Czech Property Investments, a.s.

HALF-YEAR REPORT 2014

(UNAUDITED)

KEY FIGURES

PERFORMANCE		30-Jun-14	30-Jun-13	Change in %
Gross rental income	MCZK	2,199	1,551	42%
Occupancy*	%	85%	85%	0%
Gross return	%	6%	6%	0%
Net rental income	MCZK	2,030	1,306	55%
Result from operating activities	MCZK	1,744	1,134	54%
EBITDA	MCZK	1,836	1,590	15%
Profit before tax	MCZK	1,056	1,225	-14%
Net interest expense	MCZK	752	354	113%
Net profit for the period	MCZK	899	898	0%

* excluding Hotels

ASSETS		30-Jun-14	31-Dec-13	Change in %
Total assets	MCZK	89,474	85,607	5%
Real Estate Portfolio	MCZK	75,705	73,112	4%
Gross lettable area *	sqm	2,045,000	2,005,000	2%
Total number of properties**	No	277	263	5%
Total number of residential units	No	12,574	12,602	0%
Total number of hotel beds	No	8,129	8,129	0%
EPRA NAV	MCZK	33,024	32,101	3%

* excluding Hotels
** excluding Residential properties

FINANCING STRUCTURE		30-Jun-14	31-Dec-13	Change in %
Total equity	MCZK	26,575	25,752	3%
Equity ratio	%	30%	30%	0%
Net debt	MCZK	49,529	47,725	4%
Loan to value ratio	%	65%	65%	0%

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2014 HIGHLIGHTS

Czech Property Investments, a.s. became a part of GSG GROUP

In June 2014, Mr. Radovan Vítek, real estate investor and sole shareholder of Czech Property Investments, a.s., contributed Czech Property Investments, a.s. to GSG GROUP (former Orco Germany). The Combination of GSG GROUP with Czech Property Investments, a.s. creates a new major real estate listed player in Central Europe with an EPRA NAV of EUR 1.7 billion and a total balance sheet of EUR 4.1 billion. The enlarged group changed its name to CPI Property Group on 28 August 2014 and presents a well-balanced and diversified portfolio, which includes a wide range of properties located in Germany, Czech Republic, Slovakia, Hungary, Poland and Romania.

Major acquisitions

In the first half of 2014 Czech Property Investments, a.s. group invested CZK 1,545 million in acquiring new real estate portfolio, CZK 1,026 million were financed by financial debts. The major acquisitions were as follows:

- Acquisition of 100% shares in Arena Corner Kft., a Hungarian company that owns 29,600 sqm of prime office premises in Budapest.
- Acquisition of 100% shares in Kouge s.r.o. (further renamed to CPI Retail Portfolio VIII, s.r.o.) that owns 4 supermarkets with a total lettable area about 5,300 sqm in the north of the Czech Republic
- Acquisition of 100% shares in Clitos, a.s. (further renamed to Čáslav Investments, a.s.), which owns 8,000 sqm of land designated for retail development located in Čáslav, 30 kilometers from Prague.

New Bonds issue

In April and May 2014 the Group issued Czech crowns project bonds in total nominal value of CZK 1,125 million with a maturity in April 2019. The bonds were issued by seven companies from CPI Retail Portfolio and bear a fixed interest of 5 % p.a.

Change in Management

On 30 April 2014 Mr. Erik Morgenstern resigned from the position of CFO. Mr. Pavel Měchura was appointed new CFO on 1 May 2014.

Portfolio news

Vodafone renewed and expanded a lease in Arena Corner, Budapest Hungary, having leased in total 13,800 sqm in June 2014. This was the largest office lease transaction in Budapest in the first half of 2014.

Allianz located its regional headquarters to the multifunctional property CPI City Center in Ústí nad Labem in April 2014.

QUADRIO, the multifunctional property providing retail and office premises and residential units, reached its highest point at 35 meters above a ground level in March 2014. The property acquired its final exterior appearance in June 2014 and the main construction work is now concentrated on interior which is adapted to the requirements of future tenants.

MESSAGE FROM THE CEO

Dear business partners, colleagues and stakeholders,

The success of the Group from last year motivated us to further growth, which continued throughout the first six months of 2014. Our real estate group is getting bigger and stronger, creating greater value for its shareholder.

Although we are only six months into the year, the active policy of the Group as a long-term investor was evident on all fronts: rental of premises, ongoing development and acquisitions. These months were marked by structural changes, stabilization of current portfolio and realization of new acquisitions, which further strengthened our position in the Central and Eastern Europe.

In the first half of 2014, we have managed to achieve outstanding economic results. The key factors of making profits were the favourable development of the market, increase in the efficiency of the whole group financing, and overall success of our business. In spring 2014 we successfully issued the project bonds of CPI Retail Portfolio in the nominal value of CZK 1.1 billion. We continually consider several options of financing our further expansion. Speaking of numbers, over the first six months of 2014, the value of assets managed by the Group increased by 5% and amounts to CZK 89 billion at the end of June 2014. The gross rental income raised to CZK 2.2 billion, net profit amounted to CZK 899 million and operating profit before interest, taxes, depreciation and amortization (EBITDA) reached CZK 1.8 billion, which represents an annual increase by 15%.

The summary of the first six months of 2014 also includes own development. The biggest attention is now devoted to the completion of current development projects which mainly include construction of QUADRIO, a multipurpose project of office, retail and residential complex in Prague; reconstruction of the residential complex Palais Maeterlinck in France, reconstruction of unique historical building of Živnobanka in Prague and renovation of Clarion Grandhotel Zlatý Lev in Liberec.

An essential pillar of our business strategy and success in the rental arena is our long-term and quality relationships with our tenants. Although the office segment is facing a complicated competitive environment, we managed to acquire a number of new tenants and to renew several key contracts. I consider an extension of the contract with the Vodafone in Arena Corner Budapest a great success of our team. Among new tenants in the Czech Republic belongs companies such as DHL Express in Olomouc or Allianz in Ústí nad Labem.

In June 2014, Mr. Radovan Vítek, real estate investor and our sole shareholder, contributed Czech Property Investments, a.s. to GSG GROUP (former Orco Germany) so we become a part of a new major real estate listed player in Central Europe with an EPRA NAV of EUR 1.7 billion and a total balance sheet of EUR 4.1 billion. This important milestone represents a great opportunity for further expansion on the European real estate market. The enlarged group changed its name to CPI Property Group on 28 August 2014 and presents a well-balanced and diversified portfolio, which includes a wide range of properties located in the Germany, Czech Republic, Slovakia, Hungary, Poland and Romania.

Our strategy for the future is to continue growing and provide the best rental and property management services. We continue to focus on investments in the commercial real estate, especially offices and retail, as well as residential, hotel accommodation and logistics centres. In addition to our traditional regions, we have an appetite to look at acquisitions and high-end projects in France, Italy or Switzerland.

In Prague, 29 August 2014

Zdeněk Havelka
Chief Executive Officer
Czech Property Investments, a.s.

THE GROUP

Czech Property Investments, a.s. group (hereinafter also referred to as “the Group”) 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 Republic, Slovakia, 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 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 447,000 sqm of office space; 620,000 sqm of retail space; 17 hotels with over 8,000 beds, 210,000 sqm of space intended for light industry and storage and with over 12,500 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 real estate portfolio, to create a new business opportunities and increase its commercial value. Cooperation with tenants and support of mutual relationships are the key points for its success.

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, Václavské náměstí 1601/47, 110 00, IČ (Company Identification Number) 427 16 161, was established on 17 December 1991 for an indefinite period of time.

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.
Václavské náměstí 1601/47
110 00 Prague 1
Tel: +420 281 082 110
Fax: +420 281 082 150
E-mail: cpi@cpi.cz
www.cpi.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.

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 Statistical Office (unless otherwise stated).

The gross domestic product adjusted for price, seasonal, and calendar effects increased in the first quarter of 2014 by 2.9% year-on-year. The economy of the Czech Republic benefited from increasing of both foreign and domestic demand as well as from a very low comparison base, Q1 2013 was indeed the weakest for the last four years in terms of economic performance. The final consumption expenditure increased in total by 1.4%, year-on-year. The total gross capital formation increased by 2.5%, year-on-year, when drop of production and goods inventories was more than compensated by growth of fixed capital formation by 5.8%. Increased investments were directed to transport equipment, machinery equipment, and buildings and structures except for dwellings. Quarter-on-quarter, the fixed capital formation increased by 1.2%.

The consumer price level in June 2014 was the same as in June 2013 (annual change 0.0%). This development came particularly from prices in 'food and non-alcoholic beverages', which moved from a growth of 2.5% in May to a decline (-1.1%) in June. The increase in the average consumer price index over the twelve months to June 2014 compared to the average consumer price index over the previous twelve months, stood at 0.7% in June 2014.

The general unemployment rate according to the International Labour organization (ILO) definition in the age group 15-64 years attained 6.1% in Q2 2014 and decreased by 0.7 p.p. year-on-year. The number of unemployed persons reached 318.6 thousand decreasing by 39.4 thousand persons, year-on-year.

Hungary

Based on the data published by the Hungarian Central Statistical Office, the gross domestic product of Hungary increased year-on-year by 3.5% over the first quarter of 2014. Consumer prices decreased by 0.3% compared to June 2013. In Q2 2014, the number of unemployed people was 359 thousand, 91 thousand fewer than in the same period of 2013, and the unemployment rate decreased by 2.3 p.p. to 8.0%.

Slovakia

Based on the data published by the Statistical Office of the Slovak Republic, the gross domestic product measured at current prices increased by 1.9 %, year-on-year. In quarter-on-quarter comparison, compared with the Q4 2013, after seasonal adjustment, it increased by 0.6 %. That was the second consecutive quarter when economic growth was affected by both a year-on-year growth of foreign demand and domestic demand. In June 2014 the annual inflation rate measured by harmonized index of consumer prices reached the value of 0.1 %. The unemployment decreased, year-on-year, for the second consecutive quarter. Compared with the Q1 2013, it was reduced by 3.2 %. The unemployment rate for Q1 2014 is 14.1%.

Poland

Over Q1 2014 seasonally adjusted gross domestic product was higher by 1.1% than in the previous quarter and 3.5% higher year-on-year, based on the data published by the Polish Central Statistical Office. The positive impact of domestic uses on GDP growth became stronger with smaller, yet still positive, impact of net exports. The prices of consumer goods and services increased by 0.8% over the period of April 2013 to March 2014 in relation to the preceding twelve months, similarly to one month earlier. Consumer prices according to the harmonized index of consumer prices grew by 0.6% year-on-year. The unemployment rate at the end of March 2014 comprised 13.5% of the economically active population; it was by 0.p.p. higher than in Q4 2013. Whereas compared to the same period of the last year, the unemployment rate decreased by 0.8 p.p.

THE PROPERTY MARKETS IN THE CORE COUNTRIES OF THE GROUP

Czech Republic

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

Retail Market

Total modern retail stock in the Czech Republic exceeded 3 million sqm. The supply in Q2 2014 reached almost 36,400 sqm. In H2 2014 another 63,300 sqm will be delivered to the Czech retail market. The highest shopping centre density of 1,440 sqm per 1,000 inhabitants is currently in Teplice, followed by Liberec with 1,400 sqm per 1,000 inhabitants. The Czech Republic remains the 2nd most sought after market in CEE after Poland. It registers a healthy retail demand which is focused on Prague. Rents on the prime high streets of Prague remained stable at around EUR 180 /sqm /month. Prime shopping center rents in Prague for a unit of 100 sqm remained at a level of EUR 95 /sqm /month while varied between EUR 25 – EUR 50 /sqm /month in the region. Retail parks rents varied from EUR 10 – EUR 15 /sqm /month in Prague EUR 6 – EUR 12 /sqm /month in the region.

Prague office market

The new supply delivered in H1 2014 was almost 73,300 sqm and a further 102,800 sqm to be delivered over H2 2014. Currently about 290,000 sqm is under construction, which is the highest pipeline under construction recorded since 2008. Total office stock reached more than 2.96 million sqm in Q2 2014. The leasing activity in Q2 2014 reached 61,082 sqm which represents a year-on-year decline of 16%. Q2 2014 vacancy rate grew to 14.62% and a bigger hike of vacancy is expected in the for coming quarters as there will be more, mainly speculative, projects coming to the market. During Q2 2014, another slight drop in the perception of prime headline rents has been observed. The prime office rent stood at EUR 18.50-19.50 /sqm /month in city centre.

Residential Market

In Q2 2014 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 most striking shift was observed in the prices of family houses, which has increased by 2.7 p.p. and reached HB INDEX 103.9. That is the highest level since the beginning of 2010. The land prices increased only slightly by 0.3 p.p., followed by a slight increase in flats by 0.7 p.p. The average market price of land and the flats reached HB INDEX 94.4 and 116.8, retrospectively in Q2 2014.

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

In June 2014, the interest rates of mortgage loans under the aggregate index of Fincentrum (Hypoindex) fell again to record 2.76%. Interest rates are likely to rise during the holidays.

Hotel Market

2013 was the fourth consecutive record year for tourism in Prague with a total of 5.9 million arrivals and 14.6 million bed nights, reflecting the strength of Prague as a leading global tourism destination. The city remains dominated by international guests, accounting for approximately 89% of total bed nights in 2013. As at June 2014, Prague´s hotel supply comprised of 339 hotels with approximately 26,100 rooms. 4- and 5-star establishments dominate the market accounting for 51% of all graded hotel supply. 3-star hotels also have a significant presence, representing 39% of the market. Four new hotels scheduled to open in 2014 are under construction.

Industrial Market

The total modern A-class industrial stock in the Czech Republic was 4.64 million sqm at the end of Q2 2014. In H1 2014, the total new supply reached 169,000 sqm which represents and improvement of 57% compared to the same period last year. The gross take-up reached 502,000 sqm over H1 2014, which is almost the same result as in H1 2013 whilst the net take-up of 253,000 sqm remained only 3% below H1 2013 levels. The top regions in both gross and net take-up activity were Greater Prague and the Ostrava region. The vacancy rate in the Czech Republic decreased by 58 bps year-on-year and reached a level of 8.1%. Prime headline rents in Prague remained stable at EUR 3.80-4.25 /sqm /month. Prime rents in the Brno region are also stable at EUR 3.90-4.25 /sqm /month.

Hungary

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

Budapest office market

Almost 35,600 sqm were delivered to the office market over H1 2014. The total office stock stands at 3.2 Million sqm as at end of H1 2014. The half-year gross take-up totalled 248,900 sqm, which set a new record high in the Budapest office market. 51% of it (128,470 sqm) was driven by net take up, which is 40% higher than over the corresponding period of 2013. Despite the strong occupier activity in Q2, the gross take-up is not expected to exceed 400,000 sqm in 2014. The vacancy rate significantly improved by 230 bps year-on-year to 17.6%. This is the lowest rate over the past 5 years. Prime rent stands at EUR 20 /sqm /month. This level is only achievable in a few, selected prime properties in the Central Business District for the best office units within the building. Average asking rents did not change significantly on the previous quarter; they remained in the range of EUR 11-14 /sqm /month for A class offices with generous incentive packages.

Budapest retail market

The total shopping center stock of Budapest remained unchanged as no new completions were delivered in H1 2014 and stands at 771,500 sqm in 25 assets. Shopping centre density amounts to 443 sqm per 1,000 inhabitants. Finally, retail sales started to improve during the second half of 2013 and reached an annual growth of 1.7%. The positive trend remained stable during the first five months of 2014 and an outstanding year-on-year growth was reported in March 2014 at 8.5%. In general, after a long time, an increasing interest for Hungary as a target location for network expansion is noted, not only among mass market brands, but premium and luxury retailers as well. Typical shopping centre rents range between EUR 20 and 65 /sqm /month in Budapest while downtown high street rents at Váci utca are around EUR 80 to 100 /sqm /month and EUR 40 to 80 /sqm /month on Andrássy Avenue.

Budapest industrial market

The modern industrial stock remained unchanged with 1.8 million sqm, as there were no new handovers in Budapest over Q2 2014. Over H1 2014, the completion volume totalled only 11,100 sqm. The half-yearly gross take-up reached a record high with 181,260 sqm, out of which net take-up comprised 86,290 sqm. The later volume represents a more than 100% growth on the corresponding period of 2013 and the highest amount since 2008. The Budapest South submarket attracted the most demand by far with 58% of the total leasing activity. The vacancy rate rapidly decreased in Q2 2014. The rate sunk by a massive 380 bps year-on-year and stood at 19.1% at the end of June 2014. Asking rents in logistics parks are at around EUR 2.80-3.80 /sqm /month, while, in the more centrally located city centre logistics rents are around EUR 4.50-5.00 /sqm /month.

Budapest hotel market

Budapest is by far the most popular tourist destination in Hungary and tourism plays a critical role in the city´s economy. In 2012, bed nights grew by 12.4% year-on-year to a new peak of 7.4 million. 89% of total bed nights in 2013 were of international origin. As at June 2014, Budapest had approximately 174 hotels with about 18,300 rooms. The majority of hotels are concentrated in the 3- and 4-stars' segment, accounting for approximately 80% of all graded hotel bad stock in the city. 2013 saw occupancy levels reach 65.8%, the highest level since the global financial crisis of 2008/9.

Slovakia

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

Retail Market

Throughout the beginning of H1 2014 the retail market showed confidence with a positive outlook for the rest of the year. Especially fashion tenants started to consider expansion strategies. No significant deliveries were recorded over H1 2014 in Slovakia and the retail stock of approximately 1.4 million sqm stays unchanged. The total stock of modern retail space in Bratislava stands at approximately 530,000 sqm. The highest retail stock density of 1,335 sqm per 1,000 inhabitants is currently in Zilina, followed by Bratislava with 1,286 sqm per 1,000 inhabitants. Prime high street rent has stayed on the level of EUR 40 /sqm /month. Average traditional shopping centre rent remained at the level of EUR 23.50 /sqm /month.

Industry and Logistic Market

A total modern industrial supply in Slovakia equalled to 1,223,000 sqm at the end of H1 2014, another 55,000 sqm is currently under construction. The Greater Bratislava region maintains its leading position as far as industrial stock is concerned (68%). The ratio between net take-up and renewals was split as follows – approx. 43,000 sqm of new leases and 20,000 sqm of renewals in Q2 2014. The vacancy rate as of Q2 2014 recorded a slight increase to 7.02%. Prime headline rents in the Greater Bratislava area are at EUR 3.80-4.80 /sqm /month and in Eastern Slovakia, prime headline rents are at EUR 3.60-3.90 /sqm /month.

Poland

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

Warsaw office market

The modern office space delivered to the Warsaw market over the course of H1 2014 exceeded 190,300 sqm. Construction activity in Warsaw remains high, with more than 578,900 sqm under active construction and 61,800 sqm under refurbishment. Total office stock reached more than 4.3 million sqm at the end of H1 2014. The gross take-up stood at 258,900 sqm over H1 2014, which represents a decrease of 30% year-on-year. New deals and renewals are still taking a clear lead, with a 50% and 35% share, respectively. The vacancy rate in Warsaw increased over H1 2014 when compared to the end of 2013, from 11.8% to 13.4%. Given the strong pipeline supply expected in 2014 and 2015, the vacancy rates are likely to continue to increase throughout the second half of 2014. Prime headline rents currently range between EUR 22-24 /sqm /month in central locations.

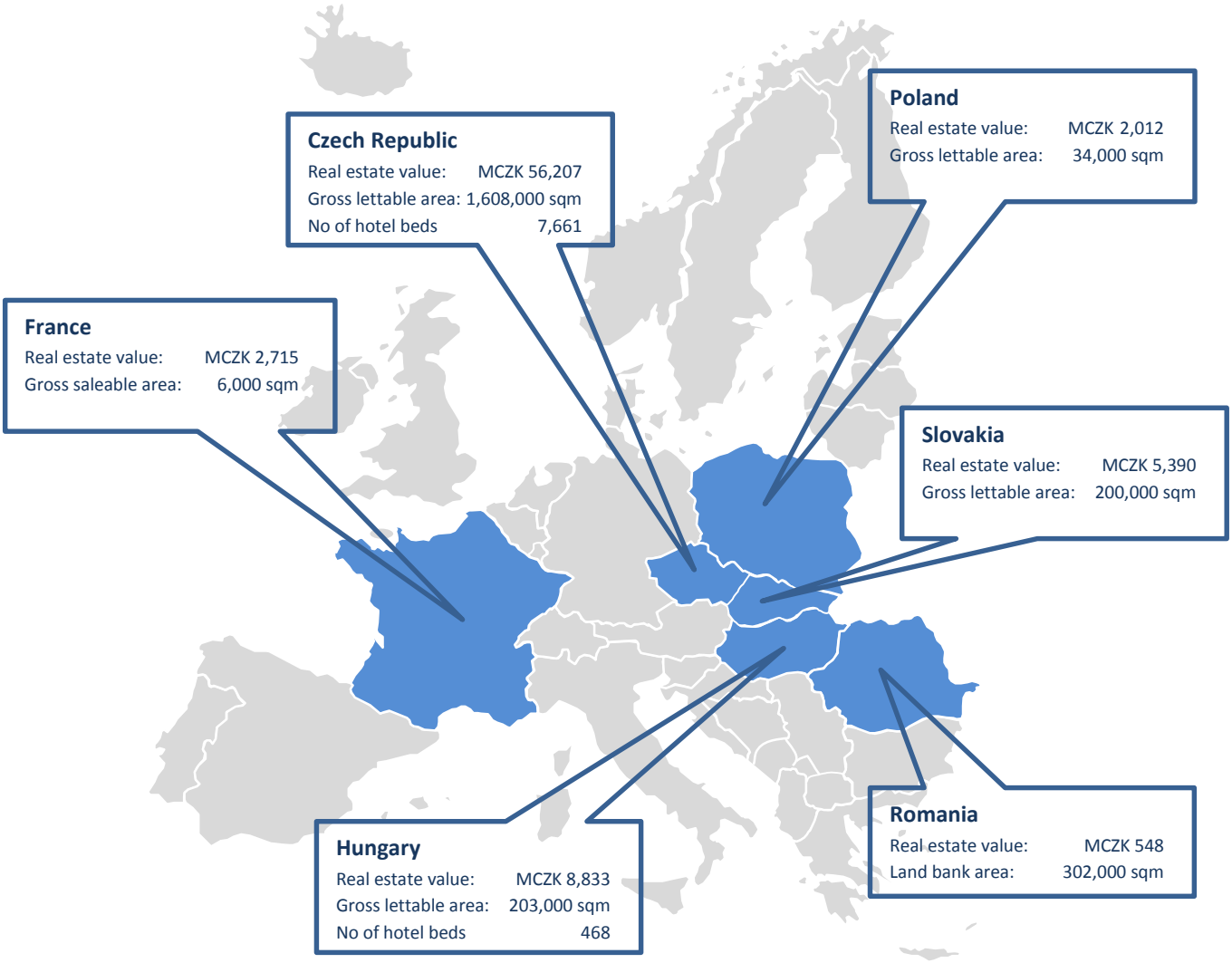
Retail Market in Poland

The total supply of modern retail stock in Poland reached 12.5 million sqm as at end of H1 2014. H1 2014 ended with a total of 266,000 sqm of new gross leasable area having been delivered to the market in 13 new projects and three extensions of existing schemes. A large shopping & leisure complex with 73,000 sqm was opened in Lublin in H1 2014. As a result of this new project Lublin reached a shopping centre stock density of 770 sqm per 1,000 inhabitants. Over the first five months of 2014 retail sales increased by 5.9% which is a significant result compared to 0.4% evidenced over the same period last year. Prime shopping centre rents peaked at EUR 90-100 /sqm /month for top retail assets in Warsaw and oscillate between EUR 43-55 /sqm /month in other major agglomerations.

REAL ESTATE PORTFOLIO

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.

Total number of properties increased significantly in the last few years. This was mainly due to acquisitions of new portfolio in the Czech Republic as well as in the other European countries. A portfolio of the Hungarian real estate investor Ablon and Endurance fund´s retail portfolio became a part of the Group´s portfolio in 2013. The significant enlargement due to these acquisition has enabled the Group to experience a quick and relatively safe expansion into new European markets in Poland, Hungary and Romania.



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

- Investment property
- Investment property under development
- Property, plant and equipment
- Trading property - inventories

"Investment property" consists of rental properties and land bank. Land bank represents properties held for development and/or capital appreciation.

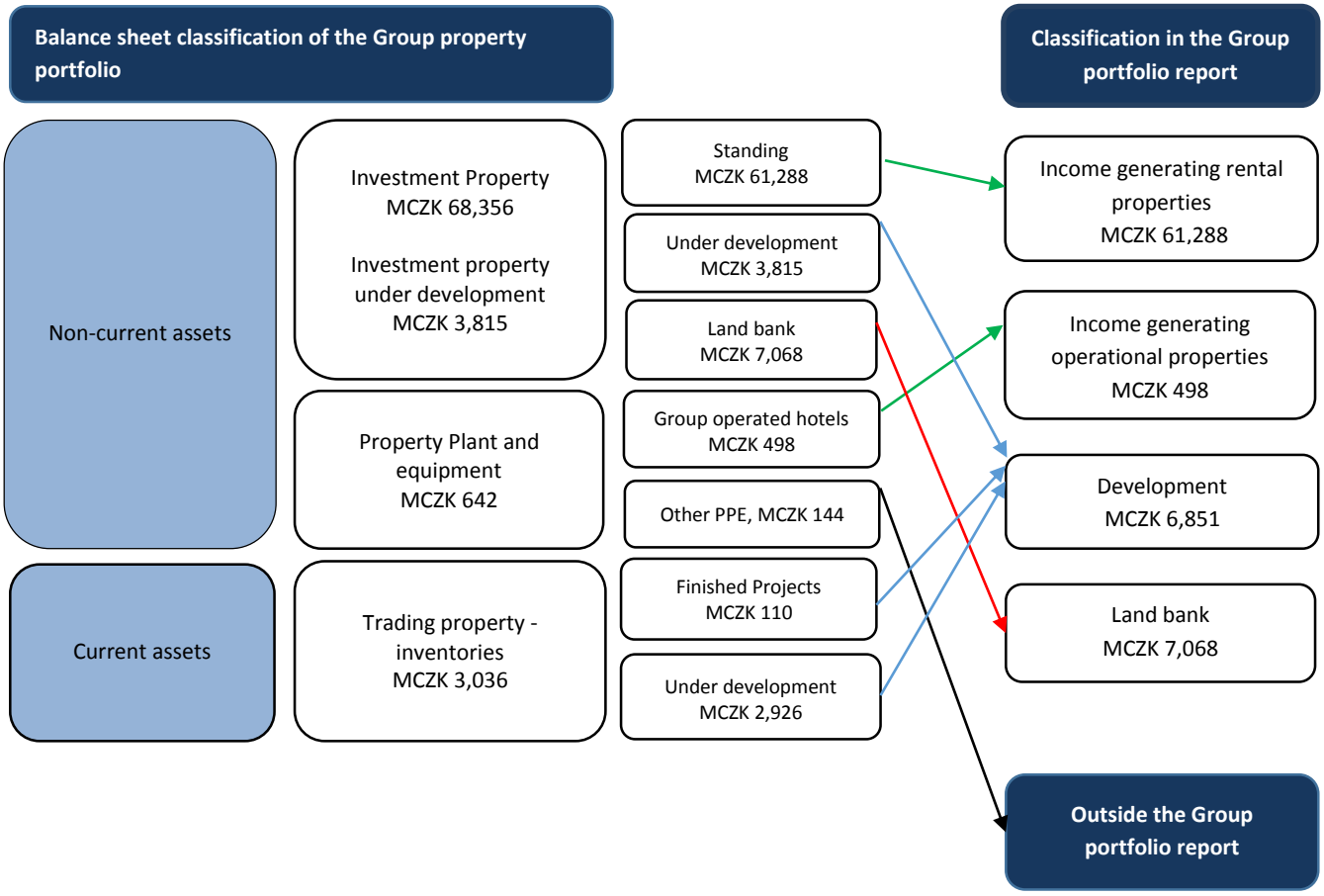
"Investment property under development" represents development projects currently in progress, which will be reclassified by the Group as rental properties after completion

"Property, plant and equipment" include owner occupied properties comprising mainly hotels operated by the Group.

"Trading property - inventories" comprise properties that are under development or have been finished and are intended for a future sale in the ordinary course of business.

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

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 30 June 2014 with the presentation in our portfolio report:



The interim financial statements of the Group as of 30 June 2014 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the Investment properties owned the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

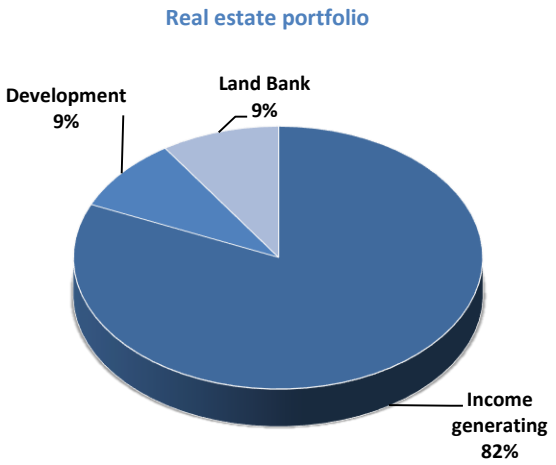
The valuation as at 30 June 2014 is based on a management's analysis of the current situation on the real estate market and on a reports issued by the external valuators as at 31 December 2013.

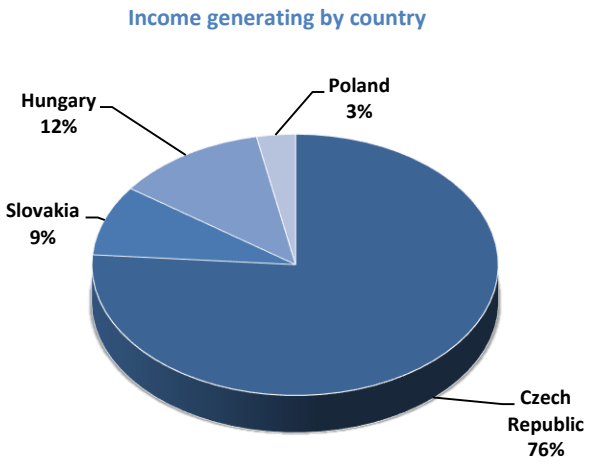
The following table shows the amount of the Group's real estate portfolio as of 30 June 2014:

REAL ESTATE PORTFOLIO	Nº of properties *	Nº of residential units	Nº of hotel beds	Income generating MCZK	Development MCZK	Land Bank MCZK	Property value MCZK
Czech Republic	240	12,574	7,661	47,084	4,130	4,994	56,207
Slovakia	17	0	0	5,390	0	0	5,390
Hungary	16	0	468	7,406	6	1,422	8,833
Poland	3	0	0	1,907	0	105	2,012
Romania	0	0	0	0	0	548	548
France	1	0	0	0	2,715	0	2,715
The Group	**277**	**12,574**	**8,129**	**61,786**	**6,851**	**7,068**	**75,705**

**excluding Residential unit*

The Group property value total CZK 75,705 million as of 30 June 2014 (31 Dec 2013: CZK 73,112 million). As showed in the chart below, 82% of the Group real estate portfolio value is made of income generating assets of which CZK 61,288 million (99%) are income generating rental properties and CZK 498 million (1%) are income generating operational properties. The majority of the income generating assets is located in the Czech Republic with 76% of the total value, followed by Hungary with 12% and Slovakia with 9%.





Total increase of CZK 2,593 million in the portfolio value in H1 2014 was mainly attributable to the following:

- new office premises acquired in Hungary in total value of CZK 1,382 million;
- ongoing development of multifunctional complex QUADRIO in amount of CZK 732 million;
- renovation of the residential complex Palais Maeterlinck in France in amount of CZK 338 million;
- new property acquired in retail segment in total of TCZK 139 million;
- ongoing and finished development in office and residential projects.

INCOME GENERATING

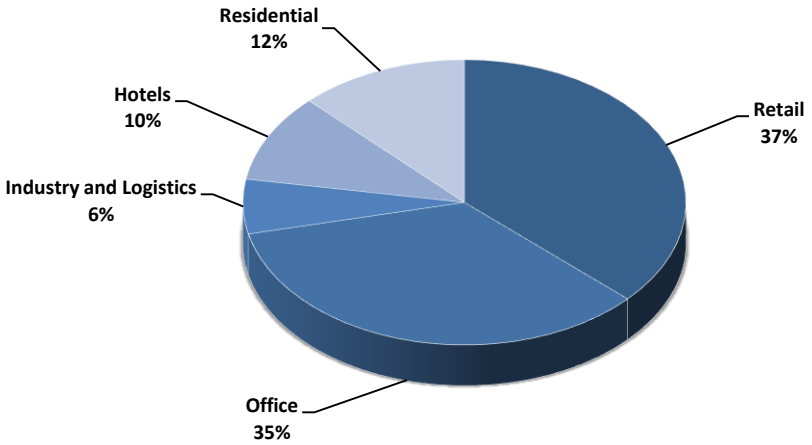
Income generating rental properties

INCOME GENERATING RENTAL PROPERTIES	Nº of properties **	Property value MCZK	Property value %	Gross lettable area th. sqm	Occupancy* %	Rental income H1 2014 MCZK	Rent per sqm CZ	Gross return *** %
Retail	187	22,578	37%	620	93.3%	878	243	7.8%
Office	42	21,213	35%	447	84.7%	695	310	6.7%
Residential	0	7,587	12%	768	74.8%	252	64	6.6%
Hotels	16	6,136	10%	162	100.0%	198	204	6.5%
Industry and Logistics	16	3,774	6%	210	94.7%	150	120	7.9%
The Group	**261**	**61,288**	**100%**	**2,208**	**86.9%**	**2,172**	**188**	**5.9%**

**the Group average occupancy rate does not include Hotels*
***excluding Residential units*
****based on the annualized 6-months 2014 income*

Income generating rental portfolio of CZK 61,288 million represents the major part of the Group´s real estate portfolio. The Group is renting out a great variety of assets but is primarily focusing on office and retail. These two together represent 72% of the portfolio value and provide about 1,067,000 sqm of lettable area.

Income generating rental by type of asset



Income generating operational properties

Income generating operational properties currently include segment hospitality and represents hotel operated by the Group under the brand of Courtyard by Marriott. Hotel is located in Budapest, Hungary.

INCOME GENERATING OPERATIONAL PROPERTIES	Nº of properties	Property value MCZK	Property Value %	Number of beds	Hotel revenues H1 2014 MCZK	Net hotel income H1 2014 MCZK	Average occupancy %	Average daily rate CZK
Hospitality	1	498	100%	468	58	16	67.7%	1,450
The Group	**1**	**498**	**100%**	**468**	**58**	**16**	**67.7%**	**1,450**

RETAIL

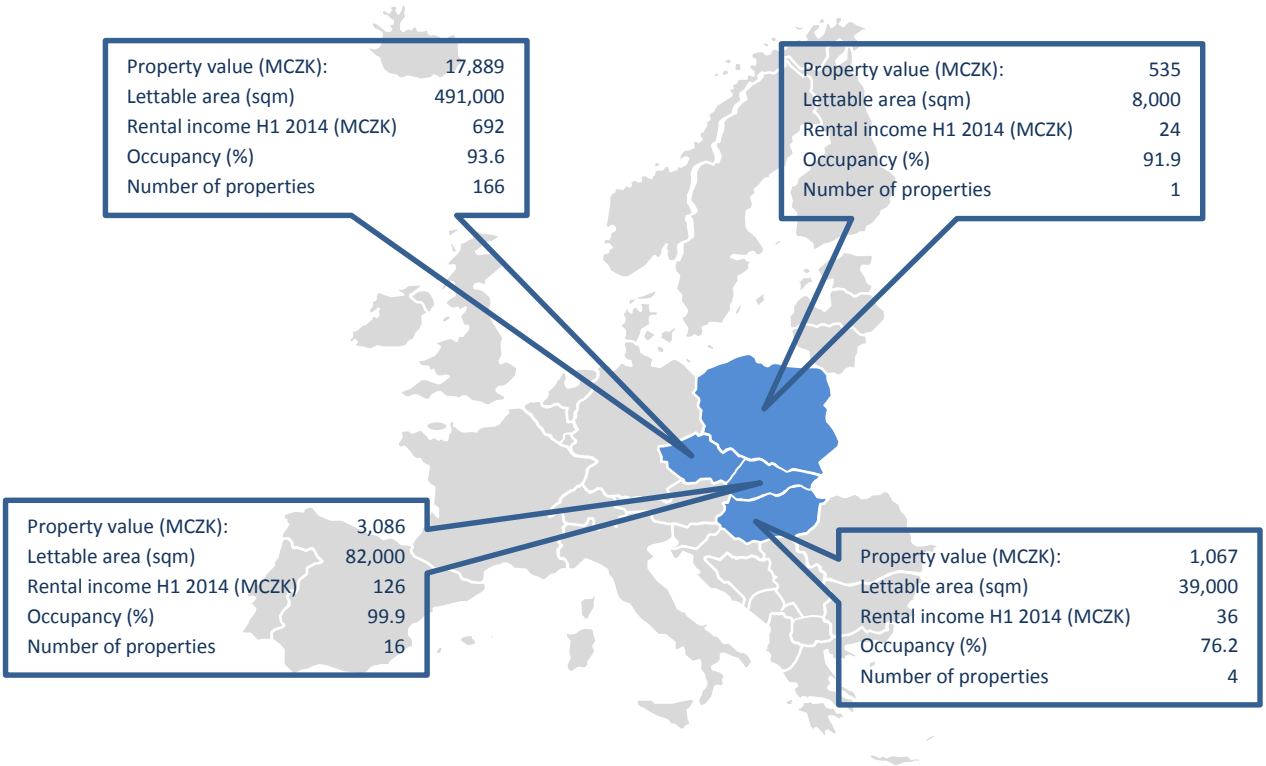
Key Figures – June 2014

93.3 %	187
Occupancy	Number of properties
878 million CZK	22,578 million CZK
Rental income H1 2014	Property value
620,000 sqm	7.8 %
Gross lettable area	Gross return*

*Gross return is based on the annualized 6-months 2014 income

Retail historically represents a very stable category of income generating assets which is flexible to adapt to market conditions and economic changes without substantial losses. The Group concentrates on mid-sized shopping areas as retail parks and supermarkets with long-term contracts generating long-lasting rental income and experiencing relatively high occupancy rate. The Group currently owns and manages retail space in the Czech Republic, Slovakia, Hungary and Poland.

Current retail portfolio



Retail portfolio provides about 620 thousand sqm of lettable area which can be further divided as follows:

- Retail warehouse which comprise supermarkets, hypermarkets, hobby markets and retail parks of about 387 thousand sqm of lettable area;
- Shopping centres and galleries of about 145 thousand sqm of lettable area ;
- So-called special properties (separate units and establishments, usually B class) which provide about 88 thousand sqm of lettable area.

The Group acquired 3 new Penny Markets and new Billa with total rentable space of 5 338 sqm. In total, the Group is operated 25 Penny Markets and 15 Billa, new 16th Billa is going to be open in QUADRIO in autumn.

Existing lease contracts were renewed at almost all shopping centres owned by the Group which resulted to increase in average segment occupancy to 93.3% (2013: 90.4%)

City Park Jihlava has signed new lease contracts with Cropp Town, Euronics and T-mobile and extended ones with existing tenants such as Comptessa, Nanu Nana and RWE. OLYMPIA Mladá Boleslav opened a new children´s corner called „Loďka Ola“ in May 2014. Olympia has also signed new lease contract with Česká spořitelna, which will open a new branch office there in November 2014.

OFFICE

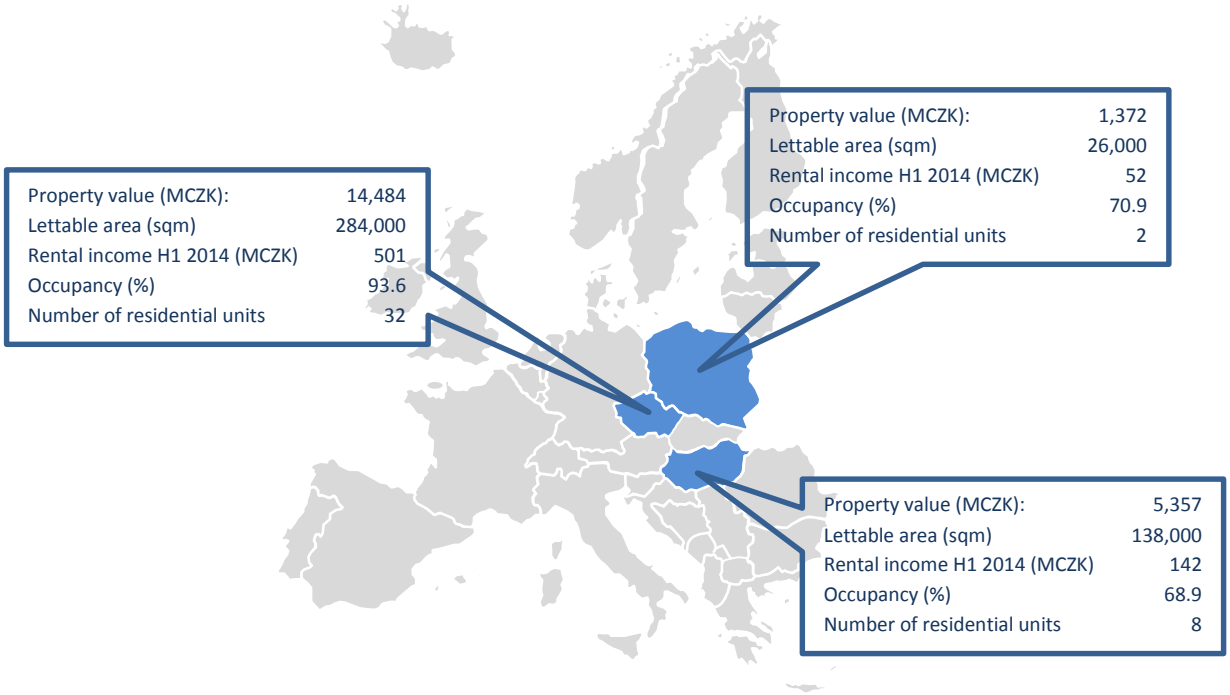
Key Figures – June 2014

84.7 %	42
Occupancy	Number of properties
695 million CZK	21,213 million CZK
Rental income H1 2014	Property value
447,000 sq. m.	6.7 %
Gross lettable area	Gross return*

* Gross return is based on the annualized 6-months 2014 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.

Current office portfolio



In H1 2014, the Group acquired administrative building Arena Corner in Budapest, an A class building complex providing 29,000 sqm of office and minor retail spaces on 8th floors in 3 office towers with direct connections to each other. The complex is situated in the sport and business hub of the city and is well connected to public transportation. In June 2014**,** the Group successfully signed the lease contract with Vodafone Hungary for 13,800 sqm. Vodafone extended its current lease to 8,200 sqm and, in addition to this, leased another 5,600 sqm. As a result of this transaction Arena Corners is now 95% let, leaving only about 1,500 sqm of retail units vacant on the ground floor areas.

In addition to extension of the portfolio, the Group has entered 30 new leases with the tenants and extended a number of current rental contracts in the Czech Republic. Among new tenants belong companies such as DHL Express and GMC Software Technology in Olomouc, Moravia IT in Brno, UJV Řež and Synlab in Prague and Allianz which relocated its regional headquarters to the administrative complex CPI City Center in Ústí nad Labem in April 2014.

These transactions have positive impact on the occupancy in the Czech Republic and Hungary which increased from 91.9% to 93.6% and 65% to 68.9%, respectively. Reflecting a slight decrease in occupancy in Poland, average occupancy of office portfolio of 84.7% is higher compared to December one of 83.9%.

RESIDENTIAL

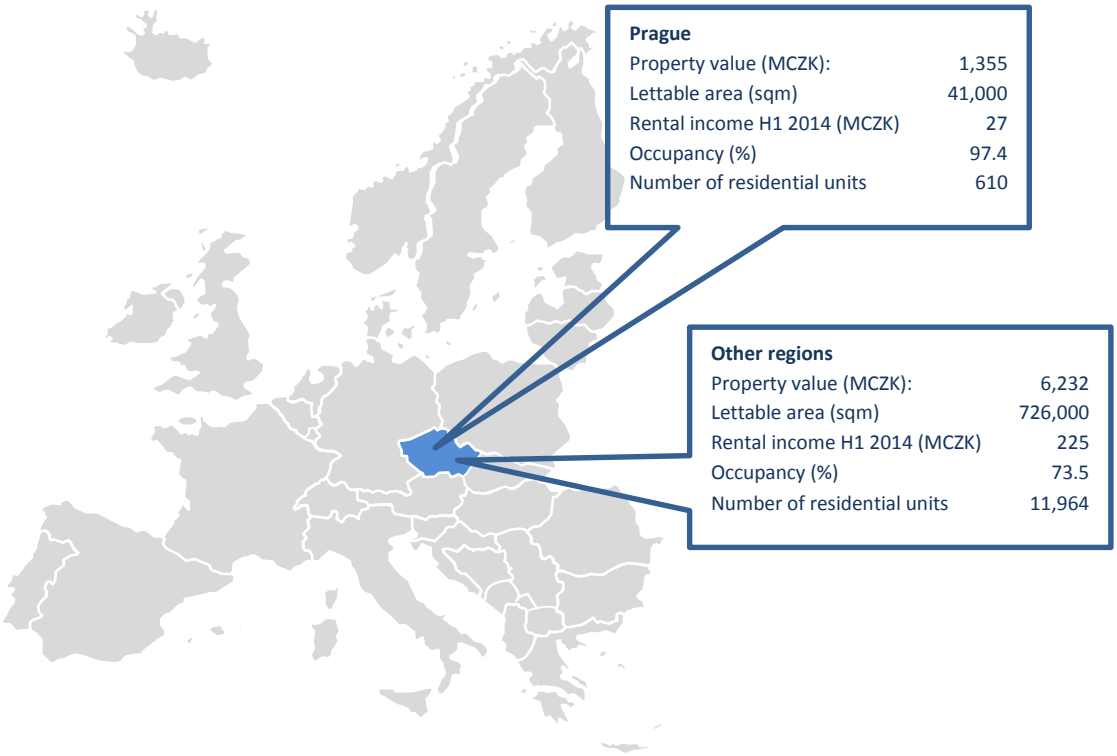
Key Figures – 2014

74.8 %	12,574
Occupancy	Number of residential units
252 million CZK	7,587 million CZK
Rental income H1 2014	Property value
768,000 sqm	6.6 %
Gross lettable area	Gross return*

* Gross return is based on the annualized 6-months 2014 income

Residential properties have been at the forefront of the Group's interest for many years. The Group is an important player in the Czech Republic residential housing market holding the position of the second largest provider of the rental housing. The existing housing stock of the Group includes 12,574 rental flats in 15 cities of the Czech Republic concentrated mainly in the North Moravia, North Bohemia and Middle Bohemia regions. Rental housing portfolio is managed under the brand CPI BYTY, a.s.

Current residential portfolio



As for the prior years, the Group is implementing a long term and thorough refurbishment plan of the portfolio. Planned annual expenditures of CZK 90 million, out of which CZK 63 million has already been spent should cover reconstruction of roofs and sewers connections and reconstruction of flats that are intended for new lease.

In addition to ongoing refurbishment plan, the Group continues to create Client´s centres in each location, which provides rent-related advisory services to the tenants. The personal approach through the Client´s centres and continuous refurbishment of the apartments contribute positively to the long-term and stable relationship with the tenants and form the basis for a firm rental income.

HOTELS

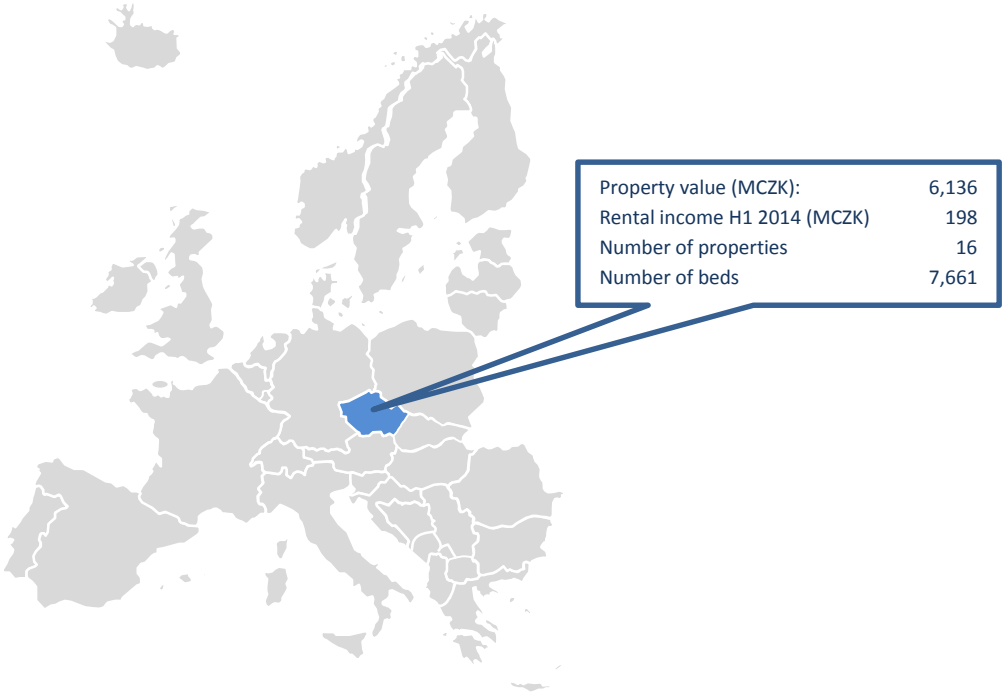
Key Figures – June 2014

16	**6,136 million CZK**
Number of properties	Property value
198 million CZK	**7,661**
Rental income H1 2014	Number of beds

The Group is one of the largest Czech owner and developer of hotels. The hotels' network currently include 16 hotels in Prague and regional cities of the Czech Republic. The set of activities in this segment includes reconstruction of original buildings and construction of entirely new hotels of various standards. The diverse portfolio includes lodging houses for long-term accommodation and hotels in the two to five stars category. The flagship of the Group is a network of four-stars Clarion hotels aimed at the corporate and congress clientele.

The existing and newly opened hotels show that the Group cutting-edge facilities, in conjunction with an experienced and quality operator, are easily able to compete in this segment inside and also outside Prague.

Current hotel portfolio



Building the Clarion brand and reconstruction of regional hotels into modern multipurpose hotels that offer high-quality services has resulted into positive feedback from tourists and companies and has given the hotels a high rate of occupancy. Except of the ongoing renovations of hotels in Northern Bohemia region and in Prague district, there have not been any significant changes in the portfolio in H1 2014.

INDUSTRY AND LOGISTICS

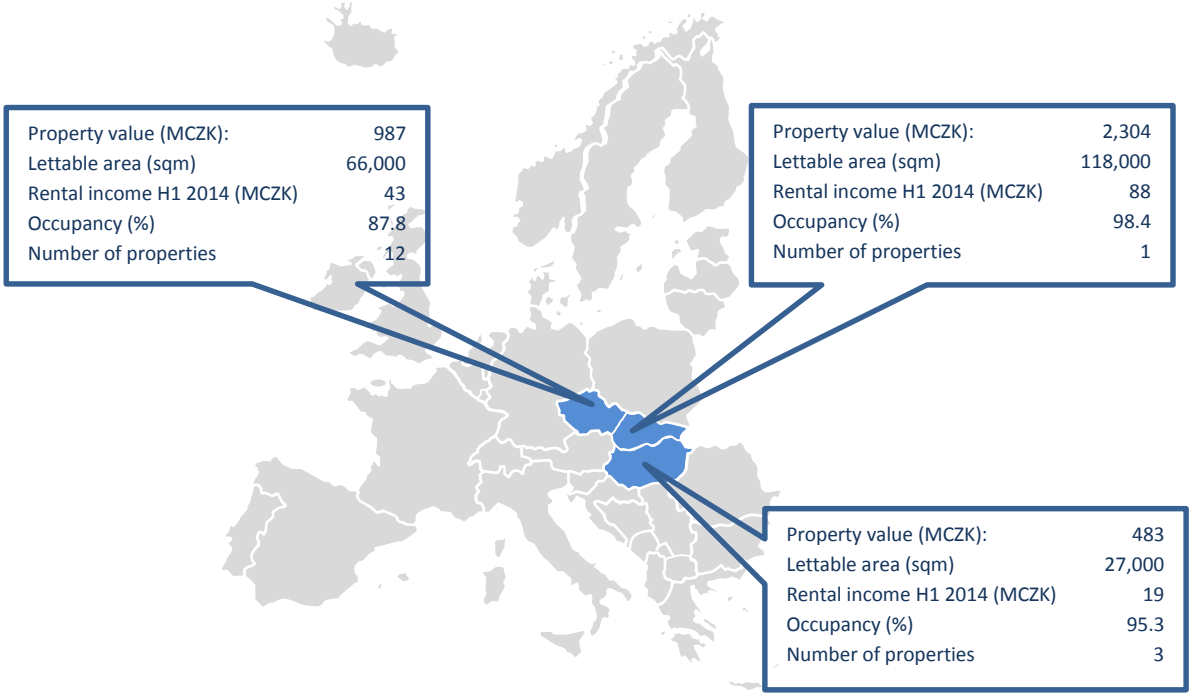
Key Figures – June 2014

94.7 %	16
Occupancy	Number of properties
150 million CZK	3, 774 million CZK
Rental income H1 2014	Property value
210,000 sqm	7.9 %
Gross lettable area	Gross return*

* Gross return is based on the annualized 6-months 2014 income

Logistics is the most recent class of assets in which the Group started to invest and will continue to expand. The Group currently owns about 210,000 sqm of rental space and manages 16 objects used for light industrial production, including the Autologistics Park Lozorno in Slovakia, the Continental Logistics Park in the Czech Republic, as well as the Airport City Logistics Park in Hungary.

Current industry & logistics portfolio



The Group succeeded to extend the lease contracts with UPS and Panalina in the Airport City Logistics Park and with Inteva Production in the Autologistics Park Lozorno. The segment keeps relatively high occupancy at 95% which is higher than the 93% achieved in December 2013.

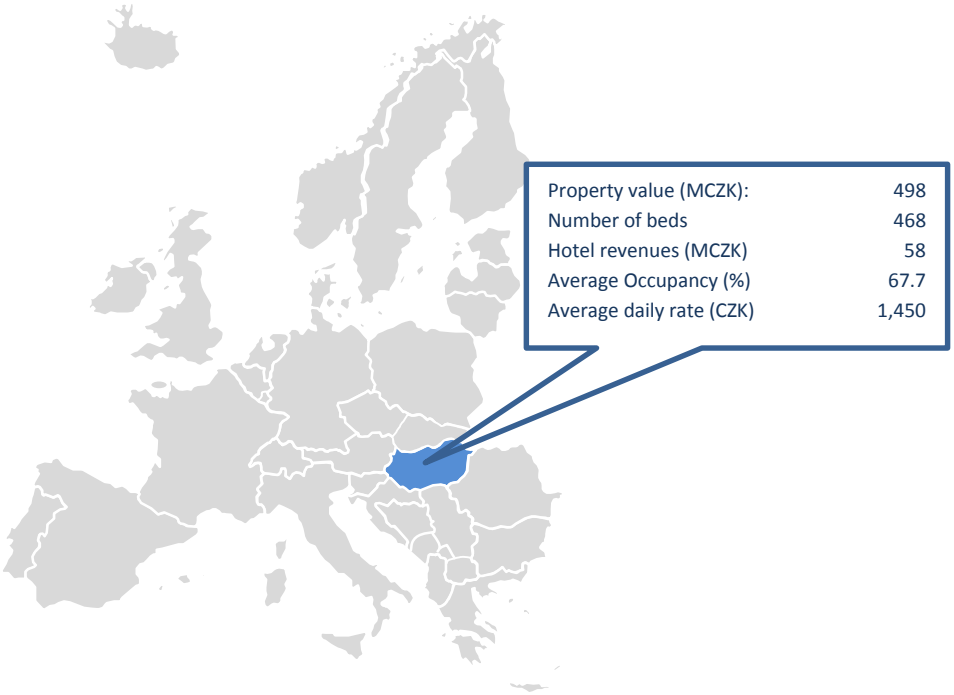
HOSPITALITY

Key Figures – June 2014

1	498 million CZK
Number of properties	Property value
67.7 %	468
Average occupancy	Number of beds

The Courtyard by Marriott Budapest City Center hotel, acquired in June 2013 has become a new addition to the portfolio. It is the only hotel that is currently directly owned and operated by the Group. 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.

Current hospitality portfolio



The hotel generated revenue of CZK 58 million and net income of CZK 16 million for the 6 months ended 30 June 2014. Average occupancy rose from 63.3% in H1 2013 to 67.7% in H1 2014. ADR also showed positive development and increased by 2% compared to June 2013.

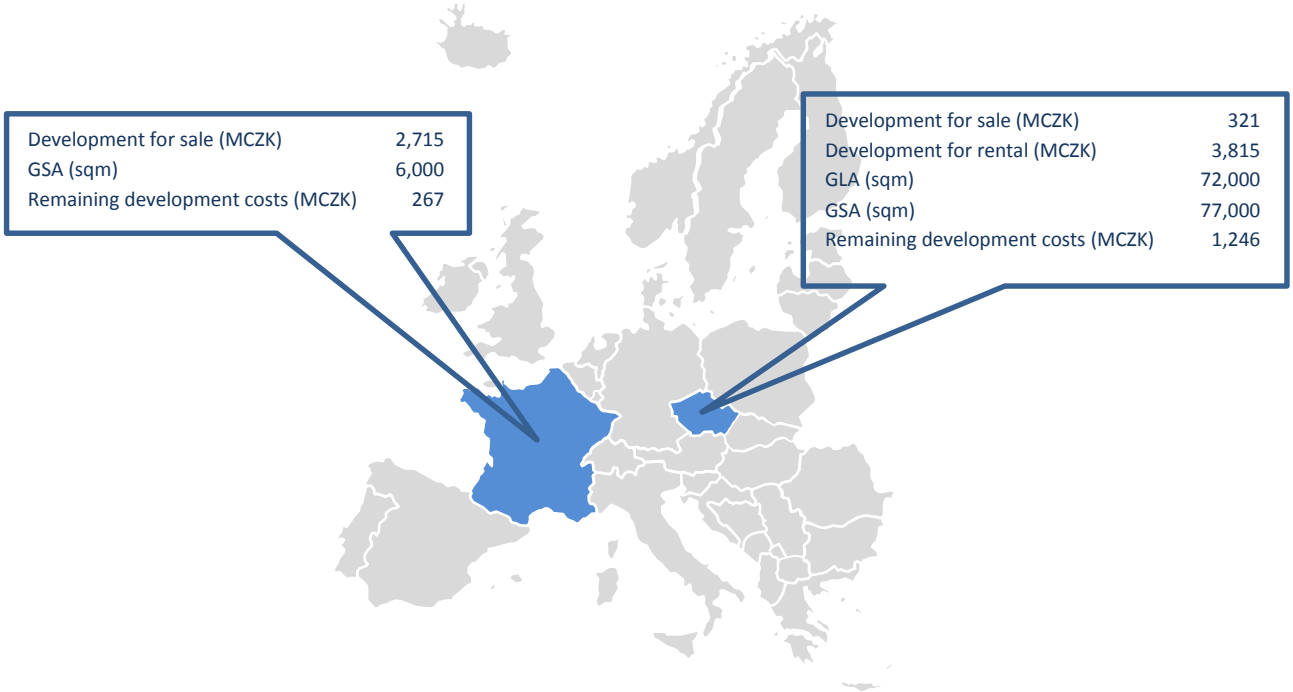
DEVELOPMENT

Key Figures – June 2014

72,000 sqm Potential gross leasable area	3,815 million CZK Development for rental
83,000 sqm Potential gross saleable area	3,036 million CZK Development for sale

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

Development



Development projects are financed by external financing of CZK 2,585 million as well as by internal financing of CZK 3,323 million.

The biggest attention is now devoted to the completion of current development projects which mainly include construction of QUADRIO, a multipurpose project of office, retail and residential complex in Prague; reconstruction of the residential complex Palais Maeterlinck in France and reconstruction of unique historical building in Prague.

QUADRIO multifunctional business complex, located in the centre of Prague, represents the largest current project of the Group. The business complex includes a four floor shopping mall at total lettable area of 8,500 sqm; A class office lettable space of 16,400 sqm and 13 residential units. The residential area includes apartments ranging from small up to large and luxurious. Prices range from 100 to 150 thousand CZK per sqm, and at the end of June 2014, there were only 3 apartments available for sale. Completion of the complex is scheduled for autumn 2014.

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 area comprises about 6,000 sq. m. of residential area and 3 hectares of land. Reconstruction enable the creation of luxurious apartments, which are intended for sale. The project is planned to be finished in 2014, with the interior customised to each client's specifications by spring of 2015.

In 2013, the Group started a unique development project for the future use of historically valuable building in the centre of Prague. Once refurbished, the building will be opened to the public and will offer to Prague several exhibition spaces for a total area of 3,500 sqm that will be one of the largest exhibition dedicated to glass and utility design. The concept will also include a café and a restaurant, thematic programs for families, and also boutiques, showrooms and offices. The public areas will be complemented by retail spaces with glass, light and design and a wide variety of events and educational programs.

The development project Meteor Centre Office Park – building C, located in Prague, will offer above 5,000 sqm of office and commercial space and an enjoyable terrace.

LAND BANK

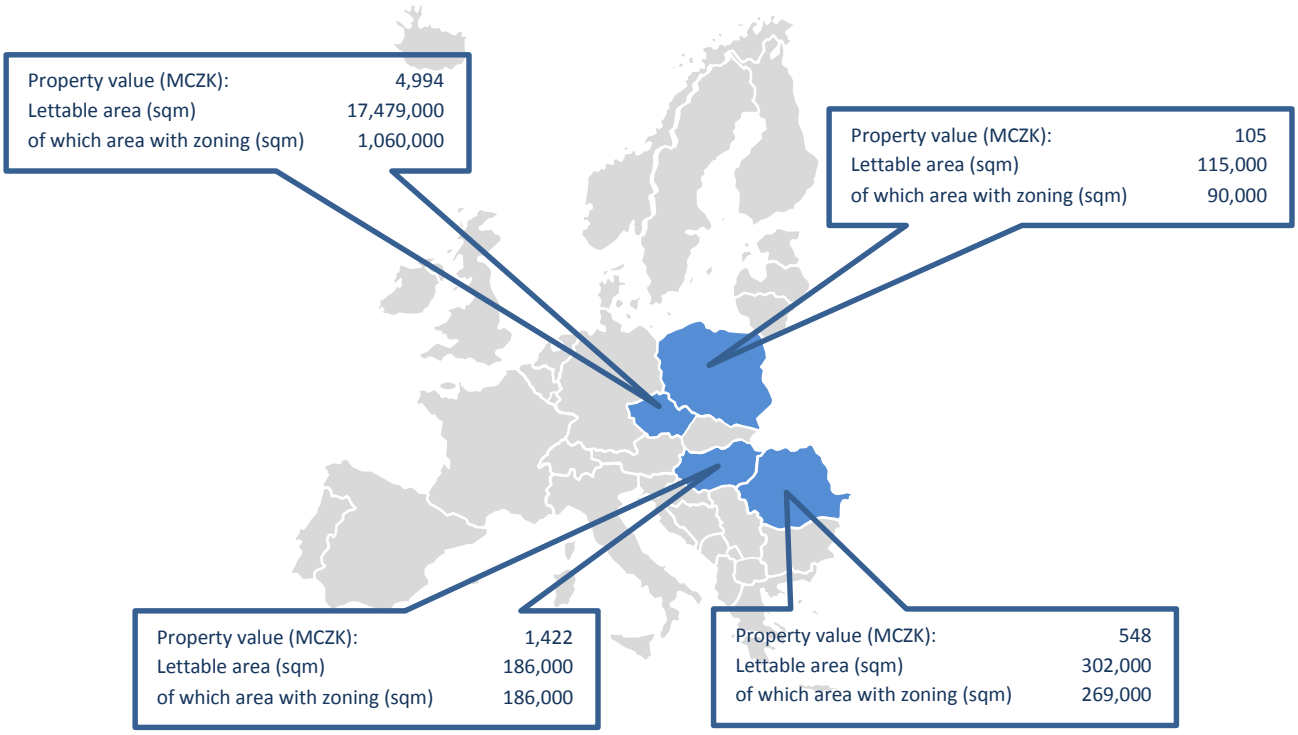
Key Figures – June 2014

18,082,000	sqm
Total area	

7,068 million	CZK
Property value	

The Group has a rather extensive portfolio of land plots throughout the Czech Republic and Slovakia, 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.

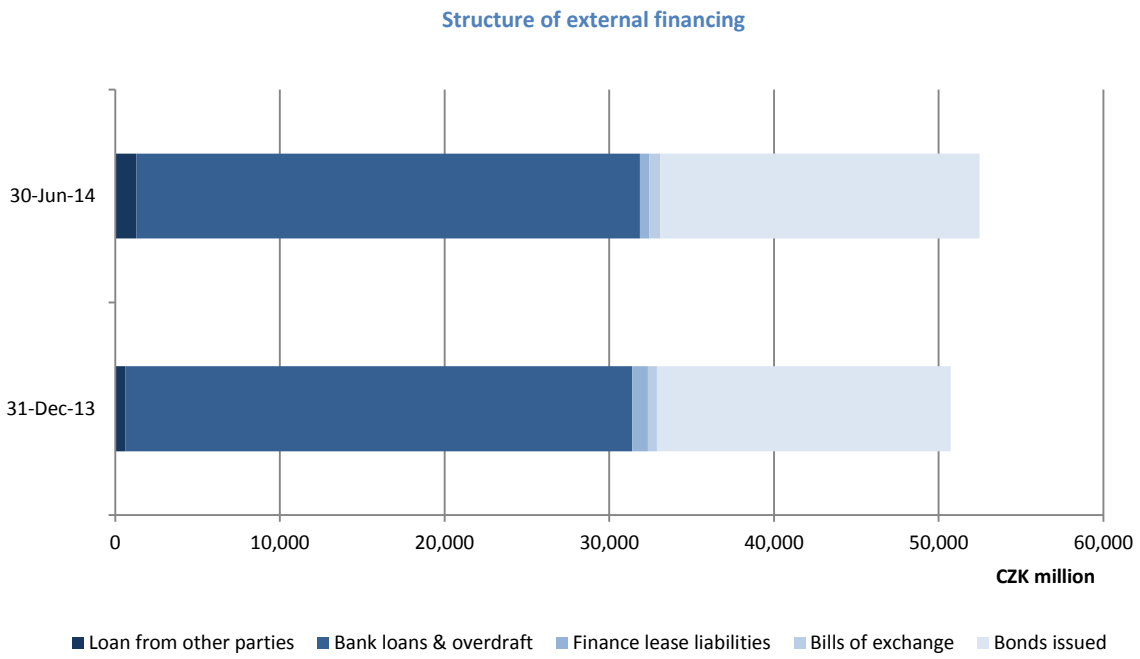
Current land bank portfolio



Portfolio mainly include plots in Ústí nad Labem and Plzeň region, which are very often adjacent to the emerging highway and smaller land plots, which are distributed all over the Czech Republic. Recently acquired land bank portfolio include plots intended for future residence, office and industrial projects in Hungary, Poland, Czech Republic and Romania. Out of the total plots area, approximately 9% are with zoning.

FINANCING

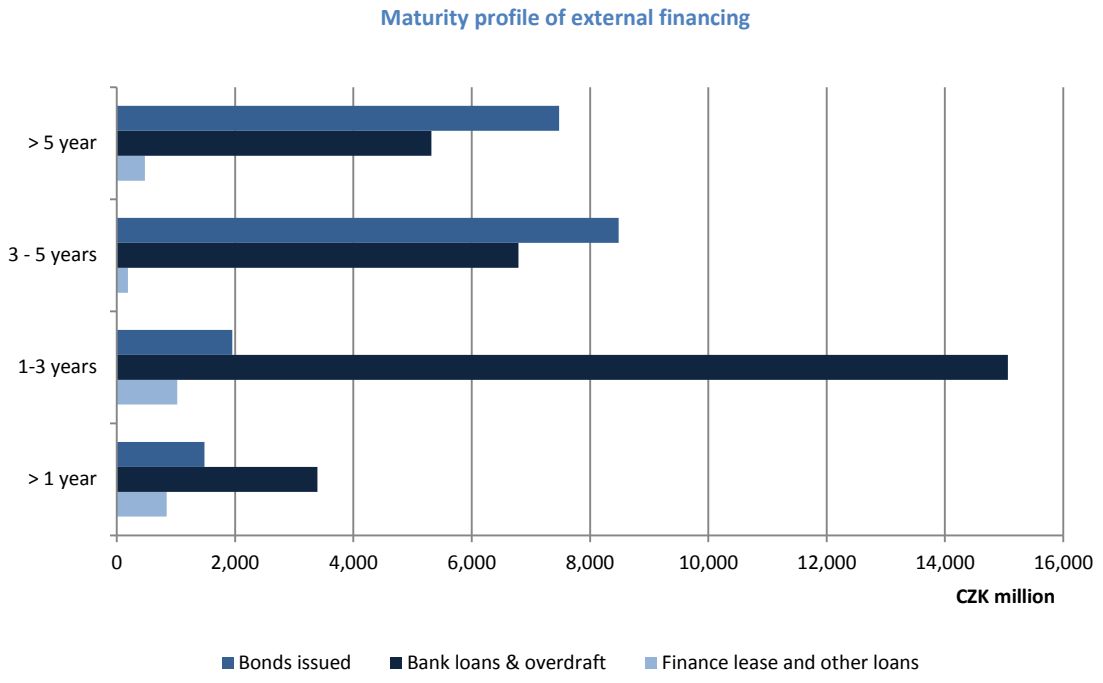
The external financing total CZK 52,486 million as of 30 June 2014 (31 Dec 2013: CZK 50,732 million) and costs of financing total CZK 1,008 million (H1 2013: CZK 809 million). The structure of external financing remained on the same level compared to 31 December 2013 and bank loans and bonds represented 95% of the Group´s external financing (31 Dec 2013: 96%).



The Group continues to focus on establishing the most effective structure of sources of external financing alongside successful management of the real estate portfolio. The share of net debt on property value remained stable at 65% as showed in the table below:

MCZK	30-Jun-14	31-Dec-13
Interest-bearing loans and borrowings (non-current)	28,858	27,799
Interest-bearing loans and borrowings (current)	4,237	4,691
Bonds issued (non-current)	17,912	17,252
Bonds issued (current)	1,478	579
Bank overdraft	0	410
Cash and cash equivalents	-2,956	-3,006
Net debt	**49,529**	**47,725**
Real Estate Portfolio	75,705	73,112
Loan to value ratio in %	**65%**	**65%**

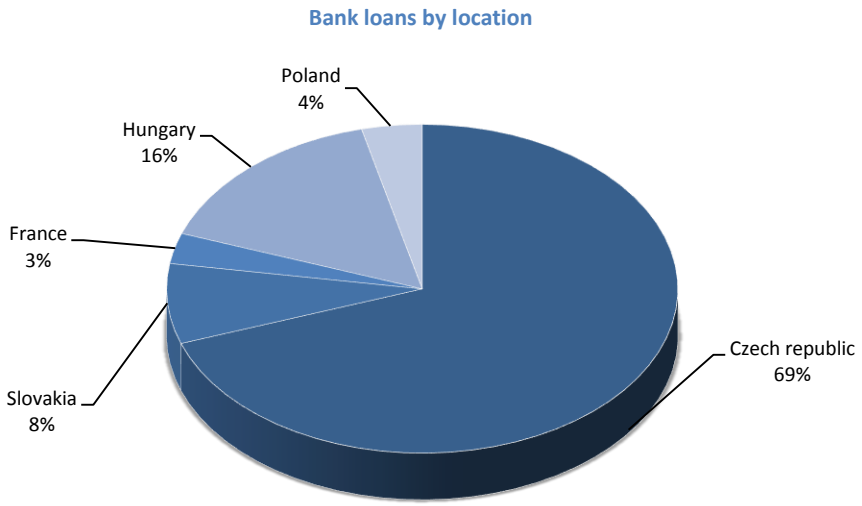
The maturity profile of the Group's financing, including accrued interest as at 30 June 2014 is showed in the chart below:



75% 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 83% is payable within 5 years. On the other hand 39% of the bonds outstanding balance will mature after 5 years.

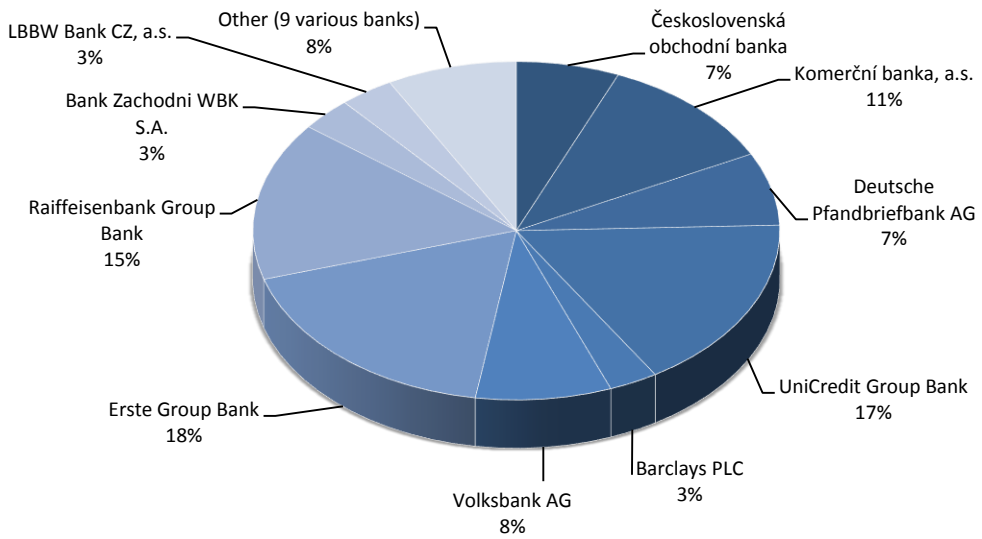
Bank loans

Significant part of the interest-bearing liabilities represents bank loans. Bank loans balance, including bank overdrafts reached CZK 30,567 million as at 30 June 2014, which represents slight decrease by CZK 201 million compared to 31 December 2013. A ratio of loans drawn in Czech crowns against loans drawn in Euro has not changed and is 38:62 as at 30 June 2014 (31 Dec 2013: 38:62).



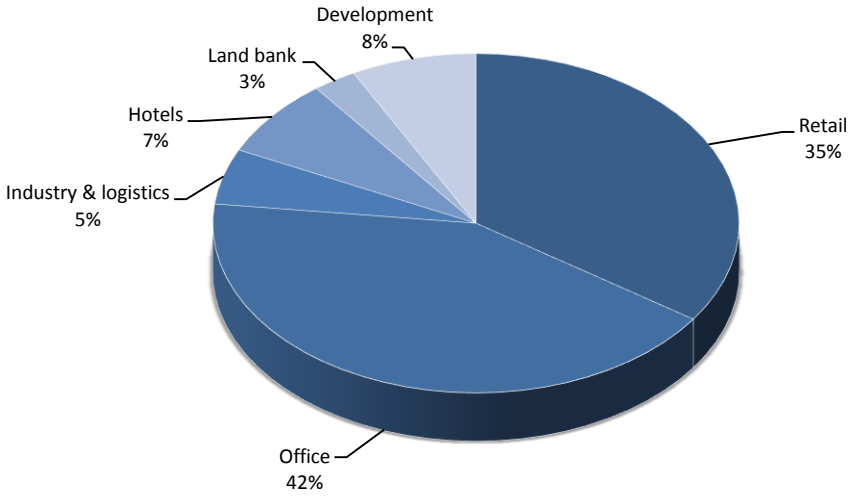
The Group benefits from long-term business relationships with a number of banks in the Czech Republic, Hungary, Slovakia and other countries. With this diversification, the Group is not dependent on the actions of individual lenders and has access to a wide variety of financing sources. About 77% of outstanding bank loan balance is drawn from 6 financing bank groups; in total the Group draws 126 bank loan facilities from 19 banks.

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.

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 351 (2013: MCZK 191), an increase resulted from new interest rate swaps concluded in H1 2014. Within the outstanding bank loans balance, 37% bears variable interest, 59% 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. Bond balance total CZK 19,390 million as at 30 June 2014 (31 Dec 2013: CZK 17,831 million). The Group issued new Czech crowns project bonds in total nominal value of CZK 1,125 million with a maturity in 2019, bearing a fixed interest of 5 % p.a. Moreover, bonds of CZK 221 million which were owned by the Group at 31 December 2013 were sold to the external holders and net interest of CZK 191 million was accrued as at 30 June 2014.

Major part of the bonds outstanding balance (CZK 13,036 million; 72%) 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. The significant volume of issued bonds (28% of the nominal balance) is owned by other companies within the Group which provide certain level of flexibility of financing the investment activities.

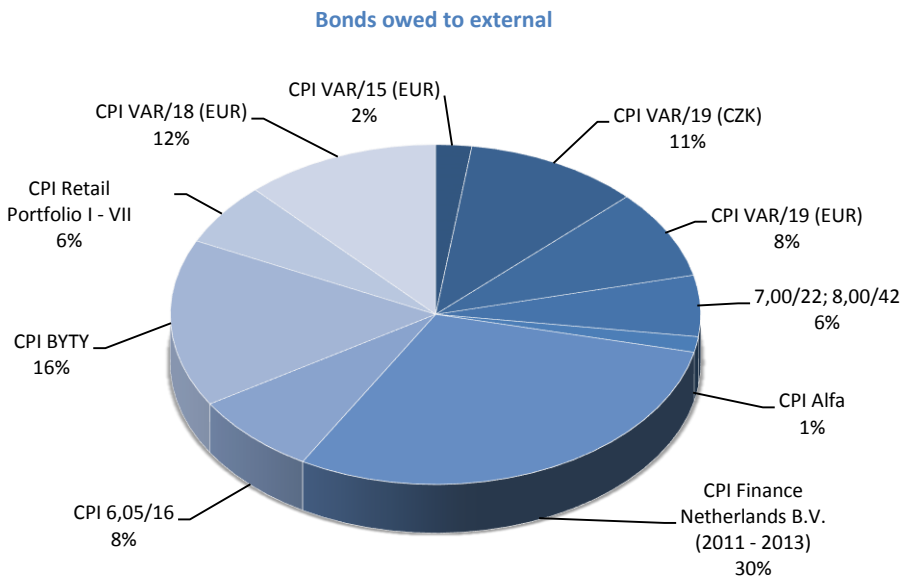
A ratio of bonds issued in Czech crowns against bonds issued in Euro is 76:24 as at 30 June 2014 (31 Dec 2013: 76:24)

The bonds issued by the Group as at 30 June 2014 are summarized in the table below:

Group company	ISIN	Type	Currency	Nominal issued MCZK	30-Jun-14 Owned by group	Owned by external	Interest rate	Maturity
CPI	CZ0003501496	CPI 2021	CZK	2,430	2,430	0	6M PRIBOR + 3,5% p.a.	8.8.2021
CPI Finance Netherlands		CPI Finance NL - 2011	CZK	5,000	210	4,790	5% p.a.	15.12.2021
CPI	CZ0003501835	CPI VAR/15 (EUR)	EUR	412	0	412	6M EURIBOR + 6.5%	23.3.2015
CPI	CZ0003501868	CPI VAR/19 (CZK)	CZK	2,000	0	2,000	6M PRIBOR + 6.5%	29.3.2019
CPI	CZ0003501843	CPI VAR/19 (EUR)	EUR	1,592	0	1,592	6M EURIBOR + 6.5%	29.3.2019
CPI	CZ0003502932	8,00/42	CZK	1,000	0	1,000	8% p.a.	5.12.2042
CPI Alfa	CZ0003502205	CPI Alfa	CZK	279	0	279	5,5% p.a.	26.10.2017
CPI	CZ0003502924	7,00/22	CZK	1,000	938	62	7% p.a.	11.12.2022
CPI	CZ0003502957	7,00/22	CZK	1,000	1,000	0	7% p.a.	13.12.2022
CPI	CZ0003502916	7,00/22	CZK	1,000	1,000	0	7% p.a.	6.12.2022
CPI	CZ0003502940	8,00/42	CZK	1,000	969	31	8% p.a.	17.12.2042
CPI Finance Netherlands		CPI Finance NL (2012)	CZK	1,000	210	790	5% p.a.	15.12.2022
CPI	CZ0003510646	CPI 6,05/16	CZK	1,471	0	1,471	6,05%	29.3.2016
CPI BYTY	CZ0003510679	CPI BYTY 2,50/15	CZK	300	0	300	2,5 % p.a.	7.5.2015
CPI BYTY	CZ0003510687	CPI BYTY 3,50/17	CZK	500	0	500	3,5% p.a.	7.5.2017
CPI BYTY	CZ0003510695	CPI BYTY 4,80/19	CZK	900	0	900	4,8 % p.a.	7.5.2019
CPI BYTY	CZ0003511412	CPI BYTY 4,80/19	CZK	500	0	500	4,8 % p.a.	7.5.2019
CPI BYTY	CZ0003510703	CPI BYTY 5,80/21	CZK	800	0	800	5,8 % p.a.	7.5.2021
CPI	CZ0003511024	CPI VAR/18 (EUR)	EUR	2,537	299	2,238	12M EURIBOR + 5,50% p.a.	26.11.2018
CPI Finance Netherlands		CPI Finance NL (2013)	CZK	100	84	16	5% p.a.	15.12.2023
CPI Retail Portfolio	CZ0003511164	CPI Retail Portfolio I - VII	CZK	1,125	0	1,125	5 % p.a.	25.4.2019
Total balance due to bondholders				**25,946**	**7,140**	**18,806**		
Accrued transaction cost						-185		
Accrued interest						769		
Total balance after transaction cost						**19,390**		

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

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.

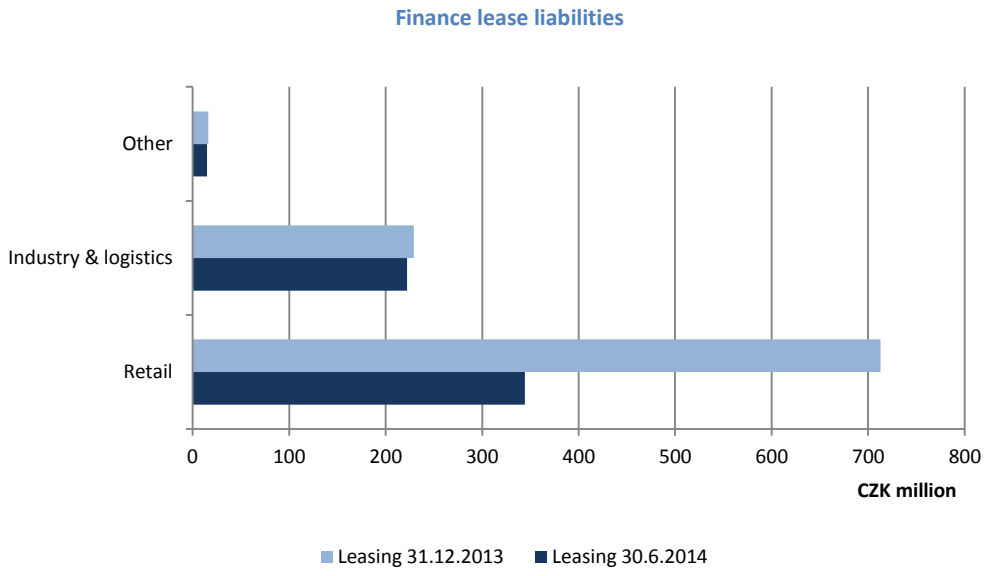


Issued bonds CPI VAR/15 (EUR), CPI VAR/19 (CZK) and CPI VAR/19 (EUR), CPI 6,05/16, CPI VAR/18 are subject to a number of covenants. Covenant ratios were met as at 30 June 2014.

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

Finance leases and other loans

The Group used finance lease as other option of financing its real estate portfolio mainly in retail and industry and logistics. Finance lease liability balance total CZK 582 million (31 Dec 2013: CZK 958 million). Decrease in balance by 39% primarily reflects acquisition of leasing company (lessors) in H1 2014.



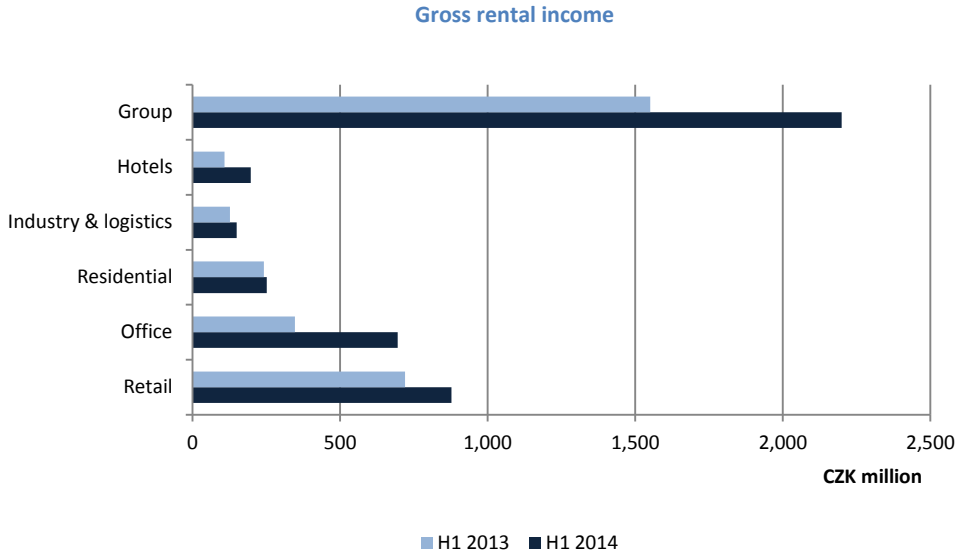
Loans from other parties total CZK 1,287 million as at 30 June 2014 (31 Dec 2013: CZK 629 million). Considerable increase is mainly attributable to a new loan of CZK 551 million, which was provided to the Group by related party, with maturity on 30 June 2017.

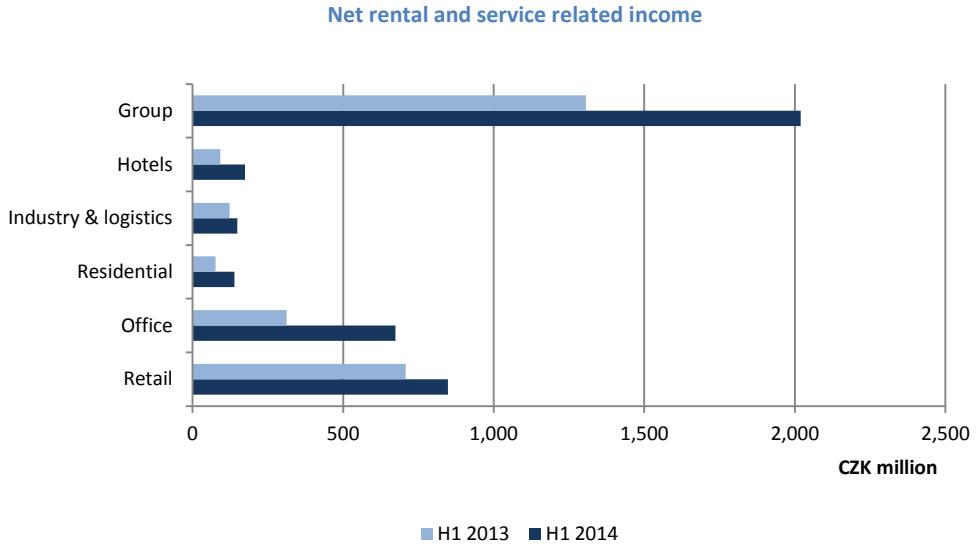
RESULTS AND NET ASSETS

Net rental and service related income

Gross rental income for 6-months period of 2014 rose by 42% to CZK 2,199 million (H1 2013: CZK 1,551 million). This substantial increase is generally attributable to acquisitions performed by the Group over the last 12 months that were not contributing the revenues over the first half of 2013. Total impact of these acquisitions to H1 2014 gross rental income is CZK 477 million.

Property operating expenses of TCZK 249,500 was positively influenced by year-on-year decline in repairs and maintenance costs of CZK 76 million related mainly to residential portfolio. In addition, refurbishment cost of CZK 64 million which are expected to increase a value of real estate portfolio were capitalised to the carrying value as at 30 June 2014.





Administrative expenses

Administrative expenses increased by 28% to CZK 217 million in H1 2014 (H1 2013: CZK 169 million). This generally related to the expansion of the Group in the second half of 2013. The major part (68%) represents personnel, audit, tax, advisor and legal services.

Operating results and EBITDA

Operating result rose by 54% from CZK 1,134 million in first half of 2013 to CZK 1,744 million in the same period of 2014. Over H1 2014 the Group generated EBITDA of CZK 1,836 million which represents an increase by 15% compared to H1 2013.

Net finance income / costs

Total net finance result dropped from net income of CZK 91 million in H1 2013 to net loss of CZK 688 million in H1 2014. An increase in interest expenses of CZK 199 million reflecting mainly additional costs of financing in respect of the Group's real estate portfolio extension was further followed by a decrease in interest income by CZK 201 million, reflecting repayment of provided loans in 2013.

In addition, the Group recognized a profit of CZK 227 million on acquisition and resale of discounted bank loans in the Czech Republic. The profit on receivables was partially offset by loss on the revaluation of derivatives of CZK 78 million.

H1 2013 net finance profit was significantly driven by non-recurring profit of CZK 391 million resulting from purchase of receivables with discount and subsequent collection of the nominal amount. Gain on revaluation of derivatives of CZK 89 million also had favourable impact on H1 2013 net finance result.

Total assets and total liabilities

Total assets increased by CZK 3,867 million (5%) to CZK 89,474 million as at 30 June 2014. The increase is primarily connected with increase in real estate portfolio which rose by CZK 2,594 million.

Drop in other non - current assets by CZK 3,300 million and growth in other current assets by CZK 4,589 million mainly relate to change in the maturity profile of loans and other receivables and reflects process of financial assets restructuring performed by the management of the Group in H1 2014.

Cash and cash equivalent total CZK 2,956 million which is by 2% lower than as at 31 December 2013.

Non - current and current liabilities total CZK 62,899 million as at 30 June 2014 which represents increase by CZK 3,044 million (5%) compared to 31 December 2013. Main drivers of this increase were growth in external financing and related financial derivatives in total by CZK 1,914 million and cash deposits received from future buyers of apartments in Palais Maeterlinck of CZK 955 million.

Equity (Net assets value)

Net assets value – NAV (total equity including non-controlling interest) totals TCZK 26,575 as of 30 June 2014 and compared to 31 December 2013 rose by 3%.

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	30-Jun-14	31-Dec-13
Equity per the financial statements (NAV)	**26,497**	**25,674**
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**26,497**	**25,674**
Revaluation of trading properties	269	0
Fair value of financial instruments	351	191
Deferred tax	5,907	6,236
Goodwill as a result of deferred tax	0	0
EPRA NAV	**33,024**	**32,101**

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 30 June 2014:

Shareholder	Share in share capital
GSG 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

OUTLOOK

Commercial real estate market in the Czech Republic is in good condition and shows increased activity in the first half of this year. The Group is monitoring the individual transactions within the overall context of its activities and the European markets. In the area of acquisitions, the Group mainly focuses on new opportunities outside of its current scope of markets. A reliable model of acquisitions which is focused on acquiring of completed and functional projects generating a large income will continue in the near future. The Group is ready to invest in the case of an extremely attractive opportunities. The biggest attention is currently devoted to the completion of own development projects, which will increase the value of previously acquired land banks or other properties. These projects are the subject of future rent under the brand of the Group, which is looking for acquisitions in central Europe, its main area of business, and "high-end" projects further west in countries including France, Italy or Switzerland

The Group wants to continue with the multifunctional complexes in domestic regions, a potential for this kind of activity can currently be observed in Hradec Králové. Particularly attractive are also plots locations in Prague 9, where the Group historically owns a large plots of lands. Fortunately the ownership of these real estates, enable the Group to build new multifunctional projects in locations which already has excellent infrastructure and services.

In the segment of long-term rental housing, which is a traditional part of the portfolio, the Group is planning to invest financial resources and focus on three main areas: property revitalization and reduction of energy consumption; improvement of the quality of services to existing tenants and support of new leases. In addition, the Group plans to continuously expand the growth of the retail portfolio. Currently new retail park in Čáslav is under development

The Group long-term goal is to maintain existing tenants and extend leases for shopping centres, stores in retail parks and separate units, and offices. The Group will also improve the tenant mix in shopping centres and assure their adaptation to the local demand. With regard to the personnel and professional strength of the Group´s team, letting and property managers will fulfil this task and will continue to work on deepening cooperation with tenants.

The Group expects that the market will show a slight increase also in the second half of this year, in the case of renting offices stagnation and generally greater demand for higher quality. Priority of the Group remains focused on the maintaining of the property portfolio diversification into the different assets types, as well as their geographical diversification, and ensuring internal stability of the Group through strong financial base.

PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT 2014

Statutory Declaration

With the use of all reasonable care and to the best of our knowledge, the consolidated Half-year Report 2014 provides a true and fair view of the financial situation, business activities, and results of operations of the issuer and its consolidated group for six months period ended 30 June 2014, 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, 29 August 2014

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

Kristína Magdolenová
Vice-chairman of the Board of Directors
Czech Property Investments, a.s.

FINANCIAL STATEMENTS

Condensed consolidated interim financial statements as at 30 June 2014

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

Czech Property Investments, a.s.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2014	31 December 2013
ASSETS			
Non-current assets			
Investment property	6.1	68 356 106	67 614 298
Investment property under development	6.2	3 814 854	2 349 189
Property, plant and equipment	6.3	642 076	661 749
Intangible assets and goodwill	6.4	73 897	68 995
Other investments	6.5	49 543	49 477
Loans provided	6.6	350 597	3 878 270
Trade and other receivables	6.8	262 675	19 495
Deferred tax asset	5.12	67 400	67 400
Total non-current assets		**73 617 148**	**74 708 873**
Current assets			
Trading property - inventories	6.7	3 036 227	2 616 935
Current income tax assets		42 573	23 409
Trade and other receivables	6.8	9 775 698	3 704 479
Other investments	6.5	2 107	209
Loans provided	6.6	44 759	1 547 581
Cash and cash equivalents	6.9	2 955 656	3 005 919
Total current assets		**15 857 020**	**10 898 532**
TOTAL ASSETS		**89 474 168**	**85 607 405**
Share capital		6 186 997	6 186 997
Share premium		652 364	652 364
Translation reserve		193 872	201 660
Other reserves		4 748 814	4 815 559
Retained earnings		14 715 252	13 817 293
Total equity attributable to owners of the Company	6.10	**26 497 299**	**25 673 873**
Non-controlling interest		77 954	78 216
Total equity		**26 575 253**	**25 752 089**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	30 June 2014	31 December 2013
Non-current liabilities			
Interest-bearing loans and borrowings	6.11	28 858 213	27 799 121
Bonds issued	6.12	17 912 402	17 252 523
Liabilities from derivatives	6.13	178 003	156 263
Trade and other payables	6.14	287 906	365 776
Deferred tax liabilities	5.12	6 426 455	6 195 255
Total non-current liabilities		**53 662 979**	**51 768 938**
Current liabilities			
Bank overdraft		251	410 094
Interest-bearing loans and borrowings	6.11	4 236 607	4 690 884
Bonds issued	6.12	1 478 095	578 609
Liabilities from derivatives	6.13	172 651	34 381
Trade and other payables	6.14	3 324 528	2 353 680
Provisions		23 804	18 730
Total current liabilities		**9 235 936**	**8 086 378**
TOTAL EQUITY AND LIABILITIES		**89 474 168**	**85 607 405**

Notes to consolidated financial statements on pages 10 to 47 are integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six month period ended	
	Note	30 June 2014	30 June 2013
Gross rental revenue	5.1	2 199 255	1 551 008
Service revenue	5.1	38 873	59 568
Net result from hotel operations	5.1	2 087	--
Net service charge income	5.2	39 608	7 246
Property operating expenses	5.3	-249 500	-311 525
Net rental and service related income		**2 030 323**	**1 306 297**
Net valuation gain on investment property	5.4	19 245	-142 253
Loss on the disposal of investment property	5.5	17 072	-13 889
Gain on the disposal of trading property	5.6	14 293	--
Gain on the disposal of plant and equipment		73	366
Administrative expenses	5.7	-216 807	-168 920
Other income	5.8	35 885	181 050
Other expenses	5.9	-155 571	-28 377
Results from operating activities		**1 744 513**	**1 134 274**
Finance income	5.10	483 065	941 950
Finance costs	5.11	-1 171 570	-850 935
Net finance costs		**-688 505**	**91 015**
Profit before income tax		**1 056 008**	**1 225 289**
Income tax expense	5.12	-157 094	-327 397
Profit from continuing operations		**898 914**	**897 892**
Profit for the period		**898 914**	**897 892**
Other comprehensive expense			
Items that will never be reclassified to profit or loss		--	--
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations	6.10	-9 005	17 920
Effective portion of changes in fair value of cash flow hedges	6.10	-83 008	-78 348
Income tax on other comprehensive expense	6.10	16 263	14 886
Other comprehensive expense for the period, net of tax		**-75 750**	**-45 542**
Total comprehensive income for the period		**823 164**	**852 350**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		For the six month period ended	
	Note	**30 June 2014**	**30 June 2013**
Profit attributable to:			
Owners of the Company		897 959	896 254
Non-controlling interest		955	1 638
Profit for the period		**898 914**	**897 892**
Total comprehensive income attributable to:			
Owners of the Company		823 426	850 712
Non-controlling interest		-262	1 638
Total comprehensive income for the period		**823 164**	**852 350**
Earnings per share	6.10		
Basic earnings per share (CZK)		116,11	115,89
Diluted earnings per share (CZK)		116,11	115,89

Notes to consolidated financial statements on pages 10 to 47 are integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six month period ended 30 June 2014	30 June 2013
Operating activities:			
Profit before income tax		**1 056 008**	**1 225 289**
Adjusted by:			
Net valuation (gain) / loss on investment property	5.4	-19 245	142 253
(Gain) / Loss on the disposal of investment property	5.5	-17 072	13 889
Depreciation / amortisation of tangible and intangible assets	5.3	27 840	11 545
Impairment of assets	5.9	99 225	18 125
Gain on the disposal of property, plant and equipment		-73	-366
Net finance (income) / costs	5.10 & 5.11	688 505	-91 015
Goodwill write-off / (Gain on bargain purchase)	5.9	18 295	-150 204
Exchange rate differences		-27 161	-106 732
Other non-cah adjustments		7 090	--
Profit before changes in working capital and provisions		**1 833 412**	**1 062 784**
Changes in trade and other receivables		172 167	278 859
Changes in trading property - inventory		-415 696	-330 388
Changes in trade and other payables		196 122	-703 407
Changes in provisions		5 074	-493
Income tax paid		-70 683	-27 581
Net cash flows from operating activities:		**1 720 396**	**279 774**
Investing activities:			
Acquisition of subsidiaries, net of cash acquired	3.4	-10 623	-102 158
Acquisition of non-controlling interest		--	-7
Capital expenditure on own investment property	6.1	-63 623	-157 116
Expenditure on investment property under development	6.2	-446 814	-281 222
Acquisition of property, plant and equipment	6.3	-3 096	-4 286
Acquisition of intangible assets	6.4	-11 862	-4 074
Acquisition of other investments	6.5	--	-35 681
Proceeds from sale on investment property	5.5	99 736	77 746
Proceeds from sale of property, plant and equipment		1 962	527
Other loans (provided) / repaid		-1 012 031	50 571
Interest received		6 584	59 437
Net cash flows used in investing activities		**- 1 439 767**	**-396 263**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	For the six month period ended 30 June 2014	30 June 2014
Financing activities:			
Proceeds from bonds issued	6.12	1 351 024	3 876 719
Other capital contributions		--	--
Repayments of loans and borrowings		-1 428 991	-4 261 673
Repayments of finance lease liabilities		-20 272	-54 712
Interest paid		-232 653	-735 207
Net cash flows from financing activities		**-330 892**	**-1 174 873**
Net decrease in cash and cash equivalents		**-50 263**	**-1 291 362**
Cash and cash equivalents at beginning of the year		**3 005 919**	**3 777 504**
Effect of movements in exchange rates on cash held		**--**	**--**
Cash and cash equivalents at the end of the year		**2 955 656**	**2 486 142**

Notes to consolidated financial statements on pages 10 to 47 are integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2014

	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	--	--	--	--	--	--	**897 959**	**897 959**	**955**	**898 914**
Foreign currency translation differences - foreign operations	--	--	-7 788	--	--	--	--	-7 788	-1 217	-9 005
Net changes in fair value of cash flow FX hedges	--	--	--	--	-79 261	--	--	-79 261	--	-79 261
Related income tax on other comprehensive expense	--	--	--	--	15 550	--	--	15 550	--	15 550
Net changes in fair value of cash flow IRS hedges	--	--	--	--	-3 747	--	--	--	--	--
Related income tax on other comprehensive expense	--	--	--	--	713	--	--	--	--	--
Total other comprehensive income / (expense)	--	--	**-7 788**	--	**-66 745**	--	--	**-71 499**	**-1 217**	**-72 716**
Total comprehensive income for the period	--	--	**-7 788**	--	**-66 745**	--	**897 959**	**823 426**	**-262**	**823 164**
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Changes in ownership interests in subsidiaries	--	--	--	--	--	--	--	--	--	--
Total transactions with owners of the Company	--	--	--	--	--	--	--	--	--	--
Balance at 30 June 2014	**6 186 997**	**652 364**	**193 872**	**146 938**	**-594 229**	**5 196 105**	**14 715 252**	**26 497 299**	**77 954**	**26 575 253**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

2013

	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other capital funds	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2013	**6 186 997**	**652 364**	**1 961**	**102 967**	**-181 681**	**2 328 156**	**11 841 284**	**20 932 048**	**88 664**	**21 020 712**
Comprehensive income for the period										
Profit for the period	**--**	**--**	**--**	**--**	**--**	**--**	**896 254**	**896 254**	**1 638**	**897 892**
Foreign currency translation differences - foreign operations	--	--	17 920	--	--	--	--	17 920	--	17 920
Effective portion of changes in fair value of cash flow hedges,	--	--	--	--	-78 348	--	--	-78 348	--	-78 348
Income tax on other comprehensive expense	--	--	--	--	14 886	--	--	14 886	--	14 886
Total other comprehensive income / (expense)	**--**	**--**	**17 920**	**--**	**-63 462**	**--**	**--**	**-45 542**	**--**	**-45 542**
Total comprehensive income for the period	**--**	**--**	**17 920**	**--**	**-63 462**	**--**	**896 254**	**850 712**	**1 638**	**852 350**
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Issue of ordinary shares			--	--	--	--	--		--	
Owner's contribution	--	--	--	--	--	1 118 064	--	1 118 064	--	1 118 064
Total contributions by and distributions to owners of the Company	**1 758 857**	**453 142**	**--**	**--**	**--**	**1 118 064**	**--**	**1 118 064**	**--**	**1 118 064**
Changes in ownership interests in subsidiaries										
Acquisition / disposal of non-controlling interests without a change in control							42	42	-49	-7
Acquisition of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	-4 559	-4 559
Total changes in ownership interests in subsidiaries	**--**	**--**	**--**	**--**	**--**	**--**	**42**	**42**	**-4 608**	**-4 566**
Total transactions with owners of the Company			**--**	**--**	**--**	**1 118 064**	**42**	**1 118 064**	**-4 608**	**1 113 498**
Other movements										
Transfers to Legal reserve fund	--	--	--	43 394	--	--	-43 394	--	--	--
Total other movements	**--**	**--**	**--**	**43 394**	**--**	**--**	**-43 394**	**--**	**--**	**--**
Balance at 30 June 2013	**6 186 997**	**652 364**	**19 881**	**146 361**	**-245 143**	**3 446 220**	**12 694 186**	**20 900 866**	**85 694**	**22 986 560**

Notes to consolidated financial statements on pages 10 to 47 are integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Czech Property Investments, a.s. („the Company“) is a joint-stock company incorporated under the laws of the Czech Republic.
The Company was established on 17 December 1991 and is registered in the Commercial register kept by the Municipal Court in Prague. The registration number of the Company is 427 16 161.
The address of its registered office is Václavské náměstí, 1601/47, Praha 1, 110 00.
The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the “Group” or individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities.

Principal activities

Principal activities of the Group are described in note 4.1.

Description of ownership structure

The sole shareholder of the Company is GSG GROUP, L – 2661, Luxembourg, rue de la Vallée 40. GSG GROUP is listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment. GSG GROUP and its subsidiaries is a real estate group founded in 2004. Since foundation it was operating in Germany and concentrates on commercial property, project development and asset management especially in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the GSG GROUP is the largest lessor of commercial property in the Berlin area. GSG GROUP focuses on investment properties, realizes development potentials and offers full-service asset management for third parties.

Management

as at 30 June 2014

Board of Directors

Chairman
Radovan Vítek, since 30 November 2011

Vice-chairman
Kristína Magdolenová, since 15 February 2014

Member
Marie Vítková, since 30 November 2011

Supervisory Board

Member
Milan Trněný, since 5 June 2014

Vladimír Sup, Pavel Semrád and Radan Kamenický were removed as a members of Supervisory Board on 5 June 2014, the change in Commercial register was made on 16 June 2014.
Milan Trněný was appointed as a member of Supervisory Board with effective date 5 June 2014, the change in Commercial register was made on 16 June 2014.

as at 31 December 2013

Board of Directors

Chairman
Radovan Vítek, since 30 November 2011

Vice-chairman
Marek Stubley, since 30 November 2011
Member
Marie Vítková, since 30 November 2011

Supervisory Board

Members
Vladimír Sup, since 12 February 2010
Pavel Semrád, since 12 February 2010
Radan Kamenický, since 25 March 2011

Employees

The Group employed 490 employees at 30 June 2014 (at 31 December 2013 – 464 employees).

Basis of preparation of financial statements

The condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.
The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013.
The condensed consolidated interim financial statements are presented in thousands of Czech crowns (TCZK) and all values are rounded to the nearest thousand except when otherwise indicated.
The Group's objectives and policies for managing capital, credit risk and liquidity risk were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.
The Group's operations are not any subject to seasonal fluctuations.
These condensed consolidated interim financial statements have not been audited.
The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 29 August 2014.

2 Significant accounting policies

The accounting policies applied in preparing these condensed consolidated interim financial statements are consistent with those used to prepare the financial statements for the year ended 31 December 2013 except as described below.

- Investment property and investment property under development (note 6.1; 6.2)
- Taxation (note 5.12)

2.1 New accounting standards and amendments

Several new standards and amendments apply for the first time in 2014, however they do not have any material impact the interim condensed consolidated statements of the Group.
The nature and the impact of each new standard/amendment are described below.

In the current financial year, the Group has applied for the first time IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IAS 28 (2011) Investments in Associates and Joint Ventures, including the amendments to the transitional guidance. These standards and amendments have no impact on the Group.

Amendments to IFRS 10, *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities*. These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. This amendment has no impact to the Group, since none of the Group´s entities qualifies to be and investment entity under IFRS 10.

The Group has adopted IFRIC 21 'Levies'. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when should a liability be recognised. The Group is not currently subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the interim financial statements for the period ended 30 June 2014. The Group does not expect IFRIC 21 to have a significant effect on the results for the financial year ending 31 December 2014.

IAS 32, *Financial Instruments: Presentation* – Amendments to IAS 32. These amendments to IAS 32 do not have any impact to the Group, they clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

IAS 39, Financial *Instruments: Recognition and Measurement* – Amendments to IAS 39. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

IAS 36, *Impairment of Assets* – Amendments to IAS 36. The amendment introduced disclosure requirements regarding the recoverable amount of impaired assets in case that amount is based on fair value less costs of disposal. IAS 36 require to disclose the recoverable amounts of assets or cash-generating units, for which an impairment loss has been recognised or reversed during the period in the interim financial statements. These amendments have no impact on the Group.

2.2 Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

3 Group entities

Control of the Group

The Group's ultimate parent company is Czech Property Investments, a.s. which is controlled by GSG GROUP.

3.1 Subsidiaries and joint-ventures

As at 30 June 2014 the Group is formed by parent company, 218 subsidiaries controlled by the parent company and 1 associate (at 31 December 2013 - 216 subsidiaries, 1 associate). For list of subsidiaries and associate refer to Appendix I .

3.2 Share in associates

In connection with acquisition of ABLON Group in 2013, the Group acquired the 50% share in one associate (K.B.P. BUSINESS PARK Sp. z o.o.). Share in this associate (consolidated by equity method) is fully provided for as the associate's equity is negative and the carrying value is TCZK 0 as at 30 June 2014 (TCZK 0 as at 31 December 2013). The associate's result for H1 2014 is TCZK 0.

Total equity of associate as at 30 June 2014 represents TCZK –61 188 comprising of assets in total value of TCZK 540 743 and liabilities of TCZK 601 931.

There are no commitments of the Group regarding associate's liabilities as well as the negative equity of the associate.

3.3 Changes in the Group in 2014

During 2014, the Group has acquired the following entities:

Entity	Change	Share in %	Date of acquisition/foundation
Arena Corner Ingatlanfejleszto Kft.	acquisition	100,00%	11 April 2014
CPI Poland Sp. Z o.o.	acquisition	100,00%	7 February 2014
CPI Retail MB s.r.o.	acquisition	100,00%	31 March 2014
CPI Retail Portfolio VIII s.r.o.	acquisition	100,00%	11 April 2014
Čáslav Investments, a.s.	acquisition	100,00%	2 May 2014
Pelhřimov Property Development, a.s. (1)	acquisition	100,00%	2 April 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 31 March 2014 (note 3.4).

No entities were disposed of in 2014.

3.4 Acquisitions of subsidiaries in 2014

Arena Corner Ingatlanfejleszto Kft.

On 11 April 2014 the Group acquired 100% share in Arena Corner Ingatlanfejleszto Kft. The acquisition primarily includes administrative building Arena Corner in Budapest comprised of mainly office spaces on 8 floors in 3 office towers with direct connections to each other, with large efficient spaces ideal for operation of shared service centres.

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

	Arena Corner Ingatlanfejleszto Kft.
Investment property	1 382 193
Non-current loans provided	14 067
Current loans provided	68 090
Trade and other receivables	7 623
Cash and cash equivalents	87 330
Identifiable acquired assets	**1 559 303**
Deferred tax liability	-128 644
Current loans and borrowings	-924 068
Current income tax liabilities	135
Trade and other payables	-20 861
Identifiable acquired liabilities	**-1 073 438**
Net ident. assets of subsidiary acquired	**485 865**
Consideration paid	**485 865**
Goodwill / (bargain purchase)	**--**
Cash and cash equivalents acquired	**87 330**
Cash outflow	**398 535**
POST-acquisition profit / (loss)	**284**

CPI Retail MB s.r.o.

On 31 March 2014, the Group acquired 100% of the shares in CPI Retail MB s.r.o. (former name IMMORENT LEASFINANCE s.r.o.) from IMMORENT Erste Group. The company own investment properties (retail) in Mladá Boleslav and lease them to the Group. The purpose of the business combination is mainly acquisition of legal ownership right to investment properties, which were under finance lease by the Group.

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

	CPI Retail MB s.r.o.
Deferred tax asset	245
Trade and other receivables	356 594
Cash and cash equivalents	74
Identifiable acquired assets	**356 913**
Trade and other payables	-344 029
Identifiable acquired liabilities	**-344 029**
Net ident. assets of subsidiary acquired	**12 884**
Consideration paid	**31 179**
Goodwill / (bargain purchase)	**18 295**
Cash and cash equivalents acquired	**74**
Cash outflow	**31 105**
POST-acquisition profit / (loss)	**3 767**

CPI Retail Portfolio VIII s.r.o.

On 11 April 2014, the Group acquired 100% of shares in CPI Retail Portfolio VIII s.r.o. (former name Kouge s.r.o.). The principal reason for the acquisition was to extend Group´s retail portfolio as the acquired entity owns four supermarkets in Czech Republic rented mainly to Billa and Penny Market retail chains.

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

	CPI Retail Portfolio VIII s.r.o.
Investment property	138 836
Deferred tax asset	1 436
Current income tax receivables	1 203
Trade and other receivables	1 664
Cash and cash equivalents	843
Identifiable acquired assets	**143 982**
Non-current loans and borrowings	-73 950
Other non-current liabilities	-66 488
Trade and other payables	-1 518
Identifiable acquired liabilities	**-141 956**
Net ident. assets of subsidiary acquired	**2 026**
Consideration paid	**2 026**
Goodwill / (bargain purchase)	**--**
Cash and cash equivalents acquired	**843**
Cash outflow	**1 183**
POST-acquisition profit / (loss)	**1 578**

Čáslav Investments, a.s.

On 2 May 2014, the Group acquired 100% of shares in Čáslav Investments, a.s. (former name Clitos, a.s.). The principal reason for the acquisition was to acquire local land plots in Čáslav on which the Company plans to develop new retail premises. The construction works have been started in July 2014. The retail park will offer app. 2 600 sqm of retail space and it is fully rented beforehand its completion that is expected in October 2014.

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

	Čáslav Investments, a.s.
Investment property	23 988
Non-current loans provided	1 952
Current loans provided	384
Trade and other receivables	4 095
Cash and cash equivalents	511
Identifiable acquired assets	**30 930**
Non-current loans and borrowings	-27 925
Current loans and borrowings	-165
Trade and other payables	-677
Identifiable acquired liabilities	**-28 767**
Net ident. assets of subsidiary acquired	**2 163**
Consideration paid	**2 163**
Goodwill / (bargain purchase)	**--**
Cash and cash equivalents acquired	**511**
Cash outflow	**1 652**
POST-acquisition profit / (loss)	**-971**

Pelhřimov Property Development, a.s.

On 2 April 2014, the Group acquired 100% stake in Pelhřimov Property Development, a.s. The principal reason for the acquisition was to acquire Retail Park Pelhřimov which is located in the commercial zone in the north-

western part of the town. It offers more than 2,400 sqm for retail accommodation. The purchase price was TCZK 2 000.

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

	Pelhřimov Property Developmet, a.s.
Investment property	80 513
Bonds	945
Current loans provided	83
Trade and other receivables	2 029
Cash and cash equivalents	9 528
Identifiable acquired assets	**93 098**
Non-current loans and borrowings	-55 191
Deferred tax liability	-1 797
Current loans and borrowings	-29 631
Trade and other payables	-4 479
Identifiable acquired liabilities	**-91 098**
Net ident. assets of subsidiary acquired	**2 000**
Consideration paid	**2 000**
Goodwill / (bargain purchase)	**--**
Cash and cash equivalents acquired	**9 528**
Cash outflow	**-7 528**
POST-acquisition profit / (loss)	**742**

CPI Poland Sp. Z o.o.

On 2 May 2014, the Group acquired 100% of shares of CPI Poland Sp. Z o.o. The Company is being used as service company for Group's Polish activities.

The following tables summarize total assets and liabilities acquired in respect of Group´s acquisitions in H1 2013:

	Arena Corner Ingatlanfejleszto Kft.	CPI Retail MB s.r.o.	CPI Retail Portfolio VIII s.r.o.	Čáslav Investments, a.s.	CPI Poland Sp. Z o.o.	Total
Investment property&Investment property under development	1 382 193	--	138 836	23 988	--	1 545 017
Non-current loans provided	14 067	--	--	1 952	--	16 019
Current loans provided	68 090	--	--	384	--	68 474
Trade and other receivables	7 623	356 594	1 664	4 095	--	369 976
Deferred tax asset	--	245	1 436	--	--	1 681
Current income tax receivables	--	--	1 203	--	--	1 203
Cash and cash equivalents	87 330	74	843	511	66	88 824
Identifiable acquired assets	**1 559 303**	**356 913**	**143 982**	**30 930**	**66**	**2 091 194**
Non-current loans and borrowings	--	--	-73 950	-27 925	--	-101 875
Current loans and borrowings	-924 068	--	--	-165	--	-924 233
Trade and other payables	-20 861	-344 029	-1 518	-677	--	-367 085
Deferred tax liability	-128 644	--	--	--	--	-128 644
Current income tax liabilities	135	--	--	--	--	135
Other non-current liabilities		--	-66 488	--	--	-66 488
Identifiable acquired liabilities	**-1 073 438**	**-344 029**	**-141 956**	**-28 767**	**--**	**-1 588 190**
Net ident. Assets of subsidiary acquired	485 865	12 884	2 026	2 163	66	503 004
Consideration paid	485 865	31 179	2 026	2 163	66	521 299
Goodwill / (bargain purchase)	**--**	**18 295**	**--**	**--**	**--**	**18 295**
Cash and cash equivalents acquired	87 330	74	843	511	66	88 824
Cash outflow	**398 535**	**31 105**	**1 183**	**1 652**	**--**	**432 475**
POST-acquisition profit / (loss)	**284**	**3 767**	**1 578**	**-971**	**999**	**5 657**

4 Segment reporting

4.1 Business segments

For investment property, discrete financial information is provided to the Board of Directors, which is the chief operating decision maker, on a individual entity (subsidiary) basis. The information provided is income from rental activities, net rentals (including gross rent and property expenses), valuations gains/losses, impairment of assets and result from operating activities. In addition interest income and expense with total finance result, tax income or loss and total profit or loss for the period are monitored on entity level.
The individual entities are aggregated into reportable segments with similar economic characteristics for the purposes of consolidated reporting.
As a result of the combination of CPI Group and GSG Group (refer to 1) the management of the Company decided to slightly modify the structure of reportable operating segments.

Income generating rental properties
Within the segment "**Income generating rental properties"** the Group is considered to have seven types of assets as at 30 June 2014, 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 and sells residential property
- Hotels – acquires, develops and leases hotels to operators
- Other – primarily includes intergroup service and financing entities

Income generating operational properties
The segment includes properties which primarily generate income from other than rental activities. As at 30 June 2014 the segment includes hotel operations only.

Development
Includes all development activities and related land plots.

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

4.2 Geographical information

The Company is incorporated in the Czech Republic. The Group primarily operates in the Czech Republic and Slovak Republic. In 2013 the Group has extended its rental activities to Hungary, Poland and Romania. It has also subsidiaries in Ireland, Netherlands, France, Cyprus, Guernsey and British Virgin Islands. These subsidiaries are presented within "Other Europe".
In presenting information on geographical areas, revenue is based on the geographical location of property. Segment assets are based on the geographical location of the assets.

Operating segments

	Income generating - rental properties											
	Office		Retail		Residential		Industry and logistics		Hotels		Other	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment income from rental activities	694 867	347 383	877 521	719 847	251 507	241 555	149 778	127 335	197 960	108 996	1 980	2 605
Net rental and service related income	673 636	312 820	848 222	707 265	138 912	76 056	148 791	123 380	172 541	92 554	19 612	6 860
Net valuation gain/(loss) on inv. property	-1 866	--	21 563	--	--	--	-71	--	--	--	--	--
Impairment of assets/ reversal of impairment	-30 356	187	-6 970	1 245	-4 005	-19 790	158	-607	-10 698	485	-1 029	483
Impairment of goodwill	--	--	-18 295	--	--	--	--	--	--	--	--	--
Results from operating activities	**607 893**	**308 490**	**728 069**	**704 779**	**122 963**	**30 942**	**146 672**	**121 134**	**159 913**	**91 881**	**25 226**	**-108 359**
Interest income	3 557	549	2 307	-5 739	7	8	145	551	14 490	2 371	234 173	450 811
Interest expense	-167 509	-87 762	-202 903	-169 437	-79 026	-58 844	-45 100	-40 071	-44 130	-19 427	-584 100	-408 769
Net finance costs	-243 451	**-67 089**	**-255 328**	**-52 909**	**-79 319**	**-69 962**	**-43 352**	**-12 469**	**-38 700**	**75 717**	**-140 704**	**74 456**
Income tax income/ (expense)	-70 449	-41 981	-36 363	-107 419	-9 835	12 399	-9 472	-16 636	-4 739	-41 705	-4 203	-94 218
Profit/(loss) for the period	**293 994**	**199 420**	**436 378**	**544 450**	**33 808**	**-26 621**	**93 849**	**92 029**	**116 474**	**125 893**	**-119 681**	**-128 121**

	Income generating - operational properties		Land bank		Development		Total Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Segment income from rental activities	--	--	22 349	2 832	3 293	455	2 199 255	1 551 008
Net rental and service related income	1 501	--	16 478	-3 564	-573	-9 074	2 019 119	1 306 297
Net valuation gain/(loss) on inv. property	--	--	-381	--	--	-142 253	19 245	-142 253
Impairment of assets/ reversal of impairment	--	--	-27 735	-45	-295	-84	-80 930	-18 125
Impairment of goodwill	--	--	--	--	--	--	-18 295	--
Results from operating activities	**809**	**--**	**-45 703**	**-3 620**	**-1 330**	**-10 973**	**1 744 513**	**1 134 274**
Interest income	20	--	378	4 833	1	2 316	255 079	455 700
Interest expense	-3 841	--	-4 926	-2 114	123 903	-22 940	-1 007 632	-809 364
Net finance costs	**-26 981**	**--**	**14 231**	**49 918**	**125 098**	**93 353**	**-688 505**	**91 015**
Income tax income/ (expense)	-2 697	--	-14 227	-23 032	-5 108	-14 805	-157 094	-327 397
Profit/(loss) for the period	**-28 869**	**--**	**-45 698**	**23 266**	**118 659**	**67 575**	**898 914**	**897 892**

Operating segments

	Income generating - rental properties											
	Office		Retail		Residential		Industry and logistics		Hotels		Other	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Segment assets	22 489 387	21 816 583	23 987 740	23 578 609	8 347 164	8 240 997	3 917 248	3 933 105	6 312 494	7 032 519	8 850 021	6 648 448
Segment liabilities	14 978 969	14 310 487	14 678 780	14 299 708	4 713 833	4 704 605	2 429 261	2 512 480	2 872 487	3 964 604	17 840 407	15 576 834
Segment net assets	**7 510 418**	**7 506 096**	**9 308 960**	**9 278 901**	**3 633 331**	**3 536 392**	**1 487 987**	**1 420 625**	**3 440 007**	**3 067 915**	**-8 990 385**	**-8 928 386**
Capital expenditure	**26 648**	**31 928**	**22 374**	**81 926**	**--**	**44 954**	**--**	**3 400**	**13 385**	**160 412**	**--**	**--**

	Income generating - operational properties		Land bank		Development		Total Consolidated	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Segment assets	521 908	549 413	7 216 741	7 254 400	7 831 464	6 553 330	89 474 168	85 607 405
Segment liabilities	461 478	473 659	857 221	836 697	4 066 479	3 176 243	62 898 915	59 855 316
Segment net assets	**60 430**	**75 754**	**6 359 520**	**6 417 703**	**3 764 985**	**3 377 087**	**26 575 253**	**25 752 089**
Capital expenditure	**--**	**--**	**1 216**	**29 271**	**728 054**	**1 338 967**	**791 677**	**1 690 858**

Geographical information

	Czech Republic		Slovak Republic		Hungary		Poland		Romania		Other Europe		Total consolidated	
	2014	2 013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment income from rental activities	1 693 187	1 351 673	214 173	199 335	215 702	--	76 194	--	--	--	--	--	2 199 255	1 551 008
Net valuation gain/(loss) on inv. property	3 482	-142 253	--	--	23 925	--	-251	--	-7 911	--	--	--	19 245	-142 253
Total assets netto	67 756 831	64 424 997	5 548 861	5 545 323	9 097 838	8 011 562	2 258 045	2 312 601	549 973	550 086	4 262 621	4 762 835	89 474 168	85 607 405

5 Consolidated statement of comprehensive income

5.1 Gross rental and service revenue

For six month period ended 30 June

	2014	2013
Rental income (1)	**2 199 255**	**1 551 008**
Net result from hotel operations (4)	**2 087**	**--**
Advisory and accounting services (2)	10 578	55 942
Facility management (3)	26 278	1 132
Other services	2 017	2 494
Service income	**38 873**	**59 568**
Total gross rental and service revenue	**2 240 215**	**1 610 576**

(1) The significant increase in rental revenue is generally attributable to Group's expansion in second half of 2013 and reflects effect of rental revenue of subsidiaries acquired in 2013 to Group's consolidated statement of comprehensive income.
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) Advisory and accounting services 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 gross rental and service revenues.

(3) Increase in facility management provided follows expansion of Group's rental activities.

(4) Net result from hotel operations in 2014 represent acquisition of four star Marriott hotel in Budapest operated by ABLON Group on 30 June 2013.

Net result from hotel operations

For six month period ended 30 June

	2014	2013
Hotel revenue	57 714	--
Personnel costs (note 5.3)	-10 186	--
Depreciation (note 5.3)	-13 761	--
Other hotel expenses	-31 680	--
Net result from hotel operations	**2 087**	--

5.2 Net service charge income

For six month period ended 30 June

	2014	2013
Service charge income	249 205	110 133
Service charge expenses	-220 801	-113 510
Total	**28 404**	**-3 377**
Revenues from sales of goods and merchandise	47 232	47 962
Cost of sales - goods and merchandise	-36 028	-37 339
Total	**11 204**	**10 623**
Total net service charge income	**39 608**	**7 246**

Significant increase in volume of service charge income and expenses reflects increase in rental activity. The favourable impact on profit represents acquisition of ABLON Group in second half of 2013 as the ABLON's entities are entitled to charged service expenses with profit margin to existing tenants.

5.3 Property operating expenses

For six month period ended 30 June

	2014	2013
Repairs and maintenance (1)	-82 887	-158 606
Utility services	-38 786	-67 757
Personnel expenses	-56 673	-46 198
Facility management	-1 884	-2 913
Real estate tax	-12 531	-11 989
Letting fee, other fees paid to real estate agents	-8 644	-4 655
Property insurance expenses	-9 345	-3 942
Lease expenses	-894	--
Depreciation and amortisation expense	-4 647	-2 630
Other expenses	-33 209	-12 835
Total property operating expenses	**-249 500**	**-311 525**

The property operating expenses include mainly repair and maintenance costs of buildings and properties, personnel expenses, utilities costs, 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.

(1) Significant decline in repairs and maintenance costs relates mainly to residential portfolio.

Utility services

For six month period ended 30 June

	2014	2013
Material consumption	-5 546	-5 709
Energy consumption	-22 400	-48 548
Waste management	-2 528	-3 210
Security services	-6 219	-7 292
Cleaning services	-2 093	-2 998
Total utility services	**-38 786**	**-67 757**

Personnel expenses

For six month period ended 30 June

	2014	2013
Personnel operating expenses		
Wages and salaries	-41 193	-33 681
Social and health security contributions	-13 680	-10 946
Other social expenses	-1 800	-1 571
Total personnel operating expenses	**-56 673**	**-46 198**
Personnel administrative expenses		
Wages and salaries	-51 134	-52 492
Social and health security contributions	-16 769	-16 512
Other social expenses	-1 244	-1 218
Total personnel administrative expenses	**-69 147**	**-70 222**
Personnel expenses - hotel operations		
Wages and salaries	-7 831	--
Social and health security contributions	-2 355	--
Total personnel expenses - hotel operations	**-10 186**	**--**
Total personnel expenses	**-136 006**	**-116 420**

Depreciation and amortization expenses

For six month period ended 30 June

	2014	2013
Depreciation and amortization - operating part	-4 647	-2 630
Depreciation and amortization - administrative part (note 5.7)	-9 432	-8 915
Depreciation and amortization - hotel (note 5.1)	-13 761	--
Total depreciation and amortization	**-27 840**	**-11 545**

5.4 Net valuation gain / (loss) on investment property

Value of investment property portfolio was not updated by any external valuer as at 30 June 2014.

The Group's management analysed current situation on real estate market together with current yields, discount rates applied and other inputs used by independent valuers in their appraisals as at 31 December 2013. Fair value of investment property as at 30 June 2014 was determined based on management's analysis described above and with following exception does not significantly differ from fair value as at 31 December 2013.

Net valuation loss on investment property in 2013 of TCZK 142 253 was represented by additional capital expenditures related to one development project, which, based on Group's management expectations, did not supposed to be fully reflected in valuation of investment property in annual financial statements as at 31 December 2013.

5.5 Net result on disposal of investment property

For six month period ended 30 June

	2014	2013
Proceeds from disposal of investment property	137 696	77 746
Carrying value of investment property disposed of and related cost	-120 624	-91 635
Total gain / (loss) on the disposal of investment property	**17 072**	**-13 889**

Gain on the disposal of investment property represent mainly sale of investment property from the portfolio of CPI – Reality, a.s. in the amount of TCZK 60 652, which was partially offset with loss suffered from the sale of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. in the amount of TCZK 14 442 and with loss from the sale of plots and write-off of related project´s costs in Valašské Meziříčí from the portfolio of VM Property Development, a.s. in the amount of TCZK 29 380.

5.6 Net result on disposal of trading property – inventories

For six month period ended 30 June

	2014	2013
Proceeds from disposal of trading property	24 932	--
Total carrying value of trading property disposed and related cost	-10 639	--
Total gain / (loss) on the disposal of trading property	**14 293**	**--**

The disposal of trading property in 2014 represents the sale of completed flats (project Viva Residence) in Prague – Čakovice. The Group acquired this project as a part of ABLON Group acquisition in June 2013.

5.7 Administrative expenses

For six month period ended 30 June

	2014	2013
Personnel expenses	-69 147	-70 222
Lease and rental expenses	-18 600	-15 149
Audit, tax and advisory services	-39 744	-22 679
Legal services	-19 355	-16 864
Advertising expenses	-14 671	-4 757
Telecommunication, internet and software expenses	-7 076	-4 104
Depreciation and amortisation expense	-9 432	-8 915
Material consumption	-5 721	-4 262
Representation expenses	-9 565	-2 079
Accounting and other services - based on mandate contracts	--	-1 677
Repairs and maintenance	-2 189	-2 325
Other insurance expenses	-3 689	-1 199
Energy consumption	-252	-129
Administrative expenses directly attributable to project "Maternlink"	--	-6 715
Other administrative expenses	-17 366	-7 844
Total administrative expenses	**-216 807**	**-168 920**

Generally the increase in administrative expenses reflects Group's substantial growth affected mainly by acquisitions carried out in the second half of 2013.

5.8 Other income

For six month period ended 30 June

	2014	2013
Gain on bargain purchase relating to business combinations (1)	--	150 204
Income from penalties	2 099	14 393
Income from lands acquired based on court decision (2)	22 992	7 346
Income related to contingent consideration	--	4 108
Insurance claims	2 141	1 187
Other	8 653	3 812
Total other income	**35 885**	**181 050**

(1) In 2013, gain on bargain purchase relating to business combinations reflected acquisition of remaining stake of 50% in CPI Národní, s.r.o. with total positive effect of TCZK 150 204.

(2) In 2014 the Group won litigation claims regarding ownership of land in total amount of TCZK 22 992 (2013 – 7 346).

5.9 Other expenses

For six month period ended 30 June

	2014	2013
Impairment of assets	-117 520	-18 125
Penalties	-4 642	-880
Tax non-deductible VAT expenses	-7 130	-4 161
Taxes and fees	-14 518	-371
Loss on assignment of receivables	-1 302	-2 108
Change in provisions	-2 144	207
Gifts	-962	-50
Other	-7 353	-2 889
Total other expenses	**-155 571**	**-28 377**

Impairment of assets

For six month period ended 30 June

	2014	2013
Impairment of goodwill (1)	-18 295	--
Impairment of trading property	3 596	-92
Impairment of trade receivables (2)	-46 521	-18 109
Impairment of other receivables (2)	-358	1 017
Impairment of non-current loans provided (2)	-55 942	-941
Total	**-117 520**	**-18 125**

(1) Impairment of goodwill in 2014 primarily relates to acquisition of leasing company CPI Retail MB s.r.o. (goodwill recognized and subsequently fully impaired of TCZK -18 295). For detail of this business combination refer to note 3.4.

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

5.10 Finance income

For six month period ended 30 June

	2014	2013
Bank interest income	762	363
Interest income on bonds (1)	6 320	1 815
Interest income on loans and receivables (2)	247 997	453 522
Gain on revaluation of financial derivatives (3)	276	89 285
Other finance income (4)	227 710	396 965
Total finance income	**483 065**	**941 950**

(1) Interest income on bonds relates to bonds issued by 3rd party purchased by the Group (refer to note 6.5)

(2) Significant decrease in interest income on loans and receivable reflects repayments of provided loans in 2013.

(3) Gain on revaluation of financial derivatives relates to revaluation of interest rate swaps (not used for hedging) recognized at fair value as described in note 0.

(4) In H1 2014 the Group acquired receivables of bank creditors of third party for a price which was lower than receivable's nominal value. The receivables were subsequently sold for a price equalled to the nominal value. As a result, the Group recognised profit of TCZK 227 710.

In 2013, net income from purchase of receivables represented profit resulting from purchase of receivables at discount and subsequent receipt of the cash settlement. This transaction was carried out by the Group in connection with the acquisitions of ABLON Group. The Group purchased bank loans in nominal value app. TCZK 803 049 (app. TEUR 31 112) from bank that provided the loan facilities to ABLON Group and subsequently received the cash settlement from the debtor. The difference between the carrying value of acquired bank loans and received settlement is recognised as other finance income.

5.11 Finance costs

For six month period ended 30 June

	2014	2013
Interest expense related to bank and non-bank loans (1)	-560 340	-393 908
Interest expense on bonds issued (2)	-436 644	-372 778
Bank charges	-42 670	-32 856
Interest expense related to finance leases (3)	-7 859	-23 579
Interest expense on other non-current liabilities (4)	-2 789	-19 099
Net foreign exchange loss	-35 329	-8 288
Loss on revaluation of financial derivatives	-77 982	--
Other finance cost	-7 957	-427
Total finance cost	**-1 171 570**	**-850 935**

(1) An increase in interest expenses related to bank and non-bank loans reflects mainly additional costs of financing in respect of Group's real estate portfolio extension.
(2) Substantial increase in interest on bonds relates mainly to new bonds issued by the Group in 2014 and in H2 2013 (refer to note 6.12).
(3) Interest expense related to finance leases decreased mainly due to the acquisition of leasing companies in H2 2013 as described in annual financial statements for 2013.
(4) Interest expense on other non-current liabilities dropped due to the early settlement of these non-current liabilities in H1 2013.

5.12 Taxation

Tax recognised in profit or loss

	2014	2013
Current income tax expense		
Current year	--	--
Adjustment for prior years	-16 724	2 855
Total	**-16 724**	**2 855**
Deferred income tax expense		
Origination and reversal of temporary differences	-140 370	-330 252
Total	**-140 370**	**-330 252**
Total income tax recognised in profit or loss	**-157 094**	**-327 397**

Tax expense for the six month period ended 30 June 2014 is recognized based on management´s best estimate of the effective tax rate for full financial year 2014. The Group expects, that effective tax rate for 2014 will not significantly differ from effective tax rate for 2013.

The Company´s effective tax rate in respect of continuing operations for the six months ended 30 June 2014 was 26,72%.

6 Consolidated statement of financial position

6.1 Investment property

	Income generating - rental properties					Land bank	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**	**7 775 792**	**67 614 298**
Acquisitions through business combinations	1 382 193	138 836	--	--	--	--	**1 521 029**
Reclassifications between segments	--	--	-68 563	--	--	68 563	**--**
Transfer from / to investment property under development	--	-1 350	--	--	--	-736 261	**-737 611**
Additions	26 648	22 374	--	--	13 385	1 216	**63 623**
Disposals	--	-13 050	-60 855	--	--	-43 865	**-117 770**
Valuation gain / (loss) – note 5.4	7 174	7 284	--	4 787	--	--	**19 245**
Effect of movements in exchange rates	-3 369	-3 421	--	-2 248	--	2 330	**-6 708**
Balance at 30 June 2014	**21 213 291**	**22 577 616**	**7 586 824**	**3 774 286**	**6 136 314**	**7 067 775**	**68 356 106**

Acquisitions through business combinations

For six month period ended 30 June 2014 the Group has acquired investment property and investment property under development in total value of TCZK 1 545 017 (refer to note 3.4). Thereof investment property represents TCZK 1 521 029. The most significant item of investment property was 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 centres.

Transfer from/to investment property under development

Investment property project "Glass museum" (Příkopy Property Development, a.s.), which was part of landbank operating segment in 2013, was transferred to investment property under development in H1 2014, due to the beginning of development works.

Other additions

The most significant additions in H1 2013 represent complete refurbishment of several levels of Building C, in connection with the tenant's lease prolongation in Budaörs Office Park Kft. totaling of TCZK 26 130 and partial extension of hotel premises in Liberec (Conradian a.s.) of TCZK 13 318.

Disposals

Disposals in 2014 comprise mainly sales of apartments in Praha – Letňany from residential portfolio of CPI BYTY, a.s. to current tenants and sale of investment property from the portfolio of CPI – Reality, a.s. (note 5.5).

6.2 Investment property under development

2014

	Total
Balance at 1 January 2014	**2 349 189**
Acquisitions through business combinations	23 988
Transfer from/ (to) investment property	737 611
Additions	704 066
Balance at 30 June 2014	**3 814 854**

Acquisitions through business combinations

Acquisition of investment property under development totalling TCZK 23 988 represents acquisition of Čáslav Investments, a.s. as described in note 3.4.

Transfer from investment property

Refer to note 6.1

Additions

The main additions in the six month period ended 30 June 2014 represent development costs related to multifunctional complex QUADRIO (CPI Národní, s.r.o.) of TCZK 610 903.

Additions on Investment property under development include capitalized borrowing costs of TCZK 9 264. For each development asset the Group set up separate entity and as a result the interest expenses on the entity are fully related to the asset under development and then the capitalization rate amounts to 100%.

6.3 Property, plant and equipment

Balance of property, plant and equipment slightly decreased mainly due to depreciation. There were no significant disposals or addions in H1 2014. The most significant item of property, plant and equipment represents Marriott Budapest City Center Hotel in Budapest. Value of the hotel represents TCZK 497 936 as at 30 June 2014 (532 307 TCZK as as 31 December 2013).

6.4 Intangible assets

Closing balance of intangible assets and goodwill includes goodwill of TCZK 48 663 recognized by the Group in 2013. The goodwill relates to acquisition of Ablon Group on 30 June 2013. The goodwill that arose on the business combination can be attributed to the synergies expected to be derived from the combination.

Reconciliation of carrying amount

	Goodwill
Cost	
Balance at 1 January 2014	**48 663**
Acquisition through business combinations	18 295
Balance at 30 June 2014	**66 958**
Impairment losses	
Balance at 1 January 2014	--
Impairment loss	-18 295
Balance at 30 June 2014	--
Carrying amounts	
Balance at 1 January 2014	**48 663**
Balance at 30 June 2014	**48 663**

Impairment of goodwill

As at 30 June 2014 there are no indicators of impairment recognized by the Group in connection with the acquisition of Ablon Group.

As a result of the acquisition of CPI Retail MB s.r.o. (note 3.4), the Group recognized goodwill in the amount of TCZK -18 295, which was subsequently fully impaired (note 5.9).

6.5 Other investments

Non-current investments

The Group has following equity investments with the ownership interest not exceeding 10%.

	30 June 2014	31 December 2013
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 (share 0,57%)	300	300
STRM Delta a.s. (share 0,07%)	50	50
Ekopark Odolena Voda, s.r.o. (share 10%)	20	20
Moravský Peněžní Ústav - spořitelní družstvo	2	2
Total equity investments	**11 799**	**11 768**
Debentures (1)	37 775	37 709
Total other non-current investments	**49 543**	**49 477**

Current

	30 June 2014	31 December 2013
Interest to debentures (1)	2 107	209
Total other current investments	**2 107**	**209**

(1) The Group acquired debentures issued by 3rd party in total nominal value of TCZK 37 775. 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 annually basis. Debentures are not publicly traded and not secured.

The above investments do not have a quoted market price in an active market and their fair values cannot be reliably measured are measured at cost less accumulated impairment. There is no indication of impairment as at 30 June 2014.

For breakdown of the carrying amounts and fair values of financial assets and financial liabilities refer to note 7.

6.6 Loans provided

Non-current

	30 June 2014	31 December 2013
Loans provided - related parties	165 934	3 253 063
Loans provided - third parties	184 663	625 207
Total	**350 597**	**3 878 270**

Current

	30 June 2014	31 December 2013
Loans provided - related parties	7 351	663 710
Loans provided - third parties	101 473	782 050
Bills of exchange - third parties	--	165 037
Total current loans provided	**108 824**	**1 610 797**
Impairment to current loans provided to third parties	-64 065	-63 216
Total current loans provided net of impairment	**44 759**	**1 547 581**

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

The substantial decrease in total balance of loans provided to third and related parties primarily reflects process of financial assets restructuring performed by the management of the Group in H1 2014. This process also resulted in significant increase in trade and other receivables as described in note 6.8.

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

6.7 Trading property – inventories

	30 June 2014	31 December 2013
Projects and property for resale (1)	4 325	79 852
Projects under development (2)	3 030 113	2 535 812
Other inventory	1 789	1 271
Total	**3 036 227**	**2 616 935**

(1) Projects and property for resale relates to acquisition of ABLON Group in June 2013. As a result of the business combinations the Group acquired several residential finished projects intended for further sale. Most of these projects, located mainly in Prague – Čakovice, were sold during H1 2014 (note 5.6).

(2) Project under development primarily includes projects related to “Palais Maeterlinck project” in total amount of TCZK 2 715 385, flats intended for future sale from the project QUADRIO in total amount of TCZK 202 047 and “Jižní stráň project” (Březiněves, a.s.) totalling of TCZK 86 192. Increase in projects under development represents mainly ongoing development in respect of flats from the QUADRIO project and in respect of “Palais Maeterlinck project”.

6.8 Trade and other receivables

Non-current

	30 June 2014	31 December 2013
Other advances paid	15 419	15 320
Non-financial trade and other receivables	**15 419**	**15 320**
Trade receivables due from third parties	--	3 505
Other receivables due from third parties	670	670
Other receivables due from related parties (1)	246 586	--
Financial trade and other receivables	**247 256**	**4 175**
Total non-current receivables	**262 675**	**19 495**
Total trade and other receivables net of impairment	**262 675**	**19 495**

Current

	30 June 2014	31 December 2013
Advances paid	168 180	157 299
Other tax receivables (excl. CIT and VAT)	2 292	692
Prepaid expenses	408 788	253 522
Non-financial trade and other receivables	**579 260**	**411 513**
Trade receivables due from related parties	1 327	32 817
Trade receivables due from third parties	1 594 645	1 357 707
Advances paid for financial investment (2)	--	421 852
Receivable related to purchase price adjustment	--	402 137
Receivables from sale of subsidiaries	2 043	--
Receivables from sale of receivables (3)	31 700	523 982
Receivables acquired through assignment (3)	7 525 733	91 934
Value added tax receivables	32 354	--
Receivables due from employees	820	168
Other receivables due from related parties (3)	238 328	719 920
Other receivables due from third parties	283 137	93 437
Financial trade and other receivables	9 710 087	3 643 954
Total current receivables	**10 289 347**	**4 055 467**

(1) Non-current receivable due from related parties relates to the assignment of Group´s receivable to related party.

(2) Advance paid for financial investment represented preliminary purchase price paid to third party for the acquisition of Arena Corner as described in 3.4. The transaction was completed in H1 2014.

(3) The significant increase in receivables acquired through assignment relates to the process of financial assets restructuring performed by the management of the Group in H1 2014. The Group has assigned loans provided to third and related parties and other receivables from third and related parties exceeding 7,5 billion of CZK to related party. Receivables bear fixed interest rate between 5-7% corresponding to 2013 effective interest rate of total assigned other receivables and loans provided.

6.9 Cash and cash equivalents

	30 June 2014	31 December 2013
Bank balances	2 932 028	2 983 207
Cash on hand	23 628	22 712
Total	**2 955 656**	**3 005 919**

6.10 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

For six month period ended 30 June 2014 the Company didn't subscribed any new shares. The subscribed capital of the Company as at 30 June 2014 was TCZK 6 186 997 (as at 31 December 2013 – TCZK 6 186 997), comprising 7 733 746 shares (as at 31 December 2013 – 7 733 746 shares), each with a nominal value of CZK 800 (as at 31 December 2013 – CZK 800). All shares are the same type (ordinary registered shares) and fully paid-up. All authorized shares were issued.

Other capital funds

For the six month period ended 30 June 2014, no capital contributions were made. Other capital funds amount to TCZK 5 196 105 (TCZK 5 196 105 as at 31 December 2013).

Translation reserve

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

Legal reserve

Under Czech legislation, in the first year in which profit is generated, a joint-stock company should allocate 20 % of profit after tax (however, not more than 10% of share capital) to the legal reserve. In subsequent years, the legal reserve is allocated a minimum 5% of profit after tax determined under Czech accounting standards until the legal reserve reaches 20% of share capital. The legal reserve can only be used to cover accumulated losses.

Total allocation from Group's statutory profits under Czech accounting principles represents TCZK 0 (in six month period ended 30 June 2013 - TCZK 43 394).

Hedging reserve

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

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

Earnings per share

Basic earnings per share for six month period ended 30 June 2014

Profit attributable to ordinary shareholders

	Continuing operations	Total
Net profit attributable to ordinary shareholders for the year ended 30 June 2014	897 959	**897 959**
Net profit attributable to ordinary shareholders	**897 959**	**897 959**

Weighted average number of ordinary shares

	pcs	Weight	Weighted average
Issued ordinary shares at 1 January 2014	7 733 746	1,0000	7 733 746
Issued ordinary shares at 30 June 2014	7 733 746		7 733 746
Weighted average number of ordinary shares at 30 June 2014			7 733 746
Earnings per share for the six month period ended 30 June 2014 (CZK)			**116,11**

Diluted earnings per share for six month period ended 30 June 2014

The Group has not issued any instruments that are potentially dilutive and therefore diluted earnings per share for the six month period ended 30 June 2014 is the same as basic earnings per share for the six month period ended 30 June 2014.

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

Profit attributable to ordinary shareholders

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

Weighted average number of ordinary shares

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

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

The Group has not issued any instruments that are potentially dilutive and therefore diluted earnings per share for the six month period ended 30 June 2013 is the same as basic earnings per share for the six month period ended 30 June 2013.

6.11 Interest-bearing loans and borrowings

Non-current

	30 June 2014	31 December 2013
Loans from related parties (1)	573 899	13 828
Loans from third parties	272 721	302 058
Bank loans	27 173 836	26 335 191
Finance lease liabilities (2)	538 701	892 772
Bills of exchange	299 056	255 272
Total	**28 858 213**	**27 799 121**

Current

	30 June 2014	31 December 2013
Loans from related parties	33 498	37 282
Loans from third parties	406 706	276 276
Bank loans	3 392 665	4 022 704
Finance lease liabilities (2)	42 971	65 502
Bills of exchange	360 767	289 120
Total	**4 236 607**	**4 690 884**

(1) Considerable increase in loans from related parties is mainly attributable to a new loan in the amount of TCZK 550 534, whitch was provided to the Group by related party, with maturity on 30 June 2017.

(2) Decrese in finance lease liabilities primary reflects acquisition of leasing company (see note 3.4).

6.12 Bonds issued

Non-current

CZECH PROPERTY INVESTMENTS, a.s.	30 June 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/15 - EUR	--	--	30 000	411 375
Less: transaction costs	--	--	--	-3 911
CPI VAR/15 (EUR)	--	--	30 000	407 464
Proceeds from issued bonds - CPI VAR/18 - EUR	100 000	2 537 210	100 000	2 512 853
Less: bonds owned by Group	-10 890	-298 930	-10 890	-298 658
Less: transaction costs	--	-974	--	-425
CPI VAR/18 (EUR)	89 110	2 237 306	89 110	2 213 770
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	--	-44 401	--	-39 577
CPI VAR/19 (CZK)	2 000 000 000	1 955 599	2 000 000 000	1 960 423
Proceeds from issued bonds - CPI VAR/19 - EUR	116 000	1 592 100	116 000	1 590 650
Less: transaction costs	--	-33 281	--	-29 810
CPI VAR/19 (EUR)	116 000	1 558 819	116 000	1 560 840
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	--	--	--	--
Proceeds from issued bonds - CPI 6,05/16	150 000	1 471 055	150 000	1 463 017
Less: transaction costs	--	-18 323	--	-17 415
CPI 6,05/16	150 000	1 452 732	150 000	1 445 602
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	--	-1 840	--	-1 840
CPI 7,00/22	--	-1 840	--	-1 840
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	-938 098	-938 098	-962 473 000	-962 473
Less: transaction costs	--	-1 840	--	-1 840
CPI 7,00/22	999 061 902	60 062	37 527 000	35 687
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	--	-1 840	--	-1 840
CPI 7,00/22	--	-1 840	--	-1 840
Proceeds from issued bonds - CPI 8,00/42	1 000 000 000	1 000 000	1 000 000 000	1 000 000
Less: transaction costs	--	-2 460	--	-2 460
CPI 8,00/42	1 000 000 000	997 540	1 000 000 000	997 540
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	-968 866 627	-968 867	-968 866 627	-968 867
Less: transaction costs	--	-2 465	--	-2 465
CPI 8,00/42	31 133 373	28 668	31 133 373	28 668
Subtotal - Czech Property Investments a.s.	**4 030 550 385**	**8 287 046**	**3 069 045 483**	**8 646 314**

CPI FINANCE NETHERLANDS B.V.	30 June 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceed from issued bonds - CPI Finance Netherlands B.V. (2011)	500	5 000 000	500	5 000 000
Less: bonds owned by Group	-21	-210 000	-40	-400 000
CPI Finance Netherlands B.V. (2011)	479	4 790 000	460	4 600 000
Proceed from issued bonds - CPI Finance Netherlands B.V. (2012)	100	1 000 000	100	1 000 000
Less: bonds owned by Group	-21	-210 000	-21	-210 000
CPI Finance Netherlands B.V. (2012)	79	790 000	79	790 000
Proceed from issued bonds - CPI Finance Netherlands B.V. (2013)	100	100 000	100	100 000
Less: bonds owned by Group	-84	-84 000	-91	-91 000
CPI Finance Netherlands B.V. (2013)	16	16 000	9	9 000
Subtotal - CPI Finance Netherlands B. V.	**574**	**5 596 000**	**548**	**5 399 000**

CPI BYTY, a.s.	30 June 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI BYTY 2,50/15	--	--	300 000	300 000
Proceeds from issued bonds - CPI BYTY 3,50/17	500 000	500 000	500 000	500 000
Proceeds from issued bonds - CPI BYTY 4,80/19	900 000	900 000	900 000	900 000
Proceeds from issued bonds - CPI BYTY Real Estate 4,8/19 (2)	500 000	500 000	--	--
Proceeds from issued bonds - CPI BYTY 5,80/21	800 000	800 000	1 300 000	1 300 000
Less: transaction costs	--	-67 883	--	-66 211
Subtotal - CPI BYTY, a.s.	**2 700 000**	**2 632 117**	**3 000 000**	**2 933 789**

CPI ALFA, a.s.	30 June 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI ALFA (8)	279 000 000	279 000	279 000 000	279 000
Less: transaction costs	--	-4 639	--	-5 580
Subtotal - CPI Alfa, a.s.	**279 000 000**	**274 361**	**279 000 000**	**273 420**

CPI RETAIL PORTFOLIO I, a.s.	30 June 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI Retail Portfolio I (1)	112 500	1 125 000	--	--
Less: transaction costs	--	-2 122		
Subtotal - CPI Retail Portfolio I, a.s.	**112 500**	**1 122 878**	**--**	**--**

Total non-current bonds issued	**17 912 402**	**17 252 523**

Current

	30 June 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Proceeds from issued bonds - CPI VAR/15 - EUR	30 000	411 750	--	--
Less: transaction costs	--	-2 782	--	--
CPI VAR/15 (EUR)	30 000	408 968	--	--
Proceeds from issued bonds - CPI BYTY 2,50/15 (CZ0003510679)	300 000	300 000	--	--
CPI BYTY 2,50/15	300 000	300 000	--	--

Accrued interest on bonds		
CPI VAR/15 (EUR)	8 514	8 161
CPI VAR/18 (EUR)	88 319	14 232
CPI VAR/19 (CZK)	36 295	36 928
CPI VAR/19 (EUR)	30 822	30 359
CPI 6,05/16	26 026	23 367
CPI 7,00/22 (ISIN CZ0003502924)	1 799	139
CPI 8,00/42 (ISIN CZ0003502932)	46 000	5 556
CPI 8,00/42 (ISIN CZ0003502940)	1 349	90
CPI Finance Netherlands B.V. (2011)	477 046	361 587
CPI Finance Netherlands B.V. (2012)	19 588	--
CPI Finance Netherlands B.V. (2013)	281	--
CPI BYTY, a.s.	21 939	95 334
CPI Alfa, a.s.	2 813	2 856
CPI Retail Portfolio I (1)	8 336	--
Subtotal - accrued interest on bonds	**769 127**	**578 609**

Total current bonds issued	**1 478 095**	**578 609**

TOTAL BONDS ISSUED	**19 390 497**	**17 831 132**

In April 2014, the Group issued new bonds:

(1) CPI Retail Portfolio I 5,00/2019 (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 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 (registred in the Central Securities Depository, the abbreviation is CPI Retail Portfolio I 5,00/2019).

(2) CPI BYTY Real Estate 4,80/19 (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. Bonds were accepted for trading at Prague Stock Exchange.

Except above mentioned emission of CPI BYTY Real Estate bonds, the Group´s company CPI BYTY, a.s. issued four separate issues of bonds in 2013, all of which are traded at Prague Stock Exchange:

CPI BYTY 2,50/15 ISIN CZ0003510679
CPI BYTY 3,50/17 ISIN CZ0003510687
CPI BYTY 4,80/19 ISIN CZ0003510695
CPI BYTY 5,80/21 ISIN CZ0003510703

CPI BYTY Real Estate 4,80/2019 bonds are part of a bond programme, altogether with above mentioned emissions, 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. Due to the new emission of CPI BYTY Real Estate and based on the bond programme conditions, the new bonds CPI BYTY Real Estate partially replaced bonds CPI BYTY 5,80/21, which were issued on 7 May 2013 (maturity 7 May 2021, nominal value of each bond TCZK 1 and 5,8 % fix interest rate per annum). Total nominal value of bonds issued under emission CPI BYTY 5,80/21 decreased from TCZK 1 300 000 to TCZK 800 000 in connection with the new emission of CPI BYTY Real Estate 4,80/19.

For interest expense related to bonds issued refer to note 5.11.

Covenants

Issued bonds CPI VAR/15 (EUR), CPI VAR/19 (CZK) and CPI VAR/19 (EUR) and are subject to a number of covenants. All covenant ratios were met as at 30 June 2014.

Issued bonds CPI 6,05/16 are subject to a number of covenants. All covenant ratios were met as at 30 June 2014.

Issued bonds CPI VAR/18 (EUR) are subject to a number of covenants. All covenant ratios were met as at 30 June 2014.

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

6.13 Liabilities from derivatives

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank loans. The aggregate fair value of the interest rate swaps open at 30 June 2014 is summarized in the following table:

Non-current

	30 June 2014	31 December 2013
Interest rate swaps used for hedging	59 089	54 591
Other interest rate swap contracts	118 914	101 672
Total	**178 003**	**156 263**

Current

	30 June 2014	31 December 2013
Interest rate swaps used for hedging	--	9 806
Other interest rate swap contracts	172 651	24 575
Total	**172 651**	**34 381**
Total liability from derivatives	**350 654**	**190 644**

6.14 Trade and other payables

Non-current

	30 June 2014	31 December 2013
Advances received	27 756	16 303
Non-financial trade and other payables	**27 756**	**16 303**
Trade payables due to third parties	2 024	2 755
Tenant deposits (1)	207 019	189 143
Payables from retentions (2)	50 358	156 593
Other payables due to third parties	749	982
Financial trade and other payables	260 150	349 473
Total	**287 906**	**365 776**

Current

	30 June 2014	31 December 2013
Advances received	829 867	558 816
Other tax payables (excl. CIT and VAT)	16 874	2 117
Deferred income/ revenue (3)	1 185 277	197 533
Non-financial trade and other payables	**2 032 018**	**758 466**
Trade payables due to related parties	2 611	15 691
Trade payables due to third parties	770 924	852 527
Value added tax payables	84 849	28 960
Payables due to employees, social security and health insurance, employees income tax	35 877	25 641
Advances received from tenants (4)	45 205	308 436
Payables from acqusitions of subsidiaries and joint-ventures	2 450	93 919
Payables from receivables cession	59 957	42 495
Payables from retentions (2)	92 560	142 456
Payables to owners association	--	47 231
Other payables due to related parties	59 975	4 517
Other payables due to third parties	138 102	33 341
Financial trade and other payables	**1 292 510**	**1 595 214**
Total	**3 324 528**	**2 353 680**

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

(2) Decrese in payables from retentions in 2013 was mainly affected by the development and redevelopment of Group's investment property and investment property under construction portfolio. Its classification follows the conditions set in construction contracts.

(3) Significant increase in the amount of deffered income/revenue relates to the presales of apparments from the portfolio of CPI France, a SASU (TCZK 955 260), which are not yet finished, so the related income is booked as deferred income.

(4) Advances received from tenants in 2013 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.

7 Financial instruments and fair values

Categories of financial instruments

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

The following table analyses within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 30 June 2014 but for which fair value is disclosed.

	Fair value hierarchy (Level)	Carrying amount		Fair value	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
Financial assets					
Debentures	Level 3	39 851	37 918	40 519	41 676
Loans provided	Level 3	395 356	5 425 851	433 011	5 581 964
		435 207	**5 463 769**	**473 530**	**5 623 640**
Financial liabilities					
Bonds issued	Level 3	19 390 497	17 831 132	18 679 543	17 357 607
		19 390 497	**17 831 132**	**18 679 543**	**17 357 607**

The fair values of the financial assets and financial liabilities included in the level 3 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value hierarchy

A number of the Group´s accounting policies and disclosures require the measurement of fair value, both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair values are categorized, in accordance with the requirements of IFRS 13, into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

(1) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
(2) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
(3) Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is observable.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 30 June 2014, the Group held the following financial instruments carried at fair value in the statement of financial position:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
None	--	--	--	--
Liabilities measured at fair value				
Derivative financial liabilities	--	350 654	--	350 654

As at 31 December 2013, the Group held the following financial instruments carried at fair value in the statement of financial position:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
None	--	--	--	--
Liabilities measured at fair value				
Liabilities from derivatives	--	190 644	--	190 644

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.

8 Related parties

The Group has a related party relationship with its members of Board of Directors (current and former) and executive management (key management personnel), shareholder and companies in which these parties held controlling or significant influence or are joint ventures.

Key management personnel and members of Board of Directors

The remuneration of key management personnel and members of Board of Directors are summarized in following table.

	2014	2013
Remuneration paid to key management personnel and members of Board of Directors	22 741	17 929
Total	**22 741**	**17 929**

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	**30 June 2014**	**31 December 2013**
Loans provided	173 285	6 178
Trade receivables	25	8 922
Other receivables	210 829	450 644
Loans received	23 219	22 125
Trade payables	10	10
Other payables incl. bonds issued	--	4 469
Other advances paid	3 848	3 848
Transactions for the six months period ended	**30 June 2014**	**30 June 2013**
Interest income	1 102	26
Interest expense on bonds	--	211

Other related parties

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

Entities over which the sole shareholder has control		
Balances at	**30 June 2014**	**31 December 2013**
Trade receivables	285	105
Loans provided	--	22 518
Loans received	552 888	15 129
Bonds issued	1 205 145	--
Transactions for the six months period ended	**30 June 2014**	**30 June 2013**
Interest income	--	5 175
Interest expense	2 580	314
Interest expense on bonds	43 124	--
Sale of services	--	54
Entities over which the sole shareholder has significant influence		
Balances at	**30 June 2014**	**31 December 2013**
Trade receivables	1 002	18 709
Other receivables	--	266 132
Loans provided	--	12 910
Trade payables	1 169	12 116
Advances received	54	--
Transactions for the six months period ended	**30 June 2014**	**30 June 2013**
Service charge income	2 659	--
Rental Income	1 357	--
Interest income	--	6 338
Sale of services	--	824
Other finance costs	1 658	--
Service charge expenses	59	--
Audit, tax and advisory services	1 281	--
Close family members/entities controlled by close family members		
Balances at	**30 June 2014**	**31 December 2013**
Trade receivables	15	5 081
Other receivables	7 799 818	3 144
Loans provided	--	3 875 167
Trade payables	1 432	3 565
Other payables	59 975	48
Loans received	31 290	13 856
Transactions for the six months period ended	**30 June 2014**	**30 June 2013**
Interest income	51 283	175 496
Loss on asignment of receivables	5 030 985	--

9 Contingent liabilities

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

10 Capital commitments

The Group has capital commitments of TCZK 613 011 (2013 – TCZK 979 155) in respect of capital expenditures contracted for at the date of the statement of financial statements.

11 Subsequent events

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

Prague, 29 August 2014

Radovan Vítek
Chairman of the Board of Directors

Kristína Magdolenová
Vice-chairman of the Board of Directors

Appendix I - Subsidiaries and associates

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2014	31 December 2013
ABLON Bucharest Real Estates Development S.R.L	Romania	100,00%	100,00%
ABLON s.r.o.	Czech Republic	100,00%	100,00%
ABLON sp. z o.o.	Poland	100,00%	100,00%
ACGATE Kft.	Hungary	100,00%	100,00%
Airport City Kft.	Hungary	100,00%	100,00%
Airport City s.r.o.	Czech Republic	100,00%	100,00%
ALAMONDO LIMITED	Cyprus	100,00%	100,00%
Arena Corner Ingatlanfejleszto 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%
B.C.P. Kft.	Hungary	100,00%	100,00%
Balvinder, a.s.	Czech Republic	100,00%	100,00%
Baudry Alfa, a.s.	Czech Republic	100,00%	100,00%
Baudry Beta, a.s.	Czech Republic	100,00%	100,00%
Baudry, a.s.	Czech Republic	100,00%	100,00%
BAYTON Alfa, a.s.	Czech Republic	100,00%	100,00%
BAYTON Delta, a.s.	Czech Republic	100,00%	100,00%
BAYTON Gama, a.s.	Czech Republic	86,54%	86,54%
Beroun Property Alfa, a.s.	Czech Republic	100,00%	100,00%
Beroun Property Development, a.s.	Czech Republic	100,00%	100,00%
Besnet Centrum, a.s. (1)	Czech Republic	--	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 Business Park Kft.	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%
Century City Kft.	Hungary	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%

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2014	31 December 2013
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 BB Centrum, a.s. (2)	Czech Republic	--	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 Netherland B.V.	Netherland	100,00%	100,00%
CPI Flats, a.s. (BAYTON Beta, 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. (ABLON Kft.)	Hungary	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 International Limited (ABLON Group Limited)	Guernsey	100,00%	100,00%
CPI Management, s.r.o.	Czech Republic	100,00%	100,00%
CPI Meteor Centre, s.r.o.	Czech Republic	100,00%	100,00%
CPI Národní, s.r.o.	Czech Republic	100,00%	100,00%
CPI North, s.r.o.	Czech Republic	100,00%	100,00%
CPI Palmovka Office, s.r.o.	Czech Republic	100,00%	100,00%
CPI Park Mlýnec, a.s.	Czech Republic	100,00%	100,00%
CPI Park Žďárek, a.s.	Czech Republic	99,96%	99,96%
CPI Poland Sp. Z o.o.	Poland	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%	--
CPI Retail Portfolio I, a.s. (4B Investments, a.s.)	Czech Republic	100,00%	100,00%
CPI Retail Portfolio II, a.s. (VT Holding, 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. (CPI Retails SIX. s.r.o.)	Czech Republic	100,00%	100,00%
CPI Retail Portfolio V, s.r.o. (CPI Retails 4B, s.r.o.)	Czech Republic	100,00%	100,00%
CPI Retail Portfolio VI, s.r.o. (CPI Retails EIGHT, s.r.o.)	Czech Republic	100,00%	100,00%

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2014	31 December 2013
CPI Retail Portfolio VII, s.r.o. (CPI Retails SEVEN, s.r.o.)	Czech Republic	100,00%	100,00%
CPI Retail Portfolio VIII s.r.o.	Czech Republic	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 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%	--
Český Těšín Property Development, a.s.	Czech Republic	100,00%	100,00%
DERISA LIMITED	Cyprus	100,00%	100,00%
DH Est-Europe Real Estate SRL	Romania	100,00%	100,00%
DORESTO LIMITED	Cyprus	100,00%	100,00%
Družstvo Land	Czech Republic	99,96%	99,96%
Duna Office Center Kft.	Hungary	100,00%	100,00%
ELAMOR, a.s.	Slovak Republic	100,00%	100,00%
EMH North, s.r.o. (3)	Czech Republic	100,00%	100,00%
EMH South, s.r.o. (1)	Czech Republic	100,00%	100,00%
EMH West, s.r.o. (2)	Czech Republic	100,00%	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 Chance Kft.	Hungary	100,00%	100,00%
First Site Kft.	Hungary	100,00%	100,00%
FL Property Development, a.s.	Czech Republic	100,00%	100,00%
GADWALL, Sp. z o.o.	Poland	100,00%	100,00%
GARET Investment Sp. z.o.o.	Poland	100,00%	100,00%
GLOBAL CENTER Kft.	Hungary	100,00%	100,00%
GLOBAL DEVELOPMENT Kft.	Hungary	100,00%	100,00%
GLOBAL ESTATES Kft.	Hungary	100,00%	100,00%
Global Immo Kft.	Hungary	100,00%	100,00%
GLOBAL INVESTMENT Kft.	Hungary	100,00%	100,00%
GLOBAL MANAGEMENT Kft.	Hungary	100,00%	100,00%
GLOBAL PROPERTIES 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%

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2014	31 December 2013
Hotel Rosslyn Kft.	Hungary	100,00%	100,00%
Hraničář, a.s.	Czech Republic	100,00%	100,00%
HUNGATE 2013 Kft.	Hungary	100,00%	100,00%
ICL 1 Budapest Kft.	Hungary	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%
Jeseník Investments, a.s. (Liongate, a.s.)	Czech Republic	100,00%	100,00%
JONVERO LIMITED	Cyprus	100,00%	100,00%
K.B.P. BUSINESS PARK sp. Zoo	Poland	50,00%	50,00%
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%
Luxembourg Plaza, a.s. (3)	Czech Republic	--	100,00%
Malerba, a.s.	Czech Republic	100,00%	100,00%
Marissa Delta, a.s.	Czech Republic	100,00%	100,00%
Marissa East, a.s.	Czech Republic	100,00%	100,00%
Marissa Epsilon, a.s.	Czech Republic	100,00%	100,00%
Marissa Gama, a.s.	Czech Republic	100,00%	100,00%
Marissa Ióta, a.s.	Czech Republic	100,00%	100,00%
Marissa Kappa, a.s.	Czech Republic	100,00%	100,00%
Marissa Lambda, a.s.	Czech Republic	100,00%	100,00%
Marissa North, a.s.	Czech Republic	100,00%	100,00%
Marissa Omega, a.s.	Czech Republic	100,00%	100,00%
Marissa Omikrón, a.s.	Czech Republic	100,00%	100,00%
Marissa Sigma, a.s.	Czech Republic	100,00%	100,00%
Marissa South, a.s.	Czech Republic	100,00%	100,00%
Marissa Tau, a.s.	Czech Republic	100,00%	100,00%
Marissa Théta, a.s.	Czech Republic	100,00%	100,00%
Marissa West, a.s.	Czech Republic	100,00%	100,00%
Marissa Yellow, a.s.	Czech Republic	100,00%	100,00%
Marissa Ypsilon, a.s.	Czech Republic	100,00%	100,00%
Marissa, a.s.	Czech Republic	100,00%	100,00%
MB Property Development, a.s.	Czech Republic	100,00%	100,00%
MESARGOSA LIMITED	Cyprus	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%
Modřanská Property, a.s.	Czech Republic	100,00%	100,00%
MQM Czech, s.r.o.	Czech Republic	100,00%	100,00%

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2014	31 December 2013
MUXUM, a.s.	Czech Republic	100,00%	100,00%
NERONTA, a. s.	Slovak Republic	100,00%	100,00%
New Field Kft.	Hungary	100,00%	100,00%
New Sites Kft.	Hungary	100,00%	100,00%
Nymburk Property Development, a.s.	Czech Republic	100,00%	100,00%
OC Nová Zdaboř a.s.	Czech Republic	100,00%	100,00%
OC Spektrum, s.r.o.	Czech Republic	100,00%	100,00%
Olomouc City Center, a.s.	Czech Republic	100,00%	100,00%
Olomouc Office, a.s.	Czech Republic	100,00%	100,00%
ORCO APARTMENTS, Sp. z o.o.	Poland	100,00%	100,00%
OSMANIA LIMITED	Cyprus	100,00%	100,00%
Pelhřimov Property Development, a.s.	Czech Republic	100,00%	--
Polygon BC s.r.o.	Czech Republic	100,00%	100,00%
Považská Bystrica Property Development, a.s.	Slovak Republic	100,00%	100,00%
Prague Property Development, s.r.o.	Czech Republic	100,00%	100,00%
Prievidza Property Development, a.s.	Slovak Republic	100,00%	100,00%
PRINGIPO LIMITED	Cyprus	100,00%	100,00%
Příbor Property Development, s. r.o.	Czech Republic	100,00%	100,00%
Příkopy Property Development, a.s.	Czech Republic	100,00%	100,00%
Quadrio Residence, s.r.o.	Czech Republic	100,00%	100,00%
RSL Est-Europe Properties SRL	Romania	100,00%	100,00%
RSL Real Estate Development S.R.L.	Romania	100,00%	100,00%
Ružomberok Property Development, a.s.	Slovak Republic	100,00%	100,00%
Sashka LIMITED	Cyprus	100,00%	100,00%
SHAHEDA LIMITED	Cyprus	100,00%	100,00%
SPH Properties Sp. z o.o.	Poland	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%
STRIPMALL Management Kft.	Hungary	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%
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%

Name (former name)	Country of incorporation	Ownership interest as at	
		30 June 2014	31 December 2013
Vyškov Property Development, a.s.	Czech Republic	100,00%	100,00%
WARSAW WEST GATE, SP. z o.o.	Poland	100,00%	100,00%
WWG2013 Sp. z o.o.	Poland	100,00%	100,00%
ZLATICO LIMITED	Cyprus	100,00%	100,00%
Zvolen Property Development, a.s.	Slovak Republic	100,00%	100,00%
Žďár Property Development, a.s.	Czech Republic	100,00%	100,00%
Ždírec Property Development, a.s.	Czech Republic	100,00%	100,00%

(1) 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.

(2) 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.

(3) 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.