Czech Property Investments, a.s.

HALF-YEAR REPORT 2013

(unaudited)

KEY FIGURES

CPI Group in numbers – the first half of 2013

1,306,297

Net rental and service related income
(in thousands of CZK)

59,285,730

Investment property (incl. investment property under development)
(in thousands of CZK)

22,986,560

Equity
(in thousands of CZK)

1,134,274

Operating profit
(in thousands of CZK)

327

Number of CPI Group employees

72,428,256

Total assets
(in thousands of CZK)

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PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT 2013

Statutory Declaration

With the use of all reasonable care and to the best of our knowledge, the consolidated Half-year Report 2013 provides a true and fair view of the financial situation, business activities, and results of operations of the issuer and its consolidated group for six months period ended 30 June 2013, and of the outlook for the future development of the financial situation, business activities, and results of operations of the issuer and its consolidated group. No facts have been omitted that could change the meaning of this report.

Prague, 30 August 2013

Radovan Vítek
Chairman of the Board of Directors
Czech Property Investments, a.s.

Marek Stubley
Vice-chairman of the Board of Directors
Czech Property Investments, a.s.

2013 HIGHLIGHTS

January 2013

- Acquisition of 100% shares in Třinec Investments, s.r.o. which owns retail park with a total leasable area about 4,000 sq. m.

February 2013

- Through acquisition of remaining 50% shares in CPI Národní, s.r.o. CPI Group became a sole owner of project for construction of multifunctional property for retail, office and residence which was immediately renamed to QUADRIO.

March 2013

- Acquisition of 100% shares in Statenice Property Development, a.s. which owns 207 thousands of sq. m. land suitable for future development.
- Issuing of Czech crowns bonds by Czech Property Investments, a.s. with a total nominal value of CZK 1.5 billion, bearing a fixed interest of 6.05% p.a., that are due in 2016.

April 2013

- 4* Clarion Congress Hotel České Budějovice won 1st place in the competition PRESTA – Prestižní stavba jižných Čech.

May 2013

- Issuing of Czech crowns project bonds by CPI BYTY, a.s. with a total nominal value of CZK 3 billion, in four emissions with various maturity and interest rate. The bonds maturity ranges from 2 to 8 years, and bonds bear a fixed interest which varied from 2.5 % p.a. to 5.8 % p.a.
- Grand opening of reconstructed 4* Clarion Congress Hotel Ostrava
- Start of the construction of 12 residential houses in Březiněves under the project name Jižní stráň.
- Public presentation of a project for reconstruction of luxury apartments in the resort Palais Maeterlinck in Nice.

June 2013

- Acquisition of a Hungarian real estate investor Ablon Group which owns retail, office, logistic and residential portfolio of about 180 thousands of sq. m. of rentable space and 235-bedrooms hotel.

A CUT ABOVE CPI GROUP

Czech Property Investments, a.s. group (hereinafter also referred to as “CPI Group” or “the Group”) is a real estate group concentrating on long-term investments and the lease of real estate, mainly in the Central European region. It has been operating on the real estate market since the end of 1990s. The parent company of the Group is Czech Property Investments, a.s. (hereinafter also referred to as “the parent company CPI”, “CPI” or “the Company”).

CPI Group develops its activities mainly in the Czech Republic and Slovakia across all real estate segments. In recent years, CPI Group has successfully established itself among the leading investors and developers in the domestic real estate market and during the last year it has also expanded within Europe. Its conservative and responsible approach laid the foundation for stability and long-term prosperity of the whole Group supported with years of experience and strong financial base.

The Group owns and manages over 530,000 sq. m. of retail space, 310,000 sq. m. of existing office space, 15 hotels with over 7,800 beds and over 210,000 sq. m. of space intended for light industry and storage. With over 12,700 apartments, it is the second largest provider of rental housing in the Czech Republic.

The goal of CPI Group is to develop the potential of its real estate portfolio, to create a new business opportunities and increase its commercial value. Cooperation with tenants and support of mutual relationships are the key points for its success.

MESSAGE FROM THE CEO

Dear Shareholders,

Dear Business Partners,

The success of CPI Group during the last year, and in the first six months of this year, can be described in two words: We're growing. Although we are only six months into the year, the active policy of CPI Group as a long-term investor was evident on all fronts: rental of premises, construction and acquisitions.

Our volume of cooperation with tenants of commercial space is growing. An essential pillar of our business strategy and success in the rental arena is our long-term and quality relationships with commercial space tenants. Active asset management, facility management and property management have a positive impact on rental income. This amounted to CZK 1.5 billion in the first half of 2013, compared to CZK 1.4 billion during the same period in 2012, and also showed a reduction in unrented spaces. The real estate market experienced an early recovery, which is reflected not only in the increasing volume of transactions, but also on the strengthening self-confidence of companies who have a desire to expand or relocate their offices and branches. This trend is currently having a significant effect on the occupancy of CPI Group offices, where in just the first six months of this year, twenty new lease agreements were concluded for a total area of 5,100 sq. m. and another nine contracts were extended for the lease of 16,000 sq. m.

A very successful first half of the year was also seen concerning negotiations with retail tenants, primarily in shopping centres. Some of these tenants had completed their first life cycle and enquired about further mutual cooperation. The success of our experienced asset department did not only concern the extension of lease agreements, but also changes in the tenant mix and remodelling centres with regard to new trends and local requirements.

A growing number of spaces, and increased investment through its own development activities, helped to add 6,700 sq. m. of new office space, 850 sq. m. of retail space, and even two four-star hotels with top level convention facilities to CPI Group's portfolio in the first half of 2013. Reconstruction of Ostrava and Olomouc Clarion Hotels followed our direction of building a network of hotels for corporate clients and maintain a position of market leader in the field of congress tourism in the Czech regions. CPI Group now owns 15 hotels, seven of which bear the international Clarion brand, thereby ensuring a high demand for accommodation and conference services. Both the occupancy and guests of its renovated hotels have once again proven that this strategy is correct, and that a high level of quality services and large conference facilities are a competitive prerequisite.

CPI Group offers similar advantages for the realisation of multi-functional complexes. Unlike purely administrative centres, they use the interconnection of offices, retail, hotel and conference facilities which address the current needs of companies by creating an attractive package of modern, high-quality premises with complete facility services. CPI City Center in Olomouc, which was completed in May 2013, is an example of this type of complex where Raiffeisenbank is the main tenant for office space. Construction of another multi-purpose complex took on new life in the first half of this year. In February 2013, the QUADRIO project in Prague became the matter of a sole investor - CPI Group - and the building gained upward momentum. Interest from companies in this attractive location and exceptional project was proven not only by occupancy in the shopping centre, now reaching 80%, but also in the demand for offices and luxury residences, which will be part of the complex.

CPI Group does not only offer exclusive residences in the Czech Republic. A new strategy in this area began as early as 2012, with a popular French resort project in Nice. An original hotel complex was reconstructed and individual residences were offered for sale. Reservations for a third of the apartments a half a year before completion of the project demonstrated a high level of interest among clients from all over the world.

Construction of smaller projects also commenced. This included the second phase of houses called Jižní stráň (South Hillside) in Březiněves, which will be completed in summer 2014.

The growing value of assets and geographic coverage, especially new acquisitions closed at the end of June 2013, expanded our coverage from the initial Czech and Slovak Republic markets to Poland, Hungary and Romania. This increased the value of our total assets by 12% to a current CZK 72.4 billion. CPI Group bought the Hungarian investment group Ablon, which not only brought with it a number of interesting properties and land development projects, but also an experienced and knowledgeable team. This form of acquisition adds the benefits of individual property purchases, and allows for foreign expansion, without building new branches and incurring the high financial costs of market research. With regard to the ongoing negotiations and direction of the group, this will be far from the last acquisition of its kind.

Our growing experience allows us to look at every square meter as an opportunity for further development, thereby creating additional opportunities for others. We are looking for new possibilities, technology trends, how to make our buildings more efficient, offer more by improving services in a competitive environment and further increase the value of your investment. Thanks to the efforts of CPI Group, I am convinced that we have become one of the most important investors in Central Europe.

Prague, 30 August 2013

Zdeněk Havelka
Chief Executive Officer

PARENT COMPANY CPI

Czech Property Investments, a.s., with its registered office at Prague 1, Václavské náměstí 1601/47, 110 00, IČ (Company Identification Number) 427 16 161, was established on 17 December 1991 for an indefinite period of time. It carries out its activities in accordance with Czech law, under the Act No. 513/1991 Coll., Commercial Code, as amended.

According to the Article 4 of the Articles of Incorporation of CPI valid as of 30 June 2013, the subject of business is:

- accounting, consulting, bookkeeping;
- lease of properties, apartments and non-residential premises;
- public auctions - voluntary;
- manufacture, trade and services not listed in Appendices 1 - 3 of the Act No. 455/1991 Coll., Trade Licensing Act , as amended.

CPI was registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1115. Documents are filed in the collection of documents and in the registered office of CPI.

Contact Information:

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Since 1 January 2005, CPI has been reporting its results in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) as adopted by the European Union.

The following companies, in which CPI directly or indirectly has a controlling or significant influence, are part of the CPI consolidation unit as of 30 June 2013. CPI is not dependent upon other entities within CPI Group.

Companies controlled by Czech Property Investments, a.s. - Czech Republic	Ownership interest %	Companies controlled by Czech Property Investments, a.s. - Czech Republic	Ownership interest %
4B Investments, a.s.	100.00	Farhan, a.s.	100.00
ABLON s.r.o.	99.86	FL Property Development, a.s.	100.00
Airport City s.r.o.	99.86	HD Investment s.r.o.	99.86
Balvinder, a.s.	100.00	Hraničář, a.s.	100.00
Baudry Alfa, a.s.	100.00	IGY2 CB, a.s.	100.00
Baudry Beta, a.s.	100.00	Kerina, a.s.	100.00
Baudry, a.s.	100.00	Lockhart, a.s.	100.00
BAYTON Beta, a.s.	100.00	Malerba, a.s.	100.00
BAYTON Gama, a.s.	86.50	MAPON, a.s.	100.00
BC 2000 s.r.o.	99.86	Marissa Delta, a.s.	100.00
Beroun Property Alfa, a.s.	100.00	Marissa East, a.s.	100.00
Beroun Property Development, a.s.	100.00	Marissa Epsilon, a.s.	100.00
Betonstav spol. s r.o.	100.00	Marissa Gama, a.s.	100.00
BPT Development, a.s.	100.00	Marissa Ióta, a.s.	100.00
Brandýs Logistic, a.s.	100.00	Marissa Kappa, a.s.	100.00
BRILLIANT VARIETY s.r.o.	100.00	Marissa Lambda, a.s.	100.00
Březiněves, a.s.	100.00	Marissa North, a.s.	100.00
Camuzzi, a.s.	100.00	Marissa Omega, a.s.	100.00
Carpenter Invest, a.s.	100.00	Marissa Omikrón, a.s.	100.00
CB Property Development, a.s.	100.00	Marissa Sigma, a.s.	100.00
CD Property s.r.o.	100.00	Marissa South, a.s.	100.00
Conradian, a.s.	100.00	Marissa Tau, a.s.	100.00
CPI Národní, s.r.o.	100.00	Marissa Théta, a.s.	100.00
CPI - Bor, a.s.	100.00	Marissa West, a.s.	100.00
CPI - Facility, a.s.	100.00	Marissa Yellow, a.s.	100.00
CPI - Krásné Březno, a.s.	99.96	Marissa Ypsilon, a.s.	100.00
CPI - Land Development, a.s.	100.00	Marissa, a.s.	100.00
CPI - Orlová, a.s.	100.00	MB Property Development, a.s.	100.00
CPI - Real Estate, a.s.	100.00	Modřanská Property, a.s.	100.00
CPI - Štupartská, a.s.	100.00	MQM Czech, s.r.o.	99.86
CPI - Zbraslav, a.s.	100.00	MUXUM, a.s.	100.00
CPI Alfa, a.s.	100.00	Nymburk Property Development, a.s.	100.00
CPI Beta, a.s.	100.00	OC Nová Zdaboř a.s.	100.00
CPI BYTY, a.s.	100.00	Olomouc City Center, a.s.	100.00
CPI City Center ÚL, a.s.	100.00	Olomouc Office, a.s.	100.00
CPI Delta, a.s.	100.00	Polygon BC s.r.o.	99.86
CPI East, s.r.o.	100.00	Prague Property Development, s.r.o.	100.00
CPI Epsilon, a.s.	100.00	Příbor Property Development, s.r.o.	100.00
CPI Group, a.s.	100.00	Příkopy Property Development, a.s.	100.00
CPI Heli, s.r.o.	100.00	RK Building s.r.o.	100.00
CPI Hotels Properties, a.s.	100.00	Statenice Property Development, a.s.	100.00
CPI Jihlava Shopping, a.s.	100.00	Strakonice Property Development, a.s.	100.00
CPI Lambda, a.s.	100.00	Svitavy Property Alfa, a.s.	100.00
CPI Management, s.r.o.	100.00	Svitavy Property Development, a.s.	100.00
CPI North, s.r.o.	100.00	T.LAND a.s.	100.00
CPI Park Mlýnec, a.s.	100.00	Telč Property Development, a.s.	100.00
CPI Park Žďárek, a.s.	99.96	Trutnov Property Development, a.s.	100.00
CPI Property, s.r.o.	100.00	Třinec Investments, s.r.o.	100.00
CPI Reality, a.s.	100.00	Třinec Property Development, a.s.	100.00
CPI Retails ONE, a.s.	100.00	Týniště Property Development, s.r.o.	100.00
CPI Retails TWO, a.s.	100.00	U svatého Michala, a.s.	100.00
CPI Services, a.s.	100.00	Vigano, a.s.	100.00

CPI Shopping MB, a.s.	100.00	VM Property Development, a.s.	100.00
CPI Shopping Teplice, a.s.	100.00	VT Holding, a.s.	100.00
CPI South, s.r.o.	100.00	Vyškov Property Development, a.s.	100.00
CPI West, s.r.o.	100.00	YZ Holding spol. s.r.o.	100.00
Český Těšín Property Development, a.s.	100.00	Žďár Property Development, a.s.	100.00
Družstvo Land	99.96	Ždírec Property Development, a.s.	100.00
EDELWEISS Development s.r.o.	100.00		

Companies controlled by Czech Property Investments, a.s. - Slovakia	Ownership interest %	Companies controlled by Czech Property Investments, a.s. - Slovakia	Ownership interest %
CPI Facility Slovakia, a.s.	100.00	Michalovce Property Development, a.s.	100.00
CPI Retails FIVE, a.s.	100.00	NERONTA, a.s.	100.00
CPI Retails FOUR, a.s.	100.00	Považská Bystrica Property Development, a.s.	100.00
CPI Retails THREE, a.s.	100.00	Prievidza Property Development, a.s.	100.00
Čadca Property Development, s.r.o.	100.00	Ružomberok Property Development, a.s.	100.00
ELAMOR, a.s.	100.00	Trebišov Property Development, s.r.o.	100.00
Komárno Property Development, a.s.	100.00	Zvolen Property Development, a.s.	100.00
Liptovský Mikuláš Property Development, a.s.	100.00		

Companies controlled by Czech Property Investments, a.s. - Hungary	Ownership interest %	Companies controlled by Czech Property Investments, a.s. - Hungary	Ownership interest %
ABLON Kft.	99.86	Global Immo Kft.	99.86
Airport City Kft.	99.86	Global Investment Kft.	99.86
B.C.P. Kft.	99.86	Global Management Kft.	99.86
Bright Site Kft.	99.86	Global Properties Kft.	99.86
Century City Kft.	99.86	Hotel Rosslyn Kft.	99.86
Duna Office Center Kft.	99.86	ICL 1 Budapest Kft.	99.86
First Chance Kft.	99.86	Insite Kft.	99.86
First Site Kft.	99.86	New Field Kft.	99.86
Future Field Kft.	99.86	New Sites Kft.	99.86
Global Center Kft.	99.86	STRIPMALL Management Kft.	99.86
Global Development Kft.	99.86	Szolgáltatóház Kft.	99.86
Global Estates Kft.	99.86		

Companies controlled by Czech Property Investments, a.s. - Romania	Ownership interest %	Companies controlled by Czech Property Investments, a.s. - Romania	Ownership interest %
ABLON Bucharest Real Estates Development S.R.L	99.86	LN Est-Europe Development SRL	99.86
DH Est-Europe Real Estate SRL	99.86	MH Bucharest Properties S.R.L	87.88
ES Bucharest Development S.R.L.	99.86	RSL Est-Europe Properties SRL	99.86
ES Bucharest Properties S.R.L.	99.86	RSL Real Estate Development S.R.L.	99.86
ES Hospitality S.R.L.	99.86		

Companies controlled by Czech Property Investments, a.s. - Cyprus	Ownership interest %	Companies controlled by Czech Property Investments, a.s. - Cyprus	Ownership interest %
ALAMONDO LIMITED	99.86	LERIEGOS LIMITED	99.86
Avacero Ltd.	99.86	MESARGOSA LIMITED	99.86
AVIDANO LIMITED	99.86	OSMANIA LIMITED	99.86
Bluebeat Ltd.	99.86	PRINGIPO LIMITED	99.86
BREGOVA LIMITED	99.86	Sashka	99.86
DERISA LIMITED	99.86	SHAHEDA LIMITED	99.86
DORESTO LIMITED	99.86	SHEMAR INVESTMENTS LIMITED	100.00

GOMENDO LIMITED	99.86	TUNELIA LIMITED	99.86
GORANDA LIMITED	99.86	Volanti Ltd.	99.86
ISTAFIA LIMITED	99.86	ZLATICO LIMITED	100.00
JONVERO LIMITED	99.86		

Companies controlled by Czech Property Investments, a.s. - Poland	Ownership interest %	Companies controlled by Czech Property Investments, a.s. - Poland	Ownership interest %
ABLON Sp. z o.o.	99.86	K.B.P BUSINESS PARK sp. zoo	50.00
GARET Investments Sp. z.o.o.	99.86	SPH Properties Sp. z o.o.	100.00

Companies controlled by Czech Property Investments, a.s. - Netherlands	Ownership interest %
CPI Finance Netherland B.V.	100.00

Companies controlled by Czech Property Investments, a.s. - Ireland	Ownership interest %
CPI Finance Ireland	100.00

Companies controlled by Czech Property Investments, a.s. - France	Ownership interest %
CPI FRANCE	100.00

Companies controlled by Czech Property Investments, a.s. - Guernsey	Ownership interest %
ABLON Group Limited	99.86

Companies controlled by Czech Property Investments, a.s. - British Virgin Islands	Ownership interest %
Rosendale Management Ltd	100.00

ECONOMIC DEVELOPMENT IN THE MAIN COUNTRIES OF CPI GROUP OPERATIONS

Czech Republic

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

Indicator	Forecast	
	2013	2014
GDP (Gross domestic product)	- 1.5 %	0.8 %
CPI (Consumer price index)	1.6 %	1.4 %
ILO Unemployment rate	7.5 %	7.6 %

* Source: Ministry of Finance of the Czech Republic

In the Q1 2013 the gross domestic product adjusted for price, seasonal and calendar effects decreased by 2.4%, year-on-year and 1.3%, quarter-on-quarter which is considered as a negative unexpected situation. The main reason of this fall was caused by the one-off factors which happened in Q4 2012 (result of stocking up in connection with increase of excise tax on tobacco products in 2013). According to the Q1 reduction it is expected that in 2013 the total GDP will be by 1.5% lower than in 2012 in spite of assumed recovery of the economy during the second half of the year.

The year-on-year and quarter-on-quarter development was negatively influenced especially by fall in consumption of consumers, investments and export. On the contrary, a positive influence on the GDP development came from the growth of consumption of durable goods which cannot be considered as a sign of recovering economy because of large volatility in this sector.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months compared with the average consumer price index in the previous twelve months, is expected to be 1.6% in December 2013, which is by 1.7 percentage points less than in December 2012. In May CPI decreased by 1.3%, year-on-year. It was influenced by the growth of tax rate by 1 percentage point. Moreover CPI development in May came from unexpected fall of prices of gas consumed by households and telecommunication services which spring from growing competition. From the long term view the development of prices seems to be subdued by the persistent economic recession but the slight rise of prices is expected during the second half of the year 2013.

The general unemployment rate according to the ILO definition (in the age group 15-64 years) attained 7.4% in Q1 2013. In Q1 the employment rate was by 1 percentage point higher than year ago. The growth is considered to be influenced by change in employment contracts. Nowadays companies started to conclude more part-time contracts so the hours spent at work doesn´t correspond to the rise of employment rate.

Slovakia

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

Over the first half of 2013, the total export of goods increased by 3.2 % to EUR 31,800.5 million and the total import was reduced by 0.2 % to EUR 28,808 million compared with the same period last year. The foreign trade balance was in surplus of EUR 2,992.4 million (by EUR 1,052.3 million higher than in the 1st half of 2012).

The volume of GDP at current prices reached EUR 18,241.5 million in Q2 2013 which represented the increase by 2.4 % in comparison with the same period of the previous year.

In June 2013 the annual inflation rate measured by harmonized index of consumer prices reached 1.7 %.

According to the Labour Force Sample Survey, unemployment increased by 4 %, year-on-year, in the Q1 2013. The unemployment rate increased by 0.5 p.p. to 14.5% in Q1 2013.

Hungary

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

In Q1 2013, the total export of goods increased by 1.3 % and the total import increased by 0.9 % compared with the same period last year. The foreign trade balance was in surplus of EUR 1,893 million (HUF 562.3 billion). The volume of GDP at current prices reached EUR 21,678 million (HUF 6,438.3 billion) in Q1 2013 which represented the increase by 1.4 % in comparison with the same period of the previous year. The annual inflation rate measured by consumer prices index reached 1.4 % in June 2013. The unemployment rate attained 10.3 % in June 2013.

THE PROPERTY MARKETS IN THE REGIONS OF CPI GROUP OPERATIONS

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

Czech Republic

Retail Market in the Czech Republic

Total modern retail stock (>5,000 sq. m. centres) exceeded 3,155,000 sq. m. The only significant new completion in Q2 2013 includes the OC Letmo completed in Brno with 7,000 sq. m of retail space. It represents a decline of 83% on a quarterly basis and 91% on annual basis.

As end of the first half of 2013, 48,000 sq. m. were completed, which is a 46% decrease compared to the same time last year. The second half of the year 2013 will see the completion of 132,000 sq. m., which is almost three times higher than in the first half. New supply is thus forecast to total ca. 180,000 sq. m. in 2013, this represents an increase of 14% compared to 2012.

During the first half of 2013 the entries of several new brands to the Czech retail market have been noticed. Rindo Squid Kids (child fashion), Smyk (toys), the retail brand Sinsay, South Korean cosmetics Missha, Český Sedlák (Czech Farmer), the company Sklizeno opened their first Czech units and intend to expand further.

Prime high street rents in Prague on Na Příkopě remain stable at around EUR 170-180 per sq. m per month with selected units being leased for even higher rents of more than EUR 200 per sq. m. per month. Prime shopping centre rents in Prague for a unit of 50-100 sq. m range between EUR 70 and 80 per sq. m per month (depending on the particular centre, type of the tenant, size and location of the unit within the centre) and EUR

25-60 per sq. m in the regions. In retail parks prime space for units of around 1,000 sq. m range between EUR 12-15 per sq. m per month in Prague and EUR 6.5-12 per sq. m in the regions.

Office Market in the Czech Republic

Total office stock reached 2,891,500 sq. m in Q2 2013, made up of 70% A class and 30% B class properties. New supply in Q2 2013 reached 9,400 sq. m. Net take-up reached 36,000 sq. m. in Q2 2013, 31% less than in Q1 2013 and 17% less than in Q2 2012. Net take-up amounted to 88,000 sq. m. in half year of 2013, which represents a 4% annual increase. Vacancy rate decreased in Q2 2013 to 12.8 %. Prime headline rents in the city centre remained stable during Q2 2013 at EUR 20-21 per sq. m. per month. Rents remained at EUR 15-17.50 in the inner city and at EUR 13-14.50 in the outer city. Prime headline rents are also forecasted to remain stable throughout 2013. There are currently ca. 284,400 sq. m. in various stages of active construction or refurbishment, additionally ca. 37,300 sq. m. are on hold and awaiting pre-leases. This is the highest pipeline under construction recorded since 2009. New supply is predicted to reach 87,900 sq. m in 2013, ca. 10% less than in 2012 and by 44% below the 10-year annual average.

Hospitality Market in the Czech Republic

According to the Czech Statistical Office, 3.3 million foreign visitors came to the country in the first half of 2013 which is a 1.4% increase compared to the first half of 2012. The number of foreign guests' overnight stays increase by 1.6 %. Domestic guests in accommodation establishments came out to about 2.8 million and stay about 4.4 % fewer nights. Most foreign tourists (2.1 million) came to Prague. Domestic guests, however, clearly preferred other regions than Prague. The largest overal increase was seen in the total number of overnight stays in the Vysocina Region (+6%). Most of foreign and domestic guests were accommodated in lower than four-star category hotels. Traditionally, the largest group of visitors came from Germany followed by tourist from Russia, USA and Poland. The largest year-on-year increase was notices from China guests with 20.2% increase

Residential Market in the Czech Republic

On the basis of HB Index, the average market price of flats increased slightly by 0.2 percentage points by the end of Q2 2013. The INDEX HB for flats reached value of 93.2 as of 30 June 2013. HB Index is regularly presented by Hypoteční banka, a.s. and is based on realistic estimates of market prices of real estates. INDEX HB itself is calculated for the entire Czech Republic, and for the three types of real estates - flats, houses and land. For Basic 100.0 were selected real estate prices as of 1 January 2008.

Prices of flats showed only a minimal change but this time with a positive sign, and generally confirm the trend of stabilization.

CPI Group operates on a specific part of the residential market in the Czech Republic due to the fact that its business in this segment is concentrated on the rental housing. The rental housing segment was influenced by state rent regulation. The process of deregulation finally ended on 31 December 2011 in all cities and municipalities with the exception of cities with over 100,000 inhabitants and Central Bohemian region, where the regulation ended on 31 December 2012.

Industry and Logistic Market in the Czech Republic

Industrial development activity continues to accelerate slightly. The highest amount of new supply since the global economic downturn should be completed this year.

Total stock of modern developer-led logistics and industrial space reached 4.3 million sq. m. in Q2 2013. From April until the end of June 55,800 sq. m. were completed in four new projects. It represents an increase by 18%

in comparison with the previous quarter and also an increase by 81% year-on-year. New supply in the first half of 2013 reached 103,100 sq. m. The highest volume of space was completed in the Central Bohemia (47%) followed by the Plzeň region (22%) and the Greater Prague area (12%). The net take-up reached 250,000 sq. m in half year 2013. The market has experienced the strongest Q2 since 2010.

The vacancy rate increased in Q2 2013 to 8.7% from 8.1% recorded in Q1 2013. Prime headline rents for modern logistics space have remained flat at EUR 3.80-4.25 per sq. m. per month and they are expected to remain stable. For selected smaller units or for leases for a shorter period rents can reach up to €4.50 per sq. m. per month. The effective rent including the rent free period ranged in Q2 2013 from EUR 2.90 to EUR 3.90 per sq. m. per month.

Slovakia

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

Retail Market in Slovakia

In first half of 2013 retail tenants continue to consolidate their business by decreasing the number of unprofitable retail units in less attractive locations. Expansion plans are limited only to projects with high foot fall in prime locations. Rental rates in attractive shopping centres and high street locations have remained stable in Q2 2013. There are currently four shopping centers in various stages of active construction and are expected to be completed in 2014/2015.

Industry and Logistic Market in Slovakia

The second quarter of 2013 was a period during which relatively few industrial occupiers, as compared with the previous 2 quarters, made the commitment to lease industrial space. As a result of this, the gross take-up was recorded at a similar level as in Q3 2012 – which corresponds to the lowest level in the last 2 years. The net take-up was at a level of 10,900 sq. m. Since no new construction was finalized in Q2, the vacancy rate has decreased again compared to the last quarters. The current vacancy rate is at a level of 4.8 % of the overall stock of modern industrial space for rent. This is approaching the vacancy rates recorded in 2011 - 2012 when the vacancy rate was at the lowest level in the history of modern industrial market in Slovakia. Since only limited construction is being registered on the market, it is expected the vacancy rate to decrease again in the next quarter. Headline rents for logistics premises remains stable at EUR 3.6 per sq. m per month to EUR 4.5 per sq. m per month.

Hungary

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

Office Market in Hungary

Although economic conditions have improved slightly, this has so far had little effect on the national office market, where market fundamentals have remained more or less unchanged as business confidence remains fragile. The occupational market posted similar letting volumes to Q1, however most activity continued to be consolidation driven and resulted in unchanged rents across all submarkets. Overall activity volumes during the second quarter were healthy, reaching 74,300 sq. m. in Budapest, which is slightly ahead of the level recorded in Q1. Nevertheless, the underlying trend continued to be for tenants trying to rationalize space and cost as they make use of the large incentives on offer. Consequently, 37% of all leased space was for renewed or renegotiated contracts alongside with those who chose to relocate within the city at favourable terms. However, expansions continue to be evident and are helping to erode some of the overhang space. Furthermore, the number of new requirements from new market entrants, within the shared service centre segment in particular, is slowly increasing after years of muted activity. This, in turn, could filter down to larger take-up and absorption levels in the latter half of the year.

The quarter has seen one scheme complete along the Váci Corridor, which added 15,500 sq. m. of new space to the market. However, as most of this space will be delivered speculatively, the total market vacancy still grew to 19.9%. The high market vacancy has continued to limit the availability of prime, investment grade assets. Prime headline rents in Budapest remained stable during Q2 2013 at EUR 14.25-21 per sq. m. per month in the inner city and at EUR 10 in periphery.

Industry and Logistic Market in Hungary

Q2 2013 started off encouragingly well, with the Hungarian industrial output up by 5.3%, year-on-year in April after seven consecutive months of contraction. However, due to the fragility and the overdependence of the national economy on exports, this recovery was short lived, and the May results swung back into the negative territory with -2.1% growth, year-on-year. Property market fundamentals were largely unchanged over the quarter, albeit weak, with consolidations and a ‘wait-and-see’ approach the main themes in the current market. Consequently, prime rents held firm over Q2 2013 at EUR 9-9.25 per sq. m. per month. The current vacancy rate remains at 22.8%.

Retail Market in Hungary

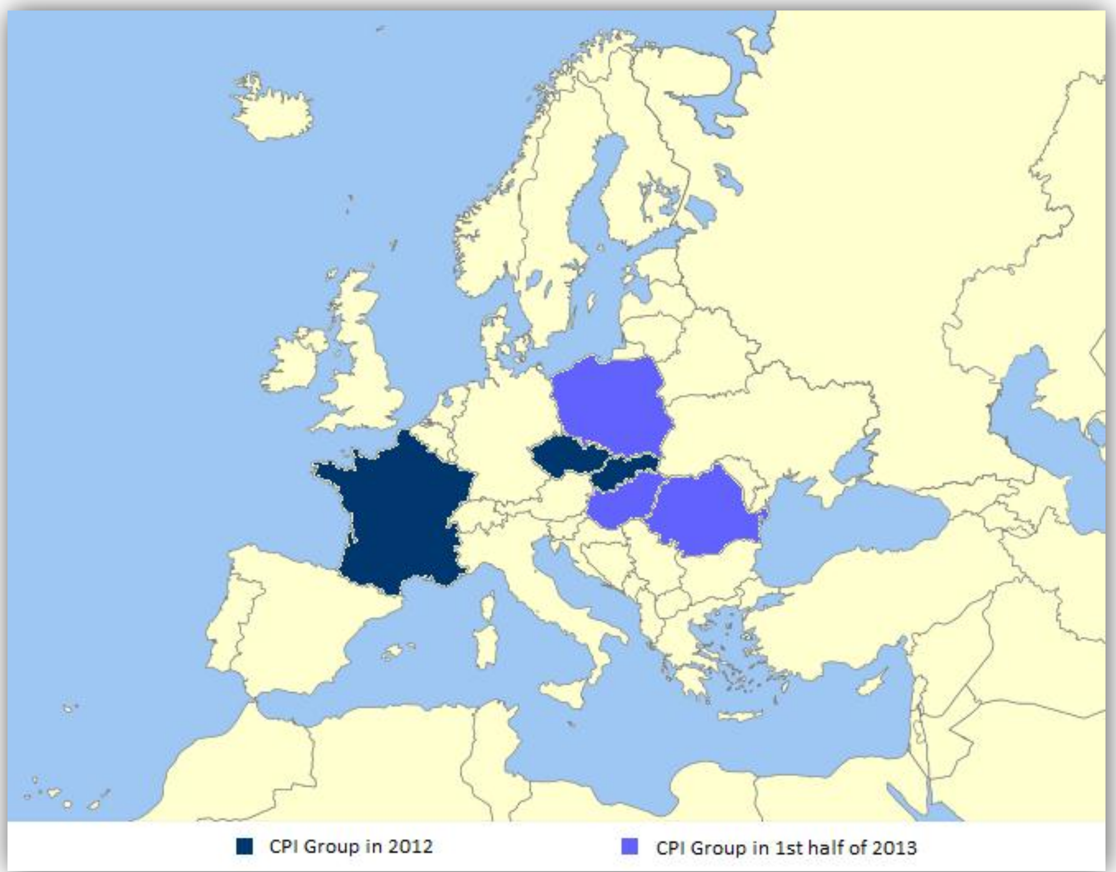
The flow of recent new markets entrants into Hungary has slowed up considerably in the past 12 months. Budapest is the only location which continues to benefit from demand from international retailers seeking to expand into the country. High street and retail warehouse rents remained unchanged over Q2 2013 in all locations surveyed. Shopping centres also recorded stable rental growth over the quarter with the exception of the West End, Budapest, which experienced a 7.7% rental decline quarter-on-quarter. The supply pipeline for significant new retail space remains fairly muted for 2013 with just one new shopping centre development planned – the extension of about 20,000 sq. m. Many other planned developments in the regions have been subject to severe delays, related to financing.

OUR PORTFOLIO

CPI Group is a real estate group concentrating on long-term investments and the lease of real estate, mainly in the Central European region. The focus of these activities is within five main sectors: retail, offices, hotels, residential and logistics & light industry properties. A separate reporting area is formed by so-called multipurpose properties that combine multiple functions and a land bank. Our focus on properties, and the total amount of properties, increased significantly in the last few years. This was mainly due to acquisitions in the Czech Republic. A new and very important part of the CPI Group´s portfolio is the Hungarian real estate investor Ablon Group, which was acquired and incorporated into CPI Group´s structure at the end of the first half of 2013.

The significant enlargement due to this acquisition has enabled CPI Group to experience a quick and relatively safe expansion into new European markets in Poland, Hungary and Romania. Thanks to the stable and professional team at the Ablon Group, time and financial delays have been avoided due to their successful past experience and knowledge of the local market.

Thanks to new acquisitions, the total value of CPI Group portfolio has increased from CZK 49 billion as at 31 December 2012 to CZK 59 billion as at 30 June 2013.



CPI RETAIL ASSETS

Key Figures – June 2013

95.62 % occupancy	178 number of properties
674 million CZK rental income H1/2013	17,808 million CZK investment property
532 thousand sqm rentable space	7.76 % gross return *

* Gross return is based on the annualized 6-months 2013 rental income, excluding Ablon portfolio

CPI Group concentrates on mid-sized shopping areas for retail parks and supermarkets. Long-term contracts are used for these shopping areas, which generate permanent income and provide opportunities for future development. Retail properties of CPI Group are characterised by wide diversity, both in their physical form as well as in their geographical distribution over the Czech and Slovak Republics. The retail portfolio in the first half of 2013 expanded to three more properties in Hungary, which were in the form of a shopping centre and two retail parks. All three will eventually be integrated into the newly constructed chain under the City Market brand.

The Group currently owns and manages about 530,000 sq. m. of retail space in the Czech Republic, Slovakia and Hungary, and maintains a high occupancy rate (96 % in 2013). For internal asset management, the portfolio is further divided into the following subcategories:

- Separate business units (usually part of office and multipurpose complexes)
- Retail warehouses (supermarkets, hypermarkets, hobby markets and retail parks)
- Shopping centres and galleries
- So-called special properties (separate units and establishments, usually B class)

The first half of 2013 was particularly successful in regards to the renewal of existing leases at almost all shopping centres owned by CPI Group and changes to the tenant mix at selected buildings.

OLYMPIA Teplice renewed or signed new contracts for more than 4,000 sq. m. of rentable space, with major tenants such as the LPP Retail Group with its four concepts (Reserved, House, Cropp Town and Mojito), C & A, Takko Fashion, Kanzelsberger, Steilmann, Datart, Oko Optik, Firo tour and more. These changes had a positive effect not only on the total range of offers in the centre, but also in the response received from visitors. Preparation is also underway for the modernisation of the existing food court, which should start by the end of 2013.

OLYMPIA Mladá Boleslav also closed several new leases after remodelling the centre and extended collaboration with existing tenants such as Samos, Cocco, Klasika and the toy store Bambule, which expanded its space. Bakery Blaha and Orion - home needs were among the new tenants. By the end of the year, an additional new tenant will be introduced and a new children's corner is also planned.

IGY České Budějovice has undergone significant restructuring of the tenant mix and its range of products last year, which had a very positive effect on attendance this year (up 8%) and the increase in turnover for shops. The shopping centre features newly emerged smaller concept shops like Dráčik toy store, Apple store, Nanu-Nana gift shop, Sun Set Suit men's wear and BHR Fashion. There was also an expansion of services with the brand new health food bistro called Bistro Vitality, a pharmacy, Fotolab, a pet shop, etc.

New leases were also signed with the recently opened stores Claires and Subway in the **City Park Jihlava**. More tenants will arrive in the fall of this year and in 2014.

Also in the segment of Retail Warehouse the contracts with important partners have been extended. Sportisimo extended the lease in the Mělník, Trutnov and Náchod retail parks; Baťa and Hervis extended co-operation in OC Nová Zdaboř and five additional lease contracts have been renewed with Deichman in the Mělník, Trutnov retail parks and in Nitra, Komárno and Dunajská Streda retail parks in Slovakia.

The Group has also secured new tenants in the existing space. This includes Paul Unie and ZooWorld in Mladá Boleslav; Café Servis and TEDi in Dunajská Streda and Pepco in Senice.

In the area of Retail Warehouse, CPI Group introduced a new plan that includes the rebranding of retail parks and the creation of a single network of retail parks under the **City Market** brand. This concept includes all properties in the Czech Republic, the Slovak Republic and now in Hungary. Implementation will take several years. The aim is to unite the diverse brand portfolio, and have a uniform standard, so both tenants and customers will be offered something different from the competition. In the future, this will create more business and marketing opportunities.

Another project under construction is the **QUADRIO multifunctional business complex**, which is located in the city centre of Prague and includes a four floor shopping mall, Grade A office space, a residential house with luxury flats and a green plaza. The shopping centre will have a total area of 8,500 sq. m. and consist of two underground and two overground floors. The gallery already claims 70 % occupancy. Current tenants include brands such as Promod, Calzedonia, Neoluxor Bookstore, Tchibo, CCC shoes, Sephora Perfume and Cosmetic Store, Tescoma, Sparky's Toy Store, Le Chocolat, Thomas Cook Travel Agency, DM Drugstore, Nanu Nana Accessories, iStyle, Sony Center, and more. Part of the shopping halls will be in the second underground floor of the complex leading to and from the busy Národní třída line B underground station and shopping halls located on the 3rd floor will be connected to Tesco's MY Department Store. Completion is scheduled for autumn 2014.

Thanks to the acquisition of Ablon Group, the following shopping centres and parks in Hungary are among new CPI Group retail portfolio:

The **Europeum Shopping Center** was completed in 2011 and is located in the bustling centre of Budapest. It has a retail area of more than 6,000 sq. m., a Marriott Courtyard Hotel on the top floors and underground parking for a total of 300 cars.

The retail park **Buy-Way Soroksár** lies on the southern edge of Pest and includes a total of 11,500 sq. m. of retail space. Like the Czech retail parks, it offers a diverse range of daily needs such as food, a drug store, a DIY store, a pet centre, etc.

The same concept, but with almost twice the space, is the **retail park in Dunakeszi**. It has an area of 21,600 sq. m. and provides parking for 600 cars.

CPI OFFICE ASSETS

Key Figures – June 2013

79.25	%	occupancy
36		number of properties
333 million	CZK	rental income H1/2013
15,107 million	CZK	investment property
310 thousand	sqm	rentable space
6.46	%	gross return*

* Gross return is based on the annualized 6-months 2013 rental income, excluding Ablon portfolio

Office space forms an important and constantly growing segment of investment and development activities of CPI Group. The Group is represented in existing administrative buildings at prestigious addresses, as well as with the designing and construction of its own office buildings in Prague and regional Czech cities. Development particularly includes multipurpose complexes with administrative and business functions, a convention centre, a hotel and adequate facilities.

The first half of 2013 was particularly significant in terms of the expansion of office space for properties in Hungary, Poland and the Czech Republic. These properties belonged to the former investor Ablon, which became part of CPI Group at the end of June 2013. In addition to the expansion of the office portfolio, the active business policy in the area of rental space also had a positive showing. This concerned not only Prague, but also the different regions of the country.

In the first half of 2013, CPI Group owned 198,500 sq. m. of office space across the Czech Republic. The size of leasable area is led by the Czech metropolis (170,000 sq. m. of completed office space) compared to other regions. Occupation in Prague and the various regions is almost balanced at about 80%. Additional 18,000 sq. m. of office space in the Czech Republic and 93,500 sq. m. of office space in Hungary was acquired by CPI Group upon acquisition of Hungarian investment group Ablon. Total office space in CPI Group portfolios as at the end of June 2013 amounted to 310,000 sq. m.

In addition to investment opportunities during the first half of 2013, which were particularly successful, the overall occupancy of administrative space was increased. CPI Group has entered into 20 new leases totalling 6,240 sq. m. Among the new tenants were companies like AWD in Ústí nad Labem, Cleverlance in Brno, Wincor Nixdorf and RK Stejskal (Century 21 franchise) in České Budějovice, UniCall in the Prague complex City West and several smaller companies in Tábor and Liberec.

Noteworthy is also the renegotiation of existing contracts in excess of 16,000 sq. m., which includes the extension of the lease with the Supreme Audit Office (9,500 sq. m.) and the contract with Essox in České Budějovice (1,200 sq. m.). Satisfaction of the companies is also reflected in their expansion in CPI Group buildings, and even across the Czech Republic. An example is the expansion of UniCall in the IGY building in České Budějovice, which also signed a contract to lease space in City West in Prague. Similarly, cooperation increased as well with Attigente. In addition to expanding in the CPI City Center complex in Ústí nad Labem, it also relocated its Prague office to a building in Vladislavova street. Wincor Nixdorf also expanded its presence in the Prague City West building and moved its České Budějovice branch to the IGY centre.

In May, part of the multifunctional project under the brand **CPI City Center** was opened in Olomouc. The complex includes an administrative building with retail units, a hotel and a convention centre for 1,200 people. It is situated in the immediate vicinity of the Regional Authority building and the main railroad station area, which is within the wider city centre. The major tenant is Raiffeisenbank, which opened its doors in June 2013 and occupies around 5,000 sq. m.

As mentioned before, another multifunctional project is the **QUADRIO business complex** in the city centre of Prague. Construction started in 2012 and currently represents one of the most important projects of CPI Group. Estimated costs are around CZK 3.3 billion. The project includes exclusive offices, located on the 3rd to 8th floors, with a total area of 16,400 sq. m. They give maximum efficiency to the work area, without wasted and unused space. State-of-the-art technology, along with the shape of the building and the efficiency of its spatial arrangement, significantly reduce the building’s operating costs. This may ultimately allow savings of up to 10 – 20% and is the reason why the QUADRIO office building aspires to obtain the LEED Silver certification for green operations. The project, situated right above the vestibule of the Národní třída “B” line underground station, is forecasted for the fall of 2014.

The following major office properties in Hungary belong now to CPI Group office portfolio:

The **Gateway Office Park** is located in one of the fastest developing and most fashionable business district of Budapest. The exclusive high tech office building guarantees a prestigious appearance for tenants, which is further enhanced by the impressive location on the banks of the Danube River. The exceptionally large building by Budapest market standards featuring three towers harmoniously melts into the cityscape. Numerous services, including a post office, gym, carwash, grocery store, restaurant, and café serve the comfort of people working in the building. The three eight-storey towers offer a 35,900 m2 gross leasable area and 422 covered parking spaces.

The complex **M3 Business Center** completed in 2008 at the exit of Highway M3 provides easy access toward the eastern part of the country. With the metro station next door, downtown Budapest can be reached without difficulties. The building is in the immediate vicinity of one of the capital's most attractive residential areas , as well as the diplomatic district of Budapest. It offers 18,000 sq. m. of leasable area, 225 outside parking spaces and an additional 121 parking spaces are available for tenants in the underground parking. Because of its rectangular shape, the utilization efficiency of the building is one of the best in the city.

Business Center 99 is designed as a 4-building office complex, situated in the main business corridor district of Budapest. According to the plans, the currently two-building office complex will expand with two other office buildings in the future. The current building complex has total leasable space of 17,300 sq. m. and offers offices of various sizes satisfying different needs of tenants. The next two phases of the development will increase the leasable area to 53,400 sq. m.

CPI HOTEL ASSETS

Key Figures – June 2013

15 number of properties	**3,512 million CZK** investment property
103 million CZK rental income H1/2013	**7,800** number of beds

Hotels and long-term accommodation form one of the oldest components of CPI Group property portfolio. The Group is one of the largest Czech owners and developers of hotel and long-term accommodation. The hotel network currently amounts to 15 hotels in Prague and regional cities with a total capacity of 7,800 beds and nearly 4,000 conference seats.

The **Courtyard by Marriott Budapest City Center** hotel has recently become a new addition to the portfolio. It is located at the heart of Budapest only a few minutes away from the Rudas Thermal Bath, Buda Castle and Erzsébet Bridge. The hotel which is among the newest hospitality offerings of the Hungarian capital, having opened in 2010, has 235 bedrooms and is a part of the **Europeum Shopping Centre**.

In spring 2013, CPI Group finished reconstruction on part of the residential accommodation, restaurant, and wellness and fitness centre of the **Clarion Congress Hotel Ostrava**. It also finished construction of a new multipurpose congress centre, with a capacity of 1,400 people, and a large capacity parking lot. The hotel has 169 bedrooms and apartments. Thanks to a complete renovation, it now offers the most modern accommodation and comprehensive services in Ostrava and the north Moravian region. Catering is also within its offer of services. CPI Hotels has remained the hotel operator.

Construction of the **Clarion Congress Hotel Olomouc** is soon to be completed; work on the interior, moving of the furnishings and necessary implementation of technical support are in the final phase. The four-star congress hotel resulted from a reconstruction of the former Sigma hotel and construction of a multipurpose congress centre. The eleven-story hotel offers 126 rooms with two beds, including two apartments and a business apartment. Moreover, the hotel has a restaurant for 450 guests, a lobby bar and high-quality congress facilities. Event organizers can use a flexible multipurpose hall for up to 1,200 people and four additional lounges with a capacity of up to 318 people. A lobby bar and large 900 sq. m. foyer is also available, as well as a wellness and fitness centre for hotel guests.

Building the Clarion brand and reconstruction of regional hotels into modern multipurpose hotels that offer high-quality services has resulted into positive feedback from tourists and companies and has given the hotels a high rate of occupancy. Within the multipurpose projects, the extra services offered by the hotel are especially appreciated by office leaseholders. Reconstruction, or construction, of other hotels is a long term issue at the moment and depends on regional development. CPI Group is also interested in expansion beyond the Czech borders and possible acquisitions of attractive assets outside of its home market.

CPI RESIDENTIAL ASSETS

Key Figures – June 2013

75.33 %	12,715
occupancy	number of apartments
242 million CZK	7,456 million CZK
rental income H1/2013	investment property
776 thousand sqm	6.53 %
rentable space	gross return*

* Gross return is based on the annualized 6-months 2013 rental income, excluding Ablon portfolio

Residential properties have been at the forefront of CPI Group's interest for many years. The Group is an important player, particularly in the field of residential housing, where it is positioned as the second largest rental provider in the Czech Republic with more than 12,700 apartment units.

The core activity within the residence segment is rental housing. The existing housing stock of CPI Group includes 12,715 rental flats in 15 cities of the Czech Republic concentrated mainly in the North Moravia, North Bohemia and Middle Bohemia regions under its subsidiary CPI BYTY, a.s. This company focuses on the operation and management of its rental housing portfolio.

A new business policy of supporting services in favour of the leaseholders, and continuous restoration of the apartments, contribute positively to the stability of the relationship with leaseholders.

Besides the investment into restoration of the apartments, the first steps concerning reduction of energy consumption and lowering of living costs for the leaseholders have taken place. The very first step was complete replacement of the apartment's central heating system and changing the energy provider at the Sever housing estate in Česká Lípa. The former distribution system was replaced by pumping devices in the houses. After several years of preparation, the gradual replacement and installation of new equipment started in the spring and should be completed this year.

Another example of helping lower the cost of living and energy consumption is the pilot auction of energy in Třinec and Český Těšín, which was organized by CPI BYTY for its clients. The results of the auction have not yet been known. However, it is supposed that costs will drop by several percent. CPI BYTY would like to proceed in this manner in other towns.

In the first half of 2013, CPI BYTY began with the implementation of a new corporate design, which should contribute to the perception of the company as an active, reliable partner for long-term living arrangements. Complete implementation of all aspects for everyday use, and redesign of all materials, should be finished by the end of this year.

Another important point in CPI Group's residential portfolio is the construction of luxurious properties for residential living or holiday accommodation. This mainly concerns following current projects.

Reconstruction of the former **Palais Maeterlinck** hotel complex in Nice, France, has become the biggest and most financially demanding project. This former home of Belgian poet Maurice Maeterlinck is located on the Azure coast and is situated on a cliff between Nice and Villefranche. Overlooking the Mediterranean Sea, it is one of the most popular locations on the French Riviera. CPI Group bought this resort in 2012 in order to reconstruct. The area comprises 3 hectares of land and 5,000 sq. m. of residential area. Reconstruction will enable the creation of luxurious apartment houses, which are intended for sale. The project is planned to be finished by the end of 2013, with the interior customised to each client's specifications by spring of the following year. There is a great amount of interest in this facility and some of the residential units have already been reserved.

Rezidence QUADRIO, a project of residential living units in the very heart of Prague, has a totally different character. It is part of a multipurpose complex right above the Národní třída "B" line underground station. Construction started in July 2012 and completion is scheduled for autumn 2014. This project offers from 15 to 18 apartments of different sizes and space arrangements, with the apartments on the upper floors offering a view of the Prague skyline. The location and technical amenities of the project, as well as cooperation with well-known architects, ensure quality accommodation for demanding clients.

Another development project of semi-detached houses in the village of Březiněves, on the outskirts of Prague, is currently in the second phase of construction. Under the name of **Jižní stráň (South Hillside)**, the houses have 180 sq. m. of usable area with a garage and a garden. New construction follows the first successful phase from 2008. Its completion is scheduled for the summer of 2014.

Among the recently acquired projects of Ablon Group are lands intended for future residence projects in Hungary, Poland, the Czech Republic and Romania.

In the Czech Republic there is one completed project in Prague surroundings called **Residence VIVA**. The whole complex consists of three brick semidetached houses, each with four floors is receding last floor, which gave rise to the spacious terraces. Semi-detached house is always connected to a common entrance to the underground part of the house, where there is both cellar and parking space. Each house provides a total of 54 duplex housing units, divided into two sections of 27 flats.

CPI INDUSTRY AND LOGISTICS ASSETS

Key Figures – June 2013

90.95 % occupancy	**16** number of properties
128 million CZK rental income H1/2013	**3,648 million CZK** investment property
212 thousand sqm rentable space	**8.03 %** gross return*

* Gross return is based on the annualized 6-months 2013 rental income, excluding Ablon portfolio

Logistics is the youngest sector in the history of CPI Group and continues to expand. In the first half of the year, the number of the projects has grown thanks to additional projects in Hungary; and the total leasable area has increased up to 212,000 sq. m.

The newly acquired Airport City Logistic Park includes 4 completed buildings which currently provide 26,500 sq. m. of leasable area and plans for further expansion. The nine-building complex will be completed in several phases, according to tenant requirements. In addition to warehouse functions, office spaces are also available in each building. Airport City is located in the administrative area close to the city limits of Budapest, five minutes from Liszt Ferenc Airport and Highway M0.

Concerning current projects, a contract extension and a possible expansion within the area of the Slovak Lozorno Industrial Car Park are being discussed. There are also proceedings concerning an extension of the lease contact with the companies Faurecia, Inteva and IAC. Inteva and IAC are also interested in extending cooperation for additional storage and office space.

CPI MIXTURE ASSETS

Key Figures – June 2013

5	**2,476 million CZK**
number of properties	investment property
70 million CZK	**7.44 %**
rental income H1/2013	gross return*

* Gross return is based on the annualized 6-months 2013 rental income, excluding Ablon portfolio

In 2011, CPI Group introduced the first project under the CPI City Center brand in Ústí nad Labem, which combines multiple functions and profits from the synergy effects. Located in the center of regional cities, the complexes include offices, retail units, and a congress hotel with a restaurant or residential housing. Their greatest competitive advantage is the mixture of functions and synergy among services offered.

Under this brand, another complex was finished in the first half of 2013. The **CPI City Center Olomouc** includes modern offices, shopping centre units and a hotel with sufficient occupancy concerning both accommodation and organization of various events. The first part of the building complex – offices and shops – has been running since June 2013 when the major leaseholder, Raiffeisenbank, started operations there. The other part, the four-star hotel and congress centre for up to 1,400 people, will be open to the public in September 2013.

As it has been stated above, the construction of **QUADRIO administrative and shopping complex** continues according to schedule. Construction started in July 2012. QUADRIO is situated above the Národní třída "B" line underground station in the historical heart of Prague and includes 16,400 sq. m. of office space, 8,500 sq. m. of retail space, 250 underground parking spaces and exclusive residential housing with a new green square as a part of the complex. Completion of the complex is scheduled for autumn 2014.

New Hungarian acquisition the **Europeum Shopping Center** also combines multiple functions of the shopping center and the hotel and profits from the synergy effects.

The CPI Group sees multipurpose assets as a trend which can be advantageous for both the investor and the tenants. The strategy is to develop similar projects in the future, and develop actual assets or realise new construction on the brownfields or land which has been in the CPI Group portfolio for a longer period of time.

CPI LAND BANK

Key Figures – June 2013

14.6 million sqm	6,066 million CZK
total area	investment property

In addition to its assets (such as buildings and development projects), CPI Group has a rather extensive portfolio of land throughout the Czech Republic and Slovakia, as well as about 1,049 thousand sq. m. of new acquisitions abroad. Lots 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. One significant advantage pertaining to the Group's cash-flow is the absence of bank loans on land. Loans are only taken out as a matter of strategic planning and demands of the Group within the area.

The most important land bank in the Group's portfolio mainly include land in the Ústí nad Labem region, which is very often adjacent to the emerging highway, or in Plzeň Region, smaller lands are distributed all over the Czech Republic. Significant volume of newly acquired land is located in Hungary, Romania and Poland.

CPI DEVELOPMENT

CPI Group views development as a means of increasing the value of land or other assets by carrying out new construction. These assets will remain in the Group's portfolio and is the subject of future rent or are planned for future sale. The most attention is now devoted to the completion of current development projects which mainly include multipurpose projects such as the QUADRIO administrative and shopping complex in Prague, CPI City Centre Olomouc, Clarion Congress Hotel Olomouc, reconstruction of the residential complex in France, or construction of Jižní stráň (South Hillside) family houses. These projects are described under the individual portfolios above.

Several other projects are in preparation, being studied, or in the approval process by authorities.

PROPERTY VALUATION

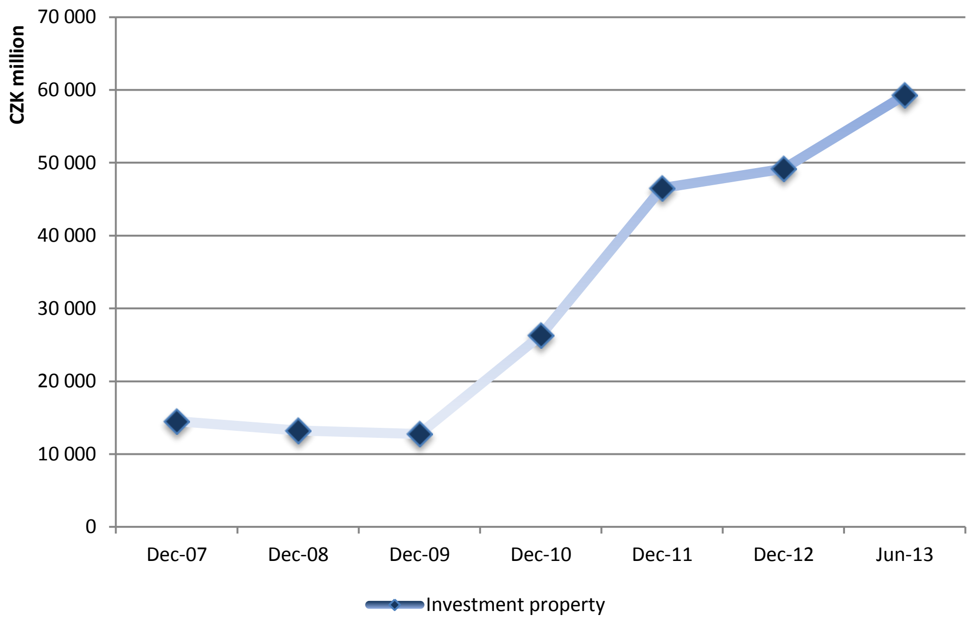
The interim financial statements of CPI Group as of 30 June 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the Investment properties owned CPI Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

The property portfolio valuation as at 30 June 2013 is based on a management's analysis of the current situation on the real estate market and on a reports issued by the following external valuators as at 31 December 2012.

- DTZ, a UGL company (further "DTZ"). DTZ and UGL Services are now united under a single global brand - DTZ, a UGL company. DTZ is a global leader in property services. The organization has 27,000 permanent employees and 47,000 co-workers, including contractors, operating in more than 208 offices in 52 countries. In the Czech Republic provides occupiers and investors on a local, regional and international scale with industry leading, end to end property solutions. DTZ in the Czech Republic has over 80 employees operating across 2 offices;
- RSM TACOMA a.s. (further "TACOMA"). TACOMA is part of the sixth largest global network of professional firms RSM International. RSM International operates in 102 countries, has 702 branches and 32,500 professionals. TACOMA provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll;
- Colliers International. Colliers International is a leader in global real estate offering comprehensive services to investors, property owners, tenants and developers around the world. A subsidiary of First Service Corporation, Colliers employed 13,500 employees in 482 offices worldwide and provides clients with wide range of services from brokerage and investment services, valuation and advisory to project management.
- other valuators.

The following graph shows development in the value of the investment property over last years:

Chart 1 Investment property Dec-07 – Jun-13

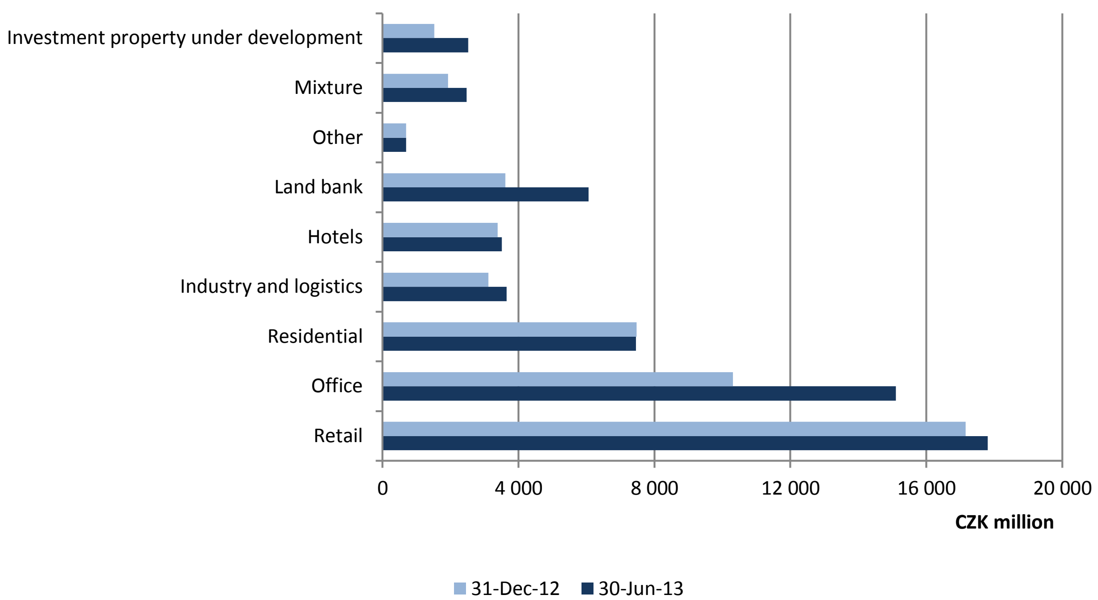


* Values above do not include property developed for future sale, which are disclosed as Trading Property – Inventory

Investment property value has rocketed since 2010 as a result of new acquisitions CPI Group has made in the last three and half years.

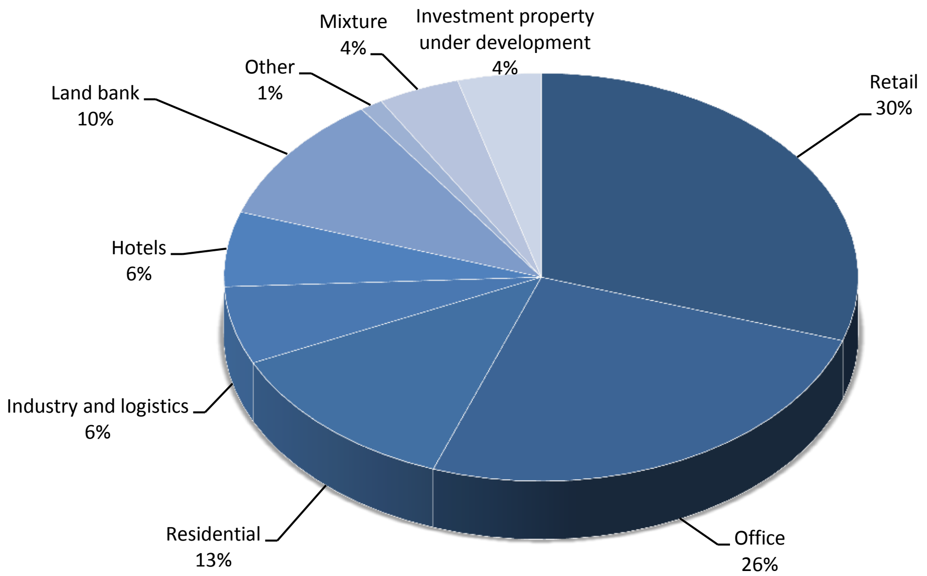
The value of the investment property, including investment property under development total TCZK 59,285,730 as at 30 June 2013. (31 December 2012: TCZK 49,191,249). The increase in the value compared to 2012 was mainly attributable to acquisition of Ablon group portfolio in June 2013 in total of TCZK 8,490,927.

Chart 2 Investment property Dec-12 – Jun-13



* Development values above do not include property developed for future sale, which are disclosed as Trading Property – Inventory

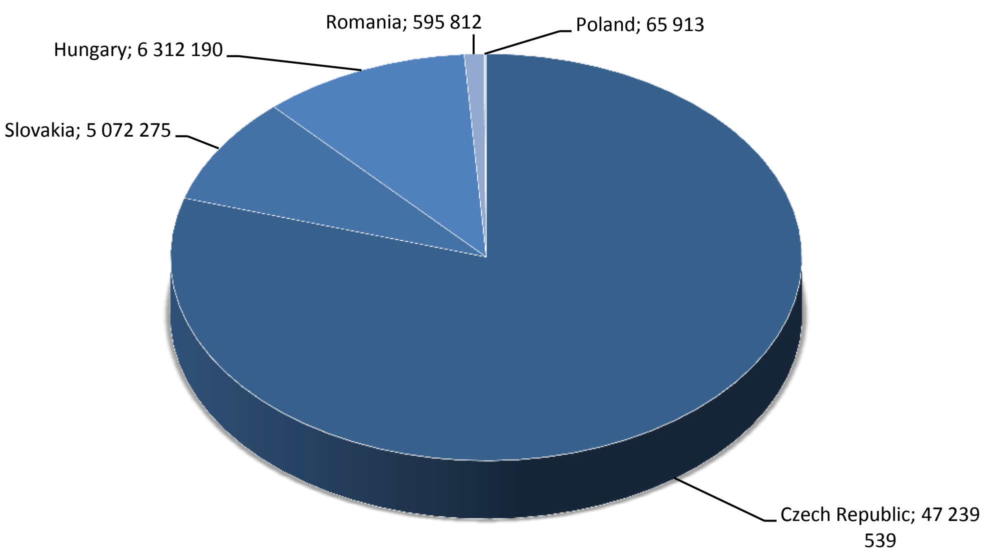
Chart 3 Investment property by segments Jun-13



* Development values above do not include property developed for future sale, which are disclosed as Trading Property – Inventory

Although by the recent acquisition CPI Group expanded its market share to the other European countries, such as Hungary, Poland, Romania, the Czech market still remain the main market of the Group.

Chart 4 Investment property by location Jun-13



* Development values above do not include property developed for future sale, which are disclosed as Trading Property – Inventory

EARNINGS AND BALANCE SHEET ANALYSIS

Overview of key indicators (as derived from the consolidated financial statements)

Indicator	Unit	6-months ended 30-Jun-12	Year ended 31-Dec-12	6-months ended 30-Jun-13
Operating Revenues	TCZK	1,475,699	2,983,542	1,610,576
- Revenues from Rental of Properties	TCZK	1,436,405	2,896,215	1,551,008
EBITDA	TCZK	1,201,424	3,162,570	1,590,498
EBIT	TCZK	1,195,178	3,147,872	1,578,953
EBIT Margin	%	81.0	105.5	98.0
Net Profit	TCZK	357,778	1,441,666	897,892
EPS - basic	CZK / share	64.6	251.2	156.1
Total Asset	TCZK	59,074,105	64,768,161	72,428,256
Investment Property	TCZK	47,510,560	49,191,249	59,285,730
Equity	TCZK	18,444,121	21,020,712	22,986,560
ROE	%	1.9	6.9	3.9
ROA	%	2.0	4.9	2.2

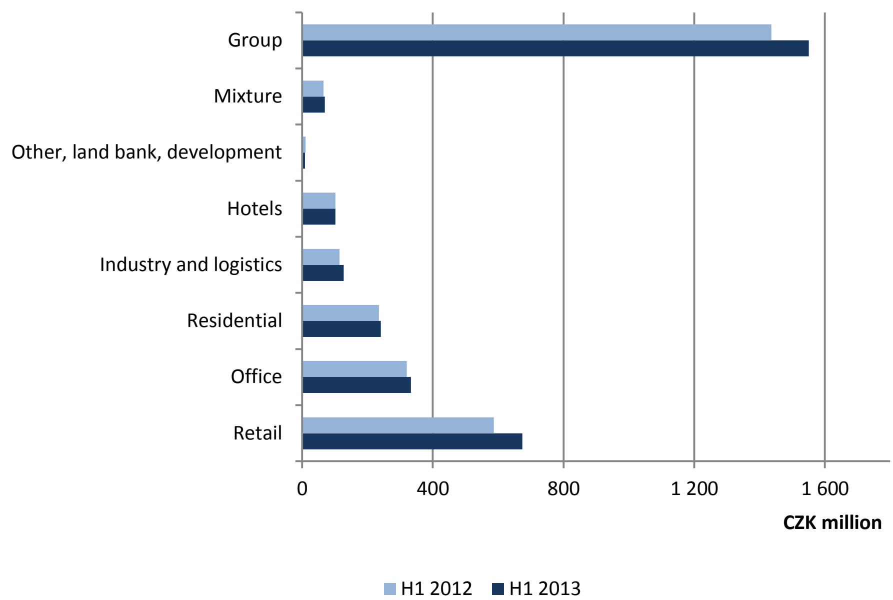
Statement of comprehensive income

Net rental and service related income

Gross rental income for 6-months period of 2013 rose by 8% to TCZK 1,551,008 (H1 2012: TCZK 1,436,405). The growth was mainly attributable to acquisitions made in the second half of 2012 and successful assets management.

Property operating expenses increased by TCZK 102,711 and were therefore by 49% higher than in June 2012. The principal costs are repair and maintenance costs of TCZK 158,606, rest represents vacancy costs and operating costs which cannot be charged to the tenants.

Chart 5 Gross rental income H1 2012 – H1 2013



Net rental and service related income for 6-months period of 2013 rose by 3% to TCZK 1,306,297 (H1 2012: TCZK 1,271,957).

Outcome of former Ablon group's rental activities and hotel operations did not affected CPI Group's result for the first half of 2013 as its acquisition took place on 30 June 2013.

Valuation gain on investment property

Total impact of revaluation of investment property was negative of TCZK 142,253 (H1 2012: positive TCZK 90,024) and arisen from additional development costs which would not be reflected in the fair value at the year-end.

Administrative expenses

Administrative expenses increased by 12% to TCZK 168,920 in June 2013. This substantially resulted from an increase in personnel expenses due to rise in headcount connected with CPI Group expansion.

Other income and expenses

Other operating income and expenses total to net income of TCZK 152,673 which is significantly higher than net income of TCZK 27,070 in June 2012. The main reason of increase is a gain on bargain purchase of TCZK 150,204 recognised on acquisition of 50% stake in CPI Národní, s.r.o.

Net finance income / costs

A finance income for 6 months up to 30 June 2013 increased by TCZK 800,688 compared to the same period of 2012. On the other hand, finance costs of TCZK 850,935 changed only marginally compared to half year of 2012, which resulted into net finance income of TCZK 91,015 disclosed for 6-months period ended 30 June 2013. The main reasons for changes are described below:

- as a result of rise of loans provided outside the Group the interest income increased by TCZK 363,881;
- CPI Group acquired receivables for a price that was significantly lower than receivables' nominal value. The gain realised from the collection of these receivables total TCZK 391,106;
- favourable development in interest rates resulted in an increase in gain on revaluation of financial derivatives by TCZK 88,442.

Earnings before interest and tax (EBIT)

EBIT rose by 32% from TCZK 1,195,178 in the first half of 2012 to TCZK 1,578,953 in the same period of 2013. Key driver having impact on this increase was the gain realised from the collection of receivables as mentioned in paragraph above.

Profit for the period

Profit for the 6-months period increased from TCZK 357,778 in June 2012 to TCZK 897,892 in June 2013, of which TCZK 896,254 (June 2012: 357,785) represents profit attributable to the owners of the parent company CPI. The increase is mainly attributable to increase in net finance income.

Statement of financial position

Assets

Measured against 31 December 2012 the investment property balance, including property under development, rose by TCZK 10,094,481 to TCZK 59,285,730. The biggest impact has following transactions:

- acquisition of Ablon group portfolio of TCZK 8,490,927;
- acquisition of retail park in Třinec of TCZK 77,607;
- acquisition of land bank portfolio of TCZK 291,927;
- acquisition of remaining part of Quadrio development project of TCZK 824,415

Due to ongoing development of luxury residential apartments in Nice, the balance of trading property – inventories increased by TCZK 330,338. In addition, the Group acquired residential project intended for future sale in the value of TCZK 125,745.

Property, plant and equipment newly include an owner-operated hotel at net book value of TCZK 517,586 as at 30 June 2013, which was acquired as a part of Ablon group acquisition. Hotel is operated under brand Courtyard by Marriott and is located in Budapest, Hungary.

Loans provided decreased by TCZK 2,074,799 to TCZK 4,572,275 as of 30 June 2013. The decrease is primarily connected with acquisition of Ablon group as the loans were set-off with payable occurred upon this acquisition.

Cash and cash equivalent total TCZK 2,486,142 which is by 34% less than as of 31 December 2012.

Net assets value

Net assets value – NAV (total equity including non-controlling interest) totals TCZK 22,986,560 as of 30 June 2013 and compared to 31 December 2012 rose by 9%. Alongside the result for the period, the change was also driven by in-kind contribution by the CPI Group owner of TCZK 1,118,064.

The table below shows how NAV is calculated in compliance with the best practice policy recommendations of the European Public Real Estate Association (EPRA).

Net Asset Value (TCZK)	**30-Jun-13**	**31-Dec-12**
Equity per the financial statements (NAV)	**22,986,560**	**20,932,048**
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**22,986,560**	**20,932,048**
Fair value of financial instruments	201,081	333,023
Deferred tax	3,946,827	3,034,865
EPRA NAV	**27,134,468**	**24,299,936**
EPRA NAV per share	**3.51**	**3.14**

Liabilities

Interest bearing loans and liabilities and bank overdraft rose by TCZK 1,057,985 compared to prior year. In addition, CPI Group issued new bonds in two emissions and consequently outstanding bonds balance rose by 51% from TCZK 9,706,752 to TCZK 14,619,268 as of 30 June 2013.

Net debt position, including available cash and cash equivalent is as follows:

TCZK	30-Jun-13	31-Dec-12
Interest-bearing loans and borrowings (non-current)	21,397,220	19,753,369
Interest-bearing loans and borrowings (current)	4,868,208	5,456,067
Bonds issued (non-current)	14,128,991	9,439,705
Bonds issued (current)	490,277	267,047
Bank overdraft	388,783	386,790
Cash and cash equivalents	-2,486,142	-3,777,504
Net debt	**38,787,337**	**31,525,474**

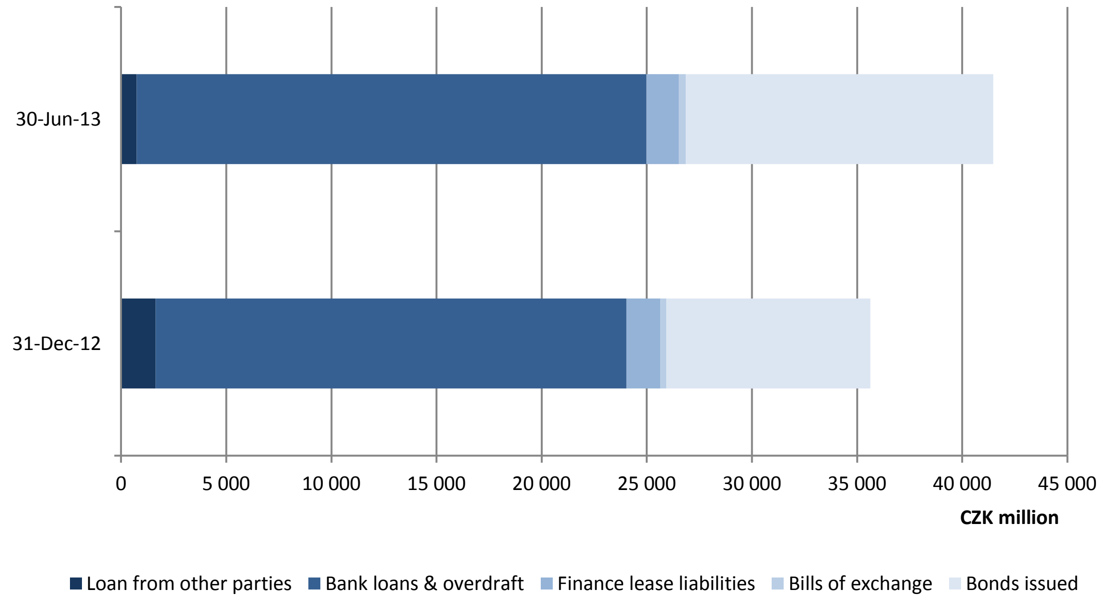
Trade and other payables decreased by TCZK 1,280,967 to TCZK 2,002,239 disclosed as at 30 June 2013 as a part of other payables was used for in-kind contribution to other capital funds.

Deferred tax liabilities of TCZK 832,829 we acquired as a part of business combination which was the main reason for the increase in deferred tax liabilities as of 30 June 2013.

FINANCING

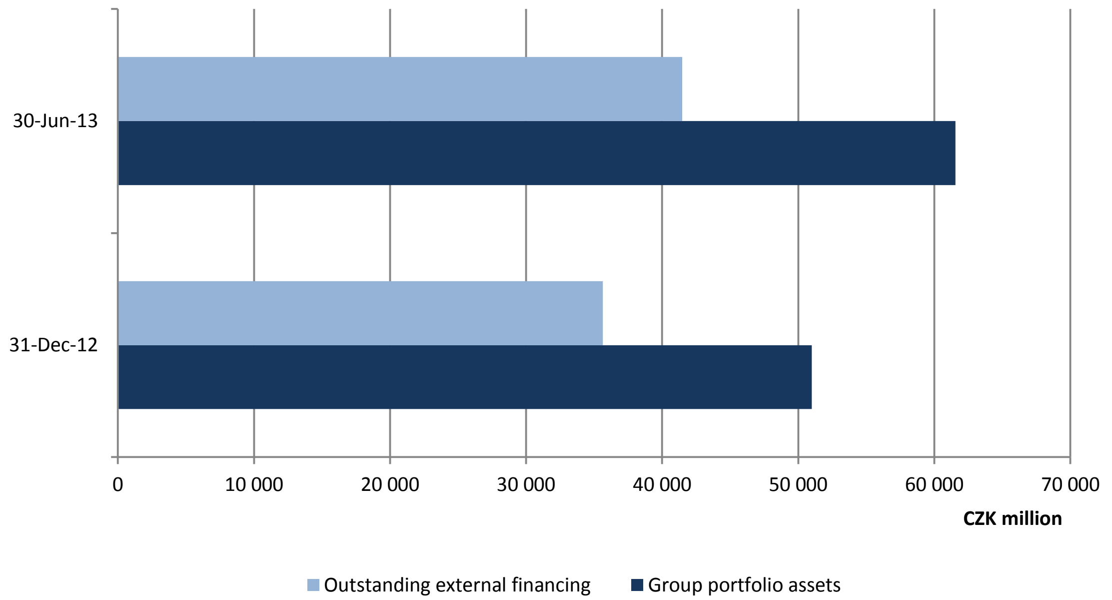
As at 30 June 2013, the external financing total TCZK 41,474,560 (31 December 2012: TCZK 35,636,001) and financial costs for the period total TCZK 809,364 (H1 2012: TCZK 803,299). As shown in Chart below the structure of external financing do not change significantly compared to 31 December 2012.

Chart 6 Structure of external financing Dec-12 – Jun-13



CPI Group continues to focus on establishing the most effective structure of sources of external financing alongside successful management of the real estate portfolio. Therefore the share of external financing on property value does not change significantly as of 30 June 2013 and represents 67% (31 December 2012: 70%).

Chart 7 Group portfolio and external financing Dec-12 – Jun-13

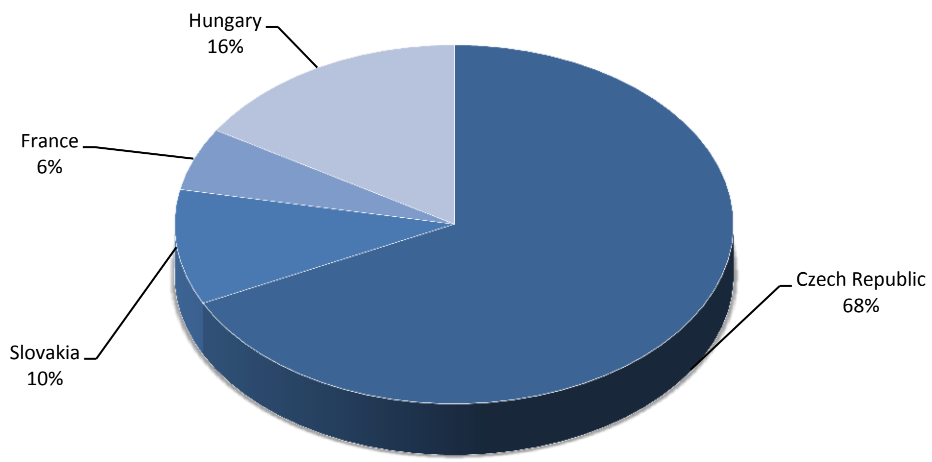


There were no significant changes in the maturity profile of CPI Group's financing in the first half of 2013.

Bank loans

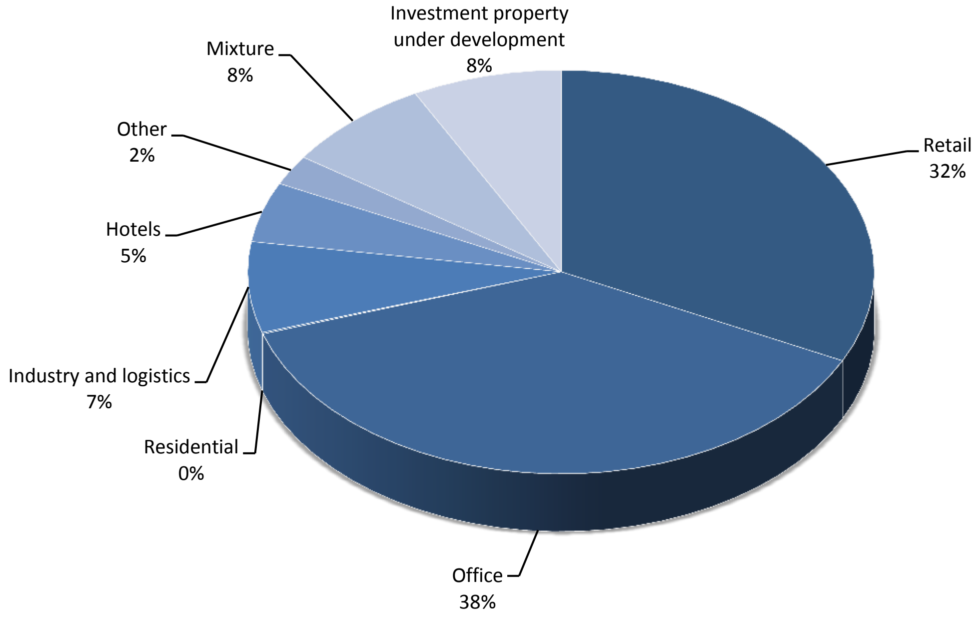
Bank loans balance, including bank overdrafts reached TCZK 24,038,659 as of 30 June 2013 which represents increase by TCZK 1,973,930 compared to TCZK 22,064,729 as of 31 December 2012. Increase is mainly linked to acquisition of Ablon group as bank loans of TCZK 4,369,650 became a part of the balance sheet as of 30 June 2013. This acquisition also led to change in ratio of loans drawn in Czech crowns against loans drawn in Euro from 54:46 in December 2012 to 39:61 in June 2013.

Chart 7 Bank loans by location Jun-13



CPI Group focuses on the secured financing; therefore majority of debts is drawn by the companies within the Group, which held the respective real estate. Unsecured financing is limited to bank overdrafts mainly at the parent company CPI.

Chart 8 Bank loans by segments Jun-13



Bonds issued

The bonds issued by CPI Group are summarized in the table below:

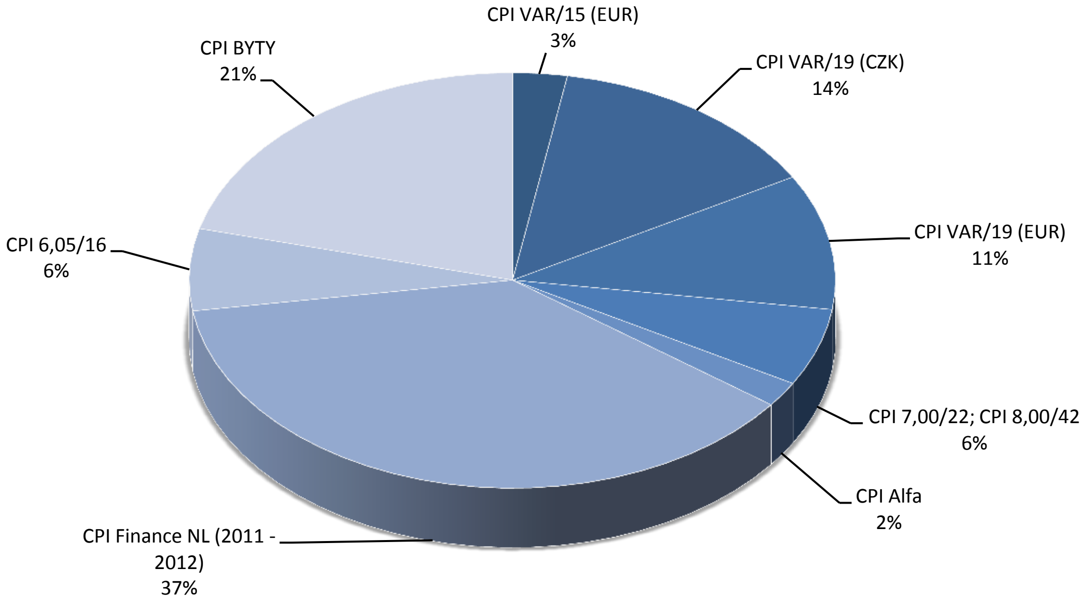
Group company	ISIN	Type	Currency	Nominal issued (TCZK)	Balance as of 30-Jun-13 Owned by group	Balance as of 30-Jun-13 Owned by external	Interest rate	Maturity
CPI	CZ0003501496	CPI 2021	CZK	2,430,000	2,430,000	0	6M PRIBOR + 3.5%	08/08/2021
CPI	CZ0003501835	CPI VAR/15 (EUR)	EUR	389,250	-	389,250	6M EURIBOR + 6.5%	23/03/2015
CPI	CZ0003501868	CPI VAR/19 (CZK)	CZK	2,000,000	-	2,000,000	6M PRIBOR + 6.5%	29/03/2019
CPI	CZ0003501843	CPI VAR/19 (EUR)	EUR	1,505,100	-	1,505,100	6M EURIBOR + 6.5%	29/03/2019
CPI	CZ0003502932	CPI 8,00/42	CZK	1,000,000	175,000	825,000	8% p.a.	05/12/2042
CPI	CZ0003502924	CPI 7,00/22	CZK	1,000,000	1,000,000	0	7% p.a.	11/12/2022
CPI	CZ0003502957	CPI 7,00/22	CZK	1,000,000	965,588	34,412	7% p.a.	13/12/2022
CPI	CZ0003502916	CPI 7,00/22	CZK	1,000,000	1,000,000	0	7% p.a.	06/12/2022
CPI	CZ0003502940	CPI 8,00/42	CZK	1,000,000	1,000,000	0	8% p.a.	17/12/2042
CPI	CZ0003510646	CPI 6,05/16	CZK	1,500,000	589,590	910,410	6.05%	29/03/2016
CPI Finance Netherlands		CPI Finance NL (2011)	CZK	5,000,000	400,000	4,600,000	5% p.a.	15/12/2021
CPI Finance Netherlands		CPI Finance NL (2012)	CZK	1,000,000	260,000	740,000	5% p.a.	15/12/2022
CPI Alfa	CZ0003502205	CPI Alfa	CZK	279,000	-	279,000	5.5% p.a.	26/10/2017
CPI BYTY	CZ0003510679	CPI BYTY	CZK	3,000,000	0	3,000,000	2.5% to 5.8% p.a.	07/05/2021
Total balance due to bondholders				**22,103,350**	**7,820,178**	**14,283,172**		
Accrued transaction cost						-154,181		
Accrued interest						490,277		
Total balance after transaction cost						**14,619,268**		

CPI 6,05/16 bonds and CPI BYTY bonds were issued in the first half of 2013.

Bonds CPI VAR/15, CPI VAR/19 (CZK), CPI VAR/19 (EUR), CPI Alfa, CPI 6,05/16 and CPI BYTY were accepted for trading on the Prague Stock Exchange.

Except of CPI VAR/19, CPI Alfa and CPI BYTY bonds which are secured by mortgage, all other bonds provide unsecured financing mainly at the parent company CPI level and are generally used as source of financing for current and future investment activities. The significant volume of issued bonds is owned by other companies within CPI Group which provide the Group with a certain level of flexibility when financing the investment activities.

Chart 9 Bonds owed to external Jun-13



Issued bonds CPI VAR/15 (EUR), CPI VAR/19 (CZK), CPI VAR/19 (EUR) and CPI 6,05/16 are subject to a number of covenants. All covenant ratios were met as at 30 June 2013.

Issued bonds CPI Alfa are subject to a number of covenants. According to bonds prospectus the covenant ratios will be firstly calculated for the year ended 31 December 2013.

Issued bonds CPI BYTY are subject to a number of covenants. According to bonds prospectus the covenant ratios will be firstly calculated for the year ended 31 December 2014.

INFORMATION ON EQUITY

Data on shares

Shares of Czech Property Investments, a.s. are common shares in the form of paper certificates, issued to the bearer. They are not listed securities; the nominal value is CZK 800 per share. The total nominal value of the issue is CZK 6,186,996,800.

Income from the shares is taxed according to the Act No. 586/1992 Coll., on Income Tax, as amended. The tax is applied as a deduction on the dividend payment.

Shares of CPI are transferable without any restrictions. Changes in the owner of the paper shares are made by their handover and endorsement in accordance with the Securities Act.

The share owner does not have any exchange or first option right; the shares do not have limited voting rights or any other special rights. During the shareholder voting at the General Meeting, each share represents one vote.

Dividend payments are made by the Board of Directors of CPI in accordance with the decision of the General Meeting which determines the place and date of dividend payments. The latest date of dividend payment is the date designated as the reference date for the eligibility to participate in the General Meeting. The latest date of dividend payment is the date designated as the reference date for the dividend payment. Unless the General Meeting decides otherwise, the dividend is payable within one year from the date on which the General Meeting decided on profit distribution.

After dissolution of CPI through liquidation, each shareholder is entitled to a share in the liquidation balance.

Shares of CPI are not traded on any public or regulated domestic or foreign market.

Data on share capital

The share capital of CPI is CZK 6,186,996,800 and it is divided into 7,733,746 shares with a nominal value of CZK 800 per share.

The share capital of CPI has been paid in full; it is not a subject to any option or exchange rights. CPI is not a direct holder of any of its own participating securities.

Shareholder structure of CPI as of 30 June 2013:

Shareholder	Share in share capital
JUDr. Radovan Vítek	100.00%
Total	**100.00%**

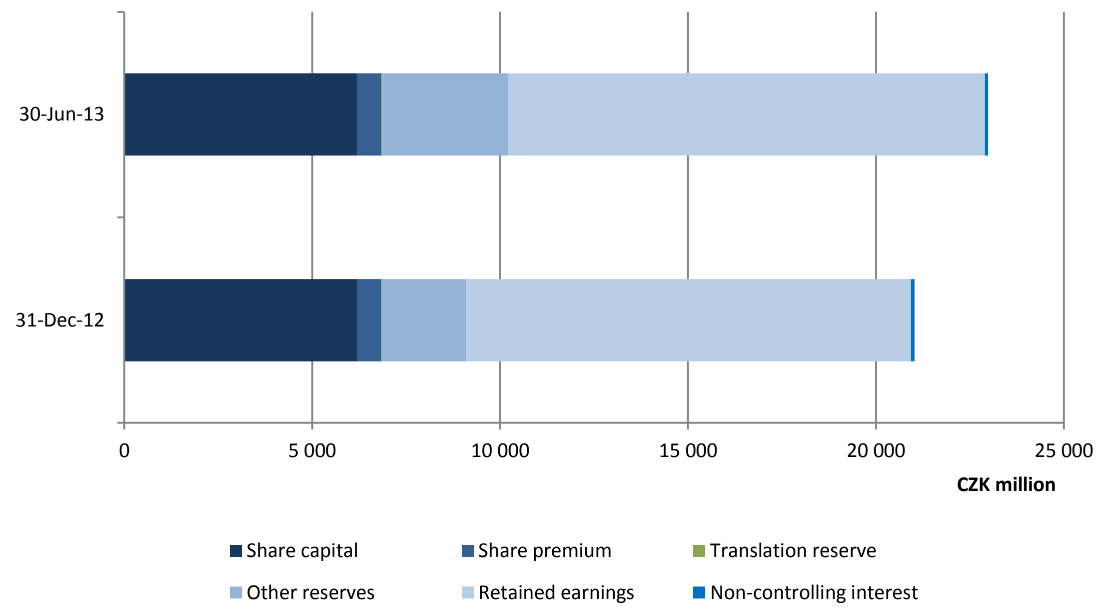
CPI is not aware about any contracts that could result in aggravating the transferability of shares or voting rights.

Data on equity

CPI Group

Equity as presented in the consolidated financial statements of CPI Group's total TCZK 22,986,560 as of 30 June 2013 and comprised: share capital (TCZK 6,186,997), share premium (TCZK 652,364), translation reserve (TCZK 19,881), other reserves (TCZK 3,347,438), retained earnings (TCZK 12,694,186) and non-controlling interest of TCZK 85,694. Compared to 2012, the equity of CPI Group increased by TCZK 1,965,848.

Chart 10 Structure of CPI Group equity Dec-12 – Jun-13



OUTLOOK

Commercial real estate on the Czech market experienced strong growth in the first half of this year. According to the consulting firm Jones Lang LaSalle, transactions which were executed so far this year amount to EUR 400 million (about CZK 10.4 billion) compared to EUR 225 million last year. Most of the transactions (60%) were in Prague, with the largest amount being office buildings (CZK 5.2 billion). Investments in the retail sector amounted to CZK 1.6 billion, increasing the volume of investment in the industrial properties sector by a significant 75% compared to the first half of 2012. Many transactions were signed in the first half of the year but still have not been formally closed. According to JLLS, we can count with a three-year growth of investment volume of more than one billion Euros.

Interest in real estate investments will not only increase in our country. According to an analysis by DTZ, revenues from commercial real estate in Europe will grow in an average of about 8% in the next five years. Between the years of 2013 – 2017, the highest yields in Europe are promised to be industrial (9%), followed by retail (8%) and office projects (about 7.5%).

CPI Group also significantly influenced statistics in the first half of the year, and thanks to acquisition negotiations in the on-coming months, will be among the active investors. The domestic market and individual properties are not our only focus. The current situation on the market, and a favourable climate for such transactions, contribute to the expansion of CPI Group on the European continent, while extending the value of assets in the order of a billion crowns by buying companies who own a large amount of properties.

In addition to acquisitions and investments in existing property, CPI Group's development projects are also an important component of its activities. Their current priority is the successful completion of major projects that are technically and financially demanding, such as the Palais Maeterlinck in Nice or the QUADRIO multifunctional complex in Prague. A number of other projects are being realized and prepared, as well as new opportunities for construction, thanks to the newly acquired land outside of the Czech and Slovak Republics.

Despite slow growth in the rental of commercial premises, CPI Group is always looking for new forms of competitive advantages. Among these is clearly the pressure of achieving long-term reductions in operating costs. CPI Group is therefore focusing on cutting-edge technology in new buildings that will follow this trend so it meets the requirements of tenants, while going hand in hand with the quality of the work environment and services related to the renting of commercial space. CPI Group mainly sees its advantage in regions of the Czech Republic where it enjoys a long history of success due to its experience, multiple essential services and property portfolio that offers attractive leasing terms.

CPI Group does not expect significant changes in the rental housing area. Emphasis will remain on proactive business policy and marketing. The Group will continue with the revitalization of its housing stock, and as with its commercial space, also reduce energy costs. These energy costs constitute an important component of its tenants' monthly payments. Another goal is to continuously improve its services, which in the case of large owner, is another competitive advantage over individual owners of residential buildings.

Prague, 30 August 2013

Radovan Vítek
Chairman of the Board of Directors
Czech Property Investments, a.s.

Marek Stubley
Vice-chairman of the Board of Directors
Czech Property Investments, a.s.

FINANCIAL STATEMENTS

Condensed consolidated interim financial statements as at 30 June 2013

- Consolidated statement of financial position
- Consolidated statement of comprehensive income
- Consolidated statement of cash flow
- Consolidated statement of changes in equity
- Notes to the Consolidated Financial statements

Czech Property Investments, a.s.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2013

CPI Group

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2013	31 December 2012
ASSETS			
Non-current assets			
Investment property	6.1	56 763 637	47 671 820
Investment property under development	6.2	2 522 093	1 519 429
Property, plant and equipment	6.3	647 246	108 689
Intangible assets and goodwill	6.4	240 663	18 293
Other investments	6.5	68 152	11 768
Loans provided	6.6	3 940 120	5 505 199
Trade and other receivables	6.8	16 061	629 398
Deferred tax asset	5.11	358 489	358 489
Total non-current assets		**64 556 461**	**55 823 085**
Current assets			
Trading property - inventories	6.7	2 262 069	1 806 028
Current income tax assets		130 237	85 346
Trade and other receivables	6.8	2 357 563	2 134 323
Other investments	6.5	3 629	--
Loans provided	6.6	632 155	1 141 875
Cash and cash equivalents	6.9	2 486 142	3 777 504
Total current assets		**7 871 795**	**8 945 076**
TOTAL ASSETS		**72 428 256**	**64 768 161**
Share capital		6 186 997	6 186 997
Share premium		652 364	652 364
Translation reserve		19 881	1 961
Other reserves		3 347 438	2 249 442
Retained earnings		12 694 186	11 841 284
Total equity attributable to owners of the Company	6.10	**22 900 866**	**20 932 048**
Non-controlling interest	6.10	85 694	88 664
Total equity		**22 986 560**	**21 020 712**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	30 June 2013	31 December 2012
Non-current liabilities			
Interest-bearing loans and borrowings	6.11	21 397 220	19 753 369
Bonds issued	6.12	14 128 991	9 439 705
Liabilities from derivatives	6.13	221 784	284 441
Trade and other payables	6.15	376 480	1 239 529
Deferred tax liabilities	5.11	5 936 518	4 823 131
Total non-current liabilities		**42 060 993**	**35 540 175**
Current liabilities			
Bank overdraft	6.14	388 783	386 790
Interest-bearing loans and borrowings	6.11	4 868 208	5 456 067
Bonds issued	6.12	490 277	267 047
Liabilities from derivatives	6.13	--	48 582
Trade and other payables	6.15	1 625 759	2 043 677
Provisions		7 676	5 111
Total current liabilities		**7 380 703**	**8 207 274**
TOTAL EQUITY AND LIABILITIES		**72 428 256**	**64 768 161**

The notes on pages 9 to 50 are integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the 6 months period ended	
	Note	30 June 2013	30 June 2012
Gross rental income	5.1	1 551 008	1 436 405
Service income	5.1	59 568	39 294
Net service charge income	5.2	7 246	5 072
Property operating expenses	5.3	-311 525	-208 814
Net rental and service related income		**1 306 297**	**1 271 957**
Net valuation gain/ (loss) on investment property	5.4	-142 253	90 024
Loss on the disposal of investment property	5.5	-13 889	-18 676
Loss on the disposal of trading property		--	-100
Gain on the disposal of plant and equipment		366	18
Administrative expenses	5.6	-168 920	-150 835
Other income	5.7	181 257	98 455
Other expenses	5.8	-28 584	-71 385
Results from operating activities		**1 134 274**	**1 219 458**
Finance income	5.9	941 950	141 262
Finance costs	5.10	-850 935	-877 562
Net finance income / (costs)		**91 015**	**-736 300**
Profit before income tax		**1 225 289**	**483 158**
Income tax expense	5.11	-327 397	-125 380
Profit from continuing operations		**897 892**	**357 778**
Profit for the period		**897 892**	**357 778**
Other comprehensive expense			
Items that will never be reclassified to profit or loss		--	--
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		17 920	-2 172
Effective portion of changes in fair value of cash flow hedges		-78 348	-13 870
Income tax on other comprehensive expense		14 886	2 635
Other comprehensive expense for the period, net of tax		**-45 542**	**-13 407**
Total comprehensive income for the period		**852 350**	**344 371**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	For the 6 months period ended	
		30 June 2013	**30 June 2012**
Profit attributable to:			
Owners of the Company		896 254	357 785
Non-controlling interest		1 638	-7
Profit for the period		**897 892**	**357 778**
Total comprehensive income attributable to:			
Owners of the Company		850 712	344 378
Non-controlling interest		1 638	-7
Total comprehensive income for the period		**852 350**	**344 371**
Earnings per share			
Basic earnings per share (CZK)		115,89	64,64
Diluted earnings per share (CZK)		115,89	64,64

The notes on pages 9 to 50 are integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 6 months period ended	
	30 June 2013	**30 June 2012**
Operating activities:		
Profit before income tax	**1 225 289**	**483 158**
Adjusted by:		
Net valuation (gain) / Loss on investment property	142 253	-90 024
Loss on the disposal of investment property	13 889	18 676
Depreciation / amortisation of tangible and intangible assets	11 545	6 246
Impairment of assets / Reversal of impairment of assets	18 125	20 890
(Gain) / Loss on the disposal of property, plant and equipment	-366	-18
Net finance (income) / costs	-91 015	736 300
Gain on bargain purchase	-150 204	-64 869
Exchange rate differences	-106 732	48 180
Profit before changes in working capital and provisions	**1 062 784**	**1 158 539**
Changes in trade and other receivables	278 859	42 698
Changes in trading property - inventory	-330 388	-152 032
Changes in trade and other payables	-703 407	1 125 946
Changes in provisions	-493	-1 284
Income tax paid	-27 581	-129 233
Net cash flows from operating activities:	**279 774**	**2 044 634**
Investing activities:		
Acquisition of subsidiaries, net of cash acquired	-102 158	-619 523
Acquisition of non-controlling interest	-7	--
Capital expenditure on own investment property	-157 116	-203 762
Expenditure on investment property under development	-281 222	-399 764
Acquisition of property, plant and equipment	-4 286	-3 298
Acquisition of intangible assets	-4 074	-1 955
Acquisition of other investments	-35 681	--
Proceeds from sale on investment property	77 746	127 396
Proceeds from sale of property, plant and equipment	527	18
Other loans (provided) / repaid	50 571	-903 352
Interest received	59 437	84 361
Net cash flows from investing activities	**-396 263**	**-1 919 879**
Financing activities:		
Proceeds from bonds issued/ (Repayment of bonds issued)	3 876 719	2 638 508
Other capital contributions	--	789 938
Drawings / (repayments) of loans and borrowings	-4 261 673	-2 672 573
Drawings / (repayments) of finance lease liabilities	-54 712	136 849
Interest paid	-735 207	-787 798
Net cash flows from financing activities	**-1 174 873**	**104 924**
Net increase in cash and cash equivalents	**-1 291 362**	**229 679**
Cash and cash equivalents at beginning of the year	**3 777 504**	**1 413 820**
Cash and cash equivalents at the end of the year	**2 486 142**	**1 643 499**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other capital funds	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2013	**6 186 997**	**652 364**	**1 961**	**102 967**	**-181 681**	**2 328 156**	**11 841 284**	**20 932 048**	**88 664**	**21 020 712**
Comprehensive income for the period										
Profit for the period	**--**	**--**	**--**	**--**	**--**	**--**	**896 254**	**896 254**	**1 638**	**897 892**
Foreign currency translation differences - foreign operations	--	--	17 920	--	--	--	--	17 920	--	17 920
Effective portion of changes in fair value of cash flow hedges	--	--	--	--	-78 348	--	--	-78 348	--	-78 348
Income tax on other comprehensive income	--	--	--	--	14 886	--	--	14 886	--	14 886
Total other comprehensive income / (expense)	**--**	**--**	**17 920**	**--**	**-63 462**	**--**	**--**	**-45 542**	**--**	**-45 542**
Total comprehensive income / (expense) for the period	**--**	**--**	**17 920**	**--**	**-63 462**	**--**	**896 254**	**850 712**	**1 638**	**852 350**
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Owner's contribution	--	--	--	--	--	1 118 064	--	1 118 064	--	1 118 064
Total contributions by and distributions to owners of the Company	**--**	**--**	**--**	**--**	**--**	**1 118 064**	**--**	**1 118 064**	**--**	**1 118 064**
Changes in ownership interests in subsidiaries										
Acquisition / disposal of non-controlling interests without a change in control	--	--	--	--	--	--	42	42	-49	-7
Acquisition of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	-4 559	-4 559
Total changes in ownership interests in subsidiaries	**--**	**--**	**--**	**--**	**--**	**--**	**42**	**42**	**-4 608**	**-4 566**
Total transactions with owners of the Company	**--**	**--**	**--**	**--**	**--**	**1 118 064**	**42**	**1 118 106**	**-4 608**	**1 113 498**
Other movements										
Transfers to Legal reserve fund	--	--	--	43 394	--	--	-43 394	--	--	--
Total other movements	**--**	**--**	**--**	**43 394**	**--**	**--**	**-43 394**	**--**	**--**	**--**
Balance at 30 June 2013	**6 186 997**	**652 364**	**19 881**	**146 361**	**-245 143**	**3 446 220**	**12 694 186**	**22 900 866**	**85 694**	**22 986 560**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other capital funds	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2012	**4 428 140**	**199 222**	**14 036**	**94 646**	**-186 858**	**1 041 114**	**10 407 939**	**15 998 239**	**433**	**15 998 672**
Comprehensive income for the period										
Profit for the period	**--**	**--**	**--**	**--**	**--**	**--**	**357 785**	**357 785**	**-7**	**357 778**
Foreign currency translation differences - foreign operations	--	--	-2 172	--	--	--	--	-2 172	--	-2 172
Effective portion of changes in fair value of cash flow hedges	--	--	--	--	-13 870	--	--	-13 870	--	-13 870
Income tax on other comprehensive income	--	--	--	--	2 635	--	--	2 635	--	2 635
Total other comprehensive income / (expense)	**--**	**--**	**-2 172**	**--**	**-11 235**	**--**	**--**	**-13 407**	**--**	**-13 407**
Total comprehensive income / (expense) for the period	**--**	**--**	**-2 172**	**--**	**-11 235**	**--**	**357 785**	**344 378**	**-7**	**344 371**
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Owner' contribution	--	--	--	--	--	2 014 542	--	2 014 542	--	2 014 542
Total contributions by and distributions to owners of the Company	**--**	**--**	**--**	**--**	**--**	**2 014 542**	**--**	**2 014 542**	**--**	**2 014 542**
Changes in ownership interests in subsidiaries										
Acquisition of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	86 536	86 536
Total changes in ownership interests in subsidiaries	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**86 536**	**86 536**
Total transactions with owners of the Company	**--**	**--**	**--**	**--**	**--**	**2 014 542**	**--**	**2 014 542**	**86 536**	**2 101 078**
Other movements										
Transfers to Legal reserve fund	--	--	--	9 328	--	--	-9 328	--	--	--
Total other movements	--	--	--	9 328	--	--	-9 328	--	--	--
Balance at 30 June 2012	**4 428 140**	**199 222**	**11 864**	**103 974**	**-198 093**	**3 055 656**	**10 756 396**	**18 357 159**	**86 962**	**18 444 121**

The notes on pages 9 to 50 are integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Czech Property Investments, a.s. („the Company“) is a joint-stock company incorporated under the laws of the Czech Republic.

The Company was established on 17 December 1991 and is registered in the Commercial register kept by the Municipal Court in Prague. The registration number of the Company is 427 16 161.

The address of its registered office is Václavské náměstí, 1601/47, Praha 1, 110 00.

The condensed consolidated interim financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group" or individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

Ownership structure

The sole shareholder of the Company is Mr. Radovan Vítek, Minská 41, Brno, 616 00.

Management

There was no change in Board of Directors as well as in Supervisory Board in period from 1 January 2013 to 30 June 2013 comparing to 31 December 2012.

Basis of preparation of financial statements

The condensed consolidated interim financial statements for the six months ended 30 June 2013 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 2012.

The condensed consolidated interim financial statements are presented in thousands of Czech crowns (TCZK) 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 2012.

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

These condensed consolidated interim financial statements have not been audited.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 30 August 2013.

2 Significant 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 2012 except as described below.

- Investment property and investment property under development (note 6.1; 6.2)
- Taxation (note 5.11)

2.1 New accounting standards

The Group's applies, for the first time, certain standards and amendments effective as at 1 January 2013.
The nature and the impact of each new standard/amendment are described below:

- IAS 1, Presentation of Items of Other Comprehensive Income – Amendments to IAS 1. The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or results of operations.
- IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required or permitted by other IFRSs. The application of IFRS 13 has not materially impacted the fair value measurements of the Group. IFRS 13 also requires specific disclosures of fair values. Some of these disclosures are specifically required for financial instruments by IAS 34.16A (j), thereby affecting the condensed consolidated interim financial statements. The Group provides these disclosures in note 7.

In addition, in respect of the following new or amended standards and interpretations those are mandatory for 2013 annual period, the Group considers end evaluates the impact on its annual 2013 consolidated financial statement:

- IFRS 7 Financial Instruments: Disclosures: Amendments – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IAS 19 Employee Benefits (Amendments)
- Annual Improvements to IFRSs (2009 - 2011 Cycle)

2.2 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.

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

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 2012.

Employees

The Group employed 327 employees at 30 June 2013 (at 31 December 2012 – 311 employees).

3 Group entities

Control of the Group

The Group's ultimate parent company is Czech Property Investments, a.s. which is controlled by the sole shareholder Mr. Radovan Vítek.

3.1 Subsidiaries and joint-ventures

As at 30 June 2013 the Group is formed by parent company, 193 subsidiaries controlled by the parent company and 1 associate (at 31 December 2012 – 124 subsidiaries and 1 jointly controlled entity).

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2013	31 December 2012
4B Investments, a.s.	Czech Republic	100,00%	100,00%
ABLON Bucharest Real Estates Development S.R.L	Romania	99,86%	--
ABLON Group Limited	Guernsey	99,86%	--
ABLON Kft.	Hungary	99,86%	--
ABLON s.r.o.	Czech Republic	99,86%	--
ABLON Sp. z o.o.	Poland	99,86%	--
Airport City Kft.	Hungary	99,86%	--
Airport City s.r.o.	Czech Republic	99,86%	--
ALAMONDO LIMITED	Cyprus	99,86%	--
Avacero Ltd.	Cyprus	99,86%	--
AVIDANO LIMITED	Cyprus	99,86%	--
B.C.P. Kft.	Hungary	99,86%	--
Balvinder, a.s.	Czech Republic	100,00%	100,00%
Baudry Alfa, a.s.	Czech Republic	100,00%	--
Baudry Beta, a.s.	Czech Republic	100,00%	100,00%
Baudry, a.s.	Czech Republic	100,00%	100,00%
BAYTON Beta, a.s.	Czech Republic	100,00%	100,00%
BAYTON Gama, a.s.	Czech Republic	86,50%	86,50%
BC 2000 s.r.o.	Czech Republic	99,86%	--
Beroun Property Alfa, a.s.	Czech Republic	100,00%	100,00%
Beroun Property Development, a.s.	Czech Republic	100,00%	100,00%
Betonstav spol. s r.o.	Czech Republic	100,00%	100,00%
Bluebeat Ltd.	Cyprus	99,86%	--
BPT Development, a.s.	Czech Republic	100,00%	100,00%

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2013	31 December 2012
Brandýs Logistic, a.s.	Czech Republic	100,00%	100,00%
BREGOVA LIMITED	Cyprus	99,86%	--
Bright Site Kft.	Hungary	99,86%	--
BRILLIANT VARIETY s.r.o.	Czech Republic	100,00%	100,00%
Březiněves, a.s.	Czech Republic	100,00%	100,00%
Camuzzi, a.s.	Czech Republic	100,00%	100,00%
Carpenter Invest, a.s.	Czech Republic	100,00%	100,00%
CB Property Development, a.s.	Czech Republic	100,00%	100,00%
CD Property s.r.o.	Czech Republic	99,86%	--
Century City Kft.	Hungary	99,86%	--
Conradian, a.s.	Czech Republic	100,00%	100,00%
CPI - Bor, a.s.	Czech Republic	100,00%	100,00%
CPI - Facility, a.s.	Czech Republic	100,00%	100,00%
CPI - Krásné Březno, a.s.	Czech Republic	99,96%	99,96%
CPI - Land Development, a.s.	Czech Republic	100,00%	100,00%
CPI - Orlová, a.s.	Czech Republic	100,00%	100,00%
CPI - Real Estate, a.s.	Czech Republic	100,00%	100,00%
CPI - Štupartská, a.s.	Czech Republic	100,00%	100,00%
CPI - Zbraslav, a.s.	Czech Republic	100,00%	100,00%
CPI Alfa, a.s.	Czech Republic	100,00%	100,00%
CPI Beta, a.s.	Czech Republic	100,00%	100,00%
CPI BYTY, a.s.	Czech Republic	100,00%	100,00%
CPI City Center ÚL, a.s.	Czech Republic	100,00%	100,00%
CPI 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%	--
CPI Facility Slovakia, a.s.	Slovak Republic	100,00%	100,00%
CPI Finance Ireland	Ireland	100,00%	100,00%
CPI Finance Netherland	Netherlands	100,00%	100,00%
CPI France, a SASU	France	100,00%	100,00%
CPI Group, a.s.	Czech Republic	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 Jihlava Shopping, a.s.	Czech Republic	100,00%	100,00%
CPI Lambda, a.s.	Czech Republic	100,00%	--
CPI Management, s.r.o.	Czech Republic	100,00%	100,00%
CPI Národní, s.r.o. (COPA Centrum Národní, s.r.o.)	Czech Republic	100,00%	50,00%
CPI North, s.r.o.	Czech Republic	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 Property, s.r.o.	Czech Republic	100,00%	100,00%
CPI Reality, a.s.	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%

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2013	31 December 2012
CPI Retails ONE, a.s.	Czech Republic	100,00%	100,00%
CPI Retails THREE, a.s.	Slovak Republic	100,00%	100,00%
CPI Retails TWO, a.s.	Czech Republic	100,00%	100,00%
CPI Services, a.s.	Czech Republic	100,00%	100,00%
CPI Shopping MB, a.s.	Czech Republic	100,00%	100,00%
CPI Shopping Teplice, a.s.	Czech Republic	100,00%	100,00%
CPI South, s.r.o.	Czech Republic	100,00%	--
CPI West, s.r.o.	Czech Republic	100,00%	100,00%
Čadca Property Development, s.r.o.	Slovak Republic	100,00%	100,00%
Český Těšín Property Development, a.s.	Czech Republic	100,00%	100,00%
DERISA LIMITED	Cyprus	99,86%	--
DH Est-Europe Real Estate SRL	Romania	99,86%	--
DORESTO LIMITED	Cyprus	99,86%	--
Družstvo Land	Czech Republic	99,96%	99,96%
Duna Office Center Kft.	Hungary	99,86%	--
EDELWEISS Development s.r.o.	Czech Republic	100,00%	100,00%
ELAMOR, a.s.	Slovak Republic	100,00%	100,00%
ES Bucharest Development S.R.L.	Romania	99,86%	--
ES Bucharest Properties S.R.L.	Romania	99,86%	--
ES Hospitality S.R.L.	Romania	99,86%	--
Farhan, a.s.	Czech Republic	100,00%	100,00%
First Chance Kft.	Hungary	99,86%	--
First Site Kft.	Hungary	99,86%	--
FL Property Development, a.s.	Czech Republic	100,00%	100,00%
Future Field Kft.	Hungary	99,86%	--
GARET Investments Sp. z.o.o.	Poland	99,86%	--
Global Center Kft.	Hungary	99,86%	--
Global Development Kft.	Hungary	99,86%	--
Global Estates Kft.	Hungary	99,86%	--
Global Immo Kft.	Hungary	99,86%	--
Global Investment Kft.	Hungary	99,86%	--
Global Management Kft.	Hungary	99,86%	--
Global Properties Kft.	Hungary	99,86%	--
GOMENDO LIMITED	Cyprus	99,86%	--
GORANDA LIMITED	Cyprus	99,86%	--
HD Investment s.r.o.	Czech Republic	99,86%	--
Hotel Rosslyn Kft.	Hungary	99,86%	--
Horova Immo s.r.o.(1)	Czech Republic	--	100,00%
Hraničář, a.s.	Czech Republic	100,00%	100,00%
ICL 1 Budapest Kft.	Hungary	99,86%	--
IGY2 CB, a.s.	Czech Republic	100,00%	100,00%
Insite Kft.	Hungary	99,86%	--
ISTAFIA LIMITED	Cyprus	99,86%	--
JONVERO LIMITED	Cyprus	99,86%	--

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2013	31 December 2012
K.B.P. BUSINESS PARK sp. Zoo	Poland	50,00%	--
Kerina, a.s.	Czech Republic	100,00%	100,00%
Komárno Property Development, a.s.	Slovak Republic	100,00%	100,00%
LERIEGOS LIMITED	Cyprus	99,86%	--
Liptovský Mikuláš Property Development, a.s.	Slovak Republic	100,00%	100,00%
LN Est-Europe Development SRL	Romania	99,86%	--
Lockhart, a.s.	Czech Republic	100,00%	100,00%
Malerba, a.s.	Czech Republic	100,00%	100,00%
MAPON, a.s.	Czech Republic	100,00%	100,00%
Marissa Delta, a.s.	Czech Republic	100,00%	100,00%
Marissa East, a.s.	Czech Republic	100,00%	100,00%
Marissa Epsilon, a.s.	Czech Republic	100,00%	100,00%
Marissa Gama, a.s.	Czech Republic	100,00%	100,00%
Marissa Ióta, a.s.	Czech Republic	100,00%	100,00%
Marissa Kappa, a.s.	Czech Republic	100,00%	100,00%
Marissa Lambda, a.s.	Czech Republic	100,00%	100,00%
Marissa North, a.s.	Czech Republic	100,00%	100,00%
Marissa Omega, a.s.	Czech Republic	100,00%	100,00%
Marissa Omikrón, a.s.	Czech Republic	100,00%	100,00%
Marissa Sigma, a.s.	Czech Republic	100,00%	100,00%
Marissa South, a.s.	Czech Republic	100,00%	100,00%
Marissa Tau, a.s.	Czech Republic	100,00%	100,00%
Marissa Théta, a.s.	Czech Republic	100,00%	100,00%
Marissa West, a.s.	Czech Republic	100,00%	100,00%
Marissa Yellow, a.s.	Czech Republic	100,00%	100,00%
Marissa Ypsilon, a.s.	Czech Republic	100,00%	100,00%
Marissa, a.s.	Czech Republic	100,00%	100,00%
MB Property Development, a.s.	Czech Republic	100,00%	100,00%
MESARGOSA LIMITED	Cyprus	99,86%	--
MH Bucharest Properties S.R.L	Romania	87,88%	--
Michalovce Property Development, a.s.	Slovak Republic	100,00%	100,00%
Modřanská Property, a.s.	Czech Republic	100,00%	100,00%
MQM Czech, s.r.o.	Czech Republic	99,86%	--
MUXUM, a.s.	Czech Republic	100,00%	100,00%
NERONTA, a.s.	Slovak Republic	100,00%	100,00%
New Field Kft.	Hungary	99,86%	--
New Sites Kft.	Hungary	99,86%	--
Nymburk Property Development, a.s.	Czech Republic	100,00%	100,00%
OC Nová Zdaboř a.s.	Czech 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%
OSMANIA LIMITED	Cyprus	99,86%	--
Polygon BC s.r.o.	Czech Republic	99,86%	--
Považská Bystrica Property Development, a.s.	Slovak Republic	100,00%	100,00%

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2013	31 December 2012
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	99,86%	--
Příbor Property Development, s.r.o.	Czech Republic	100,00%	100,00%
Příkopy Property Development, a.s.	Czech Republic	100,00%	100,00%
RK Building s.r.o.	Czech Republic	100,00%	100,00%
Rosendale Management Ltd	British Virgin Islands	100,00%	--
RSL Est-Europe Properties SRL	Romania	99,86%	--
RSL Real Estate Development S.R.L.	Romania	99,86%	--
Ružomberok Property Development, a.s.	Slovak Republic	100,00%	100,00%
SASHKA LIMITED	Cyprus	100,00%	--
SHAHEDA LIMITED	Cyprus	99,86%	--
SHEMAR INVESTMENTS LIMITED	Cyprus	100,00%	100,00%
SPH Properties Sp. z o.o.	Poland	99,86%	--
Statenice Property Development, a.s.	Czech Republic	100,00%	--
Strakonice Property Development, a.s.	Czech Republic	100,00%	100,00%
STRIPMALL Management Kft.	Hungary	99,86%	--
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	99,86%	--
T.LAND a.s.	Czech Republic	100,00%	100,00%
Telč Property Development, a.s.	Czech Republic	100,00%	100,00%
Trebišov Property Development, s.r.o.	Slovak Republic	100,00%	100,00%
Trutnov Property Development, a.s.	Czech Republic	100,00%	100,00%
Třinec Investments, s.r.o.	Czech Republic	100,00%	--
Třinec Property Development, a.s.	Czech Republic	100,00%	100,00%
TUNELIA LIMITED	Cyprus	99,86%	--
Týniště Property Development, s.r.o.	Czech Republic	100,00%	100,00%
U svatého Michala, a.s.	Czech Republic	100,00%	100,00%
Vigano, a.s.	Czech Republic	100,00%	100,00%
VM Property Development, a.s.	Czech Republic	100,00%	100,00%
Volanti Ltd.	Cyprus	99,86%	--
VT Alfa, a.s.(1)	Czech Republic	--	100,00%
VT Holding, a.s.	Czech Republic	100,00%	100,00%
Vyškov Property Development, a.s.	Czech Republic	100,00%	100,00%
YZ Holding spol. s r.o.	Czech Republic	99,86%	--
ZLATICO LIMITED	Cyprus	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) Horova Immo s.r.o. and VT Alfa, a.s. have merged with VT Holding, a.s. (the “successor company”) with the effective date of 1 July 2012. All assets and liabilities of Horova Immo s.r.o. and VT Alfa, a.s. passed to the successor company. The transaction was legally completed on 20 February 2013 when the merger was recorded in the commercial register.

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

3.2 Changes in the Group

During 2013, the Group has acquired/founded the following entities. No entities were disposed of in 2013.

Entity	Change	Share in %	Date of acquisition/foundation
ABLON Bucharest Real Estates Development S.R.L	acquisition	99,86%	30 June 2013
ABLON Group Limited	acquisition	99,86%	30 June 2013
ABLON Kft.	acquisition	99,86%	30 June 2013
ABLON s.r.o.	acquisition	99,86%	30 June 2013
ABLON Sp. z o.o.	acquisition	99,86%	30 June 2013
Airport City Kft.	acquisition	99,86%	30 June 2013
Airport City s.r.o.	acquisition	99,86%	30 June 2013
ALAMONDO LIMITED	acquisition	99,86%	30 June 2013
Avacero Ltd.	acquisition	99,86%	30 June 2013
AVIDANO LIMITED	acquisition	99,86%	30 June 2013
B.C.P. Kft.	acquisition	99,86%	30 June 2013
Baudry Alfa, a.s.	founded	100,00%	30 January 2013
BC 2000 s.r.o.	acquisition	99,86%	30 June 2013
Bluebeat Ltd.	acquisition	99,86%	30 June 2013
BREGOVA LIMITED	acquisition	99,86%	30 June 2013
Bright Site Kft.	acquisition	99,86%	30 June 2013
CD Property s.r.o.	acquisition	99,86%	30 June 2013
Century City Kft.	acquisition	99,86%	30 June 2013
CPI Epsilon, a.s.	founded	100,00%	18 June 2013
CPI Group, a.s.	acquisition	100,00%	30 June 2013
CPI Lambda, a.s.	founded	100,00%	18 June 2013
CPI Národní, s.r.o. (COPA Centrum Národní, s.r.o.)	acquisition	50,00%	7 February 2013
CPI North, s.r.o.	founded	100,00%	21 June 2013
CPI South, s.r.o.	founded	100,00%	18 June 2013
DERISA LIMITED	acquisition	99,86%	30 June 2013
DH Est-Europe Real Estate SRL	acquisition	99,86%	30 June 2013
DORESTO LIMITED	acquisition	99,86%	30 June 2013
Duna Office Center Kft.	acquisition	99,86%	30 June 2013
ES Bucharest Development S.R.L.	acquisition	99,86%	30 June 2013
ES Bucharest Properties S.R.L.	acquisition	99,86%	30 June 2013
ES Hospitality S.R.L.	acquisition	99,86%	30 June 2013
First Chance Kft.	acquisition	99,86%	30 June 2013
First Site Kft.	acquisition	99,86%	30 June 2013
Future Field Kft.	acquisition	99,86%	30 June 2013
GARET Investments Sp. z.o.o.	acquisition	99,86%	30 June 2013
Global Center Kft.	acquisition	99,86%	30 June 2013
Global Development Kft.	acquisition	99,86%	30 June 2013
Global Estates Kft.	acquisition	99,86%	30 June 2013
Global Immo Kft.	acquisition	99,86%	30 June 2013
Global Investment Kft.	acquisition	99,86%	30 June 2013
Global Management Kft.	acquisition	99,86%	30 June 2013

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

Entity	Change	Share in %	Date of acquisition/foundation
Global Properties Kft.	acquisition	99,86%	30 June 2013
GOMENDO LIMITED	acquisition	99,86%	30 June 2013
GORANDA LIMITED	acquisition	99,86%	30 June 2013
HD Investment s.r.o.	acquisition	99,86%	30 June 2013
Hotel Rosslyn Kft.	acquisition	99,86%	30 June 2013
ICL 1 Budapest Kft.	acquisition	99,86%	30 June 2013
Insite Kft.	acquisition	99,86%	30 June 2013
ISTAFIA LIMITED	acquisition	99,86%	30 June 2013
JONVERO LIMITED	acquisition	99,86%	30 June 2013
K.B.P. BUSINESS PARK sp. Zoo	acquisition	50,00%	30 June 2013
LERIEGOS LIMITED	acquisition	99,86%	30 June 2013
LN Est-Europe Development SRL	acquisition	99,86%	30 June 2013
MESARGOSA LIMITED	acquisition	99,86%	30 June 2013
MH Bucharest Properties S.R.L	acquisition	87,88%	30 June 2013
MQM Czech s.r.o.	acquisition	99,86%	30 June 2013
New Field Kft.	acquisition	99,86%	30 June 2013
New Sites Kft.	acquisition	99,86%	30 June 2013
OSMANIA LIMITED	acquisition	99,86%	30 June 2013
Polygon BC s.r.o.	acquisition	99,86%	30 June 2013
PRINGIPO LIMITED	acquisition	99,86%	30 June 2013
Rosendale Management Ltd	founded	100,00%	1 May 2013
RSL Est-Europe Properties SRL	acquisition	99,86%	30 June 2013
RSL Real Estate Development S.R.L.	acquisition	99,86%	30 June 2013
SASHKA LIMITED	acquisition	100,00%	30 June 2013
SHAHEDA LIMITED	acquisition	99,86%	30 June 2013
SPH Properties Sp. z o.o.	acquisition	99,86%	30 June 2013
Statenice Property Development, a.s.	acquisition	100,00%	13 May 2013
STRIPMALL Management Kft.	acquisition	99,86%	30 June 2013
Szolgáltatóház Kft.	acquisition	99,86%	30 June 2013
Třinec Investments, s.r.o.	acquisition	100,00%	1 January 2013
TUNELIA LIMITED	acquisition	99,86%	30 June 2013
Volanti Ltd.	acquisition	99,86%	30 June 2013
YZ Holding spol. s r.o.	acquisition	99,86%	30 June 2013
ZLATICO LIMITED	acquisition	100,00%	1 January 2013

3.3 Share in joint ventures

The Group had 50% share in COPA Centrum Národní, s.r.o. as at 31 December 2012. In February 2013 the Group acquired remaining 50% stake in this entity (refer to note 3.4). The Group has no shares in joint ventures as at 30 June 2013.

3.4 Acquisitions of subsidiaries and stakes in jointly controlled entities and non-controlling interest in 2013

a) Acquisitions of subsidiaries and stakes in jointly controlled entities

ABLON Group

On 30 June 2013, the Group acquired 100% share in SASHKA LIMITED (further "Sashka group"), company domiciled in Cyprus, with its fully owned subsidiary CPI Group. a.s.
CPI Group. a.s. has 99,86 % share in ABLON Group as at the date of acquisition.
ABLON Group is one of the largest real estate developers in Hungary and Central-Eastern Europe, being active in several sectors of the real estate market. The Ablon's core business is the sourcing, acquisition, construction, ownership, leasing, servicing and management of a diverse portfolio of commercial property and the acquisition, construction and sale of residential properties in Hungary, the Czech Republic, Romania and Poland, primarily in Budapest and Prague. In addition to Budapest and Prague, Ablon group is present in Warsaw, Gdansk and Bucharest.
ABLON Group includes parent company ABLON Group Limited and its 61 subsidiaries and one associate. Share in associate (consolidated by equity method) is fully provided as the associate's equity is negative as at 30 June 2013. For breakdown of acquired entities refer to note 3.2.
The fair value of investment property acquired represents TCZK 8 490 927. Total leasable area exceeds 180 000 sqm. Acquired investment property includes land bank of app. 1 049 000 sqm as well.

Rental activities

ABLON Group's projects include office buildings, retail properties, logistic parks and hotels. Rental income from non-residential and residential premises represents TCZK 204 713 in period from 1 January 2013 to 30 June 2013.

Hotel operations

ABLON Group also operates four star Mariott hotel in Budapest with 235 rooms. Total revenues from hotel operations for the six months period ended 30 June 2013 represent TCZK 52 305.

Sale of residential properties

ABLON Group owns finished residential project intended for further sale Prague.
Total proceeds from sale of residential properties for the six months period represents TCZK 16 533.

The objective of the acquisition is to further increase the Group's market share on real estate market in Central and Eastern Europe.

Net assets acquired

The initial accounting for the business combination is incomplete 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 significantly. 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.

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

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

	SASHKA Group
Investment property	8 490 927
Property, plant and equipment	537 308
Loans provided	417 488
Trading property - inventories	125 745
Deferred tax assets	483
Current income tax receivables	2 320
Trade and other receivables (1)	82 365
Cash and cash equivalents	124 778
Identifiable acquired assets	**9 781 414**
Non-current interest-bearing loans and borrowings	-5 441 531
Other non-current liabilities	-35 533
Deferred tax liability	-698 609
Current interest bearing loans and borrowings	-687 231
Current income tax liabilities	-9 444
Trade and other payables	-3 058
Provisions	-142 987
Identifiable acquired liabilities	**-7 018 393**
Net ident. assets of subsidiary acquired	**2 763 021**
Consideration paid	**2 985 829**
Goodwill / (bargain purchase)	**222 808**
Cash and cash equivalents acquired	**124 778**
Cash outflow	**2 861 051**
POST-acquisition profit/ (loss)	**--**

(1) Trade and other receivables also include receivable from minority shareholders of TCZK 4 559 reflected negative balance of non-controlling interest in Ablon Group.

Consideration transferred

The preliminary consideration transferred for Sashka group represents TCZK 2 985 829 as at 30 June 2013. The initial acquisition price will be adjusted based on certain conditions set in share purchase agreement concluded between the Group and the Seller. Payable from acquisition was offset with receivables from the Seller. The final acquisition price will reflect audited 2013 annual financial statements of all entities included in Sashka group.

Goodwill

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and is attributable to the other segment as at 30 June 2013. The Group's management expects that preliminary calculation of goodwill may change significantly as a result of purchased price adjustment described above.

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

Non-controlling interest

The Group elected to measure the non-controlling interest in the acquired entities' at the proportionate share of its interest in the acquired identifiable net assets. At the date of acquisition the non-controlling interest represents TCZK -4 559.

Třinec Investments, s.r.o.

On 1 January 2013, the Group acquired 100% of the shares in Třinec Investments, s.r.o. The acquired entity owns Retail Park in Třinec. Retail Park is fully rented to tenants (CCC Boty, DM drogerie markt and other).

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

	Třinec Investments, s.r.o.
Investment property	77 607
Trade and other receivables	3 432
Cash and cash equivalents	126
Identifiable acquired assets	**81 165**
Other non-current liabilities	-19 721
Deferred tax liability	-45
Current interest bearing loans and borrowings	-106
Trade and other payables	-61 093
Identifiable acquired liabilities	**-80 965**
Net ident. assets of subsidiary acquired	**200**
Consideration paid	**200**
Goodwill / (bargain purchase)	**--**
Cash and cash equivalents acquired	**126**
Cash outflow	**74**
POST-acquisition loss	**-4 691**

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

Statenice Property Development, a.s.

On 15 May 2013, the Group acquired 100% of the shares in Statenice Property Development. The entity owns lands in Statenice with total area of app. 207 000 sqm.

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

	Statenice Property Development, a.s.
Investment property	291 927
Cash and cash equivalents	12
Identifiable acquired assets	**291 939**
Non-current interest-bearing loans and borrowings	-16 614
Deferred tax liability	-22 367
Current interest bearing loans and borrowings	-8 052
Trade and other payables	-12 791
Identifiable acquired liabilities	**-59 824**
Net ident. assets of subsidiary acquired	**232 115**
Consideration paid	**232 115**
Goodwill / (bargain purchase)	**--**
Cash and cash equivalents acquired	**12**
Cash outflow	**232 103**
POST-acquisition loss	**-402**

CPI Národní, s.r.o.

On 7 February 2013, the Group acquired remaining 50% stake in CPI Národní, s.r.o. (renamed from COPA Centrum Národní, s.r.o on 18 February 2013) from the Pawlowski AG. As a result of the acquisition the Group has increased its ownership interest to 100%.

The acquisition is expected to provide the Group with full control on development of QUADRIO project. QUADRIO (former name COPA centrum) multifunctional complex is being built in the historic part of Prague in the immediate vicinity of the Národní Třída metro station. It will offer more than 28,000 sqm office and retail premises in the center of Prague. Construction began on the new Quadrio complex in the summer of 2012 and its completion is planned for Q3 2014.

Notes to the condensed consolidated financial statements for the sixth months ended 30 June 2013 in thousands of euro (TEUR)

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

	CPI Národní, s.r.o.	
	100%	**50%**
Investment property	1 648 830	824 415
Property, plant and equipment	8 314	4 157
Intangible assets	--	--
Bonds	--	--
Loans provided	--	--
Trading property - inventories	--	--
Deferred tax assets	--	--
Current income tax receivables	--	--
Trade and other receivables	3 008	1 504
Cash and cash equivalents	10 582	5 291
Identifiable acquired assets	**1 670 734**	**835 367**
Non-current interest-bearing loans and borrowings	-801 452	-400 726
Other non-current liabilities	-14 362	-7 181
Deferred tax liability	-111 808	-55 904
Overdrafts	--	--
Current interest bearing loans and borrowings	-408 892	-204 446
Current income tax liabilities	--	--
Trade and other payables	-33 712	-16 856
Provisions	--	--
Identifiable acquired liabilities	**-1 370 226**	**-685 113**
Net ident. assets of subsidiary acquired	**300 508**	**150 254**

The total consideration transferred for 50% share of CPI Národní, s.r.o. represents TCZK 50. There is no agreement concluded regarding potential contingent consideration between counterparties in respect of the acquisition.
Cash and cash equivalents acquired were TCZK 5 291. Net cash inflow represents TCZK 5 241.

Bargain purchase

Bargain purchase arising from the acquisition is calculated as follows:

Cash consideration for 50% share	50
Fair value of previously held interest in CPI Národní, s.r.o	150 254
Total consideration for 100% share	150 304
Fair value of identifiable net assets	300 508
Bargain purchase	**-150 204**

As the carrying value of existing interest in CPI Národní, s.r.o corresponds to its fair value as at acquisition date no gain or loss were recognised from remeasurement to fair value.
Gain on bargain purchase of TCZK 150 204 is recognized within other income (note 5.7.).

b) Acquisition of non-controlling interest

BAYTON Gama, a.s.

On 3 April 2013, the Group acquired 0,0075 % interest of the voting shares BAYTON Gama, a.s.
A cash consideration of TCZK 7 was paid to the non-controlling shareholders. The carrying value of the net assets of BAYTON Gama, a.s. at the acquisition date was TCZK 659 854 and the carrying value of the additional interest acquired was TCZK 49. The difference of TCZK 42 between the consideration paid and the carrying value of the interest acquired has been recognised to retained earnings within equity.

4 Segment reporting

4.1 Business segments

For investment property, discrete financial information is provided to the Board of Directors, which is the chief operating decision maker, on a property by property basis. The information provided is income from rental activities, net rentals (including gross rent and property expenses), valuations gains/losses, impairment of assets and result from operating activities. In addition interest income and expense with total finance result are monitored on property level.
The individual properties are aggregated into reportable segments with similar economic characteristics for the purposes of consolidated reporting.
As a result of acquisitions performed in 2013 the Group extended number of its segments to ten reportable operating segments. The extension reflects hotel operations performed by Ablon Group in its own property in Budapest.

- Retail – acquires, develops and leases shopping malls
- Office – acquires, develops and leases offices
- Logistics – acquires, develops and leases warehouses and factories
- Residential– rents and sells residential property
- Land bank – acquires lands for further Group’ utilization
- Mixture – includes properties with combined utilization (e.g. retail and office premises)
- Hotels – acquires, develops and leases hotels to operators
- Development – includes all development activities and related land plots
- Other – primarily includes service and financing entities
- Hotel operations – performs hotel activities

4.2 Geographical information

The Company is incorporated in the Czech Republic. The Group primarily operates in the Czech Republic and Slovak Republic and has subsidiaries in Ireland, Netherlands, France and Cyprus. As a result of ABLON Group acquisition the Group operates in Hungary, Poland and Romania. The acquisition is reflected in modification of disclosures regarding geographical information.

Subsidiaries located in Slovak Republic, Hungary, Poland, Cyprus and Romania are presented within “Eastern Europe“.
Subsidiaries located in Ireland, Netherlands, France and British Virgin Islands are presented within “Western Europe“.

In presenting information on geographical areas, revenue is based on the geographical location of property. Segment assets are based on the geographical location of the assets.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Operating segments

For six months period ended 30 June

	Retail		Office		Residential		Industry and logistics		Hotels		Land bank	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Segment income from rental activities	674 407	586 935	333 006	320 820	241 555	235 363	127 737	115 078	102 524	101 738	1 301	1 767
Net rental and service related income	620 755	577 384	292 342	320 781	76 056	95 250	121 617	112 257	86 899	93 101	-1 744	-2 014
Impairment of assets/ reversal of impairment	1 150	--	223	--	-19 790	--	-344	--	844	--	619	--
Net valuation gain/(loss) on inv. property	--	--	--	--	--	90 024	--	--	--	--	--	--
Results from operating activities	**579 657**	**583 270**	**271 746**	**335 579**	**29 773**	**171 700**	**112 402**	**115 585**	**71 026**	**78 506**	**-2 204**	**-3 086**
Interest income	3 708	6 269	3 440	433	419	37 312	2 883	284	9 619	6 155	132 511	674
Interest expense	-303 850	-333 436	-179 976	-230 664	-65 468	-71 307	-69 248	-73 048	-44 500	-33 353	-139 141	-158
Net finance income/ (costs)	**-179 824**	**-297 232**	**-104 283**	**-244 451**	**-76 175**	**-34 257**	**-38 975**	**-80 744**	**45 556**	**-24 551**	**40 285**	**471**
Income tax income/ (expense)	-106 836	-74 229	-44 746	-23 648	12 399	-35 666	-19 620	-9 041	-31 151	-14 001	-10 175	679
Profit/(loss) for the period	**292 997**	**211 809**	**122 717**	**67 480**	**-34 003**	**101 777**	**53 807**	**25 800**	**85 431**	**39 954**	**27 906**	**-1 936**

Operating segments (continued)

For six months period ended 30 June

	Mixture		Other		Development		Eliminations		Total Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Segment income from rental activities	69 757	65 868	7 480	1 045	194	8 597	-6 953	-806	1 551 008	1 436 405
Net rental and service related income	73 813	53 108	254 536	41 438	-3 496	8 096	-214 481	-27 444	1 306 297	1 271 957
Net valuation gain/(loss) on inv. property	--	--	--	--	-142 253	--	--	--	-142 253	--
Impairment of assets/ reversal of impairment	-717	--	-326	--	216	--	--	--	-18 125	--
Results from operating activities	**65 557**	**53 702**	**20 078**	**-93 824**	**-5 915**	**-21 974**	-7 846	--	**1 134 274**	**1 219 458**
Interest income	1 075	499	1 124 054	478 755	996	16	-823 005	-439 118	455 700	91 279
Interest expense	-38 351	-25 214	-764 313	-460 335	-26 340	-14 902	821 823	439 118	-809 364	-803 299
Net finance income/ (costs)	**-4 943**	**-43 709**	**386 908**	**2 129**	**23 648**	**-13 956**	**-1 182**	--	**91 015**	**-736 300**
Income tax income/ (expense)	-16 196	-2 593	-106 334	23 795	-4 738	9 324	--	--	-327 397	-125 380
Profit/(loss) for the period	**44 418**	**7 400**	**300 652**	**-67 900**	**12 995**	**-26 606**	**-9 028**	--	**897 892**	**357 778**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Operating segments

	Retail		Office		Residential		Industry and logistics		Hotels	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Segment assets	19 822 130	19 207 795	17 253 017	11 055 679	8 100 018	8 710 034	4 003 734	3 308 942	4 042 251	4 187 477
Segment liabilities	15 867 497	15 088 663	13 414 025	9 629 462	4 744 119	5 227 285	3 539 622	3 113 245	2 599 210	2 693 064
Segment net assets	**3 954 633**	**4 119 132**	**3 838 992**	**1 426 217**	**3 355 899**	**3 482 749**	**464 112**	**195 697**	**1 443 041**	**1 494 413**
Capital expenditure	**29 563**	**140 520**	**--**	**20 936**	**--**	**16 573**	**--**	**90**	**127 553**	**330 102**

Operating segments (continued)

	Land bank		Mixture		Other		Investment property under development		Eliminations		Total Consolidated	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Segment assets	9 991 482	7 454 351	3 193 314	2 038 267	69 859 215	49 897 622	5 599 442	4 182 863	-69 436 347	-45 274 869	72 428 256	64 768 161
Segment liabilities	8 093 807	4 723 566	3 256 150	1 891 476	56 116 542	42 852 635	5 195 124	3 802 922	-63 384 400	-45 274 869	49 441 696	43 747 449
Segment net assets	**1 897 675**	**2 730 785**	**-62 836**	**146 791**	**13 742 673**	**7 044 987**	**404 318**	**379 941**	**-6 051 947**	**--**	**22 986 560**	**21 020 712**
Capital expenditure	**--**	**1 303**	**--**	**26 830**	**--**	**94 968**	**198 164**	**904 418**		**--**	**355 280**	**1 535 740**

Geographical areas

	Czech Republic		Eastern Europe		Western Europe		Eliminations		Total consolidated	
	2 013	**2 012**	**2 013**	**2 012**	**2 013**	**2 012**	**2 013**	**2 012**	**2 013**	**2 012**
Segment income from rental activities (1)	1 358 626	1 239 612	199 335	197 599	--	--	-6 953	-806	1 551 008	1 436 405
Total assets (2)	82 312 895	77 520 348	31 674 910	5 351 582	27 876 798	27 171 100	-69 436 347	-45 274 869	72 428 256	64 768 161

(1) Segment income from rental activities are disclosed for six months period ended 30 June 2013, 30 June 2012 respectively

(2) Total assets are disclosed as at 30 June 2013, 31 December 2012 respectively

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

5 Consolidated statement of comprehensive income

5.1 Gross rental and service revenue

For six months period ended 30 June

	2013	2012
Rental income	1 551 008	1 436 405
Facility management	1 132	3 486
Advisory and accounting services	55 942	16 513
Other services	2 494	19 295
Service income	**59 568**	**39 294**
Total gross rental and service income	**1 610 576**	**1 475 699**

The increase in rental revenue is generally attributable to acquisition performed by the Group in 2013 and also reflects effect of 12 month rental revenue of subsidiaries acquired in 2012.
Rental revenue is derived from a large number of tenants and no single tenant or group of tenants contribute more than 10% to the Group's rental revenue.

5.2 Net service charge income

For six months period ended 30 June

	2013	2012
Service charge income	158 095	196 971
Service charge expenses	-150 849	-191 899
Total	**7 246**	**5 072**

5.3 Property operating expenses

For six months period ended 30 June

	2013	2012
Repairs and maintenance	-158 606	-93 613
Utility services	-67 757	-34 894
Personnel expenses	-46 198	-35 460
Facility management	-2 913	-5 654
Real estate tax	-11 989	-13 556
Letting fee, other fees paid to real estate agents	-4 655	-9 505
Property insurance expenses	-3 942	-6 131
Depreciation and amortisation expense	-2 630	-473
Other expenses	-12 835	-9 528
Total property operating expenses	**-311 525**	**-208 814**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Utility services

	2013	2012
Material consumption	-5 709	-7 393
Energy consumption	-48 548	-20 041
Waste management	-3 210	-2 962
Security services	-7 292	-2 753
Cleaning services	-2 998	-1 745
Total utility services	**-67 757**	**-34 894**

Personnel expenses

For six months period ended 30 June

	2013	2012
Wages and salaries	-33 681	-26 003
Social and health security contributions	-10 946	-8 999
Other social expenses	-1 571	-458
Total personnel expenses	**-46 198**	**-35 460**

5.4 Net valuation gain/(loss) on investment property

Value of investment property portfolio was not updated by any external valuer as at 30 June 2013.

The Group's management analysed current situation on real estate market together with current yields, discount rates applied and other inputs used by independent valuers in their appraisals as at 31 December 2012. Fair value of investment property as at 30 June 2013 was determined based on management's analysis described above and with following exception does not significantly differ from fair value as at 31 December 2012.

Net valuation loss on investment property in 2013 of TCZK 142 253 represents additional capital expenditures related to one development project. Based on Group's management expectations these capital expenditures will not be fully reflected in valuation of investment property in annual financial statements as at 31 December 2013.

Net valuation gain on investment property in 2012 of TCZK 90 024 reflected mainly capital expenditures on residential portfolio performed by the Company and increase in rental income mainly as a result of Czech rental market deregulation.

5.5 Net result on disposal of investment property

For six months period ended 30 June

	2013	2012
Proceeds from disposal of investment property	77 746	127 396
Carrying value of investment property disposed and related cost	-91 635	-146 072
Total loss on the disposal of investment property	**-13 889**	**-18 676**

Disposals of investment property in 2013 and 2012 represent primarily sale of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

5.6 Administrative expenses

For six months period ended 30 June

	2013	2012
Wages and salaries - administrative part	-52 492	-45 558
Rental	-14 834	-24 355
Audit, tax and advisory services	-22 679	-23 000
Legal services	-16 864	-10 529
Social and health security contributions - administrative part	-16 512	-13 566
Advertising expenses	-4 757	-8 809
Telecommunication, internet and software expenses	-4 104	-3 257
Depreciation and amortisation expense	-8 915	-5 773
Material consumption	-4 262	-3 960
Representation expenses	-2 079	-791
Accounting and other services - based on mandate contracts - internal	-1 677	-319
Repairs and maintenance	-2 325	-860
Other social expenses - administrative part	-1 218	-1 001
Other insurance expenses	-1 199	-794
Energy consumption	-129	--
Lease expenses	-315	--
Administrative expenses directly attributable to project "Maternlink"	-6 715	--
Other administrative expenses	-7 844	-8 263
Total administrative expenses	**-168 920**	**-150 835**

5.7 Other income

For six months period ended 30 June

	2013	2012
Gain on bargain purchase relating to business combinations (1)	150 204	64 869
Release of unused provisions	207	866
Income from lands acquired based on court decision (2)	7 346	--
Income related to contingent consideration (3)	4 108	7 492
Income from penalties	14 393	9 902
Insurance claims	1 187	1 598
Other	3 812	13 728
Total other income	181 257	98 455

(1) Gain on bargain purchase relating to business combinations in 2013 relates to acquisition of remaining stake of 50% in CPI Národní, s.r.o. For detail of business combinations refer to note 3.4.

(2) In 2013 the Group won litigation claims regarding ownership of land in total amount of TCZK 7 346 (2012 – TCZK 0). Acquisition of the land is disclosed within the investment property additions.

(3) Income related to contingent consideration is mainly attributable to purchase price adjustment to consideration paid for acquisition of Farhan, a.s. in 2010.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

5.8 Other expenses

For six months period ended 30 June

	2013	2012
Impairment of assets (-) / Reversal of impairment (+) of assets (1)	-18 125	-20 890
Expense related to contingent consideration	--	-9 693
Penalties	-880	-5 501
Gifts	-50	-9 500
Tax non-deductible VAT expenses	-4 161	-15 114
Taxes and fees	-371	-1 521
Loss on assignment of receivables	-2 108	--
Other	-2 889	-9 166
Total other expenses	**-28 584**	**-71 385**

(1) As a result of the annual impairment test carried out in accordance with relevant accounting policies, the Group decided to charge through the consolidated statement of comprehensive income impairment of assets described in the table below:

Impairment of assets

For six months period ended 30 June

	2013	2012
Impairment of trading property	-92	--
Impairment of trade receivables (1)	-18 109	-2 451
Impairment of other receivables (1)	1 017	-3 139
Impairment of non-current loans provided	-941	-15 300
Total	**-18 125**	**-20 890**

(1) Impairment losses on trade and other receivables include bad debt provisions and loss/gains related to receivables written off/recovered.

5.9 Finance income

For six months period ended 30 June

	2013	2012
Bank interest income	363	1 638
Interest income on bonds (1)	1 815	--
Interest income on loans and receivables (2)	453 522	89 641
Gain on revaluation of financial derivatives	89 285	46 009
Other finance income (3)	396 965	3 974
Total finance income	**941 950**	**141 262**

(1) Interest income on bonds relates to bonds issued by 3rd party purchased by the Group

(2) Increase in interest income on loans and receivable reflects the process of financial assets restructuring performed by the Group in the second half of 2012. This process represented conversion of other receivables to non-current loans as described in Group’s 2012 annual report.

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(3) Net income from purchase of receivables represents profit resulting from purchase of receivables at discount and subsequent receipt of the cash settlement. The transaction was carried out by the Group in connection with the acquisition of ABLON GROUP (note 3.4). The Group purchased bank loans in nominal value app. TCZK 803 049 (app. TEUR 31 112) from bank provided the loan facilities to Ablon Group and subsequently received the cash settlement from the debtor. The difference between the carrying value of acquired bank loans and received settlement is recognised as other finance income.

5.10 Finance costs

For six months period ended 30 June

	2013	2012
Interest expense related to bank and non-bank loans	-393 908	-596 519
Interest expense on bonds issued (1)	-372 778	-171 590
Interest expense related to finance leases	-23 579	-21 901
Interest expense on other non-current liabilities	-19 099	-13 289
Net foreign exchange loss	-8 288	-6 413
Loss on revaluation of financial derivatives	--	-45 146
Bank charges	-32 856	-22 694
Other finance cost	-427	-10
Total finance cost	**-850 935**	**-877 562**

(1) Significant increase in interest on bonds relates mainly to new bonds issued by the Group in the second half of 2012 and in 2013 (refer to note 6.12)

5.11 Taxation

Tax recognised in profit or loss

	2013	2012
Current income tax expense		
Adjustment for prior years	2 855	-8 320
Total	**2 855**	**-8 320**
Deferred income tax expense		
Origination and reversal of temporary differences	-330 252	-117 060
Total	**-330 252**	**-117 060**
Total income tax recognised in profit or loss	**-327 397**	**-125 380**

Tax expense for the six months period ended 30 June 2013 is recognized based on management's best estimate of the effective tax rate for full financial year 2013. The Group expects that effective tax rate for 2013 will not significantly differ from effective tax rate for 2012.

The Company's effective tax rate in respect of continuing operations for the six months ended 30 June 2013 was 26,72 %.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

6 Consolidated statement of financial position

6.1 Investment property

	Industry and logistics	Retail	Office	Residential	Mixture	Hotels	Other	Land bank	Total
Balance at 1 January 2013	**3 045 360**	**17 153 823**	**10 305 622**	**7 474 843**	**1 928 546**	**3 384 439**	**695 348**	**3 683 839**	**47 671 820**
Acquisitions through business combinations	534 311	533 808	4 801 017	61 761	547 026	--	--	2 382 538	8 860 461
Other additions	--	29 563	--	--	--	127 553	--	--	157 116
Disposals	--	--	--	-80 562	--	--	-3 526	--	-84 088
Effect of movements in exchange rates	67 989	90 339	--	--	--	--	--	--	158 328
Balance at 30 June 2013	**3 647 660**	**17 807 533**	**15 106 639**	**7 456 042**	**2 475 572**	**3 511 992**	**691 822**	**6 066 377**	**56 763 637**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Acquisitions through business combinations

For six months period ended 30 June 2013 the Group has acquired investment property in total value of TCZK 8 860 461 (refer to note 3.4) through following business combinations:

- As described in note 3.4 the Group acquired Ablon Group on 30 June 2013. Acquired investment property portfolio includes mainly office portfolio (total acquisition value of TCZK 4 801 017) and land bank (TCZK 2 090 612).
- Acquisition of Třinec Investments, s.r.o. The company owns retail park in Třinec, which is leased to retail chains (CCC Boty, DM drogerie markt and other) in total value of TCZK 77 607 (retail segment).
- Acquisition of Statenice Property Development, a.s. the acquired entity owns lands in Statenice with total area of app. 207 000 sqm in total value of TCZK 291 927 (land bank segment).

Other additions

For six months period ended 30 June 2013 the most significant additions represents partial reconstruction of Clarion Congress Hotel in Ostrava (Kerina, a.s.).

Disposals

Disposals in 2013 comprise mainly sales of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. to current tenants.

Effect of movements in foreign exchange rates

Foreign exchange rate differences related to investment property arise in connection with translation of financial information of subsidiaries having EUR as functional currency to presentation currency of consolidated financial statements (CZK) and as a result of fluctuations in EUR/CZK exchange rate.

Valuation gains/losses

Refer to 5.4

6.2 Investment property under development

	Total
Balance at 1 January 2013	**1 519 429**
Acquisitions through business combinations	824 415
Additions	320 502
Valuation loss	-142 253
Balance at 30 June 2013	**2 522 093**

Acquisitions through business combinations

Acquisition of investment property under development totalling TCZK 824 415 represents purchase of remaining stake in CPI Národní, s.r.o. as described in note 3.4.

Additions

The main additions in the six months period ended 30 June 2013 represent development costs related to multi-purpose complex CPI City Center Olomouc (Olomouc City Center, a.s.) and multifunctional complex QUADRIO (CPI Národní, s.r.o.).

Additions of Investment property under development include capitalized borrowing costs of TCZK 43 839 (30 June 2012 – TCZK 9 433).

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Valuation loss

Net valuation loss on investment property in 2013 of TCZK 142 253 represents additional capital expenditures related to one development project. Refer to note 5.4.

6.3 Property, plant and equipment

The substantial increase in balance of property, plant and equipment is directly attributable to Ablon Group acquisition. The Ablon Group operates the Courtyard by Marriott Budapest City Center Hotel in Budapest. Value of the hotel premises represent TCZK 517 586 as at 30 June 2013.
Because of the provisions of IAS 40.12 pertaining to owner-operated hotels, Ablon Group and consequently the Group recognize hotel property operated according to IAS 16 at cost less depreciation. Any increases in the value of other properties are not recognized in the profit in the respective reporting period, but are measured using the cost model according to IAS 16.30.

6.4 Intangible assets and goodwill

Closing balance of intangible assets and goodwill includes goodwill of TCZK 222 808 recognized by the Group. The goodwill relates to acquisition of Ablon Group on 30 June 2013.
The goodwill that arose on the business combination can be attributed to the synergies expected to be derived from the combination.
The Group's management expects that preliminary calculation of goodwill may change significantly as 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, refer to note 3.4.

Reconciliation of carrying amount

	Goodwill
Cost	
Balance at 1 January 2013	**--**
Acquisition through business combinations (note 3.4)	222 808
Balance at 30 June 2013	**222 808**
Impairment losses	
Balance at 1 January 2013	--
Impairment loss	--
Balance at 30 June 2013	--
Carrying amounts	
Balance at 1 January 2013	**--**
Balance at 30 June 2013	**222 808**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

6.5 Other investments

Non-current

	30 June 2013	31 December 2012
Vodovody a kanalizace Přerov, a.s. (share 1,60%)	6 782	6 782
Vodovody a kanalizace Hodonín, a.s. (share 1,99%)	4 614	4 614
COOP Centrum Družstvo*	300	300
STRM Delta a.s. (share 0,07%)	50	50
Ekopark Odolena Voda, s.r.o. (share 10%)	20	20
Moravský Peněžní Ústav - spořitelní družstvo*	2	2
Total equity investments	**11 768**	**11 768**
Receivables from derivatives (1)	20 703	--
Debentures (2)	35 681	--
Total other non-current investments	**68 152**	**11 768**

Current

	30 June 2013	31 December 2012
Interest to debentures (2)	3 629	--
Total other current investments	**3 629**	--

(1) Receivables from derivatives include interest rate swap with positive fair value as at 30 June 2013. The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank loans. Above mentioned interest rate swaps are not used for hedging.

(2) The Company acquired bonds issued by 3rd party in total nominal value of TCZK 35 681.

6.6 Loans provided

Balances of non-current loans include loan principal and unpaid non-current interest. Balances of current loans include loan principal, unpaid interest related to current loans and current portion of unpaid interest related to non-current loans.

Non-current

	30 June 2013	31 December 2012
Loans provided - related parties	2 757 159	2 639 978
Loans provided - joint ventures (1)	--	274 248
Loans provided - third parties (2)	1 182 961	2 590 973
Total	**3 940 120**	**5 505 199**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Current

	30 June 2013	31 December 2012
Loans provided - related parties	131 872	64 332
Loans provided - joint ventures	--	12 328
Loans provided - third parties (2)	645 042	1 214 509
Total current loans provided	**776 914**	**1 291 169**
Impairment to current loans provided to third parties	-144 759	-149 294
Total current loans provided net of impairment	**632 155**	**1 141 875**

(1) Decrease in loans provided to joint ventures is related to acquisition of remaining 50% stake in CPI Národní, s.r.o., refer to note 3.4.

(2) Decrease in loans provided to 3rd parties is mainly attributable to set-off with payable resulting from ABLON Group acquisition. The payable totalling TCZK 2 985 829 was offset with non-current and current loans, non-current and current trade and other receivables related to the Seller.

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

6.7 Trading property – inventories

	30 June 2013	31 December 2012
Projects and property for resale	131 238	--
Projects under development	2 129 966	1 805 858
Other inventory	865	170
Total	**2 262 069**	**1 806 028**

Projects and property for resale relates to acquisition of ABLON Group (refer to note 3.4). As a result of the business combinations the Group acquired several residential finished projects intended for further sale. These projects are located mainly in Prague – Čakovice.

Project under development primarily includes projects related to “Palais Maeterlinck project” in total amount of TCZK 2 092 639 and “Jižní stráň project” (Březiněves, a.s.) totalling of TCZK 37 327.

Increase in projects under development represents mainly ongoing development in respect of “Palais Maeterlinck project”.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

6.8 Trade and other receivables

Non-current

	30 June 2013	31 December 2012
Receivables acquired through assignment (1)	--	611 245
Receivables from retentions	--	3 868
Other advances paid	13 391	10 067
Rental deposits	2 000	4 180
Other receivables due from third parties	670	38
Total non-current receivables	**16 061**	**629 398**
Total trade and other receivables net of impairment	**16 061**	**629 398**

Current

	30 June 2013	31 December 2012
Trade receivables due from related parties	2 401	2 887
Trade receivables due from joint ventures	--	121
Trade receivables due from third parties	1 071 643	1 178 931
Advances paid	167 745	164 501
Other tax receivables (excl. CIT and VAT)	16 446	16 509
Prepaid expenses	201 696	179 066
Receivables from retentions	--	14 017
Receivables from sale of subsidiaries	30 334	146 637
Receivables from sale of receivables	610 551	604 075
Receivables acquired through assignment	61 630	101 306
Other receivables due from related parties (1)	426 704	4 379
Other receivables due from third parties	156 714	78 775
Total current receivables	**2 745 864**	**2 491 204**
Impairment to trade receivables due from third parties	-360 759	-335 722
Impairment to other receivables due from third parties	-27 542	-21 159
Total impairment to current receivables	**-388 301**	**-356 881**
Total trade and other receivables net of impairment	**2 357 563**	**2 134 323**

(1) Receivables acquired through assignment were in 2013 sold to related party and resulting receivable from the assignment is disclosed within current other receivables due from related parties in amount of TCZK 426 704 and partly set-off with other payables due to third parties related to acquisition of ABLON Group.

6.9 Cash and cash equivalents

	30 June 2013	31 December 2012
Bank balances	2 453 503	3 758 754
Cash on hand	32 639	18 750
Total	**2 486 142**	**3 777 504**

6.10 Equity

Changes in equity

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

Share capital and share premium

For six months period ended 30 June 2013 The Company didn't subscribed any new shares. The subscribed capital of the Company as at 30 June 2013 was TCZK 6 186 997 (as at 31 December 2012 – TCZK 6 186 997), comprising 7 733 746 shares (as at 31 December 2012 – 7 733 746 shares), each with a nominal value of CZK 800 (as at 31 December 2012 – CZK 800). All shares are the same type (ordinary registered shares) and fully paid-up. All authorized shares were issued.

Other capital funds

Increase in other capital funds by TCZK 1 118 064 is attributable in-kind contributions by the CPI Group owner.

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.

Legal reserve

Total allocation from Group's statutory profits under Czech accounting principles represents TCZK 43 394 (in six months period ended 30 June 2012 – TCZK 9 328).

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 selected interest rate swaps. 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

Other changes in equity

Acquisition of non-controlling interest relates to acquisition of Ablon Group resulting in non-controlling interest of TCZK -4 559 recognized by the Group, refer to note 3.4.
Change in non-controlling interest without change in control recognized directly in equity relates to acquisition of additional interest in BAYTON Gama, a.s. For detailed information refer to note 3.4.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Earnings per share

Basic earnings per share for six months period ended 30 June 2013

Profit attributable to ordinary shareholders

	Continuing operations	Discontinued operations	Total
Net profit attributable to ordinary shareholders for the period ended 30 June 2013	896 254	--	896 254
Net profit attributable to ordinary shareholders	896 254	--	896 254

Weighted average number of ordinary shares

	pcs	Weight	Weighted average
Issued ordinary shares at 1 January 2013	7 733 746	1,0000	7 733 746
Issued ordinary shares at 30 June 2013	7 733 746		7 733 746
Weighted average number of ordinary shares at 30 June 2013			7 733 746
Earnings per share for the six months period ended 30 June 2013 (CZK)			**115,89**

Basic earnings per share for six months period ended 30 June 2012

Profit attributable to ordinary shareholders

	Continuing operations	Discontinued operations	Total
Net profit attributable to ordinary shareholders for the period ended 30 June 2012	357 785	--	357 785
Net profit attributable to ordinary shareholders	357 785	--	357 785

Weighted average number of ordinary shares

	pcs	Weight	Weighted average
Issued ordinary shares at 1 January 2012	5 535 175	1,0000	5 535 175
Issued ordinary shares at 30 June 2012	5 535 175		5 535 175
Weighted average number of ordinary shares at 30 June 2012			5 535 175
Earnings per share for the six months period ended 30 June 2012 (CZK)			**64,64**

Diluted earnings per share for six months period ended 30 June 2013

Profit attributable to ordinary shareholders (diluted)

	Continuing operations	Discontinued operations	Total
Net profit attributable to ordinary shareholders for the period ended 30 June 2013	896 254	--	896 254
Net profit attributable to ordinary shareholders	896 254	--	**896 254**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Weighted average number of ordinary shares (diluted)

	pcs	Weight	Weighted average
Issued ordinary shares at 1 January 2013	7 733 746	1,0000	7 733 746
Issued ordinary shares at 30 June 2013	7 733 746		7 733 746
Weighted average number of ordinary shares at 30 June 2013			7 733 746
Diluted earnings per share for the six months period ended 30 June 2013 (CZK)			**115,89**

Diluted earnings per share for six months period ended 30 June 2012

Profit attributable to ordinary shareholders (diluted)

	Continuing operations	Discontinued operations	Total
Net profit attributable to ordinary shareholders for the period ended 30 June 2012	357 785	--	357 785
Net profit attributable to ordinary shareholders	--	--	**357 785**

Weighted average number of ordinary shares (diluted)

	pcs	Weight	Weighted average
Issued ordinary shares at 1 January 2012	5 535 175	1,0000	5 535 175
Issued ordinary shares at 30 June 2012	5 535 175		5 535 175
Weighted average number of ordinary shares at 30 June 2012			5 535 175
Diluted earnings per share for the six months period ended 30 June 2012 (CZK)			**64,64**

6.11 Interest-bearing loans and borrowings

Non-current

	30 June 2013	31 December 2012
Loans from related parties	12 872	10 525
Loans from third parties	471 104	119 338
Bank loans (1)	19 358 757	18 100 918
Finance lease liabilities	1 416 610	1 475 357
Bills of exchange	137 877	47 231
Total	**21 397 220**	**19 753 369**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Current

	30 June 2013	31 December 2012
Loans from related parties	1 820	1 545
Loans from third parties (2)	257 229	1 510 724
Bank loans (1)	4 291 119	3 577 023
Finance lease liabilities	136 257	132 222
Bills of exchange	181 783	234 553
Total	**4 868 208**	**5 456 067**

(1) Incline in bank loans is mainly attributable to acquisition of ABLON Group as the Group acquired bank loans totalling TCZK 4 369 650. This was partially offset by prepayment of bank loan by CPI BYTY, a.s. as a result of new bonds issued.

(2) Decrease in current loans from third parties is mainly related to almost full settlement of the loan of TCZK 740 000 and the rest of loan is presented as non-current loan of TCZK 259 670.

Covenants

Bank loans are subject to a number of covenants. All covenant ratios related to non-current bank loans were met as at 30 June 2013.

6.12 Bonds issued

	30 June 2013		31 December 2012	
	No. of bonds issued	Value	No. of bonds issued	Value
Non-current liabilities				
Proceeds from issued bonds - CPI 2021	1 215	2 430 000	1 215	2 430 000
Less: bonds owned by Group	-1 215	-2 430 000	-1 215	-2 430 000
Subtotal bonds - CPI 2021	--	--	- -	- -
Proceed from issued bonds - CPI Finance Netherlands B.V. - 2011	500	5 000 000	500	5 000 000
Less: bonds owned by Group	-40	-400 000	-40	-400 000
Subtotal bonds - CPI Finance Netherlands B.V. - 2011	460	4 600 000	460	4 600 000
Proceeds from issued bonds - CPI VAR/15 - EUR	30 000	389 250	30 000	377 100
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	-5 369	--	-6 966
Subtotal bonds - CPI VAR/15 (EUR)	30 000	383 881	30 000	370 134
Proceeds from issued bonds - CPI VAR/19 - CZK	2 000 000 000	2 000 000	2 000 000 000	2 000 000
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	-40 306	--	-46 385
Subtotal bonds - CPI VAR/19 (CZK)	2 000 000 000	1 959 694	2 000 000 000	1 953 615

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

	30 June 2013		31 December 2012	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/19 - EUR	116 000	1 505 100	116 000	1 458 120
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	-31 390	--	-34 453
Subtotal bonds - CPI VAR/19 (EUR)	116 000	1 473 710	116 000	1 423 667
Proceeds from issued bonds - CPI 8,00/42	1 000 000 000	1 000 000	1 000 000 000	1 000 000
Less: bonds owned by Group	-175 000 000	-175 000	-180 000 000	-180 000
Less: transaction costs	--	--	--	-140
Subtotal bonds - CPI 8,00/42	825 000 000	825 000	820 000 000	819 860
Proceeds from issued bonds - CPI ALFA	279 000 000	279 000	279 000 000	279 000
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	-5 980	--	-6 067
Subtotal bonds - CPI ALFA	279 000 000	273 020	279 000 000	272 933
Proceeds from issued bonds - CPI 7,00/22	1 000 000 000	1 000 000	1 000 000 000	1 000 000
Less: bonds owned by Group	-1 000 000 000	-1 000 000	-1 000 000 000	-1 000 000
Less: transaction costs	--	--	--	-121
Subtotal bonds - CPI 7,00/22	--	--	--	-121
Proceeds from issued bonds - CPI 7,00/22	1 000 000 000	1 000 000	1 000 000 000	1 000 000
Less: bonds owned by Group	-965 588 000	-965 588	-1 000 000 000	-1 000 000
Less: transaction costs	--	-121	--	-121
Subtotal bonds - CPI 7,00/22	34 412 000	34 291	--	-121
Proceeds from issued bonds - CPI 7,00/22	1 000 000 000	1 000 000	1 000 000 000	1 000 000
Less: bonds owned by Group	-1 000 000 000	-1 000 000	-1 000 000 000	-1 000 000
Less: transaction costs	--	-121	--	-121
Subtotal bonds - CPI 7,00/22	--	-121	--	-121
Proceeds from issued bonds - CPI 8,00/42	1 000 000 000	1 000 000	1 000 000 000	1 000 000
Less: bonds owned by Group	-1 000 000 000	-1 000 000	-1 000 000 000	-1 000 000
Less: transaction costs	--	-141	--	-141
Subtotal bonds - CPI 8,00/42	--	-141	--	-141
Proceed from issued bonds - CPI Finance Netherlands B.V. (2012)	100	1 000 000	100	1 000 000
Less: bonds owned by Group	-26	-260 000	-100	-1 000 000
Subtotal bonds - CPI Finance Netherlands B.V. (2012)	74	740 000	--	--
Proceeds from issued bonds - CPI 6,05/16 (1)	150 000	1 500 000	--	--
Less: bonds owned by Group	-58 959	-589 590	--	--
Less: transaction costs	--	--	--	--
Subtotal bonds - CPI 6,05/16	91 041	910 410	--	--

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	30 June 2013		31 December 2012	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2,50/15 (2)	300 000	300 000	--	--
Proceeds from issued bonds - CPI BYTY 3,50/17 (2)	500 000	500 000	--	--
Proceeds from issued bonds - CPI BYTY 4,80/19 (2)	900 000	900 000	--	--
Proceeds from issued bonds - CPI BYTY 5,80/21 (2)	1 300 000	1 300 000	--	--
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	-70 753	--	--
Subtotal bonds - CPI BYTY	3 000 000	2 929 247	--	--
Total non-current		**14 128 991**		**9 439 705**
Current liabilities				
Accrued interest bonds - CPI Finance Netherlands BV (2011)		319 869		185 523
Accrued interest bonds - CPI Finance Netherlands BV (2012)		20 072		--
Accrued interest bonds - CPI VAR/15 (EUR)		7 311		7 149
Accrued interest bonds - CPI VAR/19 (CZK)		36 632		38 957
Accrued interest bonds - CPI VAR/19 (EUR)		28 270		27 642
Accrued interest bonds - CPI ALFA		2 813		2 856
Accrued interest bonds - CPI 8,00/42		39 295		4 920
Accrued interest bonds - CPI 6,05/16		14 076		--
Accrued interest bonds - CPI BYTY 2,50/15		1 146		--
Accrued interest bonds - CPI BYTY 3,50/17		2 674		--
Accrued interest bonds - CPI BYTY 4,80/19		6 600		--
Accrued interest bonds - CPI BYTY 5,80/21		11 519		--
Total current		**490 277**		**267 047**
Total liabilities from bonds issued		**14 619 268**		**9 706 752**

In March 2013 the Group issued new bonds:

(1) CPI 6,05/16 (CZ0003510646)

CPI 6,05/16 bonds were issued on 29 March 2013. The bonds mature on 29 March 2016. The nominal value of each bond is TCZK 10. The Group could issue bonds up to maximum value of TCZK 1 500 000 with optional issue extension up to TCZK 2 250 000.

CPI 6,05/16 bonds bear the fixed interest rate of 6,05%. Interests are due semi-annually, on 29 March and 29 September respectively.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 6,05/16, ISIN CZ0003510646). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 27 March 2013, reference number 2013/3802/570 that came into force on 27 March 2013.

Bonds were accepted for trading at the Prague Stock Exchange.

(2) CPI BYTY bonds

The CPI BYTY bond issues were issued as a part of a bond programme, with an overall volume of TCZK 3 800 000, The overall volume of any bonds issued under the bond programme must not at any time exceed TCZK 3 000 000.

The separation into 4 issues enabled investors to choose the duration of their investment, from 2 to maximum 8 years, with fixed coupons ranging from 2,5 to 5,8 %.

CPI BYTY bonds were accepted for trading at Prague Stock Exchange.

The detailed breakdown of individual issues is as follows:

CPI BYTY 2,50/15 (ISIN CZ0003510679)

CPI BYTY 2,50/15 bonds were issued on 7 May 2013. The bonds mature on 7 May 2015. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 2,50 % per annum. Interests are due annually on 7 May.

CPI BYTY 3,50/17 (ISIN CZ0003510687)

CPI BYTY 3,50/17 bonds were issued on 7 May 2013. The bonds mature on 7 May 2017. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 3,50 % per annum. Interests are due annually on 7 May.

CPI BYTY 4,80/19 (ISIN CZ0003510695)

CPI BYTY 4,80/19 bonds were issued on 7 May 2013. The bonds mature on 7 May 2019. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 4,80 % per annum. Interests are due annually on 7 May.

CPI BYTY 5,80/21 (ISIN CZ0003510703)

CPI BYTY 5,80/21 bonds were issued on 7 May 2013. The bonds mature on 7 May 2021. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 5,80 % per annum.

Interests are due annually on 7 May.

For interest expense related to bonds issued refer to note 5.10.

Covenants

Issued bonds CPI VAR/15 (EUR), CPI VAR/19 (CZK) and CPI VAR/19 (EUR) are subject to a number of covenants. All covenant ratios were met as at 30 June 2013.

Issued bonds CPI 6,05/16 are subject to a number of covenants. All covenant ratios were met as at 30 June 2013.

Issued bonds CPI Alfa are subject to a number of covenants. According to bonds prospectus the covenant ratios will be calculated firstly for the year ended 31 December 2013.

Issued bonds CPI BYTY are subject to a number of covenants. According to bonds prospectus the covenant ratios will be calculated firstly for the year ended 31 December 2014.

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6.13 Liabilities from derivatives

Interest rate swaps
The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank loans.
The aggregate fair value of the liabilities from interest rate swaps open at 30 June 2012 is summarized in the following table:

Non-current liabilities from derivatives

	30 June 2013	31 December 2012
Interest rate swaps used for hedging	70 150	116 476
Other interest rate swap contracts	151 634	167 965
Total	**221 784**	**284 441**

Current liabilities from derivatives

	30 June 2013	31 December 2012
Interest rate swaps used for hedging	--	--
Other interest rate swap contracts	--	48 582
Total	--	**48 582**
Total liability from derivatives	**221 784**	**333 023**

6.14 Bank overdrafts

Bank overdrafts amounted to TCZK 388 783 as at 30 June 2013 (balance as at 31 December 2012 – TCZK 386 790).

6.15 Trade and other payables

Non-current

	30 June 2013	31 December 2012
Trade payables due to third parties	3 965	3 965
Advances received	5 229	--
Payables from acquisitions of subsidiaries, joint-ventures and associates (1)	--	928 343
Tenant deposits	123 468	87 436
Payables from retentions	237 558	219 715
Other payables due to third parties	6 260	70
Total	**376 480**	**1 239 529**

(1) Decrease in Payables from acquisitions of subsidiaries and joint-ventures reflects offset carried out by the Group in respect of in-kind contribution, refer to note 6.10. The sole shareholder acquired receivable from Group during 2013. Subsequently the receivable from in-kind contribution was offset with above mentioned payables.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Current

	30 June 2013	31 December 2012
Trade payables due to related parties	10	36
Trade payables due to third parties	602 912	847 261
Advances received	401 655	343 482
Value added tax payables	42 282	61 851
Other tax payables	39 152	--
Payables due to employees, social security and health insurance, employees income tax	30 892	34 543
Advances received from tenants	209 937	311 827
Payables from acquisitions of subsidiaries and joint-ventures	7 969	162 424
Payables from receivables cession	48 721	41 718
Payables from retentions	1 845	1 845
Payables to owners association	46 181	46 181
Deferred income/ revenue	155 535	151 344
Other payables due to related parties	19 528	31 063
Other payables due to third parties	19 140	10 102
Total	**1 625 759**	**2 043 677**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

7 Financial instruments

Categories of financial instruments

Financial assets in the Group comprise non-current and current loans provided, trade and other receivables and cash and cash and cash equivalents, which are all classified as loans and receivables. Financial assets also include interest rate swaps which are categorized as derivatives as fair value through profit or loss (non hedge), disclosed within other non-current investments.

Financial liabilities in the Group comprise interest bearing loans and borrowings, bonds issued, bank overdraft, and trade and other payables, which are classified as other financial liabilities. Financial liabilities also include interest rate swaps which are categorized as derivatives as fair value through profit or loss (non hedge) and interest rate swaps used as hedging instruments.

The carrying values of these financial assets and liabilities approximate their fair value, with the exception of bonds issued.

The fair values of financial assets and liabilities together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	Carrying amount		Fair value	
	30 June 2013	**31 December 2012**	**30 June 2013**	**31 December 2012**
Financial assets				
Loans provided	4 572 275	6 647 074	4 572 275	6 647 074
Trade and other receivables	2 373 624	2 763 721	2 373 624	2 763 721
Receivables from derivatives	20 703	--	20 703	--
Debentures	39 310	--	39 310	--
Equity investments	11 768	11 768	11 768	11 768
Cash and cash equivalents	2 486 142	3 777 504	2 486 142	3 777 504
Total financial assets	**9 503 822**	**13 200 067**	**9 503 822**	**13 200 067**
Financial liabilities				
Interest bearing loans and borrowings	26 265 428	25 209 436	26 265 428	25 209 436
Bonds issued	14 619 268	9 706 752	14 379 807	9 647 382
Liabilities from derivatives	221 784	333 023	221 784	333 023
Trade and other payables	2 002 239	3 283 206	2 002 239	3 283 206
Bank overdraft	388 783	386 790	388 783	386 790
Total financial liabilities	**43 497 502**	**38 919 207**	**43 258 041**	**38 859 837**

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 30 June 2013, the Group held the following financial instruments carried at fair value in the statement of financial position:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Receivables from derivatives	--	20 703	--	20 703
Liabilities measured at fair value				
Liabilities from derivatives	--	221 784	--	221 784

As at 31 December 2012, the Group held the following financial instruments carried at fair value in the statement of financial position:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
None	--	--	--	--
Liabilities measured at fair value				
Liabilities from derivatives	--	333 023	--	333 023

There were no transfers between levels of fair value hierarchy in the six months period ended 30 June 2013.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

8 Related parties

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.

For six months period ended 30 June

	2013	**2012**
Remuneration paid to key management personnel and members of Board of Directors	12 057	18 401
Total	**12 057**	**18 401**

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 2013**	**31 December 2012**
Trade payables	10	36
Other payables	19 480	31 015
Trade receivables	26	252
Other receivables	103	4 379
Loans provided	150	31 044
Transactions for six months period ended	**30 June 2013**	**30 June 2012**
Interest income	26	--
Bonds expense	211	167

Joint ventures

Balances at	**30 June 2013**	**31 December 2012**
Loans provided	--	286 576
Trade receivables	--	121
Transactions for six months period ended	**30 June 2013**	**30 June 2012**
Interest income	--	4 190

In February 2013 the Group acquired remaining 50% stake in CPI Národní, s.r.o. (refer to note 3.4). The Group has no shares in joint ventures as at 30 June 2013.

Condensed consolidated interim financial statements for the six months ended 30 June 2013 in thousands Czech crowns (TCZK)

Other related parties

During the period, Group companies entered into the following transactions with other related parties:

Balance at	30 June 2013	31 December 2012
Vila Šárka, a.s.		
Trade receivables	7	20
Loans provided	2	2
Milada Malá		
Trade receivables	1 429	1 429
Loans provided	2 877 982	2 324 352
Other payables	48	48
STRM Group (1)		
Trade receivables	891	956
Other receivables	426 601	611 245
Loans provided	10 897	215 696
Other entities (2)		
Trade receivables	48	230
Loans provided	--	125 737
Loans received	14 692	12 070
Transaction for six months period ended 30 June	**30 June 2013**	**30 June 2012**
Vila Šárka, a.s.		
Sale of services	6	--
Milada Malá		
Interest income	175 496	--
STRM Group (1)		
Interest income	6 338	*
Sale of services	824	*
Other entities (2)		
Sale of services	48	--
Interest expense	314	321
Interest income	5 175	--

* related since the September 2012

(1) STRM Group includes following companies:

STRM Property, a.s., STRM Alfa, a.s., STRM Beta, a.s., STRM Delta, a.s. and STRM Gama, a.s.

(2) Other entities include following companies:

Cerrini, s.r.o., Materali, a.s., Mondello, a.s., Papetti, s.r.o., Pietroni, s.r.o., Rivaroli, a.s., Robberg, a.s. and Zacari, a.s.

9 Contingent liabilities

9.1 Contingent assets

The Group is not aware of existence of any contingent assets as at 30 June 2013.

9.2 Contingent liabilities

The Group does not have in evidence any contingent liabilities. No legal proceeding is active the result of which would influence consolidated financial statements and the Group is not aware about any potential enter upon the law-suit.

10 Capital commitments

The Group has capital commitments of TCZK 1 168 644 (31 December 2012 – TCZK 977 687) in respect of capital expenditures contracted for at the date of the statement of financial statements.

11 Subsequent events

No significant events occurred between the balance sheet date and the date of preparation of the Group's condensed consolidated interim financial statements.

Prague, 30 August 2013

Radovan Vítek
Chairman of the Board of Directors

Marek Stubley
Vice-chairman of the Board of Directors