



ANNUAL REPORT

Czech Property Investments, a.s.

CPI
Property
Group

as at 31 December 2015

KEY FIGURES

PERFORMANCE		31-Dec-15	31-Dec-14	Change in %
Gross rental income	MCZK	4,622	4,406	5%
Occupancy*	%	89.2	88.7	--
Gross return	%	5.9	6.1	--
Net rental income	MCZK	4,674	4,039	16%
Result from operating activities	MCZK	4,045	3,789	7%
EBITDA	MCZK	3,519	3,817	-8%
Profit before tax	MCZK	1,580	2,078	-24%
Net interest expense	MCZK	1,879	1,682	12%
Net profit for the period	MCZK	956	1,653	- 42%

* excluding Hotels

ASSETS		31-Dec-15	31-Dec-14	Change in %
Total assets	MCZK	90,018	90,463	0%
Property Portfolio	MCZK	79,039	75,989	4%
Gross lettable area *	sqm	2,111,000	2,058,000	3%
Total number of properties**	No	354	278	27%
Total number of residential units	No	12,483	12,536	0%
Total number of hotel beds	No	9,697	8,129	19%
EPRA NAV	MCZK	41,881	40,276	4%

* excluding Hotels

** excluding Residential properties

FINANCING STRUCTURE		31-Dec-15	31-Dec-14	Change in %
Total equity	MCZK	33,831	32,490	4%
Equity ratio	%	38%	36%	--
Net debt	MCZK	42,255	45,803	-8%
Loan to value ratio	%	54%	60%	--

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KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika

Telephone +420 222 123 111
Fax +420 222 123 100
Internet www.kpmg.cz

Independent Auditor's Report to the Shareholder of Czech Property Investments, a.s.

Individual Financial Statements

We have audited the accompanying individual financial statements of Czech Property Investments, a.s., prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the unconsolidated statement of financial position as of 31 December 2015, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and the notes to these individual financial statements including a summary of significant accounting policies and other explanatory notes. Information about Czech Property Investments, a.s. is set out in Note 1 to these individual financial statements.

Statutory Body's Responsibility for the Individual Financial Statements

The statutory body of Czech Property Investments, a.s. is responsible for the preparation of individual financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these individual financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors, International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free from material misstatement.

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

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

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.

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IČ 49619187
DIČ CZ699001996
ID datové schránky: 8h3gtra



Opinion

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

Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Czech Property Investments, a.s., prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as of 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to these consolidated financial statements including a summary of significant accounting policies and other explanatory notes. Information about Czech Property Investments, a.s. is set out in Note 1 to these consolidated financial statements.

Statutory Body's Responsibility for the Consolidated Financial Statements

The statutory body of Czech Property Investments, a.s. is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors, International Standards on Auditing, and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



Opinion

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


Other Information

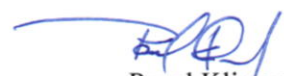
Other information is defined as information (other than the consolidated financial statements and our auditor's report) included in the consolidated annual report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements of Czech Property Investments, a.s. as of 31 December 2015 does not cover the other information and we do not express any form of opinion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the consolidated annual report is not materially inconsistent with the individual or consolidated financial statements or our knowledge obtained in the audit, whether the consolidated annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Prague
25 April 2016


KPMG Česká republika Audit, s.r.o.
Registration number 71


Pavel Kliment
Partner
Registration number 2145

2015 HIGHLIGHTS

New investment and portfolio news

Acquisition of Hospitality portfolio

In June 2015, Czech Property Investment, a.s. (hereinafter with its subsidiaries also referred to as “the Group” or “CPI Group”) acquired 50% share stake in Hospitality Invest S.à r.l. and 88 % share stakes in Endurance Hospitality Finance S.à r.l. and in Endurance Hospitality Asset S.à r.l., entity holding the remaining 50% shares in Hospitality Invest S.à r.l., all together with remaining part of Equity loans. The aforementioned entities were acquired from CPI Property Group. Acquisition of Hospitality Group portfolio represents a unique collection of well-established luxury boutique hotels and all-suite residence hotels under Mamaison brand, mostly located in prime central locations of the CEE capitals.

Acquisition of new shopping centre in Kolín

On 31 May 2015, the Group acquired Futurum Shopping Centre in Kolín, Czech Republic. The shopping centre, with a leasable area of 10,100 sqm comprises of a supermarket, shopping gallery with 50 shops, restaurants and other amenities, as well as a 320 capacity underground car park. The aggregate acquisition price in a share transaction amounts to EUR 23 million, with bank financing at the level of EUR 17.25 million.

Acquisition of retail property portfolio in the Czech Republic

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

Acquisition of third shopping centre in Mladá Boleslav

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

Opening new premises

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

Acquisition of Géčko shopping centre in České Budějovice

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

Sale of Živnobanka to CEFC

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

Capital market financing

Refinancing for Hospitality Invest

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

Financing secured for Quadrio

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

EUR 50 million bonds issue on the Czech Market

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

EUR 80 million bonds issue on the Slovak market

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

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

EUR 70 million bonds issue amended

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

Czech and NL bonds fully repaid

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

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

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

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

MESSAGE FROM THE BOARD OF DIRECTORS

Dear Business Partners, Colleagues and Stakeholders,

Looking back at 2015, I am delighted to report another year of strong results, driven by our successes in new acquisitions, the maintenance of long-term asset management and the commitment to diversified financing. With the current EPRA NAV at CZK 41.9 billion and a total balance sheet of CZK 90 billion we have continued to constitute the company as the pivotal cornerstone of CPI Property Group, one of the largest representatives of the Central Eastern European real estate market. Czech Property Investments, a.s. manages a well-balanced and diversified portfolio with a total value of over CZK 79 billion, which includes a comprehensive range of properties located in the Czech and Slovak Republics, Hungary, Poland and Romania. As a result, our company is strengthening its market position and creating greater value for its shareholders, we can therefore share this moderate optimism and retain positive expectations for the future.

In 2015, we secured significant financial authority. The company's progress has been driven by the enhanced macro-economic environment, the returned confidence and expectation established by the volume of investments at pre-crisis levels. The company has been successful in advancing its financing costs and profile achievements contributing to the long-term success of our business. We have concentrated on opportunities for low-cost financing along with lower margins under improved terms while being in a position to take advantage of capital markets with the application to repurchase higher yielding corporate bonds.

In March 2015 we refinanced our three shopping centres and obtained a development loan for an extension on one. The low interest rate environment has ensured that the overall debt service has decreased despite a higher loan amount. In June 2015, Helaba and UniCredit increased and converted our development loan on the Quadrio project to a long-term investment loan under prime commercial terms. Furthermore, Czech Property Investments, a.s. recently placed Czech koruna denominated bonds for the private clients of Komerční banka and UniCredit and consequently investors oversubscribed the issue. Bond financing has become a definitive approach of supporting our business activities and provides an alternative to bank financing and we are proud of this appealing product for our investors.

It has been another positive year of acquisitions, primarily in the retail sector. We completed the acquisition of the Futurum shopping centre in Kolín, Czech Republic for EUR 23 million. In the autumn of 2015, we entered into negotiations of several purchases including the Czech shopping centres, Bondy in Mladá Boleslav and Géčko in České Budějovice which were finally acquired in early 2016. In December 2015, we also witnessed the closing of 75 smaller acquisitions of retail properties across the Czech Republic. The Group also decided to divest certain non-core assets and managed to complete the sale of the former Živnostenská Banka, a landmark building in the centre of Prague, to a Chinese investor.

An essential pillar of our business strategy and the success in the rental arena is due to our long-term, high-quality relationships with our tenants. We have managed to acquire a number of new tenants and to renew several key contracts. We welcomed new tenants Channel Crossings language services and the well-known Starbucks Coffeehouse to the Meteor Centre Office Park. We entered into new lease agreements for the offices in the Quadrio multi-functional complex. MetLife Europe Limited and associated companies of the Hungarian oil and gas group MOL (Slovnaft Czech Republic, Pap Oil, and MOL Retail) moved its Czech branch into the attractive new headquarters. Additionally, over the summer 2015, Czech Property Investments, a.s. moved its offices into the new multi-purpose Quadrio complex.

In concern to our development projects, the most substantial application was the construction of Meteor Centre Office Park in Prague and reconstruction of the residential complex Palais Maeterlinck in France, both were completed in the first half of 2015. Subsequently, we readjusted our development strategy to allow the company to reduce its exposure where we see future potential risk. The strengthening of our vast land bank has further ensured the increase in the value of existing properties. Additionally, the vigilant approach to the construction of build-to-hold commercial properties has been centred on the revitalisation and renovations of our portfolio.

Our future strategy is to continue growing and provide first-rate rental and property management services. The success of major purchases and financial advancements last year, motivates the company's capacity and operational performance for further expansion in 2016. We continue to target investments in the commercial real estate sector, principally the office and retail divisions, as well as residential, and hotel accommodation.

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

Prague, 25 April 2016



Zdeněk Havelka
Chairman of the Board of Directors
Czech Property Investments, a.s.

A CUT ABOVE CPI GROUP

Czech Property Investments, a.s. with its subsidiaries is a real estate group concentrating on long-term investments and the lease of real estate, mainly in the Central and Eastern European region. It has been operating on the real estate market since the end of 1990s.

The Group is active across all real estate segment in the Czech & Slovak Republics, Hungary, Poland and Romania. In recent years, the Group has successfully established itself among the leading investors and developers in the domestic real estate market and also expanded within Central and Eastern Europe. Its conservative and responsible approach has 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 459,000 sqm of office space; 683,000 sqm of retail space; 24 hotels with over 8,300 beds, 211,000 sqm of space intended for light industry and storage and with over 12,400 apartments, it is the second largest provider of rental housing in the Czech Republic.

The goal of the Group is to develop the potential of its property 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.

History of CPI Group

The beginning of business activities of CPI Group in the real estate market started in the late 1990s when CPI Group began to focus on management of movable and immovable property. The Group invested in the purchase of real estate, as well as reconstruction of buildings for commercial use. The early years gave way to a period of great expansion, mainly in the asset value of the Group. This was also reflected in its internal structure and diversification of activities. Property management and rentals maintained the dominant position and acquisition activities had significant impact on increase in the value of assets. During this period, CPI Group also significantly extended its development activity. It launched and successfully completed several projects in Prague, which were then sold to end customers. Despite a significant suspension of activities on the property market caused by the global financial and economic crisis which started in 2008, the Group managed to complete and successfully sell or open several projects in housing and hotel accommodation segment. During these challenging times, CPI Group also focused on the consolidation of assets and capital and prepared the ground for future investments.

Year 2010 represents an important milestone in the Group's history. In this year, the Group significantly invested primarily in existing properties and also expanded its activities in other sectors of the real estate industry. Acquisitions affected nearly all segments; CPI Group significantly expanded its stock of rental housing, expanded in retail, increased the number of office spaces and grew in the hotel industry.

Since 2011, CPI Group has continued in its acquisition and development activities of the previous years and clearly exceeded them in terms of volume. As a result, the Group's portfolio diversified into all five segments. Top office buildings, important shopping centres, industrial areas and development projects or buildings smaller in terms of area, however equally important in terms of volume, appear among deals closed since this time. In 2012 the Group realised its first public emissions of corporate and project bonds which was met with extreme success and opened the door to another source of the Group's financing.

In 2013, CPI Group had expanded its activities abroad and extended the Group's portfolio by acquisitions of real estate in Hungary, Poland and Romania.

In 2014, CPI Group become a part of CPI PROPERTY GROUP, a Luxembourg based *Société Anonyme*. The Combination of CPI PROPERTY GROUP with Czech Property Investments, a.s. created a new major real estate listed player in Central Europe.

In 2015, CPI Group extended its own portfolio by the acquisition of Hospitality Group, Spa Hotel Pokrovka Residence in Moscow and Marriott Courtyard Hotel in Prague. The Group still continues with investment and extends its portfolio, mainly in the Czech Republic.

Parent Company

The parent company of the Group is Czech Property Investments, a.s. (hereinafter also referred to as “the parent company” or “the Company”).

The Company with its registered office at Prague 1, Vladislavova 1390/17, 110 00, IČ (Company Identification Number) 427 16 161, was established on 17 December 1991 for an indefinite period of time.

The Company 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 the Company.

Contact Information:

Czech Property Investments, a.s.
Vladislavova 1390/17, Nové Město
110 00 Prague 1
Tel: +420 281 082 110
Fax: +420 281 082 150
E-mail: cpi@cpi.cz
www.cpias.cz

Since 1 January 2005, the Company 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 Company did not create any programs, on the basis of which employees and members of the Board of Directors are allowed to acquire participating securities of the Company, options to such securities or other rights to them under favourable conditions.

CPI GROUP STRUCTURE

The following companies, in which CPI directly or indirectly has a controlling or significant influence, are part of the CPI consolidation unit as of 31 December 2015. 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 (%)
Arkáda Prostějov, s.r.o.	100	Čáslav Investments, a.s.	100
Balvinder, a.s.	100	Český Těšín Property Development, a.s.	100
Baudry Beta, a.s.	100	Dienzenhoferovy sady 5, s.r.o.	100
Baudry, a.s.	100	Družstvo Land	99.96
BAYTON Alfa, a.s.	100	EMH North, s.r.o.	100
BAYTON Delta, a.s.	100	EMH South, s.r.o.	100
BAYTON Gama, a.s.	86.54	EMH West, s.r.o.	100
Beroun Property Development, a.s.	100	Farhan, a.s.	100
Best Properties South, a.s.	100	FL Property Development, a.s.	100
BPT Development, a.s.	100	Gerosa - JMB, a.s.	100
Brandýs Logistic, a.s.	100	HD Investment s.r.o.	100
Březiněves, a.s.	100	Hraničář, a.s.	100
Camuzzi, a.s.	100	IGY2 CB, a.s.	100
Carpenter Invest, a.s.	100	Janáčkovo nábřeží 15, s.r.o.	100
CB Property Development, a.s.	100	Jeseník Investments, a.s.	100
CD Property s.r.o.	100	JMB Lambda, s.r.o.	100
Conradian, a.s.	100	Karviná Property Development, a.s.	100
CPI - Bor, a.s.	100	Kerina, a.s.	100
CPI - Facility, a.s.	100	LD Praha, a.s.	100
CPI - Krásné Březno, a.s.	99.96	Lockhart, a.s.	100
CPI - Land Development, a.s.	100	Lucemburská 46, a.s.	100
CPI - Orlová, a.s.	100	Malerba, a.s.	100
CPI - Real Estate, a.s.	100	Marissa Gama, a.s.	100
CPI - Štupartská, a.s.	100	Marissa Kappa, a.s.	100
CPI - Zbraslav, a.s.	100	Marissa Omikrón, a.s.	100
CPI Alfa, a.s.	100	Marissa Tau, a.s.	100
CPI Beta, a.s.	100	Marissa Théta, a.s.	100
CPI BYTY, a.s.	100	Marissa West, a.s.	100
CPI City Center ÚL, a.s.	100	Marissa Yellow, a.s.	100
CPI Delta, a.s.	100	Marissa Ypsilon, a.s.	100
CPI East, s.r.o.	100	Marissa, a.s.	100
CPI Epsilon, a.s.	100	MB Property Development, a.s.	100
CPI Flats, a.s.	100	Modřanská Property, a.s.	100
CPI Group, a.s.	100	MUXUM, a.s.	100
CPI Heli, s.r.o.	100	Nymburk Property Development, a.s.	100
CPI Hotels Properties, a.s.	100	OC Nová Zdobov, a.s.	100
CPI Jihlava Shopping, a.s.	100	OC Spektrum, s.r.o.	100
CPI Lambda, a.s.	100	Olomouc City Center, a.s.	100
CPI Management, s.r.o.	100	Olomouc Office, a.s.	100
CPI Meteor Centre, s.r.o.	100	Pelhřimov Property Development, a.s.	100
CPI Národní, s.r.o.	100	Platněšská 10 s.r.o.	100

CPI Palmovka Office, s.r.o.	100	Prague Property Development, s.r.o.	100
CPI Park Mlýnec, a.s.	100	Příbor Property Development, s. r.o.	100
CPI Park Žďárek, a.s.	99.96	Quadrio Residence, s.r.o.	100
CPI Property, s.r.o.	100	Residence Belgická, s.r.o.	100
CPI Reality, a.s.	100	Statenice Property Development, a.s.	100
CPI Retail MB s.r.o.	100	Strakonice Property Development, a.s.	100
CPI Retail Portfolio I, a.s.	100	Svitavy Property Alfa, a.s.	100
CPI Retail Portfolio II, a.s.	100	Svitavy Property Development, a.s.	100
CPI Retail Portfolio III, s.r.o.	100	Telč Property Development, a.s.	100
CPI Retail Portfolio IV, s.r.o.	100	Trutnov Property Development, a.s.	100
CPI Retail Portfolio V, s.r.o.	100	Třinec Investments, s.r.o.	100
CPI Retail Portfolio VI, s.r.o.	100	Třinec Property Development, a.s.	100
CPI Retail Portfolio VII, s.r.o.	100	Týniště Property Development, s.r.o.	100
CPI Retail Portfolio VIII s.r.o.	100	Tyršova 6, a.s.	100
CPI Retails ONE, a.s.	100	U svatého Michala, a.s.	100
CPI Retails TWO, a.s.	100	VERETIX a.s.	100
CPI Services, a.s.	100	Vigano, a.s.	100
CPI Shopping MB, a.s.	100	VM Property Development, a.s.	100
CPI Shopping Teplice, a.s.	100	Vyškov Property Development, a.s.	100
CPI South, s.r.o.	100	Žďár Property Development, a.s.	100
CPI West, s.r.o.	100	Ždírec Property Development, a.s.	100
CURITIBA a.s.	100		
Companies controlled by Czech Property Investments, a.s. – Slovak Republic	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. – Slovak Republic	Ownership interests (%)
CPI Facility Slovakia, a.s.	100	Michalovce Property Development, a.s.	100
CPI Finance Slovakia, a.s.	100	NERONTA, a. s.	100
CPI Retails FIVE, a.s.	100	Office Center Poštová, s.r.o.	100
CPI Retails FOUR, a. s.	100	Považská Bystrica Property Development, a.s.	100
CPI Retails THREE, a.s.	100	Prievidza Property Development, a.s.	100
Čadca Property Development, s.r.o.	100	Ružomberok Property Development, a.s.	100
Komárno Property Development, a.s.	100	Trebišov Property Development, s. r. o.	100
Liptovský Mikuláš Property Development,	100	Zvolen Property Development, a.s.	100
Companies controlled by Czech Property Investments, a.s. - Hungary	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. - Hungary	Ownership interests (%)
ACGATE Kft.	100	GLOBAL INVESTMENT Kft.	100
Airport City Kft.	100	Hightech Park Kft.	100
Airport City Phase B Kft.	100	Hotel Rosslyn Kft.	100
BC 30 Property Kft.	100	Insite Kft.	100
BC 91 Real Estate Kft.	100	Leriegos Kft.	100
BC 99 Office Park Kft.	100	M3 BC Kft.	100
Bright Site Kft.	100	New Age Kft.	100
Budaörs Office Park Kft.	100	New Field Kft.	100
Buy-Way Dunakeszi Kft.	100	ORCO Hotel Management Kft.	100
Buy-Way Soroksár Kft.	100	Orco Hotel, Zrt.	100
CPI Hungary Kft.	100	Ozrics, Kft.	100
Europeum Kft.	100	R40 Real Estate Kft.	100
First Site Kft.	100	Residence Izabella, Zrt.	100
Fogarasi 3 BC Kft.	100	Szolgáltatóház Kft.	100

GATEWAY Office Park Kft.	100		
Companies controlled by Czech Property Investments, a.s. - Poland	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. - Poland	Ownership interests (%)
Diana Development Sp. z o.o.	100	GARET Investment Sp. z o.o.	100
ABLON sp. z o.o.	100	Orco Hotel Development Sp. z o.o.	100
Central Tower 81 Sp. z o.o.	100	Orco Hotel Project Sp. z o.o.	100
CPI Poland Sp. z o.o.	100	Orco Warsaw Sp. z o.o.	100
GADWALL, Sp. z o.o.	100	Prosta 69 Sp. z o.o.	100
Companies controlled by Czech Property Investments, a.s. - Romania	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. - Romania	Ownership interests (%)
CPI Romania S.R.L.	100	MH Bucharest Properties S.R.L	88
ES Bucharest Development S.R.L.	100	Pro Tower Development S.R.L.	100
ES Bucharest Properties S.R.L.	100	RSL Est-Europe Properties SRL	100
ES Hospitality S.R.L.	100	RSL Real Estate Development S.R.L.	100
LN Est-Europe Development SRL	100		
Companies controlled by Czech Property Investments, a.s. - Cyprus	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. - Cyprus	Ownership interests (%)
ALAMONDO LIMITED	100	JONVERO LIMITED	100
Avacero Ltd.	100	LERIEGOS LIMITED	100
AVIDANO LIMITED	100	MESARGOSA LIMITED	100
BREGOVA LIMITED	100	OSMANIA LIMITED	100
Codiazella Ltd.	100	PRINGIPO LIMITED	100
CPI CYPRUS LIMITED	100	SASHKA LIMITED	100
DERISA LIMITED	100	SHAHEDA LIMITED	100
DORESTO LIMITED	100	TUNELIA LIMITED	100
GOMENDO LIMITED	100	Volanti Ltd.	100
GORANDA LIMITED	100	ZLATICO LIMITED	100
ISTAFIA LIMITED	100		
Companies controlled by Czech Property Investments, a.s. - Luxembourg	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. - Luxembourg	Ownership interests (%)
CPI PG Management, S.á r.l.	100	Hospitality Invest S.à r.l.	100
Endurance Hospitality Asset S.á r.l.	100	MMR Russia S.à r.l.	100
Endurance Hospitality Finance S.á r.l.	100		
Companies controlled by Czech Property Investments, a.s. - Russia	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. - France	Ownership interests (%)
Hotel Pokrovka , org. Unit	100	CPI FRANCE aSASU	100
Orco Pokrovka Management o.o.o.	100	CPI IMMO, S.a.r.l.	100
Companies controlled by Czech Property Investments, a.s. - Netherlands	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. - Ireland	Ownership interests (%)
CPI Finance Netherlands B.V.	100	CPI Finance Ireland Limited	100
CPI Finance Netherlands III B.V.	100	CPI Finance Ireland III Limited	100
Companies controlled by Czech Property Investments, a.s. - Guernsey	Ownership interests (%)	Companies controlled by Czech Property Investments, a.s. – British Virgin Islands	Ownership interests (%)
ST Project Limited	100	CPI Finance (BVI) Limited	100

REPORT ON OPERATIONS

ECONOMIC DEVELOPMENT IN THE CORE COUNTRIES OF THE GROUP

Czech Republic

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

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

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

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

Hungary

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

Slovak Republic

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

Poland

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

THE PROPERTY MARKETS IN THE CORE COUNTRIES OF THE GROUP

Czech Republic

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

Retail Market

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

Prague office market

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

Residential Market

In Q4 2015, The real estate price index announced by Hypoteční banka (HB INDEX) confirmed a slight increase in prices of residential real estate which already started at the beginning of 2014. The prices of family houses increased in 2015 by 2.2% YoY and reached HB INDEX 108.2. That is the highest level since the beginning of 2010. Land prices increased by 4.4% YoY due to the growing demand. The average market price of land and the flats reached HB INDEX 124.7 and 103.6, retrospectively in Q4 2015.

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

Hotel Market

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

Industrial Market

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

Hungary

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

Budapest office market

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

Budapest retail market

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

Budapest industrial market

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

Budapest hotel market ¹

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

¹ As at date of publication 1H2015 data available only

Slovak Republic

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

Retail Market

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

Industry and Logistic Market

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

Poland

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

Warsaw office market

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

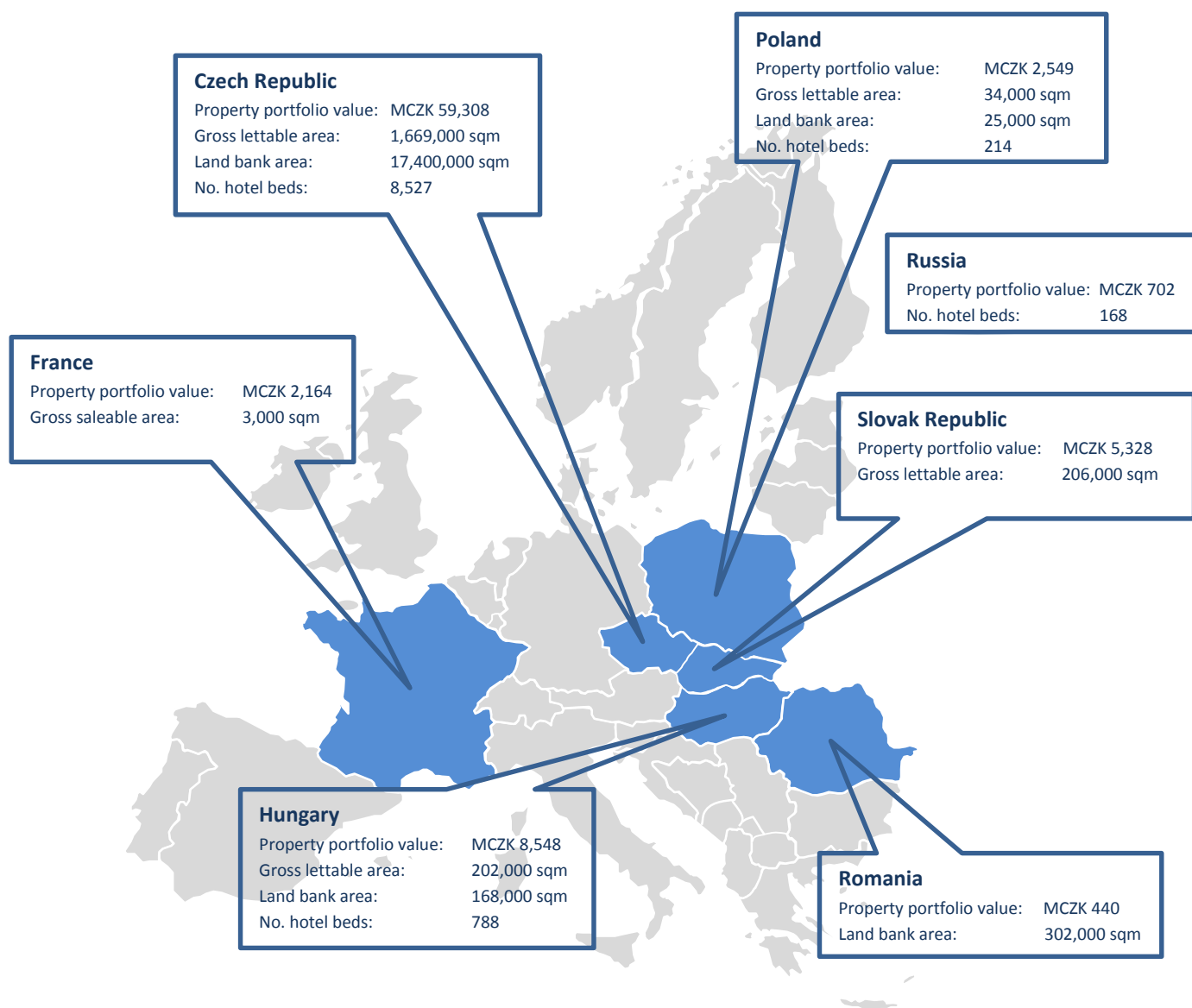
Retail Market in Poland

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

PROPERTY PORTFOLIO REPORT

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

Throughout 2015, the Group continued its expansion in Central Europe. By year's end, the Group had extended its business into a new retail portfolio by the acquisition of Gerosa – JMB, a.s., comprises of approximately 36,000 sqm of lettable area and its acquisition of Futurum Shopping Centre in Kolín, Czech Republic.



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

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

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

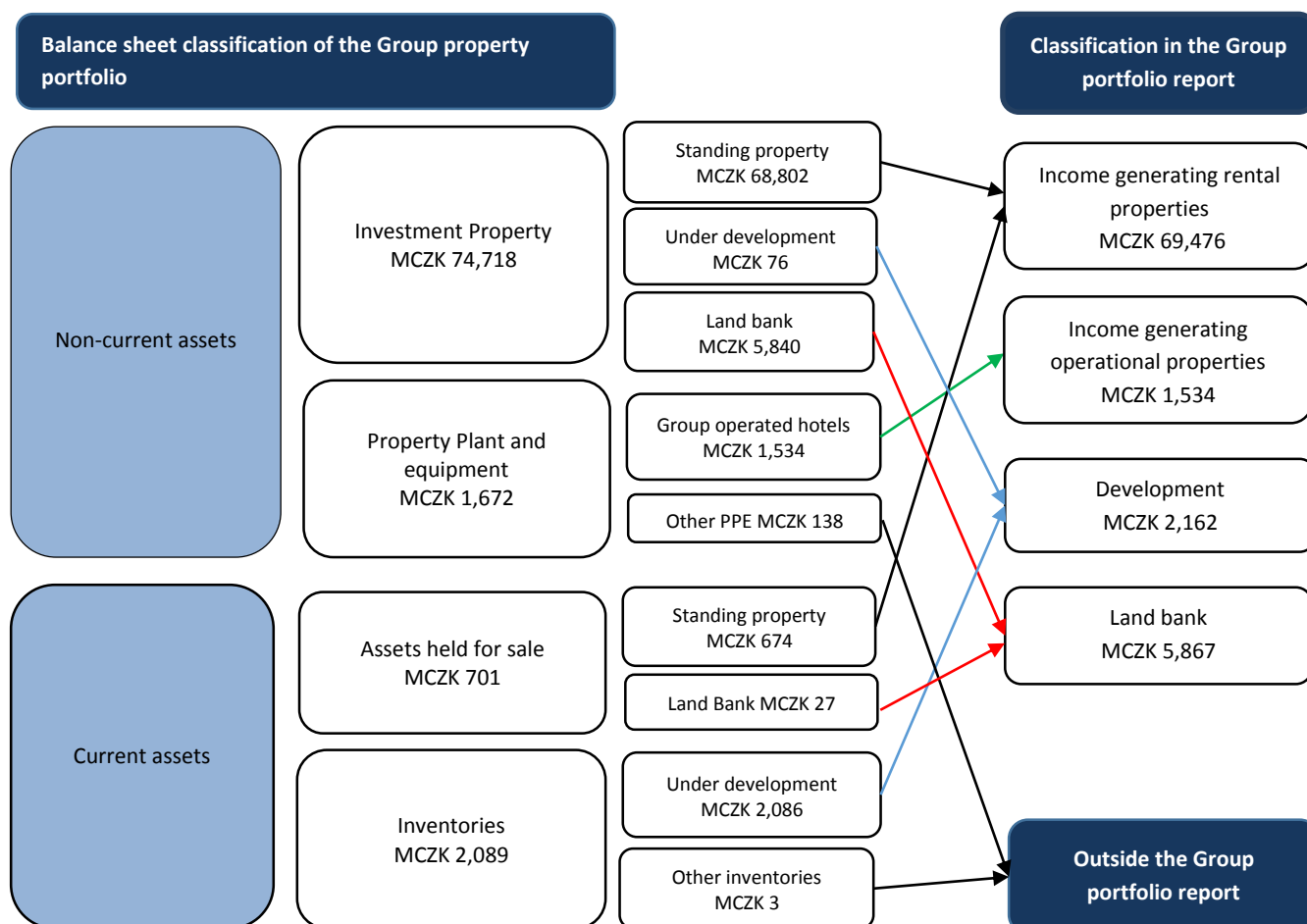
“Property, plant and equipment” includes owner occupied properties comprising of hotels operated by the Group.

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

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

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

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 31 Dec 2015 with the presentation in our portfolio report:

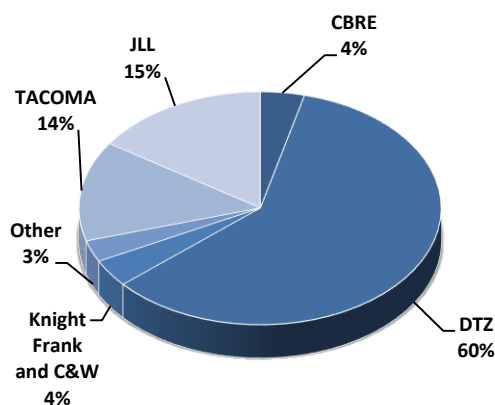


The financial statements of the Group as of 31 December 2015 were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the Investment properties owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

The property portfolio valuation as at 31 December 2015 is based on reports issued by:

- DTZ Czech Republic, a.s. (further “DTZ”). DTZ is a global leader in property services. The organization has more than 24,000 employees, operating in more than 200 offices in 52 countries and offers a complete range of tailored services on any scale, across multiple service lines and geographies. In the Czech Republic 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 seventh largest network of professional firms RSM International. RSM International operates in 112 countries, has over 730 offices and more than 37,000 professionals. TACOMA provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll;
- Jones Lang LaSalle (further “JLL”). JLL is a financial and professional services firm specializing in real estate services and investment management. JLL has more than 48,000 people in 1,000 locations in 70 countries and serve the local, regional and global real estate needs of their clients;
- Cushman&Wakefield (further “C&W”). C&W is a one of the leading commercial real estate services companies, providing a full range of services to real estate occupiers, developers and investors on a local and international basis. C&W has approximately 200 offices in 60 countries, employing more than 43,000 professionals;
- CBRE GmbH (further “CBRE”). CBRE is the world’s largest commercial real estate services and investment firm. CBRE has approximately 70,000 employees (excluding affiliate offices), operating in 400 offices in more than 60 countries and serves the local, regional and global real estate needs of their clients;
- Knight Frank. Knight Frank provides the highest standards of quality and integrity in global residential and commercial property advisory services. Knight Frank has its headquarters in London with 417 offices, employing more than 13,000 people and spanning six continents;
- other valuers and internal valuations.

Chart 1: Portfolio by valuator



The following table shows the amount of the Group's property portfolio as of 31 December 2015:

PROPERTY PORTFOLIO as at 31 Dec 2015	N° of properties *	No of residential units	No of hotel beds	Income generating MCZK	Development MCZK	Land Bank MCZK	Carrying value MCZK	Carrying value %	Outstanding financing MCZK
Czech Republic	310	12,480	8,527	54,913	93	4,302	59,308	75%	27,233
Slovak Republic	18	--	--	5,328	--	--	5,328	7%	2,721
Hungary	19	--	788	7,529	--	1,019	8,548	11%	4,101
Poland	5	--	214	2,443	--	106	2,549	3%	1,455
Russia	1	--	168	702	--	--	702	1%	--
Romania	--	--	--	--	--	440	440	1%	--
France	1	3	--	95	2,069	--	2,164	3%	933
THE GROUP	354	12,483	9,697	71,010	2,162	5,867	79,039	100%	36,443

PROPERTY PORTFOLIO as at 31 Dec 2014	N° of properties *	No of residential units	No of hotel beds	Income generating MCZK	Development MCZK	Land Bank MCZK	Carrying value MCZK	Carrying value %	Outstanding financing MCZK
Czech Republic	240	12,533	7,661	51,780	1,543	4,510	57,832	76%	25,510
Slovak Republic	18	--	--	5,663	--	--	5,663	7%	2,752
Hungary	16	--	468	6,752	--	1,315	8,068	10%	4,699
Poland	3	--	--	1,875	--	81	1,956	3%	1,151
Romania	--	--	--	--	--	477	477	1%	--
France	1	3	--	97	1,896	--	1,993	3%	1,019
THE GROUP	278	12,536	8,129	66,167	3,439	6,383	75,989	100%	35,131

*excluding Residential unit

The Group property value total CZK 79,039 million as of 31 Dec 2015 (31 Dec 2014: CZK 75,989 million). As showed in the chart below, 90% of the Group property portfolio value is made of income generating assets of which CZK 69,476 million (88%) are income generating rental properties and CZK 1,534 million (2%) are income generating operational properties. The majority of the income generating assets is located in the Czech Republic with 77% of the total value, followed by Hungary with 11% and the Slovak Republic with 8%.

Chart 2: Property portfolio value 2011 - 2015

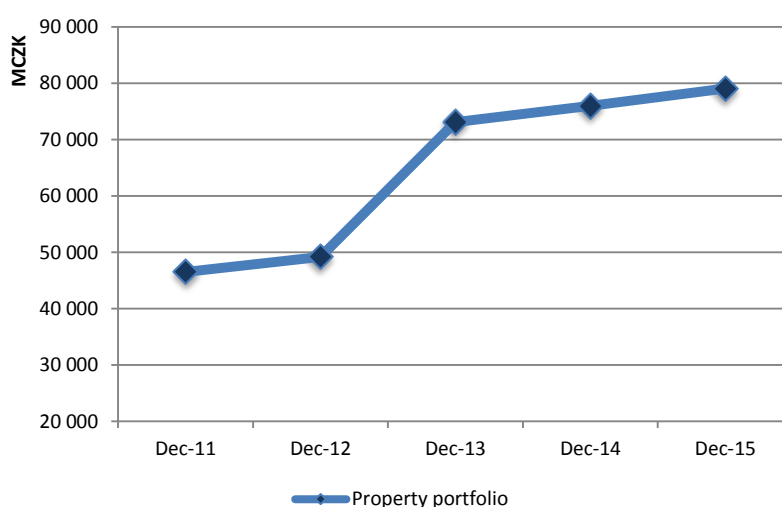


Chart 3: Property portfolio

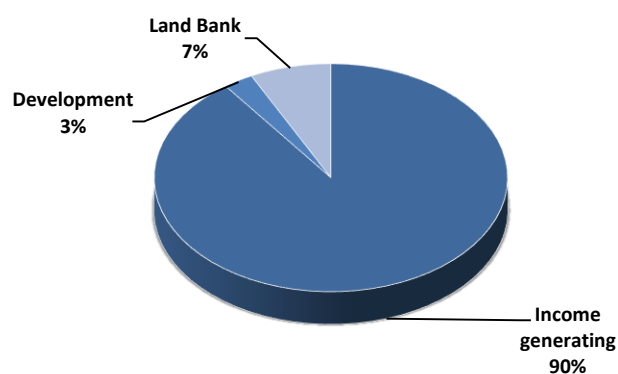
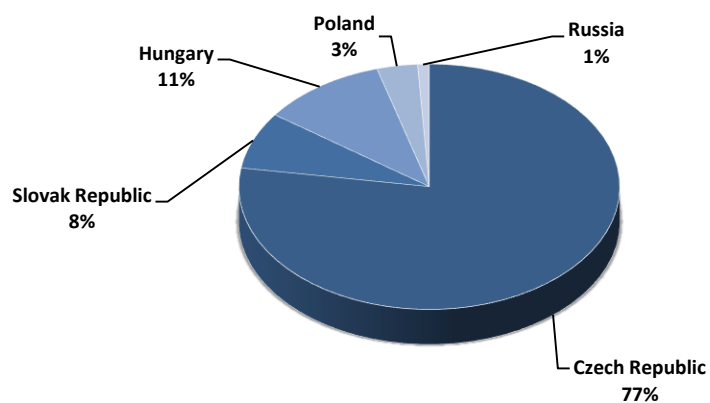


Chart 4: Income generating by country



Total increase of CZK 3,050 million in the portfolio value in 2015 was mainly attributable to the following:

- acquisition of Futurum Shopping Centre in Kolín with total value of CZK 631 million;
- acquisition of retail properties across the whole Czech Republic in amount of CZK 903 million;
- acquisition of Hospitality portfolio into the Group with total value of CZK 1,090 million.

INCOME GENERATING

Income generating rental properties

INCOME GENERATING RENTAL PROPERTIES 31 Dec 2015	N° of properties **	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy * %	Rental income 31 Dec 2015 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Retail	264	26,062	38%	683	93.9%	1,861	254	4.6	13,184
Office	44	23,976	35%	459	84.6%	1,482	346	4.4	13,143
Industry & logistics	16	3,676	5%	211	94.3%	300	127	4.9	1,898
Hotels	24	8,306	12%	210	100.0%	465	212	12.3	3,635
Residential	--	7,456	11%	758	84.1%	494	66	--	3,029
THE GROUP	348	69,476	100%	2,321	89.2%	4,602	201	5.0	34,889

*the Group occupancy rate is not inclusive of hotels

**excluding residential properties

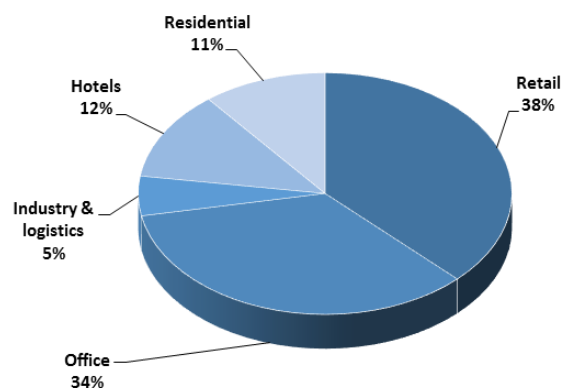
INCOME GENERATING RENTAL PROPERTIES 31 Dec 2014	N° of properties **	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy * %	Rental income 31 Dec 2014 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Retail	189	24,729	38%	633	94.3%	1,812	252	5.0	12,504
Office	43	23,237	35%	453	83.5%	1,386	334	3.5	13,035
Industry and Logistics	16	3,826	6%	211	94.4%	308	129	2.8	1,842
Hotels	16	6,210	9%	161	100.0%	384	221	13.0	2,325
Residential	--	7,684	12%	761	82.5%	498	53	--	3,117
THE GROUP	264	65,686	100%	2,219	88.7%	4,388	198	4.9	32,823

*the Group occupancy rate is not inclusive Hotels

**excluding residential properties

Income generating rental portfolio of CZK 69,476 million represents the major part of the Group's property portfolio. The Group is renting out a great variety of assets but is primarily focusing on office and retail. These two together represent 73% of the portfolio value and provide about 1,142,000 sqm of lettable area.

Chart 5: Income generating rental by type of segment



Income generating operational properties

Income generating operational properties currently include segment hospitality represents all hotels operated by the Group.

The portfolio has grown from CZK 481 million to CZK 1,534 million due to the purchase of Mamaison hospitality business in June 2015. The Group acquired a unique collection of well-established luxury boutique hotels and all-suite residence hotels operated under Mamaison brand, located in CEE capital.

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

INCOME GENERATING OPERATIONAL PROPERTIES 31 Dec 2015	N° of properties	Carrying value MCZK	Carrying value %	Number of beds	Hotel revenues 31 Dec 2015 MCZK	Net hotel income 31 Dec 2015 MCZK	Average occupancy %	Average daily rate CZK	Outstanding financing MCZK
Hospitality	3	1,534	100%	958	251	108	75.9%	2,643.7	675
THE GROUP	3	1,534	100%	958	251	108	75.9%	2,643.7	675

INCOME GENERATING OPERATIONAL PROPERTIES 31 Dec 2014	N° of properties	Carrying value MCZK	Carrying value %	Number of beds	Hotel revenues 31 Dec 2014 MCZK	Net hotel income 31 Dec 2014 MCZK	Average occupancy %	Average daily rate EUR	Outstanding financing MCZK
Hospitality	1	481	100%	468	121	21	71.8%	1,450	489
THE GROUP	1	481	100%	468	121	21	71.8%	1,450	489

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

The most attractive hotels within newly acquired Mamaison portfolio include:

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

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


Hospitality portfolio is financed by bank loans of CZK 675 million as of 31 December 2015, out of which CZK 281 million represents loans acquired with new Mamaison hotels.

Picture 1: Futurum, Kolín



RETAIL

Key Figures – December 2015

93.9 %	264 
Occupancy	Number of properties
1,861 million CZK	26,062 million CZK
Rental income 31 Dec 2015	Property value
683,000 sqm	7.3 %
Gross lettable area	Gross return*

*Gross return is based on the annualized 12-months 2015 income

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

RETAIL 31 Dec 2015	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2015 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Czech Republic	243	21,766	84%	553	92.9%	1,492	257	4.7	10,715
Slovak Republic	16	2,825	11%	83	99.9%	251	254	5.0	1,416
Hungary	4	958	4%	39	94.2%	73	171	2.5	724
Poland	1	513	2%	8	94.3%	45	414	1.8	329
THE GROUP	264	26,062	100%	683	93.9%	1,861	254	4.6	13,184

RETAIL 31 Dec 2014	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2014 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Czech Republic	168	20,154	81%	504	94.2%	1,441	252	4.9	9,829
Slovak Republic	16	3,095	13%	82	99.9%	253	258	6.9	1,560
Hungary	4	954	4%	39	83.3%	72	184	1.9	765
Poland	1	526	2%	8	96.4%	46	439	2.5	350
THE GROUP	189	24,729	100%	633	94.3%	1,812	252	5.0	12,504

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

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

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

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

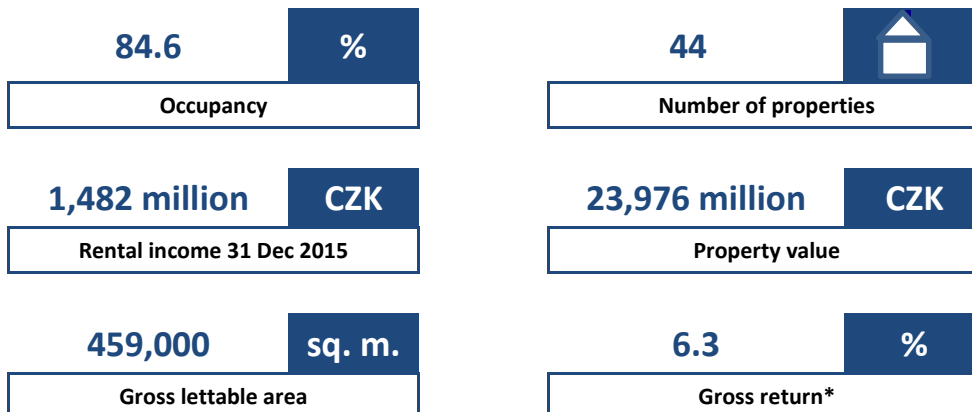
In February 2016, the Group acquired another important asset in the retail sector by the acquisition of Bondy, the largest shopping centre in the city of Mlada Boleslav. Bondy with a total leasable area of 16,800 sqm and 80 store units has greatly expanded CPI Property Group's network of shopping complexes.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

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

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

OFFICE

Key Figures – December 2015



* Gross return is based on the annualized 12-months 2015 income

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

OFFICE 31 Dec 2015	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2015 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Czech Republic	33	17,309	72%	293	91.6%	1,036	314	5.2	9,866
Slovak Republic	1	235	1%	4	65.3%	12	364	2.4	89
Hungary	8	5,102	21%	136	70.3%	334	324	2.7	2,439
Poland	2	1,330	6%	26	84.1%	100	834	3.4	749
THE GROUP	44	23,976	100%	459	84.6%	1,482	346	4.4	13,143

OFFICE 31 Dec 2014	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2014 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Czech Republic	32	16,778	72%	287	89.9%	952	330	5.9	9,057
Slovak Republic	1	241	1%	4	61.3%	3	321	1.1	96
Hungary	8	4,869	21%	136	71.4%	325	318	3.2	3,082
Poland	2	1,349	6%	26	80.0%	106	458	2.9	800
THE GROUP	43	23,237	100%	453	83.5%	1,386	334	3.5	13,035

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

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

In addition to the extension of the portfolio, the Group has entered into many new rental contracts with the tenants and extended a number of current rental contracts, most notably in the Czech Republic and Poland. Among the new tenants reside companies such as Exxon Mobil and Channel Crossings. There was an extension of contracts with tenants such as Nestlé or Comarch in Poland.


These transactions have positive impact on the occupancy in Poland out of which Poland portfolio occupancy shows the remarkable increase from 80% to 84.1%. Reflecting a slight increase in occupancy in Czech Republic, the average occupancy of office portfolio increased from 83.5% to 84.6%.

Picture 2: CPI Národní, Quadrio, Prague



RESIDENTIAL

Key Figures – December 2015

83.2	%	12,483	
Occupancy		Number of residential units	
494 million	CZK	7,456 million	CZK
Rental income 31 Dec 2014		Property value	
758,000	sqm	6.6	%
Gross lettable area		Gross return*	

* Gross return is based on the annualized 12-months 2015 income

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

RESIDENTIAL 31 Dec 2015	N° of residential units	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2015 MCZK	Rent per sqm CZK	Churn rate %	Outstanding financing MCZK
Czech Republic - Prague	500	1,170	16%	31	98%	52	133	10.4%	2,934
Czech Republic - other	11,980	6,191	83%	727	83%	440	62	10.7%	
France	3	95	1%	0	100%	2	1,121	0.0%	95
THE GROUP	12,483	7,456	100%	758	83.2%	494	66	10.7%	3,029

RESIDENTIAL 31 Dec 2014	N° of residential units	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2014 MCZK	Rent per sqm CZK	Churn rate %	Outstanding financing MCZK
Czech Republic - Prague	569	1,243	16%	34	96.8%	60	146	10.4%	3,020
Czech Republic - other	11,964	6,344	83%	727	81.8%	437	66	11.9%	
France	3	97	1%	0.17	100.0%	1	678	0.0%	98
THE GROUP	12,536	7,684	100%	761	82.5%	498	53	11.9%	3,118

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

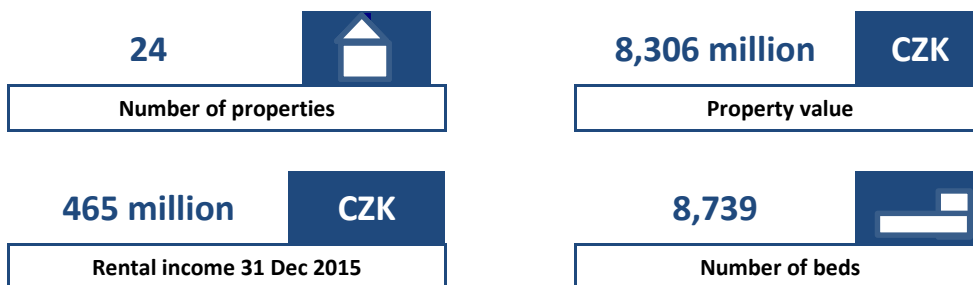
Investment expenditures for upcoming year are planned for rooves, sewerage and flat reconstruction that are determined for new clients.

Picture 3: CPI Byty



HOTELS

Key Figures – December 2015



The Group is one of the largest Czech owners and developers of hotels. As a result of acquisitions in 2015 the hotel portfolio has grown to 24 hotels located in capitals and main cities of the Czech Republic, Hungary and Poland.

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

In June 2015 the Group acquired a unique collection of 8 well-established luxury boutique hotels and all-suite residence hotels operated under Mamaison brand. These hotels are administered by an external operator and generate a rental income for the Group. Our hotels are located in Prague, Ostrava, Warsaw and Budapest.

HOTELS 31 Dec 2015	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Number of beds	Rental income 31 Dec 2015 MCZK	Rent per sqm CZK	Outstanding financing MCZK
Czech Republic	19	7,121	86%	188	8,205	429	207	2,943
Hungary	3	586	7%	13	320	16	193	315
Poland	2	599	7%	9	214	20	351	377
THE GROUP	24	8,306	100%	210	8,739	465	212	3,635

HOTELS 31 Dec 2014	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Number of beds	Rental income 31 Dec 2014 MCZK	Rent per sqm CZK	Outstanding financing MCZK
Czech Republic	16	6,210	100%	161	7,661	384	221	2,325
THE GROUP	16	6,210	100%	161	7,661	384	221	2,325

Among the major hotels of Mamaison portfolio belongs:

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

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

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

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


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

Picture 4: Clarion Congress Hotel Olomouc



INDUSTRY AND LOGISTICS

Key Figures – December 2015

94.3	%	16	
Occupancy		Number of properties	
300 million	CZK	3,676 million	CZK
Rental income 31 Dec 2015		Property value	
211,000	sqm	8.1	%
Gross lettable area		Gross return*	

* Gross return is based on the annualized 12-months 2015 income

Logistics is the most recent class of assets in which the Group started to invest. The Group currently owns about 211,000 sqm of rental space and manages 16 objects used for light industrial production, including the Autologistics Park Lozorno in the Slovak Republic, the Continental Logistics Park in the Czech Republic, as well as the Airport City Logistics Park in Hungary.

INDUSTRY AND LOGISTIC 31 Dec 2015	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2015 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Czech Republic	12	970	26%	65	90.1%	88	129	4.4	493
Slovak Republic	1	2,268	62%	119	98.3%	175	125	4.7	1,216
Hungary	3	438	12%	27	86.5%	37	135	5.8	189
THE GROUP	16	3,676	100%	211	94.3%	300	127	4.9	1,898

INDUSTRY AND LOGISTICS 31 Dec 2014	N° of properties	Carrying value MCZK	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Rental income 31 Dec 2014 MCZK	Rent per sqm CZK	WAULT	Outstanding financing MCZK
Czech Republic	12	1,051	27%	65	88.9%	89	128	3.7	541
Slovak Republic	1	2,327	61%	119	98.0%	176	127	2.7	1,095
Hungary	3	448	12%	27	92.1%	43	142	3.2	206
THE GROUP	16	3,826	100%	211	94.4%	308	129	2.8	1,842

The Group has succeeded in its expansion of lease contracts with several tenants in Airport City Logistics Park, Continental Logistics Park and the Autologistics Park Lozorno. This segment retains a relatively high occupancy at 94.3% which is comparable to the 94.4% achieved in December 2014.

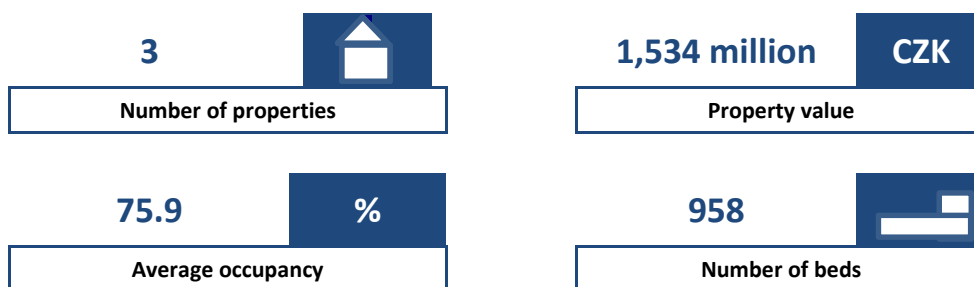
The portfolio is financed by bank loans and a lease of CZK 1,898 million in total (2014: CZK 1,842 million).

Picture 5: Airport City, Hungary



HOSPITALITY

Key Figures – December 2015



The portfolio includes hotels operated by the Group. Within the hotel portfolio there are 3 hotels with a total value of CZK 1,534 million.

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

HOSPITALITY 31 Dec 2015	N° of properties	Carrying value MCZK	Carrying value %	Number of beds	Hotel revenues 31 Dec 2015 MCZK	Net hotel income 31 Dec 2015 MCZK	Average occupancy %	Average daily rate CZK	Outstanding financing MCZK
Czech Republic	1	388	25%	322	62	24	75.0%	1,746	281
Hungary	1	444	29%	468	134	45	74.8%	1,574	394
Russia	1	702	46%	168	55	39	78.0%	4,611	0
THE GROUP	3	1,534	100%	958	251	108	75.9%	2,644	675

Hospitality 31 Dec 2014	N° of properties	Carrying value MCZK	Carrying value %	Number of beds	Hotel revenue 31 Dec 2014 MCZK	Net hotel income 31 Dec 2014 MCZK	Average occupancy %	Average daily rate CZK	Outstanding financing MCZK
Hungary	1	481	100%	468	121	21	71.8%	1,450	489
THE GROUP	1	481	100%	468	121	21	71.8%	1,450	489

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

Mamaison portfolio was acquired in June 2015. Its hotels generated revenue of CZK 220 million and net income of CZK 110 million for 6 months ended 31 December 2015.

The actual hotels portfolio also includes:

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

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

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

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

The hotel generated revenue of CZK 251 million and net hotel income of CZK 108 million in 2015. Average occupancy rose from 71.8% in 2014 to 75.9% in 2015.

Picture 6: Duna Office Center Kft., Courtyard Marriott, Budapest



DEVELOPMENT

Key Figures – December 2015

7,000	sqm	76 million	CZK
Potential gross leasable area		Development for rental	
3,000	sqm	2,086 million	CZK
Potential gross saleable area		Development for sale	

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

DEVELOPMENT 31 Dec 2015	N° of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MCZK	Development for sale MCZK	Development for rental %	Development for sale %	Remaining development costs MCZK
Czech Republic	2	7	0	76	17	100%	1%	614
France	1	--	3	--	2,069	--	99%	6
THE GROUP	3	7	3	76	2,086	100%	100%	620

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

DEVELOPMENT financing 31 Dec 2015	Bank loans MCZK	Other external financing MCZK	Internal financing MCZK	Total MCZK
Czech Republic	0	--	50	50
France	838	--	1,216	2,054
CPI GROUP	838	--	1,266	2,104

Development projects are financed by external financing of CZK 838 million as well as by internal financing of CZK 1,266 million.

DEVELOPMENT 31 Dec 2014	N° of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MCZK	Development for sale MCZK	Development for rental %	Development for sale %	Remaining development costs MCZK
Czech Republic	12	38	5	1,305	238	100%	11%	656
France	1	--	4	--	1,896	--	89%	38
THE GROUP	13	38	9	1,305	2,134	100%	100%	694

DEVELOPMENT financing 31 Dec 2014	Bank loans MCZK	Other external financing MCZK	Internal financing MCZK	Total MCZK
Czech Republic	690	--	440	1,130
France	922	--	1,074	1,996
CPI GROUP	1,612	--	1,514	3,126

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

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

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

Palais Maeterlinck represents the first foreign development project of the Group. This former home of Belgian poet Maurice Maeterlinck is located on the Cote d’Azur which is one of the most popular locations on the French Riviera. The total area comprises of approximately 6,000 sqm of residential area and 3 hectares of land. Reconstruction enabled the creation of luxurious apartments, which are intended for sale.

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

In 2015, the Group disposed of the former Živnobanka building located at Na Příkopě street in the centre of Prague to CEFC China Energy Company Limited (“CEFC”). CEFC has selected the former Živnobanka building for the purpose of the firm’s European headquarters.

Picture 7: IGY Centrum, České Budějovice



LAND BANK

Key Figures – December 2015

17,892,000	sqm	5,867 million	CZK
Total area		Property value	

LAND BANK 31 Dec 2015	Total area thds. sqm	Area with zoning thds. sqm	Area without zoning thds. sqm	Carrying value MCZK	Carrying value %	Outstanding financing MCZK
Czech Republic	17,397	1,147	16,250	4,302	73%	--
Hungary	168	168	--	1,019	17%	41
Poland	25	--	25	106	2%	--
Romania	302	268	34	440	7%	--
THE GROUP	17,892	1,583	16,309	5,867	100%	41

LAND BANK 31 Dec 2014	Total area thds. sqm	Area with zoning thds. sqm	Area without zoning thds. sqm	Carrying value MCZK	Carrying value %	Outstanding financing MCZK
Czech Republic	17,418	1,113	16,305	4,510	71%	49
Hungary	186	186	--	1,316	21%	157
Poland	25	--	25	81	1%	--
Romania	302	268	34	477	7%	--
THE GROUP	17,931	1,567	16,364	6,383	100%	206

Land bank is comprised of an extensive portfolio of land plots throughout the Czech and Slovak Republics, as well as in Hungary, Poland and Romania. Plots are often in attractive locations, either separate or adjacent to existing commercial buildings or in the city centre and their value continues to increase with the growth of surrounding infrastructure. Out of the total plots area, approximately 9% are with zoning which is comparable to December 2014.

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

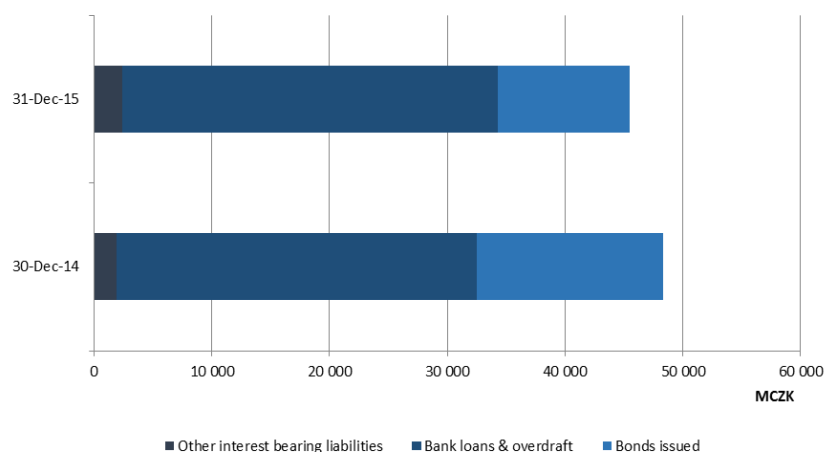
Picture 8: CPI Park Žďárek (visualization)



FINANCING

External financing totals CZK 45,521 million as of 31 December 2015 (31 Dec 2014: CZK 48,354 million) and costs of financing total CZK 2,466 million (2014: CZK 2,256 million). The structure of external financing remained at similar level compared to 31 December 2015 and bank loans and bonds represented 95% of the Group's external financing (31 Dec 2014: 96%).

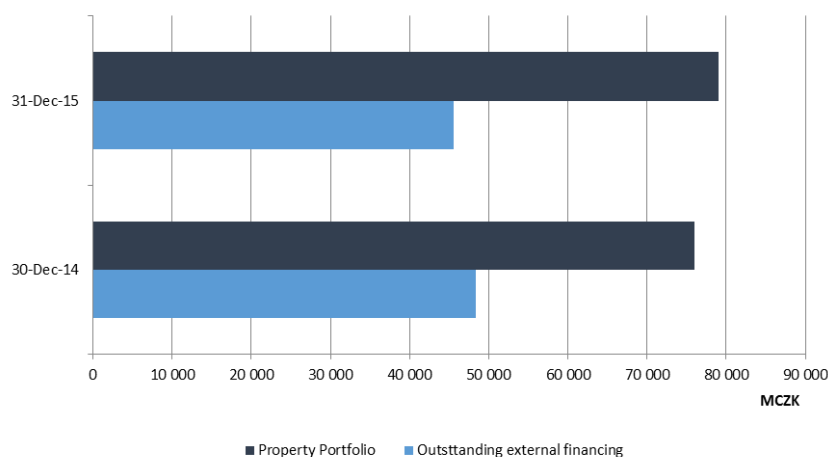
Chart 6: Structure of external financing



The Group continues to focus on establishing the most effective structure of sources of external financing alongside successful management of the property portfolio. The share of net debt on property value decreased from 60.3% to 53.5% as showed in the table and graph below:

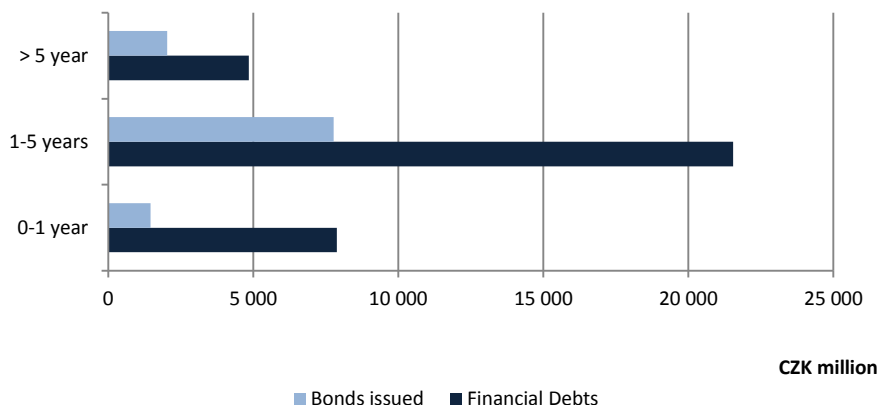
MCZK	31-Dec-15	31-Dec-14
Financial debts (non-current)	26,392	25,743
Financial debts (current)	7,882	6,738
Bonds issued (non-current)	9,794	14,963
Bonds issued (current)	1,454	910
Liabilities linked to assets available for sale	80	--
Cash and cash equivalents	3,347	2,551
Net debt	42,255	45,803
Property Portfolio	79,039	75,989
Loan to value ratio in %	53.5%	60.3%

Chart 7: Group portfolio and external financing 2014 - 2015



The maturity profile of the Group's financing, including accrued interest as at 31 December 2015 is showed in the chart below:

Chart 8: Maturity profile of external financing

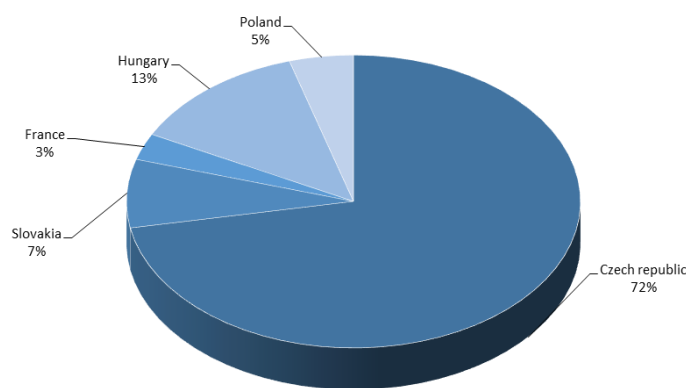


85% of the outstanding balance of external financing is due within 5 years. This is substantially driven by the maturity of bank loans and overdrafts of which 86% is payable within 5 years. On the other hand 18% of the bonds will mature after 5 years.

Bank loans

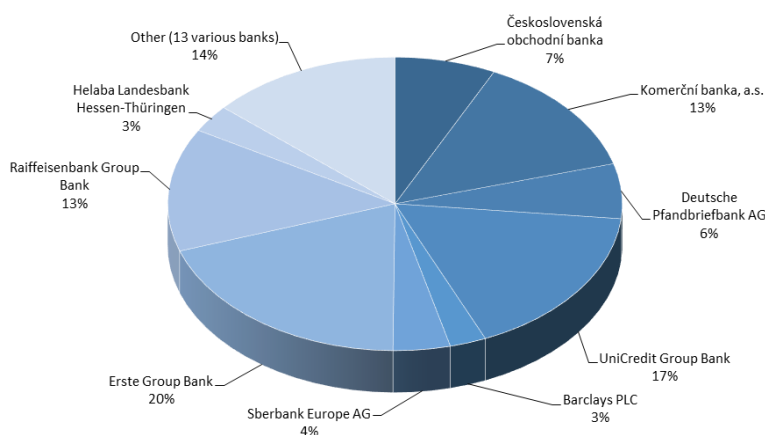
Significant part of the interest-bearing liabilities represent bank loans. Bank loans balance, including bank overdrafts reached CZK 31,876 million as at 31 December 2015, which represents a slight increase by CZK 1,308 million compared to 31 December 2014. A ratio of loans drawn in Czech korunas against loans drawn in Euro has slightly changed and is 41:60 as at 31 December 2015 (31 Dec 2014: 38:62).

Chart 9: Bank loans by location



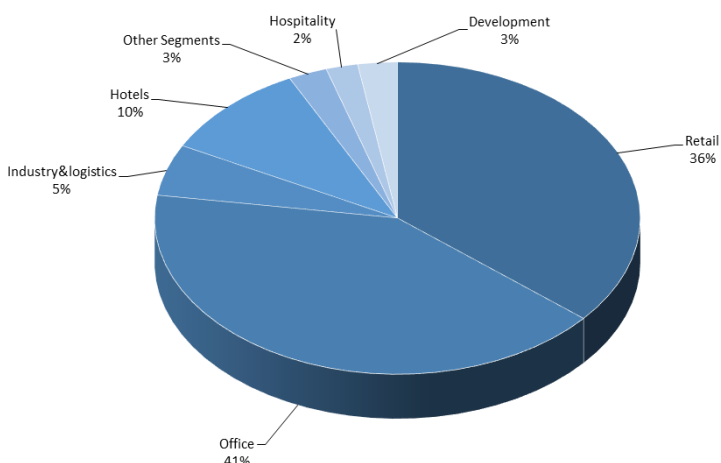
The Group benefits from long-term business relationships with a number of banks in the Czech Republic, Hungary, the Slovak Republic and other countries. With this diversification, the Group is not dependent on the actions of individual lenders and has access to a wide variety of financing sources. About 80% of outstanding bank loan balances is drawn from 7 financing bank groups; in total the Group draws 125 bank loan facilities from 22 banks.

Chart 10: Bank loans by banks



The Group focuses on the secured financing; therefore majority of debts is drawn by the companies within the Group, which held the respective real estate.

Chart 11: Bank loans by segments



Interest rate fluctuation might have a significant impact on the profit of the Group. The Group has therefore entered into interest rate swap contracts to hedge against an interest rate fluctuation. The fair value of the swap open position is negative of MCZK 331 (2014: MCZK 391).

Within the outstanding bank loans balance, 51% bears variable interest, 46% bears variable interest but is hedged by derivatives and 4% bears a fixed interest.

Bonds issued

Bonds represent significant additional source of the Group's financing. Balance totals CZK 11,248 million as at 31 December 2015 (31 Dec 2014: CZK 15,873 million). The decrease is mainly caused by repayment or acquisitions of own bonds: CPI Finance NL 5% 2011-2021; CPI Finance NL 5% 2012-2022 and CPI Finance NL 5% 2013-2023 and repayment of CPI VAR/15 bonds (ISIN CZ0003501835). Moreover, in 2015, 49% of issued bonds is owned by the Group while in 2014 the portion was only 39%.

The Group issued new bonds in 2015:

- On 16 April 2015, CPI Finance Slovakia, a.s. issued new bonds CPI 5.85/2018 (ISIN SK4120010653).

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

Significant part of the bonds outstanding balance (CZK 2,742 million; 24%) provide unsecured financing mainly at CPI level, while remaining part represents bonds which are secured by mortgage. Unsecured bonds are generally used as source of financing for current and future investment activities. Significant volume of issued bonds (49% of the nominal balance) is owned by companies within the Group which provide certain level of flexibility of financing the investment activities.

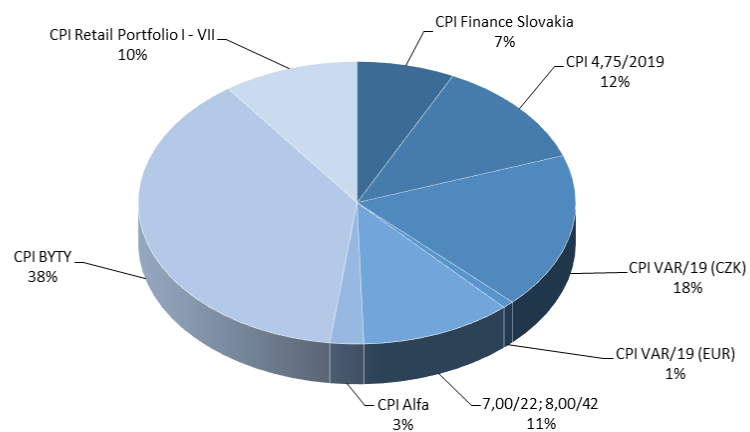
A ratio of bonds issued in Czech korunas against bonds issued in Euro is 77:23 as at 31 December 2015 (31 Dec 2014: 74:26).

The bonds issued by the Group as at 31 December 2015 are summarized in the table below:

Group company	ISIN	Type	Currency	Nominal issued MCZK	31-December-15		Interest rate	Maturity
					Owned by group	Owned by external		
CPI	CZ0003501496	CPI 2021	CZK	2,430	2,430	--	6M PRIBOR + 3,5% p.a.	8.8.2021
CPI	CZ0003501868	CPI VAR/19 (CZK)	CZK	2,000	--	2,000	6M PRIBOR + 6.5%	29.3.2019
CPI	CZ0003501843	CPI VAR/19 (EUR)	EUR	1,567	1,473	94	6M EURIBOR + 6.5%	23.3.2019
CPI	CZ0003502932	8,00/42	CZK	1,000	52	948	8% p.a.	5.12.2042
CPI Alfa	CZ0003502205	CPI Alfa	CZK	279	--	279	5,5% p.a.	26.10.2017
CPI	CZ0003502924	7,00/22	CZK	1,000	923	77	7% p.a.	11.12.2022
CPI	CZ0003502957	7,00/22	CZK	1,000	1,000	--	7% p.a.	13.12.2022
CPI	CZ0003502916	7,00/22	CZK	1,000	1,000	--	7% p.a.	6.12.2022
CPI	CZ0003502940	8,00/42	CZK	1,000	766	234	8% p.a.	17.12.2042
CPI	CZ0003510646	CPI 6,05/2016	CZK	1,496	238	1,258	6,5 % p.a.	29.3.2016
CPI BYTY	CZ0003510687	CPI BYTY 3,50/17	CZK	500	--	500	3,5% p.a.	7.5.2017
CPI BYTY	CZ0003512485	CPI BYTY 2,50/17	CZK	300	--	300	2,5 % p.a.	7.5.2017
CPI BYTY	CZ0003510695	CPI BYTY 4,80/19	CZK	900	--	900	4,8 % p.a.	7.5.2019
CPI BYTY	CZ0003511412	CPI BYTY 4,80/19	CZK	500	--	500	4,8 % p.a.	7.5.2019
CPI BYTY	CZ0003510703	CPI BYTY 5,80/21	CZK	800	--	800	5,8 % p.a.	7.5.2021
CPI	CZ0003511024	CPI VAR/18 (EUR)	EUR	2,703	2,689	14	12M EURIBOR + 5,50% p.a.	26.11.2018
CPI	CZ0003512782	CPI 4,75/2019	CZK	1,500	114	1 386	4,75 % p.a.	24.8.2019
CPI Retail		CPI Retail						
Portfolio	CZ0003511164	Portfolio I - VII	CZK	1,125	--	1,125	5 % p.a.	25.4.2019
CPI Finance Slovakia	SK4120010653	CPI 5,85/2018	EUR	811	--	811	5,85 % p.a.	16.4.2018
Total balance due to bondholders				21,911	10,685	11,226		
Accrued transaction cost						-183		
Accrued interest						205		
Total balance after transaction cost						11,248		

Except of bonds CPI VAR/19, CPI Alfa, CPI BYTY and CPI Retail Portfolio I which are secured by mortgage, all other bonds provide unsecured financing mainly at the parent company level and are generally used as source of financing for current and future investment activities.

Chart 12: Bonds owed to external



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

RESULTS AND NET ASSETS

PROFIT OR LOSS STATEMENT

Reported profit or loss statement in million CZK for the year 2015 is as follows:

PROFIT OR LOSS STATEMENT	2015	2014
Gross rental revenue	4,622	4,406
Service revenue	670	135
Net service charge income	22	56
Property operating expenses	(640)	(559)
Net rental income	4,674	4,038
Development sales	240	1,102
Cost of goods sold	(206)	(1,029)
Development operating expenses	--	(25)
Net development income	35	48
Hotel revenue	251	121
Cost of goods sold	3	--
Hotel operating expenses	(146)	(101)
Net hotel income	108	20
Total revenues	5,805	5,820
Total direct business operating expenses	(988)	(1,714)
Net business income	4,817	4,106
Net valuation gain or loss on investment property	145	422
Net gain or loss on the disposal of investment property	(11)	(47)
Net gain or loss on disposal of subsidiaries and investees	468	98
Amortization, depreciation and impairments	(181)	(119)
Other operating income	277	76
Administrative expenses	(1,075)	(649)
Other operating expenses	(395)	(98)
Operating result	4,045	3,789
Interest income	500	505
Interest expense	(2,378)	(2,187)
Other net financial result	(586)	(29)
Net finance costs	(2,464)	(1,711)
Profit before income tax	1,580	2,078
Income tax expense	(625)	(425)
Net profit from continuing operations	956	1,653

Gross rental and service revenue

Major part of the increase in rental revenue was connected to developed projects and acquisitions, which were completed at the end of 2014, increasing the 2015 gross rental revenue to CZK 175.4 million (CZK 21.6 million in 2014), leading to the net increase of CZK 153.8 million.

Other favourable impact represents the acquisition of Hospitality Group in June 2015.

Increase in service income follows expansion of Group's rental activities. It includes mainly facility management provided to third parties. Another part of the service income represent advisory and accounting services, which relate to services provided to non-consolidated entities. These services derive directly from rental activities performed by the Group so they are disclosed as a part of service income.

Significant increase of service revenue in 2015 represent the advisory and accounting services provided by the Group to CPI PG (CZK 401.8 million).

Chart 13: Gross rental income

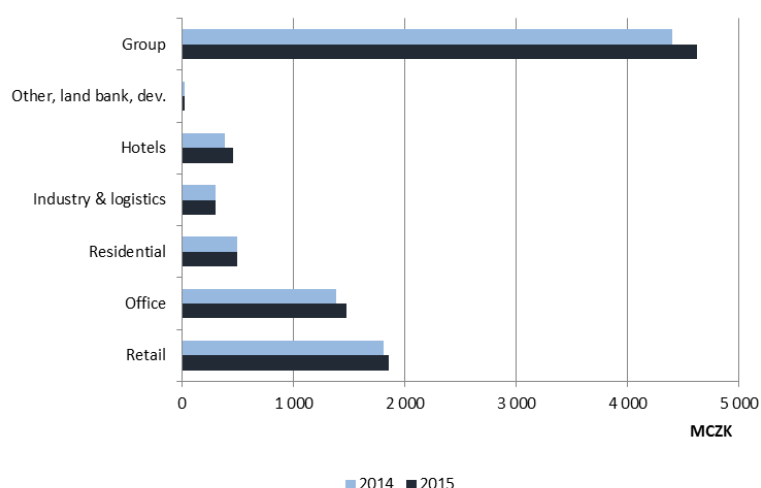
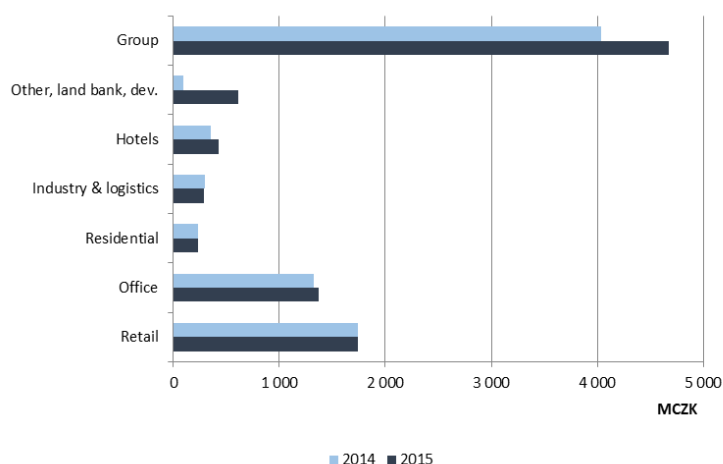


Chart 14: Net rental and service related income



Net development income

Net development income represents primarily sale of apartments from the residential portfolio (project "QUADRIO") in the amount of CZK 216.3 million. Decrease in development sales is primarily attributable to the lower proceeds from sale of apartments in France (CZK 958 million in 2014).

Net hotel income

Significant increase in net hotel income reflects the acquisition of Hospitality Group in June 2015 (CZK 63.5 million for six months of 2015). Net result from hotel operations also comprises of profit from operating of Marriott Budapest City Center Hotel in Budapest (CZK 44.6 million).

Net valuation gain on investment property

Net valuation gain of CZK 145 million resulted from revaluation of the property portfolio (CZK 422 million in 2014). Significant decrease in valuation gain of investment property relates primarily to residential and retail segments.

Amortization, depreciation and impairments

Amortization, depreciation and impairments in 2015 represent depreciation of CZK 60 million and impairments of CZK 121 million. Impairments include mainly impairment of provided loans (CZK 85 million) and impairment of trade receivables (CZK 14 million).

Administrative expenses

Administrative expenses increased to CZK 1,075 million in 2015 (2014: CZK 649 million). The increase in administrative expenses reflects the Group's substantial growth affected mainly by acquisitions carried out in the second half of 2014 and in 2015 and services provided by CPI Property Group.

Other operating expenses

The increase is mainly attributable to the final settlement of CZK 273 million with the seller of the project acquired by the Group in prior periods. The value of the liability was initially set to zero in the previous reporting periods as the Group had no certain and valid indications concerning the project performance representing fundamental basis for the calculation of the contingent liability.

Net finance income / costs

Total net finance costs increased in 2015 from net loss of CZK 1,711 million in 2014 to net loss of CZK 2,464 million in 2015 mainly due to change in the interest expense on bonds (CZK 257 million) and one-off impact of Other net financial income in 2014 which represented net income from the assignment of receivables (CZK 270 million).

STATEMENT OF FINANCIAL POSITION

Statement of financial position in million CZK as at 31 December 2015 corresponding to the annual consolidated financial statements.

STATEMENT OF FINANCIAL POSITION	31 December 2015	31 December 2014
NON-CURRENT ASSETS		
Intangible assets and goodwill	357	88
Investment property	74,718	73,360
Property, plant and equipment	1,672	645
Available-for-sale financial assets	12	50
Financial assets at fair value through profit or loss	31	12
Loans provided	496	615
Trade and other receivables	4	6
Deferred tax asset	21	570
Total non-current assets	77,311	75,346
CURRENT ASSETS		
Inventories	2,088	2,134
Current income tax receivables	85	66
Available-for-sale financial assets	43	--
Trade receivables	1,337	951
Loans provided	4,171	7,596
Cash and cash equivalents	3,347	2,551
Other financial current assets	417	1,279
Other non-financial current assets	518	540
Assets held for sale	701	--
Total current assets	12,707	15,117
TOTAL ASSETS	90,018	90,463
EQUITY		
Equity attributable to owners of the Company	33,755	32,415
Non controlling interests	76	75
Total equity	33,831	32,490
NON-CURRENT LIABILITIES		
Bonds issued	9,794	14,963
Financial debts	26,392	25,743
Derivative instruments	292	359
Deferred tax liabilities	6,675	6,554
Provisions	0.5	--
Other non-current liabilities	370	368
Total non-current liabilities	43,524	47,987
CURRENT LIABILITIES		
Current bonds	1,454	910
Financial debts	7,881	6,738
Trade payables	1,031	756
Advance payments	849	833
Derivative instruments	39	32
Other financial current liabilities	1,135	555
Other non-financial current liabilities	194	162
Liabilities linked to assets held for sale	80	--
Total current liabilities	12,663	9,986
TOTAL EQUITY AND LIABILITIES	90,018	90,463

Total assets and total liabilities

Total assets decreased by CZK 445 million (0.5%) to CZK 90,018 million as at 31 December 2015. Loans provided decreased by CZK 3,425 million. Property portfolio increased by CZK 3,051 million.

Non-current provided loans decreased by CZK 119 million and current provided loans decreased by CZK 3,425 million as at 31 December 2015. In 2014, the Group assigned loans provided to third and related parties and other receivables from third and related parties exceeding CZK 7,335 million to one related party. This process resulted into a new loan due from related party. In March 2015, the Group assigned this loan to CPI PG resulting into a new loan provided to CPI PG. Following the assignment, the Group partially offset (CZK 3,526 million) this loan with a loan provided by CPI PG to the Group. As at 31 December 2015 the outstanding amount due from CPI PG amounts to CZK 3,795 million.

Cash and cash equivalent total CZK 3,347 million which is 31% higher than it was at 31 December 2014.

Non-current and current liabilities total CZK 56,187 million as at 31 December 2015 which represents slight decrease by CZK 1,786 million (3%) compared to 31 December 2014 which represents the repayment and purchase of own bonds.

Equity (Net assets value)

Net assets value – NAV totals TCZK 33,755 as of 31 December 2015 and compared to 31 December 2014 rose by 4%.

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

MCZK	31-Dec-15	31-Dec-14
Equity per the financial statements (NAV)	33,755	32,415
Effect of exercise of options, convertibles and other equity interests	--	--
Diluted NAV, after the exercise of options, convertibles and other equity interests	33,755	32,415
Revaluation of trading properties	703	847
Fair value of financial instruments	324	391
Deferred tax	7,099	6,623
Goodwill as a result of deferred tax	--	--
EPRA NAV	41,881	40,276
EPRA NAV per share in TCZK	5.42	5.21

INFORMATION ON EQUITY

Data on shares

Shares of the Company 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 31 December 2015:

Shareholder	Share in share capital
CPI PROPERTY GROUP, Luxembourg	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

Czech Property Investments, a.s. (CPI)

CPI equity presented in the individual financial statements total CZK 22,347 million as of 31 December 2015 and comprised: share capital (CZK 6,187 million); share premium (CZK 576 million); legal reserve (CZK 31 million); merged reserve (CZK -42 million); revaluation reserve (CZK 1,601 million); other reserve (CZK 10,427 million) and retained earnings (CZK 3,567 million). Compared to 2014, the equity of CPI increased by CZK 700 million.

CPI Group

Equity as presented in the consolidated financial statements of CPI Group's total CZK 33,831 million as of 31 December 2015 and comprised: share capital of CZK 6,187 million; share premium of CZK 652 million; translation reserve of CZK 301 million; legal reserve of CZK 147 million; hedging reserve of CZK -497 million; other capitals funds of CZK 10,313 millions; retained earnings of CZK 16,652 million and non-controlling interest of CZK 76 million. Compared to 2014, the equity of CPI Group increased by CZK 1,340 million.

OUTLOOK

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

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

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

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

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

OTHER

Corporate Social Responsibility

Philanthropy is an integral part of the corporate culture, and is characterized by the Group as a long-term supporter of education, culture, sports, and community life in the form of corporate donations. The use of one's own capabilities and resources for the benefit of others is one of the underlying concepts of company's charitable activities. Since its beginning, the Group has provided financial and non-financial support to many charities and non-profit organisations throughout the Czech Republic. Its support is directed mainly at the social and health sector focused on child care.

The Group shows its inclination for the non-profit sector at two levels. The first level is direct financial support to specific entities such as hospitals, specialized health care and social institutions, civic associations and foundations. The second level represents support in the form of technical assistance, marketing services or provision of space for activities of non-profit organizations.

The Group cooperates with a number of entities whose primary focus is to help sick, handicapped or socially disadvantaged children and adults such as Na Františku Hospital. Significantly, CPI a.s. has become the supporter of the GOOD ANGEL foundation that is a system through which as many as tens of thousands of donors, known as "Good Angels", can provide much-needed help to thousands of people facing serious illness. The Group has included this cooperation into its long-term marketing plan, for example last Christmas activities as a gift for clients and official Christmas/PF cards.

Commercial Partnership

The Group directs its commercial partnerships in particular to promote sports and cultural events on the places of its business being. The company also supported professional associations and subjects to enhance its business interests. One of the most important partnership is the agreement with the Association for Real Estate Market Development (AREMD) as a non-profit civic association with influence and extent of the developed activities focused on the general public. ARTN includes almost 70 experts in all fields of the real estate market including: investment, architecture, finance, consultancy, law and brokerage as well as those in public services and academic fields. Main aims of AREMD show on enhancing of the quality, stability and transparency of the Czech real estate market, standardization of methods and processes in the Czech real estate market, increasing the knowledge of specialists and laymen in this field and promotion of the Czech real estate market at home and abroad.

Research and Development

The Group does not engage in research and development of new products or procedures.

Environment and Human Resources

The activities of CPI Group do not endanger the environment. As part of HR management, CPI Group strives to improve the organization of work and increase the qualifications of its employees through various training programs (e.g. intensive language training and technical courses).

The Group had 802 employees as of 31 December 2015 (2014 – 692 employees). The significant growth in employee numbers reflects the Group's expansion and extension of its investment property portfolio. All of the above included employees were engaged in the core business activities of the Group.

Apartments and non-residential operations in the Czech Republic and the Slovak Republic are managed by employees of CPI - Facility, a.s., CPI Property, s.r.o. and CPI BYTY, a.s. Operations in Hungary, Poland and Romania are managed by employees of CPI Hungary Kft., Szolgáltatóház Kft. and Pro Tower Development S.R.L. Marriott Courtyard Hotel operations are managed by employees of Europeum Kft. Other activities of the Group are managed by employees of CPI Services, a.s. Management of each of CPI Group departments as well as strategic management is performed by employees of CPI Management, s.r.o.

With respect to employment relationships, the Group adheres to all applicable legislation.

Branches abroad

The Group has no branches abroad.

CORPORATE GOVERNANCE

(A separate part of the annual report in accordance with § 188 (4j) of the Act No. 256/2004 Coll.).

In connection with new Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (hereinafter referred to as the “Business Corporations Act”) the Company amended the Articles of Association with effective date of 5 June 2014 and also decided on fully submission to Business Corporations Act.

General Meeting of CPI

In accordance with the Articles of Association, the statutory bodies of Czech Property Investments, a.s. (hereinafter also referred to as “CPI” or “the Company”) are the General Meeting, the Board of Directors and the Supervisory Board while the General Meeting as the supreme body elects and removes members of the Board of Directors and members of the Supervisory Board. The executive body is the management of CPI Group. CPI has not established any other executive or supervisory bodies or committees. In accordance with § 44 (3) of the Act No. 93/2009 Coll., the CPI Supervisory Board performs activities of an audit committee.

The General Meeting is the supreme body of CPI.

The exclusive scope of powers of the General Meeting particularly includes:

- decisions to amend the Articles of Association, unless it is an amendment resulting from an increase of the registered capital by a duly authorised board of directors or an amendment occurring on the basis of other legal facts;
- decisions to change the amount of registered capital and to authorise the Board of Directors to increase the registered capital;
- decisions to allow the possibility to set off a pecuniary receivable towards the company against a receivable from the payment of the issue price;
- decisions to issue convertible or preferential bonds;
- appointment and recall of members of the Board of Directors;
- appointment and recall of substitute members of the Board of Directors and if more substitutes are to be appointed the General Meeting shall provide the sequence in which substitutes shall take up the vacant position of the member of the Board of Directors;
- appointment and recall of members of the Supervisory Board;
- appointment and recall of substitute members of the Supervisory Board and if more substitutes are to be appointed the General Meeting shall provide the sequence, in which substitutes shall take up the vacant position of a member of the Supervisory Board;
- approval of ordinary, extraordinary or consolidated financial statements as well as, where their preparation is required under another legal regulation, of interim financial statements;
- decisions to distribute profit or the company’s other own resources, or to cover the loss;
- decisions to file an application to have the company’s participating securities admitted for trading on a European regulated market or to exclude such securities from trading on a European regulated market;
- decisions to dissolve the company with liquidation;
- appointment and recall of a liquidator;
- approval of the proposed distribution of the liquidation balance;

- approval of a transfer or a pledge of an enterprise or such a part thereof that would imply a significant change of the existing structure of the enterprise or a significant change in the objects or activity of the company;
- decisions to assume the effects of actions taken on behalf of the company before its incorporation;
- approval of a silent partnership agreement, including approval of its amendments and termination;
- any other decisions falling under the powers of the general meeting by provisions of the Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (hereinafter referred to as the “Business Corporations Act”) or of the Articles of Association.

The General Meeting has a quorum if the present shareholders have shares, the nominal value of which amount to at least 30% of the share capital of the Company. One vote is assigned to each share with a nominal value of CZK 800. The General Meeting shall decide according to § 415 of the Business Corporations Act by the majority of present shareholders, unless the law or the Articles of Association of CPI require another majority. In matters according to § 416 (1) and § 417 (1) of the Business Corporations Act, the law requires a two-third majority of present shareholders. In matters according to § 417 (2) of the Business Corporations Act, the law requires the consent of at least three quarters of present shareholders who have these shares. Likewise, a three-quarter majority of present shareholders is required for decisions on matters listed in § 417 (3) of the Business Corporations Act. The consent of all shareholders, whose shares are supposed to be reverse split, is required according to § 417 (4) of the Business Corporations Act in order to reach a valid decision of the General Meeting on a reverse share split.

Other actions and decision-making processes of the General Meeting, as well as the participation in the General Meeting and the rights of shareholders at the General Meeting, the manner of convening the General Meeting and a replacement General Meeting are governed by the CPI Articles of Association.

Supervisory Board of CPI

The Supervisory Board is a supervisory body of CPI and has all rights in the extent of generally binding legal regulations, these Articles of Incorporation and the decisions of the General Meeting of CPI.

The Supervisory Board oversees the performance of the scope of powers assigned to the Board of Directors and the performance of business activities of CPI.

The Supervisory Board is particularly entitled:

- to review ordinary, extraordinary, consolidated and interim financial statements and the proposal for profit distribution or loss settlement and to submit its opinion to the General Meeting;
- to convene a General Meeting, if required by the interests of CPI;
- to submit its opinions, recommendations and suggestions to the General Meeting and the Board of Directors;
- to inspect all documents and records relating to the activities of CPI and to control whether accounting records are properly kept in accordance with the facts and whether business activities of CPI are performed in accordance with the law, the Articles of Incorporation and instructions of the General Meeting.

The Supervisory Board has a quorum if an absolute majority of its members is present at the meeting. In order to approve of the decision in all matters discussed by the Supervisory Board, it is necessary that an absolute majority of all, not only present, members of the Supervisory Board votes for them.

The composition, appointment and terms of the Supervisory Board, convening meetings of the Supervisory Board, meetings of the Supervisory Board, duties of members of the Supervisory Board and shares in profit and remuneration of members of the Supervisory Board are governed by the Articles of Incorporation of CPI.

Supervisory Board of CPI as of 31 December 2015:

Milan Trněný, member of the Supervisory Board since 5 June 2014.

As at 31 December 2015 Mr. Milan Trněný acts as a member of the Supervisory board or the board of directors of the following entities which are significant from the perspective of the Company:

Member of **the Supervisory board**:

Verneřický Angus a.s., Český Těšín Property Development, a.s., Nymburk Property Development, a.s., BPT Development, a.s., CPI – Facility, a.s., Lucemburská 46, a.s., Carpenter Invest, a.s., Rampino, a.s., Brinkley, a.s., Lavagna, a.s., CPI – Real Estate, a.s., Romney, a.s., Felisa, a.s., Sistina, a.s., Žďár Property Development, a.s., Čáslav Investments, a.s., Trutnov Property Development, a.s., Salaman, a.s., Wanchai, a.s., Garribba, a.s., CPI – Orlová, a.s., Balvinder, a.s., Conradian, a.s., Komeya, a.s., Idrama, a.s., Rosenfeld, a.s., Lockhart, a.s., Huryana, a.s., Husson, a.s., Ogwell, a.s., Margulius, a.s., Svitavy Property Development, a.s., Telč Property Development, a.s., LD Praha, a.s., Duggetti, a.s., FL Property Development, a.s., Soprem, a.s., Mendesa, a.s., Vorga, a.s., Zordiac, a.s., Tabcorp, a.s., Barkana, a.s., Třinec Property Development, a.s., Brandýs Logistic, a.s., Jetřichovice Property, a.s., Yosana, a.s., Tantara, a.s., Garreta, a.s., Wang, a.s., Sidoti, a.s., CPI Retails TWO, a.s., Darvall, a.s., Appiana, a.s., Ždírec Property Development, a.s., Konkola, a.s., Mercuda, a.s., CPI – Horoměřice, a.s., Muleti, a.s., Jeseník Property Development, a.s., Scampia, a.s., CPI Reality, a.s., Wingera, a.s., Statenice Property Development, a.s., IGY2 CB, a.s., Vigano, a.s., Best Properties South, a.s., Vyškov Property Development, a.s., Farma Valteřice, a.s., Marissa West, a.s., Marissa Tau, a.s., Leterme, a.s., Tolimir, a.s., Pelhřimov Property Development, a.s., Saleya, a.s., Tandis, a.s., Benjina, a.s., Bandar, a.s., Baudry, a.s., CPI – Štupartská, a.s., Vila Anička, a.s., Camuzzi, a.s., Malerba, a.s., CPI – Land Development, a.s., Beroun Property Development, a.s., Strakonice Property Development, a.s., Kerina, a.s., Farhan, a.s., Feldman, a.s., CPI – Krásné Březno, a.s., Sexton, a.s., Cobham, a.s., Olomouc Office, a.s., CPI Retail Portfolio II, a.s., Gartmore, a.s., CPI – Zbraslav, a.s., Jeseník Investments, a.s., CPI Park Mlýnec, a.s., CPI Park Žďárek, a.s., CPI City Center ÚL, a.s., CPI Services, a.s., Hraničář, a.s., OC Nová Zdobov, a.s., CPI Delta, a.s., CPI Alfa, a.s., CPI Beta, a.s., CB Property Development, a.s., STRM Property, a.s., MB Property Development, a.s., Olomouc City Center, a.s., Marissa Yellow, a.s., Farma Javorská, a.s., Valdovská zemědělská, a.s., Farma Krásný Les, a.s., Marissa Omikrón, a.s., Farma Radeč, a.s., Marissa Ypsilon, a.s., Marissa Kappa, a.s., Mařenická farma, a.s., Marissa Gama, a.s., CPI Jihlava Shopping, a.s., Marissa Théta, a.s., Janovická farma, a.s., Valkeřická ekologická, a.s., Rivaroli, a.s., Zacari, a.s., Mondello, a.s., Materali, a.s., Robberg, a.s., Svitavy Property Alfa, a.s., Guerrera, a.s., Baudry Beta, a.s., Austenit, a.s., Modněanská Property, a.s., VERETIX a.s., Zámek Bezdrůžice, a.s. v likvidaci (pár dní do výmazu), Novegro, a.s., PG-Hazlov, a.s., CPI Shopping Teplice, a.s., CPI Shopping MB, a.s., Kroměříž Property Development, a.s., Karviná Property Development, a.s., Děčínská zemědělská, a.s., Českolipská zemědělská, a.s., CURITIBA a.s., CPI Retails ONE, a.s., CPI HOLDING, SE, CPI Hotels Properties, a.s., CPI Flats, a.s., BAYTON Delta, a.s., BAYTON Alfa, a.s., Farma Ploučnice, a.s., CPI Lambda, a.s., Tyršova 6, a.s., CPI Epsilon, a.s., SG – Industry, a.s. (v konkurzu), BAYTON Gama, a.s., Czech Property Development, a.s., ORCO Hotel Ostrava, a.s., GRANDHOTEL ZLATÝ LEV a.s., Vinice Property Development, a.s., VM Property Development, a.s., CPI – Bor, a.s., Spojené farmy, a.s., Gerosa – JMB, a.s., CPI Retail Portfolio I, a.s., Pastviny, a.s., Farmy Frýdlant, a.s., ETO, a.s., Marissa, a.s., CPI Alfa, a.s.

Member of **the board of directors**:

MULTICREDIT GROUP a.s. "v likvidaci", Turati, a.s. v likvidaci, Březiněves, a.s., Společenství pro dům čp. 1013, ulice Na výši, Praha 5 Košíře, Vedant, a.s., Družstvo Land, Arodance CZ, s.r.o.

The work address of the members of the Supervisory Board is Prague 1, Vladislavova 1390/17, 110 00.

Board of Directors of CPI

The Board of Directors is a statutory body that manages the activities of CPI and acts on its behalf. The Board of Directors decides on all matters of CPI, which are not assigned to the scope of authority of the General Meeting or the Supervisory Board by binding legal regulations or the Articles of Association of CPI.

The Board of Directors is particularly entitled:

- to perform management and business management and take care of operational matters of CPI;
- to exercise the employer's rights;
- to convene the General Meeting;
- to submit a report on business activities of CPI and its assets to the General Meeting within six months of the last day of the fiscal period;
- to submit proposals to amend and supplement the Articles of Association to the General Meeting;
- to submit the ordinary, extraordinary or consolidated financial statements to the General Meeting for approval;
- to submit a proposal for profit distribution or loss settlement to the General Meeting;
- to execute resolutions or decisions of the General Meeting;
- to ensure proper keeping of records, accounting books, business books and other company documents;
- to grant and revoke procuration;
- to decide on an increase in the share capital in the extent authorized by the General Meeting in accordance with § 511 of the Business Corporations Act.

The Board of Directors has a quorum if all members of the Board are present at the meeting. In order to adopt a decision in all matters discussed at a meeting of the Board of Directors, it is necessary that all members of the Board of Directors vote for it. If all members of the Board of Directors agree, the Board may vote in writing or using communication technology even outside the meeting. The voters are then considered as present. A report is made on the result of the vote at the next meeting of the Board of Directors.

The composition, appointment and terms of the Board of Directors, convening meetings of the Board of Directors, meetings of the Board of Directors, duties of members of the Board of Directors and share in profit and remuneration of members of the Board of Directors are governed by the Articles of Association of CPI.

Members of the Board of Directors of CPI as of 31 December 2015:

Zdeněk Havelka, Chairman of the Board of Directors since 13 November 2014;

Kristína Magdolenová, member of the Board of Directors since 15 February 2014.

As at 31 December 2015 Zdeněk Havelka acts as **a member of the board of directors** of the following entities which are significant from the perspective of the Company:

PV – Cvikov s.r.o., Český Těšín Property Development, a.s., Verneřický Angus a.s., Agrome s.r.o., CPI Palmovka Office, s.r.o., HD Investment s.r.o., ZEMSPOL s.r.o., JAGRA spol. s r.o., Nymburk Property Development, a.s., BPT Development, a.s., Arkáda Prostějov, s.r.o., Leterme, a.s., Tolimír, a.s., Vila Anička, a.s., Camuzzi, a.s., Malerba, a.s., CPI – Land Development, a.s., CPI – Štupartská, a.s., Pelhřimov Property Development, a.s., Saleya, a.s., Tandis, a.s., Benjina, a.s., Bandar, a.s., Baudry, a.s., Beroun Property Development, a.s., CPI Management, s.r.o., CPI Property, s.r.o., Baudry Beta, a.s., Svitavy Property Alfa, a.s., Guerrera, a.s., BAYTON Gama, a.s., Třinec Investments, s.r.o., Rolnická Skalná s.r.o., SPO-ZEM Nový Kostel s.r.o., Příbor Property Development s. r.o., Zámek Bezručovice, a.s. v likvidaci (pár dní do výmazu), CD Property s.r.o., Strakonice Property Development, a.s., U svatého Michala, a.s., CPI Retail MB s.r.o., CPI Retail Portfolio VI, s.r.o., CPI Retail Portfolio IV, s.r.o., CPI Retail Portfolio VII, s.r.o., CPI Retail Portfolio V, s.r.o., Statenice Property Development, a.s., IGY2 CB, a.s., Vigano, a.s., Lucemburská 46, a.s., Biohovězí s.r.o., CPI BYTY, a.s., Turati, a.s. v likvidaci, Carpenter Invest, a.s., CPI Národní, s.r.o., CPI Heli, s.r.o., Felisa, a.s., Sistina, a.s., Žďár Property Development, a.s., Čáslav Investments, a.s., Trutnov Property Development, a.s., Salaman, a.s., Rampino, a.s., Brinkley, a.s., Lavagna, a.s., CPI – Real Estate, a.s.,

Romney, a.s., Wanchai, a.s., Garribba, a.s., CPI – Orlová, a.s., Balvinder, a.s., Garreta, a.s., Wang, a.s., Svitavy Property Development, a.s., Telč Property Development, a.s., Duggetti, a.s., LD Praha, a.s., Farhan, a.s., Feldman, a.s., CPI – Krásné Březno, a.s., Sexton, a.s., Cobham, a.s., Olomouc Office, a.s., CPI Retail Portfolio II, a.s., Gartmore, a.s., Kerina, a.s., CPI – Zbraslav, a.s., Jeseník Investments, a.s., CPI Park Žďárek, a.s., CPI Park Mlýnec, a.s., CPI City Center ÚL, a.s., CPI Reality, a.s., Wingera, a.s., Vedant, a.s., Tabcorp, a.s., Barkana, a.s., CPI Group, a.s., Brandýs Logistic, a.s., Jetřichovice Property, a.s., Yosana, a.s., Tantala, a.s., Soprem, a.s., Mendesa, a.s., Vorga, a.s., Zodiac, a.s., Třinec Property Development, a.s., Conradian, a.s., Komeya, a.s., Idrama, a.s., Rosenfeld, a.s., Lockhart, a.s., Huryana, a.s., Husson, a.s., Ogwell, a.s., Margulius, a.s., CPI Retails TWO, a.s., Darvall, a.s., Appiana, a.s., Ždírec Property Development, a.s., Konkola, a.s., Mercuda, a.s., Sidoti, a.s., CPI – Horoměřice, a.s., Muleti, a.s., Jeseník Property Development, a.s., Scampia, a.s., FL Property Development, a.s., Hraničář, a.s., OC Nová Zdobov, a.s., Residence Belgická, s.r.o., CPI Services, a.s., Best Properties South, a.s., Vyškov Property Development, a.s., Farma Valteřice, a.s., Marissa West, a.s., Marissa Tau, a.s., RL – Management s.r.o., CPI – Facility, a.s., Biochov s.r.o., STRM Property, a.s., MB Property Development, a.s., CB Property Development, a.s., Olomouc City Center, a.s., Farma Radeč, a.s., Marissa Ypsilon, a.s., Marissa Kappa, a.s., Mařenická farma, a.s., Marissa Gama, a.s., CPI Jihlava Shopping, a.s., Marissa Théta, a.s., Janovická farma, a.s., Valkeřická ekologická, a.s., Marissa Yellow, a.s., Farma Javorská, a.s., Valdovská zemědělská, a.s., Farma Krásný Les, a.s., Marissa Omikrón, a.s., Dienzenhoferovy sady 5, s.r.o., Robberg, a.s., Materiali, a.s., VERETIX a.s., CPI Retail Portfolio III, s.r.o., Modřanská Property, a.s., Austenit, a.s., CPI Delta, a.s., CPI Alfa, a.s., CPI Beta, a.s., Pietroni, s.r.o., Rivaroli, a.s., Zacari, a.s., Mondello, a.s., Cerrini, s.r.o., Zelená louka s.r.o., HAINES s.r.o., CPI Meteor Centre, s.r.o., CPI East, s.r.o., CPI Shopping Teplice, a.s., CPI Shopping MB, a.s., CPI West, s.r.o., Kroměříž Property Development, a.s., Karviná Property Development, a.s., CURITIBA a.s., Děčínská zemědělská a.s., Českolipská zemědělská a.s., Janáčkovo nábřeží 15, s.r.o., PG-Hazlov a.s., CPI HOLDING, SE, CPI Flats, a.s., BAYTON Delta, a.s., BAYTON Alfa, a.s., Quadrio Residence, s.r.o., Naturland s.r.o., CPI Retail Portfolio I, a.s., SV FÁZE II., s.r.o., OC Spektrum, s.r.o., Spojené farmy a.s., Platnéřská 10 s.r.o., Biopark s.r.o., CPI South, s.r.o., Farma Ploučnice a.s., Tyršova 6, a.s., CPI Epsilon, a.s., CPI Lambda, a.s., Gerosa – JMB, a.s., Czech Property Development, a.s., CPI North, s.r.o., EMH West, s.r.o., EMH South, s.r.o., EMH North, s.r.o., ORCO Hotel Riverside, s.r.o., Prague Property Development, s.r.o., Vinice Property Development a.s., MULTICREDIT GROUP a.s. „v likvidaci“, CPI – Bor, a.s., VM Property Development, a.s., MUXUM, a.s., Marissa, a.s., Angusland s.r.o., Biopotraviny s.r.o., Pastviny a.s., Farmy Frýdlant a.s., Týniště Property Development s.r.o., CPI Retails ONE, a.s., JMB Lambda, s.r.o., CPI Retail Portfolio VIII s.r.o., CPI Hotels Properties, a.s., SV Fáze III, s.r.o., ETO, a.s., Agro 2014 s.r.o., ITL Alfa, s.r.o., Šenovská zemědělská, s.r.o., Statek Mikulášovice, s.r.o., Farma Poustevna, s.r.o., Farma Třebeň, s.r.o., Ekofarma Lipná, s.r.o. a tiež v správnej rade spoločnosti ZIBA, o.p.s., Společenství vlastníků pro dům U Stadionu 21

As at 31 December 2015 Kristína Magdolenová acts as **a member of the board of directors** of the following entities which are significant from the perspective of the Company:

CPI BYTY, a.s., Lavagna, a.s., Rivaroli, a.s., Zacari, a.s., Mondello, a.s., Materiali, a.s., ECOFARMA Zdiby s.r.o.

Management of CPI Group

The management of CPI Group is responsible for managing the organizational units of CPI Group. The organizational structure is based on specializations by business function.

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



Martin Němeček

Chief Executive Officer

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



Zdeněk Havelka

Executive Director

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



Tomáš Salajka

Director of Acquisitions, Asset Management & Sales

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



Pavel Měchura

Chief Financial Officer

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



Martin Stibor

Director of Property Management

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

Principles of Remuneration of the Members of the Supervisory Board and the Board of Directors of CPI and Management

Czech Property Investments, a.s. does not apply any fixed principles of remuneration of members of the Supervisory Board, the Board of Directors and Management of CPI Group. The General Meeting of CPI approves the remuneration of members of the Supervisory Board and the Board of Directors according to § 59 (2) of the Business Corporations Act. The Board of Directors decides on the salary of the Chief Executive Officer as a member of CPI Group's Management. The Chief Executive Officer decides on the salaries of other members of Management.

Body	Salaries in 2015 (TCZK)	
	CPI	Other companies of the CPI Group
Board of Directors	--	518
Supervisory Board	--	3,298
Management	--	11,164

Members of the Supervisory Board, members of the Board of Directors and members of Management of CPI Group did not have any other monetary or non-monetary income in 2015 besides a salary which they received as employees of CPI BYTY, a.s., CPI Services, a.s., CPI Property, s.r.o., CPI Management, s.r.o. and CPI – Facility, a.s. The salary does not have any variable component.

Members of the Supervisory Board, members of the Board of Directors and members of Management of CPI Group as employees of CPI BYTY, a.s., CPI Services, a.s., CPI Property, s.r.o., CPI Management, s.r.o. and CPI – Facility, a.s. did not receive any additional benefits in 2015 compared to other employees of CPI BYTY, a.s., CPI Services, a.s., CPI Property, s.r.o. and CPI – Facility, a.s.

Members of the Supervisory Board, members of the Board of Directors, except of Mr Radovan Vitek – owner of CPI Group, any other persons with executive powers and any persons close to them do not own any shares issued by CPI and they are not contractual parties to any option or similar contracts, the underlying assets of which are participating securities issued by CPI, and no such contracts have been concluded to their benefit.

Statement

Any members of the Supervisory Board, the Board of Directors or Management of CPI Group are not subject of any conflicts of interest.

Internal Control System and Risk Report

The internal accounting guidelines of CPI Group, which define procedures, responsible persons and dates for individual tasks, form an integral part of the internal control system. The internal policies applied by CPI Group include mainly signing and accountability rules, the circulation of accounting records, a chart of accounts, an internal guideline on tangible and intangible fixed assets, inventory policies, rules for recognizing expenses and revenues, stocktaking guidelines, rules for recognizing adjustments and the establishment and release of provisions, rules for the preparation of financial statements, and other internal guidelines.

Continuous controls are carried out within CPI Group, focusing on links between accounts relating to fixed assets, inventories, short-term investments and settlements. The control process is regularly reviewed and if any deficiencies are identified, immediate steps are taken to correct them and prevent them in the future. Quarterly financial statements are presented to the Management of CPI Group.

The internal control system of CPI Group consists of both internal regulations containing control mechanisms and active work of the Supervisory Board, as well as an external audit, which is conducted at the year end. Results of external audits are presented to the Board of Directors and the Supervisory Board of CPI Group, which charges the Management of CPI Group with drawing conclusions and taking follow-up steps.

As of 31 December 2015, CPI Group was exposed to the following risks arising from financial assets and financial liabilities:

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. CPI Group is exposed to credit risk mainly from its rental activities (primarily for trade receivables) and from its financing activities, including provided loans, deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Liquidity risk

Liquidity risk refers to the possibility of CPI Group being unable to meet its cash obligations mainly in relation to the settlement of amounts due to bondholders, bank loans and suppliers. This particularly refers to a risk arising from the Group's loan agreements, according to which the creditor is entitled to require immediate settlement of the loan in the case of a breach of contractual conditions.

CPI Group monitors its risk of shortage of funds using different liquidity planning tools. These tools comprise e.g. the following activities:

- maintaining a sufficient balance of liquid funds;
- flexible utilization of bank loan, overdrafts and facilities;
- projection of future cash flows from operating activities.

Market Risk

Market risk includes the possibility of negative changes in value of assets of CPI Group due to unexpected changes in the underlying market parameters, such as exchange rates or interest rates.

Currency risk

CPI Group is exposed to a currency risk mainly connected with the sale, purchase and financing activities denominated in Euro currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate risk relates primarily to long-term debt financing of the Group, for which a floating interest rate is contracted in a substantial extent. Long-term debt financing include bank loans, issued bonds and leasing obligations.

As of 31 December 2015, CPI group was exposed to the following risks arising from its business activities:

The risk of competition

CPI Group operates in a real estate market and should be responsive to changing market situation and changing behaviour of competition and customers.

The risk of losing key people

The risk of losing key people is the risk that CPI Group will not able to retain and motivate persons who are crucial for the ability of the Group to create and implement key strategies of CPI Group. Key persons include members of the CPI Group's management.

The risk of information leakage

CPI Group employs persons having access to the business strategic information, such as planned development project, new marketing strategies and overall strategy of the Group. Leakage of such sensitive information may jeopardize the operation of the entire CPI Group and consequently its current market position can be lost which could ultimately lead to a deterioration of the Group's financial results.

The dependence of CPI Group on rental properties

Due to the fact that CPI Group engages in the lease of real estate, its financial results depend on the existence of tenants who are willing and able to lease and operate real estate owned by CPI Group. If there was a substantial loss of tenants, this fact could adversely affect the economic and financial situation of the Group.

The risk of early termination of lease by current or future tenants

The risk of early termination of lease by the current or future tenants is the risk that in the event of an early termination of the lease CPI Group (as the lessor) will not be immediately able to find another tenant willing to enter into a lease agreement under comparable conditions. Significant part of current lease agreements represents long-term leases of commercial properties (retail shopping centres, office buildings and logistics centres) and therefore an early termination of lease by a major tenant could have a significant impact on the Group economic performance.

The risk associated with market rent development

CPI Group is exposed to the risk that the market rent may experience a downward trend in the future where the supply of rental apartments, commercial or industrial properties substantially exceeds the demand for rental of these properties. Any reduction in market rents could have a negative impact on the Group.

A significant part of the Group's business in the Czech Republic is rental housing. Gradual rent liberalization under the Act on unilateral rent increases has had a positive impact on the financial performance of the Group. Deregulation of rent in the Czech Republic finished as of 31 December 2012, and thereafter rent for all apartments should be determined solely based on market conditions. Market rent, as opposed to regulated rent, reflects the relationship of supply and effective demand on the local housing market. CPI Group is exposed to the risk that the market rent may experience a downward trend in the future where the supply of rental apartments substantially exceeds the demand for rental housing (for example, as a result of economic recovery, the income of individuals increases and mortgage loans again become more readily available, which will in turn boost interest in becoming a homeowner). Any reduction in market rents could have a negative impact on CPI Group. Although new market rent has been negotiated with tenants well in advance, the CPI Group could not avoid potential legal proceedings from those tenants who have not agree with the rental increase.

The dependence of CPI Group on the degree of indebtedness of its target tenant groups

To a certain extent, CPI Group is dependent on the solvency of its target tenant groups, yet it is unable to influence tenants' payment behaviour. The total increase in the indebtedness of households may lead to failure to pay the agreed rent, which could negatively affect the cash flow of the Group while increasing the cost of litigation and debt recovery.

Changes in lifestyle and living standards may adversely affect interest in rental housing

Future changes in tenants' preferences, housing trends and higher living standards of the population in a certain location may lead to a significant reduction in interest in rental housing. The increased preference to own housing rather than renting the apartment may ultimately mean a significant loss of rental housing tenants.

The risk associated with low liquidity of real estate

The risk of investing in real estate is linked to their low liquidity. Unlike financial assets, the sale of real estate is a complex and long-term transaction which may adversely affect the profitability of investments in real estate.

The risk of insolvency proceedings

The commencement of insolvency proceedings against a debtor generally entails certain legal effects (in particular, restrictions on the debtor's ability to dispose of their property), which occur regardless of whether or not the insolvency petition is substantiated. Generally, we cannot rule out that, in the event of an unsubstantiated petition for the commencement of insolvency proceedings against the CPI, CPI would be limited, for an indefinite time, in the disposal of its property, which could adversely affect the financial situation of the entire Group.

Risks associated with the property insurance

CPI Group has entered into property insurance of its major assets. However, the Group cannot guarantee that the potential costs connected with natural hazards or other unexpected events will not have a negative impact on its assets and the economic and financial situation, due to loss of cash flow generating assets.

Risks associated with development projects

These risks include risk related to the construction of new projects and risk related to the location of new development projects.

Risk related to the construction of new projects

Construction of the real estate is a quite long process during which CPI Group might misestimate the market demand in the related segment or overestimate future value of developed real estate, which might impact overall profitability of the project.

Risk related to the location of new development projects

As the value of the real estate depends also on its location, improper location of new development project might have an impact on the future ability of the Group to sale or rent finished real estate.

Corporate Governance Code

CPI and CPI Group have not adopted any binding code of corporate governance. CPI complies with all provisions of the Business Corporations Act concerning the rights of shareholders – particularly to their right to influence CPI in matters such as the election of members of the Board of Directors and changes to the Articles of Association. CPI duly convenes general meetings and ensures equal treatment of all shareholders. In carrying out its statutory duties, CPI regularly reports on its financial situation, performance, ownership and management.

Above and beyond its statutory duties, CPI and CPI Group regularly report on all significant matters affecting their business.

The reason, why CPI Group has not created or adopted any Code is mainly the fact that the shares issued by CPI are not publicly traded, as well as the existing straightforward shareholding structure consisting of a sole shareholder.

Neither CPI, nor other companies within CPI Group have established any committees for audit or a separate unit of internal audit. Monitoring of internal processes of individual departments falls fully within the competences and responsibilities of individual members of CPI Group Management who are primarily responsible for the following:

- reliability and sharing information;
- compliance with generally binding legal regulations and internal regulations;
- protection of property and proper use of resources;
- achievement of set objectives.

PERSON RESPONSIBLE FOR THE ANNUAL REPORT 2015

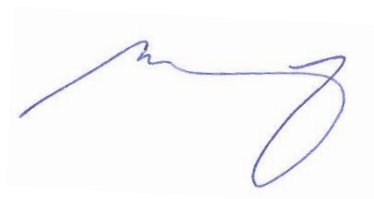
Statutory Declaration

With the use of all reasonable care and to the best of our knowledge, the consolidated Report 2015 provides a true and fair view of the financial situation, business activities, and results of operations of the issuer and its consolidated group for year ended 31 December 2015, 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, 25 April 2016



Zdeněk Havelka
Chairman of the Board of Directors
Czech Property Investments, a.s.



Kristína Magdolenová
Member of the Board of Directors
Czech Property Investments, a.s.

REPORT OF THE BOARD OF DIRECTORS ON RELATIONS BETWEEN RELATED PARTIES FOR THE YEAR 2015

**Report on relations between controlling and controlled entities and relations between the controlled entity
and entities controlled by the same entity**

processed

by § 82 of the Act No. 90/2012 Sb., the Business Corporation Act, as amended

the Board of Directors of the company Czech Property Investments, a.s.
the registration number: 427 16 161, seated in: Praha 1, Vladislavova 1390/17,
incorporated in the Commercial register kept by the Municipal Court in Prague,
Section B, File 1115

Contents:

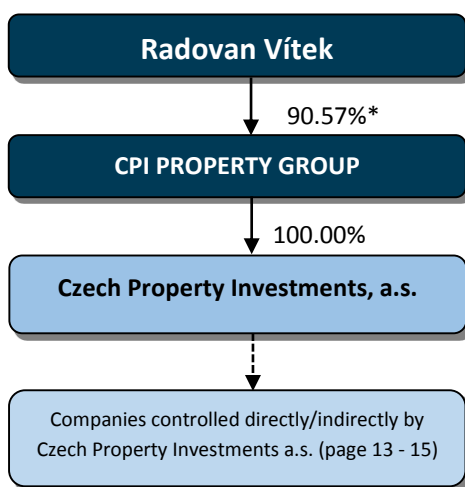
1. Preamble of report
2. Structure of relations between controlling and controlled entities and relations between the controlled entity and entities controlled by the same entity
3. Overview of proceeding, overview over underlying and received contracts, other legal action and provision in relation to controlling entity and related entities
4. Conclusion

I.
Preamble

Report is processed by the Board of Directors of the company Czech Property Investments, a.s. by § 82 of the Act No. 90/2012 Sb., the Business Corporation Act, as amended.

Report is processed for the financial year 2015.

II.
Structure of relations between controlling and controlled entities and relations between the major shareholder of the controlling company and controlled entity for the year ended 31 December 2015



*shares with voting rights

Company:

Corporate name:	Czech Property Investments, a.s.
Corporate address:	Praha 1, Vladislavova 1390/17, 110 00
Registration number:	427 16 161
File number:	B 1115
Legal form:	joint-stock company

The subject of business:

- 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.

Statutory body - the Board of directors

Chairman of the Board of directors: Zdeněk Havelka

Member of the Board of directors: Kristína Magdolenová

Share capital: 6 186 996 800 Kč
Paid: 100%

(hereinafter “Company” or “Controlled entity”)

Manner and means of control: as at 31 December 2015 the company Czech Property Investments, a.s. is fully controlled by the company CPI PROPERTY GROUP. Parent company is fully controlled by Radovan Vitek.

Companies controlled by the Company directly or indirectly – these companies are listed on page 13 – 15.

(hereafter „Other controlled entities”)

Company controlling the Company

Corporate name: CPI PROPERTY GROUP
Corporate address: 40, rue de la Vallée, L 2661 Luxembourg
Registration number: B 102254
Legal form: Société anonyme

The subject of business:

- Investment properties management, searching for investing portfolio opportunities and providing full-service asset management to third parties.

Statutory body – the Board of directors

Chairman of the Board of directors: Edward Hughes
Member of the Board of directors: Philippe Magistretti
Member of the Board of directors: Martin Němeček
Member of the Board of directors: Oliver Schlink
Member of the Board of directors: Radovan Vitek
Member of the Board of directors: Tomáš Salajka

Share capital: 330 376 830,00 EUR

(hereinafter „CPI PROPERTY GROUP”, event. „Parent company”)

Shareholder in control of the Parent company

As at 31 December 2015, Parent company is controlled by Radovan Vitek (90.57% voting rights).

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

III.

Overview of proceeding which were made at the instigation of or in the interest of the controlling entity (both Parent company and its major shareholder); overview of mutual agreements between the controlled entity and the controlling entity (both Parent company and its major shareholder); or between entities controlled by the same controlling entity; judgement of the Board of directors over advantages and disadvantages resulting for controlling entity; statement of prejudice.

A. Overview of proceeding done in the last financial period which were realized at the instigation of or in the interest of the controlling entity or entities controlled by the controlling entity if this proceeding was related to assets exceeding 10% of the equity of the controlled entity.

During the last financial period there were none of these proceedings.

B. Overview of mutual agreements between the controlled entity and its Parent company

- The Loan agreement between the Company (“Provider of the Credit”) and CPI PROPERTY GROUP (“Receiver of Credit”) from 15 August 2014
- The Loan agreement between the Parent Company (“Provider of the Credit”) and the Company (“Receiver of Credit”) from 1 December 2014
- Agreement of transfer of the bonds for consideration between CPI PROPERTY GROUP (“Seller”) and the Company (“Purchaser”) concluded on 19 December 2014
- Agreement on assignment of receivable between CPI PROPERTY GROUP (“Assignor”) and the Company (“Assignee”) concluded on 19 December 2014
- Agreement on owners contribution to equity from 19 December 2014
- Agreement on off-setting of mutual receivables and liabilities from between Parent company and the Company concluded on 19 December 2014
- Agreement on owners contribution to equity from 30 December 2014
- The Loan agreement between the Company and CPI PROPERTY GROUP from 25 July 2014
- Agreement on set off between the Company and CPI PROPERTY GROUP from 13 February 2015
- **Agreement of transfer share between the Company and CPI PROPERTY GROUP from 3 June 2015**
- Agreement on set off of mutual receivables between the Company and CPI PROPERTY GROUP from 31 December 2015
- Agreement on assignment of receivable between the Company and CPI PROPERTY GROUP from 31 March 2015
- Amendment no. 2 to the loan agreement between the Company and CPI PROPERTY GROUP from 1 July 2015
- Credit facility agreement agreement between the Company and CPI PROPERTY GROUP from 1 April 2015
- Loan Agreement between the Company and CPI PROPERTY GROUP, s.a. from 25 July 2014
- Amendment No. 1 to Loan Agreement between the Company and CPI PROPERTY GROUP, s.a. from 1 April 2015

C. Overview of mutual agreements between the controlled entity and other companies within CPI PG

- Loan Agreement between the Company and CPI - BOR, a.s. from 19 May 2006
- Loan Agreement between the Company and ACGATE KFT. from 26 November 2013
- Loan Agreement between the Company and CPI Meteor Centre, s.r.o. from 11 May 2015
- Loan Agreement between the Company and Marissa Tau, a.s. from 27 May 2015
- Loan Agreement between the Company and CPI South, s.r.o. from 1 June 2015
- Loan Agreement between the Company and ITL ALFA, a.s. from 17 August 2015
- Loan Agreement between the Company and CB PROPERTY DEVELOPMENT, a.s. from 25 May 2015
- Amendment No. 3 to Loan Agreement from 8.11.2012 between the Company and PELHŘIMOV PROPERTY DEVELOPMENT, a.s. from 11 September 2015
- Loan Agreement between the Company and BAYTON ALFA, a.s. from 1 September 2015
- Amendment No. 5 to Loan Agreement between the Company and CPI - BOR, a.s. from 2 January 2015
- Amendment No. 4 to Loan Agreement between the Company and CPI - Zbraslav, a.s. from 2 January 2015
- Amendment No. 2 to Loan Agreement between the Company and Hraničář, a.s. from 2 January 2015

- Amendment No. 2 to Loan Agreement between the Company and Conradian, a.s. from 2 January 2015
- Amendment No. 2 to Loan Agreement between the Company and CB PROPERTY DEVELOPMENT, a.s. from 2 January 2015
- Amendment No. 1 to Loan Agreement from 16 April 2012 between the Company and CPI Beta, a.s. from 7.10.2015
- Loan Agreement between the Company and CPI Retails FOUR, a.s. from 4.11.2015
- Amendment No. 1 to Loan Agreement from 17 May 2012 between the Company and CPI Retails FOUR, a.s. from 1.11.2015
- Amendment No. 1 to Loan Agreement from 17 May 2012 between the Company and CPI Retails FIVE, a.s. from 1.11.2015
- Loan Agreement between the Company and CPI Štupartská, a.s. from 1 December 2015
- Loan Agreement between the Company and MALERBA, a.s. from 30.11.2015
- Amendment No. 2 to Loan Agreement from 3 June 2013 between the Company and CPI Park Žďárek, a.s. from 28 December 2015
- Amendment No. 2 to Loan Agreement from 25 October 2010 between the Company and CB PROPERTY DEVELOPMENT, a.s. from 28 December 2015
- Loan Agreement between the Company and CPI Národní, a.s. from 14 December 2015
- Amendment No. 2 to Loan Agreement from 3 June 2013 between the Company and CPI Park Mlýnec, a.s. from 28 December 2015
- Loan Agreement between the Company and Žďár Property Development, a.s. from 1 November 2015
- Amendment No. 6 to Loan Agreement from 9 July 2007 between the Company and CPI Bor, a.s. from 31 December 2015
- Amendment No. 1 to Loan Agreement from 28 February 2014 between the Company and CD Property s.r.o., a.s. from 23 February 2015
- Amendment No. 1 to Loan Agreement from 17 August 2015 between the Company and ITL ALFA, a.s. from 22 September 2015
- Amendment No. 5 to Loan Agreement from 1 May 2009 between the Company and CPI Services, a.s. from 30 December 2015
- Loan Agreement between the Company and Marissa Omikrón, a.s. from 2 December 2015
- Amendment No. 2 to Loan Agreement from 7 July 2011 between the Company and KARVINÁ PROPERTY DEVELOPMENT, a.s. from 28 December 2015
- Loan Agreement between the Company and Baudry, a.s. from 1 June 2011
- Loan Agreement between the Company and BPT Development, a.s. from 1 November 2010
- Loan Agreement between the Company and BŘEZINĚVES, a.s. from 12 January 2006
- Loan Agreement between the Company and BŘEZINĚVES, a.s. from 1 November 2009
- Loan Agreement between the Company and CPI - FACILITY, a.s. from 28 November 2006
- Loan Agreement between the Company and CPI - FACILITY, a.s. from 1 March 2007
- Loan Agreement between the Company and CPI Alfa, a.s. from 16 April 2012
- Loan Agreement between the Company and CPI Alfa, a.s. from 21 September 2012
- Loan Agreement between the Company and CPI Alfa, a.s. from 1 October 2012
- Loan Agreement between the Company and CPI Beta, a.s. from 16 April 2012
- Loan Agreement between the Company and CPI BYTY, a.s. from 13 April 2010
- Loan Agreement between the Company and CPI BYTY, a.s. from 1 January 2013
- Loan Agreement between the Company and CPI City Center ÚL, a.s. from 28 June 2010
- Loan Agreement between the Company and CPI City Center ÚL, a.s. from 1 June 2012
- Loan Agreement between the Company and CPI Epsilon, a.s. from 10 July 2013
- Loan Agreement between the Company and CPI Epsilon, a.s. from 1 April 2014
- Loan Agreement between the Company and CPI FINANCE, a.s. from 26 October 2007
- Loan Agreement between the Company and CPI FINANCE, a.s. from 26 October 2007
- Loan Agreement between the Company and CPI FINANCE, a.s. from 4 December 2007
- Loan Agreement between the Company and CPI France, a SASU from 20 April 2012
- Loan Agreement between the Company and CPI GROUP, a.s. from 11 June 2007
- Loan Agreement between the Company and CPI GROUP, a.s. from 1 January 2007
- Loan Agreement between the Company and CPI GROUP, a.s. from 30 May 2008
- Loan Agreement between the Company and CPI Heli, s.r.o. from 1 January 2013

- Loan Agreement between the Company and CPI Retails Five, a.s. from 17 May 2012
- Loan Agreement between the Company and CPI Retails Five, a.s. from 17 May 2012
- Loan Agreement between the Company and CPI Retails Three, a.s. from 17 May 2012
- Loan Agreement between the Company and CPI SERVICES, a.s. from 1 November 2008
- Loan Agreement between the Company and CPI SERVICES, a.s. from 1 May 2009
- Loan Agreement between the Company and CPI SERVICES, a.s. from 1 May 2009
- Loan Agreement between the Company and CPI SERVICES, a.s. from 8 May 2009
- Loan Agreement between the Company and CURITIBA, a.s. from 22 June 2006
- Loan Agreement between the Company and CURITIBA, a.s. from 28 November 2008
- Loan Agreement between the Company and Čadca Property Development, s.r.o. from 3 December 2012
- Loan Agreement between the Company and Farhan, a.s. from 1 July 2012
- Loan Agreement between the Company and Farhan, a.s. from 1 July 2012
- Loan Agreement between the Company and GADWALL SP. Z O. O. from 29 October 2013
- Loan Agreement between the Company and Hraničář, a.s. from 1 February 2010
- Loan Agreement between the Company and Hraničář, a.s. from 29 January 2013
- Loan Agreement between the Company and Hraničář, a.s. from 3 June 2013
- Loan Agreement between the Company and Hraničář, a.s. from 1 June 2012
- Loan Agreement between the Company and Hraničář, a.s. from 1 November 2008
- Loan Agreement between the Company and Komárno Property Development, a.s. from 1 July 2011
- Loan Agreement between the Company and Komárno Property Development, a.s. from 29 January 2013
- Loan Agreement between the Company and Komárno Property Development, a.s. from 3 June 2013
- Loan Agreement between the Company and Komárno Property Development, a.s. from 1 October 2007
- Loan Agreement between the Company and Liptovský Mikuláš Property Development, a.s. from 1 July 2011
- Loan Agreement between the Company and Malerba, a.s. from 8 June 2010
- Loan Agreement between the Company and Malerba, a.s. from 8 June 2010
- Loan Agreement between the Company and Malerba, a.s. from 13 December 2010
- Loan Agreement between the Company and Malerba, a.s. from 30 November 2015
- Loan Agreement between the Company and Malerba, a.s. from 1 January 2009
- Loan Agreement between the Company and Marissa, a.s. from 28 March 2011
- Loan Agreement between the Company and Michalovce Property Development, a.s. from 1 July 2012
- Loan Agreement between the Company and Michalovce Property Development, a.s. from 1 October 2007
- Loan Agreement between the Company and Neronta, a.s. from 13 June 2011
- Loan Agreement between the Company and Neronta, a.s. from 30 April 2012
- Loan Agreement between the Company and Neronta, a.s. from 29 January 2013
- Loan Agreement between the Company and Neronta, a.s. from 3 June 2013
- Loan Agreement between the Company and Pelhřimov Property Development, a.s. from 8 November 2012
- Loan Agreement between the Company and Považská Bystrica Property Development, a.s. from 1 July 2012
- Loan Agreement between the Company and Považská Bystrica Property Development, a.s. from 29 January 2013
- Loan Agreement between the Company and Považská Bystrica Property Development, a.s. from 3 June 2013
- Loan Agreement between the Company and Prievidza Property Development, a.s. from 1 July 2012
- Loan Agreement between the Company and Prievidza Property Development, a.s. from 29 January 2013
- Loan Agreement between the Company and Prievidza Property Development, a.s. from 3 June 2013
- Loan Agreement between the Company and Quadrio Residence, s.r.o. from 10 July 2013
- Loan Agreement between the Company and Quadrio Residence, s.r.o. from 1 April 2014
- Loan Agreement between the Company and Quadrio Residence, s.r.o. from 18 January 2016

- Loan Agreement between the Company and Ružomberok Property Development, a.s. from 1 July 2012
- Loan Agreement between the Company and Ružomberok Property Development, a.s. from 29 January 2013
- Loan Agreement between the Company and Ružomberok Property Development, a.s. from 3 June 2013
- Loan Agreement between the Company and RUŽOMBEROK PROPERTY DEVELOPMENT, a.s. from 1 October 2007
- Loan Agreement between the Company and STRAKONICE PROPERTY DEVELOPMENT, a.s. from 4 December 2012
- Loan Agreement between the Company and STRAKONICE PROPERTY DEVELOPMENT, a.s. from 17 May 2007
- Loan Agreement between the Company and STRAKONICE PROPERTY DEVELOPMENT, a.s. from 25 May 2007
- Loan Agreement between the Company and Trebišov Property Development, a.s. from 3 December 2012
- Loan Agreement between the Company and Trutnov Property Development, a.s. from 1 August 2012
- Loan Agreement between the Company and Třinec Property Development, a.s. from 1 July 2012
- Loan Agreement between the Company and TŘINEC PROPERTY DEVELOPMENT, a.s. from 16 March 2006
- Loan Agreement between the Company and TŘINEC PROPERTY DEVELOPMENT, a.s. from 15 August 2007
- Loan Agreement between the Company and Týniště Property Development, a.s. from 5 December 2012
- Loan Agreement between the Company and VYŠKOV PROPERTY DEVELOPMENT from 1 May 2014
- Loan Agreement between the Company and VYŠKOV PROPERTY DEVELOPMENT, a.s. from 18 December 2006
- Loan Agreement between the Company and VYŠKOV PROPERTY DEVELOPMENT, a.s. from 31 March 2007
- Loan Agreement between the Company and VYŠKOV PROPERTY DEVELOPMENT, a.s. from 31 March 2007
- Loan Agreement between the Company and Zvolen Property Development, a.s. from 1 July 2012
- Loan Agreement between the Company and Zvolen Property Development, a.s. from 29 January 2013
- Loan Agreement between the Company and Zvolen Property Development, a.s. from 3 June 2013
- Loan Agreement between the Company and ZVOLEN PROPERTY DEVELOPMENT, a.s. from 1 October 2007
- Loan Agreement between the Company and Ždírec Property Development, a.s. from 1 August 2012
- Agreement on Assignment of receivable between the Company and CPI Lambda, a.s. from 30 July 2013
- Agreement of transfer share between the Company and Malerba, a.s. from 10 March 2014
- Amendment No. 1 to Agreement of transfer share between the Company and Malerba, a.s. from 7 May 2014
- Agreement of transfer share between the Company and Malerba, a.s. from 10 March 2014
- Amendment No. 1 to Agreement of transfer share between the Company and Malerba, a.s. from 7 May 2014
- Loan Agreement between the Company and Central Tower 81 Sp. z o.o. from 31 December 2015
- Loan Agreement between the Company and Central Tower 81 Sp. z o.o. from 1 October 2014
- Loan Agreement between the Company and VOLANTI LIMITED from 31 December 2015
- Loan Agreement between the Company and CPI Finance Netherlands B. V. from 23 November 2015
- Loan Agreement between the Company and CPI Finance Netherlands B. V. from 28 April 2011
- Loan Agreement between the Company and CPI Finance Slovakia, a.s. from 29 April 2015
- Loan Agreement between the Company and CPI Národní, a.s. from 14 December 2015
- Loan Agreement between the Company and MUXUM, a.s. from 26 February 2009
- Loan Agreement between the Company and Prague Property Development, s.r.o. from 17 December 2007

D. Other Legal Acts

During the last financial period there were none of these proceedings.

E. Role of the controlled entity

CPI, a. s. is the parent company of CPI Group. The core business as well as the role of companies within CPI Group is the investment properties, development and full-service asset management for third parties. CPI, a. s. is a major real estate company in CEE region. Its primary task is to maintain property portfolio value and deliver services to its customers.

F. Other measurements, their advantages and disadvantages, provided supplies, considerations received

During the last financial period, no measurements were implemented, no supplies were provided and no considerations were received in the interest of or at the instigation of Controlling entity (both Parent company and the major shareholder).

The value of transactions between related parties is set out in the notes to the individual financial statements of Czech Property Investments, a.s. for 2015.

The Board of Directors of the Controlled Entity considers that Czech Property Investments, a.s. benefits mainly from administrative, legal and financial support provided by CPI group. Also the Board of Directors considers that from the point of Czech Property Investments, a.s., there are not any of disadvantages resulting from being a part of CPI group and that there are no risks derived for CPI, a.s. from transactions described above.

G. Loss suffered

The Board of Directors of the Company confirms that the company Czech Property Investments, a.s. did not suffered any damage or loss as a result of the conclusion of the above-mentioned agreements, the implementation of the above-mentioned other legal acts and other measurements, and supplies provided or considerations received.

IV. Conclusion

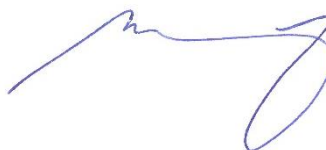
The Board of Directors states that the report is complete and that the disclosure of other information, particularly regarding to extension of the scope or depth of information, is under a trade secret by § 504 of the Act No. 89/2012 Sb., the Civil code, as amended.

Prague, 31 March 2016



Zdeněk Havelka

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



Kristína Magdolenová

Member of the Board of Directors
Czech Property Investments, a.s.

FINANCIAL STATEMENTS

Consolidated financial statements as at 31 December 2015

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

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Statement of financial position

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Notes to the Individual Financial Statements

Czech Property Investments, a.s.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	2015	2014
Gross rental revenue	5.1	4,621,747	4,406,309
Service revenue	5.1	670,410	134,938
Net service charge income	5.2	21,665	56,319
Property operating expenses	5.3	(639,739)	(558,924)
Net rental income		4,674,083	4,038,642
Development sales	5.4	240,089	1,101,328
Cost of goods sold	5.4	(205,515)	(1,029,598)
Development operating expenses	5.4	--	(24,788)
Net development income		34,574	46,942
Hotel revenue	5.5	251,099	121,378
Cost of goods sold	5.5	2,850	--
Hotel operating expenses	5.5	(145,870)	(100,710)
Net hotel income		108,079	20,668
Total revenues		5,805,010	5,820,272
Total direct business operating expenses		(988,274)	(1,714,020)
Net business income		4,816,737	4,106,252
Net valuation gain on investment property	5.6	145,090	421,793
Net loss on the disposal of investment property	5.7	(11,296)	(46,593)
Net gain on disposal of subsidiaries and investees	5.8	467,544	98,248
Amortization, depreciation and impairments	5.9	(180,908)	(119,113)
Other operating income	5.10	276,672	75,832
Administrative expenses	5.11	(1,074,511)	(649,535)
Other operating expenses	5.12	(394,751)	(97,707)
Operating result		4,044,577	3,789,177
Interest income	5.13	499,460	505,528
Interest expense	5.14	(2,378,400)	(2,187,206)
Other net financial result	5.15	(585,515)	(29,179)
Net finance costs		(2,464,455)	(1,710,857)
Profit before income tax		1,580,122	2,078,320
Income tax expense	5.16	(624,566)	(425,305)
Net profit from continuing operations		955,556	1,653,015
Items that may or are reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		(839)	94,258
Effective portion of changes in fair value of cash flow hedges		191,002	(153,652)
Income tax on other comprehensive expense		(35,395)	28,261
Other comprehensive income for the period, net of tax		154,768	(31,133)
Total comprehensive income for the period		1,110,324	1,621,882
Non controlling interests			
Non controlling interests		345	(1,367)
Owners of the Company		955,211	1,654,382
Profit for the period		955,556	1,653,015
Total comprehensive income attributable to:			
Non controlling interests		(4,408)	(2,388)
Owners of the Company		1,114,732	1,624,270
Total comprehensive income for the period		1,110,324	1,621,882
Earnings per share			
Basic earnings in CZK per share	6.13	123.51	213.92
Diluted earnings in CZK per share		123.51	213.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	31 December 2015	31 December 2014
NON-CURRENT ASSETS			
Intangible assets and goodwill	6.1	357,109	88,294
Investment property	6.2	74,718,330	73,359,911
Property, plant and equipment	6.3	1,672,270	644,978
Available-for-sale financial assets	6.4	11,748	49,890
Financial assets at fair value through profit or loss	6.5	30,403	12,053
Loans provided	6.6	495,493	614,896
Trade and other receivables	6.7	4,125	5,711
Deferred tax asset	5.16	21,434	570,553
Total non-current assets		77,310,912	75,346,286
CURRENT ASSETS			
Inventories	6.8	2,088,712	2,134,102
Current income tax receivables		85,228	66,083
Available-for-sale financial assets	6.4	43,271	--
Trade receivables	6.7	1,336,701	950,910
Loans provided	6.6	4,170,722	7,595,614
Cash and cash equivalents	6.9	3,346,620	2,550,657
Other financial current assets	6.10	416,594	1,279,246
Other non-financial current assets	6.11	518,250	539,757
Assets held for sale	6.12	701,073	--
Total current assets		12,707,170	15,116,369
TOTAL ASSETS		90,018,082	90,462,655
EQUITY			
Equity attributable to owners of the Company	6.13	33,755,003	32,414,874
Non controlling interests		75,897	75,552
Total equity		33,830,900	32,490,426
NON-CURRENT LIABILITIES			
Bonds issued	6.14	9,793,882	14,963,255
Financial debts	6.15	26,392,242	25,742,565
Derivative instruments	6.16	292,198	359,082
Deferred tax liabilities	5.17	6,675,216	6,553,996
Provisions		471	--
Other non-current liabilities	6.17	369,627	368,029
Total non-current liabilities		43,523,636	47,986,927
CURRENT LIABILITIES			
Current bonds	6.14	1,453,620	909,768
Financial debts	6.15	7,881,306	6,737,544
Trade payables	6.18	1,030,842	756,353
Advance payments	6.19	848,675	832,567
Derivative instruments	6.16	39,092	32,171
Other financial current liabilities	6.20	1,135,325	554,740
Other non-financial current liabilities	6.21	194,348	162,159
Liabilities linked to assets held for sale	6.12	80,337	--
Total current liabilities		12,663,546	9,985,302
TOTAL EQUITY AND LIABILITIES		90,018,082	90,462,655

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other capital funds	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2015		6,186,997	652,364	296,939	146,938	(652,875)	10,312,575	15,471,936	32,414,874	75,552	32,490,426
Comprehensive income for the period											
Profit for the period		--	--	--	--	--	--	955,211	955,211	345	955,556
Foreign currency translation differences - foreign operations		--	--	3,914	--	--	--	--	3,914	(4,753)	(839)
Net changes in fair value of cash flow FX hedges		--	--	--	--	195,670	--	--	195,670	--	195,670
Income tax on other comprehensive expense		--	--	--	--	(36,345)	--	--	(36,345)	--	(36,345)
Net changes in fair value of cash flow IRS hedges		--	--	--	--	(4,668)	--	--	(4,668)	--	(4,668)
Income tax on other comprehensive expense		--	--	--	--	950	--	--	950	--	950
Total other comprehensive income / (expense)		--	--	3,914	--	155,607	--	--	159,521	(4,753)	154,768
Total comprehensive income for the period		--	--	3,914	--	155,607	--	955,211	1,114,732	(4,408)	1,110,324
Contributions by and distributions to owners of the Company											
Effect of the acquisitions of subsidiaries under common control	3.2	--	--	--	--	--	--	(95,582)	(95,582)	--	(95,582)
Common control transaction - Hospitality Invest	3.2			432				167,506	167,938	135,674	303,612
Total contributions by and distributions to owners of the Company		--	--	--	--	--	--	71,924	72,356	135,674	208,030
Changes in ownership interests in subsidiaries		--	--	--	--	--	--	--	--	--	--
Disposal of subsidiary with non-controlling interests	5.8	--	--	--	--	--	--	--	--	22,121	22,121
Other changes in non-controlling interests	3.3	--	--	--	--	--	--	153,042	153,042	(153,042)	--
Total changes in ownership interests in subsidiaries		--	--	432	--	--	--	153,042	153,042	(130,921)	22,121
Total transactions with owners of the Company		--	--	432	--	--	--	224,966	225,398	4,753	230,151
Other movements											
Transfers to Legal reserve fund		--	--	--		--	--	--	--	--	--
Other changes in equity		--	--	--	(36)	--	--	36	--	--	--
Total other movements		--	--	--	(36)	--	--	36	--	--	--
Balance at 31 December 2015		6,186,997	652,364	301,285	146,902	(497,268)	10,312,575	16,652,149	33,755,003	75,897	33,830,900

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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

	Note	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other capital funds	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2014		6,186,997	652,364	201,660	146,938	(527,484)	5,196,105	13,817,293	25,673,873	78,216	25,752,089
Comprehensive income for the period											
Profit for the period		--	--	--	--	--	--	1,654,382	1,654,382	(1,367)	1,653,015
Foreign currency translation differences - foreign operations		--	--	95,279	--	--	--	--	95,279	(1,021)	94,258
Net changes in fair value of cash flow FX hedges		--	--	--	--	(18,075)	--	--	(18,075)	--	(18,075)
Income tax on other comprehensive expense		--	--	--	--	3,437	--	--	3,437	--	3,437
Net changes in fair value of cash flow IRS hedges		--	--	--	--	(135,577)	--	--	(135,577)	--	(135,577)
Income tax on other comprehensive expense		--	--	--	--	24,824	--	--	24,824	--	24,824
Total other comprehensive income / (expense)		--	--	95,279	--	(125,391)	--	--	(30,112)	(1,021)	(31,133)
Total comprehensive income for the period		--	--	95,279	--	(125,391)	--	1,654,382	1,624,270	(2,388)	1,621,882
Contributions by and distributions to owners of the Company											
Owner's contribution	6.13	--	--	--	--	--	5,116,470	--	5,116,470	--	5,116,470
Total contributions by and distributions to owners of the Company		--	--	--	--	--	5,116,470	--	5,116,470	--	5,116,470
Changes in ownership interests in subsidiaries											
Other changes in non-controlling interests		--	--	--	--	--	--	261	261	(276)	(15)
Total changes in ownership interests in subsidiaries		--	--	--	--	--	--	261	261	(276)	(15)
Total transactions with owners of the Company		--	--	--	--	--	5,116,470	261	5,116,731	(276)	5,116,455
Balance at 31 December 2014		6,186,997	652,364	296,939	146,938	(652,875)	10,312,575	15,471,936	32,414,874	75,552	32,490,426

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	31 December 2015	31 December 2014
PROFIT BEFORE INCOME TAX		1,580,122	2,078,320
<i>Adjusted by:</i>			
Net valuation gain on investment property	5.6	(145,090)	(421,793)
Loss on the disposal of investment property	5.7	11,296	46,593
Depreciation / amortisation of tangible and intangible assets	5.9	59,628	56,768
Impairment of assets / Reversal of impairment of assets	5.9	121,280	62,345
Gain on the disposal of property, plant and equipment		(2,754)	(427)
Gain on the disposal of subsidiaries and investees	5.8	(467,544)	(98,248)
Net finance costs	5.13, 5.14	1,994,121	1,710,857
Exchange rate differences		972,015	(606,805)
Other non-cash adjustments		--	(23,232)
Profit before changes in working capital and provisions		4,123,073	2,804,378
Decrease in inventories		47,894	484,871
Decrease in receivables		526,803	1,615,516
Increase / (Decrease) in liabilities		786,284	(700,372)
Changes in provisions		(8,344)	5,759
Income tax paid		(96,834)	(73,833)
NET CASH FROM OPERATING ACTIVITIES		5,378,876	4,136,319
Acquisition of subsidiaries, net of cash acquired	3.2	(1,413,389)	(410,313)
Acquisition of non-controlling interest	3.3	--	(15)
Capital expenditure on own investment property	6.2	(751,295)	(519,245)
Expenditure on investment property under development		(135,702)	(998,883)
Proceeds from sale of investment property	5.7	347,880	210,770
Proceeds from sale of property, plant and equipment		43,564	41,237
Proceeds from disposals of subsidiaries, net of cash disposed		449,870	486,218
Proceeds from sale of equity-accounted investees		--	219,100
Acquisition of property, plant and equipment		(13,195)	(92,527)
Acquisition of intangible assets		(28,100)	(28,458)
Acquisition of other investments		--	(413)
Loans (granted) / repaid	6.6	375,033	(3,001,352)
Interest received		385,925	233,210
NET CASH USED IN INVESTING ACTIVITIES		(739,408)	(3,860,671)
Drawings/(repayments) of bonds	6.14	(5,071,062)	2,025,820
Interest paid		(2,054,835)	(1,695,309)
Drawings / (repayments) of borrowings		3,339,976	(1,006,845)
Repayments of finance lease liabilities		(42,705)	(59,555)
NET CASH USED IN FINANCING ACTIVITIES		(3,828,626)	(735,889)
NET INCREASE / (DECREASE) IN CASH		810,842	(460,241)
Cash and cash equivalents at the beginning of the year		2,550,657	3,005,919
Effect of movements in exchange rates on cash held		(14,879)	4,979
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3,346,620	2,550,657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Czech Property Investments, a.s. (hereinafter also the „Company“ or “CPI”, and together with its subsidiaries as the “Group” or individually as “Group entities”) 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 Vladislavova 1390/17, Praha 1, 110 00.

Principal activities

Principal activities of the Group are described in Note 4.

Description of ownership structure

The sole shareholder of the Company is CPI PROPERTY GROUP (hereinafter also “CPI PG”). CPI PG is a real estate group founded in 2004. Since its foundation it has been operating in Germany and concentrates on commercial property, project development and asset management. The Group focuses on investment properties, realizes development potentials and offers full-service asset management for third parties.

CPI PROPERTY GROUP is a Luxembourg based *Société Anonyme*, whose shares registered under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

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

Management

Board of Directors

Board of Directors as at 31 December 2015

Chairman

Zdeněk Havelka, since 13 November 2014

Member

Kristína Magdolenová, since 15 February 2014

Board of Directors as at 31 December 2014

Chairman

Zdeněk Havelka, since 13 November 2014

Member

Kristína Magdolenová, since 15 February 2014

Supervisory Board

Supervisory Board as at 31 December 2015

Member

Milan Trněný, since 5 June 2014

Supervisory Board as at 31 December 2014

Member

Milan Trněný, since 5 June 2014

The management

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

Employees

The Group has 802 employees as at 31 December 2015 (2014 – 692 employees). The significant employee's growth reflects the Group's expansion and extension of its investment property portfolio.

All of the above included employees were engaged in the core business activities of the Group.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Statement of compliance

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

The consolidated financial statements were authorized for issue by the Board of Directors on 25 April 2016.

(b) New standards

For the preparation of these consolidated financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2015 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS or not-for-profit and public sector entities since they are not relevant to the Group).

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

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

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

- The amendment to IAS 40 *Investment properties* clarifies that judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on the guidance in IFRS 3. These amendments have no impact on the Group's results for the financial year ending 31 December 2015.
- The interpretation IFRIC 21 *Levies* clarifies that a levy is not recognized until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. These interpretation has no impact on the Group's results for the financial year ending 31 December 2015.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

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

The following new standards, new interpretations and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been early adopted by the Group:

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

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

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

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

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

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

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

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

- IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' face are amended as follows:
 - *"Revenue-based depreciation banned for property, plant and equipment" means that revenue-based methods of depreciation cannot be used for property, plant and equipment.*
 - *"New restrictive test for intangible assets" deals with a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.*

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

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

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

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

(c) Basis of measurement

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

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

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

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

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

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

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

- Note 2.3 – Valuation of investment property
- Note 5.16 – Recognition of deferred tax assets - future utilization of carry forward tax losses
- Note 7 – Financial risk management
- Note 2.2(j) - Impairment test – key assumptions underlying recoverable amounts, including the recoverability of development costs

2.2 Significant accounting policies

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

(a) Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

(ii) Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at book values. The assets and liabilities acquired are recognised at the carrying amounts (book values) recognised previously in the financial statements of the acquire or at deemed costs if the local standards are different from IFRS adopted by EU. The components of equity of the acquired

entities are added to the same components within Group equity and any gain / loss arising on the net asset value to purchase price difference is recognised directly in equity. Comparative consolidated financial information is not restated and transaction is accounted for as of its actual date.

(iii) Subsidiaries

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

(iv) Loss of control

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

(v) Equity accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Interests in associates and joint venture are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The cost of the investment includes transaction cost.

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

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

(vi) Transactions eliminated on consolidation

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

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

(vii) Property asset acquisition

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

(b) Foreign currency**(i) Functional currencies**

Functional currencies of the companies in the Group are the currency of the primary economic environment in which the entities operate and majority of their transactions are carried in this currency.

Summary of countries and functional currencies:

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

(ii) Foreign currency transactions

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

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

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

(iii) Foreign operations

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

Foreign currency differences arising on translation of foreign operations are recognised in other comprehensive income, and presented in foreign currency translation reserve (Translation reserve) in equity. However, if the

foreign operation is a non-wholly owned subsidiary, then the relevant proportion of translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of gain or loss on the disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

The following exchange rates were used during translations:

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the 12-month period
31 December 2015	27.025	27,283
31 December 2014	27.725	27.533
31 December 2013	27.425	25.974
31 December 2012	25.140	25.143
1 January 2012	25.800	N/A

Date	Closing exchange rate CZK/PLN	Average exchange rate CZK/PLN for the 12-month period
31 December 2015	6.340	6.525
31 December 2014	6.492	6.582
31 December 2013	6.603	6.189
31 December 2012	6.172	6.010
1 January 2012	5.700	N/A

Date	Closing exchange rate CZK/100 HUF	Average exchange rate CZK/100 HUF for the 12-month period
31 December 2015	8.557	8.807
31 December 2014	8.789	8.921
31 December 2013	9.231	8.749
31 December 2012	8.598	8.697
1 January 2012	8.115	N/A

Date	Closing exchange rate CZK/RON	Average exchange rate CZK/RON for the 12-month period
31 December 2015	5.976	6.138
31 December 2014	6.185	6.197
31 December 2013	6.135	5.878
31 December 2012	5.658	5.641
1 January 2012	5.905	N/A

Date	Closing exchange rate CZK/100 RUB	Average exchange rate CZK/100 RUB for the 7-month period
31 December 2015	33.535	38.953

(c) Investment property

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

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

An external independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at the year end of 2015 and 2014 respectively.

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

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

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

(d) Investment property under development

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

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

(e) Leased assets

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

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

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

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

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

(f) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

(iv) Depreciation

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

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

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

Assets	2015	2014
Property	30 – 50 years	30 – 50 years
Equipment	5 - 10 years	5 - 10 years
Motor vehicles	5 years	5 years
Fittings	3 - 5 years	3 - 5 years
Computers	3 years	3 years

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

(g) Intangible assets

(i) Goodwill

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

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

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Trademarks

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

(v) Amortisation

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

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

Assets	2015	2014
Software	3-8 years	3-8 years
Other intangible assets	3-5 years	3-5 years

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

(h) Trading property - inventories

Trading property - inventories is measured at the lower of cost and net realisable value.

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

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

(i) Financial instruments

(i) Non-derivative financial assets

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

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

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

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

Loans provided

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

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

The recoverable amount of the Group's provided loans is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate calculated at initial recognition of these financial assets).

The Group classifies as current any part of long-term loans that is due within one year from the reporting date.

Trade and other receivables

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

Cash and cash equivalents

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

The Company treats cash deposited as a security in accordance with bank loan covenants as cash and cash equivalents for cash flow purposes.

Held-to-maturity financial assets

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

Held-to-maturity financial assets comprise bonds.

Available-for-sale financial assets

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

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

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

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

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

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

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

Transaction costs

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

(iii) Share capital

Ordinary shares

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

(iv) Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

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

Other non-trading derivatives

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

(j) Impairment

(i) Non-derivative financial assets

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

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

Financial assets measured at amortised cost

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

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

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

Available-for-sale financial assets

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

(ii) Non - financial assets

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

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

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

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

not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Provisions

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

(l) Guaranties provided

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

(m) Revenue

(i) Rental revenue

Rental revenue from investment property is recognised as revenue on a straight-line basis over the term of the operating lease. Lease incentives granted are recognised as an integral part of the total rental revenue, over the term of the lease.

The term of the lease is the non-cancellable period of the lease. Any further term for which the tenant has the option to continue the lease is not considered.

(ii) Service charges and expenses recoverable from tenants

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

(iii) Services rendered

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

(iv) Commissions

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

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

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

(vi) Utilities

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

(vii) Sale of goods

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

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

(n) Expenses

(i) Service costs and property operating expenses

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

(ii) Operating lease payments

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

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

(iii) Finance lease payments

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

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

Interest income comprises interest income on funds invested, such as bank interest, interest on provided loans, interest on bonds purchased and interest on non-current receivables.

Interest costs comprise interest expense on loans and borrowings, on finance leases, on bonds issued and interest charges related to finance leases.

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

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

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

(p) Income tax

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

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

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

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

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

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

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

(q) Earnings per share

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

(r) Segment reporting

An operating segment is a component of the Group:

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

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

Segment capital expenditure is the total expenditure incurred during the period to acquire property, plant and equipment, investment property, intangible assets other than goodwill and trading property.

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

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

(s) Related parties

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

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

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

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

- (I) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (II) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (III) Both entities are joint ventures of the same third party.

- (IV) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (V) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (VI) The entity is controlled or jointly controlled by a person identified in (a).
- (VII) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.3 Determination of fair value

Investment property

Investment properties are stated at fair value as at 31 December 2015 based on external valuations performed by professionally qualified valuers. The Group's property portfolio in Czech and Slovak Republic is valued mainly by DTZ/ Cushman & Wakefield and RSM TACOMA a.s. Valuations of selected properties in Czech Republic, particularly land (land bank) and hotels, were performed by RSM TACOMA a.s. or other external valuation companies (Mazars, Jones Lang LaSalle & CBRE). Property portfolio in Hungary, Poland and Romania is valued by Jones Lang LaSalle International or DTZ/ Cushman & Wakefield. Part of landbank located in Czech Republic is valued by CPI internal valuation department.

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

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

The real estate market in Central Eastern Europe is considered small and transactions with real estate portfolio of the size similar to the Group are very rare. Therefore, in arriving at the estimates of market values of investment property as at 31 December 2015 and 31 December 2014, the reliance placed on comparable historical transactions was limited. Due to the need to use the market knowledge and professional judgements of the valuers to a greater extent, there was higher degree of uncertainty than which would exist in a more developed and active markets.

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

(i) Residential

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

(ii) Retail, Office, Industry and Logistics

Retail, office, logistics and industry properties have been valued using predominantly income capitalization and discounted cash flow valuation technique. Income capitalization method is based on the capitalization of the net annual income the property generates or is potentially able to generate. On lease expiry future income flows have been capitalized into perpetuity at the estimated rental value, taking into account expiry voids and rent free periods. The net income is the total rental income reduced by the costs the landlord cannot cover from the tenants. The capitalisation yield (equivalent yield) is determined by the market transactions achieved at the sale

of the property or similar properties in the market between the willing buyer and the willing seller in the arm's length transaction. A yield reflects the risks inherent in the net cash flows applicable to the net annual rentals to arrive at the property valuation.

(iii) Land and vacant buildings

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

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

(iv) Hotels

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

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

(v) Investment property under development / developments

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

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

3 The Group Structure

Control of the Group

Czech Property Investments, a.s. is the Group's ultimate parent.

As at 31 December 2015 the Group is formed by parent company and 226 subsidiaries controlled by the parent company and no associate (at 31 December 2014 - 220 subsidiaries, no associate). For list of subsidiaries refer to Appendix I.

3.1 Changes in the Group in 2015

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

Entity	Change	Share in %	Date of acquisition/foundation
Karviná Property Development, a.s.	acquisition	100.00%	1 June 2015
OC Futurum Kolín, a.s.	acquisition	100.00%	31 May 2015
JMB Lambda s.r.o.	acquisition	100.00%	22 December 2015
Gerosa – JMB, a.s.	acquisition	100.00%	22 December 2015
CPI Finance Slovakia, a.s.	founded	100.00%	16 February 2015
CPI Finance Ireland III Limited	founded	100.00%	11 December 2015
CPI Finance Netherlands III, B. V.	founded	100.00%	17 December 2015
CPI Finance Netherlands II, B. V.	founded	100.00%	14 January 2015
CPI Finance Ireland II Limited	founded	100.00%	22 January 2015
Endurance Hospitality Asset S.á r.l.	acquisition	88.00%	3 June 2015
Endurance Hospitality Finance S.á r.l.	acquisition	88.00%	3 June 2015
Hospitality Invest S.á r.l.	acquisition	100.00%	3 June 2015

The following entities were disposed of in 2015:

Entity	Change	Share in %	Date of disposal/liquidation
Polma 1 S.á r.l.	disposal	100.00%	1 May 2015
Valanto Consulting a.s.	disposal	94.00%	30 June 2015
MaMaison management, s.r.o.	disposal	94.00%	30 June 2015
ELAMOR, a.s.	disposal	100.00%	30 June 2015
ABLON s.r.o.	disposal	100.00%	1 October 2015
Airport City, s.r.o.	disposal	100.00%	30 June 2015
Baudry Alfa, a.s.	disposal	100.00%	30 June 2015
Beroun Property Alfa, a.s.	disposal	100.00%	30 June 2015
Příkopy Property Development, a.s.	disposal	100.00%	4 November 2015
MaMaison Bratislava, s.r.o.	disposal	94.00%	1 December 2015
ORCO Hotel Ostrava, a.s.	disposal	94.00%	2 December 2015
ORCO Hotel Riversie, s.r.o.	disposal	94.00%	2 December 2015
SCTO, Kft.	liquidation	100.00%	13 January 2015
ZPS Kft.	liquidation	100.00%	2 March 2015
CPI Finance Netherlands II, B. V.	disposal	100.00%	14 January 2015
CPI Finance Ireland II Limited	disposal	100.00%	22 January 2015
CPI North, s.r.o.	disposal	100.00%	1 April 2015
Marissa Omega, a.s.	disposal	100.00%	30 June 2015
Marissa Sigma, a.s.	disposal	100.00%	30 June 2015
Marissa South, a.s.	disposal	100.00%	30 June 2015
Marissa North, a.s.	disposal	100.00%	30 June 2015
Marissa Lambda, a.s.	disposal	100.00%	30 June 2015
Marissa East, a.s.	disposal	100.00%	30 June 2015
Marissa Delta, a.s.	disposal	100.00%	30 June 2015
Marissa Epsilon, a.s.	disposal	100.00%	30 June 2015
Marissa Ióta, a.s.	disposal	100.00%	30 June 2015

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

OC Futurum Kolín, a.s.

On 31 May 2015, the Group acquired 100% share in OC Futurum Kolín, a.s. Due to the acquisition, the Group acquired Futurum Shopping Centre in Kolín, the Czech Republic. The shopping center, with a leasable area of 10,100 sqm comprises of supermarket, shopping gallery with 50 shops, restaurants and other amenities, as well as underground parking lot for 320 cars. The net consideration paid represents CZK 508.9 million, with bank financing at the level of CZK 467.5 million.

This acquisition was initially recognized as property asset acquisition.

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

OC Futurum Kolín, a.s.	
Investment property	631,368
Total non-current assets	631,368
Trade receivables	3,029
Cash and cash equivalents	61,839
Other financial current assets	13,921
Other non-financial current assets	2,945
Total current assets	81,734
Identifiable acquired assets	713,102
Financial debts	(177,131)
Other non-current liabilities	(10,802)
Total non-current liabilities	(187,933)
Financial debts	(830)
Trade payables	(6,404)
Advance payments	(239)
Other financial current liabilities	(7,806)
Other non-financial current liabilities	(995)
Total current liabilities	(16,274)
Identifiable acquired liabilities	(204,207)
Net ident. assets of subsidiary acquired	508,895
Share acquired in %	100.00%
Share acquired	508,895
Consideration paid	508,895
Cash and cash equivalents acquired	61,839
Cash outflow	447,056
POST-acquisition profit*	8,158

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

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been CZK 4,643.3 million and net profit from continuing operations would have been CZK 964.0 million.

Karviná Property Development, a.s.

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

Karviná Property Development was acquired from entity controlled by major shareholder of CPI PG and the acquisition is accounted for as a common control transaction. This acquisition was initially recognized as property asset acquisition under common control transaction.

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

	Karviná Property Development, a.s.
Investment property	37,150
Total non-current assets	37,150
Cash and cash equivalents	61
Other non-financial current assets	21
Total current assets	82
Identifiable acquired assets	37,232
Financial debts	(41,217)
Deferred tax liabilities	(313)
Total non-current liabilities	(41,530)
Financial debts	(7,777)
Trade payables	(97)
Other financial current liabilities	(3)
Total current liabilities	(7,877)
Identifiable acquired liabilities	(49,407)
Net ident. liabilities of subsidiary acquired	(12,175)
Share acquired in %	100.00%
Share acquired	(12,175)
Consideration paid	1,000
Net ident. assets of subsidiary acquired less consideration paid recognised in equity	(13,175)
Cash and cash equivalents acquired	61
Cash outflow	939
POST-acquisition (loss)	(1,772)

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been unchanged and net profit from continuing operations would have been CZK 954.6 million.

JMB Group

As at the end of 2015 the Group enlarged its retail property portfolio in the Czech Republic by acquiring JMB Group consisting of Gerosa - JMB, a.s. and JMB Lambda s.r.o. (held indirectly). JMB Group holds 75 retail properties across the whole Czech Republic. Aggregated acquisition price is CZK 1,035.6 million. The acquired portfolio comprises of approximately 45 thousand sqm of lettable area and generates a rental income of app. CZK 65.5 million annually.

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

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

	JMB Group
Intangible assets	15
Investment property	903,000
Available-for-sale financial assets	--
Loans provided	82,304
Total non-current assets	985,319
Inventories	1
Loans provided	295,000
Available-for-sale financial assets	6,108
Trade receivables	9,208
Cash and cash equivalents	8,192
Other financial current assets	450
Other non-financial current assets	1,990
Total current assets	320,949
Identifiable acquired assets	1,306,268
Deferred tax liabilities	(16,735)
Provisions	(471)
Other non-current liabilities	(18,003)
Total non-current liabilities	(35,208)
Financial debts	(295,000)
Trade payables	(2,937)
Advance payments	(126)
Other financial current liabilities	(8,518)
Other non-financial current liabilities	(8,304)
Total current liabilities	(314,885)
Identifiable acquired liabilities	(350,094)
Net ident. assets of subsidiary acquired	956,174
Share acquired in %	100.00%
Share acquired	956,174
Consideration paid	1,035,580
Net ident. assets of subsidiary acquired less consideration paid recognized in equity	(79,407)
Cash and cash equivalents acquired	8,192
Cash outflow	1,027,388
POST-acquisition profit	--

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been CZK 4,655.0 million and net profit from continuing operations would have been CZK 974.3 million.

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

In June 2015, the Group acquired 50% share in Hospitality Invest S.à r.l. and 88% share in Endurance Hospitality Finance S.à r.l. and in Endurance Hospitality Asset S.à r.l., entity holding the remaining 50% share in Hospitality Invest S.à r.l., all together with remaining part of Equity loans. As such, the Group directly and indirectly holds 94 % of Hospitality Group as of 3 June 2015. The above shares and equity loans in acquired entities were purchased from CPI PG and recognized as common control transaction. Share selling price was 3 EUR and selling price of equity loans was CZK 833 million.

The table below summarizes total assets and liabilities at fair value of the Hospitality Group as at 30 June 2015.

	Hospitality Group
Intangible assets and goodwill	251,639
Investment property	1,640,695
Property, plant and equipment	1,113,918
Loans provided	4,959
Deferred tax asset	135,178
Total non-current assets	3,146,389
Inventories	2,847
Current income tax receivables	462
Trade receivables	26,150
Loans provided	6
Cash and cash equivalents	61,994
Other non-financial current assets	7,594
Total current assets	99,054
Identifiable acquired assets	3,245,442
Financial debts	(102,185)
Deferred tax liabilities	(225,244)
Provisions	(409)
Other non-current liabilities	(627)
Total non-current liabilities	(328,465)
Financial debts	(1,670,806)
Trade payables	(80,069)
Advance payments	(2,506)
Other financial current liabilities	(10,307)
Other non-financial current liabilities	(16,678)
Total current liabilities	(1,780,366)
Identifiable acquired liabilities	(2,108,831)
Net ident. assets of subsidiaries acquired excluding equity loans	1,136,611
Consideration paid	833,000
Net ident. Assets of subsidiary acquired less consideration paid recognized in equity	303,612
Share acquired in %	94.00%
Share acquired	167,938
Non-controlling interest	135,674
Cash and cash equivalents acquired	61,994
Cash (inflow)	(61,994)
POST-acquisition profit / (loss)	--

If the acquisition had occurred on 1 January 2015 with all other variables held constant, the Group gross rental revenue for 2015 would have been CZK 4,684 million and net profit from continuing operations would have been CZK 1,113.7 million.

The following table summarizes the effect of all acquisitions made by the Group in 2015:

	OC Futurum Kolín, a.s.	Karviná Property Development, a.s.	JMB Group	Hospitality Invest Group	TOTAL
Intangible assets and goodwill	--	--	15	251,639	251,654
Investment property	631,368	37,150	903,000	1,640,695	3,212,213
Property, plant and equipment	--	--	--	1,113,918	1,113,918
Loans provided	--	--	82,304	4,959	87,263
Deferred tax asset	--	--	--	135,178	135,178
Total non-current assets	631,368	37,150	985,319	3,146,389	4,800,226
Inventories	--	--	1	2,847	2,848
Current income tax receivables	--	--	--	462	462
Available-for-sale financial assets	--	--	6,108	--	6,108
Trade receivables	3,029	--	9,208	26,150	38,387
Loans provided	--	--	295,000	6	295,006
Cash and cash equivalents	61,839	61	8,192	61,994	132,086
Other financial current assets	13,921	--	450	--	14,371
Other non-financial current assets	2,945	21	1,990	7,594	12,550
Total current assets	81,734	82	320,949	99,054	501,819
Identifiable acquired assets	713,102	37,232	1,306,268	3,245,442	5,302,044
Financial debts	(177,131)	(41,217)	--	(102,185)	(1,153,533)
Deferred tax liabilities	--	(313)	(16,735)	(225,244)	(242,292)
Provisions	--	--	(471)	(409)	(880)
Other non-current liabilities	(10,802)	--	(18,003)	(627)	(29,432)
Total non-current liabilities	(187,933)	(41,530)	(35,209)	(328,465)	(593,137)
Financial debts	(830)	(7,777)	(295,000)	(1,670,806)	(1,974,413)
Trade payables	(6,404)	(97)	(2,937)	(80,069)	(89,507)
Advance payments	(239)	--	(126)	(2,506)	(2,871)
Other financial current liabilities	(7,806)	(3)	(8,518)	(10,307)	(26,634)
Other non-financial current liabilities	(995)	--	(8,304)	(16,678)	(25,977)
Total current liabilities	(16,274)	(7,877)	(314,885)	(1,780,366)	(2,119,402)
Identifiable acquired liabilities	(204,207)	(49,407)	(350,094)	(2,108,831)	(2,712,539)
Net ident. Assets of subsidiary acquired	508,895	(12,175)	956,174	1,136,612	2,589,506
Consideration paid	508,895	1,000	1,035,580	833,000	2,378,475
Net ident. Assets of subsidiary acquired less consideration paid recognized in equity	--	(13,175)	(79,407)	303,612	211,031
Share acquired	508,895	(12,175)	956,174	167,938	1,619,662
Non-controlling interest	--	--	--	135,674	135,674
Share acquired in %	100.00%	100.00%	100.00%	94.00%	--
Cash and cash equivalents acquired	61,839	61	8,192	61,994	132,086
Cash outflow/(inflow)	447,056	939	1,027,388	(61,994)	1,413,388
POST-acquisition profit / (loss)	8,158	(1,772)	--	--	6,386

3.3 Acquisition of non-controlling interest in 2015

At the end of 2015, the Group acquired non-controlling interest of Hospitality Group (consisting of 12% interest of the voting shares of Endurance Hospitality Finance S.à r.l., 12% interest of the voting shares of Endurance Hospitality Asset S.à r.l. and 6% interest of the voting shares of Hospitality Invest S.à r.l.).

A cash consideration of EUR 3 (app. CZK 81) was paid to the non-controlling shareholders. Carrying value of the non-controlling interest acquired was CZK 153 million. The difference of CZK 153 million between the consideration paid and the carrying value of the interest acquired has been recognised in retained earnings.

3.4 Disposal of subsidiaries in 2015

On 4 November 2015 the Group sold the former Zivnobanka building located at Na Prikope street in the centre of Prague. The transaction comprised of the transfer of shares in the Zivnobanka building project entity, refer to point 5.8 for details. Following the repayment of the project credit facility to the financing bank the net profit for the Group amounts to CZK 390.1 million.

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

Due to Group structure optimizing purposes other fourteen companies were disposed as at 30 June 2015 and one as at 1 October 2015 all with neutral impact on Group's net profit.

During 2015 the Group gradually sold 94% stake in one Slovak and four Czech subsidiaries, which were purchased in June 2015, as a part of the Hospitality Group. Net gain from disposal effect from was EUR 3.6 million (app. CZK 97.3 million).

3.5 Changes in the Group in 2014

Entity	Change	Share acquired in %	Date of acquisition/foundation
Arena Corner Ingatlanfejlesztő Kft.	acquisition	100.00%	11 April 2014
CPI IMMO, S.à r.l.	founded	100.00%	27 March 2014
CPI Poland Sp. Z o.o.	acquisition	100.00%	7 February 2014
CPI Retail MB s.r.o.	acquisition	100.00%	31 March 2014
CPI Retail Portfolio VIII s.r.o. (former Kouge s.r.o.)	acquisition	100.00%	11 April 2014
Čáslav Investments, a.s.	acquisition	100.00%	2 May 2014
ENDURANCE ASSET, S.à r.l.	acquisition	100.00%	1 October 2014
Pelhřimov Property Development, a.s. (1)	acquisition	100.00%	2 April 2014
Platněřská 10 s.r.o.	acquisition	100.00%	31 December 2014

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

The following entities were disposed of in 2014:

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

Acquisition of subsidiaries in 2014

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

	Arena Corner Ingatlanfejlesztő Kft.	CPI Poland Sp. Z o.o.	CPI Retail MB s.r.o.	CPI Retail Portfolio VIII s.r.o.	Čáslav Investments, a.s.	Endurance Asset, S.à r.l.	Platnéřská 10 s.r.o.	Total
Investment property	1,382,193	--	--	138,836	23,988	239,381	7,701	1,792,099
Loans provided	14,067	--	--	--	1,952	--	--	16,019
Trade and other receivables	--	--	331,699	--	--	--	--	331,699
Deferred tax asset	--	--	245	1,436	--	491,881	--	493,562
Total non-current assets	1,396,260	--	331,944	140,272	25,940	731,262	7,701	2,633,379
Current income tax receivables	135	--	--	1,203	--	--	--	1,338
Trade receivables	5,658	--	--	1,556	--	2,450	16	9,680
Loans provided	68,090	--	--	--	384	--	--	68,474
Cash and cash equivalents	87,330	66	74	843	511	7,991	--	96,815
Other financial current assets	--	--	24,465	--	--	--	120	24,585
Other non-financial current assets	1,830	--	430	108	4,095	2,430	55	8,948
Total current assets	163,043	66	24,969	3,710	4,990	12,871	191	209,840
Identifiable acquired assets	1,559,303	66	356,913	143,982	30,930	744,133	7,892	2,843,219
Financial debts	--	--	--	(140,438)	(27,925)	(331,629)	(13,005)	(512,997)
Deferred tax liabilities	(128,644)	--	--	--	--	--	(50)	(128,694)
Other non-current liabilities	(2,560)	--	--	--	--	(3,282)	--	(5,842)
Total non-current liabilities	(131,204)	--	--	(140,438)	(27,925)	(334,911)	(13,055)	(647,533)
Financial debts	(924,068)	--	--	--	(165)	(12,979)	--	(937,212)
Trade payables	(9,160)	--	--	(194)	--	(4,118)	(2)	(13,474)
Advance payments	--	--	(10,067)	--	--	--	(16)	(10,083)
Other financial current liabilities	--	--	(333,174)	(778)	(677)	--	--	(334,629)
Other non-financial current liabilities	(9,006)	--	(788)	(546)	--	(439)	--	(10,779)
Total current liabilities	(942,234)	--	(344,029)	(1,518)	(842)	(17,536)	(18)	(1,306,177)
Identifiable acquired liabilities	(1,073,438)	--	(344,029)	(141,956)	(28,767)	(352,447)	(13,073)	(1,953,710)
Net ident. Assets of subsidiary acquired	485,865	66	12,884	2,026	2,163	391,686	(5,181)	889,509
Consideration paid	485,865*	66	31,179	2,026	2,163	391,686	15,995	928,980
Goodwill / (bargain purchase)	--	--	18,295	--	--	--	21,176	39,471
Cash and cash equivalents acquired	87,330	66	74	843	511	7,991	--	96,815
Cash outflow/(inflow)	398,535	--	31,105	1,183	1,652	383,695	15,995	832,165
POST-acquisition profit / (loss)	55,419	(1,508)	11,032	1,606	(369)	(622)	--	65,558

*CZK 421.9 million paid in advance in 2013

Acquisition of non-controlling interest in 2014

BAYTON Gama, a.s.

In 2014, the Group acquired 0.04 % interest of the voting shares BAYTON Gama, a.s.

A cash consideration of CZK 14 thousand was paid to the non-controlling shareholders. Carrying value of the additional interest acquired was CZK 276 thousand. The difference of CZK 262 thousand between the consideration paid and the carrying value of the interest acquired has been recognised to retained earnings within equity.

Disposal of subsidiaries in 2014

The Company decided to sell two development projects, since they fall out of its strategy. The Group disposed a brownfield project located at Kolbenova street in Prague 9 (Polygon BC, s.r.o.) of approximately 5.6 hectares, and a land developable for residential project located in Ritka (MQM Czech, s.r.o.), south-west of Prague of approximately 39.5 hectares. The aggregate transaction price of CZK 547 million was paid at the closing. For the breakdown of assets and liabilities sold refer to note 5.8.

4 Segment reporting

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

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

Income generating rental properties

Within the segment “Income generating rental properties” the Group is considered to have six types of assets as at 31 December 2015, as follows:

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

Income generating operational properties

The segment includes properties which primarily generate income from other than rental activities. As at 31 December 2015 the segment includes the following types of assets:

- Hospitality – operates hotel premises as hotel operator

Development

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

Land bank

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

2015

Profit or loss	Income generating - rental properties						Income generating - operational properties	Land bank	Development	Total consolidated
2015	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Hospitality			
Gross rental revenue	1,478,924	1,858,921	493,287	299,312	464,209	6,033	(167)	16,752	4,476	4,621,747
Service revenue	1,071	3,217	287	66	(3,709)	668,142	--	220	1,116	670,410
Net service charge income	(9,242)	(32,890)	(234)	1,726	(1,406)	65,551	--	(2,194)	354	21,665
Property operating expenses	(100,410)	(85,178)	(263,471)	(11,085)	(29,966)	(119,927)	(1,037)	(22,589)	(6,076)	(639,739)
Net rental income	1,370,343	1,744,070	229,869	290,019	429,128	619,799	(1,204)	(7,811)	(130)	4,674,083
Development sales	--	--	217,017	--	--	--	--	23,072	--	240,089
Cost of goods sold	--	--	(199,338)	--	--	--	--	(6,177)	--	(205,515)
Net development income	--	--	17,679	--	--	--	--	16,895	--	34,574
Hotel revenue	--	--	--	--	7,541	--	243,558	--	--	251,099
Cost of goods sold	--	--	--	--	(30)	--	2,880	--	--	2,850
Hotel operating expenses	--	--	--	--	(2,183)	--	(143,687)	--	--	(145,870)
Net hotel income	--	--	--	--	5,328	--	102,751	--	--	108,079
Total revenues	1,470,753	1,829,248	710,357	301,104	466,635	739,726	243,391	37,850	5,946	5,805,010
Total direct business operating expenses	(100,410)	(85,178)	(462,809)	(11,085)	(32,179)	(119,927)	(141,844)	(28,766)	(6,076)	(988,274)
Net business income	1,370,343	1,744,070	247,548	290,019	434,456	619,799	101,547	9,084	(130)	4,816,737
Net valuation gain or loss on investment property	522,423	(214,707)	(179,820)	(90,760)	424,003	--	--	(284,819)	(31,230)	145,090
Net gain or loss on the disposal of investment property	(15,328)	(8,569)	33,271	33	154	1,614	--	(21,910)	(561)	(11,296)
Net gain or loss on disposal of subsidiaries	--	--	--	--	40,912	6,975	30,975	--	388,682	467,544
Amortization, depreciation and impairments	(5,258)	(1,964)	5,941	2,686	(10,981)	(135,905)	(34,447)	(980)	--	(180,908)
Other operating income	10,210	22,347	4,603	395	2,797	174,842	1,601	8,887	50,990	276,672
Administrative expenses	(21,635)	(28,544)	(14,575)	(4,747)	(6,862)	(953,646)	(21,584)	(19,415)	(3,503)	(1,074,511)
Other operating expenses	(56,601)	(24,583)	(5,695)	(4,197)	(4,217)	(280,306)	1,804	(2,100)	(18,856)	(394,751)
Operating Results	1,804,154	1,488,050	91,273	193,429	880,262	(566,627)	79,896	(311,253)	385,392	4,044,577
Interest income	9,082	21,098	50	234	4,470	466,804	(2,230)	(48)	--	499,460
Interest expense	(362,194)	(468,173)	(159,787)	(75,513)	(105,490)	(1,171,037)	(10,701)	(3,196)	(22,309)	(2,378,400)
Other net financial result	(210,206)	(155,667)	(8,417)	(22,623)	2,274	(54,053)	(152,727)	(19,084)	34,988	(585,515)
Net finance income / (costs)	(563,318)	(602,742)	(168,154)	(97,902)	(98,746)	(758,286)	(165,658)	(22,328)	12,679	(2,464,455)
Profit / (Loss) before income tax	1,240,836	885,308	(76,881)	95,527	781,516	(1,324,913)	(85,762)	(333,581)	398,071	1,580,122
Income tax expense	(69,799)	(58,007)	23,547	(13,379)	(46,725)	(451,868)	4,683	(15,626)	2,608	(624,566)
Net profit / (Loss) from continuing operations	1,171,037	827,301	(53,334)	82,148	734,791	(1,776,781)	(81,079)	(349,207)	400,679	955,556

2014

Consolidated profit or loss	Income generating - rental properties						Income generating - operational properties	Land bank	Development	Total consolidated
	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Hospitality			
2014										
Gross rental revenue	1,384,236	1,810,042	497,553	307,280	383,910	4,097	--	16,527	2,664	4,406,309
Service revenue	2,127	4,424	113	33	389	127,792	--	60	--	134,938
Net service charge income	12,650	5,852	(386)	(488)	(1,160)	41,593	--	(2,267)	525	56,319
Property operating expenses	(74,394)	(83,976)	(263,019)	(6,197)	(31,855)	(95,696)	--	(7,251)	3,464	(558,924)
Net rental income	1,324,619	1,736,342	234,261	300,627	351,285	77,786	--	7,069	6,653	4,038,642
Development sales	(33,998)	(19,131)	156,069	--	(13)	--	--	40,253	958,148	1,101,328
Cost of goods sold	--	--	(81,558)	--	--	--	--	(52,905)	(895,135)	(1,029,598)
Development operating expenses	(4,251)	(2,391)	(4,276)	--	--	--	--	(473)	(13,397)	(24,788)
Net development income	(38,249)	(21,522)	70,235	--	(13)	--	--	(13,125)	49,616	46,942
Hotel revenue	--	--	--	--	--	--	121,378	--	--	121,378
Hotel operating expenses	--	--	--	--	--	--	(100,710)	--	--	(100,710)
Net hotel income	--	--	--	--	--	--	20,668	--	--	20,668
Total revenues	1,365,015	1,801,186	653,349	306,825	383,127	173,482	121,378	54,573	961,337	5,820,272
Total direct business operating expenses	(78,645)	(86,367)	(348,853)	(6,197)	(31,855)	(95,696)	(100,710)	(60,629)	(905,068)	(1,714,020)
Net business income	1,286,370	1,714,819	304,496	300,627	351,272	77,786	20,668	(6,056)	56,269	4,106,252
Net valuation gain / (loss) on investment property	(38,829)	736,657	40,663	(7,519)	(75,282)	--	--	(300,921)	67,024	421,793
Net gain / (loss) on the disposal of investment property	(1,642)	(6,473)	(8,391)	130	4	--	--	(30,221)	--	(46,593)
Net gain / (loss) on disposal of and investees	--	(178,732)	--	--	--	(426,056)	--	703,036	--	98,248
Amortization, depreciation and impairments	(732)	(23,395)	(31,365)	2,500	30,323	(97,110)	(27,799)	23,319	5,146	(119,113)
Other operating income	(31,784)	150,193	3,154	540	1,684	(41,986)	--	(6,266)	298	75,832
Administrative expenses	(82,433)	(51,300)	(12,903)	(5,201)	(8,416)	(473,294)	--	(9,679)	(6,310)	(649,535)
Other operating expenses	(21,385)	(20,776)	6,711	(808)	(1,311)	(2,587)	--	(5,157)	(52,393)	(97,707)
Operating Results	1,109,565	2,320,993	302,365	290,268	298,273	(963,247)	(7,131)	368,056	70,035	3,789,177
Interest income	744	30,744	19	206	14,342	459,367	39	47	19	505,528
Interest expense	(285,332)	(413,398)	(158,641)	(89,257)	(91,087)	(1,160,684)	(8,189)	(13,016)	32,399	(2,187,206)
Other net financial result	(190,386)	(69,304)	12,240	3,888	(7,651)	252,750	(18,265)	(12,078)	(373)	(29,179)
Net finance income / (costs)	(474,974)	(451,957)	(146,382)	(85,163)	(84,396)	(448,567)	(26,415)	(25,047)	32,044	(1,710,857)
Profit / (Loss) before income tax	634,591	1,869,037	155,983	205,105	213,877	(1,411,814)	(33,546)	343,009	102,079	2,078,320
Income tax expense	(103,508)	(299,315)	(20,313)	(35,446)	(23,862)	(1,854)	5,847	51,595	1,551	(425,305)
Net profit / (Loss) from continuing operations	531,083	1,569,722	135,670	169,659	190,015	(1,413,668)	(27,699)	394,604	103,630	1,653,015

2015

Consolidated statement of financial position	Income generating - rental properties						Income generating - operational properties	Land bank	Development	Total consolidated
31 December 2015	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Hospitality			
Gross assets value	23,516,246	26,077,052	7,455,993	3,676,288	8,129,536	88,325	1,537,804	5,855,560	2,142,508	78,479,312
Investment Property	23,492,302	26,062,225	7,455,728	3,676,288	8,114,706	--	--	5,840,373	76,708	74,718,330
Property, plant and equipment	23,944	14,660	265	--	14,734	87,926	1,534,081	110	(3,450)	1,672,270
Inventories	--	167	--	--	96	399	3,723	15,077	2,069,250	2,088,712
Other assets non-current	4,820	264,753	--	--	243,742	392,700	10,193	1,105	3,000	920,313
Other assets current	971,484	544,013	327,833	30,717	348,603	4,971,185	17,572	44,304	16,128	7,271,839
Cash and cash equivalents	716,355	918,709	275,647	70,941	164,990	784,495	50,338	26,906	338,239	3,346,620
Total Assets	25,208,905	27,804,527	8,059,473	3,777,946	8,886,871	6,236,705	1,615,907	5,927,875	2,499,875	90,018,084
Other payables non-current	2,123,216	2,450,114	1,139,718	503,470	525,868	30,540	45,602	433,631	85,353	7,337,512
Finance debts non-current	9,862,583	8,693,282	96,486	1,733,767	3,180,869	1,325,088	619,129	42,653	838,385	26,392,242
Bonds issued non-current	--	1,379,426	2,933,960	--	--	5,480,496	--	--	--	9,793,882
Other payables current	588,889	558,675	425,729	45,384	178,292	1,355,337	75,332	39,920	61,062	3,328,620
Finance debts current	3,225,428	3,161,465	515	118,573	432,313	881,923	55,286	5,803	--	7,881,306
Bonds issued current	--	13,168	92,015	--	--	1,348,437	--	--	--	1,453,620
Total Liabilities	15,800,116	16,256,130	4,688,423	2,401,194	4,317,342	10,421,821	795,349	522,007	984,800	56,187,182

2014

Consolidated statement of financial position	Income generating - rental properties						Income generating - operational properties	Land bank	Development	Total consolidated
31 December 2014	Office	Retail	Residential	Industry and Logistics	Hotels	Other	Hospitality			
Gross assets value	23,261,306	24,744,864	7,684,502	3,826,188	6,218,945	97,674	481,820	6,383,635	3,440,057	76,138,991
Investment Property	23,221,902	24,728,520	7,683,877	3,826,188	6,210,480	--	--	6,383,456	1,305,489	73,359,911
Property, plant and equipment	39,405	16,344	625	--	8,465	97,674	480,756	179	1,530	644,978
Inventories	--	--	--	--	--	--	1,064	--	2,133,038	2,134,102
Other assets non-current	10,083	184,401	--	--	5,632	1,084,066	--	54,215	3,000	1,341,397
Other assets current	418,300	438,774	366,390	35,109	149,480	8,882,747	5,293	41,473	94,045	10,431,610
Cash and cash equivalents	622,001	859,039	136,559	98,060	133,236	206,827	20,112	60,701	414,122	2,550,657
Total Assets	24,311,690	26,227,079	8,187,451	3,959,357	6,507,292	10,271,314	507,225	6,540,024	3,951,224	90,462,655
Other payables non-current	2,075,228	2,422,990	1,173,899	529,163	421,825	41,558	1,378	483,479	131,588	7,281,107
Finance debts non-current	11,108,487	9,357,190	97,209	1,525,249	1,692,908	576,128	392,987	--	992,407	25,742,565
Bonds issued non-current	--	1,387,525	2,651,348	--	--	10,924,382	--	--	--	14,963,255
Other payables current	560,578	470,563	441,755	52,511	161,253	433,960	15,535	92,995	108,839	2,337,990
Finance debts current	1,942,009	1,858,744	2,771	271,231	639,125	1,065,255	96,431	242,082	619,897	6,737,544
Bonds issued current	--	13,168	368,052	--	--	528,548	--	--	--	909,768
Total Liabilities	15,686,302	15,510,181	4,735,034	2,378,154	2,915,111	13,569,831	506,331	818,556	1,852,731	57,972,229

2015

Consolidated profit or loss	Czech Republic	Slovak Republic	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Russia	Total consolidated
2015														
Gross rental revenue	3,550,690	436,753	467,472	164,599	--	--	2,292	--	--	--	--	--	(59)	4,621,747
Service revenue	93,287	112	1,138	1,486	--	--	1,326	--	--	--	573,061	--	--	670,410
Net service charge income	(7,245)	(2,232)	42,199	(11,057)	--	--	--	--	--	--	--	--	--	21,665
Property operating expenses	(552,072)	(15,635)	(47,414)	(22,047)	--	--	--	--	--	--	(9)	--	(2,562)	(639,739)
Net rental income	3,084,660	418,998	463,395	132,981	--	--	3,618	--	--	--	573,052	--	(2,621)	4,674,083
Development sales	237,354	--	2,735	--	--	--	--	--	--	--	--	--	--	240,089
Cost of goods sold	(204,488)	--	(1,027)	--	--	--	--	--	--	--	--	--	--	(205,515)
Net development income	32,866	--	1,708	--	--	--	--	--	--	--	--	--	--	34,574
Hotel revenue	58,080	4,021	134,179	(160)	--	--	--	--	--	--	--	--	54,979	251,099
Cost of goods sold	2,881	(1)	--	(30)	--	--	--	--	--	--	--	--	--	2,850
Hotel operating expenses	(42,032)	(787)	(89,624)	2,685	--	--	--	--	--	--	--	--	(16,112)	(145,870)
Net hotel income	18,929	3,233	44,555	2,495	--	--	--	--	--	--	--	--	38,867	108,079
Total revenues	3,932,166	438,654	647,723	154,868	--	--	3,618	--	--	--	573,061	--	54,920	5,805,010
Total direct business operating expenses	(795,711)	(16,423)	(138,065)	(19,392)	--	--	--	--	--	--	(9)	--	(18,674)	(988,274)
Net business income	3,136,455	422,231	509,658	135,476	--	--	3,618	--	--	--	573,052	--	36,246	4,816,737
Net valuation gain / (loss) on investment property	(98,720)	(251,213)	490,396	26,793	(22,166)	--	--	--	--	--	--	--	--	145,090
Net gain / (loss) on the disposal of investment property	6,917	436	(18,649)	--	--	--	--	--	--	--	--	--	--	(11,296)
Net gain / (loss) on disposal of subsidiaries	431,048	30,974	(680)	--	--	--	--	--	--	--	--	6,202	--	467,544
Amortization, depreciation and impairments	(32,671)	129	(57,092)	(1,132)	(62)	--	--	--	--	--	--	(86,455)	(3,625)	(180,908)
Other operating income	84,806	2,555	17,419	93	2	--	50,990	--	--	--	--	120,502	306	276,672
Administrative expenses	(777,930)	(42,787)	(88,406)	(36,243)	(2,939)	(5,068)	(1,441)	(869)	(7,795)	(196)	(78,766)	(10,807)	(21,264)	(1,074,511)
Other operating expenses	(344,032)	(3,571)	(28,068)	(3,202)	(460)	--	(19,092)	(50)	(41)	--	(27)	(31)	3,823	(394,751)
Operating Results	2,405,873	158,754	824,578	121,785	(25,625)	(5,068)	34,075	(919)	(7,836)	(196)	494,259	29,410	15,486	4,044,577
Interest income	464,957	(1,829)	721	--	--	6,814	--	--	16,884	--	846	11,067	--	499,460
Interest expense	(2,036,752)	(131,887)	(80,722)	(35,623)	--	(91,296)	(1,761)	--	(103)	--	--	(256)	--	(2,378,400)
Other net financial result	(402,068)	(4,035)	(6,903)	(13,133)	(15,604)	(5,323)	19,866	26	(7,433)	(821)	(183)	(972)	(148,932)	(585,515)
Net finance income / (costs)	(1,973,863)	(137,751)	(86,904)	(48,756)	(15,604)	(89,805)	18,105	26	9,348	(821)	663	9,839	(148,932)	(2,464,455)
Profit / (Loss) before income tax	432,010	21,003	737,674	73,029	(41,229)	(94,873)	52,180	(893)	1,512	(1,017)	494,922	39,249	(148,932)	1,580,122
Income tax expense	(56,087)	7,740	(107,220)	9,841	--	11	(1,252)	--	(121)	--	--	(481,011)	3,533	(624,566)
Net profit / (Loss) from continuing operations	375,923	28,743	630,454	82,870	(41,229)	(94,862)	50,928	(893)	1,391	(1,017)	494,922	(441,762)	(145,399)	955,556

2014

Consolidated profit or loss 2014	Czech Republic	Slovak Republic	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Total consolidated
Gross rental revenue	3,371,671	428,539	453,438	151,505	--	--	1,156	--	--	--	--	--	4,406,309
Service revenue	132,859	336	298	1,348	--	--	97	--	--	--	--	--	134,938
Net service charge income	44,518	(566)	14,877	(2,785)	--	--	275	--	--	--	--	--	56,319
Property operating expenses	(490,398)	(15,848)	(35,749)	(8,636)	(452)	--	(7,838)	--	--	--	(3)	--	(558,923)
Net rental income	3,058,650	412,461	432,864	141,432	(452)	--	(6,310)	--	--	--	(3)	--	4,038,643
Development sales	143,180	--	--	--	--	--	958,148	--	--	--	--	--	1,101,328
Cost of goods sold	(134,334)	--	(129)	--	--	--	(895,135)	--	--	--	--	--	(1,029,598)
Development operating expenses	(24,788)	--	--	--	--	--	--	--	--	--	--	--	(24,788)
Net development income	(15,942)	--	(129)	--	--	--	63,013	--	--	--	--	--	46,942
Hotel revenue	--	--	121,378	--	--	--	--	--	--	--	--	--	121,378
Hotel operating expenses	--	--	(100,710)	--	--	--	--	--	--	--	--	--	(100,710)
Net hotel income	--	--	20,668	--	--	--	--	--	--	--	--	--	20,668
Total revenues	3,692,228	428,309	589,991	150,068	--	--	959,676	--	--	--	--	--	5,820,272
Total direct business operating expenses	(649,520)	(15,848)	(136,588)	(8,636)	(452)	--	(902,973)	--	--	--	(3)	--	(1,714,019)
Net business income	3,042,708	412,461	453,403	141,432	(452)	--	56,703	--	--	--	(3)	--	4,106,253
Net valuation gain / (loss) on investment property	1,451,506	(48,778)	(856,064)	(48,431)	(76,440)	--	--	--	--	--	--	--	421,793
Net gain / (loss) on the disposal of investment property	(46,593)	--	--	--	--	--	--	--	--	--	--	--	(46,593)
Net gain / (loss) on disposal of subsidiaries	703,036	--	--	165	--	--	--	--	(604,568)	--	(385)	--	98,248
Amortization, depreciation and impairments	(83,028)	(1,496)	(29,472)	(243)	(69)	--	--	--	(4,805)	--	--	--	(119,113)
Other operating income	65,730	1,324	52,938	3,331	--	--	--	--	(5,452)	--	(42,039)	--	75,832
Administrative expenses	(461,409)	(4,488)	(87,208)	(19,628)	(2,125)	(5,443)	(3,226)	(895)	(3,791)	(209)	(60,912)	(201)	(649,535)
Other operating expenses	(32,396)	(346)	2,992	(10,138)	(159)	--	(44,485)	--	(99)	--	(13,070)	(6)	(97,707)
Operating Results	4,639,554	358,677	(463,411)	66,488	(79,245)	(5,443)	8,992	(895)	(618,715)	(209)	(116,409)	(207)	3,789,178
Interest income	421,380	61	868	--	4	53,549	--	--	29,664	--	2	--	505,528
Interest expense	(1,674,052)	(100,830)	(92,512)	(36,899)	(164)	(345,620)	62,871	--	--	--	--	--	(2,187,206)
Other net financial result	(166,403)	(8,540)	(48,732)	(71,597)	(50)	4,310	(485)	(32)	(260)	261,154	1,355	101	(29,179)
Net finance income / (costs)	(1,419,075)	(109,309)	(140,376)	(108,496)	(210)	(287,761)	62,386	(32)	29,404	261,154	1,357	101	(1,710,857)
Profit / (Loss) before income tax	3,220,479	249,368	(603,787)	(42,008)	(79,455)	(293,204)	71,378	(927)	(589,311)	260,945	(115,052)	(106)	2,078,321
Income tax expense	(483,822)	(33,331)	91,953	(8,499)	--	--	8,394	--	--	--	--	--	(425,305)
Net profit / (Loss) from continuing operations	2,736,657	216,037	(511,834)	(50,507)	(79,455)	(293,204)	79,772	(927)	(589,311)	260,945	(115,052)	(106)	1,653,016

2015

Consolidated statement of financial position	Czech Republic	Slovak Republic	Hungary	Poland	Romania	Netherlands	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Russia	Total consolidated
31 December 2015														
Gross assets value	59,243,988	5,328,335	8,073,121	2,551,908	412,782	--	2,163,838	--	--	--	306	--	705,034	78,479,312
Investment Property	58,713,306	5,328,282	7,619,918	2,549,564	412,672	--	94,588	--	--	--	--	--	--	74,718,330
Property, plant and equipment	517,949	--	449,516	2,231	110	--	--	--	--	--	--	--	702,464	1,672,270
Inventories	12,733	53	3,687	113	--	--	2,069,250	--	--	--	306	--	2,570	2,088,712
Other assets non-current	457,784	4,253	1,227	2,351	--	1,170	--	--	155,520	57,806	4	239,713	485	920,313
Other assets current	5,917,298	30,257	522,221	22,731	28,751	133,419	14,941	(267)	268,499	57,271	264,750	7,287	4,681	7,271,839
Cash and cash equivalents	2,528,674	95,157	219,425	158,603	246	464	338,966	365	39	13	884	2,696	1,088	3,346,620
Total Assets	68,147,744	5,458,002	8,815,994	2,735,593	441,779	135,053	2,517,745	98	424,058	115,090	265,944	249,696	711,288	90,018,084
Other payables non-current	5,588,043	708,141	757,403	141,175	311	34	82,640	--	--	27,104	--	--	32,661	7,337,512
Finance debts non-current	19,103,062	2,531,170	2,960,825	826,681	5,080	--	932,973	--	20	--	--	32,431	--	26,392,242
Bonds issued non-current	8,995,964	797,918	--	--	--	--	--	--	--	--	--	--	--	9,793,882
Other payables current	2,069,382	40,108	221,263	64,727	3,284	27,772	68,227	--	889	790,390	1,226	8,489	32,863	3,328,620
Finance debts current	5,972,614	191,478	1,085,115	628,244	2,536	--	355	--	--	--	--	964	--	7,881,306
Bonds issued current	1,443,707	9,913	--	--	--	--	--	--	--	--	--	--	--	1,453,620
Total Liabilities	43,172,772	4,278,728	5,024,606	1,660,827	11,211	27,806	1,084,195	--	909	817,494	1,226	41,884	65,524	56,187,182

2014

Consolidated statement of financial position	Czech Republic	Slovak Republic	Hungary	Poland	Romania	Netherland	France	Ireland	Cyprus	British Virgin Islands	Guernsey	Luxembourg	Total consolidated
31 December 2014													
Gross assets value	57,970,970	5,663,540	8,077,599	1,956,326	476,772	--	1,993,471	--	--	--	313	--	76,138,991
Investment Property	57,594,786	5,663,423	7,572,024	1,956,047	476,593	--	97,038	--	--	--	--	--	73,359,911
Property, plant and equipment	144,420	63	500,154	162	179	--	--	--	--	--	--	--	644,978
Inventories	231,764	54	5,421	117	--	--	1,896,433	--	--	--	313	--	2,134,102
Other assets non-current	644,075	6,082	920	--	--	--	--	--	142,390	59,304	--	488,626	1,341,397
Other assets current	9,730,223	82,612	58,326	20,234	898	131,178	86,473	--	260,840	58,755	38	2,033	10,431,610
Cash and cash equivalents	1,673,482	128,111	200,838	162,365	277	402	375,553	534	22	52	8,912	109	2,550,657
Total Assets	70,018,750	5,880,345	8,337,683	2,138,925	477,947	131,580	2,455,497	534	403,252	118,111	9,263	490,768	90,462,655
Other payables non-current	5,617,621	761,533	672,176	145,947	322	--	83,508	--	--	--	--	--	7,281,107
Finance debts non-current	18,648,141	2,594,333	2,714,116	766,887	--	--	1,019,088	--	--	--	--	--	25,742,565
Bonds issued non-current	12,483,255	--	--	--	--	2,480,000	--	--	--	--	--	--	14,963,255
Other payables current	1,953,417	34,667	199,374	48,214	(304)	21,644	75,039	538	1,727	154	984	2,535	2,337,990
Finance debts current	4,119,090	213,012	2,010,388	383,821	10,843	--	390	--	--	--	--	--	6,737,544
Bonds issued current	904,298	--	--	--	--	5,470	--	--	--	--	--	--	909,768
Total Liabilities	43,725,822	3,603,545	5,596,054	1,344,869	10,861	2,507,114	1,178,025	538	1,727	154	984	2,535	57,972,229

5 Consolidated statement of comprehensive income

5.1 Gross rental revenue

	2015	2014
Gross rental revenue (1)	4,621,747	4,406,309
Service revenue (2)	670,410	134,938
Total gross rental revenue	5,292,157	4,541,247

- (1) Major part of the increase in rental revenue is attributable to the QUARDIO project, which was completed at the end of 2014, increasing the 2015 gross rental revenue to CZK 175.4 million (CZK 21.6 million in 2014), leading to the net increase of CZK 153.8 million.

Other favourable impact represents the acquisition of Hospitality Group in June 2015 (effect of CZK 110.6 million for 6 months of 2015).

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

- (2) Increase in service income follows expansion of Group's rental activities. It includes mainly facility management provided to third parties. Another part of the service income represent advisory and accounting services, which relate to services provided to non-consolidated entities. These services derive directly from rental activities performed by the Group so they are disclosed as a part of service income. Significant increase of service revenue in 2015 represent the advisory and accounting services provided by the Group to CPI PG (CZK 401.8 million).

5.2 Net service charge income

	2015	2014
Service charge income	429,914	501,947
Service charge expenses	(433,447)	(468,151)
Total	(3,533)	33,796
Revenues from sales of energy	114,887	101,613
Cost of sales - energy	(89,690)	(79,090)
Total	25,198	22,523
Total net service charge income	21,665	56,319

Profit from sale of energies (the Group has license for energy purchase and its distribution) remains stable and also contributed to net positive result from service recharges.

5.3 Property operating expenses

	2015	2014
Building maintenance	(282,619)	(263,007)
Utility services	(66,530)	(85,805)
Personnel expenses	(145,058)	(120,547)
Real estate tax	(26,755)	(26,933)
Facility management	(8,476)	(22,528)
Insurance	(11,634)	(14,948)
Letting fee, other fees paid to real estate agents	(27,225)	(14,346)
Other property related expenses	(65,715)	(9,565)
Leases and rents	(5,728)	(1,185)
Total net property operating expenses	(639,739)	(558,924)

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

5.3.1 Utility services

	2015	2014
Energy consumption	(35,871)	(56,278)
Material consumption	(18,003)	(5,758)
Waste management	(3,438)	(5,868)
Security services	(7,023)	(11,883)
Cleaning services	(2,195)	(6,018)
Total utility services	(66,530)	(85,805)

5.3.2 Personnel expenses

	2015	2014
Personnel operating expenses		
Wages and salaries	(105,991)	(88,083)
Social and health security contributions	(35,196)	(28,938)
Other social expenses	(3,871)	(3,526)
Total personnel operating expenses	(145,058)	(120,547)
Personnel administrative expenses		
Wages and salaries	(203,794)	(141,036)
Social and health security contributions	(57,220)	(46,056)
Other social expenses	(4,437)	(3,486)
Total personnel administrative expenses	(265,451)	(190,578)
Personnel expenses - hotel operations		
Wages and salaries	(27,814)	(24,168)
Social and health security contributions	(10,234)	(7,624)
Other social expenses	(1,773)	(2,628)
Total personnel expenses - hotel operations	(39,821)	(34,420)
Total personnel expenses	(450,330)	(345,545)

5.4 Net development income

	2015	2014
Development sales (1)	240,089	1,101,328
Cost of goods sold (1)	(205,515)	(1,029,598)
Development operating expenses	--	(24,788)
Net development income	34,574	46,942

- (1) Net development income represents primarily sale of apartments from the residential portfolio (project "QUADRIO") in the amount of CZK 216.3 million. Decrease in development sales is primarily attributable to the lower proceeds from sale of apartments in France (CZK 958 million in 2014).

5.5 Net hotel income

	2015	2014
Hotel revenue	251,099	121,378
Personnel expenses (5.3.2)	(39,821)	(34,420)
Other hotel expenses	(106,049)	(66,290)
Cost of goods sold - hotel operations	2,850	--
Total net hotel income	108,079	20,668

Significant increase in net hotel income reflects the acquisition of Hospitality Group in June 2015 (CZK 63.5 million for six months of 2015). Net result from hotel operations also comprises of profit from operating of Marriott Budapest City Center Hotel in Budapest (CZK 44.6 million).

5.6 Net valuation gain on investment property

	2015	2014
Valuation gains		
Hotels	516,526	9,453
Industry and logistics	708	58,224
Land bank	73,199	15,181
Office	714,399	1,228,894
Residential	3,798	40,663
Retail	281,314	1,033,295
Total valuation gains	1,589,944	2,385,710
Valuation losses		
Hotels	(92,523)	(84,735)
Industry and logistics	(91,469)	(65,743)
Land bank	(358,017)	(316,102)
Office	(191,976)	(1,267,723)
Residential	(183,618)	--
Retail	(496,021)	(296,638)
Total valuation losses	(1,413,624)	(2,030,941)
Net valuation gain / (loss)	176,320	354,769
Development – valuation gains	--	67,068
Development – valuation loss	(31,230)	(44)
Total valuation gains on investment property under development	(31,230)	67,024
Net valuation gain on investment property	145,090	421,793

Significant decrease in valuation gain of investment property relates primarily to office and retail segment. It is mostly influenced by multifunctional complex QUADRIO which was finished in October 2014. QUADRIO project cover both office and retail segment as it has a shopping gallery and office premises.

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

5.7 Net loss on the disposal of investment property

	2015	2014
Proceeds from disposal of investment property	349,448	231,997
Carrying value of investment property disposed of and related cost	(360,743)	(278,590)
Total loss on the disposal of investment property	(11,296)	(46,593)

Main investment property disposal in 2015 represents sale of selected Land bank projects in Hungary which did not fit to Group's business strategy. At the date of sale total carrying value of such investment properties was CZK 238.8 million.

Other disposals of investment property represent primarily sale of apartments in Praha – Letňany from Group's residential portfolio of CPI BYTY, a.s. in total carrying value of CZK 114 million.

5.8 Net gain on the disposal of subsidiaries in 2015

	Total
Intangible assets and goodwill	218
Investment property	952,100
Property, plant and equipment	8,622
Loans provided	23,733
Deferred tax asset	4,079
Total non-current assets	988,751
Current income tax receivables	335
Trade receivables	19,889
Loans provided	2,351
Cash and cash equivalents	17,675
Other financial current assets	1,054
Other non-financial current assets	2,316
Total current assets	43,620
Disposed assets	1,032,371
Financial debts	(262,674)
Deferred tax liabilities	(18,973)
Other non-current liabilities	(1,778)
Total non-current liabilities	(283,425)
Financial debts	(740,431)
Trade payables	(23,894)
Advance payments	(808)
Derivative instruments	(2,493)
Other financial current liabilities	(873)
Other non-financial current liabilities	(678)
Total current liabilities	(772,957)
Disposed liabilities	(1,052,601)
Net Assets of subsidiary disposed of	(20,231)
Non-controlling interest	(22,121)
Related cost to sell	--
Share disposed in %	--
Total carrying value of subsidiaries sold and related cost to sell	1,890
Sales price	469,435
Net gain on disposal of subsidiary	467,544

For more details refer to note 3.4.

5.9 Amortization, depreciation and impairments

	2015	2014
Depreciation and amortization – rental	(26,021)	(28,969)
Depreciation and amortization – hotel (1)	(33,607)	(27,799)
Impairment of assets (5.9.1)	(121,280)	(62,345)
Total depreciation, amortization and impairment	(180,908)	(119,113)

(1) Depreciation charge on hotel segment relates solely to Marriott Budapest City Center Hotel in Budapest.

5.9.1 Impairment of assets / Reversal of impairment of assets

	2015	2014
Impairment of property, plant and equipment	28	(1,488)
Impairment of goodwill	--	(39,471)
Impairment of other intangible assets	(57)	--
Impairment of trading property	(344)	3,597
Impairment – other	487	--
Impairment of other receivables	(21,849)	289
Impairment of trade receivables (6.7)	(14,157)	(18,248)
Impairment of provided loans	(85,388)	(7,024)
Total impairment of assets / reversal of impairment of assets	(121,280)	(62,345)

5.10 Other operating income

	2015	2014
Gain on assignment of receivables	4	--
Income from penalties	27,686	17,239
Income from compensation of rental revenues	13,365	11,173
Income from lands acquired based on court decision (1)	841	23,232
Change in provisions	--	4
Insurance claims	8,239	5,512
Other (2)	223,783	18,245
Income from sale of PPE	2,754	427
Total other operating income	276,672	75,832

- (1) In 2015 the Group won litigation claims regarding ownership of land in the total amount of CZK 0.8 million (2014: CZK 23.2 million).
- (2) During 2015 the Group acquired receivable towards one of its subsidiaries from a 3rd party with a gain of CZK 120 million.

5.11 Administrative expenses

	2015	2014
Accounting and other services provided by related parties (1)	(382,713)	--
Personnel expenses (2)	(265,451)	(190,578)
Audit, tax and advisory services (3)	(140,015)	(198,357)
Legal services	(69,468)	(53,622)
Other administrative expenses	(48,226)	(43,594)
Lease and rental expenses	(42,220)	(45,580)
Representation expenses	(32,683)	(23,989)
Advertising expenses	(32,537)	(47,470)
IT expenses	(20,361)	--
Material consumption	(14,216)	(18,818)
Repairs and maintenance	(10,447)	(12,511)
Telecommunication, internet and software related expenses	(9,283)	(8,622)
Other insurance expenses	(5,876)	(5,603)
Energy consumption	(1,015)	(791)
Total	(1,074,511)	(649,535)

The increase in administrative expenses reflects Group's substantial growth affected mainly by acquisitions carried out in the second half of 2014 and in 2015.

- (1) Accounting and other services in the amount of CZK 382.7 million provided by related parties relate to services provided by CPI PG to certain SPV's within the Group.
- (2) Refer to note 5.3.2
- (3) Audit fee are disclosed in the notes to the consolidated financial statements of CPI PG in which the Group is included.
- Fees paid to investment property valuers represents CZK 7.6 million in 2015 (CZK 8.1 million in 2014).

5.12 Other operating expenses

	2015	2014
Penalties	(8,191)	(7,553)
Tax non-deductible VAT expenses	(16,395)	(12,190)
Taxes and fees	(28,900)	(47,482)
Loss on assignment of receivables	--	(1,534)
Gifts	(13,769)	(14,745)
Change in provisions	(5,655)	(6,025)
Other (1)	(321,842)	(8,179)
Total other operating expenses	(394,751)	(97,707)

- (1) The increase in other operating expenses is mainly attributable to the final settlement of CZK 273 million with the seller of the project acquired by the Group in prior periods. The value of the liability was initially set to zero in the previous reporting periods as the Group had no certain and valid indications concerning the project performance representing fundamental basis for the calculation of the contingent liability.

5.13 Interest income

	2015	2014
Bank interest income	936	1,371
Interest income on bonds	9,310	8,320
Interest income on loans and receivables	489,215	495,837
Total finance income	499,460	505,528

5.14 Interest expense

	2015	2014
Interest expense related to bank and non-bank loans	(981,287)	(1,053,469)
Interest expense on bonds issued (1)	(1,367,898)	(1,110,947)
Interest expense related to finance leases	(13,248)	(15,854)
Interest expense on other non-current liabilities	(561)	(6,936)
Interest expense on bills of exchange	(15,406)	--
Total interest expense	(2,378,400)	(2,187,206)

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

5.15 Other net financial results

	2015	2014
Change in fair value and realized result on derivative instruments (1)	46,336	(66,624)
Other net financial results (2)	(4,492)	270,021
Net foreign exchange loss	(539,682)	(164,121)
Bank charges	(87,677)	(68,455)
Total other net financial results	(585,516)	(29,179)

- (1) Change in the fair value of derivative instruments essentially arise from the revaluation of interest rate swaps (not used for hedging) recognized at fair value as described in note 6.16. Major annual differences relate to the following companies – EMH West, s.r.o. (CZK 25.9 million), EMH North, s.r.o. (CZK 21.7 million) and Marissa West, a.s. (CZK 18.2 million).
- (2) Other net financial income in 2014 represented net income from the assignment of receivables.

5.16 Income tax expense

Tax recognized in profit or loss

	2015	2014
Current income tax expense		
Current year	(79,230)	(132,452)
Adjustment for prior years	4,599	(5,538)
Total	(74,631)	(137,990)
Deferred income tax expense		
Origination and reversal of temporary differences	(163,664)	(294,126)
Changes in income tax rate	--	9,639
Change in tax losses	(386,271)	(2,828)
Total	(549,935)	(287,315)
Income tax from continuing operations recognised in profit and loss	(624,566)	(425,305)
Total income tax recognised in profit or loss	(624,566)	(425,305)

The Company's effective tax rate in respect of continuing operations for 2015 was 39.5 % (20.5 % for 2014).

Reconciliation of effective tax rate

	2015	2014
Profit for the period	955,556	1,653,015
Total income tax recognised in profit or loss	(624,566)	(425,305)
Profit excluding income tax	1,580,122	2,078,320
Current income tax rate	19%	19%
Income tax expense using the domestic corporate income tax rate	(300,223)	(394,881)
Effect of tax rates in foreign jurisdictions	87,644	(98,516)
Changes in income tax rate	--	4,983
Non-deductible expense	(314,339)	(84,906)
Tax exempt income	205,169	242,092
Income tax adjustment for prior years	4,599	(1,795)
Effect of foreign exchange rates fluctuation	(2,825)	(8,516)
Change in unrecognized deferred tax asset	(298,967)	(63,770)
Change in the permanent tax differences	(27,318)	(14,920)
Other effects	21,695	(5,076)
Tax expense	(624,566)	(425,305)

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

Luxembourg

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

Czech Republic

The corporate income tax rate is 19 %. Tax losses can be carried forward for 5 years. Losses may not be carried forward on a substantial (approximately 25 %) change in the ownership of a company unless certain conditions are met.

Slovakia

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

Hungary

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

Ireland

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

Netherlands

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

France

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

Poland

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

Romania

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

Cyprus

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

Guernsey and British Virgin Islands

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

Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Intangible assets and goodwill	5,861	6,396	(85)	--	5,776	6,396
Investment property	236,515	--	(7,099,629)	(6,622,832)	(6,863,114)	(6,622,832)
Property, plant and equipment	6,905	30,163	(115,458)	--	(108,553)	30,163
Inventories	--	--	(81,619)	(83,738)	(81,619)	(83,738)
Trade and other receivables	4,417	379	(2,533)	--	1,884	379
Financial debts	87,343	3,349	(28,500)	--	58,843	3,349
Derivative instruments	70,825	94,008	(13,238)	--	57,587	94,008
Provisions	2,734	--	(1,797)	(10,830)	937	(10,830)
Other items	35,258	6,391	(22,414)	--	12,844	6,391
Assets/disposal group held for sale	--	--	(72,088)	--	(72,088)	--
Tax losses carried-forward	333,721	593,271	--	--	333,721	593,271
Gross deferred tax assets/(liabilities)	783,579	733,957	(7,437,361)	(6,717,400)	(6,653,782)	(5,983,443)
Set-off of tax*	(762,145)	(163,404)	762,145	163,404	--	--
Net deferred tax assets/(liabilities)	21,434	570,553	(6,675,216)	(6,553,996)	(6,653,782)	(5,983,443)

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

Unrecognised deferred tax asset

Deferred tax assets were not recognized with respect following items:

	31 December 2015	31 December 2014
Trade and other receivables	--	9,805
Tax losses carried-forward	501,357	192,585
Unrecognised deferred tax assets	501,357	202,390

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

Movement in deferred tax balances during the years 2015 and 2014

	Balance at 1 January 2015	Recognised in profit or loss	Recognised in other comprehen sive income	Acquired in business combinations	Disposal of subsidiaries	Translation differences	Balance at 31 December 2015
2015							
Intangible assets and goodwill	6,396	(620)	--	--	--	--	5,776
Investment property	(6,624,414)	(193,251)	--	(106,039)	15,304	43,704	(6,863,114)
Property, plant and equipment	30,163	1,850	--	(115,185)	--	(25,381)	(108,553)
Inventories	(83,738)	1,353	--	--	--	766	(81,619)
Trade and other receivables	379	1,497	--	--	--	8	1,884
Financial debts	3,349	56,126	--	127	--	(759)	58,843
Derivative instruments	95,590	(881)	(35,395)	(105)	--	(40)	57,587
Provisions	(10,830)	11,847	--	--	--	(80)	937
Other items	6,391	30,503	--	(14,775)	--	(9,275)	12,844
Assets/disposal groups held for sale	--	(72,088)	--	--	--	--	(72,088)
Tax losses carried-forward	593,271	(386,271)	--	128,863	(380)	(1,762)	333,721
Total	(5,983,443)	(549,935)	(35,395)	(107,114)	14,924	7,181	(6,653,782)

	Balance at 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations	Translation differences	Balance at 31 December 2014
2014						
Intangible assets and goodwill	11,270	(4,874)	--	--	--	6,396
Investment property	(6,236,605)	(212,776)	--	(214,636)	39,603	(6,624,414)
Property, plant and equipment	(1,421)	31,584	--	--	--	30,163
Inventories	(105,095)	21,357	--	--	--	(83,738)
Trade and other receivables	322	(67,614)	--	67,671	--	379
Financial debts	109,108	(105,759)	--	--	--	3,349
Derivative instruments	66,538	--	28,261	--	791	95,590
Provisions	(24,574)	13,744	--	--	--	(10,830)
Other items	(47,013)	55,410	--	(2,006)	--	6,391
Tax losses carried-forward	99,615	(18,387)	--	512,043	--	593,271
Total	(6,127,855)	(287,315)	28,261	363,072	40,394	(5,983,443)

6 Consolidated statement of financial position

6.1 Intangible assets and goodwill

2015

	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2015	103,066	38,132	24,311	165,509
Acquisition	239,838	11,801	15	251,654
Additions	--	45,999	(0)	45,999
Transfer	--	3,701	(3,701)	--
Other disposals	--	(725)	(17,175)	(17,900)
Effect of movements in exchange rates	(1,924)	(110)	--	(2,034)
Balance at 31 December 2015	340,980	98,799	3,450	443,229
Amortization and impairment losses				
Balance at 1 January 2015	54,403	22,771	41	77,215
Amortization for the period (+)	--	8,785	120	8,905
Balance at 31 December 2015	54,403	31,556	161	86,120
Carrying amounts				
At 31 December 2014	48,663	15,361	24,270	88,294
At 31 December 2015	286,577	67,243	3,289	357,109

2014

	Goodwill	Software	Other	Total
Cost				
Balance at 1 January 2014	63,595	38,406	5,074	107,075
Effect of business combinations	39,471	--	--	39,471
Additions	--	16,331	19,342	35,673
Transfer to investment property	--	105	(105)	--
Other disposals	--	(16,710)	--	(16,710)
Balance at 31 December 2014	103,066	38,132	24,311	165,509
Amortization and impairment losses				
Balance at 1 January 2014	14,932	23,146	2	38,080
Amortization for the period (+)	--	9,159	--	9,159
Other disposals	--	(9,534)	39	(9,495)
Goodwill impairment	39,471	--	--	39,471
Balance at 31 December 2014	54,403	22,771	41	77,215
Carrying amounts				
At 31 December 2013	48,663	15,260	5,072	68,995
At 31 December 2014	48,663	15,361	24,270	88,294

Goodwill

Opening balance includes goodwill of CZK 48.7 million recognized by the Group in 2013. The goodwill relates to acquisition of former ABLON Group in June 2013. Goodwill is allocated to retail segment.

Goodwill acquired in 2015 represents goodwill recorded in the books of Hospitality Invest prior to its acquisition by the Group.

The goodwill is attributed to the synergies expected to be derived from the combination. None of the goodwill recognized is expected to be deductible for tax purposes.

Impairment of goodwill

As at 31 December 2015 there are no indicators of impairment recognized by the Group neither in connection with the goodwill.

Software

Significant increase of software in 2015 (CZK 43.2 million) is caused mainly by Group's implementation of the new ERP software.

6.2 Investment property

	Income Generating - Rental properties					Subtotal - rental properties	Land bank	Development	Total
	Office	Retail	Residential	Industry and logistics	Hotels				
Balance at 1 January 2014	19,800,645	22,426,943	7,716,242	3,771,747	6,122,929	59,838,506	7,775,792	2,349,189	69,963,487
Investments/acquisitions	1,621,574	138,836	7,701	--	--	1,768,111	--	23,988	1,792,099
Transfers	1,684,331	1,382,652	(68,563)	--	--	2,998,420	(667,698)	(2,330,722)	--
Development costs	--	--	--	--	--	--	--	1,196,010	1,196,010
Capital expenditure	117,826	75,921	120,897	26,387	163,368	504,399	38,078	--	542,477
Disposals	--	(82,217)	(133,063)	--	(535)	(215,815)	(479,063)	--	(694,878)
Valuation gain/(loss)	(38,829)	736,657	40,663	(7,519)	(75,282)	655,690	(300,921)	67,024	421,793
Translation differences	36,355	49,727	--	35,573	--	121,655	17,268	--	138,923
Balance at 31 December 2014	23,221,902	24,728,519	7,683,877	3,826,188	6,210,480	65,670,966	6,383,456	1,305,489	73,359,911
Investments/acquisitions	--	1,534,368	--	--	1,640,695	3,175,063	37,150	--	3,212,213
Transfers	315,335	95,617	--	--	2,318	413,270	--	(397,258)	16,012
Development costs	--	--	--	--	--	--	--	151,808	151,808
Capital expenditure	289,067	275,408	72,699	26,008	53,647	716,829	34,467	--	751,295
Disposals	(7,447)	(80,201)	(118,579)	(545)	(8,705)	(215,477)	(256,433)	(952,100)	(1,424,010)
Valuation gain/(loss)	522,423	(214,707)	(179,820)	(90,761)	424,003	461,139	(284,818)	(31,230)	145,090
Transfers to/from assets held for sale	(483,748)	--	--	--	(190,300)	(674,048)	(27,025)	--	(701,073)
Translation differences	(365,231)	(276,780)	(2,449)	(84,602)	(17,432)	(746,494)	(46,424)	--	(792,918)
Balance at 31 December 2015	23,492,302	26,062,225	7,455,728	3,676,288	8,114,706	68,801,248	5,840,373	76,708	74,718,330

Investments/acquisitions

2015

In 2015, the Group acquired investment property portfolio in total amount of CZK 3,212.2 million (note 3.2). The most significant items of investment property were acquired through following transactions:

- Acquisition of Hospitality Group property portfolio in the amount of CZK 1,640.7 million represents a unique collection of well-established luxury boutique hotels and all-suite residence hotels under Mamaison brand, mostly located in prime central locations of the CEE capitals.
- In December 2015 the Group acquired JMB Group holding the retail property portfolio in total value of CZK 903.0 million in the Czech Republic.
- In May 2015 the Group acquired OC Futurum Kolín, a.s., the shopping centre with leasable area of 10,100 sqm, in total value of CZK 631.4 million.
- The Group also acquired land bank in the total value of CZK 37.2 million due to the acquisition of Karviná Property Development, a.s.

2014

In 2014, the Group acquired investment property portfolio in total amount of CZK 1,792.1 million. The most significant items of investment property were acquired through following business combinations:

- Acquisition of Arena Corner on 11 April 2014. Its portfolio include administrative building Arena Corner in Budapest comprised of office spaces on 8 floors in 3 office towers with direct connections to each other, with large efficient spaces ideal for operation of shared service centers.
- Poštová Office Center, refurbished office building located in the prime downtown area of Bratislava, Slovakia.

Transfers

2015

At the end of April 2015, phase C of the project “Meteor Centre Office Park”, located in Prague – Karlín, was completed. Due to completion, the Group reclassified this project from development segment to segment income generating rental properties – office (CZK 301.6 million).

Project “Jeseník City Park” was completed at the end of November 2015 and consequently transferred from development segment to Investment property (CZK 94.6 million).

2014

Major investment property project “QUADRIO” (CPI Národní s.r.o.) was completed in the second half of 2014. Consequently the Group reclassified this project from development segment to segment income generating rental properties. Within this segment, two asset types have been recognized – retail and office – in the total value amounting CZK 2,986.7 million.

“Retail Park Čáslav” was transferred from development operating segment to the operating segment income generating rental properties – retail (CZK 81.7 million).

Investment property project “Glass museum” (Příkopy Property Development, a.s.), which was part of land bank operating segment in 2013, was transferred to development segment in 2014, due to the beginning of development work (CZK 918.2 million).

Due to the beginning of construction works on the retail project “Jeseník City Park”, the property was transferred to development operating segment (CZK 20.3 million).

Development costs

2015

Development costs relates mainly to the “Jeseník City Park” project, which was completed in 2015 (CZK 75.7 million) and further to “Meteor Centre Office Park” project (CZK 45.9 million).

2014

Development costs in 2014 represent mainly costs expensed on multifunctional complex QUADRIO (CPI Národní, s.r.o.) of CZK 965.5 million.

Additions

2015

Additions in 2015 represent capital expenditures concerning the “QUADRIO” project – CZK 164.9 million (office asset type) and CZK 86.5 million (retail asset type), the “Meteor Centre Office Park” project (office asset type) CZK 78.4 million and the “Jeseník City Park” project CZK 72.97 million (retail asset type).

2014

In 2015 the most significant additions represent purchase of apartments in Cannes (CPI IMMO, S.à r.l.) of CZK 97 million. Furthermore, additions of CZK 78.6 million were recognized in connection with revitalization of Areál Hloubětín hostel (BAYTON Alfa, a.s.) and CZK 57.65 million relates to partial refurbishment of Clarion Grand Hotel Zlatý Lev in Liberec (Conradian, a.s.).

Disposals

2015

The main disposal represents the sale of former Zivnobanka building with impact of CZK 952.1 million. Disposals of land bank in the amount of CZK 238.6 million relates to Hungarian properties. Other disposals represent sale of apartments in Praha – Letňany to their current tenants (CZK 114 million).

2014

Investment property in the amount of CZK 415.9 million was disposed of due to the sale of two subsidiaries in 2014 (note 5.8).

Other disposals represent mainly sale of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. to current tenants (CZK 117.9 million) and sale of investment property from the portfolio of CPI – Reality, a.s. (CZK 81.5 million).

Valuation gain/loss

2015

Refer to note 5.6.

Translation differences

Translation differences related to investment property arise primarily in connection with translation of financial information of subsidiaries having other currency than CZK as functional currency to presentation currency of consolidated financial statements (CZK) and as a result of fluctuations in foreign currency exchange rates.

Leased investment properties

Investment properties at an aggregate value of CZK 808 million at 31 December 2015 (2014: CZK CZK 953.4 million) are held under long-term operating lease arrangements, which expire at varying dates between 2020 and 2033.

For liabilities related to leased investment properties refer to note 6.15.

Pledged investment properties

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

6.3 Property, plant and equipment

	Hotel	Plant and equipment	PPE under finance leases	Property under construction	Other	Total
Cost						
Balance at 1 January 2015	522,451	122,806	43,287	38,745	45,521	772,810
Acquisitions through business combinations	1,113,918	--	--	--	--	1,113,918
Additions	1,259	5,997	--	1,181	4,758	13,195
Disposals out of the Group	(3,506)	(4,980)	--	--	--	(8,486)
Other disposals	(358)	(21,348)	(1,659)	(8,297)	--	(31,662)
Transfer from/to investment property	(2,277)	(14,725)	--	--	--	(17,002)
Transfer	(14,725)	14,725	--	--	--	--
Effect of movements in exchange rates	(13,824)	(519)	--	--	(1,530)	(15,873)
Balance at 31 December 2015	1,602,938	101,956	41,628	31,629	48,749	1,826,900
Accumulated depreciation and impairment losses						
Balance at 1 January 2015	41,695	24,149	27,004	34,984	--	127,832
Depreciation for the period	33,607	13,144	3,992	--	(19)	50,724
Other disposals	(31)	(21,214)	(637)	--	--	(21,882)
Transfer from/to investment property	--	(990)	--	--	--	(990)
Effect of movements in exchange rates	(1,053)	--	--	--	--	(1,053)
Balance at 31 December 2015	74,219	15,088	30,359	34,984	(19)	154,631
Carrying amounts						
At 31 December 2014	480,756	98,657	16,283	3,761	45,521	644,978
At 31 December 2015	1,528,719	86,868	11,269	(3,355)	48,768	1,672,269

	Hotel	Plant and equipment	PPE under finance leases	Property under construction	Other	Total
Cost						
Balance at 1 January 2014	566,679	80,583	40,771	52,767	15,516	756,316
Acquisitions through business combinations	--	58	--	--	--	58
Additions	--	18,044	8,094	36,326	30,005	92,469
Disposals out of the Group	--	(46)	--	--	--	(46)
Other disposals	--	--	(5,578)	(50,348)	--	(55,926)
Transfer	(20,961)	20,961	--	--	--	--
Effect of movements in exchange rates	(23,267)	3,206	--	--	--	(20,061)
Balance at 31 December 2014	522,451	122,806	43,287	38,745	45,521	772,810
Accumulated depreciation and impairment losses						
Balance at 1 January 2014	13,896	11,893	21,648	47,130	--	94,567
Depreciation for the period	27,799	11,833	7,977	--	--	47,609
Disposals out of the Group	--	(46)	--	--	--	(46)
Other disposals	--	(100)	(2,870)	(12,146)	--	(15,116)
Effect of movements in exchange rates	--	569	249	--	--	818
Balance at 31 December 2014	41,695	24,149	27,004	34,984	--	127,832
Carrying amounts						
At 31 December 2013	552,783	68,690	19,123	5,637	15,516	661,749
At 31 December 2014	480,756	98,657	16,283	3,761	45,521	644,978

Acquisitions through business combinations

Balance of property, plant and equipment significantly increased due to the acquisition of Hospitality Group in June 2015 (note 3.2). Newly acquired Hospitality Group operates chain of Mamaison brand hotels in Europe, particularly Hotel Pokrovka (CZK 702.2 million) and hotel Marriot Flora (CZK 387.6 million).

Additions

2015

There were no significant additions of property, plant and equipment in 2015.

2014

Additions in other property plan and equipment in the amount of CZK 30 million relate to the purchase of artwork (CPI Národní, s.r.o.).

Disposals**2015**

The main disposal represents the disposal of amortized equipment (CZK 18.6 million) and the of Příkopy Property Development, a.s. with impact of CZK 4.98 million.

Transfers**2015**

As a result of the reduction of the office premises in Hungary, the Group transferred the relevant part of owner occupied building to the investment property as at 31 December 2015.

2014

A transfer from hotel section into the owner occupied buildings section in amount of CZK 21 million represent correction of prior period wrong classification of Duna office Center.

The Group did not record in 2015, nor in 2014 any significant impairment expense related to property, plant and equipment. The carrying amount of the hotels is supported by valuation appraisal prepared by independent valuator as at 31 December 2015. For the key assumptions made in relation of hotel property valuations refer to note 7.5.3.

Carrying amount of property, plant and equipment pledged as collateral for liabilities represents CZK 444.1 million (CZK 480.8 million as at 31 December 2014).

6.4 Available-for-sale financial assets

	31 December 2015	31 December 2014
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
Moravský Peněžní Ústav - spořitelní družstvo	2	2
Total equity investments (1)	11,748	11,768
Debentures (2)	--	38,122
Total available-for-sale financial assets (Non-current)	11,748	49,890
Debentures (2)	43,271	--
Total available-for-sale financial assets (Current)	43,271	--

- (1) Equity investments represent investments with the ownership interest not exceeding 10 %. These investments do not have a quoted market price in an active market and their fair values cannot be reliably measured, which is why they are measured at cost less accumulated impairment. There is no indication of impairment as at 31 December 2015.
- (2) The Group acquired debentures issued by 3rd party in total nominal value of CZK 37.2 million. Debentures are denominated in EUR. The debentures bear interest rate of 10 % p.a. and are due on 10 December 2016. Interest are paid on annual basis. Debentures are not publicly traded and not secured.
Due to the acquisition of JMB Group, the Group purchased bonds (CZK 6.1 million) issued by ABS JETS, trades on the Prague Stock Exchange (ISIN CZ0003501769), which mature in 2016.

6.5 Financial assets at fair value through profit or loss

	31 December 2015	31 December 2014
Call option	30,403	12,053
Total	30,403	12,053

In connection with disposal of subsidiaries in 2014, the Group acquired a call option. Value of the option as at 31 December 2015 represents CZK 30.4 million.

6.6 Loans provided

Non-current

	31 December 2015		31 December 2014	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties (1)	181,914	7.76%	323,425	8.00%
Loans provided - third parties	384,214	7.80%	296,310	9.44%
Total non-current loans provided	566,128	--	619,735	--
Impairment to non-current loans provided to third parties	(70,636)	--	(4,839)	--
Total non-current loans provided net of impairment	495,493	--	614,896	--

Current

	31 December 2015		31 December 2014	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided - related parties (1)	3,816,504	5.25%	7,349,412	6.47%
Loans provided - third parties	151,043	4.99%	269,266	3.09%
Bills of exchange - third parties	204,013	5.89%	42,595	6.00%
Total current loans provided	4,171,559	--	7,661,273	--
Impairment to current loans provided to third parties	(837)	--	(65,659)	--
Total current loans provided net of impairment	4,170,722	--	7,595,614	--

- (1) In 2014, the Group assigned loans provided to third and related parties and other receivables from third and related parties exceeding CZK 7,335.3 million to one related party. This process resulted into new loan provided to related party. In March 2015, the Group assigned this loan to CPI PG resulting into new loan provided to CPI PG. Following the assignment, the Group partially offset (CZK 3,526.4 million) this loan with loan provided by CPI PG to the Group. As at 31 December 2015 the outstanding amount due from CPI PG amounts to CZK 3,794.7 million.

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

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

The maturity of non-current loans provided at 31 December 2015 and as at 31 December 2014 was as follows:

2015

	1-2 years	2-5 years	>5years	Total
Loans provided to related parties	--	181,914	--	181,914
Loans provided - third parties	90,535	64,620	158,424	313,579
Total the maturity of non-current loans provided	90,535	246,534	158,424	495,493

2014

	1-2 years	2-5 years	>5years	Total
Loans provided to related parties	--	323,425	--	323,425
Loans provided - third parties	49,999	60,266	181,206	291,471
Total the maturity of non-current loans provided	49,999	383,691	181,206	614,896

6.7 Trade and other receivables

Non-current

	31 December 2015	31 December 2014
Advances paid	4,090	5,041
Trade receivables due from third parties	23	--
Other receivables due from related parties	12	670
Total non-current trade and other receivables	4,125	5,711

Current

	31 December 2015	31 December 2014
Trade receivables due from related parties	433,985	117,601
Trade receivables due from third parties (1)	1,160,832	1,141,164
Impairment to trade receivables due from third parties	(258,116)	(307,855)
Total current trade receivables	1,336,701	950,910

- (1) Major part of trade receivables represents trade receivables from tenants and receivables from invoicing of utilities. Receivables from invoicing of utilities will be settled against Advances received from tenants when final amount of utilities consumption is known and final utilities invoicing is performed.

Significant part of impairment to trade receivables due from third parties is created for trade receivables from tenants overdue more than 181 days.

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

	31 December 2015	31 December 2014
Impairment of trade receivables – creation	(37,060)	(225,264)
Impairment of trade receivables – release	86,799	249,362
Impairment of trade receivables - written off	(63,896)	(42,346)
Total impact gain/loss	(14,157)	18,248

6.8 Inventories

	31 December 2015	31 December 2014
Projects and property for resale (1)	2,072,156	4,294
Projects under development (2)	12,261	2,128,197
Other inventory	4,295	1,611
Total inventories	2,088,712	2,134,102

- (1) Project and property for resale primarily relates to “Palais Maeterlinck project” in total amount of CZK 2,070.1 million (2014: CZK 1,896.4 million classified as project under development).

- (2) Projects under development relates to “Jižní stráž project” totalling CZK 12.2 million (2014: CZK 78.6 million).

The carrying amount of the “Palais Maeterlinck project” totalling of CZK 2,070.1 million is supported by valuation appraisal prepared by independent valuator as at 31 December 2015. As a result of this appraisal there is no indication of potential write-down as at 31 December 2015.

Carrying amount of inventory pledged as collateral for liabilities represents CZK 2,070.1 million as at 31 December 2015 (2014: CZK 1,896.4 million).

6.9 Cash and cash equivalents

	31 December 2015	31 December 2014
Bank balances	3,311,191	2,517,493
Cash on hand	35,429	33,164
Total cash and cash equivalents	3,346,620	2,550,657

Total restricted cash in bank amounts to CZK 1.653 million in 2015 (CZK 973.8 million in 2014).

6.10 Other financial current assets

	31 December 2015	31 December 2014
Interest to debentures issued by third parties	227	212
Receivables due from employees	513	--
Other receivables due from related parties (1)	338,326	1,215,619
Other receivables due from third parties	109,082	75,376
Impairment - other receivables due from other parties	(31,573)	(11,961)
Total other financial current assets	416,594	1,279,246

- (1) Other receivable due from related parties in the amount of CZK 1,000 million in 2014 relates to the contribution made by the owner of the Company (note 6.13).

6.11 Other non-financial current assets

	31 December 2015	31 December 2014
Other advances paid to third parties	156,246	200,080
Value added tax receivables	32,866	--
Other tax receivables (excl. CIT and VAT)	5,173	6,423
Prepaid expenses	323,660	333,254
Advances paid for FI	305	--
Total other non-financial current assets	518,250	539,757

6.12 Assets/Liabilities linked to assets held for sale

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

- Hotel project – with fair value of CZK 190.3 million and related bank financing represents of CZK 80.3 million;
- Office project – with fair value of CZK 483.7 million as at 31 December 2015;
- Land bank project – with fair value of CZK 27 million as at 31 December 2015.

6.13 Equity

Changes in equity

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

Share capital and share premium

The Company didn't subscribe any new shares in 2015. The subscribed capital of the Company as at 31 December 2015 was TCZK 6,186,997 (as at 31 December 2014 – TCZK 6,186,997), comprising 7,733,746 shares (as at 31 December 2014 – 7,733,746 shares), each with a nominal value of CZK 800 (as at 31 December 2014 – CZK 800). All shares are the same type (ordinary registered shares) and fully paid-up. All authorized shares were issued.

Shares of the Company 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.

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

Translation reserve

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

Hedging reserve

Group maintains several interest rate swaps for hedging of future interest payments on liabilities. These are swaps where the Group pays a fixed interest rate and receives a floating rate. Refer to note 6.16.

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

Other capital funds

There were no capital contributions in 2015. Increase in other capital funds in 2014 by CZK 5,116.47 million is attributable to contributions made by CPI Property Group S.A., the owner of the Company. The following table summarizes contributions made during 2014.

Month of contribution	Amount	Type
December 2014	4,116,470	In-kind contribution
December 2014	1,000,000	In-kind contribution
Total contribution	5,116,470	

Earnings per share

	31 December 2015	31 December 2014
At the beginning of the period	7,733,746	7,733,746
Shares issued	7,733,746	7,733,746
Weighted average movements	--	--
Shares issued	--	--
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	7,733,746	7,733,746
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	7,733,746	7,733,746
Net (loss)/ profit attributable to the Equity holders of the Company	955,211	1,654,382
Net (loss)/ profit attributable to the Equity holders of the Company after assumed conversions/exercises	955,211	1,654,382
Total Basic earnings in CZK per share	123.51	213.92
o/w discontinued operations	--	--
Diluted earnings in CZK per share	123.51	213.92
o/w discontinued operations	--	--

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

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

6.14 Bonds issued

6.14.1 Non-current bonds issued

Czech Property Investments, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/18	100,000	2,702,500	100,000	2,587,223
Less: bonds owned by Group	(99,500)	(2,688,988)	(12,114)	(335,861)
Less: transaction costs	--	(4,391)	--	(2,197)
CPI VAR/18 (EUR) (1)	500	9,122	87,886	2,249,165
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	--	(5,404)	--	(8,556)
CPI VAR/19 (CZK) (2)	2,000,000,000	1,994,596	2,000,000,000	1,991,444
Proceeds from issued bonds - CPI VAR/19 - EUR	116,000	1,567,450	116,000	1,608,050
Less: bonds owned by Group	(108,916)	(1,471,727)	(11,640)	(161,360)
Less: transaction costs	--	(26,087)	--	(27,490)
CPI VAR/19 (EUR) (3)	7,084	69,635	104,360	1,419,201
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)
CPI 2021 (4)	--	--	--	--
Proceeds from issued bonds - CPI 6.05/16	--	--	150,000	1,479,299
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	--	--	(16,720)
CPI 6.05/16 (5)*	--	--	150,000	1,462,579
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	--	(1,532)	--	(1,720)
CPI 7.00/22 (6)	--	(1,532)	--	(1,720)
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	(923,333,633)	(923,334)	(901,680,396)	(901,680)
Less: transaction costs	--	(1,537)	--	(1,722)
CPI 7.00/22 (7)	76,666,367	75,129	98,319,604	96,598
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	--	(1,584)	--	(1,724)
CPI 7.00/22 (8)	--	(1,584)	--	(1,724)
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	(52,000,000)	(52,000)	--	--
Less: transaction costs	--	(2,260)	--	(2,340)
CPI 8.00/42 (9)	948,000,000	945,740	1,000,000,000	997,660
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	(766,477,976)	(766,478)	(766,477,976)	(766,478)
Less: transaction costs	--	(2,219)	--	(2,342)
CPI 8.00/42 (10)	233,522,024	231,303	233,522,024	231,180
Proceeds from issued bonds - CPI 4.75/2019	150,000	1,500,000	--	--
Less: bonds owned by Group	(11,436)	(114,360)	--	--
Less: transaction costs	--	(25,471)	--	--
CPI 4.75/2019 (11)	138,564	1,360,169	--	--
Subtotal - bonds issued by Czech Property Investments a.s.	3,258,334,539	4,682,578	3,332,183,874	8,444,382

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

CPI Finance Netherlands B.V.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceed from issued bonds - CPI Finance Netherlands B.V. (2011)	--	--	500	5,000,000
Less: bonds owned by Group	--	--	(252)	(2,520,000)
CPI Finance Netherlands B.V. (2011)	--	--	248	2,480,000
Proceed from issued bonds - CPI Finance Netherlands B.V. (2012)	--	--	100	1,000,000
Less: bonds owned by Group	--	--	(100)	(1,000,000)
CPI Finance Netherlands B.V. (2012)	--	--	--	--
Proceed from issued bonds - CPI Finance Netherlands B.V. (2014)	--	--	100	100,000
Less: bonds owned by Group	--	--	(100)	(100,000)
CPI Finance Netherlands B.V. (2014)	--	--	--	--
Subtotal - bonds issued by CPI Finance Netherlands B. V.	--	--	248	2,480,000

CPI BYTY, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2.50/17 (CZ0003512485)	300,000	300,000	--	--
Proceeds from issued bonds - CPI BYTY 3.50/17 (CZ0003510687)	500,000	500,000	500,000	500,000
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003510695)	900,000	900,000	900,000	900,000
Proceeds from issued bonds - CPI BYTY 4.80/19 (CZ0003511412)	500,000	500,000	500,000	500,000
Proceeds from issued bonds - CPI BYTY 5.80/21 (CZ0003510703)	800,000	800,000	800,000	800,000
Less: transaction costs	--	(66,040)	--	(48,652)
Subtotal bonds - CPI BYTY, a.s. (12)	3,000,000	2,933,960	2,700,000	2,651,348

CPI Alfa, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI ALFA	279,000,000	279,000	279,000,000	279,000
Less: transaction costs	--	(2,341)	--	(4,239)
Subtotal bonds - CPI Alfa, a.s. (13)	279,000,000	276,659	279,000,000	274,761

CPI Retail Portfolio I, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Retail Portfolio	112,500	1,125,000	112,500	1,125,000
Less: transaction costs	--	(22,233)	--	(12,236)
Subtotal bonds - CPI Retail Portfolio I, a.s. (14)	112,500	1,102,767	112,500	1,112,764

CPI Finance Slovakia, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Finance Slovakia, a.s.	30,000	810,750	--	--
Less: transaction costs	--	(12,832)	--	--
Subtotal bonds - CPI Finance Slovakia, a.s. (15)	30,000	797,918	--	--

Total non-current bonds	9,793,882	14,963,255
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6.14.2 Current bonds issued

Czech Property Investments, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds – CPI VAR/15 - EUR	--	--	30,000	415,875
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	--	--	(13,203)
CPI VAR/15 (EUR)	--	--	30,000	402,672
Proceeds from issued bonds – CPI 6.05/16	150,000	1,495,881	--	--
Less: bonds owned by Group	(23,820)	(238,200)	--	--
Less: transaction costs		(9,133)	--	--
CPI 6.05/16 (5)	126,180	1,248,548	--	--
Subtotal - bonds issued by Czech Property Investments, a.s.	126,180	1,248,548	30,000	402,672

CPI BYTY, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2.50/15 (CZ0003510679)	--	--	300,000	300,000
Less: bonds owned by Group	--	--	--	--
Less: transaction costs	--	--	--	(23,963)
CPI BYTY 2.50/15	--	--	300,000	276,037

Accrued interest on bonds		31 December 2015	31 December 2014
CPI VAR/15 (EUR)		--	7,871
CPI VAR/18 (EUR)		164	18,381
CPI VAR/19 (CZK)		35,913	36,114
CPI VAR/19 (EUR)		17,722	27,973
CPI 6.05/16		22,977	23,199
CPI 7.00/22 (ISIN CZ0003502924)		283	401
CPI 8.00/42 (ISIN CZ0003502932)		5,477	5,688
CPI 8.00/42 (ISIN CZ0003502940)		675	779
CPI 4.75/19		6,765	--
CPI Finance Netherlands B.V. (2011)		--	5,470
CPI BYTY, a.s.		92,015	92,015
CPI Alfa, a.s.		2,856	2,856
CPI Retail Portfolio I, a.s.		10,312	10,312
CPI Finance Slovakia, a.s.		9,913	--
Total accrued interest		205,072	231,059

Total current bonds	1,453,620	909,768
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Total bonds	11,247,502	15,873,023
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(1) CPI VAR/18 ISIN CZ0003511024

CPI VAR/18 bonds were issued on 26 November 2013. The bonds mature on 26 November 2018. The nominal value of each bond is EUR 1,000 and the total nominal value of bonds issued amounts to EUR 100,000,000.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/18, ISIN CZ0003511024). Bonds CPI VAR/18 bear the interest rate based on 12M EURIBOR + 5.5% margin. Interests are due annually, on 26 November respectively.

Bonds were accepted for trading at the Prague Stock Exchange.

(2) CPI VAR/19 (CZK), ISIN CZ0003501868

CPI VAR/19 bonds were issued on 29 March 2012. The bonds mature on 29 March 2019. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 2,000,000.

CPI VAR/19 bonds bear the interest rate based on 6M PRIBOR + 6.5% margin. Interests are due semi-annually, on 29 March and 29 September respectively. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/19, ISIN CZ0003501868). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 27 March 2012, reference number 2013/2781/570 that came into force on 27 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

(3) CPI VAR/19 (EUR), ISIN CZ0003501843

CPI VAR/19 bonds were issued on 23 March 2012. The bonds mature on 23 March 2019. The nominal value of each bond is EUR 500. The Group could issue bonds up to maximum value of EUR 70,000,000.

CPI VAR/19 bonds bear the interest rate based on 6M EURIBOR + 6.5% margin. Interests are due semi-annually, on 23 March and 23 September respectively. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/19, ISIN CZ0003501843). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 16 March 2012, reference number 2012/2445/570 that came into force on 19 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

(4) CPI 2021, ISIN CZ0003501496

CPI 2021 bonds were issued on 8 February 2007. The bonds mature on 8 August 2021. The nominal value of each bond is TCZK 2,000 and the total nominal value of bonds issued amounts to TCZK 2,430,000. In 2012, the Group bought back the remaining part of the bonds which are thereby held entirely by the Group. The Group could issue bonds up to maximum value of TCZK 2,500,000 (1,250 bonds with nominal value of TCZK 2,000 each).

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 2021, ISIN CZ0003501496). The prospectus and the issuing terms were approved by the decision of the Securities Committee in the Czech Republic on 17 January 2007, reference number 45/N/175/2006/4 that came into force on 22 January 2007.

Bonds CPI 2021 bear the interest rate based on 6M PRIBOR + 3.5% margin. Interests are due semi-annually, on 8 February and 8 August respectively.

(5) CPI 6.05/16 ISIN CZ0003510646

CPI 6.05/16 bonds were issued on 29 March 2013. The bonds mature on 29 March 2016. The nominal value of each bond is TCZK 10. The Group could issue bonds up to maximum value of TCZK 1,500,000 with optional issue extension up to TCZK 2,250,000.

CPI 6.05/16 bonds bear the fixed interest rate of 6.05 %. Interests are due semi-annually, on 29 March and 29 September respectively.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 6.05/16, ISIN CZ0003510646). The prospectus was approved by the decision of the Czech National Bank on 27 March 2013, reference number 2013/3802/570 that came into force on 27 March 2013.

Bonds were accepted for trading at the Prague Stock Exchange.

(6) CPI 7.00/22, ISIN CZ0003502916

CPI 7.00/22 bonds were issued on 6 December 2012. The bonds mature on 6 December 2022. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7 % per annum. Interests are due annually on 6 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502916).

(7) CPI 7.00/22, ISIN CZ0003502924

CPI 7.00/22 bonds were issued on 11 December 2012. The bonds mature on 11 December 2022. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7 % per annum. Interests are due annually on 11 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502924).

(8) CPI 7.00/22, ISIN CZ0003502957

CPI 7.00/22 bonds were issued on 13 December 2012. The bonds mature on 13 December 2022. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7 % per annum. Interests are due annually on 13 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502957).

(9) CPI 8.00/42, ISIN CZ0003502932

CPI 8.00/42 bonds were issued on 5 December 2012. The bonds mature on 5 December 2042. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 8.00/42 bonds bear fixed interest of 8 % per annum. Interests are due annually on 5 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 8.00/42, ISIN CZ0003502932).

(10) CPI 8.00/42, ISIN CZ0003502940

CPI 8.00/42 bonds were issued on 17 December 2012. The bonds mature on 17 December 2042. The nominal value of each bond is CZK 1. The Group could issue bonds up to maximum value of TCZK 1,000,000.

CPI 8.00/42 bonds bear fixed interest of 8 % per annum. Interests are due annually on 17 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 8.00/22, ISIN CZ0003502940).

(11) CPI 4.75/19, ISIN CZ0003512782

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

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

Bonds were accepted for trading at the Prague Stock Exchange.

(12) CPI BYTY bonds

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

The separation into 5 issues enabled investors to choose the duration of their investment, from 2 to maximum 8 years, with fixed coupons ranging from 2.5 to 5.8 %.

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

The detailed breakdown of individual issues is as follows:

CPI BYTY 3.50/17, ISIN CZ0003510687

CPI BYTY 3.50/17 bonds were issued on 7 May 2013. The bonds mature on 7 May 2017. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 3.50 % per annum. Interests are due annually on 7 May.

CPI BYTY 4.80/19, ISIN CZ0003510695

CPI BYTY 4.80/19 bonds were issued on 7 May 2013. The bonds mature on 7 May 2019. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 4.80 % per annum. Interests are due annually on 7 May.

CPI BYTY 5.80/21, ISIN CZ0003510703

CPI BYTY 5.80/21 bonds were issued on 7 May 2013. The bonds mature on 7 May 2021. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 5.80 % per annum.

Interests are due annually on 7 May.

CPI BYTY Real Estate 4.80/19, ISIN CZ00035111412

CPI BYTY Real Estate 4.80/19 bonds were issued on 30 April 2014. The bonds mature on 7 May 2019. The nominal value of each bonds is TCZK 1 and the total nominal value amounts to TCZK 500,000. Bonds bear fixed interest rate of 4.80 % per annum. Interest are due annually on 7 May.

CPI BYTY 2.50/17, ISIN CZ0003512485

CPI BYTY 2.50/17 bonds were issued on 11 May 2015. The bonds mature on 7 May 2017. The nominal value of each bond is TCZK 1. Bonds bear fixed interest rate of 2.50 % per annum. Interests are due annually on 7 May. These bonds are traded on Prague Stock Exchange, altogether with other emissions issued by CPI BYTY, a.s.

(13) CPI ALFA REAL ESTATE, ISIN CZ0003502205

On 26 October 2012 the Group (through its subsidiary CPI Alfa, a.s.) issued bonds in total nominal value of TCZK 279 000. Bonds mature on 26 October 2017. The nominal value of each bond is CZK 1.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, ISIN CZ0003502205).

Bonds CPI ALFA REAL ESTATE bear the fix interest rate 5.5 % p.a. Interests are due quarterly, on 26 January, on 26 April, on 26 July and on 26 October respectively.

The prospectus was approved by the decision of the Czech National Bank on 22 October 2012, reference number 2012/10125/570 effective on 22 October 2012. Bonds were accepted for trading at the Prague Stock Exchange.

(14) CPI Retail Portfolio I 5.00/2019, ISIN CZ0003511164

CPI Retail Portfolio I 5.00/2019 bonds were issued on 25 April 2014. The nominal value of each bond is CZK 10,000. The total nominal value of bonds issued amounts to TCZK 1,125,000. The bonds mature on 25 April 2019 and bear fixed interest of 5% per annum. Interest are due semi-annually on 25 April and 25 October. Issuer of the bonds is the Group's company CPI Retail Portfolio I, a.s. The issuer issued above mentioned bonds through other members of emission group (CPI Retail Portfolio II, a.s.; CPI Retail Portfolio III, s.r.o.; CPI Retail Portfolio IV, s.r.o.; CPI Retail Portfolio V, s.r.o.; CPI Retail Portfolio VI, s.r.o.; and CPI Retail Portfolio VII, s.r.o.), on the basis of commission contract.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI Retail Portfolio I 5.00/2019).

Bonds were accepted for trading at the Prague Stock Exchange.

(15) CPI 5.85/2018, ISIN SK4120010653

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

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

Bonds were accepted for trading on the Bratislava Stock Exchange.

Changes in 2015

On 23 March 2015, the Group repaid CPI VAR/15 bonds (ISIN CZ0003501835), which were issued on 23 March 2012. The nominal value of bonds issued amounted EUR 15 million (app. CZK 405.4 million).

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

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

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

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

Covenants

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

6.15 Financial debts

	31 December 2015	31 December 2014
Loans from related parties	76,013	51,642
Loans from third parties	78,240	85,549
Bank loans (2)	24,814,492	24,905,430
Finance lease liabilities	486,051	527,722
Bills of exchange (3)	937,445	172,222
Total non-current financial debts	26,392,242	25,742,565

	31 December 2015	31 December 2014
Loans from related parties	2,945	63,028
Loans from third parties (1)	65,505	203,290
Bank loans including overdraft (2)	7,061,909	5,662,773
Finance lease liabilities	38,264	39,298
Bills of exchange	712,683	769,155
Total current financial debts	7,881,306	6,737,544

- (1) The balance of current loans from third parties decreased significantly due to the repayment of a loan from Metrostav a.s. in the amount of CZK 100 million.
- (2) The Group has obtained financing for its major project in the Czech Republic, QUADRIO shopping centre. Following the successful completion of QUADRIO project, the Group agreed with the current club of financing banks, Helaba and UniCredit, on a major increase of the financing, which was used to increase the loan from CZK 1,243.2 million to CZK 2,810.6 million;
As a result of covenant breaches on certain bank loans, the Group reclassified CZK 731.3 million from non-current bank loans to current bank loans (2014: CZK 348.7 million).
Bank overdrafts amounted to CZK 0 as at 31 December 2015 (2014: CZK 0 million).
- (3) During 2015, the Group repaid bills of exchange in the amount of CZK 801 million and issued new ones in the amount of CZK 1,593.7 million. Bills of exchange issued bear interest rates between 5.0 % - 8.0 % p.a. Majority of bills of exchange will be repaid within two years.

Bank loans

With respect of bank loans, the Group has pledged the following assets as collateral:

Investment property

The Group has pledged investment property with total value of CZK 59,245.7 million at 31 December 2015 (2014: CZK 59,935.9 million).

Trade receivables

Total carrying amount of pledged trade receivables represents CZK 782.9 million at 31 December 2015 (2014: CZK 569.8 million).

Bank accounts

Total amount of pledged bank accounts represents CZK 1,697.3 million at 31 December 2015 (2014: CZK 629.6 million).

Shares of the subsidiaries

Airport City Ingatlanbefektetési Kft., Airport City Phase B Kft., Arkáda Prostějov, s.r.o., Balvinder, a.s., Baudry Beta, a.s., BAYTON Alfa, a.s., BAYTON Delta, a.s., BC 30 Property Kft., BC 91 Real Estate Kft., Best Properties South, a. s., Brandýs Logistic, a.s., Buy-Way Dunakeszi Kft., Carpenter Invest, a.s., CB Property Development, a.s., Central Tower 81 Sp. z o.o., Conradian, a.s., CPI - Real Estate, a.s., CPI - Štupartská, a.s., CPI Alberghi HI Roma S.r.l., CPI Heli, s.r.o., CPI Jihlava Shopping, a.s., CPI Meteor Centre, s.r.o., CPI Národní, s.r.o., CPI Palmovka Office, s.r.o., CPI Retail MB s.r.o., CPI Retails FIVE, a.s., CPI Retails FOUR, a. s., CPI Retails ONE, a.s., CPI Retails THREE, a.s.,

CPI Retails TWO, a.s., CPI Shopping MB, a.s., CPI Shopping Teplice, a.s., Čáslav Investments, a.s., Český Těšín Property Development, a.s., Diana Development Sp. z o.o., Dienzenhoferovy sady 5, s.r.o., EMH North, s.r.o., EMH South, s.r.o., EMH West, s.r.o., Europeum Kft., Farhan, a.s., GADWALL, Sp. z o.o., Gerosa - JMB, a.s., Global Immo Ingatlanbefektetési Kft., Hraničář, a.s., IGY2 CB, a.s., Janáčkovo nábřeží 15, s.r.o., Jeseník Investments, a.s., JMB Lambda, s.r.o., Kerina, a.s., Komárno Property Development, a.s., LD Praha, a.s., Liptovský Mikuláš Property Development, a.s., Lockhart, a.s., Lucemburská 46, a.s., Marissa Gama, a.s., Marissa Tau, a.s., Marissa West, a.s., MB Property Development, a.s., Michalovce Property Development, a.s., Modřanská Property, a.s., MUXUM, a.s., NERONTA, a.s., Nymburk Property Development, a.s., OC Nová Zdobov, a.s., OC Spektrum, s.r.o., Office Center Poštová, s.r.o., Olomouc City Center, a.s., Olomouc Office, a.s., ORCO Hotel Zrt., ORCO Warsaw Sp. z o.o., Ozrics Kft., Pelhřimov Property Development, a.s., Považská Bystrica Property Development, a.s., Prievidza Property Development, a.s., Prosta 69 Sp. z o.o., Příbor Property Development, s. r.o., Příkopy Property Development, a.s., Residence Belgická, s.r.o., Residence Izabella, Zrt., Ružomberok Property Development, a.s., Stripmall Management Ingatlanbefektetési Kft., Svitavy Property Alfa, a.s., Trutnov Property Development, a.s., Třinec Investments, s.r.o., Třinec Property Development, a.s., Tyršova 6, a.s., Vigano, a.s., Vyškov Property Development, a.s., Zvolen Property Development, a.s., Ždírec Property Development, a.s.

Covenants

Bank loans are subject to a number of covenants. The Group has four bank loans of CZK 731.3 million (2014: CZK 348.7 million) with covenant breach and discloses them as current as at 31 December 2015, out of which CZK 662.1 million were successfully refinanced in the first quarter of 2016.

Maturity analysis

2015

	< 1 year	1-5 years	>5years	Total
Loans from third parties	65,505	67,438	10,802	143,745
Bank loans	7,061,909	20,363,205	4,451,287	31,876,401
Total	7,127,414	20,430,643	4,462,089	32,020,146

2014

	< 1 year	1-5 years	>5years	Total
Loans from third parties	203,290	85,549	--	288,839
Bank loans	5,662,773	19,890,961	5,014,469	30,568,203
Total	5,866,063	19,976,510	5,014,469	30,857,042

Finance lease liabilities

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

2015

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	45,729	171,647	401,423	618,799
Interest	(12,862)	(42,785)	(48,150)	(103,797)
Net present value of future minimum lease payments	32,867	128,862	353,273	515,002

2014

	Payable within 1 year	Payable 1-5 years	Payable > 5years	Total payable
Future minimum lease payments	44,820	180,494	449,696	675,010
Interest	(12,280)	(47,855)	(60,624)	(120,759)
Net present value of future minimum lease payments	32,540	132,639	389,072	554,251

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

2015

	Payable within 1 year	Payable 1-5 years	Payable > 5 years	Total payable
Future minimum lease payments	5,845	4,131	--	9,976
Interest	(448)	(215)	--	(663)
Net present value of future minimum lease payments	5,397	3,916	--	9,313

2014

	Payable within 1 year	Payable 1-5 years	Payable > 5 years	Total payable
Future minimum lease payments	7,285	6,395	--	13,680
Interest	(527)	(384)	--	(911)
Net present value of future minimum lease payments	6,758	6,011	--	12,769

6.16 Derivative instruments

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank loans.

The aggregate fair value of the interest rate swaps as at 31 December 2015 is summarized in the following table:

	31 December 2015	31 December 2014
Interest rate swaps used for hedging	44,250	83,580
Other interest rate swap contracts	247,948	275,502
Total non-current liabilities from derivatives	292,198	359,082

	31 December 2015	31 December 2014
Interest rate swaps used for hedging	12,016	--
Other interest rate swap contracts	27,076	32,171
Total current liabilities from derivatives	39,092	32,171

a) Interest rate swaps used for hedging

The Group has entered into interest rate swap contracts with notional amounts of CZK 2,357.5 million (2014: CZK 1,997.3 million) whereby it pays a fixed interest rate of 0.3 % - 2.32 % (2014: 1.85 % - 2.32 %) and receives a variable rate based on 3M EURIBOR/3M PRIBOR.

The loans and interest rate swaps have the same critical terms, hedge accounting has been applied and instruments are considered as highly effective.

b) Other interest rate swap contracts

Contracts with notional amounts of CZK 15,231.5 million (2014: CZK 13,073 million) have fixed interest payments at an average rate of 0.96 % (2014: 1.23 %) and have floating interest receipts at EURIBOR/PRIBOR. The Group does not designate this part of derivatives as hedging instruments under the hedge accounting model and recognizes changes in the fair value of the derivatives in profit or loss.

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

6.17 Other non-current liabilities

Non-current trade and other payables	31 December 2015	31 December 2014
Advances received	16,726	15,932
Trade payables due to third parties	1,317	4,556
Tenant deposits (1)	269,168	229,718
Payables from retentions	55,262	115,900
Other payables due to third parties	27,154	1,923
Total other non-current liabilities	369,627	368,029

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

6.18 Trade payables

Current trade and other payables	31 December 2015	31 December 2014
Trade payables due to related parties (1)	336,695	63,666
Trade payables due to third parties	694,147	692,687
Total trade payables	1,030,842	756,353

- (1) Trade payables due to related parties in the amount of CZK 268.7 million relates to the services provided by CPI PG to the Group (note 5.11).

6.19 Advance payments

Advances payments	31 December 2015	31 December 2014
Advances received from related parties	29,939	40,220
Advances received from third parties	755,154	476,718
Tenant deposits (1)	63,582	315,629
Total advance payments	848,675	832,567

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

6.20 Other financial current liabilities

Other financial current liabilities	31 December 2015	31 December 2014
Deferred income/revenue and accrued liabilities	192,237	235,218
Payables from unpaid capital contributions	1,528	182
Other payables due to related parties (1)	840,962	73,939
Other payables due to third parties	100,598	245,401
Total other financial current liabilities	1,135,325	554,740

- (1) Other payables due to related parties in the amount of CZK 829.7 million relate to the assignment of loans from CPI PG.

6.21 Other non-financial current liabilities

	31 December 2015	31 December 2014
Current income tax liabilities	30,836	62,374
Value added tax payables	87,143	29,180
Other tax payables (excl. CIT and VAT)	2,983	929
Payables due to employees, SHI, employees income tax	57,304	45,187
Provisions (6.20.1)	16,083	24,489
Total other non-financial current liabilities	194,348	162,159

6.21.1 Provisions

Non-current

	2015	2014
Balance at 1 January	--	--
Provisions acquired through business combination	409	--
Effect of movements in exchange rates	62	--
Balance at 31 December	471	--

Current

Provisions	2015	2014
Balance at 1 January	24,489	18,730
Provisions created in the period	9,413	10,594
Provisions used in the period	(3,758)	(4,569)
Effect of movements in exchange rates	(2,613)	(266)
Change in classification	(11,448)	--
Balance at 31 December	16,083	24,489

Analysis of total provisions	31 December 2015	31 December 2014
Non-current provisions	471	--
Current provisions	16,083	24,489
Total	16,554	24,489

6.22 Operating leases

	31 December 2015	31 December 2014
Less than one year	4,526,688	5,036,708
Between one and five years	13,703,827	14,333,164
More than five years	9,816,549	10,095,003
Total	28,047,064	29,464,875

The rent contracts in residential portfolio mostly include the cancellation period of three months and the cancelled contracts are replaced by the new ones continuously.

6.23 Borrowings maturity

The table below represents the carrying amount of the debts allocated by date of repayment.

Most floating interest debt instruments have a fixing period of maximum 3 months.

The Group's borrowings are denominated in EUR and in CZK.

In 2015

At 31 December 2015	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	1,453,620	7,766,839	2,027,043	11,247,502
Financial debts	7,881,306	21,547,774	4,844,373	34,273,454
Bank loans (incl. Overdraft)	7,061,910	20,363,205	4,451,287	31,876,403
Bank loans fixed rate	858,651	273,374	--	1,132,025
Bank loans floating rate	6,203,259	20,089,831	4,451,287	30,744,378
Loans from related parties	2,945	47,002	29,011	78,958
Loans from third parties	65,504	67,437	10,802	143,743
Other borrowings	750,947	1,070,130	353,273	2,174,350
Total	9,334,926	29,314,613	6,871,416	45,520,956

In 2014

At 31 December 2014	Less than one year	1 to 5 years	More than 5 years	Total
Bonds	909,768	10,367,796	4,595,459	15,873,023
Financial debts	6,737,544	20,339,023	5,403,542	32,480,109
Bank loans (incl. overdraft)	5,662,773	19,890,961	5,014,469	30,568,203
Bank loans fixed rate	846,244	94,000	--	940,244
Bank loans floating rate	4,816,529	19,796,961	5,014,469	29,627,959
Loans from related parties	63,028	51,642	--	114,670
Loans from third parties	203,290	85,549	--	288,839
Other borrowings	808,453	310,871	389,073	1,508,397
Total	7,647,312	30,706,819	9,999,001	48,353,132

7 Financial risk management

Exposure to various risks arises in the normal course of the Group's business. Financial risk comprises:

- credit risk (refer to note 7.1)
- liquidity risk (refer to note 7.2)
- market risk including currency risk, interest rate risk and price risk (refer to note 7.3)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

7.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk mainly from its rental activities (primarily for trade receivables) and from its financing activities, including provided loans, purchased bonds, deposits with banks and financial institutions and other financial instruments.

Credit risks are addressed by top management through efficient operation of the sales, collection, legal and related departments to prevent excessive increase of bad debts. At the date of the statement of financial position there are no significant concentrations of credit risk to any single customer or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group limits the risk of rent receivables becoming doubtful by requesting the tenants to pay deposits before moving in, which gives the Group a chance to set off any possible debts from tenants against these deposits if the tenant is unable to settle the debts himself. If the rent is not paid by the tenant, the receivable is collected internally. If unsuccessful, the case is handed over to external attorney in order to establish the legal basis and make the tenant move out of the apartment. The Group's tenants are subject to credit verification procedures before signing the rent contract. Receivable balances are monitored on an ongoing basis in order to significantly decrease the Group's exposure to bad debts. A deterioration of regional economic conditions, including but not limited to an increase in unemployment and a fall in wages and salaries, may decrease the ability or willingness of tenants to pay the rent regularly. The Group maintains the creditor management database, creates the segmented reports and performs tenant's ratings to identify the risk factors and apply suitable measures to eliminate corresponding risks immediately.

Customer credit risk is managed reflecting the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard at the time of entering into a rental agreement. Outstanding customer receivables are regularly monitored.

The following tables present financial assets as of 31 December 2015 reflecting their classification based on its ageing structure and impairment if applicable:

Credit risk profile at 31 December 2015:

	Total neither past due nor impaired	Total past due but impaired	Impaired	Total
Available for sale financial assets	11,748	--	--	11,748
Financial assets at fair value through profit or loss	30,403	--	--	30,403
Loans provided	4,650,315	15,889	(71,473)	4,666,215
- loans	4,446,302	15,889	(71,473)	4,462,202
- bills of exchange	204,013	--	--	204,013
Trade and other receivables*	1,729,627	545,816	(289,690)	2,275,443
Cash and cash equivalents	3,346,620	--	--	3,346,620
Total	9,768,714	561,715	(361,163)	10,330,429

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

Breakdown of overdue financial assets at 31 December 2015

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	--	--	1	6,300	9,598	15,899
- loans	--	--	1	6,300	9,598	15,899
Trade and other receivables*	161,100	82,344	63,752	61,629	176,990	545,816
Total	161,100	82,344	63,753	67,930	186,588	561,715

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

Credit risk profile at 31 December 2014:

	Total neither past due nor impaired	Total past due but impaired	Impaired	Total
Available for sale financial assets	49,890	--	--	49,890
Financial assets at fair value through profit or loss	12,053	--	--	12,053
Loans provided	8,195,848	14,662	70,498	8,210,510
- loans	8,153,253**	14,662	70,498	8,167,915
- bills of exchange	42,595	--	--	42,595
Trade and other receivables*	2,230,586	545,038	319,816	2,775,624
Cash and cash equivalents	2,550,657	--	--	2,550,657
Total	13,039,034	559,700	390,314	13,598,734

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

** Thereof CZK 7,335.35 million is guaranteed by the major shareholder of CPI PG (note 6.6)

Breakdown of overdue financial assets at 31 December 2014

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	11	--	--	6,806	7,845	14,662
- loans	11	--	--	6,806	7,845	14,662
Trade and other receivables*	175,656	116,448	50,921	103,919	98,094	545,038
Total	175,667	116,448	50,921	110,725	105,939	559,700

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

7.2 Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have the resources available to meet its financial obligations, working capital and committed capital expenditure requirements.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. Concentration of risk is limited thanks to diversified maturity of the Group's liabilities and diversified portfolio of the Group's funding sources.

The Group manages liquidity risk by constantly monitoring forecast and actual cash flow, financing its investment property portfolio by long-term financing, and refinancing where appropriate, and to use the rent income to settle the short-term liabilities.

The Group's liquidity position is monitored on a weekly basis by division managers and is reviewed quarterly by the Board of Directors. A summary table with maturity of liabilities is used by key management personnel to manage liquidity risks and is derived from managerial reports at company level.

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity.

The Group monitors adherence to loan covenants on a regular basis, and the treasury department sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

Liquidity risk analysis

The following table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments including accrued interest. The table reflects the earliest settlement of Group's liabilities based on contractual maturity and includes non-derivative as well as derivative financial liabilities.

2015

	Carrying value	< 3 month	3-12 months	1-2 years	2 - 5 years	> 5 year	Total
Bonds issued	11,247,502	1,432,056	471,354	1,624,405	7,744,356	4,163,655	15,435,827
Financial debts	34,273,453	2,596,125	6,188,079	7,650,828	16,323,080	5,917,348	38,675,461
- loans from related parties	78,958	4,045	3,177	19,258	37,326	29,820	93,625
- loans from third parties	143,745	64,044	6,234	10,539	65,468	11,612	157,897
- bank loans	31,876,401	2,288,148	5,656,325	6,659,897	16,072,897	5,452,693	36,129,960
- finance lease liabilities	524,315	12,233	37,316	49,790	121,381	423,224	643,944
- bills of exchange	1,650,034	227,655	485,028	911,344	26,008	--	1,650,034
Derivative instruments	331,291	3,811	35,281	20,587	249,916	21,695	331,291
Other non-current liabilities	369,721	--	--	136,374	152,604	80,744	369,721
Other current liabilities*	3,193,108	2,229,566	963,542	--	--	--	3,193,108
Total**	49,415,075	6,261,557	7,658,257	9,432,194	24,469,956	10,183,443	58,005,408

*other current liabilities include current trade payables, advance payments, other financial current liabilities, other non-financial current liabilities and current income tax liabilities

** provisions are not included

2014

	Carrying value	< 3 month	3-12 months	1-2 years	2 - 5 years	> 5 year	Total
Bonds issued	15,873,023	591,292	1,035,435	2,313,497	10,840,670	7,226,587	22,007,480
Financial debts	32,480,109	1,751,536	6,025,090	10,906,014	11,902,164	6,461,205	37,046,008
- loans from related parties	114,670	63,346	5,031	11,943	53,902	--	134,222
- loans from third parties	288,839	203,672	6,347	4,568	97,520	--	312,107
- bank loans	30,568,203	1,325,938	5,348,593	10,651,767	11,625,314	5,966,791	34,918,402
- finance lease liabilities	567,020	12,254	42,290	65,514	125,428	494,414	739,901
- bills of exchange	941,377	146,326	622,829	172,222	--	--	941,377
Derivative instruments	391,253	5,570	26,601	108,981	120,780	129,321	391,253
Other non-current liabilities	368,029	--	--	112,484	200,492	55,053	368,029
Other current liabilities*	2,281,330	1,924,254	357,077	--	--	--	2,281,331
Total**	51,393,744	4,272,652	7,444,203	13,440,976	23,064,105	13,872,166	62,094,101

*other current liabilities include current trade payables, advance payments, other financial current liabilities, other non-financial current liabilities and current income tax liabilities

** provisions are not included

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

7.3 Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's income or the value of its holdings of financial instruments or could cause future cash flows related to financial instruments to fluctuate.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group's market risks mainly arise from open positions in (a) foreign currencies and (b) loans provided and financial debts, to the extent that these are exposed to general and specific market movements.

The Group uses derivative financial instruments in a limited manner in order to reduce its exposure to the market risk.

Market risk exposures are measured using sensitivity analysis.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

7.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the CZK, but also others (see note 2.12(d)).

Functional currency of the most Group companies is the Czech crown and a significant portion of revenues and costs are realised primarily in the Czech crowns.

The table below shows the material balances held in foreign currencies that are deemed subject to currency risk.

7.3.2 2015

	Currency	Carrying amount
Cash and cash equivalents	TEUR	24,048
	TCZK	1,808
	TUSD	5
	TPLN	1
	THUF	767,768
	TRON	6
Trade and other receivables	TEUR	1,787
	TUSD	2
	THUF	1,378,333
	TRON	289
	TGBP	6
	TRUB	5,853
Loans provided	TEUR	14,593
Available for sale financial assets	TEUR	1,383
Trade and other payables	TEUR	(4,374)
	TCZK	(187,817)
	TUSD	(20)
	TPLN	(7)
	THUF	(1,780,459)
	TRON	(108)
	TRUB	(51,366)
	TCHF	(51)
Financial debts	TEUR	(453,328)
Bonds issued	TEUR	(4,704)
Derivative instruments	TEUR	(1,599)
Net position	TEUR	(422,194)
Net position	TCZK	(186,009)
Net position	TUSD	(13)
Net position	TGBP	5
Net position	TPLN	(6)
Net position	THUF	365,643
Net position	TRON	188
Net position	TCHF	(51)
Net position	TRUB	(45,513)

7.3.3 2014

	Currency	Carrying amount
Cash and cash equivalents	TEUR	18,251
	TCZK	1,479
	TUSD	19
	THUF	922,881
	TRON	16
Trade and other receivables	TEUR	2,791
	TCZK	4,467
	TPLN	118
	THUF	801,091
Loans provided	TEUR	102,396
Available for sale financial assets	TEUR	1,383
Trade and other payables	TEUR	(3,558)
	TCZK	(752)
	TUSD	(14)
	THUF	(1,634,966)
	TRON	(84)
Financial debts	TEUR	(344,994)
	TCHF	(1,878)
Bonds issued	TEUR	(150,328)
Derivative instruments	TEUR	(2,062)
Net position	TEUR	(376,120)
Net position	TCZK	5,194
Net position	TUSD	5
Net position	TPLN	118
Net position	THUF	89,006
Net position	TRON	(68)
Net position	TCHF	(1,878)

The Group hedges itself against the risk of changes in the CZK/EUR exchange rate by entering into loans denominated in EUR. The Group defines as the hedged items the future collections from leasing contracts up to the net present value of the loan.

The Group accounted for above transactions as a cash flow hedges with the application of hedge accounting. The hedge accounting is applicable for the whole accounting period ending 31 December 2015. The hedging foreign currency loans are measured at fair value attributable to the foreign currency risk as at the balance sheet date and the effective part of this revaluation (foreign exchange gains and losses) is recognized in the Hedging reserve within the Group's equity.

Future expected collection from leasing contract designated as hedged item	in TEUR
within 1 year	14,511
1-2 years	26,888
2-5 years	109,027
5-10 years	55,249
more than 10 years	49,597
Total	255,272

Sensitivity analysis – exposure to currency risk

The following table presents sensitivities of profit or loss to reasonably possible changes in foreign currency rates with all other variables held constant.

A 10% change in the foreign currency rate of CZK against EUR, USD, GBP, PLN, RON, RUB, HUF or CHF would have the below effect to profit/(loss) or equity of the Group providing all other variables remaining constant:

Foreign currency risk 2015 – sensitivity analysis

	Original currency	TCZK	CZK depreciated by 10%	Change in TCZK	CZK appreciated by 10%	Change	
Cash and cash equivalents	TEUR	24,048	649,897	714,887	64,990	584,907	(64,990)
	TCZK	1,808	1,808	1,989	181	1,627	(181)
	TUSD	5	130	143	13	117	(13)
	TGBP	0	8	9	1	7	(1)
	TPLN	1	5	6	1	5	(1)
	THUF	767,768	65,698	72,268	6,570	59,128	(6,570)
	TRON	6	38	42	4	34	(4)
Trade and other receivables	TEUR	1,787	48,289	53,118	4,829	43,460	(4,829)
	TUSD	2	49	54	5	44	(5)
	TPLN	--	2	2	--	2	--
	THUF	1,378,333	117,944	129,738	11,794	106,150	(11,794)
	TRON	289	1,727	1,900	173	1,554	(173)
	TGBP	6	203	223	20	183	(20)
	TRUB	5,853	1,963	2,159	196	1,767	(196)
Loans provided	TEUR	14,593	394,381	433,819	39,438	354,943	(39,438)
Available for sale financial assets	TEUR	1,383	37,386	41,125	3,739	33,647	(3,739)
Trade and other payables	TEUR	(4,374)	(118,207)	(130,028)	(11,821)	(106,386)	11,821
	TCZK	(187,817)	(187,817)	(206,599)	(18,782)	(169,035)	18,782
	TUSD	(20)	(497)	(547)	(50)	(447)	50
	TGBP	(0)	(9)	(10)	(1)	(8)	1
	TPLN	(7)	(47)	(52)	(5)	(42)	5
	THUF	(1,780,459)	(152,354)	(167,589)	(15,235)	(137,119)	15,235
	TRON	(108)	(643)	(707)	(64)	(579)	64
	TRUB	(51,366)	(17,226)	(18,949)	(1,723)	(15,503)	1,723
	TCHF	(51)	(1,268)	(1,395)	(127)	(1,141)	127
Financial debts	TEUR	(453,328)	(12,251,190)	(13,476,309)	(1,225,119)	(11,026,071)	1,225,119
Bonds issued	TEUR	(4,704)	(127,120)	(139,832)	(12,712)	(114,408)	12,712
Derivative instruments	TEUR	(1,599)	(43,217)	(47,539)	(4,322)	(38,895)	4,322
Net exposure to currency risk	TEUR	(422,194)	(11,409,781)	(12,550,759)	(1,140,978)	(10,268,803)	1,140,978
Net exposure to currency risk	TCZK	(186,009)	(186,009)	(204,610)	(18,601)	(167,408)	18,601
Net exposure to currency risk	TUSD	(13)	(318)	(350)	(32)	(286)	32
Net exposure to currency risk	TGBP	5	202	222	20	182	(20)
Net exposure to currency risk	TPLN	(6)	(40)	(44)	(4)	(35)	5
Net exposure to currency risk	THUF	365,643	31,288	34,417	3,129	28,159	(3,129)
Net exposure to currency risk	TRON	188	1,122	1,235	113	1,009	(113)
Net exposure to currency risk	TCHF	(51)	(1,268)	(1,395)	(127)	(1,141)	127
Net exposure to currency risk	TRUB	(45,513)	(15,263)	(16,790)	(1,527)	(13,736)	1,527
Impact on profit/loss	TCZK				(443,469)		443,470
Impact on equity	TCZK				(714,538)		714,538

Foreign currency risk 2014 – sensitivity analysis

	Original currency	TCZK	CZK depreciated by 10 %	Change	CZK appreciated by 10 %	Change
Cash and cash equivalents	TEUR	18,251	506,021	556,623	455,419	(50,602)
	TCZK	1,479	1,479	1,479	1,479	--
	TUSD	19	434	477	391	(43)
	THUF	922,881	81,112	89,223	73,001	(8,111)
	TRON	16	99	109	89	(10)
Trade and other receivables	TEUR	2,791	77,380	85,118	69,642	(7,738)
	TCZK	4,467	4,467	4,467	4,467	--
	TPLN	118	766	843	689	(77)
	THUF	801,091	70,408	77,449	63,367	(7,041)
Loans provided	TEUR	102,396	2,838,941	3,122,835	2,555,047	(283,894)
Available for sale financial assets	TEUR	1,383	38,344	42,178	34,510	(3,834)
Trade and other payables	TEUR	(3,558)	(98,643)	(108,507)	(88,779)	9,864
	TCZK	(752)	(752)	(752)	(752)	--
	TUSD	(14)	(320)	(352)	(288)	32
	THUF	(1,634,966)	(143,697)	(158,067)	(129,327)	14,370
	TRON	(84)	(520)	(572)	(468)	52
Financial debts	TEUR	(344,994)	(9,564,959)	(10,521,455)	(8,608,463)	956,496
	TCHF	(1,878)	(43,303)	(47,633)	(38,973)	4,330
Bonds issued	TEUR	(150,328)	(4,167,844)	(4,584,628)	(3,751,060)	416,784
Derivative instruments	TEUR	(2,062)	(57,169)	(62,886)	(51,452)	5,717
Net exposure to currency risk	TEUR	(376,120)	(10,427,929)	(11,470,722)	(9,385,136)	1,042,793
Net exposure to currency risk	TCZK	5,194	5,194	5,194	5,194	--
Net exposure to currency risk	TUSD	5	114	125	103	(11)
Net exposure to currency risk	TPLN	118	766	843	689	(77)
Net exposure to currency risk	THUF	89,006	7,823	8,605	7,041	(782)
Net exposure to currency risk	TRON	(68)	(421)	(463)	(379)	42
Net exposure to currency risk	TCHF	(1,878)	(43,303)	(47,633)	(38,973)	4,330
Impact on profit/loss	TCZK			(341,636)		341,636
Impact on equity	TCZK			(704,659)		704,659

7.3.4 Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments are described under notes 6.6 for financial assets and under notes 6.15 financial liabilities respectively.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

The Group's objective of the interest rate hedge is to fix the variability in the interest outflows attributable to changes in the EURIBOR and PRIBOR rates. Hedge effectiveness is assessed by comparing changes in the fair value of the hedging instrument to changes in the fair value of a hypothetical derivative.

Loans provided by the Group require instalments to be paid by the borrower according to a payment schedule, based on a fixed interest rate. The interest rates charged by the Group are usually based on Group's borrowing interest rates.

As the loans provided are based on fixed rates, and no financial debt is measured at fair value through profit and loss the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. These obligations primarily include bank loans, finance lease liabilities and bonds issued.

Bank loans have flexible interest rates based on EURIBOR or PRIBOR rates for the reference period from 1 to 3 months increased by a fixed margin. Some of the loan agreements request the Group to enter into interest rate hedges using derivatives should the exposure to interest risk exceed predefined level so the Group entered into several transactions with the financial institutions to hedge the interest rate risk (refer to note 6.16). Bonds issued comprise both fixed and variable rate instruments.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

Sensitivity analysis – exposure to interest rate risk for variable rate instruments

A change of interest rates by 100 basis points at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

2015

	Effective interest rate	Liability with variable interest rate	Interest calculated
Bonds issued	6.94%	2,109,235	146,381
Financial debts			
Loans received & finance lease liabilities	2.90%	31,270,093	906,308
Total		33,379,328	1,052,689

* The amount of liability with variable interest does not include accrued interests and it is not adjusted for transaction costs in respect of bonds issued.

	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Bonds issued	7.94%	167,473	(21,092)	5.94%	125,289	21,092
Financial debts						
Loans received & finance lease liabilities	3.90%	1,219,009	(312,701)	1.90%	593,607	312,701
Total		1,386,482	(333,793)		718,896	333,793

2014

	Effective interest rate	Liability with variable interest rate	Interest calculated
Bonds issued	6.59%	6,113,928	402,908
Financial debts			
Loans received & finance lease liabilities	3.39%	30,176,008	1,022,967
Total		36,289,936*	1,425,875

* The amount of liability with variable interest does not include accrued interests and it is not adjusted for transaction costs in respect of bonds issued.

	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Bonds issued	7.59%	464,047	(61,139)	5.59%	341,769	61,139
Financial debts						
Loans received & finance lease liabilities	4.39%	1,324,727	(301,760)	2.39%	721,207	301,760
Total		1,788,773	(362,899)		1,062,975	362,899

Sensitivity analysis – exposure to interest rate risk for fixed rate instruments

The Group recognized all financial assets and liabilities (except derivatives) at fair value. No fair value adjustments are recorded through the profit or loss.

Effective interest rate and repricing analysis

In respect of financial debts, the following tables indicate their effective interest rates at the reporting date and the periods in which they re-price.

2015

	Effective interest rate	Total	3 month or less	3-12 months	Fixed interest rate
Bonds issued (1)	5.75%	11,247,502	--	2,127,152	9,120,350
Financial debts		32,623,419	30,745,568	524,525	1,353,326
- loans from related parties (2)	5.57%	78,958	--	--	78,958
- loans from third parties (3)	4.92%	143,745	10,713	--	133,032
- bank loans	2.91%	31,876,401	30,420,501	323,877	1,132,023
- finance lease liabilities	2.19%	524,315	314,354	200,648	9,313
Total		43,870,921	30,745,568	2,651,677	10,473,676

(1) Including unpaid interest of CZK 205.1 million.

(2) Unpaid interests represent CZK 2.9 million (fixed interest rate).

(3) Including unpaid interest of CZK 38.4 million (fixed interest rate).

2014

	Effective interest rate	Total	3 month or less	3-12 months	Fixed interest rate
Bonds issued (1)	5.90%	15,873,023	--	6,152,821	9,720,202
Financial debts		31,538,732	29,791,457	426,733	1,320,542
- loans from related parties (2)	7.77%	114,670	--	--	114,670
- loans from third parties (3)	4.85%	288,839	35,980	--	252,859
- bank loans (4)	3.40%	30,568,203	29,416,812	211,147	940,244
- finance lease liabilities	2.73%	567,020	338,665	215,586	12,769
Total		47,411,755	29,791,457	6,579,554	11,040,744

(1) Including unpaid interest of CZK 231.1 million.

(2) Unpaid interests represent CZK 35.4 million (fixed interest rate).

(3) Including unpaid interest of CZK 41.4 million (fixed interest rate).

(4) Unpaid interest represent CZK 61.5 million.

7.3.5 Price risk

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rental risk. For sensitivity analysis on changes in assumptions of investment property valuation refer to note 7.5.

7.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

CPI Property Group as property investor is mainly influenced by the fact that it leverages its project financing by using bank debts and by bonds issued. There is no real seasonality impact on its financial position but rather a volatility of financial markets might positively or negatively influence Group's consolidated financial position.

No changes were made in the objectives, policies or processes during the year ended 31 December 2015.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity. Debt is defined as all long-term and short-term liabilities. Equity includes all capital and reserves as shown in the consolidated statement of financial position.

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

	31 December 2015	31 December 2014
Debt	56,187,182	57,972,229
Equity	33,830,900	32,490,426
Total	166.08%	178.43%

Loan to value (LTV) ratio

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

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

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

	31 December 2015	31 December 2014
Bonds issued	11,247,502	15,873,023
Financial debts	34,273,547	32,480,109
Liabilities linked to assets available for sale	80,337	--
Cash and cash equivalents	3,346,620	2,550,657
Net debt	42,254,766	45,802,475
Property portfolio	79,039,259	75,988,665
	53.5%	60.3%

7.5 Fair value measurement

7.5.1 Fair value of financial instruments

Fair value measurements of financial instruments reported at fair value are classified by level of the following measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading securities and financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group is using a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Valuations are performed regularly on the basis of the management best estimates of the credit risk of the Group or of the specific entity concerned in the light of existing, available and observable market data.

- For the derivatives (interest rate swaps, options and forwards) the valuation is provided by the Group's banks;

- For the available-for-sale financial assets and for the bonds, the fair values as of 31 December 2015 have been determined in accordance with generally accepted pricing models based on the discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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

Accounting classification and fair values

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

31 December 2015	Carrying amount		Level 1	Fair value	
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)		Level 2	Level 3
FINANCIAL ASSETS					
Call option	30,403	--	--	30,403	--
Financial assets at fair value through profit or loss (**)	30,403	--	--	--	--
Long-term Equity investments	--	11,749	--	--	--
Debentures issued by third parties	--	--	--	--	--
Financial assets available-for-sale	--	11,749	--	--	--
Advances paid	--	3,957	--	--	--
Loans provided	--	495,493	--	--	618,004
Other non-current receivables	--	168	--	--	--
Non-current loans and receivables	--	499,618	--	--	--
Trade receivables	--	1,336,701	--	--	--
Debentures issued by third parties	--	43,271	--	--	45,324
Loans provided	--	3,966,709	--	--	4,036,770
Bills of exchange	--	204,013	--	--	207,244
Other current financial assets	--	416,594	--	--	--
Cash and cash equivalent	--	3,346,620	--	--	--
Current financial assets*	--	9,313,908	--	--	--
FINANCIAL LIABILITIES					
Bonds issued	--	9,793,882***	8,742,862	--	1,796,172
Financial debt (floating rate bank debts)	--	24,541,118	--	--	24,541,118
Financial debt (fixed rate bank debts)	--	273,374	--	--	269,178
Financial debt (other borrowings)	--	1,577,750	--	--	1,573,638
Derivative instruments	292,198	--	--	292,198	--
Non-current financial liabilities	292,198	36,186,124	--	--	--
Bonds issued	--	1,453,620	1,290,191	--	--
Financial debt (floating rate bank debts)	--	6,203,259	--	--	6,203,259
Financial debt (fixed rate bank debts)	--	858,651	--	--	867,154
Financial debt (other borrowings)	--	819,397	--	--	831,365
Derivative instruments	39,092	--	--	39,092	--
Advanced payments	--	848,675	--	--	--
Trade payables	--	1,030,842	--	--	--
Other financial current liabilities	--	1,135,325	--	--	--
Current financial liabilities*	39,092	12,349,769	--	--	--

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

(**) Designated at fair value.

(***) Accrued interest is not included.

31 December 2014	Carrying amount		Level 1	Fair value	
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)		Level 2	Level 3
FINANCIAL ASSETS					
Call option	--	12,053	--	12,053	--
Financial assets at fair value through profit or loss (**)	--	12,053	--	--	--
Long-term Equity investments	--	11,768	--	--	--
Debentures issued by third parties	--	38,122	--	--	41,043
Financial assets available-for-sale	--	49,890	--	--	--
Advances paid	--	5,041	--	--	--
Loans provided	--	614,896	--	--	614,896
Other non-current receivables	--	670	--	--	--
Non-current loans and receivables	--	620,607	--	--	--
Trade receivables	--	950,910	--	--	--
Loans provided	--	7,553,019	--	--	7,553,019
Bills of Exchange	--	42,595	--	--	42,483
Other current financial assets	--	1,279,246	--	--	--
Cash and cash equivalent	--	2,550,657	--	--	--
Current financial assets*	--	12,376,427	--	--	--
FINANCIAL LIABILITIES					
Bonds issued	--	14,963,255	10,572,721	--	5,087,473
Financial debt (floating rate bank debts)	--	24,811,430	--	--	24,811,430
Financial debt (fixed rate bank debts)	--	94,000	--	--	99,250
Financial debt (other borrowings)	--	837,135	--	--	833,370
Derivative instruments	359,082	--	--	359,082	--
Non-current financial liabilities	359,082	40,705,820	--	--	--
Bonds issued	--	909,768	715,875	--	--
Financial debt (floating rate bank debts)	--	4,816,529	--	--	4,816,529
Financial debt (fixed rate bank debts)	--	846,244	--	--	855,953
Financial debt (other borrowings)	--	1,074,771	--	--	1,134,071
Derivative instruments	32,171	--	--	32,171	--
Advanced payments	--	832,567	--	--	--
Trade payables	--	756,353	--	--	--
Other financial current liabilities	--	554,740	--	--	--
Current financial liabilities*	32,171	9,790,972	--	--	--

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

(**) Designated at fair value.

Valuation technique used for measurement of fair value of derivatives

Liabilities from derivative are measured by discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

7.5.2 Fair value measurement of investment property

The Group's investment properties were valued at 31 December 2015 in accordance to the Group's accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes.

The independent valuer provides appraisal of the Group's investment property annually.

At 1 January 2015 the fair value measurement for investment property of CZK 73,359.9 million has been categorized as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the year.

7.5.3 Main observable and unobservable inputs

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at the end of 31 December 2014 and 31 December 2015 respectively.

31 December 2015	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
Czech Republic - Central Bohemia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm	1,205 CZK/sqm	1,481 CZK/sqm	(1,385 CZK/sqm)
				Net current income per sqm	764 CZK/sqm	1,354 CZK/sqm	(969 CZK/sqm)
				Equivalent yield	8.00%	12.00%	(8.16%)
				Vacancy rate	0.00%	0.00%	(0.00%)
Czech Republic - West Bohemia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm			860 CZK/sqm
				Net current income per sqm			646 CZK/sqm
				Equivalent yield			12.00%
				Vacancy rate			43.58%
Slovakia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm			1,391 CZK/sqm
				Net current income per sqm			1,472 CZK/sqm
				Equivalent yield			8.20%
				Vacancy rate			1.72%
Hungary	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm	1,497 CZK/sqm	1,540 CZK/sqm	(1,509 CZK/sqm)
				Net current income per sqm	1,369 CZK/sqm	1,505 CZK/sqm	(1,406 CZK/sqm)
				Equivalent yield	9.04%	9.15%	(9.12%)
				Vacancy rate	5.91%	16.15%	(13.33%)
Czech Republic - Prague Center	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	4,515 CZK/sqm	9,616 CZK/sqm	(9,144 CZK/sqm)
				Net current income per sqm	4,057 CZK/sqm	7,577 CZK/sqm	(7,251 CZK/sqm)
				Equivalent yield	4.85%	5.00%	(4.86%)
				Vacancy rate	4.93%	14.18%	(13.33%)
Czech Republic - Prague Other	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	1,882 CZK/sqm	5,070 CZK/sqm	(3,786 CZK/sqm)
				Net current income per sqm	1,805 CZK/sqm	5,551 CZK/sqm	(3,995 CZK/sqm)
				Equivalent yield	5.27%	9.00%	(6.20%)
				Vacancy rate	3.39%	19.69%	(6.27%)
Czech Republic - Other	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	1,340 CZK/sqm	5,597 CZK/sqm	(1,477 CZK/sqm)
				Net current income per sqm	1,231 CZK/sqm	5,608 CZK/sqm	(3,337 CZK/sqm)
				Equivalent yield	5.87%	9.20%	(7.48%)

31 December 2015	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
				Vacancy rate	0.00%	-	31.82% (6.05%)
Czech Republic - Other	Retail	Comparable	Level 3	FV per sqm			14 580 CZK/sqm
Hungary - Budapest Center	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	1,453 CZK/sqm	7,642 CZK/sqm	4,379 CZK/sqm
				Net current income per sqm	838 CZK/sqm	6,256 CZK/sqm	3,495 CZK/sqm
				Equivalent yield	4.07%	9.35%	6.75%
				Vacancy rate	0.56%	-	100.00% 6.31%
Slovakia	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	2,432 CZK/sqm	3,405 CZK/sqm	(2,941 CZK/sqm)
				Net current income per sqm	2,407 CZK/sqm	3,803 CZK/sqm	(2,907 CZK/sqm)
				Equivalent yield	7.38%	-	11.00% (7.91%)
				Vacancy rate	0.00%	-	1.04% (0.13%)
Poland	Retail	Income capitalisation	Level 3	Estimated rental value per sqm			5,277 CZK/sqm
				Net current income per sqm			4,091 CZK/sqm
				Equivalent yield			7.75%
				Vacancy rate			5.69%
Czech Republic - Prague	Office	Income capitalisation	Level 3	Estimated rental value per sqm	2,406 CZK/sqm	9,616 CZK/sqm	(5,153 CZK/sqm)
				Net current income per sqm	1,547 CZK/sqm	9,222 CZK/sqm	(4,800 CZK/sqm)
				Equivalent yield	5.00%	-	9.26% (6.73%)
				Vacancy rate	0.00%	-	23.91% (7.86%)
Czech Republic - Prague	Office	Comparable	Level 3	FV per sqm			52,959 CZK/sqm
Czech Republic - Other	Office	Income capitalisation	Level 3	Estimated rental value per sqm	2,531 CZK/sqm	3,944 CZK/sqm	2,806 CZK/sqm
				Net current income per sqm	1,585 CZK/sqm	3,944 CZK/sqm	2,208 CZK/sqm
				Equivalent yield	7.50%	-	8.00% 7.84%
Poland	Office	Income capitalisation	Level 3	Estimated rental value per sqm			5,415 CZK/sqm
				Net current income per sqm			4,340 CZK/sqm
				Equivalent yield			8.62%
				Vacancy rate			13.70%
Hungary	Office	Income capitalisation	Level 3	Estimated rental value per sqm	1,802 CZK/sqm	4,086 CZK/sqm	(3,689 CZK/sqm)
				Net current income per sqm	551 CZK/sqm	4,046 CZK/sqm	(3,025 CZK/sqm)
				Equivalent yield	7.78%	-	14.03% (8.51%)
				Vacancy rate	0.00%	-	68.75% (22.94%)
Slovakia	Office	Income capitalisation	Level 3	Estimated rental value per sqm			3,997 CZK/sqm
				Net current income per sqm			2,851 CZK/sqm
				Vacancy rate			34.73%
				Equivalent yield			7.25%
Czech	Residential	DCF method	Level 3	Estimated rental value per sqm	794 CZK/sqm	1,920 CZK/sqm	(802 CZK/sqm)
				Exit yield	4.75%	-	7.85% (7.83%)

31 December 2015	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
				Vacancy rate	23.84%	-	27.45% (23.87%)
				Discount rate	5.75%	-	8.88% (8.86%)
France	Residential	Comparable	Level 3	Price/sqm			555 TCZK/sqm
Czech Republic - Prague	Hotel	Comparable method	Level 3	Rate per key	(1,763 TCZK/key)	-	(12,178 TCZK/key) (4,679 TCZK/key)
Czech Republic - Prague	Hostel	Comparable method	Level 3	Rate per key	520 TCZK/key	-	520 TCZK/key (520 TCZK/key)
Czech Republic - Other	Hotel	Comparable method	Level 3	Rate per key	(1,089 TCZK/key)	-	(3,208 TCZK/key) (2,556 TCZK/key)
Czech Republic - Other	Hotel	DCF method	Level 3	Net current income per sqm			1,205 CZK/sqm
				Exit yield			7.01%
				Discount rate			8.00%
Hungary	Hotel	DCF method	Level 3	Net current income per sqm	3,189 CZK/sqm	-	3,861 CZK/sqm 3,482 CZK/sqm
				Exit yield	7.50%	-	7.50% 7.50%
				Discount rate	9.50%	-	9.50% 9.50%
Poland	Hotel	DCF method	Level 3	Net current income per sqm	4,142 CZK/sqm	-	5,755 CZK/sqm 5,122 CZK/sqm
				Exit yield	7.50%	-	7.50% 7.50%
				Discount rate	9.50%	-	10.50% 10.11%
Land Bank - Czech Republic - Prague Center	Land bank	Comparable method	Level 3	Sales price per sqm	71,977 CZK/sqm	-	71,977 CZK/sqm (71,977 CZK/sqm)
Land Bank - Czech Republic - Prague	Land bank	Comparable method	Level 3	Sales price per sqm	1,053 CZK/sqm	-	92,685 CZK/sqm (50,212 CZK/sqm)
Land Bank - Czech Republic - Other	Land bank	Comparable method	Level 3	Sales price per sqm	85 CZK/sqm	-	24,431 CZK/sqm (964 CZK/sqm)
Hungary	Land bank	Comparable method	Level 3	Sales price per sqm	1,308 CZK/sqm	-	23,232 CZK/sqm (11,725 CZK/sqm)
Land Bank - Romania - Bucharest	Land bank	Comparable method	Level 3	Sales price per sqm			(21,003 CZK/sqm)
Romania - Other	Land bank	Comparable method	Level 3	Sales price per sqm	811 CZK/sqm	-	3,790 CZK/sqm (2,047 CZK/sqm)
Poland	Land bank	Comparable method	Level 3	Sales price per sqm	4,320 CZK/sqm	-	4,320 CZK/sqm (4,320 CZK/sqm)
Czech Republic - Other - Project 1	Investment property under development	Development Appraisal	Level 3	Gross development value			559,707 TCZK/sqm
				Residual value			358,750 TCZK/sqm

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
Czech Republic - Central Bohemia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm	1,237 CZK/sqm	1,354 CZK/sqm	(1,311 CZK/sqm)
				Net current income per sqm	1,281 CZK/sqm	1,805 CZK/sqm	(1,613 CZK/sqm)
				Equivalent yield	8.46%	12.00%	(8.80%)
				Vacancy rate	0.00%	4.39%	(1.61%)
Czech Republic - West Bohemia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm		733 CZK/sqm	
				Net current income per sqm		563 CZK/sqm	
				Equivalent yield		12.00%	
				Vacancy rate		38.20%	
Slovakia	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm		1,412 CZK/sqm	
				Net current income per sqm		1,481 CZK/sqm	
				Equivalent yield		8.25%	
				Vacancy rate		2.02%	
Hungary	Industry and logistics	Income capitalisation	Level 3	Estimated rental value per sqm	1,593 CZK/sqm	1,598 CZK/sqm	(1,596 CZK/sqm)
				Net current income per sqm	1,485 CZK/sqm	1,525 CZK/sqm	(1,513 CZK/sqm)
				Equivalent yield	8.75%	9.00%	(8.92%)
				Vacancy rate	5.91%	8.54%	(7.75%)
Czech Republic - Prague Center	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	4,427 CZK/sqm	9,809 CZK/sqm	(9,287 CZK/sqm)
				Net current income per sqm	3,994 CZK/sqm	4,685 CZK/sqm	(4,618 CZK/sqm)
				Equivalent yield	5.00%	5.25%	(5.23%)
				Vacancy rate	4.93%	19.18%	(17.80%)
Czech Republic - Prague Other	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	1,879 CZK/sqm	2,419 CZK/sqm	(1,982 CZK/sqm)
				Net current income per sqm	1,749 CZK/sqm	2,206 CZK/sqm	(1,836 CZK/sqm)
				Equivalent yield	8.78%	9.00%	(8.82%)
				Vacancy rate	17.20%	19.69%	(17.67%)
Czech Republic - Prague Other	Retail	DCF method	Level 3	Estimated rental value per sqm		5,220 CZK/sqm	
				Vacancy rate		2.20%	
				Exit yield		6.87%	
Czech Republic - Other	Retail	Income capitalisation	Level 3	Discount rate			8.00%
				Estimated rental value per sqm	1,328 CZK/sqm	5,465 CZK/sqm	(1,486 CZK/sqm)
				Net current income per sqm	1,217 CZK/sqm	5,664 CZK/sqm	(3,383 CZK/sqm)
				Equivalent yield	6.77%	9.00%	(7.63%)
				Vacancy rate	0.00%	16.90%	(4.06%)
Czech Republic - Other	Retail	DCF method	Level 3	Estimated rental value per sqm		5,084 CZK/sqm	
				Vacancy rate		36.89%	
				Exit yield		7.96%	

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
				Discount rate			8.93%
Hungary - Budapest Center	Retail	Income capitalisation	Level 3	Estimated rental value per sqm			7,958 CZK/sqm
				Net current income per sqm			6,793 CZK/sqm
				Equivalent yield			8.50%
				Vacancy rate			7.60%
Hungary - Other	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	1,555 CZK/sqm	1,798 CZK/sqm	(1,638 CZK/sqm)
				Net current income per sqm	655 CZK/sqm	1,160 CZK/sqm	(987 CZK/sqm)
				Equivalent yield	9.31%	10.63%	(9.76%)
				Vacancy rate	0.00%	23.91%	(18.55%)
Slovakia	Retail	Income capitalisation	Level 3	Estimated rental value per sqm	2,476 CZK/sqm	3,467 CZK/sqm	(2,983 CZK/sqm)
				Net current income per sqm	2,434 CZK/sqm	3,872 CZK/sqm	(3,102 CZK/sqm)
				Equivalent yield	7.50%	8.50%	(7.93%)
				Vacancy rate	0.00%	1.04%	(0.12%)
Poland	Retail	Income capitalisation	Level 3	Estimated rental value per sqm			5,497 CZK/sqm
				Net current income per sqm			4,633 CZK/sqm
				Equivalent yield			7.80%
				Vacancy rate			3.58%
Czech Republic - Prague	Office	Income capitalisation	Level 3	Estimated rental value per sqm	2,403 CZK/sqm	9,809 CZK/sqm	(5,008 CZK/sqm)
				Net current income per sqm	1,856 CZK/sqm	9,350 CZK/sqm	(4,312 CZK/sqm)
				Equivalent yield	5.25%	9.27%	(6.86%)
				Vacancy rate	0.00%	25.00%	(10.11%)
Czech Republic - Other	Office	Income capitalisation	Level 3	Estimated rental value per sqm			2,842 CZK/sqm
				Net current income per sqm			2,452 CZK/sqm
				Equivalent yield			7.75%
Czech Republic - Other	Office	DCF method	Level 3	Estimated rental value per sqm	2,401 CZK/sqm	3,690 CZK/sqm	(2,598 CZK/sqm)
				Vacancy rate	39.20%	51.22%	(49.39%)
				Exit yield	7.50%	7.96%	(7.89%)
				Discount rate	8.93%	9.50%	(9.02%)
Poland	Office	Income capitalisation	Level 3	Estimated rental value per sqm			5,687 CZK/sqm
				Net current income per sqm			4,646 CZK/sqm
				Equivalent yield			8.69%
				Vacancy rate			15.04%
Hungary	Office	Income capitalisation	Level 3	Estimated rental value per sqm	1,412 CZK/sqm	4,206 CZK/sqm	(3,618 CZK/sqm)
				Net current income per sqm	- 330 CZK/sqm	3,816 CZK/sqm	(2,620 CZK/sqm)

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
				Equivalent yield	8.00%	-	13.05% (9.10%)
				Vacancy rate	4.70%	-	100.00% (21.70%)
Hungary	Office	DCF method	Level 3	Estimated rental value per sqm			3,997 CZK/sqm
				Net current income per sqm			3,560 CZK/sqm
				Vacancy rate			23.68%
				Exit yield			8.00%
				Discount rate			8.25%
Slovakia	Office	DCF method	Level 3	Estimated rental value per sqm			4,348 CZK/sqm
				Net current income per sqm			4,203 CZK/sqm
				Vacancy rate			38.71%
				Exit yield			8.80%
				Discount rate			9.25%
Czech	Residential	DCF method	Level 3	Estimated rental value per sqm	787 CZK/sqm	-	1,658 CZK/sqm (795 CZK/sqm)
				Exit yield	4.75%	-	7.78% (7.75%)
				Vacancy rate	23.37%	-	25.39% (25.37%)
				Discount rate	5.75%	-	8.82% (8.79%)
France	Residential	Sales comparison	Level 3	Price/sqm			569 TCZK/sqm
Czech Republic - Prague	Hotel	Comparable method	Level 3	Rate per key	1,530 TCZK/key	-	4,182 TCZK/key (2,573 TCZK/key)
Czech Republic - Prague	Hostel	Comparable method	Level 3	Rate per key	269 TCZK/key	-	1,106 TCZK/key (686 TCZK/key)
Czech Republic - Other	Hotel	Comparable method	Level 3	Rate per key	742 TCZK/key	-	1,603 TCZK/key (1,313 TCZK/key)
Czech Republic - Other	Hotel	Income capitalisation	Level 3	Net current income per sqm			6,989 CZK/sqm
				Estimated rental value per sqm			7,698 CZK/sqm
				Equivalent yield			7.32%
Land Bank - Czech Republic - Prague Center	Land bank	Comparable method	Level 3	Sales price per sqm	80,000 CZK/sqm	-	81,899 CZK/sqm (80,673 CZK/sqm)
Land Bank - Czech Republic - Prague	Land bank	Comparable method	Level 3	Sales price per sqm	299 CZK/sqm	-	30,461 CZK/sqm (8,960 CZK/sqm)
Land Bank - Czech Republic - Other	Land bank	Comparable method	Level 3	Sales price per sqm	100 CZK/sqm	-	25,880 CZK/sqm (1,641 CZK/sqm)
Hungary	Land bank	Comparable method	Level 3	Sales price per sqm	1,425 CZK/sqm	-	232,768 CZK/sqm (18,895 CZK/sqm)
Land Bank - Romania - Bucharest	Land bank	Comparable method	Level 3	Sales price per sqm			22,731 CZK/sqm
Romania - Other	Land bank	Comparable method	Level 3	Sales price per sqm	847 CZK/sqm	-	4,011 CZK/sqm (2,165 CZK/sqm)
Poland	Land bank	Comparable method	Level 3	Sales price per sqm			4,342 CZK/sqm
Czech Republic - Prague - Project 1	Investment property under development	Income capitalisation	Level 3	Estimated rental value			4,330 CZK/sqm
				Equivalent yield			(6.51%)

31 December 2014	Asset type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average
Czech Republic - Prague - Project 2	Investment property under development	Income capitalisation	Level 3	Estimated rental value	5,193 CZK/sqm
				Equivalent yield	(6.25%)
Czech Republic - Other - Project 1	Investment property under development	Development Appraisal	Level 3	Gross development value	552 MCZK/sqm
				Residual value	359 MCZK/sqm
Hungary	Hospitality	DCF method	Level 3	Exit yield	(7.50%)
				Discount rate	(9.00%)

Discounted cash flow method (DCF) – application guidance provided by IVSC, www.ivsc.org

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Market comparable method – application guidance provided by IVSC, www.ivsc.org

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions.

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied is the price per square metre (sqm).

Income capitalisation method - application guidance provided by IVSC, www.ivsc.org

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The difference between gross and net rental income includes expense categories such as vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. When using the income capitalisation method, the mentioned expenses have to be included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised.

Sensitivity analysis on changes in assumptions of investment property valuation

The Group has performed a sensitivity analysis on changes in investment property valuation except for development, residential, hotel and land bank segments providing all other variables remain constant. The table below presents the sensitivity of profit or loss before tax as at 31 December 2015 and 31 December 2014 due to changes in assumptions:

Change in yield

2015	Current average yield*	Current market value	Increased yield by 25 bp	Market value upon increased yield	Effect of increased yield to profit or (loss)
Increase of 25 bp in yield	6.83%	53,230,815	7.08%	51,336,036	1,894,779

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

2014	Current average yield*	Current market value	Increased yield by 25 bp	Market value upon increased yield	Effect of increased yield to profit or (loss)
Increase of 25 bp in yield	6.81%	51,776,609	7.06%	49,587,508	(2,189,101)

* current average yield was calculated based on adjusted (annualized) rental income to reflect the acquisitions of subsidiaries in 2014.

Change in income

2015	Segment income from rental activities	Current market value	Increased income from rental activities by 10%	Market value upon increased income by 10% from rental activities	Effect of increased income to profit or (loss)
Industry and logistics	299,312	3,676,288	329,243	4,043,917	367,629
Office	1,478,924	23,492,302	1,626,816	25,841,532	2,349,230
Retail	1,858,921	26,062,225	2,044,813	28,668,448	2,606,223
Increase by 10% in income	3,637,157	53,230,815	4,000,872	58,553,897	5,323,082

2014	Segment income from rental activities	Current market value	Increased income from rental activities by 10%	Market value upon increased income by 10% from rental activities	Effect of increased income to profit or (loss)
Industry and logistics	307,280	3,826,188	338,007	4,208,807	382,619
Office	1,384,236	23,221,902	1,522,660	25,544,092	2,322,190
Retail	1,810,042	24,728,520	1,991,046	27,201,372	2,472,852
Increase by 10% in income	3,501,558	51,776,609	3,851,713	56,954,270	5,177,661

The tables below presents the sensitivity of profit or loss before tax as at 31 December 2015 and 31 December 2014 due to changes in assumptions used for the valuation of the residential portfolio:

	Current average yield	Current market value	Increased yield by 25 bp	Market value upon increased yield	Effect of increased yield to profit or (loss)
2015	6.62%	7,455,728	6.87%	7,184,264	(271,464)
2014	6.52%	7,683,877	6.77%	7,348,901	(334,976)

	Segment income from rental activities	Current market value	Increased income from rental activities by 10%	Market value upon increased income by 10% from rental activities	Effect of increased income to profit or (loss)
2015	493,287	7,455,728	542,616	8,201,301	745,573
2014	497,553	7,683,877	547,308	8,452,265	768,388

8 Contingencies and Litigations

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.

9 Capital and other commitments

Capital commitments

The Group has capital commitments of CZK 83.7 million in respect of capital expenditures contracted for at the date of the statement of financial statements (CZK 138.5 million in 2014). There are no other commitments except as disclosed above.

10 Related party transactions

The Group has a related party relationship with its members of Board of Directors (current and former) and executive management (key management personnel), shareholder and companies in which these parties held controlling or significant influence or are joint ventures.

Key management personnel and members of Board of Directors

The remuneration of key management personnel and members of Board of Directors are summarized in following table.

	2015	2014
Remuneration paid to key management personnel and members of Board of Directors	14,980	10,387
Total remuneration	14,980	10,387

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

Balances at	31 December 2015	31 December 2014
Loans provided	2,378	4,655
Trade receivables	73	46
Other receivables	164	143
Advances received	--	13,760
Transaction		
Interest income and other revenues	164	312
Revenues from sale of goods and merchandise	3,646	--

Other related parties		
Entities over which the sole shareholder has control		
Balances at	31 December 2015	31 December 2014
Trade receivables	2	61
Loans received	--	52,445
Interest expense	--	21,433

Other related parties		
Entities over which the sole shareholder has significant influence		
Balance at	31 December 2015	31 December 2014
Trade receivables	19,356	6,199
Trade payables	23,583	334
Advances received	--	81
Service charge income	1,392	2,377
Rental Income	2,525	1,422
Other finance cost	--	2,271
Advisory and accounting services	34,362	3,872
Audit, tax and advisory services	--	1,850
Other related property expenses	178	--
Accounting and other service (based on mandate contracts)	245	--
Other administrative expense	--	84
Service charge expense	--	454
Close family members/entities controlled by close family members		
Balance at	31 December 2015	31 December 2014
Trade receivables	15	14
Loans provided	--	7,335,346
Other payables	--	60,001
Loans received	--	31,185
Interest income	95,355	330,749
Interest expense	--	771
Entities controlled by members of Board of Directors		
Balance at	31 December 2015	31 December 2014
Trade receivables	143,188	111,781
Advances received	29,939	26,379
Trade payables	44,174	63,559
Loans received	--	6,652
Tenant deposits	--	300
Material consumption	23	--
Other property related expenses	1,060	--
Audit, tax and advisory services	208	--
Taxes and fees	1	--
Rental income and other services	404,478	--
CPI PROPERTY GROUP*		
Balance at	31 December 2015	31 December 2014
Loans provided	3,808,901	159,159
Loans received	78,958	58
Other receivables	338,161	1,215,476
Bonds issued	--	1,003,666
Trade receivables	271,350	--
Trade payables	268,928	--
Other payables	829,741	--
Bills of exchange	135,269	--
Transaction		
Interest income	317,529	1,664
Interest expense	12,605	58
Interest expense on bonds issued	76,617	31,730
Other financial income	112	--
Advisory and accounting services	392,612	--
Accounting and other services	382,338	--
Major shareholder of CPI PG		
Balance at	31 December 2015	31 December 2014
Loans provided	187,138	173,677
Loans received	--	24,330
Trade receivables	1	--
Trade payables	10	10
Other payables	11,221	13,938
Transaction		
Interest income and other revenues	13,459	7,742
Revenue from goods and merchandise	70,245	--

* In the comparative period 2014, transactions with CPI PG are disclosed only for the period from 17 June 2014 till 31 December 2014 and the balances represent amounts as at 31 December 2014. Until 17 June 2014, CPI PG was not a related party of the Group.

Main selected transactions with other related parties

Transactions with Orco Property Group (“OPG”)

Management Fees

CPI Property, s.r.o. has provided property management services to certain entities of OPG Group in the Czech Republic. The value of such services amounted to CZK 0.2 million for 2015 (CZK 3.7 million for 2014).

From 1 July 2014, the Group began providing outsourcing services in the field of general administration, tax, accounting, reporting, human resources and IT to certain entities of OPG in the Czech Republic. The value of such services amounted to CZK 40.9 million in 2015 (CZK 8.6 million in 2014).

Assets acquisitions

At the end of 2015, the Group purchased a land plot in total area of 10,000 square meters in Březiněves, Prague from OPG in acquisition price of CZK 14.3 million.

Transactions connected with the major shareholder of the Company

JMB Group acquisition

As at the end of 2015 the Group acquired JMB Group consisting of a portfolio of small retail shopping assets in the Czech Republic (note 3.2). The consideration paid represented CZK 1,037.4 million. The consideration was fully paid in cash. JMB Group was acquired from entity controlled by major shareholder of CPI PG and the acquisition is accounted for as a common control transaction.

Karviná Property Development acquisition

On 1 June 2015, the Group acquired 100% share in Karviná Property Development, a.s. (note 3.2).

The consideration paid represented CZK 1 million. Karviná Property Development was acquired from entity controlled by major shareholder of CPI PG and therefore is the acquisition accounted for as a common control transaction.

Transactions with CPI PG

Loan provided/received

In June 2014, the Group had performed financial assets restructuring and consolidation of a number of receivables of related parties. Such receivables of the third parties were assigned to Scampia, a.s., an entity closely associated with Mr. Vítek, in order to simplify related parties transaction structure. Following this operation, the aggregate amount of loans provided by the Group to Scampia, a.s. amounted to CZK 7,335.4 million as at 31 December 2014 and bear average interest rate of 6.5 % p.a.

In March 2015, the Group assigned the Scampia loan to CPI PG resulting into new loan provided to CPI PG (note 6.6). Following the assignment, the Company partially offset (CZK 3,526.4 million) this loan with loan provided by CPI PG to the Group. As at 31 December 2015 the outstanding amount due from CPI PG amounts to CZK 3,794.7 million and the loan bear interest of 5.25 % p.a.

Hospitality Group transaction

On 3 June 2015, the Group acquired from CPI PG 50% share in Hospitality Invest S.à r.l. and 88% share in Endurance Hospitality Finance S.à r.l. and in Endurance Hospitality Asset S.à r.l., entity holding the remaining 50% share in Hospitality Invest S.à r.l., all together with remaining part of Equity loans. The transfer price for shares and receivables was set to CZK 833 million.

11 Events after the reporting period

11.1 Acquired subsidiaries

On 27 January 2016, the Group purchased 100% stake in CPI Finance Ireland II Limited from CPI PG for consideration in the amount of EUR 74 million (app. CZK 1,999.9 million).

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

On 11 March 2016, 100% stake in CPI Finance Netherlands II B.V. was acquired from CPI PG for the consideration of EUR 1.

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

The Group acquired a small retail shopping asset in Tarnow, south of Poland, on 22 March 2016. This acquisition, comprised of 5 retail units and totaling 2,161 sqm, is the first among other acquisitions of similar Polish retail shopping assets planned in the near future. The purchase price amounted to PLN 4.2 million (app. CZK 26.6 million).

11.2 New bonds issued

On 26 February 2016, CPI Finance Slovakia, a.s. issued new tranches of bonds CPI 5.00/2020, which are registred under ISIN code SK4120011487. According to the prospectus, the Group could issue up to 50,000 pcs of these bonds in the total nominal value of EUR 50 million (app. CZK 1,321.5 million). The nominal value of each bond amounts to EUR 1,000. The bonds are due in 2020 and carry a fixed rate coupon of 5.00 % p.a.. The prospectus, which was approved by the National Bank of Slovakia on 22 February 2016 is available in electronic form at www.cpifinanslovakia.sk. The issuer will apply for the listing of the bonds on the Bratislava Stock Exchange.

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

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

11.4 Amendment of CPI BYTY bonds program

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

11.5 Bonds repayment

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

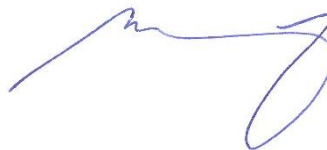
On 29 March 2016, the Group repaid issued bonds CPI 6.05/16, which were publicly traded on Prague Stock Exchange under ISIN CZ0003510646. Prior to the repayment, on 26 January 2016, the Group decreased the volume of the issue from 150,000 pcs to 126,180 pcs (each in nominal value of CZK 10 thousand).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

Prague, 25 April 2016



Zdeněk Havelka

Chairman of the Board of Directors



Kristína Magdolenová

Member of the Board of Directors

APPENDIX I – LIST OF GROUP ENTITIES

Subsidiaries fully consolidated

Company	Country	31 December 2015	31 December 2014
ABLON s.r.o.	Czech Republic	--	100.00%
ABLON sp. z o.o.	Poland	100.00%	100.00%
ACGATE Kft. (1)	Hungary	100.00%	100.00%
Airport City Kft.	Hungary	100.00%	100.00%
Airport City Phase B Kft. (2)	Hungary	100.00%	100.00%
Airport City s.r.o.	Czech Republic	--	100.00%
ALAMONDO LIMITED	Cyprus	100.00%	100.00%
Arena Corner Ingatlanfejlesztő Kft.	Hungary	--	100.00%
Arkáda Prostějov, s.r.o.	Czech Republic	100.00%	100.00%
Avacero Ltd.	Cyprus	100.00%	100.00%
AVIDANO LIMITED	Cyprus	100.00%	100.00%
Balvinder, a.s.	Czech Republic	100.00%	100.00%
Baudry Alfa, a.s.	Czech Republic	--	100.00%
Baudry Beta, a.s.	Czech Republic	100.00%	100.00%
Baudry, a.s.	Czech Republic	100.00%	100.00%
BAYTON Alfa, a.s.	Czech Republic	100.00%	100.00%
BAYTON Delta, a.s.	Czech Republic	100.00%	100.00%
BAYTON Gama, a.s.	Czech Republic	86.54%	87.00%
BC 30 Property Kft. (3)	Hungary	100.00%	100.00%
BC 91 Real Estate Kft. (4)	Hungary	100.00%	100.00%
BC 99 Office Park Kft. (5)	Hungary	100.00%	100.00%
Beroun Property Alfa, a.s.	Czech Republic	--	100.00%
Beroun Property Development, a.s.	Czech Republic	100.00%	100.00%
Best Properties South, a.s.	Czech Republic	100.00%	100.00%
BPT Development, a.s.	Czech Republic	100.00%	100.00%
Brandýs Logistic, a.s.	Czech Republic	100.00%	100.00%
BREGOVA LIMITED	Cyprus	100.00%	100.00%
Bright Site Kft.	Hungary	100.00%	100.00%
Březiněves, a.s.	Czech Republic	100.00%	100.00%
Budaörs Office Park Kft. (6)	Hungary	100.00%	100.00%
Buy-Way Dunakeszi Kft. (7)	Hungary	100.00%	100.00%
Buy-Way Soroksár Kft. (8)	Hungary	100.00%	100.00%
Camuzzi, a.s.	Czech Republic	100.00%	100.00%
Carpenter Invest, a.s.	Czech Republic	100.00%	100.00%
CB Property Development, a.s.	Czech Republic	100.00%	100.00%
CD Property s.r.o.	Czech Republic	100.00%	100.00%
Central Tower 81 Sp. z o.o.	Poland	100.00%	100.00%
Codiazella Ltd.	Cyprus	100.00%	100.00%
Conradian, a.s.	Czech Republic	100.00%	100.00%
CPI - Bor, a.s.	Czech Republic	100.00%	100.00%
CPI - Facility, a.s.	Czech Republic	100.00%	100.00%
CPI - Krásné Březno, a.s.	Czech Republic	99.96%	99.96%
CPI - Land Development, a.s.	Czech Republic	100.00%	100.00%
CPI - Orlová, a.s.	Czech Republic	100.00%	100.00%
CPI - Real Estate, a.s.	Czech Republic	100.00%	100.00%
CPI - Štupartská, a.s.	Czech Republic	100.00%	100.00%
CPI - Zbraslav, a.s.	Czech Republic	100.00%	100.00%
CPI Alfa, a.s.	Czech Republic	100.00%	100.00%
CPI Beta, a.s.	Czech Republic	100.00%	100.00%
CPI BYTY, a.s.	Czech Republic	100.00%	100.00%
CPI City Center ÚL, a.s.	Czech Republic	100.00%	100.00%
CPI CYPRUS LIMITED	Cyprus	100.00%	100.00%
CPI Delta, a.s.	Czech Republic	100.00%	100.00%
CPI East, s.r.o.	Czech Republic	100.00%	100.00%
CPI Epsilon, a.s.	Czech Republic	100.00%	100.00%
CPI Facility Slovakia, a.s.	Slovak Republic	100.00%	100.00%
CPI Finance (BVI) Limited	British Virgin Islands	100.00%	100.00%
CPI Finance Ireland Limited	Ireland	100.00%	100.00%
CPI Finance Ireland III Limited	Ireland	100.00%	--
CPI Finance Netherlands B.V.	Netherland	100.00%	100.00%

Company	Country	31 December 2015	31 December 2014
CPI Finance Netherlands III, B. V.	Netherlands	100.00%	--
CPI Finance Slovakia, a.s.	Slovak Republic	100.00%	--
CPI Flats, a.s.	Czech Republic	100.00%	100.00%
CPI France, a SASU	France	100.00%	100.00%
CPI Group, a.s.	Czech Republic	100.00%	100.00%
CPI Heli, s.r.o.	Czech Republic	100.00%	100.00%
CPI Hotels Properties, a.s.	Czech Republic	100.00%	100.00%
CPI Hungary Kft.	Hungary	100.00%	100.00%
CPI IMMO, S.a.r.l	France	100.00%	100.00%
CPI Jihlava Shopping, a.s.	Czech Republic	100.00%	100.00%
CPI Lambda, a.s.	Czech Republic	100.00%	100.00%
CPI Management, s.r.o.	Czech Republic	100.00%	100.00%
CPI Meteor Centre, s.r.o.	Czech Republic	100.00%	100.00%
CPI Národní, s.r.o.	Czech Republic	100.00%	100.00%
CPI North, s.r.o.	Czech Republic	--	100.00%
CPI Palmovka Office, s.r.o.	Czech Republic	100.00%	100.00%
CPI Park Mlýnec, a.s.	Czech Republic	100.00%	100.00%
CPI Park Žďárek, a.s.	Czech Republic	99.96%	99.96%
CPI PG Management, S.á r.l (9)	Luxembourg	100.00%	100.00%
CPI Poland Sp. Z o.o.	Poland	100.00%	100.00%
CPI Property, s.r.o.	Czech Republic	100.00%	100.00%
CPI Reality, a.s.	Czech Republic	100.00%	100.00%
CPI Retail MB s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio I, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio II, a.s.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio III, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio IV, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio V, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VI, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VII, s.r.o.	Czech Republic	100.00%	100.00%
CPI Retail Portfolio VIII s.r.o.	Czech Republic	100.00%	100.00%
CPI Retails FIVE, a.s.	Slovak Republic	100.00%	100.00%
CPI Retails FOUR, a. s.	Slovak Republic	100.00%	100.00%
CPI Retails ONE, a.s.	Czech Republic	100.00%	100.00%
CPI Retails THREE, a.s.	Slovak Republic	100.00%	100.00%
CPI Retails TWO, a.s.	Czech Republic	100.00%	100.00%
CPI Romania S.R.L. (10)	Romania	100.00%	100.00%
CPI Services, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping MB, a.s.	Czech Republic	100.00%	100.00%
CPI Shopping Teplice, a.s.	Czech Republic	100.00%	100.00%
CPI South, s.r.o.	Czech Republic	100.00%	100.00%
CPI West, s.r.o.	Czech Republic	100.00%	100.00%
CURITIBA a.s.	Czech Republic	100.00%	100.00%
Čadca Property Development, s.r.o.	Slovak Republic	100.00%	100.00%
Čáslav Investments, a.s.	Czech Republic	100.00%	100.00%
Český Těšín Property Development, a.s.	Czech Republic	100.00%	100.00%
DERISA LIMITED	Cyprus	100.00%	100.00%
Diana Development Sp. Z o.o.	Poland	100.00%	--
Dienzenhoferovy sady 5, s.r.o.	Czech Republic	100.00%	--
DORESTO LIMITED	Cyprus	100.00%	100.00%
Družstvo Land	Czech Republic	99.96%	99.96%
Europeum Kft. (11)	Hungary	100.00%	100.00%
ELAMOR, a.s.	Slovak Republic	--	100.00%
EMH North, s.r.o.	Czech Republic	100.00%	100.00%
EMH South, s.r.o.	Czech Republic	100.00%	100.00%
EMH West, s.r.o.	Czech Republic	100.00%	100.00%
Endurance Hospitality Asset S.á r.l.	Luxembourg	100.00%	--
Endurance Hospitality Finance S.á r.l.	Luxembourg	100.00%	--
ES Bucharest Development S.R.L.	Romania	100.00%	100.00%
ES Bucharest Properties S.R.L.	Romania	100.00%	100.00%
ES Hospitality S.R.L.	Romania	100.00%	100.00%
Farhan, a.s.	Czech Republic	100.00%	100.00%
First Site Kft.	Hungary	100.00%	100.00%
FL Property Development, a.s.	Czech Republic	100.00%	100.00%
Fogarasi 3 BC Kft. (12)	Hungary	100.00%	100.00%
GADWALL, Sp. z o.o.	Poland	100.00%	100.00%

Company	Country	31 December 2015	31 December 2014
GATEWAY Office Park Kft. (13)	Hungary	100.00%	100.00%
GARET Investment Sp. z.o.o.	Poland	100.00%	100.00%
Gerosa - JMB, a.s.	Czech Republic	100.00%	--
GLOBAL INVESTMENT Kft.	Hungary	100.00%	100.00%
GOMENDO LIMITED	Cyprus	100.00%	100.00%
GORANDA LIMITED	Cyprus	100.00%	100.00%
HD Investment s.r.o.	Czech Republic	100.00%	100.00%
Hightech Park Kft. (14)	Hungary	100.00%	100.00%
Hospitality Invest S.à r.l.	Luxembourg	100.00%	--
Hotel Pokrovka , org. Unit	Russia	100.00%	--
Hotel Rosslyn Kft.	Hungary	100.00%	100.00%
Hraničář, a.s.	Czech Republic	100.00%	100.00%
IGY2 CB, a.s.	Czech Republic	100.00%	100.00%
Insite Kft.	Hungary	100.00%	100.00%
ISTAFIA LIMITED	Cyprus	100.00%	100.00%
Janáčkovo nábřeží 15, s.r.o.	Czech Republic	100.00%	--
Jeseník Investments, a.s.	Czech Republic	100.00%	100.00%
JMB Lambda, s.r.o.	Czech Republic	100.00%	--
JONVERO LIMITED	Cyprus	100.00%	100.00%
Karviná Property Development, a.s.	Czech Republic	100.00%	--
Kerina, a.s.	Czech Republic	100.00%	100.00%
Komárno Property Development, a.s.	Slovak Republic	100.00%	100.00%
LD Praha, a.s.	Czech Republic	100.00%	100.00%
Leriegos Kft.	Hungary	100.00%	100.00%
LERIEGOS LIMITED	Cyprus	100.00%	100.00%
Liptovský Mikuláš Property Development, a.s.	Slovak Republic	100.00%	100.00%
LN Est-Europe Development SRL	Romania	100.00%	100.00%
Lockhart, a.s.	Czech Republic	100.00%	100.00%
Lucemburská 46, a.s. (15)	Czech Republic	100.00%	--
M3 BC Kft. (16)	Hungary	100.00%	100.00%
Malerba, a.s.	Czech Republic	100.00%	100.00%
Marissa Delta, a.s.	Czech Republic	--	100.00%
Marissa East, a.s.	Czech Republic	--	100.00%
Marissa Epsilon, a.s.	Czech Republic	--	100.00%
Marissa Gama, a.s.	Czech Republic	100.00%	100.00%
Marissa Ióta, a.s.	Czech Republic	--	100.00%
Marissa Kappa, a.s.	Czech Republic	100.00%	100.00%
Marissa Lambda, a.s.	Czech Republic	--	100.00%
Marissa North, a.s.	Czech Republic	--	100.00%
Marissa Omega, a.s.	Czech Republic	--	100.00%
Marissa Omikrón, a.s.	Czech Republic	100.00%	100.00%
Marissa Sigma, a.s.	Czech Republic	--	100.00%
Marissa South, a.s.	Czech Republic	--	100.00%
Marissa Tau, a.s. (17)	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	100.00%	100.00%
MH Bucharest Properties S.R.L	Romania	88.00%	88.00%
Michalovce Property Development, a.s.	Slovak Republic	100.00%	100.00%
MMR Russia S.à r.l	Luxembourg	100.00%	--
Modřanská Property, a.s.	Czech Republic	100.00%	100.00%
MUXUM, a.s.	Czech Republic	100.00%	100.00%
NERONTA, a. s.	Slovak Republic	100.00%	100.00%
New Age Kft. (18)	Hungary	100.00%	100.00%
New Field Kft.	Hungary	100.00%	100.00%
Nymburk Property Development, a.s.	Czech Republic	100.00%	100.00%
OC Nová Zdobov, a.s.	Czech Republic	100.00%	100.00%
OC Spektrum, s.r.o.	Czech Republic	100.00%	100.00%
Office Center Poštová, s.r.o.	Slovak Republic	100.00%	100.00%
Olomouc City Center, a.s.	Czech Republic	100.00%	100.00%
Olomouc Office, a.s.	Czech Republic	100.00%	100.00%
Orco Hotel Development Sp. z o.o.	Poland	100.00%	--

Company	Country	31 December 2015	31 December 2014
ORCO Hotel Management Kft.	Hungary	100.00%	--
Orco Hotel Project Sp. z o.o.	Poland	100.00%	--
Orco Hotel, Zrt.	Hungary	100.00%	--
Orco Pokrovka Management o.o.o.	Russia	100.00%	--
Orco Warsaw Sp. z o.o.	Poland	100.00%	--
OSMANIA LIMITED	Cyprus	100.00%	100.00%
Ozrics, Kft.	Hungary	100.00%	--
Pelhřimov Property Development, a.s.	Czech Republic	100.00%	100.00%
Platnéřská 10 s.r.o.	Czech Republic	100.00%	100.00%
Polma 1 S.á r.l	Luxembourg	--	100.00%
Považská Bystrica Property Development, a.s.	Slovak Republic	100.00%	100.00%
Prague Property Development, s.r.o.	Czech Republic	100.00%	100.00%
Prievidza Property Development, a.s.	Slovak Republic	100.00%	100.00%
PRINGIPO LIMITED	Cyprus	100.00%	100.00%
Prosta 69 Sp. Z o.o.	Poland	100.00%	100.00%
Pro Tower Development S.R.L. (19)	Romania	100.00%	100.00%
Příbor Property Development, s.r.o.	Czech Republic	100.00%	100.00%
Příkopy Property Development, a.s.	Czech Republic	--	100.00%
Quadrio Residence, s.r.o.	Czech Republic	100.00%	100.00%
R40 Real Estate Kft. (20)	Hungary	100.00%	100.00%
Residence Belgická, s.r.o.	Czech Republic	100.00%	--
Residence Izabella, Zrt.	Hungary	100.00%	--
RSL Est-Europe Properties SRL	Romania	100.00%	100.00%
RSL Real Estate Development S.R.L.	Romania	100.00%	100.00%
Ružomberok Property Development, a.s.	Slovak Republic	100.00%	100.00%
SASHKA LIMITED	Cyprus	100.00%	100.00%
SCTO, Kft.	Hungary	--	100.00%
SHAHEDA LIMITED	Cyprus	100.00%	100.00%
ST Project Limited (CPI Management International Ltd.)	Guernsey	100.00%	100.00%
Statenice Property Development, a.s.	Czech Republic	100.00%	100.00%
Strakonice Property Development, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Alfa, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Development, a.s.	Czech Republic	100.00%	100.00%
Szolgáltatóház Kft.	Hungary	100.00%	100.00%
Telč Property Development, a.s.	Czech Republic	100.00%	100.00%
Trebišov Property Development, s. r. o.	Slovak Republic	100.00%	100.00%
Trutnov Property Development, a.s.	Czech Republic	100.00%	100.00%
Třinec Investments, s.r.o.	Czech Republic	100.00%	100.00%
Třinec Property Development, a.s.	Czech Republic	100.00%	100.00%
TUNELIA LIMITED	Cyprus	100.00%	100.00%
Týniště Property Development, s.r.o.	Czech Republic	100.00%	100.00%
Tyršova 6, a.s.	Czech Republic	100.00%	--
U svatého Michala, a.s.	Czech Republic	100.00%	100.00%
VERETIX 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	100.00%	100.00%
Vyškov Property Development, a.s.	Czech Republic	100.00%	100.00%
ZLATICO LIMITED	Cyprus	100.00%	100.00%
ZPS Kft.	Hungary	--	100.00%
Zvolen Property Development, a.s.	Slovak Republic	100.00%	100.00%
Žďár Property Development, a.s.	Czech Republic	100.00%	100.00%
Ždírec Property Development, a.s.	Czech Republic	100.00%	100.00%

- 1) Arena Corner Ingatlanfejlesztő Kft. has merged with ACGATE Kft. (the „successor company“) with the effective date of 30 April 2015. All assets and liabilities of Arena Corner Ingatlanfejlesztő Kft. passed to the successor company.
- 2) New Sites Ingatlanforgalmazó changed its name to Airport City Phase B Kft. with the effective date of 1 April 2015.
- 3) B.C.P. Ingatlanfejlesztő changed its name to BC 30 Property Kft. with the effective date of 1 April 2015.
- 4) Global Development Ingatlanbefektetési changed its name to BC 91 Real Estate Kft. with the effective date of 1 April 2015.
- 5) ICL Budapest Ingatlankezelő és Építési Tanácsadó changed its name to BC 99 Office Park Kft. with the effective date of 1 April 2015.
- 6) HUNGATE 2013 Kft. changed its name to Budaörs Office Park Kft. with the effective date of 1 April 2015.

- 7) Century City Ingatlanbefektetési changed its name to Buy-Way Dunakeszi Kft. with the effective date of 1 April 2015.
- 8) Stripmall Management Ingatlanbefektetési changed its name to Buy-Way Soroksár Kft. with the effective date of 1 April 2015.
- 9) Endurance Asset, S.á.r.l. changed its name to CPI PG Management, S.á.r.l. with the effective date of 2 February 2015.
- 10) DH Est Europe Real Estate S.R.L. changed its name to CPI Romania S.R.L. with the effective date of 18 May 2015.
- 11) Duna office Center Ingatlankezelő changed its name to Europeum Kft. with the effective date of 1 April 2015.
- 12) Global Properties Ingatlanbefektetési changed its name to Fogarasi 3 BC Kft. with the effective date of 1 April 2015.
- 13) Global Immo Ingatlanbefektetési changed its name to GATEWAY Office Park Kft. with the effective date of 1 April 2015.
- 14) Global Center Ingatlanbefektetési changed its name to Hightech Park Kft. with the effective date of 1 April 2015.
- 15) ORCO PROPERTY STAR, a.s. changed its name to Lucemburská 46, a.s. with the effective date of 5 August 2015.
- 16) Global Estates Ingatlanbefektetési changed its name to M3 BC Kft. with the effective date of 1 April 2015.
- 17) OC Futurum Kolín, a.s. merged with Marissa Tau, a.s. (the "successor company") with the effective date of 1 July 2015. All assets and liabilities of OC Futurum Kolín, a.s. passed to the successor company.
- 18) Global Management Ingatlanbefektetési changed its name to New Age Kft. with the effective date of 1 April 2015.
- 19) Ablon Bucharest Real Estates Development S.R.L. changed its name to Pro Tower Development S.R.L. with the effective date of 21 April 2015.
- 20) First Chance Ingatlanbefektetési changed its name R40 Real Estate Kft. with the effective date of 1 April 2015.

Czech Property Investments, a.s.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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

STATEMENT OF COMPREHENSIVE INCOME

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

	Note	2015	2014
Gross rental revenue	4.1	13,944	14,676
Service revenue	4.1	16,845	11,573
Property operating expenses	4.2	(13)	(764)
Net rental income		30,776	25,485
Total revenues		30,789	26,249
Total direct business operating expenses		(13)	(764)
Net business income		30,776	25,485
Net gain on disposal of subsidiaries and investees	4.3	195,731	178,732
Amortization, depreciation and impairments	4.4	(144,813)	(498,568)
Other operating income	4.5	12,815	113
Administrative expenses	4.6	(28,284)	(24,940)
Other operating expenses	4.7	(645)	(2,167)
Operating result		65,580	(321,345)
Interest income	4.8	1,334,185	1,290,036
Interest expense	4.9	(1,901,163)	(1,760,261)
Other net financial result	4.10	1,110,635	449,867
Net finance income / (costs)		543,657	(20,358)
Profit / (Loss) before income tax		609,237	(341,703)
Income tax expense / (income)	4.11	90,617	86,477
Net profit / (Loss) from continuing operations		699,854	(255,226)
Other comprehensive income for the period, net of tax		--	--
Total comprehensive income for the period		699,854	(255,226)
Profit / (loss) attributable to:			
Non controlling interests			--
Owners of the Company		699,854	(255,226)
Profit / (loss) for the period		699,854	(255,226)
Total comprehensive income attributable to:			
Non controlling interests		--	--
Owners of the Company		699,854	(255,226)
Total comprehensive income for the period		699,854	(255,226)
Earnings per share	5.10		
Basic earnings in CZK per share		90.49	(33.00)
Diluted earnings in CZK per share		90.49	(33.00)

STATEMENT OF FINANCIAL POSITION

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

	Note	31 December 2015	31 December 2014
NON-CURRENT ASSETS			
Investment in subsidiaries and jointly controlled entities	3.1	19,658,185	16,225,156
Intangible assets and goodwill	5.1	171	362
Property, plant and equipment	5.2	1,551	2,218
Available-for-sale financial assets	5.3	11,746	3,165,888
Financial assets at fair value through profit or loss	5.4	30,403	12,053
Loans provided	5.5	4,831,881	8,021,455
Trade and other receivables	5.6	3,418	6,180
Total non-current assets		24,537,355	27,433,312
CURRENT ASSETS			
Current income tax receivables		180	1,537
Trade receivables	5.6	37,180	120,407
Available-for-sale financial assets	5.4	37,159	--
Loans provided	5.5	6,552,332	13,917,678
Cash and cash equivalents	5.7	625,139	142,569
Other financial current assets	5.8	3,010,928	5,177,943
Other non-financial current assets	5.9	15,005	18,232
Total current assets		10,277,923	19,378,366
TOTAL ASSETS		34,815,278	46,811,678
EQUITY			
Equity attributable to owners of the Company	5.10	22,346,987	21,647,133
Non controlling interests		--	--
Total equity		22,346,987	21,647,133
NON-CURRENT LIABILITIES			
Bonds issued	5.11	5,250,578	12,875,835
Financial debts	5.12	3,705,894	8,679,562
Deferred tax liabilities	4.11	412	95,315
Total non-current liabilities		8,956,884	21,650,712
CURRENT LIABILITIES			
Current bonds	5.11	1,350,719	651,717
Financial debts	5.12	1,622,236	1,685,552
Trade payables	5.13	16,538	12,871
Advance payments	5.14	109,916	110,045
Other financial current liabilities	5.15	411,998	1,053,648
Total current liabilities		3,511,407	3,513,833
TOTAL EQUITY AND LIABILITIES		34,815,278	46,811,678

STATEMENT OF CHANGES IN EQUITY

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

	Note	Share capital	Share premium	Legal reserve	Merger reserve	Revaluation reserve	Other reserves	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2015		6,186,997	575,942	30,810	(42,151)	1,600,985	10,427,128	2,867,422	21,647,133	--	21,647,133
Comprehensive income for the period		--	--	--	--	--	--	699,854	699,854	--	699,854
<i>Profit for the period</i>		--	--	--	--	--	--	699,854	699,854	--	699,854
<i>Total other comprehensive income</i>		--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period		--	--	--	--	--	--	699,854	699,854	--	699,854
<i>Contributions by and distributions to owners of the Company</i>		--	--	--	--	--	--	--	--	--	--
Owner's contribution		--	--	--	--	--	--	--	--	--	--
Total contributions by and distributions to owners of the Company		--	--	--	--	--	--	--	--	--	--
<i>Changes in ownership interests in subsidiaries</i>		--	--	--	--	--	--	--	--	--	--
Total transactions with owners of the Company		--	--	--	--	--	--	--	--	--	--
Other movements		--	--	--	--	--	--	--	--	--	--
Effect resulting from non-interest loans provided from subsidiaries	5.10	--	--	--	--	--	--	--	--	--	--
Total other movements		--	--	--	--	--	--	--	--	--	--
Balance at 31 December 2015		6,186,997	575,942	30,810	(42,151)	1,600,985	10,427,128	3,567,276	22,346,987	--	22,346,987

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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

	Note	Share capital	Share premium	Legal reserve	Merger reserve	Revaluation reserve	Other reserves	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2014		6,186,997	575,942	30,810	(42,151)	1,241,543	5,310,658	3,122,648	16,426,447	--	16,426,447
Comprehensive income for the period											
<i>Loss for the period</i>		--	--	--	--	--	--	(255,226)	(255,226)	--	(255,226)
<i>Total other comprehensive income</i>		--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period		--	--	--	--	--	--	(255,226)	(255,226)	--	(255,226)
<i>Contributions by and distributions to owners of the Company</i>											
Owner's contribution		--	--	--	--	--	5,116,470	--	5,116,470	--	5,116,470
Total contributions by and distributions to owners of the Company		--	--	--	--	--	5,116,470	--	5,116,470	--	5,116,470
<i>Changes in ownership interests in subsidiaries</i>		--	--	--	--	--	--	--	--	--	--
Total transactions with owners of the Company		--	--	--	--	--	5,116,470	--	5,116,470	--	5,116,470
Other movements											
Effect resulting from non-interest loans provided from subsidiaries	5.10	--	--	--	--	359,442	--	--	359,442	--	359,442
Total other movements		--	--	--	--	359,442	--	--	359,442	--	359,442
Balance at 31 December 2014		6,186,997	575,942	30,810	(42,151)	1,600,985	10,427,128	2,867,422	21,647,133	--	21,647,133

CASH FLOW STATEMENT

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

	Note	31 December 2015	31 December 2014
PROFIT / (LOSS) BEFORE INCOME TAX		609,237	(341,703)
<i>Adjusted by:</i>			
Depreciation / amortisation of tangible and intangible assets	4.4	701	1,039
Impairment of assets	4.4	144,112	497,529
Gain on the disposal of investments in subsidiaries	4.3	(195,731)	(178,732)
Net finance (income) / costs	4.8, 4.9	(543,657)	20,358
Exchange rate differences		(138,059)	55,628
Profit before changes in working capital and provisions		(123,394)	54,119
(Increase) / Decrease in receivables		429,815	2,062,075
Increase in liabilities		(663,938)	387,645
Income tax paid / (received)		(2,929)	88,214
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		(360,446)	2,592,053
Acquisition of investment in subsidiaries		(557,610)	(617,526)
Disposal of investment in subsidiaries		--	231,124
Proceeds from sale of property, plant and equipment		157	--
Proceeds from disposals of subsidiaries, net of cash disposed		436,169	178,732
Acquisition of intangible assets		--	7,176
Acquisition of available-for-sale financial assets		(2,882,084)	--
Loans provided	5.5	5,767,386	(2,642,154)
Dividends received		1,146,067	457,673
Interest received		314,813	1,410,704
NET CASH USED IN INVESTING ACTIVITIES		3,113,915	(974,271)
Proceeds from bond issued	5.11	(6,986,979)	--
Interest paid		(2,019,596)	(1,574,316)
Repayments of borrowings		5,626,660	(19,798)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		(3,379,915)	(1,594,114)
NET INCREASE / (DECREASE) IN CASH		484,537	23,668
Cash and cash equivalents at the beginning of the year		142,569	118,090
Effect of movements in exchange rates on cash held		(1,967)	811
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		625,139	142,569

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Czech Property Investments, a.s. (hereinafter also 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 Vladislavova 1390/17, Praha 1, 110 00.

Principal activities

The Company, through its subsidiaries and joint ventures, rents and manages its investment property portfolio composed of office buildings, retail parks, logistics parks, hotels and residential premises as well as develops real estate projects.

Description of ownership structure

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

CPI PROPERTY GROUP is a Luxembourg based *Société Anonyme*, whose shares registered under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

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

Management

Board of Directors

Board of Directors as at 31 December 2015

Chairman

Zdeněk Havelka, since 13 November 2014

Member

Kristína Magdolenová, since 15 February 2014

Board of Directors as at 31 December 2014

Chairman

Zdeněk Havelka, since 13 November 2014

Member

Kristína Magdolenová, since 15 February 2014

Supervisory Board

Supervisory Board as at 31 December 2015

Member

Milan Trněný, since 5 June 2014

Supervisory Board as at 31 December 2014

Member

Milan Trněný, since 5 June 2014

The management

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

Employees

The Company does not employ any employees at 31 December 2015 (at 31 December 2014 – 0 employees).

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of financial statements

(a) Statement of compliance

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

The Company has not prepared an annual report as at 31 December 2015, as it plans to include the respective information in the consolidated annual report.

The financial statements were authorized for issue by the Board of Directors on 25 April 2015.

(b) New standards

For the preparation of these financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2015 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS or not-for-profit and public sector entities since they are not relevant to the Company).

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

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

This amendment has no impact on the Company's results for the financial year ending 31 December 2015.
- The amendment to IAS 40 *Investment properties* clarifies that judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on the guidance in IFRS 3. These amendments have no impact on the Company's results for the financial year ending 31 December 2015.
- The interpretation IFRIC 21 *Levies* clarifies that a levy is not recognized until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. These interpretation has no impact on the Company's results for the financial year ending 31 December 2015.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below.

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

The following new standards, new interpretations and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been early adopted by the Company:

- The amendment to IFRS 3 *Business Combinations* (with consequential amendments to other standards) clarifies that when contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, rather than to any other standard. It also clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.
This amendment to IFRS 3 is effective for annual periods beginning on or after 1 February 2015. The Company is assessing the impact of IFRS 3.

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

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

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

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

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

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

- IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' face are amended as follows:
 - *"Revenue-based depreciation banned for property, plant and equipment" means that revenue-based methods of depreciation cannot be used for property, plant and equipment.*
 - *"New restrictive test for intangible assets" deals with a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.*

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

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

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

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

(c) Basis of measurement

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

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

(d) Functional and presentation currency

These financial statements are presented in Czech Crowns, which is the Company's functional currency. All financial information presented in Czech Crowns (CZK) has been rounded to the nearest thousand (TCZK), except when otherwise indicated.

(e) Use of estimates and judgements

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

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

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

- Note 2.2(d) – Lease classification
- Note 8 – Contingent consideration

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

- Note 5.5 and 5.10 – Amortisation of interest free loan
- Note 3.1 and 4.4 – Valuation of investment in subsidiaries

2.2 Significant accounting policies

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

(a) Foreign currency

(i) Foreign currency transactions

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

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

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

(b) Investments in subsidiaries, jointly controlled entities and associates

A subsidiary is an entity controlled by the parent company. An investor controls an investee when it is exposed to or has rights to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over that investee.

Subsidiaries are consolidated using the full consolidation method.

Non-controlling interests shall be presented in the consolidated statement of financial position within equity, separately from the equity attributable to the shareholders of the parent company.

(c) Investment property

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

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

An external independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at the year end of 2015 and 2014 respectively.

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

(d) Leased assets

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

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

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

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

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

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

(iv) Depreciation

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

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

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

Assets	2015	2014
Property	30 – 50 years	30 – 50 years
Equipment	5 - 10 years	5 - 10 years
Motor vehicles	5 years	5 years
Fittings	3 - 5 years	3 - 5 years
Computers	3 years	3 years

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

(f) Intangible assets**(i) Recognition and measurement**

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

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

Assets	2015	2014
Software	3-8 years	3-8 years
Other intangible assets	3-5 years	3-5 years

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

(g) Trading property - inventories

Trading property - inventories is measured at the lower of cost and net realisable value.

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

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

(h) Financial instruments**(i) Non-derivative financial assets**

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

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

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

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

Loans provided

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial

recognition, provided loans are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 2.2(i)).

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

The recoverable amount of the Company's provided loans is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate calculated at initial recognition of these financial assets).

The Company classifies as current any part of long-term loans that is due within one year from the reporting date.

Trade and other receivables

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

Cash and cash equivalents

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

The Company treats cash deposited as a security in accordance with bank loan covenants as cash and cash equivalents for cash flow purposes.

Held-to-maturity financial assets

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

Held-to-maturity financial assets comprise bonds.

Available-for-sale financial assets

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

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

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

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

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

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

Transaction costs

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

(iii) Share capital

Ordinary shares

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

(i) Impairment

(i) Non - financial assets and investments in subsidiaries, jointly controlled entities and associates

The carrying amounts of the Company's investments in subsidiaries, jointly controlled entities and associates and non-financial assets, other than investment property (see accounting policy 2.2.(c), and deferred tax assets (see accounting policy 2.2(o)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

(ii) Non-derivative financial assets

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

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

Financial assets measured at amortised cost

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

not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

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

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

Available-for-sale financial assets

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

(j) Provisions

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

(k) Contingent liability

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

(l) Guaranties provided

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

(m) Revenue

(i) Rental revenue

Rental revenue from investment property is recognised as revenue on a straight-line basis over the term of the operating lease. Lease incentives granted are recognised as an integral part of the total rental revenue, over the term of the lease.

The term of the lease is the non-cancellable period of the lease. Any further term for which the tenant has the option to continue the lease is not considered.

(ii) Service charges and expenses recoverable from tenants

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

(iii) Services rendered

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

(iv) Sale of investments in subsidiaries, jointly controlled entities and associates, investment property and trading property

Revenue from the sale of investments in subsidiaries, jointly controlled entities and associates, investment property and trading property is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably.

(n) Expenses

(i) Service costs and property operating expenses

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

(ii) Operating lease payments

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

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

(iii) Finance lease payments

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

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

Interest income comprises interest income on funds invested, such as bank interest, interest on provided loans, interest on bonds purchased and interest on non-current receivables.

Interest costs comprise interest expense on loans and borrowings, on finance leases, on bonds issued and interest charges related to finance leases.

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

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

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

(p) Income tax

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

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

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

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

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

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

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

(q) Earnings per share

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

(r) Segment reporting

An operating segment is a component of the Company:

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

Each segment within the group is periodically evaluated during the regular meetings of established task forces and results of such evaluations are reported during the Board of Directors meetings. Segment results that are reported to the Board of Directors, which is the chief operating decision maker, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total expenditure incurred during the period to acquire property, plant and equipment, investment property, intangible assets other than goodwill and trading property.

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

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

The Company determinates its operations to the one segment – Investment Management. In respect of geographical segments, 100% (2014 - 100 %) of revenues are realized in the Czech Republic.

All non-financial assets are located in the Czech Republic.

(s) Related parties

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

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

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

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

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

3 Investment in subsidiaries and jointly controlled entities

3.1 Investment in subsidiaries and jointly controlled entities at 31 December 2015

As at 31 December 2015 the Company undertakes control in 93 subsidiaries (at 31 December 2014 - 94 subsidiaries), further referred to as the “CPI Group” or “Group”.

Name (former name)	Ownership interest in %	Cost of investment	Impairment	Carrying amount	Net assets	Share on equity
Balvinder, a.s.	100.00%	72,000	(18,117)	53,883	53,883	53,883
Baudry, a.s.	100.00%	579,804	(1,160)	578,644	578,644	578,644
BAYTON Gama, a.s.	86.54%	542,538	--	542,538	709,663	614,142
Beroun Property Development, a.s.	100.00%	53,000	--	53,000	118,206	118,206
BPT Development, a.s.	100.00%	2,230	(2,230)	--	(29,077)	(29,077)
Brandýs Logistic, a.s.	100.00%	24,000	--	24,000	219,127	219,127
Březiněves, a.s.	100.00%	110,427	(73,755)	36,672	36,672	36,672
Camuzzi, a.s.	100.00%	42,000	--	42,000	61,567	61,567
Carpenter Invest, a.s.	100.00%	125,558	(10,104)	115,454	115,454	115,454
Conradian, a.s.	100.00%	191,500	(161,908)	29,592	29,592	29,592
CPI - Bor, a.s.	100.00%	182,649	--	182,649	190,200	190,200
CPI - Facility, a.s.	100.00%	2,000	(2,000)	--	(10,565)	(10,565)
CPI - Land Development, a.s.	100.00%	1,500,000	(167,076)	1,332,924	1,332,924	1,332,924
CPI - Orlová, a.s.	100.00%	30,000	(17,585)	12,415	12,415	12,415
CPI - Real Estate, a.s.	100.00%	59,266	--	59,266	586,593	586,593
CPI - Štupartská, a.s.	100.00%	101,000	(74,274)	26,726	26,726	26,726
CPI - Zbraslav, a.s.	100.00%	71,904	--	71,904	131,075	131,075
CPI Alfa, a.s.	100.00%	27,000	--	27,000	57,874	57,874
CPI Beta, a.s.	100.00%	2,000	--	2,000	4,202	4,202
CPI BYTY, a.s.	100.00%	184,767	--	184,767	3,336,435	3,336,435
CPI City Center ŮL, a.s.	100.00%	190,424	--	190,424	197,900	197,900
CPI CYPRUS LIMITED	100.00%	1,848	(741)	1,107	1,107	1,107
CPI Delta, a.s.	100.00%	93,000	--	93,000	102,475	102,475
CPI East,s.r.o.	100.00%	200	(200)	--	(17)	(17)
CPI Epsilon, a.s.	100.00%	17,000	(5,203)	11,797	11,797	11,797
CPI Facility Slovakia, a.s.	100.00%	670	--	670	5,649	5,649
CPI Finance Ireland Limited	100.00%	9,001,500	(8,074)	8,993,426	8,993,426	8,993,426
CPI Finance Ireland III Ltd.	100.00%	--	--	--	--	--
CPI Finance Netherlands B.V.	100.00%	48,428	--	48,428	161,148	161,148
CPI Finance Netherlands III B.V.	100.00%	--	--	--	--	--
CPI Finance Slovakia, a.s.	100.00%	860	--	860	905	905
CPI Flats, a.s. (BAYTON Beta, a.s.)	100.00%	87,460	--	87,460	90,808	90,808
CPI Heli, s.r.o.	100.00%	16,200	(10,127)	6,073	6,073	6,073
CPI Hotels Properties, a.s.	100.00%	150,000	--	150,000	483,004	483,004
CPI Lambda, a.s.	100.00%	762,989	(14)	762,975	762,975	762,975
CPI Management, s.r.o.	100.00%	200	(200)	--	(2,463)	(2,463)
CPI Park Mlýnec, a.s.	94.96%	189,900	(72,933)	116,967	116,967	116,967
CPI PG Management, S.à.r.l. (ENDURANCE ASSET, S.à r.l.)	100.00%	391,686	(391,686)	--	(237,165)	(237,165)
CPI Poland Sp. Z o.o.	100.00%	66	(66)	--	(3,035)	(3,035)
CPI Property, s.r.o.	100.00%	200	--	200	6,537	6,537
CPI Reality, a.s.	100.00%	(20,508)	--	(20,508)	879,046	879,046
CPI Retails FIVE, a.s.	100.00%	827	--	827	59,045	59,045
CPI Retails FOUR, a. s.	100.00%	1,600	--	1,600	50,076	50,076
CPI Retails ONE, a.s.	100.00%	32,000	(2,927)	29,073	29,073	29,073
CPI Retails THREE, a.s.	100.00%	33,119	(2,602)	30,517	30,517	30,517
CPI Retails TWO, a.s.	100.00%	43,000	--	43,000	99,999	99,999
CPI Services, a.s.	100.00%	2,000	(2,000)	--	(7,191)	(7,191)
CPI South, s.r.o.	100.00%	51,291	(3,008)	48,283	48,283	48,283
CPI West, s.r.o.	100.00%	200	--	200	694	694
CURITIBA a.s.	100.00%	213,196	--	213,196	233,171	233,171
Čáslav Investments, a.s.	100.00%	7,663	--	7,663	8,759	8,759
Družstvo Land	99.96%	934,026	--	934,026	1,112,706	1,112,261
EMH North, s.r.o.	100.00%	190,216	(78,304)	111,912	111,912	111,912
EMH South, s.r.o.	100.00%	41,216	--	41,216	53,142	53,142

Name (former name)	Ownership interest in %	Cost of investment	Impairment	Carrying amount	Net assets	Share on equity
EMH West, s.r.o.	100.00%	160,216	--	160,216	189,484	189,484
Endurance Hospitality Asset S.à.r.l.	100.00%	--	--	--	35,430	35,430
Endurance Hospitality Finance S.à.r.l.	100.00%	--	--	--	2,122,381	2,122,381
FL Property Development, a.s.	100.00%	12,000	--	12,000	17,348	17,348
GOMENDO LIMITED	100.00%	--	--	--	(862)	(862)
Hospitality Invest, S.à.r.l.	100.00%	--	--	--	506,908	506,908
IGY2 CB, a.s.	100.00%	55,000	(29,067)	25,933	25,933	25,933
Jeseník Investments, a.s. (Liongate, a.s.)	100.00%	8,000	(8,000)	--	(2,812)	(2,812)
JONVERO LIMITED	100.00%	28	--	28	30,535	30,535
Karviná Property Development, a.s.	100.00%	21,000	(14,947)	6,053	6,053	6,053
Kerina, a.s.	100.00%	172,000	(111,679)	60,321	60,321	60,321
Malerba, a.s.	100.00%	431,120	--	431,120	2,333,367	2,333,367
Marissa Omikrón, a.s.	100.00%	262,091	(7,571)	254,520	254,520	254,520
Marissa Tau, a.s.	100.00%	47,091	--	47,091	55,279	55,279
Marissa Théta, a.s.	100.00%	2,121	--	2,121	2,167	2,167
Marissa Yellow, a.s.	100.00%	2,118	--	2,118	2,120	2,120
Marissa Ypsilon, a.s.	100.00%	2,120	--	2,120	2,161	2,161
Marissa, a.s.	100.00%	1,795,690	(10,044)	1,785,646	1,785,646	1,785,646
MUXUM, a.s.	100.00%	258,326	(15,863)	242,463	242,463	242,463
Olomouc City Center, a.s.	100.00%	190,655	(89,739)	100,916	100,916	100,916
Olomouc Office, a.s.	100.00%	12,000	--	12,000	80,458	80,458
Pelhřimov Property Development, a.s.	100.00%	10,500	--	10,500	13,949	13,949
Prague Property Development, s.r.o.	100.00%	38,771	--	38,771	97,276	97,276
Příbor Property Development, s. r.o.	100.00%	11,690	--	11,690	24,883	24,883
Statenice Property Development, a.s.	100.00%	232,115	(49,601)	182,514	182,514	182,514
Strakonice Property Development, a.s.	100.00%	12,000	(5,897)	6,103	6,103	6,103
Svitavy Property Alfa, a.s.	100.00%	19,000	--	19,000	40,847	40,847
Svitavy Property Development, a.s.	100.00%	102,000	(72,340)	29,660	29,660	29,660
Telč Property Development, a.s.	100.00%	8,000	(5,619)	2,381	2,381	2,381
Třinec Investments, s.r.o.	100.00%	6,700	--	6,700	31,402	31,402
Týniště Property Development, s.r.o.	100.00%	200	(200)	--	(250)	(250)
U svatého Michala, a.s.	100.00%	148,000	(40,270)	107,730	107,730	107,730
VERETIX a.s.	100.00%	692,600	--	692,600	1,800,211	1,800,211
Vigano, a.s.	100.00%	382,000	(271,141)	110,859	110,859	110,859
VM Property Development, a.s.	100.00%	2,000	(2,000)	--	(5,258)	(5,258)
Vyškov Property Development, a.s.	100.00%	11,000	--	11,000	42,791	42,791
ZLATICO LIMITED	100.00%	26	(26)	--	(821)	(821)
Žďár Property Development, a.s.	100.00%	8,500	(7,815)	685	685	685
Ždírec Property Development, a.s.	100.00%	3,500	--	3,500	8,203	8,203
Total		21,506,298	(1,848,113)	19,658,185	--	--

3.2 Changes in investment in subsidiaries in 2015

a) Acquisition of investment in subsidiaries and stakes in jointly controlled entities

During 2015, the Company has acquired the following entities:

Entity	Change	Share in %	Date of acquisition
JONVERO LIMITED	acquisition	100.00%	6 January 2015
CPI Finance Netherlands II, B. V.	founded	100.00%	14 January 2015
CPI Finance Ireland II Ltd.	founded	100.00%	22 January 2015
CPI Finance Slovakia, a.s.	founded	100.00%	16 February 2015
Karviná Property Development, a.s.	acquisition	100.00%	1 June 2015
Endurance Hospitality Asset S.à.r.l.	acquisition	88.00%	3 June 2015
Endurance Hospitality Finance S.à.r.l.	acquisition	88.00%	3 June 2015
Hospitality Invest S.à.r.l.	acquisition	100.00%	3 June 2015
CPI Finance Ireland III Ltd.	founded	100.00%	11 December 2015
CPI Finance Netherlands III, B. V.	founded	100.00%	17 December 2015

b) Disposal of investment in subsidiaries and stakes in jointly controlled entities

The following entities were disposed of in 2015:

Entity	Change	Share in %	Date of disposal
CPI Finance Ireland II Ltd.	disposal	100.00%	2 March 2015
CPI Finance Netherlands II, B. V.	disposal	100.00%	9 March 2015
CPI North, s.r.o.	disposal	100.00%	1 April 2015
Marissa Omega, a.s.	disposal	100.00%	30 June 2015
Marissa Sigma, a.s.	disposal	100.00%	30 June 2015
Marissa South, a.s.	disposal	100.00%	30 June 2015
Marissa North, a.s.	disposal	100.00%	30 June 2015
Marissa Lambda, a.s.	disposal	100.00%	30 June 2015
ELAMOR, a.s.	disposal	100.00%	30 June 2015
Příkopy Property Development, a.s.	disposal	100.00%	4 November 2015

c) Mergers of subsidiaries in 2015

OC Futurum Kolín, a.s. merged with Marissa Tau, a.s. (the “successor company”) with the effective date of 1 July 2015. All assets and liabilities of OC Futurum Kolín, a.s. passed to the successor company.

d) Acquisition of non-controlling interest in 2015

At the end of 2015, the Company acquired non-controlling interest of Hospitality Group (consisting of 12% interest of the voting shares of Endurance Hospitality Finance S.á r.l., 12% interest of the voting shares of Endurance Hospitality Asset S.á r.l. and 6% interest of the voting shares of Hospitality Invest S.á r.l.).

A cash consideration of EUR 3 was paid to the non-controlling shareholders. Carrying value of the non-controlling interest acquired was EUR 6,332 thousand. The difference of EUR 6,332 thousand between the consideration paid and the carrying value of the interest acquired has been recognised in retained earnings.

3.3 Investments in subsidiaries and jointly controlled entities at 31 December 2014

Name (former name)	Ownership interest in %	Cost of investment	Impairment	Carrying amount	Net assets
Balvinder, a.s.	100.00%	72,000	(6,093)	65,907	65,907
Baudry, a.s.	100.00%	34,794	(780)	34,014	34,014
BAYTON Gama, a.s.	86.54%	542,524	--	542,524	691,634
Beroun Property Alfa, a.s.	100.00%	2,000	(101)	1,899	1,899
Beroun Property Development, a.s.	100.00%	53,000	--	53,000	93,081
BPT Development, a.s.	100.00%	2,230	(2,230)	--	(15,527)
Brandýs Logistic, a.s.	100.00%	52,000	--	52,000	248,655
Březiněves, a.s.	100.00%	110,427	(85,838)	24,589	24,589
Camuzzi, a.s.	100.00%	42,000	--	42,000	142,560
Carpenter Invest, a.s.	100.00%	113,558	(19,564)	93,994	93,994
Conradian, a.s.	100.00%	175,000	(159,858)	15,142	15,142
CPI - Bor, a.s.	100.00%	182,649	--	182,649	200,079
CPI - Facility, a.s.	100.00%	2,000	(2,000)	--	(22,672)
CPI - Land Development, a.s.	100.00%	1,500,000	(127,078)	1,372,922	1,372,922
CPI - Orlová, a.s.	100.00%	30,000	(14,402)	15,598	15,598
CPI - Real Estate, a.s.	100.00%	59,266	--	59,266	574,989
CPI - Štupartská, a.s.	100.00%	101,000	(75,138)	25,862	25,862
CPI - Zbraslav, a.s.	100.00%	71,904	--	71,904	127,212
CPI Alfa, a.s.	100.00%	27,000	--	27,000	47,794
CPI Beta, a.s.	100.00%	2,000	--	2,000	3,991
CPI BYTY, a.s.	100.00%	184,767	--	184,767	3,410,609
CPI City Center ÚL, a.s.	100.00%	95,414	--	95,414	102,962
CPI CYPRUS LIMITED	100.00%	1,848	(425)	1,423	1,423
CPI Delta, a.s.	100.00%	93,000	--	93,000	124,003
CPI East,s.r.o.	100.00%	200	(160)	40	40
CPI Epsilon, a.s.	100.00%	17,000	(1,736)	15,264	15,264
CPI Facility Slovakia, a.s.	100.00%	609	--	609	4,837
CPI Finance Ireland Limited	100.00%	9,001,500	(7,191)	8,994,309	8,994,309
CPI Finance Netherlands B.V.	100.00%	48,428	--	48,428	856,934
CPI Flats, a.s. (BAYTON Beta, a.s.)	100.00%	87,460	--	87,460	119,225
CPI Heli, s.r.o.	100.00%	14,200	(6,810)	7,390	7,390
CPI Hotels Properties, a.s.	100.00%	150,000	--	150,000	467,354
CPI Lambda, a.s.	100.00%	2,000	(14)	1,986	1,986

Name (former name)	Ownership interest in %	Cost of investment	Impairment	Carrying amount	Net assets
CPI Management, s.r.o.	100.00%	200	(200)	--	(247)
CPI North, s.r.o.	100.00%	200	(66)	134	134
CPI Park Mlýnec, a.s.	100.00%	189,900	(72,342)	117,558	117,558
CPI Poland Sp. Z o.o.	100.00%	66	(66)	--	(1,455)
CPI Property, s.r.o.	100.00%	200	--	200	4,959
CPI Reality, a.s.	100.00%	(20,508)	--	(20,508)	866,425
CPI Retails FIVE, a.s.	100.00%	827	--	827	40,273
CPI Retails FOUR, a.s.	100.00%	1,600	--	1,600	30,520
CPI Retails ONE, a.s.	100.00%	49,000	(2,499)	46,501	46,501
CPI Retails THREE, a.s.	100.00%	695	(208)	487	487
CPI Retails TWO, a.s.	100.00%	43,000	--	43,000	67,416
CPI Services, a.s.	100.00%	2,000	(2,000)	--	(3,494)
CPI South, s.r.o.	100.00%	51,291	(3,136)	48,155	48,155
CPI West, s.r.o.	100.00%	200	--	200	2,647
CURITIBA a.s.	100.00%	85,000	--	85,000	105,306
Čáslav Investments, a.s.	100.00%	2,163	(374)	1,789	1,789
Družstvo Land	99.96%	934,026	--	934,026	1,177,956
ELAMOR, a.s.	100.00%	672	(200)	472	472
EMH North, s.r.o.	100.00%	150,216	(85,627)	64,589	64,589
EMH South, s.r.o.	100.00%	26,216	(23,247)	2,969	2,969
EMH West, s.r.o.	100.00%	160,216	--	160,216	180,153
ENDURANCE ASSET, S.á r.l	100.00%	391,686	(98,177)	293,509	293,509
FL Property Development, a.s.	100.00%	12,000	--	12,000	17,048
GOMENDO LIMITED	100.00%	--	--	--	(580)
IGY2 CB, a.s.	100.00%	35,000	(16,849)	18,151	18,151
Jeseník Investments, a.s. (Liongate, a.s.)	100.00%	4,500	(2,369)	2,131	2,131
Kerina, a.s.	100.00%	162,000	(123,202)	38,798	38,798
Malerba, a.s.	100.00%	100,000	--	100,000	1,958,125
Marissa Lambda, a.s.	100.00%	2,091	--	2,091	2,121
Marissa North, a.s.	100.00%	2,091	--	2,091	2,121
Marissa Omega, a.s.	100.00%	2,091	--	2,091	2,121
Marissa Omikrón, a.s.	100.00%	2,091	--	2,091	2,121
Marissa Sigma, a.s.	100.00%	2,091	--	2,091	2,121
Marissa South, a.s.	100.00%	2,091	--	2,091	2,121
Marissa Tau, a.s.	100.00%	2,091	--	2,091	2,121
Marissa Théta, a.s.	100.00%	2,092	--	2,092	2,122
Marissa Yellow, a.s.	100.00%	2,089	--	2,089	2,120
Marissa Ypsilon, a.s.	100.00%	2,091	--	2,091	2,121
Marissa, a.s.	100.00%	339,660	--	339,660	340,062
MUXUM, a.s.	100.00%	258,326	(26,379)	231,947	231,947
Olomouc City Center, a.s.	100.00%	190,655	(114,759)	75,896	75,899
Olomouc Office, a.s.	100.00%	12,000	--	12,000	81,412
Pelhřimov Property Development, a.s.	100.00%	10,500	--	10,500	12,400
Prague Property Development, s.r.o.	100.00%	38,771	--	38,771	96,055
Příbor Property Development, s. r.o.	100.00%	11,690	--	11,690	13,602
Příkopy Property Development, a.s.	100.00%	225,000	(153,646)	71,354	71,354
Statenice Property Development, a.s.	100.00%	232,115	--	232,115	238,091
Strakonice Property Development, a.s.	100.00%	12,000	(6,822)	5,178	5,178
Svitavy Property Alfa, a.s.	100.00%	19,000	(19,000)	--	15,728
Svitavy Property Development, a.s.	100.00%	102,000	(73,256)	28,744	28,744
Telč Property Development, a.s.	100.00%	8,000	(4,838)	3,162	3,162
Třinec Investments, s.r.o.	100.00%	6,700	--	6,700	21,384
Týniště Property Development, s.r.o.	100.00%	200	(200)	--	(298)
U svatého Michala, a.s.	100.00%	123,000	(44,286)	78,714	78,714
VERETIX a.s.	100.00%	692,600	--	692,600	1,806,419
Vigano, a.s.	100.00%	352,000	(306,745)	45,255	45,255
VM Property Development, a.s.	100.00%	2,000	(2,000)	--	(5,288)
Vyškov Property Development, a.s.	100.00%	2,000	--	2,000	45,807
ZLATICO LIMITED	100.00%	26	(26)	--	(570)
Žďár Property Development, a.s.	100.00%	8,500	(8,203)	297	297
Ždírec Property Development, a.s.	100.00%	3,500	--	3,500	7,717
Total		17,925,296	(1,700,140)	16,225,156	--

3.4 Changes in investment in subsidiaries in 2014

a) Acquisition of investment in subsidiaries and stakes and jointly controlled entities

During 2014, the Company has acquired or founded the following entities:

Entity	Change	Share in %	Date of acquisition
CPI Poland Sp. Z o.o.	acquisiton	100.00%	7 February 2014
Čáslav Investments, a.s.	acquisiton	100.00%	2 May 2014
ENDURANCE ASSET, S.à r.l (1)	acquisiton	100.00%	1 October 2014
GOMENDO LIMITED	acquisiton	100.00%	10 June 2014
Pelhřimov Property Development, a.s.	acquisiton	100.00%	2 April 2014

- (1) On 1 October, the Company acquired 100 % share in Endurance Asset S.à r.l. This company, domiciled in Luxembourg, was acquired with its four, fully owned subsidiaries. Due to the acquisition, the Company acquired Poštová Office Center, refurbished office building located in the prime downtown area of Bratislava, Slovakia. The acquisition follows the completion of insolvency restructuring procedure of the holding entity of this building. As part of its restructuring, Poštová Office Center obtained a favorable bank financing amounting to CZK 96.3 million.

b) Disposal of investment in subsidiaries and stakes in jointly controlled entities

The following entities were disposed of in 2014:

Entity	Change	Share in %	Date of disposal
CPI Retail Portfolio II, a.s. (1)	disposal	100.00%	10 March 2014
Trutnov Property Development, a.s. (1)	disposal	100.00%	10 March 2014

- (1) Both subsidiaries were purchased by Malerba, a.s., a subsidiary owned by the Company.

c) Mergers of subsidiaries in 2014

- Budaörs Business Park Kft. has merged with HUNGATE 2013 Kft. (the „successor company“) with the effective date of 3 November 2014. All assets and liabilities of Budaörs Business Park Kft. passed to the successor company.
- Besnet Centrum, a.s. has merged with EMH South, s.r.o. (the “successor company“) with the effective date of 1 October 2013. All assets and liabilities of Besnet Centrum, a.s. passed to the successor company. The transaction was legally completed on 10 March 2014 when the merger was recorded in the commercial register.
- CPI BB Centrum, a.s. has merged with EMH West, s.r.o. (the “successor company“) with the effective date of 1 October 2013. All assets and liabilities of CPI BB Centrum, a.s. passed to the successor company. The transaction was legally completed on 30 January 2014 when the merger was recorded in the commercial register.
- Luxembourg Plaza, a.s. has merged with EMH North, s.r.o. (the “successor company“) with the effective date of 1 October 2013. All assets and liabilities of Luxembourg Plaza, a.s. passed to the successor company. The transaction was legally completed on 14 February 2014 when the merger was recorded in the commercial register.
- ORCO APARTMENTS, Sp. z o.o. has merged with SPH Properties Sp. z o.o. (the successor company“) with the effective date of 30 September 2014. All assets and liabilities of ORCO APARTMENTS, Sp. Z o.o. passed to the successor company.

- (6) WARSAW WEST GATE, SP. Z o.o. has merged with WWG2013 Sp. z o.o. (the “successor company”) with the effective date of 30 September 2014. All assets and liabilities of WARSAW WEST GATE, SP. z.o.o. passed to the successor company. After the merger the successor company changed its name to Prosta 69 Sp. Z o.o.

d) Acquisition of non-controlling interest in 2014

BAYTON Gama, a.s.

In 2014, the Company acquired 0,04 % interest of the voting shares BAYTON Gama, a.s.

A cash consideration of CZK 14 thousand was paid to the non-controlling shareholders. Carrying value of the additional interest acquired was CZK 276 thousand. The difference of CZK 262 thousand between the consideration paid and the carrying value of the interest acquired has been recognised to retained earnings within equity.

4 Statement of comprehensive income

4.1 Gross rental revenue

	2015	2014
Gross rental revenue (1)	13,944	14,676
Service revenue	16,845	11,573
Total gross rental revenues	30,789	26,249

- (1) Rental income relates mainly to sub-lease of office spaces in building situated on Václavské náměstí 47. Sub-lease services are provided both to service companies within the CPI Group in the amount of CZK 13 million (CZK 13 million in 2014) and in the amount of CZK 0.9 million to third parties (CZK 1.7 million in 2014).

4.2 Property operating expenses

	2015	2014
Building maintenance	(9)	(77)
Utility services	(3)	(19)
Insurance	--	(665)
Other property related expenses	(1)	(3)
Total net property operating expenses	(13)	(764)

4.3 Net gain on the disposal of subsidiaries

	2015	2014
Proceeds from disposal of subsidiaries	436,169	579,340
Carrying value of disposed subsidiaries	(240,438)	(400,608)
Total gain on the disposal of investment property	195,731	178,732

In 2015, the Company disposed of its stakes in ten subsidiaries (note 3.2).

Net profit in the amount of CZK 195.9 million represents the sale of the former Zivnobanka building located at Na Prikope street in the centre of Prague. The transaction comprised of the transfer of shares in the Zivnobanka building project entity.

The Company sold investments in two of its subsidiaries in 2014. The stakes were sold to another subsidiary (Malerba, a.s.) and through the sale, profit in the amount of CZK 178.7 million was realized.

4.4 Amortization, depreciation and impairments

	2015	2014
Depreciation and amortization	(701)	(1,039)
Total impairment of assets (4.4.1)	(144,112)	(497,529)
Total depreciation, amortization and impairments	(144,813)	(498,568)

4.4.1 Impairment of assets

	2015	2014
Impairment of financial investment (2)	(147,973)	(431,191)
Impairment of other receivables	4,710	292
Impairment of trade receivables	18,348	(971)
Trade receivables written off	(20,265)	--
Impairment of trade receivables total (1)	(1,917)	(971)
Impairment of provided loans	64,821	(65,659)
Loans provided written off	(63,754)	--
Impairment of provided loans total (1)	1,067	(65,659)
Total	(144,112)	(497,529)

- (1) Impairment losses on trade receivables and loans provided include bad debt provisions charged to profit or loss and loss/gain related to receivables and loans written off/recovered.
- (2) The Company recognized impairment loss on financial investments of CZK 148 million in 2015. The main negative impact represents impairment loss of CZK 293.5 million (CPI PG Management S.à r.l.). In 2014, the Company recognized impairment loss on financial investments of CZK 431.2 million. The main negative impact represented impairment losses of CZK 98.2 million (Endurance Asset S.à r.l.), CZK 85.4 million (EMH North, s.r.o.), CZK 83.4 (Březiněves, a.s.) and CZK 50.6 million (Příkopy Property Development, a.s.). The impairment losses were recognised based on comparison of carrying value of an investment with its estimated fair value. The estimated fair value was calculated based on estimated net assets of individual subsidiaries using the estimated fair values of respective properties (allocated in subsidiaries).

Key assumptions and methods used in property valuations at individual subsidiaries' level:

The property portfolio in Czech and Slovak Republic is valued mainly by DTZ/ Cushman & Wakefield and RSM TACOMA a.s. Valuations of selected properties in Czech Republic, particularly land (land bank), was performed by RSA TACOMA a.s. or other external valuation companies (Mazars, Jones Lang LaSalle & CBRE). Property portfolio in Hungary, Poland and Romania is valued by Jones Lang LaSalle International or DTZ/ Cushman & Wakefield.

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

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

Given the fact the real estate market in Central Eastern Europe is considered small and transactions with real estate portfolio of the size similar to the Company one are very rare. Global volatility of the financial system was reflected also in residential and commercial real estate markets when already low number of transactions in the sector further decreased after 2008. Therefore, in arriving at the estimates of market values of investment property as at 31 December 2014 and 31 December 2015, the reliance placed on comparable historical transactions was limited. Due to the need to use the market knowledge and professional judgements of the valuers in greater extent, there was higher degree of uncertainty than which would exist in a more developed and active markets.

Following methods of investment property valuation were used with respect of its segment classification:

(i) Residential

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

(ii) Retail, Office, Industry and Logistics

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

(iii) Land and vacant buildings

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

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

(iv) Hotels

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

(v) Investment property under development / developments

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

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

4.5 Other operating income

	2015	2014
Change in provisions	--	4
Insurance claims	--	64
Other (1)	12,508	45
Income from sale of PPE	307	--
Total other operating income	12,815	113

(1) Other operating income in the amount of CZK 12.5 million relates to the write-off of liability.

4.6 Administrative expenses

	2015	2014
Service provided based on mandate contracts	(1,506)	(654)
Lease and rental expenses	(13,512)	(21,940)
Audit, tax and advisory	(1,793)	(1,327)
Legal services	--	(209)
Telecommunication, internet and software related expenses	--	(159)
Material consumption	(5)	(107)
Representation expenses	--	(4)
Other insurance expenses	(7)	(41)
Other administrative expenses	(11,461)	(499)
Total administrative expenses	(28,284)	(24,940)

4.7 Other operating expenses

	2015	2014
Penalties	(380)	(1,576)
Tax non-deductible VAT expenses	(226)	(573)
Taxes and fees	(8)	(18)
Other	(31)	--
Total other operating expenses	(645)	(2,167)

4.8 Interest income

	2015	2014
Bank interest income	1	3
Interest income on bonds (1)	129,061	13,015
Interest income on loans and receivables	1,205,123	1,052,532
Interest income on other non-current receivables (2)	--	224,486
Total interest income	1,334,185	1,290,036

- (1) Increased interest income on bonds represent mainly income on bonds purchased in December 2014 from entity under direct or indirect control (CZK 118.8 million). Income in the amount of CZK 8.8 million relates to bonds issued by third party. For further details about purchased bonds refer to note 5.3.
- (2) Interest income on other non-current receivables in 2014 related to a new loan due to related party, which resulted from the process of assignment of loans and other receivables to a single related party (note 5.5).

4.9 Interest expense

	2015	2014
Interest expense related to bank and non-bank loans	(660,424)	(705,946)
Interest expense on bonds issued (1)	(1,224,849)	(1,054,315)
Interest expense on bills of exchange	(15,890)	--
Total interest expense	(1,901,163)	(1,760,261)

- (1) Increase of interest expenses related to bonds issued is attributable mainly to the one-off loss from acquisition of own bonds for the price exceeding the nominal value (loss of CZK 80.8 million) and the amortization of remaining difference between the nominal value value of bonds and the initial selling price, as the bonds were acquired by the Company in 2015 (impact of CZK 152.8 million).

4.10 Other net financial result

	2015	2014
Dividends received (1)	1,147,926	457,649
Other net financial result (2)	(11,467)	24
Net foreign exchange gain	--	12,751
Net foreign exchange loss	(11,816)	--
Bank charges	(14,008)	(20,557)
Total other net financial result	1,110,635	449,867

- (1) In 2015 the Company received dividends from CPI Finance Netherlands B.V. in the amount of CZK 1,146.1 million and from CPI West, s.r.o. in the amount of CZK 1.9 million.
Balance in 2014 relates to dividends received from CPI Finance Netherlands B.V. in the amount of CZK 310 million, from CPI Reality, a.s. in the amount of CZK 112.7 million and from CPI – Real Estate, a.s. in the amount of CZK 35 million.
- (2) Major part of other net financial result represent loss of CZK 12 million related to the call option (note 5.4).

4.11 Income tax expense / (income)

Tax recognized in profit or loss

	2015	2014
Current income tax		
Current year	(1,767)	(793)
Adjustment for prior years	(2,519)	(1,395)
Total	(4,286)	(2,188)
Deferred income tax		
Origination and reversal of temporary differences	94,903	88,665
Total	94,903	88,665
Income tax from continuing operations recognised in profit and loss	90,617	86,477
Total income tax recognised in profit or loss	90,617	86,477

The Company's effective tax rate in respect of continuing operations for 2015 was 14.9 % (25.3 % for 2014).

Reconciliation of effective tax rate

	2015	2014
Profit / (loss) for the period	699,854	(255,226)
Total income tax recognised in profit or loss	90,617	86,477
Profit / (loss) excluding income tax	609,237	(341,703)
Current income tax rate	19%	19%
Income tax expense using the domestic corporate income tax rate	(115,755)	64,924
Non-deductible expense	(99,039)	(98,406)
Tax exempt income (1)	307,974	121,354
Income tax adjustment for prior years	(2,519)	(1,395)
Other effects	(44)	--
Income tax expense	90,617	86,477

(1) Tax exempt income relates to dividends received and to the repayment of interest free loans (note 4.8).

Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Investment property	--	--	(17)	(50)	(17)	(50)
Property, plant and equipment	388	291	--	--	388	291
Loans provided	--	32,995	--	--	--	32,995
Financial debts	--	--	(783)	(128,551)	(783)	(128,551)
Gross deferred tax assets/(liabilities)	388	33,286	(800)	(128,601)	(412)	(95,315)
Set-off of tax	--	--	--	--	--	--
Net deferred tax assets/(liabilities)	388	33,286	(800)	(128,601)	(412)	(95,315)

Unrecognised deferred tax asset

	31 December 2015	31 December 2014
Trade and other receivables	328	4,775
Unrecognised deferred tax assets	328	4,775

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

Movement in deferred tax balances during the years 2015 and 2014

2015	Balance at 1 January 2015	Recognised in profit or loss	Recognised directly in equity	Balance at 31 December 2015
Intangible assets and goodwill	(50)	33	--	(17)
Property, plant and equipment	291	97	--	388
Loans provided	32,995	(32,995)	--	--
Financial debts	(128,551)	127,768	--	(783)
Total	(95,315)	94,903	--	(412)

2014	Balance at 1 January 2014	Recognised in profit or loss	Recognised directly in equity	Balance at 31 December 2014
Intangible assets and goodwill	(943)	893	--	(50)
Property, plant and equipment	244	47	--	291
Loans provided	42,306	(9,311)	--	32,995
Financial debts	(141,274)	97,036	(84,313)	(128,551)
Total	(99,667)	88,665	(84,313)	(95,315)

5 Statement of financial position

5.1 Intangible assets and goodwill

2015

	Software	Other	Total
Cost			
Balance at 1 January 2015	2,789	122	2,911
Other disposals	--	--	--
Balance at 31 December 2015	2,789	122	2,911
Amortization and impairment losses			
Balance at 1 January 2015	2,547	2	2,549
Amortization for the period (+)	130	61	191
Other disposals	--	--	--
Balance at 31 December 2015	2,677	63	2,740
Carrying amounts			
At 31 December 2014	242	120	362
At 31 December 2015	112	59	171

2014

	Software	Other	Total
Cost			
Balance at 1 January 2014	19,499	122	19,621
Other disposals	(16,710)	--	(16,710)
Balance at 31 December 2014	2,789	122	2,911
Amortization and impairment losses			
Balance at 1 January 2014	11,848	2	11,850
Amortization for the period (+)	233	--	233
Other disposals	(9,534)	--	(9,534)
Balance at 31 December 2014	2,547	2	2,549
Carrying amounts			
At 31 December 2013	7,651	120	7,771
At 31 December 2014	242	120	362

5.2 Property, plant and equipment

	Plant and equipment	PPE under finance leases	Property under construction	Other	Total
Cost					
Balance at 1 January 2015	9,240	914	24,984	126	35,264
Other disposals	(1,726)	--	--	--	(1,726)
Balance at 31 December 2015	7,514	914	24,984	126	33,538
Accumulated depreciation and impairment losses					
Balance at 1 January 2015	7,148	914	24,984	--	33,046
Depreciation for the period	510	--	--	--	510
Other disposals	(1,569)	--	--	--	(1,569)
Balance at 31 December 2015	6,089	914	24,984	--	31,987
Carrying amounts					
At 31 December 2014	2,092	--	--	126	2,218
At 31 December 2015	1,425	--	--	126	1,551

	Plant and equipment	PPE under finance leases	Property under construction	Other	Total
Cost					
Balance at 1 January 2014	9,240	914	24,984	126	35,264
Balance at 31 December 2014	9,240	914	24,984	126	35,264
Accumulated depreciation and impairment losses					
Balance at 1 January 2014	6,343	914	24,984	--	32,241
Depreciation for the period	806	--	--	--	806
Other disposals	(1)	--	--	--	(1)
Balance at 31 December 2014	7,148	914	24,984	--	33,046
Carrying amounts					
At 31 December 2013	2,897	--	--	126	3,023
At 31 December 2014	2,092	--	--	126	2,218

There are no pledged property, plant and equipment in 2015 and 2014.

5.3 Available-for-sale financial assets

	31 December 2015	31 December 2014
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
Total equity investments (1)	11,746	11,766
Debentures issued by entity under direct control (2)	--	3,116,000
Debentures issued by third party (3)	--	38,122
Total available-for-sale financial assets (Non-current)	11,746	3,165,888
Debentures issued by third party (3)	37,159	--
Total available-for-sale financial assets (Current)	37,159	--

- (1) Equity investments represent investments with the ownership interest not exceeding 10 %. These investments do not have a quoted market price in an active market and their fair values cannot be reliably measured, which is why they are measured at cost less accumulated impairment. There is no indication of impairment as at 31 December 2015.
- (2) In December 2014, the Company purchased bonds issued by its subsidiary in total amount of CZK 3,116 million. During 2015, the Company purchased additional bonds in the nominal value of CZK 2,774 million. All bonds bore interest of 5 % per annum, which led to the increase in the interest income on bonds (note 4.8). In September 2015, all bonds were sold back to CPI Finance Netherlands B.V. at amortized cost and related receivable (CZK 6,837.5 million) was offset with loan payable by the Company to CPI Finance Netherlands B.V. (refer to note 5.10).
- (3) The Company holds debentures issued by 3rd party in total nominal value of CZK 37.1 million (CZK 38.1 million in 2014). Debentures are denominated in EUR. The debentures bear interest rate of 10 % p.a. and are due on 10 December 2016. Interest are paid on annual basis. Debentures are not publicly traded and not secured.

5.4 Financial assets at fair value through profit or loss

	31 December 2015	31 December 2014
Call option	30,403	12,053
Total	30,403	12,053

In 2014, the Company acquired a call option in the amount of CZK 12.1 million, which is due in November 2017.

5.5 Loans provided

Non-current

	31 December 2015		31 December 2014	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided to entities under direct or indirect control	4,807,140	6.35%	7,779,333	6.78%
Loans provided - related parties (1)	13,815	5.25%	157,491	4.00%
Loans provided - third parties (2)	10,926	5.00%	84,631	5.02%
Total non-current loans provided	4,831,881	--	8,021,455	--
Impairment to non-current loans provided to third parties	--	--	--	--
Total non-current loans provided net of impairment	4,831,881	--	8,021,455	--

Current

	31 December 2015		31 December 2014	
	Balance	Average interest rate	Balance	Average interest rate
Loans provided to entities under direct or indirect control	2,544,962	5.71%	6,840,355	5.52%
Loans provided - related parties (1)	3,794,858	5.25%	7,018,571	6.20%
Loans provided - third parties (2)	9,336	5.00%	81,816	2.02%
Bills of exchange - third parties	204,013	5.89%	42,595	6.00%
Total current loans provided	6,553,169	--	13,983,337	--
Impairment to current loans provided to third parties	(837)	--	(65,659)	--
Total current loans provided net of impairment	6,552,332	--	13,917,678	--

- (1) In 2014, the Company has assigned loans provided to third and related parties and other receivables from third and related parties exceeding CZK 7,016.9 million to one related party. This process resulted into new loan from related party. In March 2015, the Company assigned this loan to CPI PG resulting into new loan provided to CPI PG. Following the assignment, the Company partially offset (CZK 3,526.4 million) this loan with loan provided by CPI PG to the Company in 2015 (note 5.12). As at 31 December 2015 the outstanding amount due from CPI PG amounts to CZK 3,794.7 million.
- (2) Loans provided to third parties decreased mainly due to the assignment of loan in the amount of CZK 32.7 million to CPI PG and due to the acquisition of Karviná Property Development, a.s. (outstanding balance of this loan as at 31 December 2014 amounted to CZK 41.4 million), which is why this loan is disclosed as loan provided to entities under direct or indirect control as at 31 December 2015.

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

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

The Company provides 46 non-current loans to entities under direct or indirect control (2014 – 54) with interest rates between 1.98 % and 10 % p.a. (2014 – between 3 % and 10 % p.a.) and 9 current loans to entities under direct or indirect control (2014 – 19) with interest rates between 3 % and 10 % p.a. (2014 – interest rates between 2.1 % and 9 % p.a.).

The Company provides one non-current loan to related party with interest rate 5.25 % p.a. and 1 current loan to related party with interest rate 5.25 % p.a.

The Company provides 5 non-current loans to third parties (2014 – 10) with interest rates between 5 % and 6 % p.a. (2014 – between 5 % and 8 % p.a.) and 5 current loans to third parties (2014 – 21) with interest rate between 5 % and 11 % p.a. (2014 – between 1.83 % and 11 % p.a.).

The maturity of non-current loans provided at 31 December 2015 and as at 31 December 2014 was as follows:

2015

	1-2 years	2-5 years	>5years	Total
Loans provided to entities under direct or indirect control	1,298,867	2,203,120	1,305,153	4,807,140
Loans provided to other related parties	--	13,815	--	13,815
Loans provided - third parties	8,235	2,691	--	10,926
Total the maturity of non-current loans provided	1,307,102	2,219,626	1,305,153	4,831,881

2014

	1-2 years	2-5 years	>5years	Total
Loans provided to entities under direct or indirect control	789,827	5,433,360	1,556,146	7,779,333
Loans provided to other related parties	--	157,491	--	157,491
Loans provided - third parties	49,998	963	33,670	84,631
Total the maturity of non-current loans provided	839,825	5,591,814	1,589,816	8,021,455

5.6 Trade and other receivables

Non-current

	31 December 2015	31 December 2014
Advances paid	3,418	3,507
Advances paid for financial investments	--	2,654
Other receivables due from third parties	--	19
Total non-current trade and other receivables	3,418	6,180

Current

	31 December 2015	31 December 2014
Trade receivables due from entities under direct or indirect control	30,126	115,105
Trade receivables due from related parties	2,927	4,040
Trade receivables due from third parties	5,056	20,540
Impairment to trade receivables due from third parties	(929)	(19,278)
Total current trade and other receivables	37,180	120,407

5.7 Cash and cash equivalents

	31 December 2015	31 December 2014
Bank balances	601,814	123,150
Cash on hand	23,325	19,419
Total cash and cash equivalents	625,139	142,569

Total restricted cash in bank amounts to CZK 0 (CZK 1.4 million in 2014).

5.8 Other financial current assets

	31 December 2015	31 December 2014
Interest to debentures issued by entity under direct control (1)	--	636,130
Interest to debentures issued by third parties	227	212
Receivables due from employees	2	2
Other receivables due from entities under direct or indirect control (2)	2,943,862	3,294,628
Other receivables due from related parties (3)	25,468	1,215,619
Other receivables due from third parties (4)	42,166	37,208
Impairment - other receivables due from other parties	(797)	(5,856)
Total other financial current assets	3,010,928	5,177,943

- (1) Interest to debentures issued by entity under direct control in 2014 relates to debentures issued by CPI Finance Netherlands B.V., which were sold by the Company in September 2015 (notes 5.3 and 5.10).
- (2) Other receivables due from entities under direct or indirect control both in 2015 and 2014 comprised mainly receivables acquired through assignment from entities under direct or indirect control (CZK 2,583.7 million) and receivable from the sale of subsidiaries in the amount of CZK 358 million.
- (3) In 2014, other receivables due from related parties in the amount of CZK 1,000 million related to the contribution made by the owner of the Company, which was settled in 2015.
- (4) Other receivables due from third parties in 2014 comprised mainly receivable from Best Properties South, a.s. sold to third party. As at 31 December 2015, the outstanding amount of the loan amounts to CZK 31.7 million. The loan is unsecured and management reviews ongoingly its value by monitoring the financial performance and estimated fair value of underlying properties.
- In 2015, receivable in the amount of CZK 9.4 million represents unpaid part of receivables from the sale of subsidiaries to third party.

5.9 Other non-financial current assets

	31 December 2015	31 December 2014
Other advances paid to third parties	4	58
Value added tax receivables	258	146
Other tax receivables (excl. CIT and VAT)	1	1
Prepaid expenses	14,742	18,027
Total other non-financial current assets	15,005	18,232

5.10 Equity

Changes in equity

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

Share capital and share premium

pcs	Ordinary shares	
	2015	2014
Issued at 1 January	7,733,746	7,733,746
New shares issued and paid in the year	--	--
Issued at 31 December	7,733,746	7,733,746

The Company didn't subscribe any new shares in 2015. The subscribed capital of the Company as at 31 December 2015 was TCZK 6,186,997 (as at 31 December 2014 – TCZK 6,186,997), comprising 7,733,746 shares (as at 31 December 2014 – 7,733,746 shares), each with a nominal value of CZK 800 (as at 31 December 2014 – CZK 800). All shares are the same type (ordinary registered shares) and fully paid-up. All authorized shares were issued.

Shares of the Company 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.

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

Other capital funds

During 2015, the Company did not receive any capital contribution. The balance of capital funds amounts to CZK 10,427 million as at 31 December 2015.

Other changes in equity

Interest-free and low-interest loans provided and drawn

In 2011 the Company recognised loan provided by subsidiary CPI Finance Netherland B.V. with 0% nominal interest rate at its amortized costs. The amortized costs were calculated using 8% effective interest rate p.a. and the difference in the amount of CZK 575.2 million between nominal value of the loan and its amortized cost was credited against equity of the Company. The Company also recognised related deferred tax liability in the amount of CZK 109.3 million as direct debit to the equity as at 31 December 2011. The loan was planned for repayment by 31 December 2012.

In 2012 the Company drew four new tranches of the loan in total nominal value of CZK 3,152.7 million with planned repayment by 31 December 2013. As at the inception dates, the Company recognized the loan tranches in fair values based on predicted discounted cash flows using 8 % effective interest rate p.a. Consequently, the difference between the nominal value of the new loan tranches and their fair value at the inception of CZK 339.6 million decreased by related deferred tax liability of CZK -64.5 million were recognized in equity. Based on change in estimated repayments (extension of planned repayment to 31 December 2013) for loan tranche drawn in 2011, the difference between carrying value of the loan and its present value (calculated based on the change in estimated repayments using the original effective interest rate) in the total amount of CZK 158.3 million decreased by related deferred tax liability of CZK -30.1 million was credited to equity of the Company.

In 2013 the Company drew seven new tranches of the loan in total nominal value of CZK 3,179.9 million with planned repayment by 31 December 2014. As at the inception dates, the Company recognized the loan tranches in fair values based on predicted discounted cash flows using 8 % effective interest rate p.a.

Consequently, the difference between the nominal value of the new loan tranches and their fair value at the inception of CZK 315.7 decreased by related deferred tax liability of CZK -59.9 million were recognized in equity. Based on change in estimated repayments (extension of planned repayment to 31 December 2015) for loan tranches drawn in 2012, the difference between carrying value of the loan and its present value (calculated based on the change in estimated repayments using the original effective interest rate) in the total amount of CZK 143.9 million decreased by related deferred tax liability of CZK -27.4 million was credited to equity of the Company. All tranches from 2011 were fully repaid in 2013.

In 2014 the Company drew eight new tranches of the loan in total nominal value of CZK 1,837.3 million with planned repayment by 31 December 2015. As at the inception dates, the Company recognized the loan tranches in fair values based on predicted discounted cash flows using 8 % effective interest rate p.a. Consequently, the difference between the nominal value of the new loan tranches and their fair value at the inception of CZK 161.4 decreased by related deferred tax liability of CZK -30.7 million were recognized in equity. Based on change in estimated repayments (extension of planned repayment to 31 December 2015) for loan tranches drawn in 2012, the difference between carrying value of the loan and its present value (calculated based on the change in estimated repayments using the original effective interest rate) in the total amount of CZK 282.3 million decreased by related deferred tax liability of CZK -53.6 million was credited to equity of the Company.

In 2015, the Company set-off the liability from the interest free loan (nominal value CZK 6,550.9 million and accrued interest of CZK 286.6 million) with the receivable from sale of bonds to CPI Finance Netherland B.V (nominal value of CZK 5,890 million and accrued interest of CZK 947.5 million).

Earnings per share

	31 December 2015	31 December 2014
At the beginning of the period	7,733,746	7,733,746
Shares issued	7,733,746	7,733,746
Weighted average movements		--
Shares issued		--
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	7,733,746	7,733,746
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	7,733,746	7,733,746
Net (loss)/ profit attributable to the Equity holders of the Company	699,854	(255,226)
Net (loss)/ profit attributable to the Equity holders of the Company after assumed conversions/exercises	699,854	255,226
Total Basic earnings in CZK per share	90.49	(33.00)
o/w discontinued operations	--	--
Diluted earnings in CZK per share	90.49	(33.00)
o/w discontinued operations	--	--

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

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

5.11 Bonds issued

5.11.1 Non-current bonds issued

Czech Property Investment, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/18 (EUR)	100,000	2,702,500	100,000	2,587,223
Less: bonds owned by the Company	(99,500)	(2,688,988)	(10,890)	(301,925)
Less: transaction costs	--	(4,391)	--	(2,198)
CPI VAR/18 (EUR) (1)	500	9,122	89,110	2,283,100
Proceeds from issued bonds - CPI VAR/19 (CZK)	2,000,000,000	2,000,000	2,000,000,000	2,000,000
Less: transaction costs	--	(5,404)	--	(8,556)
CPI VAR/19 (CZK) (2)	2,000,000,000	1,994,596	2,000,000,000	1,991,444
Proceeds from issued bonds - CPI VAR/19 (EUR)	116,000	1,567,450	116,000	1,608,050
Less: bonds owned by the Company	(108,916)	(1,471,727)	--	--
Less: transaction costs	--	(26,087)	--	(27,490)
CPI VAR/19 (EUR) (3)	7,084	69,636	116,000	1,580,560
Proceeds from issued bonds - CPI 2021	1,215	2,430,000	1,215	2,430,000
Less: bonds owned by the Company	(931)	(1,862,000)	(931)	(1,862,000)
CPI 2021 (4)	284	568,000	284	568,000
Proceeds from issued bonds - CPI 6.05/16	--	--	150,000	1,479,299
Less: bonds owned by the Company	--	--	--	--
Less: transaction costs	--	--	--	(16,720)
CPI 6.05/16 (5)*	--	--	150,000	1,462,579
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 the Company	(1,000,000,000)	(1,000,000)	--	--
Less: transaction costs	--	(1,532)	--	(1,720)
CPI 7.00/22 (6)	--	(1,532)	1,000,000,000	998,280
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 the Company	(923,333,633)	(923,334)	--	--
Less: transaction costs	--	(1,537)	--	(1,722)
CPI 7.00/22 (7)	76,666,367	75,129	1,000,000,000	998,278
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 the Company	(1,000,000,000)	(1,000,000)	--	--
Less: transaction costs	--	(1,584)	--	(1,724)
CPI 7.00/22 (8)	--	(1,584)	1,000,000,000	998,276
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 the Company	(52,000,000)	(52,000)	--	--
Less: transaction costs	--	(2,260)	--	(2,340)
CPI 8.00/42 (9)	948,000,000	945,740	1,000,000,000	997,660
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 the Company	(766,477,976)	(766,478)	--	--
Less: transaction costs	--	(2,219)	--	(2,342)
CPI 8.00/42 (10)	233,522,024	231,303	1,000,000,000	997,658
Proceeds from issued bonds - CPI 4.75/2019	150,000	1,500,000	--	--
Less: bonds owned by the Company	(11,436)	(114,360)	--	--
Less: transaction costs	--	(25,471)	--	--
CPI 4.75/2019 (11)	138,564	1,360,169	--	--
Total non-current bonds		5,250,578		12,875,835

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

5.11.2 Current bonds issued

Czech Property Investment, a.s.	31 December 2015		31 December 2014	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/15 – EUR	--	--	30,000	415,875
Less: bonds owned by the Company	--	--	--	--
Less: transaction costs	--	--	--	(13,203)
CPI VAR/15 (EUR)	--	--	30,000	402,672
Proceeds from issued bonds - CPI 6.05/16	150,000	1,495,881	--	--
Less: bonds owned by the Company	(23,820)	(238,200)	--	--
Less: transaction costs	--	(9,133)	--	--
CPI 6.05/16 (S)	126,180	1,248,548	--	--

Accrued interest on bonds	31 December 2015	31 December 2014
CPI VAR/15 (EUR)	--	7,871
CPI VAR/18 (EUR)	164	18,174
CPI VAR/19 (CZK)	35,913	36,114
CPI VAR/19 (EUR)	17,722	30,659
CPI 2021	12,195	112,917
CPI 6.05/16	22,977	23,198
CPI 7.00/22 (ISIN CZ0003502916)	--	4,667
CPI 7.00/22 (ISIN CZ0003502924)	283	3,694
CPI 7.00/22 (ISIN CZ0003502957)	--	3,306
CPI 8.00/42 (ISIN CZ0003502932)	5,477	5,556
CPI 8.00/42 (ISIN CZ0003502940)	675	2,889
CPI 4.75/19	6,765	--
Total accrued interest	102,171	249,045

Total current bonds	1,350,719	651,717
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Total bonds	6,601,297	13,527,552
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1) CPI VAR/18 ISIN CZ0003511024

CPI VAR/18 bonds were issued on 26 November 2013. The bonds mature on 26 November 2018. The nominal value of each bond is EUR 1,000 and the total nominal value of bonds issued amounts to EUR 100,000,000.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/18, ISIN CZ0003511024). Bonds CPI VAR/18 bear the interest rate based on 12M EURIBOR + 5.5 % margin. Interests are due annually, on 26 November respectively.

Bonds were accepted for trading at the Prague Stock Exchange.

2) CPI VAR/19 (CZK), ISIN CZ0003501868

CPI VAR/19 bonds were issued on 29 March 2012. The bonds mature on 29 March 2019. The nominal value of each bond is CZK 1. The Company could issue bonds up to maximum value of TCZK 2,000,000.

CPI VAR/19 bonds bear the interest rate based on 6M PRIBOR + 6.5 % margin. Interests are due semi-annually, on 29 March and 29 September respectively. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/19, ISIN CZ0003501868). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 27 March 2012, reference number 2013/2781/570 that came into force on 27 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

3) CPI VAR/19 (EUR), ISIN CZ0003501843

CPI VAR/19 bonds were issued on 23 March 2012. The bonds mature on 23 March 2019. The nominal value of each bond is EUR 500. The Company could issue bonds up to maximum value of EUR 70,000,000.

CPI VAR/19 bonds bear the interest rate based on 6M EURIBOR + 6.5 % margin. Interests are due semi-annually, on 23 March and 23 September respectively. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI VAR/19, ISIN CZ0003501843). The prospectus and the issuing terms were approved by the decision of the Czech National Bank on 16 March 2012, reference number 2012/2445/570 that came into force on 19 March 2012.

Bonds were accepted for trading at the Prague Stock Exchange.

4) CPI 2021 ISIN CZ0003501496

CPI 2021 bonds were issued on 8 February 2007. The bonds mature on 8 August 2021. The nominal value of each bond is TCZK 2,000 and the total nominal value of bonds issued amounts to TCZK 2,430,000. In 2012, the Company bought back the remaining part of the bonds which are thereby held entirely by the Company. The Company could issue bonds up to maximum value of TCZK 2,500,000 (1,250 bonds with nominal value of TCZK 2,000 each).

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 2021, ISIN CZ0003501496). The prospectus and the issuing terms were approved by the decision of the Securities Committee in the Czech Republic on 17 January 2007, reference number 45/N/175/2006/4 that came into force on 22 January 2007.

Bonds CPI 2021 bear the interest rate based on 6M PRIBOR + 3.5 % margin. Interests are due semi-annually, on 8 February and 8 August respectively.

5) CPI 6.05/16 ISIN CZ0003510646

CPI 6.05/16 bonds were issued on 29 March 2013. The bonds mature on 29 March 2016. The nominal value of each bond is TCZK 10. The Company could issue bonds up to maximum value of TCZK 1,500,000 with optional issue extension up to TCZK 2,250,000.

CPI 6.05/16 bonds bear the fixed interest rate of 6.05 %. Interests are due semi-annually, on 29 March and 29 September respectively.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 6.05/16, ISIN CZ0003510646). The prospectus was approved by the decision of the Czech National Bank on 27 March 2013, reference number 2013/3802/570 that came into force on 27 March 2013.

Bonds were accepted for trading at the Prague Stock Exchange.

6) CPI 7.00/22, ISIN CZ0003502916

CPI 7.00/22 bonds were issued on 6 December 2012. The bonds mature on 6 December 2022. The nominal value of each bond is CZK 1. The Company could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7 % per annum. Interests are due annually on 6 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502916).

7) CPI 7.00/22, ISIN CZ0003502924

CPI 7.00/22 bonds were issued on 11 December 2012. The bonds mature on 11 December 2022. The nominal value of each bond is CZK 1. The Company could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7 % per annum. Interests are due annually on 11 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502924).

8) CPI 7.00/22, ISIN CZ0003502957

CPI 7.00/22 bonds were issued on 13 December 2012. The bonds mature on 13 December 2022. The nominal value of each bond is CZK 1. The Company could issue bonds up to maximum value of TCZK 1,000,000.

CPI 7.00/22 bonds bear fixed interest of 7 % per annum. Interests are due annually on 13 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 7.00/22, ISIN CZ0003502957).

9) CPI 8.00/42, ISIN CZ0003502932

CPI 8.00/42 bonds were issued on 5 December 2012. The bonds mature on 5 December 2042. The nominal value of each bond is CZK 1. The Company could issue bonds up to maximum value of TCZK 1,000,000.

CPI 8.00/42 bonds bear fixed interest of 8 % per annum. Interests are due annually on 5 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 8.00/42, ISIN CZ0003502932).

10) CPI 8.00/42, ISIN CZ0003502940

CPI 8.00/42 bonds were issued on 17 December 2012. The bonds mature on 17 December 2042. The nominal value of each bond is CZK 1. The Company could issue bonds up to maximum value of TCZK 1,000,000.

CPI 8.00/42 bonds bear fixed interest of 8 % per annum. Interests are due annually on 17 December. Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, the abbreviation is CPI 8.00/22, ISIN CZ0003502940).

11) CPI 4.75/19, ISIN CZ0003512782

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

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

Bonds were accepted for trading at the Prague Stock Exchange.

Changes in 2015

On 23 March 2015, the Company repaid CPI VAR/15 bonds (ISIN CZ0003501835), which were issued on 23 March 2012. The nominal value of bonds issued amounted EUR 15 million (app. CZK 405.4 million).

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

Covenants

Issued bonds CPI VAR/19 (CZK), CPI VAR/19 (EUR), CPI VAR/18, CPI 4.75/19 and CPI 6.05/16 are subject to a number of covenants. All covenant ratios were met as at 31 December 2015.

5.12 Financial debts

	31 December 2015	31 December 2014
Loans drawn from entities under direct or indirect control	2,499,047	8,167,452
Loans from related parties	39,825	51,642
Loans from third parties	8,490	--
Bank loans (1)	221,180	288,340
Bills of exchange held by third parties (2)	937,352	172,128
Total non-current financial debts	3,705,894	8,679,562

	31 December 2015	31 December 2014
Loans drawn from entities under direct or indirect control	450,040	635,130
Loans from related parties	801	32,079
Loans from third parties	57,853	160,468
Bank loans including overdraft (1)	94,080	88,720
Bills of exchange held by entities under direct or indirect control (2)	306,780	--
Bills of exchange held by related parties	135,269	--
Bills of exchange held by third parties (2)	577,413	769,155
Total current financial debts	1,622,236	1,685,552

- (1) The Company has two bank loans which mature in 2019 and 2020 and are being gradually paid.
- (2) During 2015, the Company issued new bills of exchange. Bills of exchange issued bear interest rates between 3.0 % - 8.0 % p.a. Majority of bills of exchange will be repaid within two years.

Maturity analysis of loans

2015

	< 1 year	1-5 years	>5years	Total
Loans from entities under direct or indirect control	450,040	2,481,050	17,997	2,949,087
Loans from to other related parties	801	39,825	--	40,626
Loans from third parties	57,853	8,490	--	66,343
Total	508,694	2,529,365	17,997	3,056,056

2014

	< 1 year	1-5 years	>5years	Total
Loans from entities under direct or indirect control	635,130	898,147	7,269,305	8,802,582
Loans from to other related parties	32,079	51,642	--	83,721
Loans from third parties	160,468	--	--	160,468
Total	827,677	949,789	7,269,305	9,046,771

5.13 Trade payables

Current trade and other payables	31 December 2015	31 December 2014
Trade payables due to entities under direct or indirect control	--	791
Trade payables due to related parties	--	16
Trade payables due to third parties	16,538	12,064
Total trade payables	16,538	12,871

5.14 Advance payments

Advances payments	31 December 2015	31 December 2014
Advances received from third parties (1)	109,916	110,045
Total advance payments	109,916	110,045

- (1) Balance of advances received from third parties both in 2015 and 2014 includes advance received from third party of CZK 101.74 million related to specific project to be carried out in 2016.

5.15 Other financial current liabilities

Other financial current liabilities	31 December 2015	31 December 2014
Deferred income/revenue and accrued liabilities	12,675	8,753
Payables from unpaid capital contributions	15,254	409,956
Other payables due to entities under direct or indirect control (1)	380,505	514,673
Other payables due to related parties	--	60,001
Other payables due to third parties	3,564	60,265
Total other financial current liabilities	411,998	1,053,648

- (1) Other payables due to entities under direct or indirect control represents mainly payables from the assignment of receivables (CZK 311.6 million in 2015 and CZK 511.8 million in 2014).

6 Financial risk management

Exposure to various risks arises in the normal course of the Company's business. Financial risk comprises:

- credit risk (refer to note 6.1)
- liquidity risk (refer to note 6.2)
- market risk including currency risk, interest rate risk and price risk (refer to note 6.3)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Company's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

6.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk mainly from its rental activities (primarily for trade receivables) and from its financing activities, including provided loans, purchased bonds, deposits with banks and financial institutions and other financial instruments.

Credit risks are addressed by top management through efficient operation of the sales, collection, legal and related departments to prevent excessive increase of bad debts. At the date of the statement of financial position there are no significant concentrations of credit risk to any single customer or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company limits the risk of rent receivables becoming doubtful by requesting the tenants to pay deposits before moving in, which gives the Company a chance to set off any possible debts from tenants against these deposits if the tenant is unable to settle the debts himself. If the rent is not paid by the tenant, the receivable is collected internally. If unsuccessful, the case is handed over to external attorney in order to establish the legal basis and make the tenant move out of the apartment. The Company's tenants are subject to credit verification procedures before signing the rent contract. Receivable balances are monitored on an ongoing basis in order to significantly decrease the Company's exposure to bad debts. A deterioration of regional economic conditions, including but not limited to an increase in unemployment and a fall in wages and salaries, may decrease the ability or willingness of tenants to pay the rent regularly. The Company maintains the creditor management database, creates the segmented reports and performs tenant's ratings to identify the risk factors and apply suitable measures to eliminate corresponding risks immediately.

Customer credit risk is managed reflecting the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard at the time of entering into a rental agreement. Outstanding customer receivables are regularly monitored.

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The following tables present financial assets as of 31 December 2015 reflecting their classification based on its ageing structure and impairment if applicable:

Credit risk profile at 31 December 2015:

	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Available for sale financial assets	48,905	--	--	48,905
Financial assets at fair value through profit or loss	30,403	--	--	30,403
Loans provided	10,828,619	555,594	837	11,384,213
- loans	10,624,606	555,594	837	11,180,200
- bills of exchange	204,013	--	--	204,013
Trade and other receivables*	32,899	3,033,633	1,727	3,066,532
Cash and cash equivalents	625,139	--	--	625,139
Total*	11,565,965	3,589,227	2,564	15,155,191

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

Breakdown of overdue financial assets which are not impaired at 31 December 2015

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	--	1,891	1	117,237	436,465	555,594
- loans	--	1,891	1	117,237	436,465	555,594
- bills of exchange	--	--	--	--	--	--
Trade and other receivables*	2,025	6,036	498	27,959	2,997,115	3,033,633
Total	2,025	7,927	499	145,196	3,433,580	3,589,227

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

Credit risk profile at 31 December 2014:

	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Available for sale financial assets	3,165,888	--	--	3,165,888
Financial assets at fair value through profit or loss	12,053	--	--	12,053
Loans provided	21,929,104	10,029	65,659	21,939,133
- loans	21,886,509**	10,029	65,659	21,896,538
- bills of exchange	42,595	--	--	42,595
Trade and other receivables*	5,224,060	98,490	25,134	5,322,550
Cash and cash equivalents	142,569	--	--	142,569
Total*	30,473,674	108,519	90,793	30,582,192

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

** Thereof CZK 7,335.35 million is guaranteed by the major shareholder of CPI PG (note 5.6)

Breakdown of overdue financial assets which are not impaired at 31 December 2014

	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	--	--	--	2,462	7,567	10,029
- loans	--	--	--	2,462	7,567	10,029
- bills of exchange	--	--	--	--	--	--
Trade and other receivables*	--	88	263	533	97,606	98,490
Total	--	88	263	2,995	105,173	108,519

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

6.2 Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Company does not have the resources available to meet its financial obligations, working capital and committed capital expenditure requirements.

The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. Concentration of risk is limited thanks to diversified maturity of the Company's liabilities and diversified portfolio of the Company's funding sources.

The Company manages liquidity risk by constantly monitoring forecast and actual cash flow, financing its investment property portfolio by long-term financing, and refinancing where appropriate, and to use the rent income to settle the short-term liabilities.

The Company's liquidity position is monitored on a weekly basis by division managers and is reviewed quarterly by the Board of Directors. A summary table with maturity of liabilities is used by key management personnel to manage liquidity risks and is derived from managerial reports at company level.

The Company may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity.

The Company monitors adherence to loan covenants on a regular basis, and the treasury department sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

Liquidity risk analysis

The following table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments including accrued interest. The table reflects the earliest settlement of Company's liabilities based on contractual maturity and includes non-derivative as well as derivative financial liabilities.

2015

	Carrying value	< 3 month	3-12 months	1-2 years	2 - 5 years	> 5 year	Total
Bonds issued	6,601,297	1,433,897	230,541	334,685	4,151,644	3,929,818	10,080,585
Financial debts	5,328,130	511,707	1,325,710	1,560,444	2,532,604	20,635	5,951,099
- loans drawn from entities under direct or indirect control	2,948,857	171,056	382,827	466,643	2,339,390	20,635	3,380,550
- loans from related parties	40,856	1,591	1,639	10,031	35,491	--	48,752
- loans from third parties	66,343	58,561	272	7,052	1,954	--	67,838
- bank loans	315,260	23,411	77,464	103,721	128,051	--	332,647
- bills of exchange held by entities under direct or indirect control	306,780	2,301	308,314	--	--	--	310,615
- bills of exchange held by third parties	1,650,034	254,787	555,194	972,997	27,719	--	1,810,697
Other current liabilities*	471,442	439,070	32,372	--	--	--	471,442
Total**	12,400,868	2,384,673	1,588,623	1,895,129	6,684,248	3,950,453	16,503,126

*other current liabilities include current trade payables, advance payments, other financial current liabilities, other non-financial current liabilities and current income tax liabilities

** provisions are not included

2014

	Carrying value	< 3 month	3-12 months	1-2 years	2 - 5 years	> 5 year	Total
Bonds issued	13,527,552	705,549	551,123	2,124,430	7,307,526	9,448,152	20,136,780
Financial debts	10,365,114	688,230	1,654,186	1,191,364	2,386,611	7,815,737	13,736,129
- loans drawn from entities under direct or indirect control	8,802,582	306,875	912,610	900,838	2,124,914	7,815,737	12,060,973
- loans from related parties	83,721	31,539	4,539	11,310	52,295	--	99,684
- loans from third parties	160,468	162,730	--	--	--	--	162,730
- bank loans	377,060	24,233	72,337	95,000	209,402	--	400,972
- bills of exchange	941,283	162,852	664,701	184,216	--	--	1,011,769
Other current liabilities*	1,152,075	1,151,764	311	--	--	--	1,152,075
Total**	25,044,741	2,545,543	2,205,620	3,315,794	9,694,137	17,263,889	35,024,983

*other current liabilities include current trade payables, advance payments, other financial current liabilities, other non-financial current liabilities and current income tax liabilities

**provisions are not included

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

6.3 Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Company's income or the value of its holdings of financial instruments or could cause future cash flows related to financial instruments to fluctuate.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company's market risks mainly arise from open positions in (a) foreign currencies and (b) loans provided and financial debts, to the extent that these are exposed to general and specific market movements.

The Company uses derivative financial instruments in a limited manner in order to reduce its exposure to the market risk.

Market risk exposures are measured using sensitivity analysis.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

6.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company.

The table below shows the material balances held in foreign currencies that are deemed subject to currency risk.

2015

	Currency	Carrying amount
Cash and cash equivalents	TEUR	4,598
	TUSD	2
Trade and other receivables	TEUR	324
Loans provided	TEUR	209,386
Available for sale financial assets	TEUR	1,383
Trade and other payables	TEUR	(4,318)
Financial debts	TEUR	(67,878)
Bonds issued	TEUR	(4,704)
Net position	TEUR	138,790
Net position	TUSD	2

2014

	Currency	Carrying amount
Cash and cash equivalents	TEUR	2,815
	TUSD	2
Trade and other receivables	TEUR	57,159
	TPLN	118
Loans provided	TEUR	203,474
Available for sale financial assets	TEUR	12,273
Trade and other payables	TEUR	(7,346)
	TGBP	(176)
Financial debts	TEUR	(45,361)
Bonds issued	TEUR	(175,060)
Derivative instruments	TEUR	435
Net position	TEUR	48,389
Net position	TUSD	2
Net position	TGBP	(176)
Net position	TPLN	118

Sensitivity analysis – exposure to currency risk

The following table presents sensitivities of profit or loss to reasonably possible changes in foreign currency rates with all other variables held constant.

A 10 % change in the foreign currency rate of CZK against EUR, USD, GBP or PLN would have the below effect to profit/(loss) or equity of the Company providing all other variables remaining constant:

Foreign currency risk 2015 – sensitivity analysis

		Original currency	TCZK	CZK depreciated by 10%	Change	CZK appreciated by 10%	Change
Cash and cash equivalents	TEUR	4,598	124,256	136,682	12,426	111,830	(12,426)
	TUSD	2	50	55	5	45	(5)
Trade and other receivables	TEUR	324	8,749	9,624	875	7,874	(875)
Loans provided	TEUR	209,386	5,658,650	6,224,515	565,865	5,092,785	(565,865)
Available for sale financial assets	TEUR	1,383	37,386	41,125	3,739	33,647	(3,739)
Trade and other payables	TEUR	(4,318)	(116,692)	(128,361)	(11,669)	(105,023)	11,669
Financial debts	TEUR	(67,878)	(1,834,416)	(2,017,858)	(183,442)	(1,650,974)	183,442
Bonds issued	TEUR	(4,704)	(127,120)	(139,832)	(12,712)	(114,408)	12,712
Net exposure to currency risk	TEUR	138,790	3,750,813	4,125,895	375,082	3,375,731	(375,082)
Net exposure to currency risk	TUSD	2	50	55	5	45	(5)
Impact on profit/loss	TCZK				375,087		(375,087)

Foreign currency risk 2014 – sensitivity analysis

		Original currency	TCZK	CZK depreciated by 10%	Change	CZK appreciated by 10%	Change
Cash and cash equivalents	TEUR	2,815	78,046	85,851	7,805	70,241	(7,805)
	TUSD	2	46	51	5	41	(5)
Trade and other receivables	TEUR	57,159	1,584,733	1,743,206	158,473	1,426,260	(158,473)
	TPLN	118	766	843	77	689	(77)
Loans provided	TEUR	203,474	5,641,317	6,205,449	564,132	5,077,185	(564,132)
Available for sale financial assets	TEUR	12,273	340,269	374,296	34,027	306,242	(34,027)
Trade and other payables	TEUR	(7,346)	(203,668)	(224,035)	(20,367)	(183,301)	20,367
	TGBP	(176)	(6,264)	(6,890)	(626)	(5,638)	626
Financial debts	TEUR	(45,361)	(1,257,634)	(1,383,397)	(125,763)	(1,131,871)	125,763
Bonds issued	TEUR	(175,060)	(4,853,539)	(5,338,893)	(485,354)	(4,368,185)	485,354
Derivative instruments	TEUR	435	12,060	13,266	1,206	10,854	(1,206)
Net exposure to currency risk	TEUR	48,389	1,341,584	1,475,742	134,158	1,207,426	(134,158)
Net exposure to currency risk	TUSD	2	46	51	5	41	(5)
Net exposure to currency risk	TGBP	(176)	(6,264)	(6,890)	(626)	(5,638)	626
Net exposure to currency risk	TPLN	118	766	843	77	689	(77)
Impact on profit/loss	TCZK				133,614		(133,614)

6.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments are described under notes 5.5 for financial assets and under notes 5.11 and 5.12 for financial liabilities respectively. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is monitored by the Company's management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Company's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

Loans provided by the Company require instalments to be paid by the borrower according to a payment schedule, based on a fixed interest rate. The interest rates charged by the Company are usually based on Company's borrowing interest rates.

As the loans provided are based on fixed rates, and no interest-bearing financial instrument is measured at fair value through profit and loss the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. These obligations primarily include bonds issued.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

Sensitivity analysis – exposure to interest rate risk for variable rate instruments

A change of interest rates by 100 basis points at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

A 100 basis points change in the interest rate would have the below effect to profit/(loss) or equity of the Company providing all other variables remaining constant:

2015

	Effective interest rate	Liability with variable interest rate	Interest calculated
Bonds issued	6.31%	2,677,235	168,979
Total		2,677,235*	168,979

* The amount of liability with variable interest does not include accrued interests and it is not adjusted for transaction costs in respect of bonds issued.

	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Bonds issued	7.31%	195,752	(26,772)	5.31%	142,207	26,772
Total		195,752	(26,772)		142,207	26,772

2014

	Effective interest rate	Liability with variable interest rate	Interest calculated
Bonds issued	6.37%	6,877,223	438,414
Total		6,877,223*	438,414

* The amount of liability with variable interest does not include accrued interests and it is not adjusted for transaction costs in respect of bonds issued.

	Increase of 100 bp in interest rate	Interest calculated	Profit (loss) effect	Decrease of 100 bp in interest rate	Interest calculated	Profit (loss) effect
Bonds issued	7.37%	507,186	(68,772)	5.37%	369,641	68,772
Total		507,186	(68,772)		369,641	68,772

Sensitivity analysis – exposure to interest rate risk for fixed rate instruments

The Company recognized all financial assets and liabilities at fair value. No fair value adjustments are recorded through the profit or loss.

Effective interest rate and repricing analysis

In respect of financial debts, the following tables indicate their effective interest rates at the reporting date and the periods in which they re-price.

2015

	Effective interest rate	Total	3 month or less	3-12 months	Fixed interest rate
Bonds issued (1)	6.24%	6,601,297	--	2,707,347	3,893,950
Financial debts		3,371,317	281,060	34,200	3,056,057
- loans drawn from entities under direct or indirect control	3.66%	2,948,858	--	--	2,948,858
- loans from related parties	5.49%	40,856	--	--	40,856
- loans from third parties	4.27%	66,343	--	--	66,343
- bank loans	2.27%	315,260	281,060	34,200	--
Total		9,972,614	281,060	2,741,547	6,950,007

(1) Including unpaid interest of CZK 102 million

2014

	Effective interest rate	Total	3 month or less	3-12 months	Fixed interest rate
Bonds issued (1)	6.72%	13,527,552	--	7,031,511	6,496,041
Financial debts		9,423,831	--	377,060	9,046,771
- loans drawn from entities under direct or indirect control	6.73%	8,802,582	--	--	8,802,582
- loans from related parties	6.55%	83,721	--	--	83,721
- loans from third parties	5.64%	160,468	--	--	160,468
- bank loans	2.18%	377,060	--	377,060	--
Total		22,951,383	--	7,408,571	15,542,812

(1) Including unpaid interest of CZK 246 million.

6.4 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Company as property investor is mainly influenced by the fact that it leverages its project financing by using bank debts. There is no real seasonality impact on its financial position but rather a volatility of financial markets might positively or negatively influence Company's financial position.

No changes were made in the objectives, policies or processes during the year ended 31 December 2015.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity. Debt is defined as all long-term and short-term liabilities. Equity includes all capital and reserves as shown in the statement of financial position.

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

	31 December 2015	31 December 2014
Debt	12,468,291	25,164,545
Equity	22,346,987	21,647,133
Total	56%	116%

6.5 Fair value measurement

6.5.1 Fair value of financial instruments

Fair value measurements of financial instruments reported at fair value are classified by level of the following measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading securities and financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company is using a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Valuations are performed regularly on the basis of the management best estimates of the credit risk of the Company or of the specific entity concerned in the light of existing, available and observable market data.

- For the available-for-sale financial assets and for the bonds, the fair values as of 31 December 2015 have been determined in accordance with generally accepted pricing models based on the discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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

Accounting classification and fair values

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

	Carrying amount		Level 1	Fair value	
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)		Level 2	Level 3
31 December 2015					
FINANCIAL ASSETS					
Call option	30,403	--	--	30,403	--
Financial assets at fair value through profit or loss (**)	30,403	--	--	--	--
Long-term Equity investments	--	11,746	--	--	--
Financial assets available-for-sale	--	11,746	--	--	--
Advances paid	--	3,418	--	--	--
Loans provided	--	4,831,881	--	--	4,831,881
Non-current loans and receivables	--	4,835,299	--	--	--
Trade and other receivables	--	37,180	--	--	--
Debentures	--	37,159	--	--	39,105
Loans provided	--	6,348,319	--	--	6,348,319
Bills of exchange	--	204,013	--	--	204,013
Other current financial assets	--	3,010,928	--	--	--
Cash and cash equivalent	--	625,139	--	--	--
Current financial assets	--	10,262,738	--	--	--
FINANCIAL LIABILITIES					
Bonds	--	5,250,578***	3,504,825	--	2,322,956
Financial debt (floating rate bank debts)	--	221,180	--	--	--
Financial debt (other borrowings)	--	3,484,714	--	--	--
Non-current financial liabilities	--	8,956,472	--	--	--
Bonds	--	1,350,719	1,285,979	--	--
Financial debt (floating rate bank debts)	--	94,080	--	--	--
Financial debt (other borrowings)	--	1,528,156	--	--	--
Advanced payments	--	109,916	--	--	--
Trade payables	--	16,538	--	--	--
Other financial current liabilities	--	411,998	--	--	--
Current financial liabilities	--	3,511,407	--	--	--

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

(**) Designated at fair value.

(***) Accrued interest is not included.

31 December 2014	Carrying amount		Level 1	Fair value	
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)		Level 2	Level 3
FINANCIAL ASSETS					
Call option		12,053	--	12,053	--
Financial assets at fair value through profit or loss (**)	--	12,053	--	--	--
Long-term Equity investments	--	11,766	--	--	--
Debentures	--	3,154,122	--	--	3,157,043
Financial assets available-for-sale	--	3,165,888	--	--	--
Advances paid	--	3,507	--	--	--
Loans provided	--	8,021,455	--	--	8,021,455
Other non-current receivables	--	2,673	--	--	--
Non-current loans and receivables	--	8,027,635	--	--	--
Trade and other receivables	--	120,407	--	--	--
Loans provided	--	13,875,083	--	--	13,875,083
Bills of exchange	--	42,595	--	--	42,595
Other current financial assets	--	5,177,943	--	--	--
Cash and cash equivalent	--	142,569	--	--	--
Current financial assets	--	19,358,597	--	--	--
FINANCIAL LIABILITIES					
Bonds	--	12,875,835	7,801,737	--	6,053,944
Financial debt (fixed rate bank debts)	--	288,340	--	--	--
Financial debt (other borrowings)	--	8,391,222	--	--	--
Non-current financial liabilities	--	21,555,397	--	--	--
Bonds	--	651,717	415,875	--	--
Financial debt (fixed rate bank debts)	--	88,720	--	--	--
Financial debt (other borrowings)	--	1,596,832	--	--	--
Advanced payments	--	110,045	--	--	--
Trade payables	--	12,871	--	--	--
Other financial current liabilities	--	1,053,648	--	--	--
Current financial liabilities	--	3,513,833	--	--	--

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

(**) Designated at fair value.

7 Related party transactions

The Company has a related party relationship with its members of Board of Directors (current and former) and executive management (key management personnel), shareholders and companies in which these parties held controlling or significant influence or are joint ventures.

The key management personnel and members of Board of Directors did not obtain any remuneration from the Company in 2015 (2014 - TCZK 0).

Breakdown of balances between the Company and related parties is as follows:

Available-for-sale financial assets as at 31 December

	2015	2014
CPI Finance Netherlands B.V.	--	3,116,000
Total available-for-sale financial assets	--	3,116,000

Trade receivables as at 31 December – current

	2015	2014
ACGATE Kft.	201	330
Best Properties South, a.s.	16	10,392
CB Property Development, a.s.	16	1,008
Century City Kft.	--	100
CPI - Facility, a.s.	15,452	20,614
CPI City Center ÚL, a.s.	2,931	3,619
CPI CYPRUS LIMITED	--	165
CPI Jihlava Shopping, a.s.	16	1,673
CPI Management, s.r.o.	(113)	712
CPI Retail Portfolio I, a.s.	12	1,674
CPI Retails FIVE, a.s.	9	2,011
CPI Retails ONE, a.s.	(4)	6,818
CPI Services, a.s.	7,839	19,096
Budaörs Office Park Kft.	36	117
Komárno Property Development, a.s.	5	3,734
Lipt. Mikuláš Property Development, a.s.	5	3,406
Marissa West, a.s.	16	2,295
Michalovce Property Development, a.s.	(3)	3,224
MUXUM, a.s.	(3)	2,580
NERONTA, a.s.	(101)	4,160
Nymburk Property Development, a.s.	7	3
Považská Bystrica Property Development, a.s.	13	4,299
Prievidza Property Development, a.s.	5	3,396
Ružomberok Property Development	(3)	2,478
Zvolen Property Development, a.s.	(3)	3,635
Others	3,780	13,566
Total trade receivables due from entities under direct or indirect control	30,126	115,105
Sojené farmy, a.s.	2,144	--
CPI Alberghi Hi Roma Sàrl	648	--
STRM Group	--	111
CPI Hotels, a.s.	(20)	3,929
Others	155	--
Trade receivables due from other related parties	2,927	4,040

Other receivables as at 31 December – current

	2015	2014
CPI Finance Netherlands B.V.	--	636,130
Total interest from debentures		636,130
Best Properties South, a.s.	--	45,063
CPI Finance Netherlands B.V.	1,859	--
CPI Lambda, a.s.	2,583,666	2,583,665
CPI - Real Estate, a.s.	--	35,000
CPI Reality, a.s.	--	199,950
CPI Services, a.s.	--	8,685
Malerba, a.s.	357,856	414,101
MUXUM, a.s.	140	6,917
Others	341	1,247
Total other receivables due from entities under direct or indirect control	2,943,862	3,294,628
CPI Property Group S.A.	25,301	1,000,000
Others	167	215,619
Total other receivables due from other related parties	25,468	1,215,619

Loans provided 2015

	< 1 year	2-5 years	> 5 let years	Total
ACGATE Kft.	49,317	--	451,329	500,646
Baudry, a.s.	207	--	2,808	3,015
BPT Development, a.s.	3,723	26,104	--	29,828
Březiněves, a.s.	88,121	30,862	--	118,983
Camuzzi, a.s.	696	18,035	--	18,731
CB Property Development, a.s.	9,188	--	99,941	109,129
CENTRAL TOWER 81 Sp. z o.o.	38,914	--	450,791	489,705
CPI - Facility, a.s.	--	19,135	--	19,135
CPI - Štupartská, a.s.	441	--	--	441
CPI Alfa, a.s.	5,094	42,525	--	47,619
CPI Beta, a.s.	--	--	99,995	99,995
CPI BYTY, a.s.	43,607	208,506	--	252,113
CPI City Center ŮL, a.s.	1,542	--	--	1,542
CPI CYPRUS LIMITED	--	1,644	--	1,644
CPI Epsilon, a.s.	3,189	45,356	--	48,544
CPI FINANCE (BVI) LIMITED	--	27,202	--	27,202
CPI France, a SASU	1,216,085	--	--	1,216,085
CPI Group, a.s.	1,378	--	--	1,378
CPI Heli, s.r.o.	2,047	42,887	--	44,934
CPI Retails FIVE, a.s.	9,089	106,973	--	116,062
CPI Retails FOUR, a. s.	10,875	121,860	--	132,735
CPI Retails THREE, a.s.	9,223	104,650	--	113,874
CPI Retails TWO, a.s.	6,926	76,300	--	83,226
CPI Services, a.s.	58,673	--	--	58,673
CPI South, s.r.o.	2	90	--	92
CPI PG Management, S.á r.l	9,184	144,768	--	153,953
CURITIBA a.s.	260	6,659	--	6,919
Čadca Property Development, s.r.o.	2,933	35,867	--	38,800
Farhan, a.s.	13,672	477,356	--	491,028
GADWALL Sp. z o.o.	19,089	218,027	--	237,116
Hospitality Invest, S.á.r.l.	115	13,003	--	13,118
Hraničář, a.s.	1,784	--	--	1,784
Karviná Property Development, a.s.	866	--	29,204	30,070
Komárno Property Development, a.s.	1,464	20,628	--	22,092
Liptovský Mikuláš Property Development, a.s.	4,113	51,159	--	55,272
Malerba, a.s.	11	4,245	--	4,256
Marissa Omikrón, a.s.	785,055	--	--	785,055
Marissa Tau, a.s.	8,943	117,622	--	126,565
Marissa, a.s.	292	20,038	--	20,330
Michalovce Property Development, a.s.	4,086	41,024	--	45,110
Modřanská Property, a.s.	17,458	195,844	--	213,301
NERONTA, a.s.	54,688	545,852	--	600,541
Pelhřimov Property Development, a.s.	1,257	41,752	--	43,009
Považská Bystrica Property Development, a.s.	907	5,293	--	6,201
Prievidza Property Development, a.s.	251	4,705	--	4,956

	< 1 year	2-5 years	> 5 let years	Total
Prosta 69 Sp. Z o.o.	20,485	--	170,454	190,939
Quadrio Residence, s.r.o.	1,147	--	631	1,778
Ružomberok Property Development, a.s.	1,078	15,597	--	16,675
Strakonice Property Development, a.s.	971	--	--	971
Trebišov Property Development, s. r. o.	5,029	60,525	--	65,554
Trutnov Property Development, a.s.	7,951	108,066	--	116,018
Třinec Property Development, a.s.	9,283	39,464	--	48,747
Týniště Property Development, s.r.o.	3,575	--	--	921
VOLANTI LIMITED	8,416	430,681	--	439,097
Zvolen Property Development, a.s.	1,047	19,191	--	20,238
Ždírec Property Development, a.s.	921	12,493	--	13,414
Vyškov Property Development, a.s.	2,950	--	--	2,950
Total loans provided to entities under direct or indirect control	2,544,963	3,501,987	1,305,152	7,352,102
ITL Alfa s.r.o.	185	13,815	--	14,000
CPI Property Group S.A.	3,794,902	--	--	3,794,902
Total loans provided to other related parties	3,795,087	13,815	--	3,808,902

Loans provided 2014

	< 1 year	2-5 years	> 5 years	Total
ACGATE Kft.	26,071	--	490,733	516,804
Balvinder, a.s.	10	--	--	10
Baudry, a.s.	637	519,392	--	520,029
BAYTON Delta, a.s.	4	--	--	4
Best Properties South, a.s.	52,757	--	--	52,757
BPT Development, a.s.	2,663	21,309	--	23,972
Brandýs Logistic, a.s.	629	--	--	629
Březiněves, a.s.	91,703	30,862	--	122,565
Camuzzi, a.s.	4,388	13,407	--	17,795
Carpenter Invest, a.s.	20,766	--	--	20,766
CB Property Development, a.s.	56,261	147,506	--	203,767
CPI - Facility, a.s.	--	19,135	--	19,135
CPI - Krásné Březno, a.s.	40	--	--	40
CPI - Land Development, a.s.	1,176	--	--	1,176
CPI - Orlová, a.s.	467,661	--	--	467,661
CPI - Štupartská, a.s.	5,958	--	--	5,958
CPI Alfa, a.s.	3,045	55,000	--	58,045
CPI Beta, a.s.	--	--	55,000	55,000
CPI BYTY, a.s.	36,303	226,361	--	262,664
CPI City Center ÚL, a.s.	1,408	80,868	--	82,276
CPI CYPRUS LIMITED	--	1,395	--	1,395
CPI Delta, a.s.	2,857	50,845	--	53,702
CPI Epsilon, a.s.	2,779	34,569	--	37,348
CPI FINANCE (BVI) LIMITED	--	17,895	--	17,895
CPI Finance Netherlands B.V.	371,412	--	--	371,412
CPI France, a SASU	1,075,267	--	--	1,075,267
CPI Group, a.s.	--	760,988	--	760,988
CPI Heli, s.r.o.	957	30,354	--	31,311
CPI Jihlava Shopping, a.s.	172	--	--	172
CPI Park Mlýnec, a.s.	379,720	--	--	379,720
CPI Park Žďárek, a.s.	3,714	--	--	3,714
CPI Retail Portfolio I, a.s.	355	--	--	355
CPI Retail Portfolio II, a.s.	7,260	--	--	7,260
CPI Retail Portfolio III, s.r.o.	736	--	--	736
CPI Retails FIVE, a.s.	23,736	89,209	--	112,945
CPI Retails FOUR, a. s.	27,009	107,712	--	134,721
CPI Retails THREE, a.s.	23,894	105,632	--	129,526
CPI Retails TWO, a.s.	13,714	71,186	--	84,900
CPI Services, a.s.	87,413	--	--	87,413
CPI Shopping MB, a.s.	45,255	285,608	--	330,863
CPI Shopping Teplice, a.s.	56,362	306,296	--	362,658
CPI West, s.r.o.	52	--	--	52
CURITIBA a.s.	128,196	3,690	--	131,886
Čadca Property Development, s.r.o.	7,106	32,462	--	39,568
ELAMOR, a.s.	27	222	--	249

	< 1 year	2-5 years	> 5 years	Total
ENDURANCE ASSET, S.a r.l.	4,049	75,492	115,928	195,469
Farhan, a.s.	43,542	480,659	--	524,201
FL Property Development, a.s.	627,649	--	--	627,649
GADWALL, Sp. z o.o.	9,969	--	208,941	218,910
Hraničář, a.s.	55,828	--	--	55,828
Komárno Property Development, a.s.	9,825	14,843	--	24,668
Liptovský Mikuláš Property Development, a.s.	9,506	44,203	--	53,709
Lockhart, a.s.	14,701	--	--	14,701
Malerba, a.s.	--	269,104	--	269,104
Marissa, a.s.	131	663,071	--	663,202
MB Property Development, a.s.	1,514	--	--	1,514
Michalovce Property Development, a.s.	10,466	45,927	--	56,393
Modřanská Property, a.s.	41,054	192,935	--	233,989
NERONTA, a. s.	150,508	635,324	--	785,832
Olomouc City Center, a.s.	156	--	--	156
Pelhřimov Property Development, a.s.	14,352	--	--	14,352
Považská Bystrica Property Development, a.s.	8,141	10,116	--	18,257
Prievidza Property Development, a.s.	6,976	3,427	--	10,403
Prosta 69 Sp. Z o.o.	13,109	--	146,285	159,394
Příkopy Property Development, a.s.	16,265	8,679	--	24,944
Quadrio Residence, s.r.o.	53	--	2,366	2,419
Ružomberok Property Development, a.s.	8,088	10,989	--	19,077
SPH Properties Sp. z o.o.	21,722	--	461,401	483,123
Strakonice Property Development, a.s.	464,197	--	--	464,197
Svitavy Property Alfa, a.s.	12,920	115,044	--	127,964
Svitavy Property Development, a.s.	441,640	--	--	441,640
Telč Property Development, a.s.	361,159	--	--	361,159
Třebíšov Property Development, s. r. o.	11,329	55,743	--	67,072
Trutnov Property Development, a.s.	16,202	91,864	--	108,066
Třinec Property Development, a.s.	11,993	41,040	--	53,033
Týniště Property Development, s.r.o.	642,999	--	--	642,999
VERETIX a.s.	54,674	424,615	--	479,289
VM Property Development, a.s.	286,898	--	--	286,898
VOLANTI LIMITED	27,427	82,308	--	109,735
Zvolen Property Development, a.s.	8,926	11,046	--	19,972
Žďár Property Development, a.s.	398,049	--	--	398,049
Ždírec Property Development, a.s.	1,795	10,347	--	12,142
Vyškov Property Development, a.s.	3,070	--	--	3,070
Total loans provided to entities under direct or indirect control	6,840,355	6,223,187	1,556,146	14,619,688
Scampia a.s.*	7,016,903	--	--	7,016,903
CPI Property Group S.A.	1,668	157,491	--	159,159
Total loans provided to other related parties	7,018,571	157,491	--	7,176,062

* In June 2014, the Company had performed financial assets restructuring and consolidation of a number of receivables of related parties. Such receivables of the third parties were assigned to Scampia, a.s., an entity closely associated with Mr. Vítek, in order to simplify related parties transaction structure. Following this operation, the aggregate amount of loans provided by the Company to Scampia, a.s. amounts to CZK 7,016.9 million as at 31 December 2014 and bear average interest rate of 6.2 % p.a. (note 5.6).

Current payables related to assignment of receivables as at 31 December

	2015	2014
Baudry, a.s.	--	1,973
CPI - Bor, a.s.	4,227	4,336
CPI - Land Development, a.s.	--	8,351
CPI - Real Estate, a.s.	17,139	--
CPI - Štupartská, a.s.	--	3,212
CPI BYTY, a.s.	90,286	99,268
CPI City Center ÚL, a.s.	--	707
CPI Group, a.s.	2,290	2,290
CPI Hotels Properties, a.s.	--	8,807
CPI Management, s.r.o.	9,308	11,349
CPI Park Mlýnec, a.s.	--	1,927
CPI Park Žďárek, a.s.	--	1,767
CPI Reality, a.s.	166,705	167,678
CPI Retail Portfolio I, a.s.	--	2,000
CPI Services, a.s.	--	11,412
Čáslav Investments, a.s.	2,364	2,364

	2015	2014
Český Těšín Property Development, a.s.	--	7,666
Hraničář, a.s.	--	11,948
Jeseník Investments, a.s.	1,013	1,013
Družstvo Land	--	17,626
Komárno Property Development, a.s.	--	4,562
Liptovský Mikuláš Property Development, a.s.	--	1,476
Michalovce Property Development, a.s.	33,338	47,922
MUXUM, a.s.	--	7,709
Nymburk Property Development, a.s.	--	444
Pelhřimov Property Development, a.s.	1,044	1,044
Považská Bystrica Property Development, a.s.	33,671	47,019
Prague Property Development, a.s.	11,177	11,186
Prievidza Property Development, a.s.	--	7,384
Příkopy Property Development, a.s.	--	5,300
Ružomberok Property Development, a.s.	--	1,992
U Svatého Michala, a.s.	8,375	8,586
Zvolen Property Development, a.s.	--	2,292
Others	27	2,063
Total	380,963	514,673

Payables from unpaid contribution as at 31 December

	2015	2014
CPI Retails THREE, a.s.	5,405	--
Marissa, a.s.	9,700	--
Others	149	--
Total payables from unpaid contribution	15,254	--

Liabilities related to bonds issued as at 31 December

	2015	2014
BAYTON Gama, a.s.	568,000	568,000
CPI - Orlová, a.s.	--	68,867
CPI BYTY, a.s.	--	195,295
CPI Park Mlýnec, a.s.	--	375,000
FL Property Development, a.s.	--	625,000
Strakonice Property Development, a.s.	--	461,680
Svitavy Property Development, a.s.	--	440,000
Telč Property Development, a.s.	--	360,000
Týniště Property Development, s.r.o.	--	640,000
VM Property Development, a.s.	--	300,000
Žďár Property Development, a.s.	--	397,611
Total liabilities from bonds issued	568,000	4,431,453
CPI BYTY, a.s.	2,689	7,894
BAYTON Gama, a.s.	9,507	103,427
CPI - Real Estate, a.s.	--	4,786
CPI Park Mlýnec, a.s.	--	2,916
FL Property Development, a.s.	--	1,750
Strakonice Property Development, a.s.	--	1,706
Svitavy Property Development, a.s.	--	1,626
Telč Property Development, a.s.	--	1,190
Týniště Property Development, s.r.o.	--	2,116
VM Property Development, a.s.	--	867
Žďár Property Development, a.s.	--	1,149
Others	--	198
Total accrued interest	12,196	129,625
Total liabilities related to bonds	580,196	4,561,078
CPI Property Group S.A.	--	875,987
Gewerbesiedlungs-Gesellschaft GmbH	--	121,851
Total liabilities from bonds issued from other related parties	--	997,838
CPI Property Group S.A.	--	4,959
Gewerbesiedlungs-Gesellschaft GmbH	--	691
Total accrued interest from other related parties	--	5,650
Total liabilities related to bonds from other related parties	--	1,003,488

Other payables to other related parties as at 31 December

	2015	2014
Scampia a.s.	--	60,001
Total	--	60,001

Bills of exchange as at 31 December

	2015	2014
BAYTON Gama, a.s.	116,296	--
CPI BYTY, a.s.	190,484	--
Total bills of exchange from entities under direct or indirect control	306,780	--
Gewerbesiedlungs-Gesellschaft mbH	135,269	--
Total bills of exchange from other related parties	135,269	--

Loans drawn from entities under direct or indirect control/other related parties

2015

	< 1 year	2-5 years	> 5 let years	Total
Balvinder, a.s.	2,832	29,502	--	32,334
BAYTON Alfa, a.s.	36,372	--	--	36,372
BAYTON Delta, a.s.	460	--	17,997	18,458
BAYTON Gama, a.s.	537	16,734	--	17,271
Brandýs Logistic, a.s.	563	11,105	--	11,668
Carpenter Invest, a.s.	2,657	24,887	--	27,544
CB Property Development, a.s.	98	1,943	--	2,041
CENTRAL TOWER 81 Sp. z o.o.	--	80,014	--	80,014
Conradian, a.s.	7	--	--	7
CPI - Bor, a.s.	6,580	37,379	--	43,960
CPI - Land Development, a.s.	821	--	--	821
CPI - Real Estate, a.s.	85,983	--	--	85,983
CPI - Zbraslav, a.s.	8,482	47,226	--	55,708
CPI Beta, a.s.	365	2,701	--	3,066
CPI Delta, a.s.	96	1,900	--	1,996
CPI Finance Netherlands B.V.	155,942	777,091	--	933,033
CPI Finance Slovakia, a.s.	38,734	770,348	--	809,082
CPI Flats, a.s.	2,402	3,824	--	6,227
CPI Hotels Properties, a.s.	3,873	75,820	--	79,692
CPI Lambda, a.s.	112	790	--	902
CPI Management, s.r.o.	4,573	69,832	--	74,405
CPI Meteor Centre, s.r.o.	1,984	--	--	1,984
CPI Národní, s.r.o.	213	176,882	--	177,095
CPI Park Mlýnec, a.s.	808	1,060	--	1,868
CPI Park Žďárek, a.s.	32	--	--	32
CPI Reality, a.s.	50	2,700	--	2,749
CPI Retail MB s.r.o.	544	17,349	--	17,893
CPI Retail Portfolio I, a.s.	3	3,898	--	3,901
CPI Retail Portfolio II, a.s.	627	20,600	--	21,227
CPI Retail Portfolio IV, s.r.o.	193	5,000	--	5,193
CPI Retail Portfolio VI, s.r.o.	170	4,400	--	4,570
CPI Retail Portfolio VII, s.r.o.	230	7,000	--	7,230
Hraničář, a.s.	--	16,779	--	16,779
Marissa Omikrón, a.s.	198	1,965	--	2,163
Marissa Théta, a.s.	199	1,970	--	2,169
Marissa West, a.s.	64,729	--	--	64,729
Marissa Yellow, a.s.	198	1,965	--	2,163
Marissa Ypsilon, a.s.	198	1,815	--	2,012
Michalovce Property Development, a.s.	--	--	--	--
MUXUM, a.s.	11,911	75,754	--	87,666
Nymburk Property Development, a.s.	1,952	24,415	--	26,367
Považská Bystrica Property Development, a.s.	--	--	--	--
Prague Property Development, s.r.o.	7,876	78,121	--	85,997
Svitavy Property Alfa, a.s.	532	10,498	--	11,030
Vigano, a.s.	4,782	30,406	--	35,188
ZLATICO LIMITED	115	44,308	--	44,424

	< 1 year	2-5 years	> 5 let years	Total
Vyškov Property Development, a.s.	187	3,069	--	3,256
Žďár Property Development, a.s.	590	--	--	590
Total loans from entities under direct or indirect control	450,040	2,481,051	17,997	2,949,088
Spojené farmy a.s.	229	31,900	--	32,129
Others	801	7,925	--	8,726
Total loans from other related parties	1,030	39,825	--	40,855

2014

	< 1 year	2-5 years	> 5 years	Total
Arena Corner Ingatlanfejlesztő Kft.	2,408	--	65,436	67,844
Balvinder, a.s.	1,636	29,502	--	31,138
Baudry Alfa, a.s.	28	1,800	--	1,828
BAYTON Alfa, a.s.	148	--	--	148
BAYTON Gama, a.s.	1,214	19,564	--	20,778
Beroun Property Alfa, a.s.	88	1,805	--	1,893
Brandýs Logistic, a.s.	2,219	11,105	--	13,324
Carpenter Invest, a.s.	1,581	23,387	--	24,968
CB Property Development, a.s.	410	1,943	--	2,353
Conradian, a.s.	3,649	19,676	--	23,325
CPI - Bor, a.s.	31,963	13,668	--	45,631
CPI - Land Development, a.s.	2,948	37,504	--	40,452
CPI - Orlová, a.s.	13,888	--	--	13,888
CPI - Zbraslav, a.s.	7,017	44,226	--	51,243
CPI Beta, a.s.	261	1,900	--	2,161
CPI Delta, a.s.	261	1,900	--	2,161
CPI Epsilon, a.s.	87	1,980	--	2,067
CPI Finance Netherlands B.V.	423,412	--	7,203,869	7,627,281
CPI Flats, a.s.	1,961	35,824	--	37,785
CPI Hotels Properties, a.s.	8,228	78,391	--	86,619
CPI Jihlava Shopping, a.s.	10,376	--	--	10,376
CPI Lambda, a.s.	81	1,350	--	1,431
CPI Management, s.r.o.	3,790	21,745	--	25,535
CPI North, s.r.o.	7	130	--	137
CPI Park Mlýnec, a.s.	675	6,135	--	6,810
CPI Park Žďárek, a.s.	575	6,093	--	6,668
CPI Reality, a.s.	9,190	530	--	9,720
CPI Retail MB s.r.o.	11	19,849	--	19,860
CPI Retail Portfolio II, a.s.	934	20,600	--	21,534
CPI Retail Portfolio IV, s.r.o.	40	5,000	--	5,040
CPI Retail Portfolio VI, s.r.o.	36	4,400	--	4,436
CPI South, s.r.o.	5	35	--	40
Hraničář, a.s.	9,273	47,739	--	57,012
Kerina, a.s.	362	--	--	362
Marissa Lambda, a.s.	108	2,034	--	2,142
Marissa North, a.s.	108	2,034	--	2,142
Marissa Omega, a.s.	108	2,034	--	2,142
Marissa Omikrón, a.s.	108	2,034	--	2,142
Marissa Sigma, a.s.	108	2,021	--	2,129
Marissa South, a.s.	107	2,035	--	2,142
Marissa Tau, a.s.	107	2,015	--	2,122
Marissa Théta, a.s.	107	2,020	--	2,127
Marissa West, a.s.	64,390	--	--	64,390
Marissa Yellow, a.s.	107	2,035	--	2,142
Marissa Ypsilon, a.s.	107	2,035	--	2,142
MUXUM, a.s.	8,280	77,717	--	85,997
Nymburk Property Development, a.s.	2,800	22,358	--	25,158
Prague Property Development, s.r.o.	6,209	78,320	--	84,529
Přikopy Property Development, a.s.	5,520	79,708	--	85,228
SPH Properties Sp. z o.o.	--	79,132	--	79,132
Svitavy Property Alfa, a.s.	2,027	10,498	--	12,525
Vigano, a.s.	2,854	26,880	--	29,734
ZLATICO LIMITED	24	45,456	--	45,480
Vyškov Property Development, a.s.	3,189	--	--	3,189
Total loans from entities under direct or indirect control	635,130	898,147	7,269,305	8,802,582

	< 1 year	2-5 years	> 5 years	Total
Scampia, a.s.	10,555	20,629	--	31,184
Others	21,524	31,013	--	52,537
Total loans from other related parties	32,079	51,642	--	83,721

Sales

	2015	2014
CPI BYTY, a.s.	3	5
CPI Management, s.r.o.	304	902
CPI Services, a.s.	12,657	12,121
Vigano, a.s.	2	--
Total revenues related entities under direct or indirect control	12,966	13,028
Total sales	12,966	13,028

Advisory and accounting services

	2015	2014
CPI Retail Portfolio I, a.s.	2,091	1,436
CPI Retail Portfolio II, a.s.	3,509	2,411
CPI Retail Portfolio III, s.r.o.	3,490	2,398
CPI Retail Portfolio IV, s.r.o.	3,229	2,219
CPI Retail Portfolio V, s.r.o.	1,693	1,163
CPI Retail Portfolio VI, s.r.o.	758	521
CPI Retail Portfolio VII, s.r.o.	2,073	1,424
Total income from advisory and accounting services	16,843	11,572

Interest income

	2015	2014
ACGATE Kft.	24,100	23,832
Balvinder, a.s.	--	1,274
Baudry, a.s.	30,075	1,183
Březiněves, a.s.	1,389	5,332
Camuzzi, a.s.	696	674
Carpenter Invest, a.s.	--	4,911
CB Property Development, a.s.	13,383	15,191
CENTRAL TOWER 81 Sp. z o.o.	32,223	--
Conradian, a.s.	--	3,653
CPI - Orlová, a.s.	17,101	23,156
CPI - Real Estate, a.s.	--	5,936
CPI Alfa, a.s.	5,094	6,357
CPI BYTY, a.s.	7,304	6,631
CPI City Center ÚL, a.s.	14,220	4,061
CPI Delta, a.s.	466	2,857
CPI Epsilon, a.s.	3,189	2,779
CPI Finance Netherlands B.V.	14,318	2,375
CPI France, a SASU	31,841	38,203
CPI Group, a.s.	8,878	--
CPI Hotels Properties, a.s.	--	844
CPI Park Mlýnec, a.s.	19,698	26,336
CPI Retails FIVE, a.s.	9,089	9,045
CPI Retails FOUR, a.s.	10,875	11,037
CPI Retails THREE, a.s.	9,223	9,103
CPI Retails TWO, a.s.	6,926	6,857
CPI Shopping MB, a.s.	7,179	24,614
CPI Shopping Teplice, a.s.	7,374	28,876
CURITIBA a.s.	260	16,255
Farhan, a.s.	41,212	41,423
FL Property Development, a.s.	32,834	43,896
GADWALL, Sp. z o.o.	14,607	14,231
Hraničář, a.s.	--	15,670
Karviná Property Development, a.s.	1,729	--
Kerina, a.s.	--	1,139
Komárno Property Development, a.s.	1,464	3,908

	2015	2014
LD Praha, a.s.	--	1,096
Liptovský Mikuláš Property Development, a.s.	4,113	4,062
Malerba, a.s.	11	1,797
Marissa Omikrón, a.s.	7,836	--
Marissa Tau, a.s.	8,943	--
Marissa, a.s.	129,846	34,362
MB Property Development, a.s.	--	1,514
Michalovce Property Development, a.s.	4,086	4,200
Modřanská Property, a.s.	17,458	18,653
NERONTA, a.s.	54,688	57,106
Pelhřimov Property Development, a.s.	1,257	1,833
Považská Bystrica Property Development, a.s.	907	3,967
Prievidza Property Development, a.s.	251	2,849
Prosta 69 Sp. Z o.o.	7,767	12,182
Příkopy Property Development, a.s.	418	440
Ružomberok Property Development, a.s.	1,078	3,451
Strakonice Property Development, a.s.	24,031	34,047
Svitavy Property Alfa, a.s.	1,521	9,915
Svitavy Property Development, a.s.	23,104	30,890
Telč Property Development, a.s.	18,891	25,255
Trutnov Property Development, a.s.	7,951	9,215
Třinec Property Development, a.s.	3,649	4,183
Týniště Property Development, s.r.o.	33,637	44,960
Trebišov Property Development, s. r. o.	5,029	--
VERETIX a.s.	7,187	52,607
Vigano, a.s.	--	9,132
VM Property Development, a.s.	17,217	--
VOLANTI LIMITED	3,642	16,485
Zvolen Property Development, a.s.	1,047	3,654
Žďár Property Development, a.s.	23,108	44,131
Others	12,512	67,019
Total interest income related to entities under direct or indirect control	797,933	900,644
ITL Alfa, s.r.o.	184	--
CPI PG	319,651	--
Radovan Vitek	--	26
Milada Malá	--	303,208
Scampia a.s.	97,355	330,749
Total interest income related to other related parties	417,190	633,983
Total interest income	1,205,123	1,534,627

Purchases

	2015	2014
CPI - Facility, a.s.	--	54
CPI Management, s.r.o.	--	600
CPI Services, a.s.	1,506	--
Total purchases	1,506	654

Interest expense

	2015	2014
ACGATE Kft.	971	2,394
CPI Reality, a.s.	50	8,553
CPI Finance Netherlands B.V.	551,272	567,626
Hraničář, a.s.	3,035	3,174
CPI Finance Slovakia, a.s.	38,877	--
CPI - Zbraslav, a.s.	494	1,364
Marissa West, a.s.	4,856	4,517
MUXUM, a.s.	3,840	3,912
Prague Property Development, s.r.o.	1,667	1,670
Vigano, a.s.	1,928	1,771
BAYTON Gama, a.s.	537	600
CPI Hotels Properties, a.s.	3,873	3,973
CENTRAL TOWER 81 Sp. z o.o.	2,904	--
CPI Park Mlýnec, a.s.	415	435
Others	20,473	47,058
Total interest expense related to entities under direct or indirect control	636,163	644,653
CPI PROPERTY GROUP S.A.	15,701	--
Others	731	22,204
Total interest income related to other related parties	16,432	22,204
Total interest expense	649,125	666,857

8 Contingencies, guarantees provided

8.1 Contingent liabilities

The Company provides following guarantees to its subsidiaries at 31 December 2015:

Subsidiary	Guarantee	Carrying amount of related liability	
		at 31 December 2015 in TCZK	at 31 December 2014 in TCZK
Arkáda Prostějov, s.r.o.	Sponsorial agreement	--	150,589
Balvinder, a.s.	Blank bill	157,321	163,715
Baudry Beta, a.s.	Guarantee statement	344,312	369,158
BAYTON Alfa, a.s.	Sponsorial agreement	--	162,764
Beroun Property Development, a.s.	Blank bill	238,785	253,023
Best Properties South, a.s.	Blank bill	1,297,204	1,358,330
Březiněves, a.s.	Guarantee statement	--	49,365
Carpenter Invest, a.s.	Guarantee statement	92,445	98,115
CB Property Development, a.s.	Guarantee statement	--	716,072
Conradian, a.s.	Blank bill	108,295	111,823
CPI - Real Estate, a.s.	Assumption for receivables	98,000	112,500
CPI - Štupartská, a.s.	Assumption for receivables	94,000	96,000
CPI Alfa, a.s.	Guarantee statement	279,000	279,000
CPI BYTY, a.s.	Guarantee statement	3,000,000	3,000,000
CPI Delta, a.s.	Guarantee statement	21,621	235,082
CPI Jihlava Shopping, a.s.	Guarantee statement	200,000	1,294,973
CPI Národní, s.r.o.	Guarantee statement	--	1,203,087
CPI Retail MB s.r.o.	Guarantee statement	298,844	315,219
CPI Retails FOUR, a.s.	Guarantee statement	35,133	281,505
CPI Retails ONE, a.s.	Guarantee statement	185,683	207,860
CPI Retails THREE, a.s.	Guarantee statement; Blank bill	166,898	184,505
CPI Retails TWO, a.s.	Guarantee statement	138,909	171,432
CPI Services, a.s.	Guarantee statement	55,894	--
EMH North, s.r.o.	Guarantee statement; Blank bill	971,927	1,044,262
EMH South, s.r.o.	Guarantee statement; Blank bill	244,782	262,999
EMH West, s.r.o.	Guarantee statement; Blank bill	1,183,111	1,271,164
Hraničář, a.s.	Blank bill	183,408	188,784
Komárno Property Development, a.s.	Guarantee statement	69,345	76,993
LD Praha, a.s.	Sponsorial agreement	--	16,646
Liptovský Mikuláš Property Development, a.s.	Guarantee statement	73,802	81,942
Lockhart, a.s.	Guarantee statement	401,844	441,219
Marissa Gama, a.s.	Guarantee statement	1,089,571	1,126,419
Marissa Tau, a.s.	Guarantee statement	344,828	--
MB Property Development, a.s.	Guarantee statement	51,282	54,092
Michalovce Property Development, a.s.	Guarantee statement	61,574	68,365
MUXUM, a.s.	Blank bill	111,199	133,232
NERONTA, a.s.	Guarantee statement	--	1,095,416
Nymburk Property Development, a.s.	Guarantee statement	239,625	266,054
OC Nová Zdobov a.s.	Guarantee statement	310,524	327,539
Olomouc City Center, a.s.	Guarantee statement	95,080	97,960
Olomouc Office, a.s.	Guarantee statement	152,130	156,730
Pelhřimov Property Development, a.s.	Guarantee statement	52,242	55,989
Považská Bystrica Property Development, a.s.	Guarantee statement	82,960	92,110
Prievidza Property Development, a.s.	Guarantee statement	70,351	78,110
Příkopy Property Development, a.s.	Guarantee statement	--	609,950
Ružomberok Property Development, a.s.	Guarantee statement	71,993	79,934
Svitavy Property Alfa, a.s.	Guarantee statement	151,246	163,210
Trebišov Property Development, s. r. o.	Guarantee statement	147,811	136,415
Trutnov Property Development, a.s.	Blank bill	45,478	429,960
Třinec Investments, s.r.o.	Guarantee statement	70,150	74,450
Třinec Property Development, a.s.	Guarantee statement	247,981	275,331
Vigano, a.s.	Blank bill	277,980	293,919
Zvolen Property Development, a.s.	Guarantee statement	67,983	75,481
Ždírec Property Development, a.s.	Guarantee statement	12,665	13,692

9 Events after the reporting period

9.1 Acquired subsidiaries

On 27 January 2016, the Company purchased 100% stake in CPI Finance Ireland II Limited from CPI PG for consideration in the amount of EUR 74 million (app. CZK 1,999.9 million).

On 11 March 2016, 100% stake in CPI Finance Netherlands II B.V. was acquired from CPI PG for the consideration of EUR 1.

On 22 March 2016, the Company acquired 100% stake in Tarnów Property Development Sp. z o.o. for the purchase price of PLN 4.2 million (app. CZK 26.6 million).

The Company acquired 100% stake in Hraničář, a.s. on 24 March 2016. This entity was purchased from entity under direct control for the purchase price of CZK 93 million.

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

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

9.3 Bonds repayment

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

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

Prague, 25 April 2016

Zdeněk Havelka

Chairman of the Board of Directors

Kristína Magdolenová

Member of the Board of Directors