**	**803**	**80**	**--**	**--**	**(181)**	**--**	**1,081**	**--**	**2,868**
Revenue from other business operations	5,610	--	--	--	--	--	--	--	--	--	--	5,610
Cost of goods sold	(805)	--	--	--	--	--	--	--	--	--	--	(805)
Related operating expenses	(2,838)	--	--	--	--	--	--	--	--	--	--	(2,838)
Net income from other business operations	**1,967**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**1,967**
Total revenues	71,637	7,663	28,063	12,756	3,620	--	46	673	--	1,982	8,525	134,965
Total direct business operating expenses	(15,885)	(1,044)	(2,882)	(2,488)	(1,107)	(17)	(10)	(436)	(37)	(899)	--	(24,805)
Net business income	**55,752**	**6,619**	**25,181**	**10,268**	**2,513**	**(17)**	**36**	**237**	**(37)**	**1,083**	**8,525**	**110,160**
Net valuation gain or loss on investment property	15,355	(449)	--	39	2,777	--	--	--	--	--	--	17,722
Net gain or loss on the disposal of investment property	427	6	--	(716)	--	--	--	--	--	--	--	(283)
Net gain or loss on disposal of subsidiaries	9	--	31,542	11,988	11,427	--	--	(54,358)	--	--	(1)	607
Amortization, depreciation and impairments	(2,292)	(13)	(40)	(579)	(59)	(1)	--	(419)	--	(4)	--	(3,407)
Other operating income	2,847	14	420	228	27	--	--	488	--	(5)	--	4,019
Administrative expenses	(6,716)	(142)	(5,775)	(1,547)	(578)	(49)	(66)	(1,861)	(105)	(260)	(427)	(17,526)
Other operating expenses	(13,557)	(18)	(1,944)	(641)	(141)	--	(104)	(612)	--	(105)	--	(17,122)
Operating Results	**51,825**	**6,017**	**49,384**	**19,040**	**15,966**	**(67)**	**(134)**	**(56,525)**	**(142)**	**709**	**8,097**	**94,170**
Interest income	5,211	--	1,753	12	--	--	--	3,819	--	--	800	11,595
Interest expense	(33,865)	(2,094)	(5,136)	(1,679)	(778)	(10)	(7)	(54)	--	--	(1,187)	(44,810)
Other net financial result	2,077	(120)	454	(406)	1,692	69	--	1,636	--	(34)	(424)	4,944
Net finance income / (costs)	**(26,577)**	**(2,214)**	**(2,929)**	**(2,073)**	**914**	**59**	**(7)**	**5,401**	**--**	**(34)**	**(811)**	**(28,271)**
Profit / (Loss) before income tax	**25,248**	**3,803**	**46,455**	**16,967**	**16,880**	**(8)**	**(141)**	**(51,124)**	**--**	**(34)**	**7,286**	**65,899**
Income tax expense	(3,211)	(484)	(5,918)	(2,157)	(2,146)	1	18	6,502	18	(86)	(927)	(8,390)
Net profit / (Loss) from continuing operations	**22,037**	**3,319**	**40,537**	**14,810**	**14,734**	**(7)**	**(123)**	**(44,622)**	**18**	**(120)**	**6,359**	**57,509**

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

As at 30 June 2016

Consolidated statement of financial 30 June 2016	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	France	Luxembourg	Italy	Russia	Swizerland	Croatia	Other*	Total consolidated
Gross assets value	**2,553,570**	**197,163**	**699,460**	**312,200**	**102,647**	**15,270**	**80,068**	**23,870**	**42,014**	**26,416**	**106,594**	**90,995**	**11**	**4,250,278**
Investment Property	2,511,071	197,161	688,594	290,594	102,494	15,270	3,500	23,610	36,000	--	--	--	--	3,868,294
Property, plant and equipment	31,181	--	10,848	21,310	107	--	--	260	--	26,324	106,008	90,568	--	286,606
Inventories	11,318	2	18	296	46	--	76,568	--	6,014	92	586	427	11	95,378
Biological assets	7,504	--	--	--	--	--	--	--	--	--	--	--	--	7,504
Other receivables non-current	28,209	226	67,330	943	85	--	--	176,245	1	18	--	3,848	(52,828)	224,077
Other receivables current	102,427	3,203	28,715	1,894	1,241	56	1,222	40,649	1,828	141	2,391	2,220	95,314	281,301
Cash and cash equivalents	75,697	3,373	12,313	10,964	7,619	12	12,141	4,181	370	129	164	2,629	10,654	140,247
Total Assets	**2,767,407**	**203,965**	**807,818**	**326,001**	**111,592**	**15,338**	**93,431**	**244,945**	**44,213**	**26,704**	**109,149**	**99,692**	**53,151**	**4,903,406**
Other payables non-current	215,751	25,684	167,178	27,868	6,305	11	8,213	6,263	1,283	865	3,709	2,839	(1,873)	464,096
Finance debts non-current	716,555	81,649	323,841	108,145	31,419	303	34,522	66,100	24,770	--	7,277	34,628	56	1,429,265
Bonds issued non-current	336,067	78,850	--	--	--	--	--	115,755	--	--	--	--	--	530,672
Other payables current	95,178	2,189	31,660	7,603	3,005	3	4,365	5,024	1,396	1,212	17,692	7,472	78,645	255,444
Finance debts current	338,440	18,704	11,964	39,744	24,912	96	12	136	--	--	21,933	6,517	1	462,459
Bonds issued current	32,205	1,236	--	--	--	--	--	5,114	--	--	--	--	--	38,555
Total Liabilities	**1,734,196**	**208,312**	**534,643**	**183,360**	**65,641**	**413**	**47,112**	**198,392**	**27,449**	**2,077**	**50,611**	**51,456**	**76,829**	**3,180,491**

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

As at 31 December 2015

Consolidated statement of financial position 31 December 2015	Czech Republic	Slovak Republic	Germany	Hungary	Poland	Romania	France	Luxembourg	Italy	Russia	Swizerland	Other*	Total consolidated
Gross assets value	**2,253,906**	**197,163**	**695,128**	**298,728**	**94,428**	**15,274**	**80,068**	**--**	**42,014**	**26,088**	**100,257**	**11**	**3,803,065**
Investment Property	2,221,685	197,161	684,399	281,958	94,341	15,270	3,500	--	36,000	--	--	--	3,534,314
Property, plant and equipment	30,995	--	10,700	16,633	83	4	--	--	--	25,993	99,560	--	183,968
Inventories	1,226	2	29	137	4	--	76,568	--	6,014	95	697	11	84,783
Biological assets	6,273	--	--	--	--	--	--	--	--	--	--	--	6,273
Other assets non-current	26,466	157	67,465	46	88	--	--	22,340	2	18	--	7,936	124,518
Other assets current	83,004	1,122	28,410	20,318	847	1,064	543	83,589	2,714	174	2,300	5,730	229,815
Cash and cash equivalents	96,527	3,521	31,025	8,119	5,872	9	12,543	271	173	40	687	265	159,052
Total Assets	**2,466,176**	**201,963**	**822,028**	**327,211**	**101,235**	**16,347**	**93,154**	**106,200**	**44,903**	**26,320**	**103,244**	**13,942**	**4,322,723**
Other payables non-current	216,451	26,204	163,836	28,027	5,224	11	3,058	400	1,459	1,209	4,487	1	450,367
Finance debts non-current	738,438	93,661	329,062	109,558	30,589	188	34,523	127	25,033	--	7,177	1	1,368,357
Bonds issued non-current	335,835	29,525	--	--	--	--	--	290,485	--	--	--	--	655,845
Other payables current	68,898	1,484	30,739	8,189	2,228	122	2,532	1,728	1,278	1,048	9,865	1,349	129,460
Finance debts current	217,425	7,085	12,150	40,147	23,241	94	13	8	--	--	20,967	4	321,133
Bonds issued current	53,680	367	--	--	--	--	--	5,435	--	--	--	--	59,482
Total Liabilities	**1,630,727**	**158,326**	**535,787**	**185,921**	**61,282**	**415**	**40,125**	**298,183**	**27,770**	**2,257**	**42,496**	**1,355**	**2,984,644**

**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 2016	30 June 2015
Gross rental income (1)	113,967	106,605
Service revenue (2)	5,773	6,377
Total gross rental income	**119,740**	**112,982**

(1) Increase in rental income is generally attributable to the Group´s expansion in 2015 and 2016. Gross rental revenue in 2016 includes 6 months operations of JMB Group (acquired at the end of 2015) with net effect of EUR 1.2 million and operations of CPI Alberghi HI Roma S.r.l. (founded in October 2015) leading to the net increase of EUR 1.1 million. Companies acquired in 2016 contributed also the increase in gross rental income (Bondy Centrum a.s. with effect of EUR 1.7 million and Shopinvest Group leading to a net increase of EUR 0.5 million).
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 2016	30 June 2015
Service charge income	21,610	18,673
Service charge expenses	(18,327)	(13,831)
Total	**3,283**	**4,842**
Revenues from sales of goods and merchandise	2,030	2,021
Revenues from sales of energy	222	106
Cost of sales - goods and merchandise	(1,241)	(1,683)
Cost of sales - energy	(1)	--
Total	**1,010**	**444**
Total net service charge income	**4,293**	**5,286**

Increase in volume of service charge income and expenses reflects increase in rental activity.
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 2016	30 June 2015
Building maintenance (1)	(6,981)	(4,504)
Personnel expenses	(3,328)	(2,525)
Utilities Supplies	(2,262)	(2,715)
Real estate tax	(1,832)	(1,606)
Facility management	(480)	(52)
Leases and rents	(462)	(41)
Letting fee, other fees paid to real estate agents	(405)	(495)
Insurance	(1,178)	(608)
Other property related expenses	(4,459)	(1,064)
Total property operating expenses	**(21,388)**	**(13,610)**

(1) Increase of building maintenance expenses relate mainly to the German 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 2016	30 June 2015
Energy consumption	(1,590)	(2,271)
Material consumption	(638)	(223)
Waste management	(7)	(45)
Security services	(20)	(129)
Cleaning services	(7)	(47)
Total utility services	**(2,262)**	**(2,715)**

5.3.2 Personnel expenses

For the six month period ended

	30 June 2016	30 June 2015
Wages and salaries	(2,473)	(1,822)
Social and health security contributions	(774)	(632)
Other social expenses	(81)	(71)
Total personnel operating expenses	**(3,328)**	**(2,525)**
Personnel administrative expenses		
Wages and salaries	(5,843)	(5,370)
Social and health security contributions	(1,525)	(1,406)
Other social expenses	(161)	(153)
Total personnel administrative expenses	**(7,529)**	**(6,929)**
Personnel expenses - hotel operations		
Wages and salaries	(2,172)	(1,222)
Social and health security contributions	(548)	(349)
Other social expenses	(87)	(86)
Total personnel expenses - hotel operations	**(2,808)**	**(1,657)**
Personnel expenses - other business activities		
Wages and salaries	(6,678)	(842)
Social and health security contributions	(1,319)	(309)
Other social expenses	(250)	--
Total personnel expenses - other business activities	**(8,247)**	**(1,151)**
Total personnel expenses	**(21,911)**	**(12,262)**

Overall increase in personnel expenses primarily reflects the extension of the Group's operations resulting in the increase of headcount. The main driver for the increase of personnel expenses from other business activities was the acquisition of CMA Group in October 2015 resulting in the increase of EUR 7.1 million.

Personnel expenses from hotel operations increase due to the acquisition of SHH in May 2016 (EUR 1.5 million), refer to note 3.2.

5.4 Net development income

For the six month period ended

	30 June 2016	30 June 2015
Development sales	204	4,082
Cost of goods sold	(7)	(3,168)
Development operating expenses (1)	(483)	(247)
Total net development income (2)	**(286)**	**667**

(1) Development operating expenses cover all property operating expenses occurred in connection with development (utility services, real estate agents services, maintenance etc.).

(2) Net development income in 2015 represents primarily sale of apartments from the residential portfolio of Quadrio Residence, s.r.o. (project "QUADRIO").

5.5 Net hotel income

For the six month period ended

	30 June 2016	30 June 2015
Hotel revenue	10,745	7,005
Cost of goods sold	(3)	(110)
Personnel expenses	(2,808)	(1,657)
Other hotel expenses	(4,345)	(2,370)
Net result from hotel operations	**3,589**	**2,868**

Increase in net result from hotel operations is caused by the acquisition of SHH contributing with EUR 1.5 million to the net result from hotel operations. On the other hand, decrease of EUR 0.7 million in net result from hotel operations relates to the disposal of subsidiaries in the second half of 2015.

5.6 Net income from other business operations

For the six month period ended

	30 June 2016	30 June 2015
Revenue from other business operations	16,795	5,610
Cost of goods sold	(145)	(805)
Personnel expenses	(8,247)	(1,151)
Related operating expenses	(5,092)	(1,687)
Net income from other business operations	**3,311**	**1,967**

Other business operations represents agriculture and mountain resort operations. The substantial increase in net income from other business operations primarily reflects acquisition of mountain resort in Switzerland (CMA Group) in October 2015.

5.7 Net valuation (loss) / gain

Generally, the property portfolio has not been completely revalued using new independent appraisals as of 30 June 2016. 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 2015. As a result, the fair value of the majority of the property portfolio as of 30 June 2016 was determined based on the management's analysis described above and it does not significantly differ from the fair value as of 31 December 2015.

In instances where there have been indications of significant changes and therefore with potential impact on the property value during the first half of 2016, the value of the property has been updated based on the external appraisals as of 30 June 2016. Valuation gain relates primarily to the office segment and is mostly influenced by the multifunctional complex QUADRIO (gain of EUR 2.9 million in 2016). The particular valuation losses have been recognized mainly in connection with the czech and hungarian portfolio as a result of the foreign currency differences.

5.8 Net loss on the disposal of investment property

For the six month period ended

	30 June 2016	30 June 2015
Proceeds from disposal of investment property	19,730	10,894
Carrying value of investment property disposed of and related cost	(20,060)	(11,177)
Total loss/gain on the disposal of investment property	**(330)**	**(283)**

Main investment property disposal 2016 relates mainly to the disposal of assets, disclosed as assets held for sale at the end of 2015:

- Office project – with fair value of EUR 17.9 million as at 31 December 2015;
- Land bank project – with fair value of EUR 1 million as at 31 December 2015.

At the date of sale, total carrying value of investment properties mentioned above was set to EUR 18.9 million in 2016.

Other disposals of investment property in 2016 represent mainly sale of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. in total carrying value of EUR 0.7 million.

5.9 Amortization, depreciation and impairments

For the six month period ended

	30 June 2016	30 June 2015
Depreciation and amortization - rental	(901)	(1,109)
Depreciation and amortization - hotel (1)	(1,089)	(870)
Depreciation and amortization - other business operations (2)	(3,248)	(647)
Total impairment of assets	310	(781)
Total depreciation, amortization and impairments	**(4,928)**	**(3,407)**

(1) Increase of depreciation and amortization relates to the acquisition of SHH (note 3.2).

(2) Depreciation and amortization from other business operations increased due to the acquisition of CMA Group in October 2015 (EUR 2.6 million).

5.9.1 Impairment of assets / Reversal of impairment of assets

For the six month period ended

	30 June 2016	30 June 2015
Impairment of property, plant and equipment	(6)	--
Impairment of goodwill (1)	(18)	(480)
Impairment of other intangible assets	--	(3)
Impairment of trading property	12	7
Impairment of other receivables	(1,046)	(146)
Impairment of trade receivables	(1,071)	(153)
Impairment of provided loans	2,439	(6)
Total impairments	**310**	**(781)**

(1) Impairment of goodwill in 2016 relates to the acquisition of Tarnów Property Development sp. Z o.o. (goodwill recognized and subsequently fully impaired of EUR 18 thousand). For detail of this business combination refer to note 3.2.

5.10 Other operating income

For the six month period ended

	30 June 2016	30 June 2015
Gain on bargain purchase relating to business combinations (1)	9,900	--
Gain on assignment of receivables	710	358
Income from penalties	9	317
Insurance claims	170	223
Other	1,401	3,010
Income from sale of PPE	--	111
Total other operating income	**12,190**	**4,019**

(1) Gain on bargain purchase in first half of 2016 relates to the acquisition of SHH (EUR 9.4 million) and Bondy Centrum (EUR 0.5 million), refer to note 3.2.

5.11 Administrative expenses

For the six month period ended

	30 June 2016	30 June 2015
Personnel expenses	(7,529)	(6,929)
Audit, tax and advisory services	(3,956)	(3,800)
Legal services	(2,595)	(1,598)
Other administrative expenses	(1,136)	(872)
Lease and rental expenses	(998)	(931)
Advertising expenses	(661)	(1,230)
IT expenses	(477)	(502)
Telecommunication, internet and software related expenses	(395)	(834)
Representation expenses	(310)	(341)
Other insurance expenses	(292)	(126)
Material consumption	(247)	(244)
Repairs and maintenance	(60)	(112)
Energy consumption	(18)	(7)
Total administrative expenses	**(18,674)**	**(17,526)**

Generally, the increase in administrative expenses reflects Group's substantial growth affected by acquisitions carried out in the second half of 2015 and in 2016.

5.12 Other operating expenses

For the six month period ended

	30 June 2016	30 June 2015
Penalties	(143)	(139)
Tax non-deductible VAT expenses	(260)	(179)
Taxes and fees	(1,482)	(1,599)
Loss on assignment of receivables	--	(394)
Gifts	(4)	(77)
Change in provisions	1,223	(1,938)
Other (1)	(639)	(12,796)
Total other operating expenses	**(1,305)**	**(17,122)**

(1) Other operating expenses in 2015 is mainly attributable to the final settlement of EUR 10 million in 2015 with the seller of the project acquired by the Group in prior periods.

5.13 Interest income

For the six month period ended

	30 June 2016	30 June 2015
Bank interest income	32	27
Interest income on bonds	67	147
Interest income on loans and receivables (1)	5,093	11,421
Interest income on bills of exchange	101	--
Total interest income	**5,293**	**11,595**

(1) The decrease in interest income reflects the acquisition of own shares from the major shareholder in September 2015 that were predominantly settled by interest bearing loans and receivables.

5.14 Interest expense

For the six month period ended

	30 June 2016	30 June 2015
Interest expense related to bank and non-bank loans	(24,700)	(23,223)
Interest expense on bonds issued (1)	(17,550)	(20,143)
Interest expense related to finance leases	(510)	(236)
Interest expense on other non-current liabilities	35	(108)
Interest expense on bills of exchange	(1,949)	(1,100)
Total interest expense	**(44,675)**	**(44,810)**

(1) Interest expense on bonds issued decreased due to the early repayment of emission CPI VAR/19 EUR in March 2016 (effect of EUR 1.72 million). Bonds CPI 6.05/16 matured on March 2016 in accordance with their prospectus leading to the decrease in interest expense of 1.67 million.

5.15 Other net financial results

For the six month period ended

	30 June 2016	30 June 2015
Change in fair value and realized result on derivative instruments	(1,964)	3,154
Other net financial results	(1,235)	(1,028)
Net foreign exchange gain	7,016	4,607
Bank charges	(1,140)	(1,789)
Total other net financial results	**2,677**	**4,944**

5.16 Income tax expense

Tax recognized in profit or loss

For the six month period ended

	30 June 2016	30 June 2015
Current income tax expense		
Current year	--	--
Adjustment for prior years	(3,189)	(1,594)
Total	**(3,189)**	**(1,594)**
Deferred income tax expense		
Origination and reversal of temporary differences	(10,814)	(6,796)
Total	**10,814)**	**(6,796)**
Income tax from continuing operations recognised in profit and loss	**(14,003)**	**(8,390)**
Total income tax recognised in profit or loss	**(14,003)**	**(8,390)**

Tax expense for the six month period ended 30 June 2016 is recognized based on management´s best estimate of the effective tax rate for full financial year 2016. The Company´s effective tax rate in respect of continuing operations for the six months ended 30 June 2016 was approximately 24 %.

6 Condensed consolidated interim statement of financial position

6.1 Intangible assets and goodwill

Reconciliation of carrying amount

	Goodwill
Cost	
Balance at 1 January 2016	**61,904**
Effect of business combinations	18
Effect of movements in exchange rates	(41)
Balance at 30 June 2016	**61,881**
Impairment losses	
Balance at 1 January 2016	**2,014**
Goodwill written off	18
Effect of movements in exchange rates	(9)
Balance at 30 June 2016	**2,023**
Carrying amounts	
Balance at 1 January 2016	**59,890**
Balance at 30 June 2016	**59,858**

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 (Mamaisons 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.

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

Impairment of goodwill

- Impairment of goodwill in 2016 relates to the acquisition of Tarnów Property Development sp. Z o.o. (EUR 18 thousand), refer to note 3.2.

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 2015	**1,470,346**	**891,922**	**277,146**	**138,608**	**266,683**	**3,044,705**	**44,897**	**236,362**	**47,087**	**3,373,051**
Investments/acquisitions	--	56,441	--	--	31,200	87,641	--	1,354	--	88,995
Transfers	13,885	2,757	--	(603)	16,162	32,231	--	404	(14,561)	18,074
Development costs	--	--	--	--	--	--	--	--	5,564	5,564
Additions	22,508	7,214	2,664	953	2,142	35,481	1,697	1,263	--	38,441
Disposals	(3)	(179)	(4,346)	(20)	(319)	(4,867)	--	(9,399)	(34,848)	(49,114)
Valuation gain/(loss)	43,211	(7,134)	(6,591)	4,169	21,845	55,500	1,711	(10,399)	(1,145)	45,667
Transfers in/from assets held for sale	(17,900)	--	--	--	(7,042)	(24,942)	--	(1,000)	--	(25,942)
Translation differences	7,616	13,324	7,010	419	5,595	33,964	825	4,048	741	39,578
Balance at 31 December 2015	**1,539,663**	**964,375**	**275,883**	**143,526**	**336,266**	**3,259,713**	**49,130**	**222,633**	**2,838**	**3,534,314**
Investments/acquisitions	100,940	76,771	--	1,150	--	178,861	--	149,574	--	328,436
Development costs	--	--	--	--	--	--	--	--	1,092	1,092
Additions	7,431	1,759	597	748	3,504	14,039	259	3	--	14,300
Disposals	(93)	(12)	(722)	--	(1)	(828)	(2)	(229)	--	(1,059)
Valuation gain/(loss)	111	219	--	(364)	(1,307)	(1,341)	(256)	--	--	(1,597)
Translation differences	(1,496)	(2,672)	(1,054)	(230)	(899)	(6,350)	(190)	(637)	(14)	(7,191)
Balance at 30 June 2016	**1,646,556**	**1,040,440**	**274,704**	**144,829**	**337,563**	**3,444,093**	**48,941**	**371,344**	**3,916**	**3,868,294**

Investments/acquisitions

2016

In 2016 the Group acquired investment property in total value of EUR 328.4 million. The most significant items of investment property were acquired in the following transactions (note 3.2):

- 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 47.7 million.
- In March 2016 the Group completed acquisition of Géčko Shopping Center (Shopinvest a.s.) in total value of EUR 25.8 million.
- In March 2016 the Group acquired shopping centre in Tarnów, Poland, in total value of EUR 3.2 million.

2015

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

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

Development costs

2016

Development costs (EUR 1.1 million) relate to the construction of building expansion of the existing IGY center on 8,000 sqm of rentable area (“IGY 2” project) in České Budějovice.

2015

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

Additions

2016

Additions in the office segment relate mainly to capital expenditures in connection with the German portfolio (EUR 4.2 million) and project “QUADRIO” (EUR 1.27 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.).

2015

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

Disposals

2016

Disposal in the amount of EUR 0.72 million represent sale of apartments in Praha – Letňany from the residential portfolio of CPI BYTY, a.s. to current tenants.
Other disposals represent sale of land bank in Březiněves (EUR 0.23 million).

2015

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

6.3 Property, plant and equipment

a) Property, plant and equipment (revaluation model)

In accordance with IAS 16, the Group decided to use revaluation model for property, plant and equipment from the hospitality segment (i.e. for hotels operated by the Group).

	Hotel
Fair value	
Balance at 1 January 2016	--
Acquisitions through business combinations	89,653
Transfer from PPE valued using cost model	59,579
Transfer	(1,203)
Effect of movements in exchange rates	(533)
Valuation Gain/Loss through other comprehensive income	5,455
Balance at 30 June 2016	**152,951**
Accumulated depreciation and impairment losses	
Balance at 1 January 2016	--
Depreciation for the period	1,089
Transfer from PPE valued using cost model	3,012
Transfer	(1,203)
Effect of movements in exchange rates	17
Balance at 30 June 2016	**2,915**
Fair value less accumulated depreciation and impairment losses	
At 1 January 2016	--
At 30 June 2016	**150,036**

As at 1 January 2016, all hotels from hospitality segment have been transferred from PPE valued using cost model to PPE valued to fair value (revaluation model) and revaluated to its fair value. Following hotels have been revaluated:

- Marriott Hotel Budapest (value as at 1 January 2016 - EUR 21.6 million fair value / cost model value EUR 16.4 million);
- Courtyard by Marriott Prague City (value as at 1 January 2016 - EUR 14.1 million fair value/ cost model value EUR 14.1 million);
- MaMaison Pokrovka Hotel, Russia (value as at 1 January 2016 – EUR 26.3 million fair value/ cost model value EUR 25.9 million).

The elimination approach was used in case of the accumulated depreciation as at 1 January 2016.
Increase of balance of property, plant and equipment in the amount of EUR 89.653 million is attributable to acquisition of SHH (note 3.2).

b) Property, plant and equipment (cost model)

	Hotel
Cost	
Balance at 1 January 2016	**59,579**
Transfer to PPE valued using revaluation model	(59,579)
Balance at 30 June 2016	**--**
Accumulated depreciation and impairment losses	
Balance at 1 January 2016	**3,012**
Transfer to PPE valued using revaluation model	(3,012)
Balance at 30 June 2016	**--**
Carrying amounts	
At 31 December 2015	**56,567**
At 30 June 2016	**--**

As mentioned above, hotels operated by the Group are stated at their fair value less depreciation and impairment losses (revaluation model).

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 2016 EUR 106 million.

6.4 Biological assets

Biological assets	
Balance at 31 December 2015	
Non-current	2,042
Current	4,231
Total biological assets as at 31 December 2015	**6,273**
Balance at 30 June 2016	
Non-current	2,495
Current	5,009
Total biological assets as at 30 June 2016	**7,504**

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 2016	31 December 2015
J&T Bank securities	13	--
Equity securities (1)	2,323	497
Total equity investments	**2,336**	**497**
Debentures (2)	111	--
Total available-for-sale financial assets (Non-current)	**2,447**	**497**
Debentures (3)	225	1,601
Total available-for-sale financial assets (Current)	**225**	**1,601**

(1) Equity securities represent investments, which do not have a quoted market price in an active market and their fair values cannot be reliably measured, which is why they are measured at cost less accumulated impairment. There is no indication of impairment as at 30 June 2016.

(2) In April 2016, the Group purchased 100 pcs of bonds CESDRA 4,125 07/23/19 (ISIN XS0807706006) issued by České Dráhy, a.s. The bonds are traded on Luxembourg stock exchange and bear fixed interest 4.125 % p.a. Interest are due annually. Bonds are due on 23 July 2019.

(3) Debentures issued by 3rd party in total nominal value of EUR 1.4 million have been sold to a third party prior to their maturity. In 2015 the Group purchased bonds (EUR 0.23 million) issued by ABS JETS, traded on the Prague Stock Exchange (ISIN CZ0003501769), which mature in September 2016.

6.6 Loans provided

Non-current

	30 June 2016	31 December 2015
Loans provided - related parties (1)	6,986	19,643
Loans provided - third parties	13,132	14,217
Bills of exchange - third parties (2)	3,161	--
Total non-current loans provided	**23,279**	**33,860**
Impairment to non-current loans provided to third parties	(174)	(2,613)
Total non-current loans provided net of impairment	**23,104**	**31,247**

Current

	30 June 2016	31 December 2015
Loans provided - related parties (1)	11,170	81,916
Loans provided - third parties	21,241	5,589
Bills of exchange - third parties (2)	70,013	7,549
Total current loans provided	**102,424**	**95,054**
Impairment to current loans provided to third parties	(31)	(31)
Total current loans provided net of impairment	**102,393**	**95,023**

(1) Loans provided to related parties decreased significantly due to the set-off with a new loan provided to the Group by the major shareholder (EUR 39.4 million decrease in the amount of loans provided) and due to the acquisition of OPG (loans provided to OPG as at 31 December 2015 amounted to EUR 29.3 million).

(2) Bills of exchange increased mainly due to acquisitions of SHH (EUR 67 million) and OPG (EUR 3.16 million), refer to note 3.2.

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.

Loans provided to third parties were impaired to reflect the recoverable amount.

6.7 Trade and other receivables

Non-current

	30 June 2016	31 December 2015
Advances paid	457	146
Trade receivables due from third parties	7	1
Advances paid for financial investments	--	(71)
Other receivables due from third parties (1)	36,126	34,856
Impairment - other receivables due from third parties (1)	(23,902)	(22,855)
Other items of trade and other receivables	85	84
Total non-current trade and other receivables	**12,773**	**12,161**

Current

	30 June 2016	31 December 2015
Trade receivables due from related parties	13	6,020
Trade receivables due from third parties (2)	96,420	74,602
Impairment to trade receivables due from third parties	(17,175)	(14,658)
Total current trade and other receivables	**79,258**	**65,964**

(1) Other receivables mainly include the receivable from the sale of the Group´s project in prior periods. The receivable was partially impaired in 2014.

(2) Major part of the trade receivables represents trade receivables from tenant and receivables from invoicing of utilities. Receivables from invoicing of utilities will be settled against advances received from tenants when final amount of utilities consumption is known and final utilities invoicing is performed.

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

6.8 Derivative instruments

	30 June 2016	31 December 2015
Put option (1)	10,088	5
Interest rate swap	5	--
Total	**10,093**	**5**

(1) As a result of OPG acquisition, the Group has acquired a put option regarding Company´s shares. The Group has the right, but no obligation, to sell the certain amount of the treasury shares for the specified price to the major shareholder. The put option is exercisable at any time till 24 September 2016. The fair value of the put option reflects the difference of Company´s shares valued at EPRA NAV as at 30 June 2016 and the strike price.

6.9 Inventories

	30 June 2016	31 December 2015
Projects and property for resale (1)	84,421	76,676
Projects under development (2)	8,633	6,508
Construction contracts - work in progress	56	--
Other inventory	2,268	1,599
Total inventories	**95,378**	**84,783**

(1) Projects and property for resale primarily relates to “Palais Maeterlinck project” in total amount EUR 76.6 million as at 30 June 2016 (EUR 76.6 million as at 31 December 2015). The increase in the amount of EUR 7.8 million relates to the acquisition of OPG (note 3.2).

(2) Increase in the amount of projects under development in the amount of EUR 2 million relates to the acquisition of OPG (note 3.2).

6.10 Cash and cash equivalents

	30 June 2016	31 December 2015
Bank balances	138,721	157,374
Cash on hand	1,449	1,678
Call deposits (Short-term deposits)	77	--
Total cash and cash equivalents	**140,247**	**159,052**

6.11 Other financial current assets

	30 June 2016	31 December 2015
Interest to debentures issued by third parties	113	9
Receivables due from employees	414	594
Other receivables due from related parties	146	2,104
Other receivables due from third parties (1)	20,959	4,032
Other items of trade and other receivables	2,666	2,337
Impairment- other receivables due from related parties	(6)	--
Impairment - other receivables due from other parties	(5,549)	(1,168)
Total other financial current assets	**18,743**	**7,908**

(1) Other receivables in the amount of EUR 12.4 million in 2016 relate to the following emissions of bonds – CPI III 4.65/22, CPI II 4.65/22 and CPI I 4.65/22. Majority of bonds from these emissions was held by the Group at the end of 2015. In May 2016, prospectus terms of these bonds were modified and bonds are now publicly traded (note 6.15). The receivable relates to the sale of these bonds to third parties.

6.12 Other non-financial current assets

	30 June 2016	31 December 2015
Other advances paid to third parties (1)	57,025	6,032
Value added tax receivables	4,788	3,503
Other tax receivables (excl. CIT and VAT)	94	199
Agricultural subsidies (2)	8,120	5,973
Prepaid expenses	15,337	12,634
Advances paid for FI	--	11
Total other non-financial current assets	**57,025**	**28,352**

(1) Advances paid to third parties in the amount of EUR 21.3 million relates to the acquisition of SHH.

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

6.13 Assets/Liabilities linked to assets held for sale

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

- Hotel project – with fair value of EUR 7 million and related bank financing represents of EUR 3 million.

6.14 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 2016 the share capital of the Company amounts to EUR 645,110,343.6 and is represented by 6,451,103,436 ordinary fully paid shares (incl. treasury shares) with a nominal value of EUR 0.10 each.

Based on the latest shareholders´ declarations received to the 30 June 2016, the following table sets out information regarding the ownership of the Company's shares.

Shareholder	Number of shares	Share held	Voting rights
Radovan Vítek and entities controlled by Mr. Vítek	5,535,565,990	85.81%	87.98%
Others	756,404,549	11.73%	12.02%
Treasury shares held by the Group	159,132,897	2.47%	0.00%
Total	**6,451,103,436**	**100.00%**	**100.00%**

Authorized capital not issued:

The Extraordinary General Meeting of the shareholders of the Company held on 26 May 2016 resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of one billion euro (EUR 1,000,000,000) for a period of five (5) years from 26 May 2016, which would authorise the issuance of up to ten billion (10,000,000,000) new ordinary shares. As at 30 June 2016, the authorised share capital of the Company amounts to EUR 881,666,115.10, which would authorize the issuance of up to 8,816,661,151 new ordinary shares.

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 199,305,085 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 in accordance with accounting policy. Ineffective portion of cash flow hedges represents part of finance costs or income.

Earnings per share

During the six months of 2016, there have been four capital increases. In total, 3,698,030,051 pcs of Company´s shares have been subscribed (paid either by cash or by in-kind contribution through the transfer of bonds). Weighted average movements in 2016 have been calculated in order to determine earnings per share.

	30 June 2016	30 June 2015
At the beginning of the period	3,303,768,300	2,740,714,160
Shares issued	3,303,768,300	2,740,714,160
Weighted average movements	552,407,679	--
Issue of new shares	552,407,679	--
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**3,856,175,979**	**2,740,714,160**
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**3,856,175,979**	**2,740,714,160**
Net (loss)/ profit attributable to the Equity holders of the Company	**45,171**	**57,827**
Net (loss)/ profit attributable to the Equity holders of the Company after assumed conversions/exercises	**45,171**	**57,827**
Total Basic earnings in EUR per share	0.01	0.02
o/w discontinued operations	--	--
Diluted earnings in EUR per share	0.01	0.02
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.

6.15 Bonds issued

6.15.1 Non-current bonds issued

CZECH PROPERTY INVESTMENTS, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/18	100,000	100,000	100,000	100,000
Less: bonds owned by Group	(99,500)	(99,500)	(99,500)	(99,500)
Less: transaction costs	--	(162)	--	(162)
CPI VAR/18 (EUR)	**500**	**338**	**500**	**338**
Proceeds from issued bonds - CPI 5.00/2021 (former CPI VAR/19 - CZK)	2,000,000,000	73,719	2,000,000,000	74,006
Less: transaction costs	--	(199)	--	(200)
CPI 5.00/2021	**2,000,000,000**	**73,520**	**2,000,000,000**	**73,806**
Proceeds from issued bonds - CPI VAR/19 - EUR	--	--	116,000	58,000
Less: bonds owned by Group	--	--	(108,916)	(54,458)
Less: transaction costs	--	--	--	(965)
CPI VAR/19 (EUR)	**--**	**--**	**7,084**	**2,577**
Proceeds from issued bonds - CPI 2021	1,215	89,569	1,215	89,917
Less: bonds owned by Group	(1,215)	(89,569)	(1,215)	(89,917)
CPI 2021	**--**	**--**	**--**	**--**
Proceeds from issued bonds - CPI II 4.65/22 (CPI 7,00/22)	1,000,000,000	36,860	1,000,000,000	37,003
Less: bonds owned by Group	(302,937,985)	(11,166)	(1,000,000,000)	(37,003)
Less: transaction costs	--	(466)	--	(57)
CPI II 4.65/22	**697,062,015**	**25,228**	**--**	**(57)**
Proceeds from issued bonds - CPI III 4.65/22 (CPI 7,00/22)	1,000,000,000	36,860	1,000,000,000	37,003
Less: bonds owned by Group	(445,256,500)	(16,412)	(923,333,633)	(34,166)
Less: transaction costs	--	(57)	--	(57)
CPI III 4.65/22	**554,743,500**	**20,391**	**76,666,367**	**2,780**
Proceeds from issued bonds - CPI IV 4.65/22 (CPI 7,00/22)	1,000,000,000	36,860	1,000,000,000	37,003
Less: bonds owned by Group	--	--	(1,000,000,000)	(37,003)
Less: transaction costs	--	(943)	--	(59)
CPI IV 4.65/22	**1,000,000,000**	**35,916**	**--**	**(59)**
Proceeds from issued bonds - CPI I 8.00/42 (CPI 8,00/42)	1,000,000,000	36,860	1,000,000,000	37,003
Less: bonds owned by Group	(1,000,000,000)	(36,860)	(52,000,000)	(1,924)
Less: transaction costs	--	(84)	--	(84)
CPI I 8.00/42	**--**	**(84)**	**948,000,000**	**34,995**
Proceeds from issued bonds - CPI V 8.00/42 (CPI 8,00/42)	1,000,000,000	36,860	1,000,000,000	37,003
Less: bonds owned by Group	(1,000,000,000)	(36,860)	(766,477,976)	(28,362)
Less: transaction costs	--	(82)	--	(82)
CPI V 8.00/42	**--**	**(82)**	**233,522,024**	**8,559**
Proceeds from issued bonds - CPI 4.75/2019	150,000	55,289	150,000	55,504
Less: bonds owned by Group	(10,335)	(3,809)	(11,436)	(4,232)
Less: transaction costs	--	(939)	--	(942)
CPI 4.75/2019	**150,000**	**50,541**	**138,564**	**50,330**
Subtotal - bonds issued by Czech Property Investments a.s.	**4,251,956,015**	**205,767**	**3,258,334,539**	**173,268**

CPI BYTY, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2.50/17 (CZ0003512485)	--	--	300,000	11,101
Proceeds from issued bonds - CPI BYTY 3.50/17 (CZ0003510687)	--	--	500,000	18,501
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003510695)	900,000	33,174	900,000	33,302
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003511412)	500,000	18,430	500,000	18,501
Proceeds from issued bonds - CPI BYTY 5.80/21 (CZ0003510703)	800,000	29,488	800,000	29,602
Less: transaction costs	--	(1,773)	--	(2,444)
Subtotal bonds - CPI BYTY, a.s.	**2,200,000**	**79,318**	**3,000,000**	**108,565**

CPI ALFA, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI ALFA REAL ESTATE	279,000,000	10,284	279,000,000	10,324
Less: transaction costs	--	(59)	--	(87)
Subtotal bonds - CPI Alfa, a.s.	**279,000,000**	**10,225**	**279,000,000**	**10,237**

CPI RETAIL PORTFOLIO I, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Retail Portfolio I	112,500	41,467	112,500	41,628
Less: transaction costs	--	(712)	--	(823)
Subtotal bonds - CPI Retail Portfolio I	**112,500**	**40,756**	**112,500**	**40,805**

CPI Finance Slovakia, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI 5.85/2018	30,000	30,000	30,000	30,000
Less: transaction costs	--	(417)	--	(475)
CPI 5.85/2018	**30,000**	**29,583**	**30,000**	**29,525**
Proceeds from issued bonds - CPI 5.00/2020	50,000	50,000	--	--
Less: transaction costs	--	(733)	--	--
CPI 5.00/2020	**50,000**	**49,267**	**--**	**--**
Subtotal bonds - CPI Finance Slovakia, a.s.	**80,000**	**78,850**	**30,000**	**29,525**

Spojené farmy, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - Spojené farmy, a.s.	80,000,000	2,949	80,000,000	2,960
Less: bonds owned by Group	(80,000,000)	(2,949)	--	--
Subtotal bonds - Spojené farmy, a.s.	**--**	**--**	**80,000,000**	**2,960**

CPI Property Group S.A.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Property Group S.A.	5,000	494,285	5,000	494,285
Less: bonds owned by Group	(3,884)	(388,400)	(2,038)	(203,800)
Subtotal bonds - CPI Property Group S.A.		**105,885**		**290,485**

ORCO PROPERTY GROUP S.A. (New Notes)	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - ORCO PROPERTY GROUP S.A.	1,611,505	9,871	--	--
Subtotal bonds - ORCO PROPERTY GROUP S.A.	**1,611,505**	**9,871**	**--**	**--**

Total non-current bonds	**530,672**	**655,846**

6.15.2 Current bonds issued

CZECH PROPERTY INVESTMENTS, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI 6,05/16	--	--	150,000	55,352
Less: bonds owned by Group	--	--	(23,820)	(8,814)
Less: transaction costs	--	--	--	(338)
Subtotal bonds - CPI 6,05/16	**--**	**--**	**126,180**	**46,200**

CPI BYTY, a.s.	30 June 2016		31 December 2015	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2,50/17 (CZ0003512485)	300,000	11,058	--	--
Proceeds from issued bonds - CPI BYTY 3,50/17 (CZ0003510687)	500,000	18,430	--	--
Less: transaction costs	--	(645)	--	--
Subtotal bonds - CPI BYTY, a.s.	**800,000**	**28,843**	**--**	**--**

Accrued interest on bonds	**9,712**	**13,282**

Total current bonds	**38,555**	**59,482**

Total bonds	**569,227**	**715,328**

Changes in the period ended 30 June 2016

CPI VAR/19 EUR (ISIN CZ0003501843)

On 26 January 2016, the Group decreased the overall volume of bonds issued in emission CPI VAR/19 EUR (ISIN CZ0003501843), from previously subscribed volume 116,000 pcs to 7,084 pcs and the adjusted subscribed volume of bonds issued was early repaid by the Group on 23 March 2016 in accordance with the prospectus.

On 26 February 2016, the Group´s subsidiary CPI Finance Slovakia, a.s. issued new tranches of bonds with the following characteristics:

CPI 5.00/2020 (ISIN SK4120011487)

CPI 5.00/2020 bonds were issued on 26 February 2016 and mature on 26 February 2020. The nominal value of each bond is EUR 1,000 and the total nominal value of bonds issued amounts to EUR 50 million. CPI 5.00/2020 bonds bear the fixed interest rate of 5.00 % p.a. Interests are due semi-annually, on 26 February and 26 August.

On 29 March 2016, the Group repaid CPI 6.05/16 bonds (ISIN CZ0003510646), which were issued on 23 March 2013. Prior to the repayment, the Group decreased the volume of the issue from 152,000 pcs to 126,180 pcs and as at the repayment date, volume of the issue repaid represented nominal value of CZK 1,261.8 million.

In May 2016, prospectus terms has been modified in case of the following emissions:

CPI II 4.65/22 (former CPI 7.00/22), ISIN CZ0003502916
Prospectus terms of bonds CPI 7.00/22, issued on 6 December 2012, were changed in May 2016. According to the new terms, the bonds were renamed to CPI II 4.65/22 and the interest rate was changed from 7 % to 4.65 % per annum. Interests are now due semi-annually on 6 May and 6 November. The bonds mature on 6 November 2022. Bonds were accepted for trading at the Prague Stock Exchange. There have also been a modifications in the covenants section of the prospectus.

CPI III 4.65/22 (former CPI 7.00/22), ISIN CZ0003502924
Prospectus terms of bonds CPI 7.00/22, issued on 11 December 2012, were changed in May 2016. In accordance with the new terms, bonds were renamed to CPI III 4.65/22 and the interest rate was changed from 7 % to 4.65 % per annum. Interests are now due semi-annually on 6 May and 6 November. The bonds mature on 6 November 2022. Bonds were accepted for trading at the Prague Stock Exchange. There have also been a modifications in the covenants section of the prospectus.

CPI IV 4.65/22 (former CPI 7.00/22), ISIN CZ0003502957
The terms set in prospectus for bonds CPI 7.00/22, issued on 13 December 2012, were changed in May 2016. According to the new terms, the bonds were renamed to CPI IV 4.65/22 and the interest rate was changed from 7 % to 4.65 % per annum. Interests are now due semi-annually on 6 May and 6 November. The bonds mature on 6 November 2022. Bonds were accepted for trading at the Prague Stock Exchange. There have also been a modifications in the covenants section of the prospectus.

CPI I 8.00/42 (former CPI 8.00/42), ISIN CZ0003502932
In accordance with the newly issued prospectus, bonds CPI 8.00/42 were renamed to CPI I 8.00/42. Other terms and conditions remain unchanged.

CPI V 8.00/42 (former CPI 8.00/42), ISIN CZ0003502940
In accordance with the newly issued prospectus, bonds CPI 8.00/42 were renamed to CPI V 8.00/42. Other terms and conditions remain unchanged.

CPI 5.10/2021, ISIN CZ0003501868
According to the newly issued prospectus, bonds VAR/19 (CZK) bonds were renamed to CPI 5.10/2021. The interest rate of these bonds changed from variable 6M PRIBOR + 6.5 % margin to fixed interest rate 5.10 % per annum. The bonds maturity was extended to 23 March 2021. There have also been a modifications in the covenants section of the prospectus.

CPI BYTY bonds
On 23 March 2016 were approved the amendment of terms and conditions of the CPI BYTY bonds programme. The approved amendment includes the extension of the bonds programme by 10 years until 2031, the increase of the aggregate volume of bonds within the programme to CZK 17 billion as well as certain other modifications, such as covenants.

New Notes, ISIN XS0820547742

In 2012, OPG issued New Notes, registered under ISIN XS0820547742. Bonds are traded on Luxembourg Stock Exchange. The bonds bear 7 % interest per annum, interest is due semi-annually on 7 May and 7 November. New Notes mature on 7 November 2019.

Covenants

Issued bonds CPI 5.10/2021, CPI VAR/18, CPI 4.75/19, CPI 5.85/2018 and CPI 5.00/2020 are subject to a number of covenants. All covenant ratios were met as at 30 June 2016.

6.16 Financial debts

	30 June 2016	31 December 2015
Loans from related parties (1)	51,114	1
Loans from third parties (2)	46,861	9,068
Bank loans	1,297,212	1,305,602
Finance lease liabilities	17,916	18,998
Bills of exchange	16,162	34,688
Total non-current financial debts	**1,429,265**	**1,368,357**

	30 June 2016	31 December 2015
Loans from related parties	20	20
Loans from third parties (2)	11,955	5,887
Bank loans including overdraft	413,775	291,963
Finance lease liabilities	1,933	1,897
Bills of exchange	34,776	21,366
Total current financial debts	**462,459**	**321,133**

(1) Loans received from related parties increased due to loan provided to the Company by the major shareholder (note 10).

(2) Increase in loans from third parties relates to acquisition of SHH in the amount of EUR 41 million.

6.17 Other non-current liabilities

	30 June 2016	31 December 2015
Advances received	1,070	619
Trade payables due to third parties	433	49
Tenant deposits (1)	17,298	14,481
Payables from retentions	2,038	2,045
Other payables due to third parties	3,567	3,739
Total other non-current liabilities	**24,407**	**20,933**

(1) Deposits from tenants represent payables of the Group from received rental related deposits. Its classification corresponds to terms in rental contracts with respect of the termination options of the tenants.

6.18 Trade payables

	30 June 2016	31 December 2015
Trade payables due to related parties	695	2,637
Trade payables due to third parties (1)	63,026	39,704
Total trade payables	**63,721**	**42,341**

(1) Increase in trade payables relates mainly to the acquisitions occurred in 2016 (EUR 13.1 million).

6.19 Advance payments

	30 June 2016	31 December 2015
Advances received from related parties	--	1,108
Advances received from third parties	42,456	35,253
Tenant deposits (1)	12,453	12,524
Total advance payments	**54,909**	**48,885**

(1) Advances received from tenants in both 2016 and 2015 represented payments received from tenants for utilities that will be settled against trade receivables when final amount of utilities consumption is known and final respective invoicing is performed.

6.20 Other financial current liabilities

	30 June 2016	31 December 2015
Deferred income/ revenue	7,392	7,316
Payables from unpaid capital contributions	--	59
Other payables due to related parties	452	415
Other payables due to third parties (1)	95,583	6,262
Total other financial current liabilities	**103,427**	**14,052**

(1) Main increase in other payables due to third parties relates to the acquisition of SHH in the amount of EUR 78.9 million (note 3.2).

6.21 Other non-financial current liabilities

	30 June 2016	31 December 2015
Current income tax liabilities	3,562	4,989
Value added tax payables	7,350	4,661
Other tax payables (excl. CIT and VAT)	808	948
Payables due to employees, SHI, employees income tax	4,364	3,689
Liabilities from grants (1)	3,828	4
Provisions (2)	3,904	605
Total other non-financial current liabilities	**23,816**	**14,896**

(1) Liabilities from grants relate to Mercuda a.s. (Spojené farmy a.s.) acquired at the end of 2014.

(2) Increase of provisions relates to the acquisition of OPG (EUR 2 million) and Sunčani Hvar (EUR 1.1 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 2016 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 2016	Carrying amount		Fair value		
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)	Level 1	Level 2	Level 3
FINANCIAL ASSETS					
Call option	1,500	--	--	1,500	--
Financial assets at fair value through profit or loss (**)	**1,500**	**--**	--	--	--
Long-term Equity investments	--	2,336	--	--	--
Debentures issued by third parties	--	336	364	--	--
Financial assets available-for-sale	**--**	**2,672**			
Advances paid	--	457	--	--	--
Loans provided	--	19,943	--	--	22,902
Bills of exchange	--	3,161	--	--	3,161
Other financial non-current assets	--	12,316	--	--	12,316
Non-current loans and receivables	**--**	**35,877**			
Trade and other receivables	--	79,258	--	--	--
Derivative instruments	10,093	--	--	5	10,088
Loans provided	--	32,380	--	--	33,987
Bills of exchange	--	70,013	--	--	72,921
Other current financial assets	--	18,743	--	--	--
Cash and cash equivalent	--	140,247	--	--	--
Current financial assets	**10,093**	**340,642**			
FINANCIAL LIABILITIES					
Bonds	--	530,672	544,144	--	3,510
Financial debt (floating rate bank debts)	--	1,232,409	--	--	1,232,409
Financial debt (fixed rate bank debts)	--	64,803	--	--	66,924
Financial debt (other borrowings)	--	132,053	--	--	122,488
Derivative instruments	11,978	--	--	11,978	--
Other non-current liabilities		24,407	--	--	24,407
Non-current financial liabilities	**11,978**	**1,984,344**			
Bonds	--	28,843***	29,488	--	--
Financial debt (floating rate bank debts)	--	394,934	--	--	394,934
Financial debt (fixed rate bank debts)	--	18,841	--	--	17,561
Financial debt (other borrowings)	--	48,684	--	--	56,618
Derivative instruments	6,598	--	--	6,598	--
Advanced payments	--	54,909	--	--	--
Trade payables	--	63,721	--	--	--
Other financial current liabilities	--	103,427	--	--	--
Liabilities linked to assets held for sale	--	2,973	--	--	2,973
Current financial liabilities	**6,598**	**716,332**			

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

(**) Designated at fair value.

(***) Accrued interests is not included.

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

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

(**) Designated at fair value.

(***) Accrued interests 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

The fair value of the majority of the property portfolio as of 30 June 2016 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 2015.

In instances where there have been indications of significant changes and therefore with potential impact on the property value during the first half of 2016, the value of the property has been updated based on the external appraisals as of 30 June 2016.

At 1 January 2016 the fair value measurement for investment property of EUR 3,534.3 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 2016.

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 each class of property owned by the Group, used by the valuators as at the end of 31 December 2015.

31 December 2015	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
Czech Republic - Central Bohemia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	45 EUR/sqm	55 EUR/sqm	(51 EUR/sqm)
				Net current income per sqm	28 EUR/sqm	50 EUR/sqm	(36 EUR/sqm)
				Equivalent yield	8.00%	12.00%	(8.16%)
				Vacancy rate	0.00%	0.00%	(0.00%)
Czech Republic - West Bohemia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm			32 EUR/sqm
				Net current income per sqm			24 EUR/sqm
				Equivalent yield			12.00%
				Vacancy rate			43.58%
Slovakia	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm			51 EUR/sqm
				Net current income per sqm			54 EUR/sqm
				Equivalent yield			8.20%
				Vacancy rate			1.72%
Hungary	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm	55 EUR/sqm	57 EUR/sqm	(56 EUR/sqm)
				Net current income per sqm	51 EUR/sqm	56 EUR/sqm	(52 EUR/sqm)
				Equivalent yield	9.04%	9.15%	(9.12%)
				Vacancy rate	5.91%	16.15%	(13.33%)
Germany	**Industry and logistics**	Income capitalisation	Level 3	Estimated rental value per sqm			6 EUR/sqm
				Net current income per sqm			9 EUR/sqm
				Equivalent yield			12%
				Vacancy rate			0%
Czech Republic - Prague Center	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	167 EUR/sqm	356 EUR/sqm	(338 EUR/sqm)
				Net current income per sqm	150 EUR/sqm	280 EUR/sqm	(268 EUR/sqm)
				Equivalent yield	4.85%	5.00%	(4.86%)
				Vacancy rate	4.93%	14.18%	(13.33%)
Czech Republic - Prague Other	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	70 EUR/sqm	188 EUR/sqm	(140 EUR/sqm)
				Net current income per sqm	67 EUR/sqm	205 EUR/sqm	(148 EUR/sqm)
				Equivalent yield	5.27%	9.00%	(6.20%)
				Vacancy rate	3.39%	19.69%	(6.27%)
Czech Republic - Other	**Retail**	Income capitalisation	Level 3	Estimated rental value per sqm	50 EUR/sqm	207 EUR/sqm	(55 EUR/sqm)
				Net current income per sqm	46 EUR/sqm	208 EUR/sqm	(123 EUR/sqm)
				Equivalent yield	5.87%	9.20%	(7.48%)

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

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

8 Contingencies and Litigations

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

CPI PG has guaranteed certain debt of Orco Property Group.

On 7 November 2014, the 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 9.87 million. Interest on the New Notes accrues at a rate of 7 % per annum, payable semi-annually in arrear. 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 per cent. 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.

Kingstown dispute

The Group announced that on 20 January 2015 it was served with a summons containing petition of the three companies namely Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as „Kingstown"), claiming to be the shareholders of OPG, filed with the „Tribunal d´Arrondissement de et a Luxembourg". The petition seeks condemnation of the Group together with Orco Property Group, S.A. ("OPG") and certain members of OPG´s board of directors as jointly and severally liable to pay damages in the amount of EUR 14,485,111.13 and compensation for moral damage in the amount of EUR 5,000,000. According to Kingstown´s allegation the claimed damage has arisen as a consequence of inter alia alleged violation of OPG´s minority shareholders rights. To the best of Group ´s knowledge, Kingstown was not at the relevant time (and is not till now) the shareholder of the Group. Therefore and without any assumption regarding the possible violation, the Group believes that it cannot be held liable for the violation of the rights of the shareholders of another entity.

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

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

As part of the Leipziger Platz Project Orco Immobilien GmbH (subsidiary of CPI PG latter 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"). Main point of the agreement was OI deposited an amount of EUR 10 million into an escrow account which amount shall be used to cover compensation or indemnification payments with regard to neighbor agreements with BÄR and to cover the costs of the trustees and the proceedings.

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

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 merits given that in 2012 HOB duly repaid its loan to OPG. OPG will defend against this lawsuit. In August 2016, the litigation has been stayed until litigation concerning the ownership of Radio Free Europe building is resolved.

As at the date of the publication of the consolidated financial statements, the Group does not have in evidence any other contingent liabilities except those mentioned above. No legal proceeding is currently active the result of which would influence consolidated financial statements and the Group is not aware of any potential upcoming law-suit.

9 Capital and other commitments

Capital commitments

The Group has capital commitments of EUR 42.1 million in respect of capital expenditures contracted for at the date of the statement of financial statements (EUR 3.1 million in 2015). 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 2016	31 December 2015
Remuneration paid to key management personnel and members of Board of Directors	268	621
Total remuneration	**268**	**621**

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 2016	31 December 2015
Loans provided	86	89
Trade receivables	5	3
Other receivables	6	6
Impairment of other receivables	(6)	--
Transactions	**30 June 2016**	**30 June 2015**
Interest income and other revenues	3	3

Other related parties Entities over which the sole shareholder has control		
Balances at	**30 June 2016**	**31 December 2015**
Trade receivables	2	--
Bonds issued	--	244,772
Trade payables	2	--
Other payables	37	--
Transactions	**30 June 2016**	**30 June 2015**
Interest expense	--	(8)
Interest expense on bonds issued	(3,571)	--
Other administrative expenses	--	(1)

Entities over which the sole shareholder has significant influence		
Balances at	**30 June 2016**	**31 December 2015**
Trade receivables	--	716
Other receivables	--	1,956
Loans provided	--	29,360
Trade payables	--	884
Other – other non – current investment	--	2
Transactions	**30 June 2016**	**30 June 2015**
Interest income	537	179
Advisory and accounting services	552	130
Other finance income	1,050	--
Service charge income	2	--
Telecommunication fee	--	(11)
Letting fee	--	(15)
Other services	--	26
Close family members/entities controlled by close family members		
Balances at	**30 June 2016**	**31 December 2015**
Trade receivables	--	1
Other receivables	82	82
Loans provided	10,963	10,963
Loans received	13	--
Transactions	**30 June 2016**	**30 June 2015**
Interest income	--	6,846
Interest expense	--	(12)
Entities controlled by members of Board of Directors		
Balance at	**30 June 2016**	**31 December 2015**
Trade receivables	5	5,300
Advances received	--	1,108
Loans provided	--	14,874
Trade payables	62	1,753
Transactions	**30 June 2016**	**30 June 2015**
Lease and rental expenses	(124)	--
Major shareholder of CPI PG		
Balance at	**30 June 2016**	**31 December 2015**
Loans provided	7,107	46,273
Loans received	51,120	20
Other receivables	58	58
Other payables	415	415
Trade payables	631	--
Transactions	**30 June 2016**	**30 June 2015**
Interest income and other revenues	695	243

Main selected transactions with other related parties

Transactions with OPG[1]

Management Fees

CPI Property, s.r.o. has provided property management services to certain assets of OPG in the Czech Republic. The value of such services amounted to EUR 6 thousand in the first half of 2016 (EUR 6 thousand for 6 months of 2015).

From 1 July 2014, the Group began providing outsourcing services in the field of general administration, tax, accounting, reporting, human resources and IT to certain assets of OPG in the Czech Republic. The value of such services amounted to EUR 0.7 million in the first half of 2016 (EUR 0.6 million in the first half of 2015).

Transactions connected with the major shareholder of the Company

Loan provided by/to the Company

In 2014, the Company provided a loan to its major shareholder. The loan matured on 31 December 2016 and bears a fix interest of 5 % p.a. The total nominal value of the loan, including accrued interest, amounted to EUR 39.4 million as at 31 December 2015.

In 2016, the Company and the major shareholder agreed to reverse the loan provided by the Company into a loan provided by the major shareholder to the Company up to the amount of EUR 120 million. As at 30 June 2016 a liability due to major shareholder in respect of this loan amounts to EUR 51.1 million.

[1] Since OPG was acquired on 30 June 2016 (note 3.2.) transactions for the six months period are disclosed as transactions with related party.

11 Events after the reporting period

11.1 Mandatory takeover procedure concerning OPG shares

The Company's wholly owned subsidiary NUKASSO has an obligation to launch a mandatory takeover bid to purchase any and all of the outstanding ordinary shares of OPG (details of the acquisition in note 3.2).

Pursuant to article 6 (2) of the Luxembourg law of 19 May 2006 on takeover bids (the "**Takeover Bid Law**") NUKASSO has submitted a draft offer document for approval to the CSSF in its capacity as competent supervisory authority in accordance with article 4 (2) (a) of the Takeover Bid Law. Once approved the Offer Document will be published on the website of CPI PROPERTY GROUP under www.cpipg.com and on the website of the Luxembourg Stock Exchange under www.bourse.lu.

In this context, the CSSF as the competent authority has addressed a request to NUKASSO and the persons acting in concert with it a request to submit to the CSSF a proposal for the appointment of an expert to determine the equitable price owed to the shareholders of OPG within the context of the OPG Takeover.

On 2 August 2016, the Company filed with the Czech Office for the Protection of Competition a request to obtain merger clearance concerning the acquisitions made on 8 June 2016, resulting in obtaining of direct and indirect ownership of approximately 97.31 % of OPG's share capital. The Czech Office for the Protection of Competition granted the merger clearance on 23 August 2016.

11.2 Mandatory takeover procedure concerning SHH shares

During the mandatory buyout procedure, shareholders of SHH tendered in aggregate 5,924,081 SHH shares at the price of HRK 24 per share. The tendered shares include 5,880,849 SHH shares previously held by the Restructuring and Sale Center of the Republic of Croatia, which decided to sell them on 27 July 2016. Following the acquisition of the tendered shares completed on 8 August 2016, the Company now indirectly holds approximately 92.45 % of the SHH shares. Subject to legal and regulatory requirements, the Company intends to proceed with the delisting of SHH shares from the regulated market of the Zagreb Stock Exchange.

11.3 Disposal of Company shares by OPG

On 29 August 2016, OPG disposed of 65,957,446 pieces of Company´s shares for an aggregate consideration of EUR 34.59 million. The disposal of shares was based on the Agreement on Put Option over Shares (note 6.8.), entered into by OPG and the major shareholder of the Company on 24 September 2014. The disposal price per share equals to EUR 0.47, plus a 6 % p.a. interest from 24 September 2014 until 29 August 2016. OPG continues to hold 93,175,451 shares of the Company, which represents approximately 1.45 % of the shareholding.

11.4 Acquisition of CPI Hotels

On 30 August 2016, the Group acquired 100 % of shares of CPI Hotels, a.s. ("CPI Hotels"), entity operating hotels in Czech Republic, Slovak Republic, Poland and Hungary. CPI Hotels is one of the largest hotel group in the Czech Republic and a long-term business partner of the Group that operates 25 hotels owned by the Group. Since 1997, CPI Hotels has been the exclusive representative of the international hotel chain Choice Hotels International known as the Clarion brand in the Czech Republic and Slovakia. In 2009 CPI Hotels introduced the unique project of the 5-star Buddha Bar Hotel Prague, the first hotel of the international chain Buddha-Bar Hotels & Resorts. CPI Hotels operates own brand Fortuna Hotels and brand Spa & Kur Hotels. In 2014 the portfolio of CPI Hotels has expanded to Mamaison Hotels & Residences. The aggregate price for the acquisition of 100% stake amounted to CZK 1,219 million (app. EUR 45.1 million).

11.5 Other changes in the Group

On 1 July 2016, the Group disposed of its subsidiary CPI City Center ÚL, a.s., which was sold to a third party.

The Company founded new subsidiary CPI Finance Slovakia II, a.s., domiciled in Slovakia, on 16 August 2016.

11.6 Amended terms of bonds issued

CPI I 4.75/42 (former CPI I 8.00/42), ISIN CZ0003502932

As of 22 August 2016, CPI I 8.00/42 bonds, based on the amended prospectus terms, were renamed to CPI I 4.75/42. Bonds were accepted for trading on the Prague Stock Exchange. Interest rate of these bonds changed from 8 % p.a. to 4.75 % p.a. Interest are due semi-annually on 22 August and 22 February. Bonds mature on 22 August 2042. There were also modifications in the covenants section of the prospectus.

CPI V 4.85/42 (former CPI V 8.00/42), ISIN CZ0003502940

As of 22 August 2016, CPI V 8.00/42 bonds, based on the amended prospectus terms, were renamed to CPI V 4.85/42. Bonds were accepted for trading on the Prague Stock Exchange. Interest rate of these bonds changed from 8 % p.a. to 4.85 % p.a. Interest are due semi-annually on 22 August and 22 February. Bonds mature on 22 August 2042. There were also modifications in the covenants section of the prospectus.

APPENDIX I – LIST OF GROUP ENTITIES

Subsidiaries fully consolidated

Company	Country	30 June 2016	31 December 2015
"Diana Development" Sp. Z o.o.	Poland	100.00%	100.00%
ABLON sp. z o.o.	Poland	100.00%	100.00%
ACGATE Kft.	Hungary	100.00%	100.00%
Agrome s.r.o.	Czech Republic	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%
Angusland s.r.o.	Czech Republic	100.00%	100.00%
Arkáda Prostějov, s.r.o.	Czech Republic	100.00%	100.00%
Asmihati Holding Limited	Cyprus	97.31%	--
Aspley Ventures Limited	Cyprus	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 Delta, 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%
BIANKO, s.r.o.	Czech Republic	97.31%	--
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	43.37%	--
Bondy Centrum s.r.o.	Czech Republic	100.00%	--
BPT Development, a.s.	Czech Republic	100.00%	100.00%
Brandýs Logistic, a.s.	Czech Republic	100.00%	100.00%
BREGOVA LIMITED	Cyprus	100.00%	100.00%
Bright Site Kft.	Hungary	100.00%	100.00%
Brillant 1419 GmbH & Co. Verwaltungs KG	Germany	97.31%	--
Březiněves, a.s.	Czech Republic	100.00%	100.00%
Bubenská 1, a.s.	Czech Republic	97.31%	--
Bubny Development, s.r.o.	Czech Republic	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%	--
Camuzzi, a.s.	Czech Republic	100.00%	100.00%
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	100.00%	100.00%
CENTRAL TOWER 81 Sp. z o.o.	Poland	100.00%	100.00%
CEREM S.A.	Luxembourg	97.31%	--
CMA Immobilier SA	Switzerland	95.87%	95.87%
CMA Services Sàrl	Switzerland	80.85%	80.85%
CODIAZELLA LTD	Cyprus	100.00%	100.00%
Conradian, a.s.	Czech Republic	100.00%	100.00%
CPI - Bor, a.s.	Czech Republic	100.00%	100.00%
CPI - Facility, a.s.	Czech Republic	100.00%	100.00%
CPI - Krásné Březno, a.s.	Czech Republic	99.96%	99.96%
CPI - Land Development, a.s.	Czech Republic	100.00%	100.00%
CPI - Orlová, a.s.	Czech Republic	100.00%	100.00%
CPI - Real Estate, a.s. (1)	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%

Company	Country	30 June 2016	31 December 2015
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 BYTY, a.s.	Czech Republic	100.00%	100.00%
CPI City Center ÚL, a.s.	Czech Republic	100.00%	100.00%
CPI CYPRUS LIMITED	Cyprus	100.00%	100.00%
CPI Delta, a.s.	Czech Republic	100.00%	100.00%
CPI East,s.r.o.	Czech Republic	100.00%	100.00%
CPI Epsilon, a.s.	Czech Republic	100.00%	100.00%
CPI Facility Slovakia, a.s.	Slovak Republic	100.00%	100.00%
CPI FINANCE (BVI) LIMITED	British Virgin Islands	100.00%	100.00%
CPI Finance Ireland II Limited	Ireland	100.00%	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, a.s.	Slovak Republic	100.00%	100.00%
CPI Flats, a.s.	Czech Republic	100.00%	100.00%
CPI France, a SASU	France	100.00%	100.00%
CPI Group, a.s.	Czech Republic	100.00%	100.00%
CPI Heli, s.r.o.	Czech Republic	100.00%	100.00%
CPI Hotels Properties, a.s.	Czech Republic	100.00%	100.00%
CPI Hungary Kft.	Hungary	100.00%	100.00%
CPI IMMO, S.a.r.l.	France	100.00%	100.00%
CPI Jihlava Shopping, a.s.	Czech Republic	100.00%	100.00%
CPI Lambda, a.s.	Czech Republic	100.00%	100.00%
CPI Management, s.r.o.	Czech Republic	100.00%	100.00%
CPI Meteor Centre, s.r.o.	Czech Republic	100.00%	100.00%
CPI Národní, s.r.o.	Czech Republic	100.00%	100.00%
CPI North, s.r.o.	Czech Republic	100.00%	100.00%
CPI Palmovka Office, s.r.o.	Czech Republic	100.00%	100.00%
CPI Park Mlýnec, a.s.	Czech Republic	100.00%	100.00%
CPI Park Žďárek, a.s.	Czech Republic	99.96%	99.96%
CPI PG Management, S.á r.l	Luxembourg	100.00%	100.00%
CPI Poland Sp. Z o.o.	Poland	100.00%	100.00%
CPI Property, s.r.o.	Czech Republic	100.00%	100.00%
CPI Reality, a.s.	Czech Republic	100.00%	100.00%
CPI Retail MB s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio I, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio II, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio III, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio IV, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio V, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VI, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VII, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VIII s.r.o.	Czech Republic	100.00%	100.00%
CPI Retails FIVE, a.s.	Slovak Republic	100.00%	100.00%
CPI Retails FOUR, a. s.	Slovak Republic	100.00%	100.00%
CPI Retails ONE, a.s.	Czech Republic	100.00%	100.00%
CPI Retails THREE, a.s.	Slovak Republic	100.00%	100.00%
CPI Retails TWO, a.s.	Czech Republic	100.00%	100.00%
CPI Romania S.R.L.	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	100.00%	100.00%
CPI West, s.r.o.	Czech Republic	100.00%	100.00%
CURITIBA a.s.	Czech Republic	100.00%	100.00%
Czech Property Investments, a.s.	Czech Republic	100.00%	100.00%
Čadca Property Development, s.r.o.	Slovak Republic	100.00%	100.00%
Čáslav Investments, a.s.	Czech Republic	100.00%	100.00%
Českolipská farma s.r.o.	Czech Republic	100.00%	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%	--

Company	Country	30 June 2016	31 December 2015
Děčínská zemědělská a.s.	Czech Republic	100.00%	100.00%
DERISA LIMITED	Cyprus	100.00%	100.00%
Development Doupovská, s.r.o.	Czech Republic	97.31%	--
Development Pražská s.r.o.	Czech Republic	97.31%	--
Diana Property SP. z.o.o.	Poland	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%	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 Sàrl	Luxembourg	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%	--
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%
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%
Fetumar Development Limited	Cyprus	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	94.75%	94.75%
Gerossa - JMB, a.s.	Czech Republic	100.00%	100.00%
Gewerbesiedlungs-Gesellschaft mbH	Germany	100.00%	100.00%
GLOBAL INVESTMENT Kft.	Hungary	100.00%	100.00%
GOMENDO LIMITED	Cyprus	100.00%	100.00%
GORANDA LIMITED	Cyprus	100.00%	100.00%
Grunt HZ, s.r.o.	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	94.90%	94.90%
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 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%	--
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 Pokrovka , org. Unit	Russia	100.00%	100.00%
Hotel Rosslyn Kft.	Hungary	100.00%	100.00%
Hotel Sirena d.o.o.	Croatia	61.95%	--
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%	--

Company	Country	30 June 2016	31 December 2015
Insite Kft.	Hungary	100.00%	100.00%
Isalotta GP GmbH & Co.Verwaltungs KG	Germany	95.00%	95.00%
ISTAFIA LIMITED	Cyprus	100.00%	100.00%
ITL ALFA, s.r.o.	Czech Republic	100.00%	100.00%
IVRAVODA LIMITED	Cyprus	100.00%	--
Jagapa Limited	Cyprus	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%
Jihovýchodní Město, a.s.	Czech Republic	97.31%	--
JMB Lambda, s.r.o.	Czech Republic	100.00%	100.00%
JONVERO LIMITED	Cyprus	100.00%	100.00%
Karviná Property Development, a.s.	Czech Republic	100.00%	100.00%
Kerina, a.s.	Czech Republic	100.00%	100.00%
Komárno Property Development, a.s.	Slovak Republic	100.00%	100.00%
LD Praha, a.s.	Czech Republic	100.00%	100.00%
Leriegos Kft.	Hungary	100.00%	100.00%
LERIEGOS LIMITED	Cyprus	100.00%	100.00%
Limagro s.r.o.	Czech Republic	100.00%	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%	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. (2)	Czech Republic	100.00%	100.00%
Marissa Yellow, a.s.	Czech Republic	100.00%	100.00%
Marissa Ypsilon, a.s.	Czech Republic	100.00%	100.00%
Marissa, a.s.	Czech Republic	100.00%	100.00%
Mařenická farma, a.s.	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	97.31%	--
NERONTA, a. s.	Slovak Republic	100.00%	100.00%
New Age Kft.	Hungary	100.00%	100.00%
New Field Kft.	Hungary	100.00%	100.00%
NUKASSO HOLDINGS LIMITED	Cyprus	100.00%	--
Nupaky, a.s.	Czech Republic	97.31%	--
Nymburk Property Development, a.s.	Czech Republic	100.00%	100.00%
Oak Mill, a.s.	Czech Republic	97.31%	--
Obchodní a společenské centrum České Budějovice, s.r.o.	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	97.31%	--
Office Center Poštová, s.r.o.	Slovak Republic	100.00%	100.00%
Olomouc City Center, a.s.	Czech Republic	100.00%	100.00%
Olomouc Office, a.s.	Czech Republic	100.00%	100.00%
ORCO Development Kft.	Hungary	97.31%	--
Orco Germany Prague, s.r.o.	Czech Republic	100.00%	100.00%
Orco Germany Sp. z o.o.	Poland	100.00%	100.00%
Orco Hotel Development Sp. z o.o.	Poland	100.00%	100.00%
ORCO Hotel Management Kft.	Hungary	100.00%	100.00%
Orco Hotel Project Sp. z o.o.	Poland	100.00%	100.00%

Company	Country	30 June 2016	31 December 2015
Orco Hotel, Zrt.	Hungary	100.00%	100.00%
Orco Immobilien Gmbh	Germany	100.00%	100.00%
Orco Pokrovka Management o.o.o.	Russia	100.00%	100.00%
Orco Poland Sp.z.o.o.	Poland	97.31%	--
Orco Praga, s.r.o., člen holdingu ORCO PROPERTY GROUP SA	Czech Republic	97.31%	--
Orco Project Limited (GE)	Guernsey	97.31%	--
Orco Property Group S.A.	Luxembourg	97.31%	--
Orco Warsaw Sp. z o.o.	Poland	100.00%	100.00%
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%
Platnéřská 10 s.r.o.	Czech Republic	100.00%	100.00%
Považská Bystrica Property Development, a.s.	Slovak Republic	100.00%	100.00%
Prague Property Development, s.r.o.	Czech Republic	100.00%	100.00%
Prievidza Property Development, a.s.	Slovak Republic	100.00%	100.00%
PRINGIPO LIMITED	Cyprus	100.00%	100.00%
Pro Tower Development S.R.L.	Romania	100.00%	100.00%
Prosta 69 Sp. z o.o.	Poland	100.00%	100.00%
Příbor Property Development, s. r.o.	Czech Republic	100.00%	100.00%
PTR PRIME TOURIST RE SORTS (CYPRUS) LIMITED	Cyprus	100.00%	--
PV - Cvikov s.r.o.	Czech Republic	100.00%	100.00%
Quadrio Residence, s.r.o.	Czech Republic	100.00%	100.00%
R40 Real Estate Kft.	Hungary	100.00%	100.00%
Remontées Mécaniques Crans Montana Aminona (CMA) SA	Switzerland	65.83%	65.83%
Residence Belgická, s.r.o.	Czech Republic	100.00%	100.00%
Residence Izabella, Zrt.	Hungary	100.00%	100.00%
RL - Management s.r.o.	Czech Republic	100.00%	100.00%
RSL Est-Europe Properties SRL	Romania	100.00%	100.00%
RSL Real Estate Development S.R.L.	Romania	100.00%	100.00%
Ružomberok Property Development, a.s.	Slovak Republic	100.00%	100.00%
SASHKA LIMITED	Cyprus	100.00%	100.00%
SHAHEDA LIMITED	Cyprus	100.00%	100.00%
Shopinvest a.s.	Czech Republic	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	100.00%	100.00%
STRM Alfa, a.s.	Czech Republic	97.31%	--
STRM Beta, a.s.	Czech Republic	97.31%	--
STRM Delta, a.s.	Czech Republic	97.31%	--
STRM Gama, a.s.	Czech Republic	97.31%	--
Sunčani Hvar d.d.	Croatia	61.95%	--
Svitavy Property Alfa, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Development, a.s.	Czech Republic	100.00%	100.00%
Szolgáltatóház Kft.	Hungary	100.00%	100.00%
Šenovská zemědělská, s.r.o.	Czech Republic	100.00%	100.00%
Tarnów Property Development sp. z o.o.	Poland	100.00%	--
Telč Property Development, a.s.	Czech Republic	100.00%	100.00%
TQE Asset, a.s.	Czech Republic	97.31%	--
Trebišov Property Development, s. r. o.	Slovak Republic	100.00%	100.00%
Trutnov Property Development, a.s.	Czech Republic	100.00%	100.00%
Třinec Investments, s.r.o.	Czech Republic	100.00%	100.00%
Třinec Property Development, a.s.	Czech Republic	100.00%	100.00%
TUNELIA LIMITED	Cyprus	100.00%	100.00%
Týniště Property Development, s.r.o.	Czech Republic	100.00%	100.00%
Tyršova 6, a.s.	Czech Republic	100.00%	100.00%
U Svatého Michala, a.s.	Czech Republic	100.00%	100.00%
Váci 190 Projekt Kft.	Hungary	97.31%	--
Valdovská zemědělská, a.s.	Czech Republic	100.00%	100.00%
Valkeřická ekologická, a.s.	Czech Republic	100.00%	100.00%
VERETIX 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%

Company	Country	30 June 2016	31 December 2015
Vinohrady s.a.r.l.	France	97.31%	--
VM Property Development, a.s.	Czech Republic	100.00%	100.00%
VOLANTI LIMITED	Cyprus	100.00%	100.00%
Vyškov Property Development, a.s.	Czech Republic	100.00%	100.00%
Wertpunkt Real Estate Experts GmbH	Germany	99.75%	99.75%
Zelená farma s.r.o.	Czech Republic	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%
Zvolen Property Development, a.s.	Slovak Republic	100.00%	100.00%
Žďár Property Development, a.s.	Czech Republic	100.00%	100.00%
Ždírec Property Development, a.s.	Czech Republic	100.00%	100.00%

(1) On 9 August 2016, CPI – Real Estate, a.s. demerged resulting into establishment of two new companies - CPI Rhea, s.r.o. and CPI Luna, s.r.o. Part of the portfolio of CPI – Real Estate, a.s. has been transferred to newly established companies.

(2) Marissa West, a.s. demerged on 9 August 2016. Two new companies - Regionální portfolio, a.s. and Office Center Purkyňova, a.s. – were established on 9 August 2016. Part of the portfolio of Marissa West, a.s. has been transferred to newly established companies.